

Nam Seng Insurance Public Company Limited  
Review report and interim financial information  
For the three-month and six-month periods ended  
30 June 2020

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

To the Shareholders of Nam Seng Insurance Public Company Limited

I have reviewed the accompanying statement of financial position of Nam Seng Insurance Public Company Limited as at 30 June 2020, the related statements of comprehensive income for the three-month and six-month periods then ended, and the related statements of changes in owners' equity and cash flows for the six-month period then ended, as well as the condensed notes to the interim financial statements (collectively "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.

## **Emphasis of Matter**

I draw attention to Note 1.2 to the interim financial statements. The COVID-19 pandemic is continuing to evolve and impacting most businesses and industries in various sectors resulting in an economic slowdown and fluctuations in the money market and capital market. This situation may cause uncertainties and impact on the Company's business operated in terms of insurance business, the decrease in fair value of investment in securities and the recoverable amount of assets. The Company's management has continuously monitored the ongoing developments, assessed the financial impact in respect of the valuation of assets, provisions and contingent liabilities, updated business plan and management to minimise the impact of that situation and will record the impact (if any). My conclusion is not modified in respect of this matter.

Narissara Chaisuwan

Certified Public Accountant (Thailand) No. 4812

EY Office Limited

Bangkok: 11 August 2020

**Nam Seng Insurance Public Company Limited****Statement of financial position****As at 30 June 2020**

|                                      |      | (Unit: Baht)                |                      |
|--------------------------------------|------|-----------------------------|----------------------|
|                                      | Note | 30 June 2020                | 31 December 2019     |
|                                      |      | (Unaudited<br>but reviewed) | (Audited)            |
| <b>Assets</b>                        |      |                             |                      |
| Cash and cash equivalents            | 4    | 472,437,035                 | 48,933,194           |
| Premium receivables - net            | 5    | 192,019,955                 | 194,685,245          |
| Accrued investment income - net      |      | 11,973,269                  | 17,188,657           |
| Reinsurance assets - net             | 6    | 146,943,626                 | 167,470,378          |
| Reinsurance receivables - net        | 7    | 102,403,210                 | 207,739,953          |
| Derivative asset - warrant           |      | 131,016                     | -                    |
| Investment assets                    |      |                             |                      |
| Investments in securities - net      | 8    | 2,548,450,436               | 2,799,512,821        |
| Loans and interest receivables - net | 9    | 7,645,606                   | 7,492,590            |
| Investment property - net            |      | 8,590,942                   | 8,590,942            |
| Premises and equipment - net         | 10   | 170,327,793                 | 172,390,209          |
| Right-of-use assets                  | 11.1 | 2,364,168                   | -                    |
| Intangible assets - net              | 12   | 4,550,765                   | 3,740,641            |
| Deferred tax assets                  | 13.1 | 192,370,139                 | 189,906,843          |
| Receivable from sales of securities  |      | 4,744,323                   | 1,151,630            |
| Other assets                         | 14   | 54,526,675                  | 85,204,269           |
| <b>Total assets</b>                  |      | <b>3,919,478,958</b>        | <b>3,904,007,372</b> |

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

**Nam Seng Insurance Public Company Limited**  
**Statement of financial position (continued)**  
**As at 30 June 2020**

|   |      | (Unit: Baht)                |                      |
|---|------|-----------------------------|----------------------|
|   | Note | 30 June 2020                | 31 December 2019     |
|   |      | (Unaudited<br>but reviewed) | (Audited)            |
| <b>Liabilities and owners' equity</b>               |      |                             |                      |
| <b>Liabilities</b>                                  |      |                             |                      |
| Insurance contract liabilities                      | 15   | 2,029,361,395               | 2,036,206,445        |
| Amounts due to reinsurers                           | 16   | 210,467,279                 | 283,945,890          |
| Income tax payable                                  |      | 31,716,575                  | 11,656,013           |
| Lease liabilities                                   | 11.2 | 2,119,729                   | -                    |
| Employee benefit obligations                        |      | 61,636,657                  | 60,845,613           |
| Accrued commissions                                 |      | 36,093,068                  | 35,558,730           |
| Other liabilities                                   | 17   | 128,169,389                 | 120,496,701          |
| <b>Total liabilities</b>                            |      | <b>2,499,564,092</b>        | <b>2,548,709,392</b> |
| <b>Equity</b>                                       |      |                             |                      |
| Share capital                                       |      |                             |                      |
| Registered  |      |                             |                      |
| 20,000,000 ordinary shares of Baht 10 each          |      | 200,000,000                 | 200,000,000          |
| Issued and paid-up                                  |      |                             |                      |
| 13,900,000 ordinary shares of Baht 10 each          |      | 139,000,000                 | 139,000,000          |
| Premium on share capital                            |      | 594,436,835                 | 594,436,835          |
| Retained earnings                                   |      |                             |                      |
| Appropriated  |      |                             |                      |
| Statutory reserve                                   |      | 24,848,787                  | 24,848,787           |
| General reserve                                     |      | 6,163,850                   | 6,163,850            |
| Unappropriated                                      |      | 623,442,168                 | 596,936,404          |
| Other component of owners' equity                   |      |                             |                      |
| Revaluation surplus (deficit) on available-for-sale |      |                             |                      |
| investments - net of income taxes                   | 8.3  | 32,023,226                  | (6,087,896)          |
| <b>Total owners' equity</b>                         |      | <b>1,419,914,866</b>        | <b>1,355,297,980</b> |
| <b>Total liabilities and owners' equity</b>         |      | <b>3,919,478,958</b>        | <b>3,904,007,372</b> |

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

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Directors  
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(Unaudited but reviewed)

**Nam Seng Insurance Public Company Limited**  
**Statement of comprehensive income**  
**For the three-month period ended 30 June 2020**

|  |      | (Unit: Baht)       |                    |
|--|------|--------------------|--------------------|
|  | Note | 2020               | 2019               |
| <b>Profit or loss:</b>   |      |                    |                    |
| <b>Revenues</b>  |      |                    |                    |
| Gross premium written  | 22.2 | 484,425,990        | 570,900,546        |
| Less: Premium ceded to reinsurers  |      | (54,770,397)       | (45,252,462)       |
| Net premium written  |      | 429,655,593        | 525,648,084        |
| Add (less): Unearned premium reserves (increased) decreased<br>from prior period |      | 45,387,792         | (18,222,277)       |
| Net earned premium   |      | 475,043,385        | 507,425,807        |
| Commission and brokerage income from reinsurers                                  |      | 16,016,653         | 12,673,310         |
| Net investment incomes   | 8.5  | 17,280,738         | 20,390,220         |
| Gain (loss) on investments   |      | (231,762)          | 1,987,034          |
| Fair value gains   |      | 7,348,834          | 3,075,198          |
| Other income   |      | 3,313,677          | 5,073,755          |
| <b>Total revenues</b>  |      | <b>518,771,525</b> | <b>550,625,324</b> |
| <b>Expenses</b>  |      |                    |                    |
| Long-term insurance policy reserve increased (decreased)                         |      | (29,414,171)       | 46,999,916         |
| Gross claims   |      | 279,586,506        | 303,652,369        |
| Less: Claim recovery from reinsurers   |      | (27,132,828)       | (11,281,908)       |
| Commission and brokerage expenses  | 22.2 | 76,747,086         | 91,809,629         |
| Other underwriting expenses  |      | 44,736,520         | 44,643,362         |
| Operating expenses   | 19   | 55,112,739         | 74,756,744         |
| Expected credit losses   | 20   | 7,424,662          | -                  |
| <b>Total expenses</b>  |      | <b>407,060,514</b> | <b>550,580,112</b> |
| <b>Profit before income tax expenses</b>   |      | <b>111,711,011</b> | <b>45,212</b>      |
| Add (less): Income tax benefit (expense)   | 13.2 | (22,065,495)       | 598,039            |
| <b>Profit for the period</b>   |      | <b>89,645,516</b>  | <b>643,251</b>     |

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

(Unaudited but reviewed)

**Nam Seng Insurance Public Company Limited**  
**Statement of comprehensive income (continued)**  
**For the three-month period ended 30 June 2020**

|   |      | (Unit: Baht)              |                          |
|---|------|---------------------------|--------------------------|
|   | Note | 2020                      | 2019                     |
| <b>Other comprehensive income:</b>                              |      |                           |                          |
| Items to be recognised in profit or loss in subsequent periods: |      |                           |                          |
| Gain on revaluation of available-for-sale investments           |      | 42,208,033                | 24,539,022               |
| Less: Tax expense   | 13.2 | <u>(8,441,607)</u>        | <u>(4,907,804)</u>       |
| Items to be recognised in profit or loss in subsequent periods  |      |                           |                          |
| - net of income taxes   |      | <u>33,766,426</u>         | <u>19,631,218</u>        |
| <b>Other comprehensive income for the period</b>                |      | <u>33,766,426</u>         | <u>19,631,218</u>        |
| <b>Total comprehensive income for the period</b>                |      | <u><u>123,411,942</u></u> | <u><u>20,274,469</u></u> |
| <br>  |      |                           |                          |
| <b>Earnings per share</b>                                       |      |                           |                          |
| Basic earnings per share  |      |                           |                          |
| Profits for the period  | 21   | <u><u>6.45</u></u>        | <u><u>0.05</u></u>       |

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

(Unaudited but reviewed)

**Nam Seng Insurance Public Company Limited**  
**Statement of comprehensive income**  
**For the six-month period ended 30 June 2020**

|  |      | (Unit: Baht)         |                      |
|--|------|----------------------|----------------------|
|  | Note | 2020                 | 2019                 |
| <b>Profit or loss:</b>   |      |                      |                      |
| <b>Revenues</b>  |      |                      |                      |
| Gross premium written  | 22.2 | 1,145,386,099        | 1,151,926,068        |
| Less: Premium ceded to reinsurers  |      | (127,415,305)        | (119,252,518)        |
| Net premium written  |      | 1,017,970,794        | 1,032,673,550        |
| Add (less): Unearned premium reserves (increased)<br>decreased from prior period |      | 25,091,041           | (74,061,260)         |
| Net earned premium   |      | 1,043,061,835        | 958,612,290          |
| Commission and brokerage income from reinsurers                                  |      | 34,043,038           | 28,195,632           |
| Net investment incomes   | 8.5  | 35,738,967           | 39,937,229           |
| Gain (loss) on investments   |      | (13,786,754)         | 1,561,140            |
| Fair value gain (loss)   |      | (880,020)            | 6,485,595            |
| Other income   |      | 8,756,695            | 8,976,772            |
| <b>Total revenues</b>  |      | <b>1,106,933,761</b> | <b>1,043,768,658</b> |
| <b>Expenses</b>  |      |                      |                      |
| Long-term insurance policy reserve increased                                     |      | 42,927,333           | 51,429,974           |
| Gross claims   |      | 603,758,616          | 589,014,256          |
| Less: Claim recovery from reinsurers   |      | (79,637,571)         | (39,526,634)         |
| Commission and brokerage expenses  | 22.2 | 188,263,323          | 178,571,671          |
| Other underwriting expenses  |      | 86,738,560           | 98,125,243           |
| Operating expenses   | 19   | 131,973,042          | 148,258,116          |
| Expected credit losses   | 20   | 7,721,292            | -                    |
| <b>Total expenses</b>  |      | <b>981,744,595</b>   | <b>1,025,872,626</b> |
| <b>Profit before income tax expenses</b>   |      | <b>125,189,166</b>   | <b>17,896,032</b>    |
| Less: Income tax expenses  | 13.2 | (23,701,338)         | (1,512,577)          |
| <b>Profit for the period</b>   |      | <b>101,487,828</b>   | <b>16,383,455</b>    |

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

(Unaudited but reviewed)

**Nam Seng Insurance Public Company Limited**  
**Statement of comprehensive income (continued)**  
**For the six-month period ended 30 June 2020**

|   |      | (Unit: Baht)             |                          |
|---|------|--------------------------|--------------------------|
|   | Note | 2020                     | 2019                     |
| <b>Other comprehensive income:</b>                              |      |                          |                          |
| Items to be recognised in profit or loss in subsequent periods: |      |                          |                          |
| Gain (loss) on revaluation of available-for-sale investments    |      | (46,043,075)             | 42,082,998               |
| Add (less): Benefit tax (expense)                               | 13.2 | 9,208,615                | (8,416,600)              |
| Items to be recognised in profit or loss in subsequent periods  |      |                          |                          |
| - net of income taxes   |      | (36,834,460)             | 33,666,398               |
| <b>Other comprehensive income for the period (loss)</b>         |      | <u>(36,834,460)</u>      | <u>33,666,398</u>        |
| <b>Total comprehensive income for the period</b>                |      | <u><u>64,653,368</u></u> | <u><u>50,049,853</u></u> |
| <br>  |      |                          |                          |
| <b>Earnings per share</b>                                       |      |                          |                          |
| Basic earnings per share  |      |                          |                          |
| Profits for the period  | 21   | <u>7.30</u>              | <u>1.18</u>              |

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

(Unaudited but reviewed)

**Nam Seng Insurance Public Company Limited**  
**Statement of cash flows**  
**For the six-month period ended 30 June 2020**

|   | Note | 2020                | 2019                 |
|---|------|---------------------|----------------------|
| (Unit: Baht)  |      |                     |                      |
| <b>Cash flows from (used in) operating activities</b>       |      |                     |                      |
| Direct premium written                                      |      | 1,134,314,351       | 1,182,579,098        |
| Cash received (paid) on reinsurance                         |      | 45,541,771          | (33,457,283)         |
| Interest income   |      | 34,636,785          | 28,381,175           |
| Dividend income   |      | 6,264,582           | 9,349,882            |
| Other income  |      | 7,883,054           | 9,107,768            |
| Losses paid on direct insurance                             |      | (637,361,009)       | (540,433,782)        |
| Commission and brokerage expenses on direct insurance       |      | (187,731,258)       | (169,609,467)        |
| Other underwriting expenses                                 |      | (86,647,431)        | (98,445,602)         |
| Operating expenses  |      | (83,360,946)        | (167,233,748)        |
| Income taxes  |      | (14,956,337)        | (35,516,531)         |
| Proceeds from sales of investment in securities             |      | 1,506,610,883       | 834,274,657          |
| Cash paid for purchase of investment in securities          |      | (1,224,511,823)     | (1,107,478,053)      |
| Loans   |      | (165,742)           | 170,327              |
| <b>Net cash provided (used in) by operating activities</b>  |      | <b>500,516,880</b>  | <b>(88,311,559)</b>  |
| <b>Cash flows from (used in) investing activities</b>       |      |                     |                      |
| Cash received from disposals of premises and equipment      |      | 959,627             | 13,374               |
| Cash paid for purchase of premises and equipment            |      | (2,723,359)         | (1,757,289)          |
| Cash paid for purchase of intangible assets                 |      | (1,558,800)         | (576,300)            |
| <b>Net cash used in investing activities</b>                |      | <b>(3,322,532)</b>  | <b>(2,320,215)</b>   |
| <b>Cash flows used in financing activities</b>              |      |                     |                      |
| Repayment of lease liabilities                              |      | (1,001,258)         | -                    |
| Dividend paid   | 25   | (72,280,000)        | (27,105,000)         |
| <b>Net cash used in financing activities</b>                |      | <b>(73,281,258)</b> | <b>(27,105,000)</b>  |
| <b>Net increase (decrease) in cash and cash equivalents</b> |      | <b>423,913,090</b>  | <b>(117,736,774)</b> |
| Change in allowance for expected credit loss (Note 4)       |      | (409,249)           | -                    |
| Cash and cash equivalents at beginning of period            |      | 48,933,194          | 166,469,806          |
| <b>Cash and cash equivalents at end of period</b>           |      | <b>472,437,035</b>  | <b>48,733,032</b>    |
|   |      | -                   |                      |
| <b>Supplemental cash flows information</b>                  |      |                     |                      |
| <b>Non-cash item</b>  |      |                     |                      |
| Lease liabilities   |      | 1,034,058           | -                    |

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

(Unaudited but reviewed)

**Nam Seng Insurance Public Company Limited****Statement of changes in owners' equity****For the six-month period ended 30 June 2020**

(Unit: Baht)

|  | Note | Issued and paid-up<br>share capital | Premium on<br>share capital | Retained earnings |                 |                | Other component of owners' equity                                  | Total         |
|--|------|-------------------------------------|-----------------------------|-------------------|-----------------|----------------|--|---------------|
|  |      |                                     |                             | Appropriated      |                 | Unappropriated | Revaluation surplus (deficit) on<br>available-for-sale investments |               |
|  |      |                                     |                             | Statutory reserve | General reserve |                | - net of income taxes  |               |
| <b>Balance as at 1 January 2019</b>                    |      | 139,000,000                         | 594,436,835                 | 24,848,787        | 6,163,850       | 571,416,714    | (15,696,826)   | 1,320,169,360 |
| Profit for the period                                  |      | -                                   | -                           | -                 | -               | 16,383,455     | -  | 16,383,455    |
| Other comprehensive income for the period              |      | -                                   | -                           | -                 | -               | -              | 33,666,398   | 33,666,398    |
| Total comprehensive income for the period              |      | -                                   | -                           | -                 | -               | 16,383,455     | 33,666,398   | 50,049,853    |
| Dividend paid  | 25   | -                                   | -                           | -                 | -               | (27,105,000)   | -  | (27,105,000)  |
| <b>Balance as at 30 June 2019</b>                      |      | 139,000,000                         | 594,436,835                 | 24,848,787        | 6,163,850       | 560,695,169    | 17,969,572   | 1,343,114,213 |
| <b>Balance as at 1 January 2020</b>                    |      | 139,000,000                         | 594,436,835                 | 24,848,787        | 6,163,850       | 596,936,404    | (6,087,896)  | 1,355,297,980 |
| Cumulative effect of the change in accounting policies | 3    | -                                   | -                           | -                 | -               | (2,702,064)    | 74,945,582   | 72,243,518    |
| <b>Balance as at 1 January 2020 - as restated</b>      |      | 139,000,000                         | 594,436,835                 | 24,848,787        | 6,163,850       | 594,234,340    | 68,857,686   | 1,427,541,498 |
| Profit for the period                                  |      | -                                   | -                           | -                 | -               | 101,487,828    | -  | 101,487,828   |
| Other comprehensive income for the period (loss)       |      | -                                   | -                           | -                 | -               | -              | (36,834,460)   | (36,834,460)  |
| Total comprehensive income for the period (loss)       |      | -                                   | -                           | -                 | -               | 101,487,828    | (36,834,460)   | 64,653,368    |
| Dividend paid  | 25   | -                                   | -                           | -                 | -               | (72,280,000)   | -  | (72,280,000)  |
| <b>Balance as at 30 June 2020</b>                      |      | 139,000,000                         | 594,436,835                 | 24,848,787        | 6,163,850       | 623,442,168    | 32,023,226   | 1,419,914,866 |

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

**Nam Seng Insurance Public Company Limited**

**Notes to interim financial statements**

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

**1. General information**

**1.1 Corporate information**

Nam Seng Insurance Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. The Company’s major shareholder is N.S. Alliance Co., Ltd., which was incorporated in Thailand whereby as at 30 June 2020 and 31 December 2019, such major shareholder held 28.75% of the issued and paid-up share capital of the Company. The Company is principally engaged in the provision of non-life insurance while its head office is located in Bangkok and has 26 sub-branches located in provinces. The Company’s registered office is located at No. 767 Krungthep-Nonthaburi Road, Bangsue Sub-district, Bangsue District, Bangkok.

**1.2 Coronavirus disease 2019 Pandemic**

The Coronavirus 2019 (COVID-19) pandemic is continuing to evolve and impacting businesses and industries in various sectors either directly and indirectly, resulting in an economic slowdown and fluctuations in the money market and capital market. This situation may cause uncertainty and impact on the Company’s business operated in terms of insurance business, the decrease in fair value of investment in securities and the recoverable amount of assets including investment in debt securities fund currently being liquidated, as discussed in Note 8 (b) to the interim financial statements. The Company’s management has continuously monitored the ongoing developments, assessed the financial impact in respect of the valuation of assets, provisions and contingent liabilities, and updated the business plan and management to minimise the impact of the situation. In this regard, the management has exercised estimates and judgments on various matters in assessing the impact which requires continuity if the situation changes.

## **2. Basis for preparation of interim financial information**

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

This interim financial information is prepared in accordance with Thai Accounting Standard No. 34: Interim Financial Reporting whereby the Company choose to present condensed interim financial statements. However, the Company presented each line item in the statements of financial position, comprehensive income, changes in owners' equity and cash flows in the same full format as that used in its annual financial statements, and in accordance with the format of financial statements specified in the 2019 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) dated 4 April 2019.

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

### **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 years 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. However, the new standard involves changes to key principles, which are summarised below:

**(a) Financial reporting standards and Accounting Guidance related to financial instruments**

**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 |
|--------|-------------------------------------|

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.

According to the Company's statement of financial position as at 31 December 2017, the Company had liabilities in connection with insurance services under the scope of TFRS 4 Insurance Contracts comprise more than 90% of the carrying value of total liabilities, which meets criteria stipulated in TFRS 4, and there was no change in the Company's core activities in the following accounting periods. As a result, the Company is eligible to adopt the Accounting Guidance related to financial instruments and disclosures applicable to insurance business.

There impact in the following key matters to the Company's interim financial information from the adoption of this Accounting Guidance as follow.

#### Classification and measurement of financial assets

The Company shall classify financial assets as trading securities, available for sale securities, held to maturity securities, and receivables and loans by not taking into consideration of its business model and the characteristics of the contractual cash flows. The Company was considered as follows;

- Classification and measurement of investments in trading securities that are listed equity instruments and debt instruments which measured at fair value through profit or loss, the Company considers and decides to continue classifying them as investments in trading securities measured at fair value through profit or loss.
- Classification and measurement of investments in available for sale securities that are listed equity instruments which measured at fair value through other comprehensive income, the Company considers and decides to continue classifying them as investments in available for sale securities measured at fair value through other comprehensive income. Gain or loss on derecognition are to be recognised in profit or loss.
- Classification and measurement of investments in available for sale securities that are debt instruments which measured at fair value through other comprehensive income, the Company considers and decides to continue classifying them as investments in available for sale securities measured at fair value through other comprehensive income. Gain or loss on derecognition are to be recognised in profit or loss.
- Classification and measurement of investments in non-listed equity instruments, the Company is to measured fair value of investments in non-listed equity instruments and the Company decides to classify them as investments in available for sale securities which measured at fair value through other comprehensive income. Gain or loss on derecognition are to be recognised in profit or loss.

- Loans, which the Company holds to collect contractual cash flow (both principal and interest), the Company classifies and presents them as loans measured at amortised cost.

#### Classification of financial liabilities

- The adoption of this accounting guidance does not have any impact to classification of financial liabilities. The Company continues to classify financial liabilities measured at amortised cost.

#### Impairment of financial assets

- This accounting guidance requires the Company to move from incurred loss provisioning, under former 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 and the simplified approach to determine expected credit loss on financial assets.
- The Company recognised immediately impairment loss of equity securities and unit trust that classified as available-for-sale investments which are measured at fair value through other comprehensive income to profit or loss, when there is objective evidence of impairment, determined on the basis of evidence that indicates the cost of investment may not be recovered and there is a significant or prolonged decline in fair value of investments to below its costs.

#### Transition

The Company initially adopted this accounting guidance by adjustment of the cumulative effect was made against retained earnings or other components of owners' 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 interim financial statements.

#### **(b) 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 adopted these financial reporting standards using the modified retrospective method of initial adoption of which 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.

**(c) Accounting Guidances on Temporary Relief Measures**

**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 businesses, businesses providing loans secured against vehicle registrations without collateral, personal loan businesses 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 businesses. 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 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 situations that affect the Thai economy during the period from 1 January 2020 to 31 December 2021 or until the Bank of Thailand makes changes, with which the entities are to comply. The guidance applies to large debtors, small- and medium-sized debtors and retail debtors who have the ability to run a business or to pay debts in the future and who have been impacted directly or indirectly by such situation.

The Company had not adopted such Accounting Guidance.

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

The Federation of Accounting Professions announced Accounting Guidance on Temporary Relief Measures on 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 elected to apply the temporary relief measures for accounting alternative related to measurement of the fair value and impairment of investments in available-for-sale securities which are measured at fair value through other comprehensive income - unit trusts under liquidation process due to insufficient information for estimation, measurement and recognition as discussed in Note 8 to the interim financial statement.

### **2.3 Significant accounting policies**

The interim financial information is prepared using the same accounting policies and methods of computation as those 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**

The Company shall classify financial assets as trading securities, available for sale securities, held to maturity securities, and receivables and loans by not taking into consideration of its business model and the characteristics of the contractual cash flows.

Financial liabilities are measured at amortised cost.

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

Investments in trading securities are stated at fair value. Changes in the fair value of these securities are recorded in profit or loss. Investments are classified as investments in trading securities if the Company intends to sell them in the near future.

Investments in available-for-sale securities are stated at fair value. Change in the fair value of these securities are recorded in other comprehensive income, and will be recorded in profit or loss when the securities are sold.

Investments in debt instruments, both due within one year and expected to be held to maturity, are recorded at amortised cost. The premium/discount on debt instruments is amortised by the effective rate method with the amortised/accreted amount presented as an adjustment to the interest income.

Investments in non-marketable equity instruments (non-listed company) are stated at fair value and are classified as investments in available-for-sale securities. Change in the fair value of these securities are recorded in other comprehensive income, and will be recorded in profit or loss when the securities are sold.

The fair value of marketable security is based on the latest bid price of the last working day of the year. The fair value of debt instruments is determined based on yield rate quoted by the Thai Bond Market Association. The fair value of unit trust is determined from its net asset value. The fair value of non-marketable equity instruments is determined using discounted cash flow method and generally accepted pricing model.

The weighted average method is used for computation of the cost of investments.

At end of reporting period, investments in available-for-sale securities that are debt instruments are stated in the statements of financial position at fair value net of an allowance for expected credit losses (if any) and investments in held to maturity debt instruments are stated at amortised cost net of an allowance for expected credit losses (if any).

On disposal of an investment, the difference between net disposal proceeds and the carrying amount of the investment is recognised in profit or loss.

**(c) Impairment of financial assets**

The Company recognises expected credit losses on its financial assets measured at amortised cost and financial assets that are debt instruments and classified as available-for-sale securities, without requiring a credit-impaired event to have occurred prior to the recognition. The Company considers changes in credit risk of financial assets into stages, and use different methods to determine allowance for credit losses applied at each stage. An exception from this approach is that for other receivables or contract assets that do not contain a significant financing component, the Company applies a simplified approach to determine the lifetime expected credit losses.

Loss on impairment of investments in equity instruments and unit trusts which are classified as available-for-sale securities is recognised immediately in profit or loss when there is objective evidence of impairment, determined on the basis of evidence that indicates the cost of investments may not be recovered and there is a significant or prolonged decline in fair value of investments to below its costs.

Loss on impairment (if any) is recorded as expenses in profit or loss.

In addition, the Company has selected to apply the temporary relief measures on accounting alternative as mentioned in Note 2.2 (c) to the interim financial statements.

**(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 (a) and (b) to the interim financial statements, during the current period, the Company has adopted Accounting Guidance related to financial instruments and disclosures applicable to insurance business 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 and other components of owners' equity of 2020 from changes in accounting policies due to the adoption of these Accounting Guidance and standard are presented as follows:

(Unit: Baht)

|  | 31 December 2019 | The impacts of  |           | 1 January 2020 |
|--|------------------|---|-----------|----------------|
|  |                  | Thai Accounting Guidance related to financial instruments | TFRS 16   |                |
| <b>Statement of financial position</b>                         |                  |   |           |                |
| <b>Assets</b>  |                  |   |           |                |
| Cash and cash equivalents                                      | 48,933,194       | (8,597)   | -         | 48,924,597     |
| Accrued investment income                                      | 17,188,657       | (56,596)  | -         | 17,132,061     |
| Investments in securities                                      | 2,799,512,821    | 90,378,707  | -         | 2,889,891,528  |
| Loans and interest receivables                                 | 7,492,590        | (9,116)   | -         | 7,483,474      |
| Right-of-use assets  | -                | -   | 2,052,988 | 2,052,988      |
| Deferred tax assets  | 189,906,843      | (18,060,880)  | -         | 171,845,963    |
| <b>Liabilities</b>   |                  |   |           |                |
| Lease liabilities  | -                | -   | 2,052,988 | 2,052,988      |
| <b>Owners' equity</b>  |                  |   |           |                |
| Retained earnings -  |                  |   |           |                |
| unappropriated   | 596,936,404      | (2,702,064)   | -         | 594,234,340    |
| Other component of owners' equity - other comprehensive income | (6,087,896)      | 74,945,582  | -         | 68,857,686     |

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

Details of the impact on owners' equity as at 1 January 2020 due to the adoption of Accounting Guidance related to financial instruments and disclosures applicable to insurance business are presented as follows:

(Unit: Baht)

#### Retained earnings - Unappropriated

|  |                    |
|--|--------------------|
| Recognition of an allowance for expected credit losses on financial assets | (3,377,580)        |
| Relating income tax  | 675,516            |
| Total  | <u>(2,702,064)</u> |

#### Other components of equity

|  |                     |
|--|---------------------|
| Fair value measurement of investments in equity instruments of non-listed securities | 92,908,853          |
| Recognition of an allowance for expected credit losses on financial assets           | 773,125             |
| Relating income tax  | <u>(18,736,396)</u> |
| Total  | <u>74,945,582</u>   |

The classification and measurement of financial assets in accordance with Accounting Guidance related to financial instruments and disclosures applicable to insurance business 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 Accounting Guidance as at 1 January 2020 |                     |                                |                              |                |               |
|--|--|---------------------|--------------------------------|------------------------------|----------------|---------------|
|  | Carrying amounts under the former basis  | Trading investments | Available-for-sale investments | Held-to-maturity investments | Amortised cost | Total         |
| Cash and cash equivalents  | 48,933,194   | -                   | -                              | -                            | 48,924,597     | 48,924,597    |
| Accrued investment income  | 17,188,657   | -                   | -                              | -                            | 17,132,061     | 17,132,061    |
| Investments in securities  | 2,799,512,821  | 66,694,217          | 890,018,662                    | 1,933,178,649                | -              | 2,889,891,528 |
| Loans and interest receivables   | 7,492,590  | -                   | -                              | -                            | 7,483,474      | 7,483,474     |
| Receivable from sales of securities  | 1,151,630  | -                   | -                              | -                            | 1,151,630      | 1,151,630     |
| Other assets - financial assets  | 17,245,939   | -                   | -                              | -                            | 17,245,939     | 17,245,939    |

As at 1 January 2020, the Company had not designated any financial liabilities at fair value through profit or loss.

### 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.

|   |                  |
|---|------------------|
|   | (Unit: Baht)     |
| Operating lease commitments as at 31 December 2019                | 9,291,495        |
| Less: Short-term leases and leases of low-value assets            | (209,800)        |
| Less: Contracts reassessed as service agreements                  | (6,938,853)      |
| Less: Others  | (14,400)         |
| Less: Deferred interest expenses                                  | (75,454)         |
| Increase in lease liabilities due to TFRS 16 adoption             | 2,052,988        |
| Liabilities under finance lease agreements as at 31 December 2019 | -                |
| Lease liabilities as at 1 January 2020                            | <u>2,052,988</u> |

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

|                           |                  |
|---------------------------|------------------|
|                           | (Unit: Baht)     |
| Buildings                 | <u>2,052,988</u> |
| Total right-of-use assets | <u>2,052,988</u> |

### 4. Cash and cash equivalents

|   |                    |                   |
|---|--------------------|-------------------|
|   |                    | (Unit: Baht)      |
|   | 30 June 2020       | 31 December 2019  |
| Cash on hand                                  | <u>253,237</u>     | 156,542           |
| Deposits at banks with no fixed maturity date | <u>472,593,048</u> | 48,776,652        |
| Cash and cash equivalents                     | 472,846,285        | 48,933,194        |
| Less: Expected credit losses                  | <u>(409,250)</u>   | -                 |
| Total cash and cash equivalents - net         | <u>472,437,035</u> | <u>48,933,194</u> |

As at 30 June 2020, bank deposits in saving accounts and fixed accounts carried interest at the rates between 0.00 - 1.10 percent per annum (31 December 2019: between 0.00 - 1.20 percent per annum).

**5. Premium receivables**

As at 30 June 2020 and 31 December 2019, the outstanding balances of premium receivables from direct insurance are classified by overdue periods, counted from the maturity date under the stipulated law of the premium collection, as follows:

|                                       | (Unit: Baht)       |                    |
|---------------------------------------|--------------------|--------------------|
|                                       | 30 June 2020       | 31 December 2019   |
| Not yet due                           | 163,267,733        | 160,574,365        |
| Overdue not longer than 30 days       | 22,014,082         | 25,289,352         |
| Overdue 31 days to 60 days            | 10,436,016         | 13,454,015         |
| Overdue 61 days to 90 days            | 2,362,444          | 2,860,683          |
| Overdue 91 days to 1 year             | 3,135,987          | 3,515,967          |
| Overdue longer than 1 year            | 5,981,029          | 5,603,743          |
| Total                                 | 207,197,291        | 211,298,125        |
| Less: Allowance for doubtful accounts | (15,177,336)       | (16,612,880)       |
| Premium receivables - net             | <u>192,019,955</u> | <u>194,685,245</u> |

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.

**6. Reinsurance assets**

|   | (Unit: Baht)       |                    |
|---|--------------------|--------------------|
|   | 30 June 2020       | 31 December 2019   |
| Insurance reserves refundable from reinsurers |                    |                    |
| - Long-term insurance policy reserves         | 7,960,625          | 11,121,810         |
| - Loss reserves                               | 29,448,040         | 56,875,796         |
| - Unearned premium reserves                   | 109,534,961        | 99,472,772         |
| Reinsurance assets - net                      | <u>146,943,626</u> | <u>167,470,378</u> |

**7. Reinsurance receivables**

|                                       | (Unit: Baht)       |                    |
|---------------------------------------|--------------------|--------------------|
|                                       | 30 June 2020       | 31 December 2019   |
| Amounts deposited on reinsurance      | 3,074              | 3,074              |
| Amounts due from reinsurers           | 102,508,957        | 207,904,038        |
| Total                                 | 102,512,031        | 207,907,112        |
| Less: Allowance for doubtful accounts | (108,821)          | (167,159)          |
| Reinsurance receivables - net         | <u>102,403,210</u> | <u>207,739,953</u> |

**8. Investments in securities****8.1 Classified by type of investment**

(Unit: Baht)

|   | 30 June 2020            |               | 31 December 2019        |             |
|---|-------------------------|---------------|-------------------------|-------------|
|   | Cost/<br>Amortised cost | Fair value    | Cost/<br>Amortised cost | Fair value  |
| <b>Trading investments which are measured at fair value through profit or loss</b>                        |                         |               |                         |             |
| Equity securities   | 52,640,611              | 51,688,457    | 64,772,291              | 64,812,124  |
| Unit trusts   | 4,821,440               | 4,822,343     | 1,862,141               | 1,882,093   |
| Total   | 57,462,051              | 56,510,800    | 66,634,432              | 66,694,217  |
| Add (less): Unrealised gain (loss)  | (951,251)               | -             | 59,785                  | -           |
| Total   | 56,510,800              | 56,510,800    | 66,694,217              | 66,694,217  |
| <b>Available-for-sale investments which are measured at fair value through other comprehensive income</b> |                         |               |                         |             |
| Equity securities   | 52,145,432              | 139,592,333   | 27,803,196              | 25,289,440  |
| Unit trusts   | 901,219,994             | 844,634,548   | 599,205,319             | 584,703,401 |
| Private enterprises debt securities   | 236,720,064             | 238,299,444   | 181,774,705             | 184,968,949 |
| Total   | 1,190,085,490           | 1,222,526,325 | 808,783,220             | 794,961,790 |
| Add (less): Unrealised gain (loss)  | 40,029,032              | -             | (7,609,870)             | -           |
| Less: Expected credit losses  | (802,730)               | -             | -                       | -           |
| Less: Allowance for impairment  | (6,785,467)             | -             | (6,211,560)             | -           |
| Total   | 1,222,526,325           | 1,222,526,325 | 794,961,790             | 794,961,790 |
| <b>Held-to-maturity investments which are measured at amortised cost</b>                                  |                         |               |                         |             |
| Government and state enterprise securities  | 339,984,716             |               | 356,586,439             |             |
| Private enterprise debt securities  | 564,507,533             |               | 609,545,238             |             |
| Foreign debt securities   | 69,649,593              |               | 69,577,117              |             |
| Deposits at financial institutions which matured over 3 months  | 305,000,000             |               | 900,000,000             |             |
| Total   | 1,279,141,842           |               | 1,935,708,794           |             |
| Less: Expected credit losses  | (9,728,531)             |               | -                       |             |
| Total   | 1,269,413,311           |               | 1,935,708,794           |             |
| <b>Other investments</b>  |                         |               |                         |             |
| Equity securities   | -                       |               | 2,148,020               |             |
| Total   | -                       |               | 2,148,020               |             |
| <b>Investment in securities - net</b>   | <b>2,548,450,436</b>    |               | <b>2,799,512,821</b>    |             |

- (a) As at 1 January 2020, investments in non-marketable equity securities which former classified as other investments amounting to Baht 2.1 million, are classified as available-for-sale investments and measured at fair value through other comprehensive income. Change in the fair value of these securities are recorded in other comprehensive income, and will be recorded in profit or loss when derecognition.
- (b) As at 30 June 2020, the Company has investment in a unit trust of Baht 139.8 million. The unit trust is managed by a fund management company that announced the termination of the fund in late March 2020 due to the sell-off concerns over the COVID-19 situation of the unitholders. The Company recorded the carrying value based on the net asset value (NAV) as at 27 March 2020, which is the latest price adjusted by net return received until 26 June 2020. Currently, the unit trust is under the liquidation process. The recoverable amount depends on the amount that the unit trust will receive from the liquidation.

## 8.2 Classified by stage of credit risk

|   | (Unit: Baht) |  |
|---|--------------|--|
|   | 30 June 2020 |  |
|   | Fair value   | Allowance for expected credit losses which is recognised in other comprehensive income |
| <b>Available-for-sale investments which are measured at fair value through other comprehensive income</b> |              |  |
| Stage 1 - Debt securities without a significant increase of credit risk                                   | 238,299,444  | (802,730)  |
| Total   | 238,299,444  | (802,730)  |

(Unaudited but reviewed)

(Unit: Baht)

|  | 30 June 2020              |  |                |
|--|---------------------------|--|----------------|
|  | Amortised cost -<br>gross | Allowance for<br>expected credit<br>losses which is<br>recognised in<br>profit or loss | Carrying value |
| <b>Held-to-maturity investments which are<br/>measured at amortised cost</b> |                           |  |                |
| Stage 1 - Debt securities without a significant<br>increase of credit risk   | 1,254,123,436             | (1,672,759)  | 1,252,450,677  |
| Stage 2 - Debt securities with a significant<br>increase of credit risk      | 10,018,406                | (150,772)  | 9,867,634      |
| Stage 3 - Debt securities with credit impairment                             | 15,000,000                | (7,905,000)  | 7,095,000      |
| Total  | 1,279,141,842             | (9,728,531)  | 1,269,413,311  |

### 8.3 Other components of owners' equity - revaluation surplus (deficit) on available-for-sale investments which are measured at fair value through other comprehensive income

(Unit: Baht)

|   | For the six-month<br>period ended<br>30 June 2020 | For the year ended<br>31 December 2019 |
|---|---|--|
| Beginning balance of the period - before restate              | (6,087,896)                                       | (15,696,826)                           |
| Cumulative effect of the change in accounting policy (Note 3) | 74,945,582  | -                                      |
| Balance - beginning of the period - as restate                | 68,857,686  | (15,696,826)                           |
| Change during the period                                      |   |  |
| Unrealised gain (loss) during the period                      | (45,789,207)                                      | 4,386,597                              |
| Realised (gain) loss included in profit or loss               | (253,868)   | 7,624,566                              |
| Other comprehensive income (loss)                             | (46,043,075)                                      | 12,011,163                             |
| Related income tax  | 9,208,615   | (2,402,233)                            |
| Net comprehensive income for the period (loss)                | (36,834,460)                                      | 9,608,930                              |
| Ending balance of the period                                  | 32,023,226  | (6,087,896)                            |

#### 8.4 Investments subject to restriction and obligation

As at 30 June 2020 and 31 December 2019, the Company had the following assets placed with the Registrar as securities and insurance reserves in accordance with the Non-life Insurance Act and place with court and other units to secure against performance obligations as required in normal course of business.

|   | 30 June 2020 |            | 31 December 2019 |            |
|---|--------------|------------|------------------|------------|
|   | Cost         | Fair value | Cost             | Fair value |
| <b>Placed as securities with the Registrar</b>          |              |            |                  |            |
| Stated enterprise bonds                                 | 14.0         | 14.5       | 14.0             | 14.4       |
| <b>Placed as insurance reserves with the Registrar</b>  |              |            |                  |            |
| Government and state enterprise bonds                   | 232.9        | 252.6      | 210.0            | 231.9      |
| <b>Placed as securities with the Court</b>              |              |            |                  |            |
| Deposits with financial institutions                    |              |            |                  |            |
| due more than 3 months                                  | 1.2          | 1.2        | 0.6              | 0.6        |
| <b>Placed to secure against performance obligations</b> |              |            |                  |            |
| Government and state enterprise bond                    | 24.8         | 25.2       | 14.7             | 15.1       |

#### 8.5 Investment income

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

|  | (Unit: Baht)                |            |                           |            |
|--|-----------------------------|------------|---------------------------|------------|
|  | For the three-month periods |            | For the six-month periods |            |
|  | ended 30 June               |            | ended 30 June             |            |
|  | 2020                        | 2019       | 2020                      | 2019       |
| Interest income from debt securities   | 13,068,136                  | 15,235,675 | 28,147,275                | 29,991,585 |
| Dividend income from equity securities | 3,225,918                   | 4,862,697  | 6,264,582                 | 9,360,221  |
| Other investment income                | 986,684                     | 291,848    | 1,327,110                 | 585,423    |
| Net investment income                  | 17,280,738                  | 20,390,220 | 35,738,967                | 39,937,229 |

**9. Loans and interest receivables**

As at 30 June 2020 and 31 December 2019, the balances of loans and interest receivables are classified by stage of credit risk, were as follows:

| (Unit: Baht)  |                 |           |           |
|---|-----------------|-----------|-----------|
| 30 June 2020  |                 |           |           |
| Classification  | Mortgaged loans | Others    | Total     |
| Stage 1 - Loans without a significant increase of credit risk | 4,433,927       | 3,221,178 | 7,655,105 |
| Total loans and interest receivables                          | 4,433,927       | 3,221,178 | 7,655,105 |
| Less: Allowance for expected credit losses                    | (5,338)         | (4,161)   | (9,499)   |
| Loans and interest receivables - net                          | 4,428,589       | 3,217,017 | 7,645,606 |
| (Unit: Baht)  |                 |           |           |
| 31 December 2019  |                 |           |           |
| Outstanding period  | Mortgaged loans | Others    | Total     |
| Not yet due   | 5,190,818       | 2,301,772 | 7,492,590 |
| Total loans and interest receivables                          | 5,190,818       | 2,301,772 | 7,492,590 |

The maximum credit limit on employee loans that are secured by personal guarantee is set at 20 times of an employee's monthly salary but not exceeding Baht 500,000. The maximum credit limit on mortgage loan is set at 90% of the appraisal value of the underlying immovable properties and will be taken into accounts the purpose of borrowings and their ability to repay. Interest rate may be set higher or lower than minimum lending rates (MLR) of commercial banks.

**10. Premises and equipment**

The movement of premises and equipment for the six-month period ended 30 June 2020 is as follows:

|                                       | (Unit: Baht)       |   |   |                  |                             |                    |
|---------------------------------------|--------------------|---|---|------------------|-----------------------------|--------------------|
|                                       | Land               | Buildings and<br>building<br>improvements | Furniture,<br>fixtures and<br>office<br>equipment | Vehicles         | Construction<br>in progress | Total              |
| Net book value as at                  |                    |   |   |                  |                             |                    |
| 1 January 2020                        | 120,562,866        | 26,591,508                                | 19,048,274  | 6,176,661        | 10,900                      | 172,390,209        |
| Additions - at cost                   | -                  | -   | 1,951,059   | 622,300          | 150,000                     | 2,723,359          |
| Disposals - net book value            | -                  | -   | (86,882)  | (3)              | -                           | (86,885)           |
| Depreciation charge for<br>the period | -                  | (964,880)                                 | (3,329,413)                                       | (404,597)        | -                           | (4,698,890)        |
| Net book value as at<br>30 June 2020  | <u>120,562,866</u> | <u>25,626,628</u>                         | <u>17,583,038</u>                                 | <u>6,394,361</u> | <u>160,900</u>              | <u>170,327,793</u> |

**11. Lease agreements**

The Company has entered into several lease agreements of office building space. The terms of the agreements are generally between 1 and 3 years.

**11.1 Right-of-use assets**

Changes of right-of-use assets for the six-month period ended 30 June 2020 are summarised below:

|   | (Unit: Baht)     |
|---|------------------|
|   | <u>Buildings</u> |
| Right-of-use assets as at 31 December 2019                    | -                |
| Cumulative effect of the change in accounting policy (Note 3) | <u>2,052,988</u> |
| Net book value as at 1 January 2020                           | 2,052,988        |
| New lease agreement addition during the period                | 1,034,058        |
| Amortisation for the period                                   | <u>(722,878)</u> |
| Net book value as at 30 June 2020                             | <u>2,364,168</u> |

**11.2 Lease liabilities**

Changes of lease liabilities for the six-month period ended 30 June 2020 are summarised below:

|   | (Unit: Baht)     |
|---|------------------|
|   | <u>Buildings</u> |
| Lease liabilities as at 31 December 2019                      | -                |
| Cumulative effect of the change in accounting policy (Note 3) | 2,052,988        |
| Lease liabilities as at 1 January 2020                        | 2,052,988        |
| Add: New lease agreement addition during the period           | 1,034,058        |
| Add: Financial cost for the period                            | 34,841           |
| Less: Lease payments during the period                        | (1,002,158)      |
| Lease liabilities as at 30 June 2020                          | <u>2,119,729</u> |
|   | (Unit: Baht)     |
|   | <u>Buildings</u> |
| Lease liabilities before deferred interest expenses           |                  |
| Portion due within 1 year                                     | 1,205,684        |
| Portion due over 1 year                                       | 999,000          |
| Total lease liabilities before deferred interest expenses     | 2,204,684        |
| Less: Financial cost  | (84,955)         |
|   | <u>2,119,729</u> |

Lease expenses for the three-month and six-month periods ended 30 June 2020 were recognised in profit or loss.

|                                     | (Unit: Baht)  |   |
|-------------------------------------|---|---|
|                                     | For the three-month<br>period ended<br>30 June 2020 | For the six-month<br>period ended<br>30 June 2020 |
| Amortisation of right-of-use assets | 381,825   | 722,878   |
| Financial cost on lease liabilities | 19,932  | 34,841  |
| Short-term contracts expenses       | 282,775   | 518,650   |
| Total expenses                      | <u>684,532</u>                                      | <u>1,276,369</u>                                  |

**12. Intangible assets**

The movement of computer softwares and computer softwares under development for the six-month period ended 30 June 2020 is as follows:

|                                     | (Unit: Baht)          |  |                  |
|-------------------------------------|-----------------------|--|------------------|
|                                     | Computer<br>softwares | Computer<br>softwares under<br>development | Total            |
| Net book value as at 1 January 2020 | 1,405,901             | 2,334,740                                  | 3,740,641        |
| Additions                           | 24,300                | 1,534,500                                  | 1,558,800        |
| Transfer in/(out)                   | 2,939,240             | (2,939,240)                                | -                |
| Amortisation charge for the period  | (748,676)             | -  | (748,676)        |
| Net book value as at 30 June 2020   | <u>3,620,765</u>      | <u>930,000</u>                             | <u>4,550,765</u> |

**13. Deferred tax assets/Income taxes****13.1 Deferred tax assets**

As at 30 June 2020 and 31 December 2019, the components of deferred tax assets (liabilities) arose from the following temporary differences:

|  | (Unit: Baht)   |                     |   |   |
|--|--|---------------------|---|---|
|  | Changes in deferred tax assets or liabilities<br>that are recognised in profit or loss |                     |   |   |
|  | 30 June<br>2020  | 31 December<br>2019 | For the three-month<br>period ended<br>30 June 2020 | For the six-month<br>period ended<br>30 June 2020 |
| <b>Deferred tax assets (liabilities) arose from:</b>   |  |                     |   |   |
| Allowance for doubtful accounts  | 3,851,536  | 4,195,970           | (2,667,274)   | (344,434)   |
| Allowance for impairment on available-for-sale investments which are measured at fair value through other comprehensive income | 1,357,093  | 1,242,312           | -   | 114,781   |
| Premium reserves   | 109,086,023  | 104,342,544         | (7,280,994)   | 4,743,479   |
| Loss reserves on claims incurred and reported  | 52,191,316   | 47,972,015          | (4,284,746)   | 4,219,301   |
| Loss reserves on claims incurred but not yet reported  | 19,227,532   | 18,474,862          | 869,331   | 752,670   |
| Employee benefits obligations  | 12,327,331   | 12,169,123          | 274,445   | 158,208   |
| Unrealised (gain) loss on revaluation of   |  |                     |   |   |
| Trading investments  | 164,047  | (11,957)            | (1,469,767)   | 176,004   |
| Available-for-sale investments   | (8,005,807)  | 1,521,974           | -   | -   |
| Expected credit losses   | 2,219,775  | -                   | 1,484,932   | 1,544,258   |
| Lease liabilities  | (48,707)   | -                   | 20,936  | (48,707)  |
| Deferred tax assets  | <u>192,370,139</u>   | <u>189,906,843</u>  | <u>(13,053,137)</u>                                 | <u>11,315,560</u>                                 |

**13.2 Income tax**

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

|  | (Unit: Baht)                                 |                |  |                    |
|--|--|----------------|--|--------------------|
|  | For the three-month periods<br>ended 30 June |                | For the six-month periods<br>ended 30 June |                    |
|  | 2020   | 2019           | 2020                                       | 2019               |
| <b>Current income tax:</b>                                       |  |                |  |                    |
| Interim corporate income tax charge                              | (9,012,358)                                  | (15,320,787)   | (35,016,898)                               | (30,956,371)       |
| <b>Deferred tax:</b>   |  |                |  |                    |
| Relating to origination and reversal of<br>temporary differences | (13,053,137)                                 | 15,918,826     | 11,315,560                                 | 29,443,794         |
| Income tax benefit (expense) reported in<br>profit or loss       | <u>(22,065,495)</u>                          | <u>598,039</u> | <u>(23,701,338)</u>                        | <u>(1,512,577)</u> |

Reconciliations between income tax expenses and the product of accounting profits for the three-month and six-month periods ended 30 June 2020 and 2019 and the applicable tax rate were as follows:

|  | (Unit: Baht)                                 |                |  |                    |
|--|--|----------------|--|--------------------|
|  | For the three-month periods<br>ended 30 June |                | For the six-month periods<br>ended 30 June |                    |
|  | 2020   | 2019           | 2020                                       | 2019               |
| Accounting profits before income tax expenses  | 111,711,011                                  | 45,212         | 125,189,166                                | 17,896,032         |
| Applicable tax rate  | 20%  | 20%            | 20%  | 20%                |
| Accounting profits before income tax expenses<br>multiplied by the applicable tax rate | (22,342,202)                                 | (9,043)        | (25,037,833)                               | (3,579,207)        |
| Tax effect of:   |  |                |  |                    |
| - Revenues are not taxable   | 407,505                                      | 659,640        | 1,545,770                                  | 2,167,937          |
| - Non-deductible expenses  | (130,799)                                    | (52,558)       | (209,275)                                  | (101,307)          |
| Income tax benefit (expense) reported in<br>profit or loss                             | <u>(22,065,495)</u>                          | <u>598,039</u> | <u>(23,701,338)</u>                        | <u>(1,512,577)</u> |

(Unaudited but reviewed)

The amounts of income taxes relating to each component of other comprehensive income for the three-month and six-month periods ended 30 June 2020 and 2019 were as follows:

|  | (Unit: Baht)                |                    |                           |                    |
|--|-----------------------------|--------------------|---------------------------|--------------------|
|  | For the three-month periods |                    | For the six-month periods |                    |
|  | ended 30 June               |                    | ended 30 June             |                    |
|  | 2020                        | 2019               | 2020                      | 2019               |
| Deferred income taxes relating to:   |                             |                    |                           |                    |
| Revaluation (increased) decreased during the periods   | (8,441,607)                 | (5,021,559)        | 9,157,841                 | (8,348,045)        |
| (Gain) loss on sales of available-for-sale investments during the periods transferred to be recognised in profit or loss | -                           | 113,755            | 50,774                    | (68,555)           |
| Income taxes reported in other comprehensive income  | <u>(8,441,607)</u>          | <u>(4,907,804)</u> | <u>9,208,615</u>          | <u>(8,416,600)</u> |

#### 14. Other assets

|   | (Unit: Baht)      |                   |
|---|-------------------|-------------------|
|   | 30 June 2020      | 31 December 2019  |
| <b>Other assets - financial assets</b>  |                   |                   |
| Advances payment                        | 7,839,530         | 7,920,090         |
| Postdated cheques received              | 22,282,530        | 3,687,003         |
| Claim receivables from litigants - net  | 3,728,904         | 1,696,796         |
| Accrued income                          | -                 | 3,942,050         |
| Total                                   | <u>33,850,964</u> | <u>17,245,939</u> |
| <b>Other assets - others</b>            |                   |                   |
| Deposits on rice field insurance scheme | 5,663,238         | 44,200,484        |
| Prepaid expenses                        | 261,868           | 719,176           |
| Undue input value added taxes           | 6,397,453         | 4,293,433         |
| Others                                  | 8,353,152         | 18,745,237        |
| Total                                   | <u>20,675,711</u> | <u>67,958,330</u> |
| Total other assets                      | <u>54,526,675</u> | <u>85,204,269</u> |

(Unaudited but reviewed)

**15. Insurance contract liabilities**

(Unit: Baht)

|  | 30 June 2020                   |                            | Net                  |
|--|--------------------------------|----------------------------|----------------------|
|  | Insurance contract liabilities | Reinsurance on liabilities |                      |
| Long-term insurance policy reserves    | 462,747,204                    | (7,960,625)                | 454,786,579          |
| Loss reserves                          |                                |                            |                      |
| - Claims incurred and reported         | 428,896,672                    | (16,684,376)               | 412,212,296          |
| - Claims incurred but not yet reported | 108,901,324                    | (12,763,664)               | 96,137,660           |
| Unearned premium reserves              | 1,028,816,195                  | (109,534,961)              | 919,281,234          |
| <b>Total</b>                           | <b>2,029,361,395</b>           | <b>(146,943,626)</b>       | <b>1,882,417,769</b> |

(Unit: Baht)

|  | 31 December 2019               |                            | Net                  |
|--|--------------------------------|----------------------------|----------------------|
|  | Insurance contract liabilities | Reinsurance on liabilities |                      |
| Long-term insurance policy reserves    | 422,981,057                    | (11,121,810)               | 411,859,247          |
| Loss reserves                          |                                |                            |                      |
| - Claims incurred and reported         | 429,935,273                    | (9,805,037)                | 420,130,236          |
| - Claims incurred but not yet reported | 139,445,068                    | (47,070,759)               | 92,374,309           |
| Unearned premium reserves              | 1,043,845,047                  | (99,472,772)               | 944,372,275          |
| <b>Total</b>                           | <b>2,036,206,445</b>           | <b>(167,470,378)</b>       | <b>1,868,736,067</b> |

**15.1 Long-term insurance policy reserves**

(Unit: Baht)

|   | For the six-month  | For the year ended |
|---|--------------------|--------------------|
|   | period ended       | 31 December 2019   |
|   | 30 June 2020       |                    |
| Balances - beginning of the period                                | 422,981,057        | 326,378,163        |
| Reserves increased from net of new policies and enforced policies | 130,996,376        | 228,605,412        |
| Reserves decreased from insurance policies                        | (91,230,229)       | (132,002,518)      |
| <b>Balance - end of the period</b>                                | <b>462,747,204</b> | <b>422,981,057</b> |

**15.2 Loss reserves**

|  | (Unit: Baht)                                      |  |
|--|---|--|
|  | For the six-month<br>period ended<br>30 June 2020 | For the year ended<br>31 December 2019 |
| Balances - beginning of the period                     | 569,380,341                                       | 509,064,904                            |
| Claims incurred during the period                      | 603,032,683                                       | 1,281,129,446                          |
| Changes in loss reserves of prior periods' claims      | 22,625,031  | 11,926,799                             |
| Changes in assumptions in calculation of loss reserves | (30,543,744)                                      | 47,987,005                             |
| Claims paid during the period                          | (626,696,315)                                     | (1,280,727,813)                        |
| Balances - end of the period                           | <u>537,797,996</u>                                | <u>569,380,341</u>                     |

**15.3 Unearned premium reserves**

|                                    | (Unit: Baht)                                      |  |
|------------------------------------|---|--|
|                                    | For the six-month<br>period ended<br>30 June 2020 | For the year ended<br>31 December 2019 |
| Balances - beginning of the period | 1,043,845,047                                     | 947,683,167                            |
| Premium written for the period     | 1,014,389,723                                     | 2,160,151,172                          |
| Decrease in policy reserves        | (1,029,418,575)                                   | (2,063,989,292)                        |
| Balances - end of the period       | <u>1,028,816,195</u>                              | <u>1,043,845,047</u>                   |

**16. Amounts due to reinsurers**

|                                 | (Unit: Baht)       |                    |
|---------------------------------|--------------------|--------------------|
|                                 | 30 June 2020       | 31 December 2019   |
| Amounts withheld on reinsurance | 162,265,920        | 191,137,304        |
| Other reinsurance payables      | 48,201,359         | 92,808,586         |
| Total amounts due to reinsurers | <u>210,467,279</u> | <u>283,945,890</u> |

**17. Other liabilities**

|                                      | (Unit: Baht)       |                    |
|--------------------------------------|--------------------|--------------------|
|                                      | 30 June 2020       | 31 December 2019   |
| Account payable - Revenue Department | 6,206,072          | 3,962,394          |
| Withholding income tax payable       | 1,667,022          | 2,594,406          |
| Undue output value added taxes       | 8,897,822          | 10,108,617         |
| Short-term employee benefit payable  | 16,273,997         | 32,524,282         |
| Accrued expenses                     | 10,621,441         | 12,829,530         |
| Deposits from brokers                | 49,630,043         | 22,315,878         |
| Payable from purchase of securities  | 13,565,305         | 1,276,193          |
| Others                               | 21,307,687         | 34,885,401         |
| Total other liabilities              | <u>128,169,389</u> | <u>120,496,701</u> |

**18. Operating segment information**

The Company is organised into two non-life insurance business segments, which are motor insurance and other insurance whereby the segmental profit or loss for the three-month and six-month periods ended 30 June 2020 and 2019 were presented as follows:

|  | (Unit: Baht)                                 |                    |  |                    |  |                     |
|--|--|--------------------|--|--------------------|--|---------------------|
|  | Motor  |                    | Others                                       |                    | Total  |                     |
|  | For the three-month periods<br>ended 30 June |                    | For the three-month periods<br>ended 30 June |                    | For the three-month periods<br>ended 30 June |                     |
|  | 2020   | 2019               | 2020   | 2019               | 2020   | 2019                |
| <b>Underwriting revenues</b>   |  |                    |  |                    |  |                     |
| Gross premium written  | 341,759,614                                  | 383,403,835        | 142,666,376                                  | 187,496,711        | 484,425,990                                  | 570,900,546         |
| Less: Premium ceded to reinsurers                                    | (1,832,101)                                  | (687,684)          | (52,938,296)                                 | (44,564,778)       | (54,770,397)                                 | (45,252,462)        |
| Net premium written  | 339,927,513                                  | 382,716,151        | 89,728,080                                   | 142,931,933        | 429,655,593                                  | 525,648,084         |
| Add (less): Unearned premium reserves                                |  |                    |  |                    |  |                     |
| (increased) decreased from prior period                              | 51,700,892                                   | (8,995,874)        | (6,313,100)                                  | (9,226,403)        | 45,387,792                                   | (18,222,277)        |
| Net earned premium   | 391,628,405                                  | 373,720,277        | 83,414,980                                   | 133,705,530        | 475,043,385                                  | 507,425,807         |
| Commission and brokerage income from<br>reinsurers                   | 17,430                                       | -                  | 15,999,223                                   | 12,673,310         | 16,016,653                                   | 12,673,310          |
| <b>Total underwriting revenues</b>                                   | <b>391,645,835</b>                           | <b>373,720,277</b> | <b>99,414,203</b>                            | <b>146,378,840</b> | <b>491,060,038</b>                           | <b>520,099,117</b>  |
| <b>Underwriting expenses</b>   |  |                    |  |                    |  |                     |
| Long-term insurance policy reserve increased<br>(decreased)          | -  | -                  | (29,414,171)                                 | 46,999,916         | (29,414,171)                                 | 46,999,916          |
| Gross claims   | 213,026,173                                  | 252,328,279        | 66,560,333                                   | 51,324,090         | 279,586,506                                  | 303,652,369         |
| Less: Claim recovery from reinsurers                                 | -  | -                  | (27,132,828)                                 | (11,281,908)       | (27,132,828)                                 | (11,281,908)        |
| Commission and brokerage expenses                                    | 57,151,574                                   | 65,819,995         | 19,595,512                                   | 25,989,634         | 76,747,086                                   | 91,809,629          |
| Other underwriting expenses  | 23,472,651                                   | 27,462,010         | 21,263,869                                   | 17,181,352         | 44,736,520                                   | 44,643,362          |
| <b>Total underwriting expenses before<br/>    operating expenses</b> | <b>293,650,398</b>                           | <b>345,610,284</b> | <b>50,872,715</b>                            | <b>130,213,084</b> | <b>344,523,113</b>                           | <b>475,823,368</b>  |
| <b>Gross profit from underwriting</b>                                | <b>97,995,437</b>                            | <b>28,109,993</b>  | <b>48,541,488</b>                            | <b>16,165,756</b>  | <b>146,536,925</b>                           | <b>44,275,749</b>   |
| Operating expenses   |  |                    |  |                    | (55,112,739)                                 | (74,756,744)        |
| <b>Profit (loss) from underwriting</b>                               |  |                    |  |                    | <b>91,424,186</b>                            | <b>(30,480,995)</b> |
| Net investment revenues  |  |                    |  |                    | 17,280,738                                   | 20,390,220          |
| Gain (loss) on investments   |  |                    |  |                    | (231,762)                                    | 1,987,034           |
| Fair value gains   |  |                    |  |                    | 7,348,834                                    | 3,075,198           |
| Other income   |  |                    |  |                    | 3,313,677                                    | 5,073,755           |
| Expected credit losses   |  |                    |  |                    | (7,424,662)                                  | -                   |
| <b>Profit before income tax expenses</b>                             |  |                    |  |                    | <b>111,711,011</b>                           | <b>45,212</b>       |
| Income tax benefit (expense)   |  |                    |  |                    | (22,065,495)                                 | 598,039             |
| <b>Profit for the period</b>   |  |                    |  |                    | <b>89,645,516</b>                            | <b>643,251</b>      |

## (Unaudited but reviewed)

(Unit: Baht)

|  | Motor                                      |                    | Others                                     |                    | Total                                      |                     |
|--|--|--------------------|--|--------------------|--|---------------------|
|  | For the six-month periods<br>ended 30 June |                    | For the six-month periods<br>ended 30 June |                    | For the six-month periods<br>ended 30 June |                     |
|  | 2020                                       | 2019               | 2020                                       | 2019               | 2020                                       | 2019                |
| <b>Underwriting revenues</b>   |  |                    |  |                    |  |                     |
| Gross premium written  | 762,366,564                                | 808,416,959        | 383,019,535                                | 343,509,109        | 1,145,386,099                              | 1,151,926,068       |
| Less: Premium ceded to reinsurers  | (3,606,102)                                | (2,426,904)        | (123,809,203)                              | (116,825,614)      | (127,415,305)                              | (119,252,518)       |
| Net premium written  | 758,760,462                                | 805,990,055        | 259,210,332                                | 226,683,495        | 1,017,970,794                              | 1,032,673,550       |
| Add (less): Unearned premium reserves<br>(increased) decreased from prior period | 27,765,281                                 | (72,951,961)       | (2,674,240)                                | (1,109,299)        | 25,091,041                                 | (74,061,260)        |
| Net earned premium   | 786,525,743                                | 733,038,094        | 256,536,092                                | 225,574,196        | 1,043,061,835                              | 958,612,290         |
| Commission and brokerage income from<br>reinsurers                               | 17,430                                     | -                  | 34,025,608                                 | 28,195,632         | 34,043,038                                 | 28,195,632          |
| <b>Total underwriting revenues</b>   | <b>786,543,173</b>                         | <b>733,038,094</b> | <b>290,561,700</b>                         | <b>253,769,828</b> | <b>1,077,104,873</b>                       | <b>986,807,922</b>  |
| <b>Underwriting expenses</b>   |  |                    |  |                    |  |                     |
| Long-term insurance policy reserve increased                                     | -  | -                  | 42,927,333                                 | 51,429,974         | 42,927,333                                 | 51,429,974          |
| Gross claims   | 434,328,969                                | 471,670,186        | 169,429,647                                | 117,344,070        | 603,758,616                                | 589,014,256         |
| Less: Claim recovery from reinsurers   | -  | -                  | (79,637,571)                               | (39,526,634)       | (79,637,571)                               | (39,526,634)        |
| Commission and brokerage expenses  | 126,642,610                                | 136,017,971        | 61,620,713                                 | 42,553,700         | 188,263,323                                | 178,571,671         |
| Other underwriting expenses  | 50,811,636                                 | 53,448,547         | 35,926,924                                 | 44,676,696         | 86,738,560                                 | 98,125,243          |
| <b>Total underwriting expenses before<br/>operating expenses</b>                 | <b>611,783,215</b>                         | <b>661,136,704</b> | <b>230,267,046</b>                         | <b>216,477,806</b> | <b>842,050,261</b>                         | <b>877,614,510</b>  |
| <b>Gross profit from underwriting</b>  | <b>174,759,958</b>                         | <b>71,901,390</b>  | <b>60,294,654</b>                          | <b>37,292,022</b>  | <b>235,054,612</b>                         | <b>109,193,412</b>  |
| Operating expenses   |  |                    |  |                    | (131,973,042)                              | (148,258,116)       |
| <b>Profit (loss) from underwriting</b>   |  |                    |  |                    | <b>103,081,570</b>                         | <b>(39,064,704)</b> |
| Net investment revenues  |  |                    |  |                    | 35,738,967                                 | 39,937,229          |
| Gain (loss) on investments   |  |                    |  |                    | (13,786,754)                               | 1,561,140           |
| Fair value gain (loss)   |  |                    |  |                    | (880,020)                                  | 6,485,595           |
| Other income   |  |                    |  |                    | 8,756,695                                  | 8,976,772           |
| Expected credit losses   |  |                    |  |                    | (7,721,292)                                | -                   |
| <b>Profit before income tax expenses</b>   |  |                    |  |                    | <b>125,189,166</b>                         | <b>17,896,032</b>   |
| Income tax expenses  |  |                    |  |                    | (23,701,338)                               | (1,512,577)         |
| <b>Profit for the period</b>   |  |                    |  |                    | <b>101,487,828</b>                         | <b>16,383,455</b>   |

For the three-month and six-month periods ended 30 June 2020, the Company had premium written from a major broker (having gross premium written from the broker more than 10% of total gross premium written in each period), which is its related party, amounting to Baht 64.3 million and Baht 128.1 million, respectively (2019: Baht 97.2 million and Baht 186.2 million, respectively), from the motor segment, contributing 13% and 11%, respectively (2019: 17% and 16%, respectively), of total premium written in each period.

(Unaudited but reviewed)

Segment assets and liabilities as at 30 June 2020 and 31 December 2019 are as follows:

(Unit: Baht)

|                    | Motor         | Others        | Unallocated<br>assets/liabilities | Total         |
|--------------------|---------------|---------------|-----------------------------------|---------------|
| <b>Assets</b>      |               |               |                                   |               |
| 30 June 2020       | 147,836,324   | 293,530,466   | 3,478,112,168                     | 3,919,478,958 |
| 31 December 2019   | 162,110,657   | 407,784,919   | 3,334,111,796                     | 3,904,007,372 |
| <b>Liabilities</b> |               |               |                                   |               |
| 30 June 2020       | 1,264,460,373 | 1,018,848,768 | 216,254,951                       | 2,499,564,092 |
| 31 December 2019   | 1,306,999,931 | 1,055,087,858 | 186,621,603                       | 2,548,709,392 |

## 19. Operating expenses

(Unit: Baht)

|  | For the three-month periods<br>ended 30 June |                   | For the six-month periods<br>ended 30 June |                    |
|--|--|-------------------|--|--------------------|
|  | 2020   | 2019              | 2020                                       | 2019               |
| Personnel expenses                         | 23,304,127                                   | 35,521,362        | 47,219,700                                 | 60,917,831         |
| Premise and equipment expenses             | 16,202,312                                   | 14,561,892        | 31,385,122                                 | 30,812,378         |
| Taxes and duties                           | 241,215                                      | 337,685           | 1,223,871                                  | 1,238,992          |
| Bad debts and doubtful accounts (reversal) | (13,336,370)                                 | (6,296,090)       | (1,722,171)                                | 526,675            |
| Other operating expenses                   | 28,701,455                                   | 30,631,895        | 53,866,520                                 | 54,762,240         |
| Total operating expenses                   | <u>55,112,739</u>                            | <u>74,756,744</u> | <u>131,973,042</u>                         | <u>148,258,116</u> |

**20. Expected credit losses**

(Unit: Baht)

|  | For the three-month periods |          | For the six-month periods |          |
|--|-----------------------------|----------|---------------------------|----------|
|  | ended 30 June               |          | ended 30 June             |          |
|  | 2020                        | 2019     | 2020                      | 2019     |
| <b>Expected credit losses</b>  |                             |          |                           |          |
| Cash and cash equivalents  | 355,038                     | -        | 400,653                   | -        |
| Accrued investment income  | 97,149                      | -        | 94,071                    | -        |
| Investments in securities - Available-for-sale investments which are measured at fair value through other comprehensive income | (262,418)                   | -        | 29,605                    | -        |
| Investments in securities - Held-to-maturity investments which are measured at amortised cost                                  | 7,236,038                   | -        | 7,198,385                 | -        |
| Loans and interest receivables   | (1,145)                     | -        | (1,422)                   | -        |
| Total  | <u>7,424,662</u>            | <u>-</u> | <u>7,721,292</u>          | <u>-</u> |

**21. Earnings per share**

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

**22. Related party transactions****22.1 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              | Relationship with the Company        |
|--------------------------------------|--------------------------------------|
| Dung Seng Insurance Broker Co., Ltd. | Related by way of common shareholder |
| Asia Hotel Plc.                      | Related by way of common directors   |
| Asia Pattaya Hotel Co., Ltd.         | Related by way of common directors   |
| Zeer Property Plc.                   | Related by way of common directors   |
| Asia Airport Hotel Co., Ltd.         | Related by way of common directors   |
| N.S.B. Co., Ltd.                     | Related by way of common directors   |

## 22.2 Related party transactions

During the periods, the Company had significant business transactions with related parties. Such transactions, which are summarised below, arose in the ordinary course of business and were concluded on commercial terms and bases agreed upon between the Company and those related parties.

|   | (Unit: Million Baht)                         |      |  |       |
|---|--|------|--|-------|
|   | For the three-month periods<br>ended 30 June |      | For the six-month periods<br>ended 30 June |       |
|   | 2020   | 2019 | 2020                                       | 2019  |
| <b>Gross premium written</b>                        |  |      |  |       |
| Dung Seng Insurance Broker Co., Ltd. <sup>(1)</sup> | 64.3   | 97.2 | 128.1                                      | 186.2 |
| Asia Hotel Plc.                                     | 0.7  | -    | 0.7  | -     |
| Asia Pattaya Hotel Co., Ltd.                        | 0.3  | -    | 0.3  | -     |
| Zeer Property Plc.                                  | 3.7  | -    | 3.7  | -     |
| Asia Airport Hotel Co., Ltd.                        | 0.5  | -    | 0.5  | -     |
| <b>Commission and brokerage expenses</b>            |  |      |  |       |
| Dung Seng Insurance Broker Co., Ltd.                | 11.1   | 16.9 | 22.2                                       | 32.2  |

<sup>(1)</sup> Premium written from non-life insurance brokers

| Transaction with related parties  | Transfer pricing policy                               |
|-----------------------------------|---|
| Gross premium written             | Normal commercial terms for underwriting              |
| Commission and brokerage expenses | Normal commercial terms for non-life insurance broker |

## 22.3 Outstanding balances

As at 30 June 2020 and 31 December 2019, the outstanding balances of transactions between the Company and those related parties are as follows:

|                                      | (Unit: Million Baht) |                  |
|--------------------------------------|----------------------|------------------|
|                                      | 30 June 2020         | 31 December 2019 |
| <b>Premium receivables</b>           |                      |                  |
| Dung Seng Insurance Broker Co., Ltd. | 43.7                 | 115.7            |
| <b>Accrued commission expenses</b>   |                      |                  |
| Dung Seng Insurance Broker Co., Ltd. | 7.4                  | 20.3             |

**22.4 Directors' and key management's benefits**

During the three-month and six-month periods ended 30 June 2020 and 2019, the Company had employee benefit expenses incurred on directors and key management as below.

(Unit: Million Baht)

|                              | For the three-month periods |            | For the six-month periods |             |
|------------------------------|-----------------------------|------------|---------------------------|-------------|
|                              | ended 30 June               |            | ended 30 June             |             |
|                              | 2020                        | 2019       | 2020                      | 2019        |
| Short-term employee benefits | 3.7                         | 4.9        | 7.4                       | 9.8         |
| Long-term employee benefits  | 0.1                         | 1.3        | 0.2                       | 1.7         |
| <b>Total</b>                 | <b>3.8</b>                  | <b>6.2</b> | <b>7.6</b>                | <b>11.5</b> |

**23. Fair value of financial instruments**

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

(Unit: Million Baht)

|   | 30 June 2020 |         |         |       | Carrying amount |
|---|--------------|---------|---------|-------|-----------------|
|   | Fair value   |         |         |       |                 |
|   | Level 1      | Level 2 | Level 3 | Total |                 |
| <b>Derivative asset - warrant</b>   | 0.1          | -       | -       | 0.1   | 0.1             |
| <b>Trading investments which are measured at fair value through profit or loss</b>                        |              |         |         |       |                 |
| Equity securities   | 51.7         | -       | -       | 51.7  | 51.7            |
| Unit trusts   | -            | 4.8     | -       | 4.8   | 4.8             |
| <b>Available-for-sale investments which are measured at fair value through other comprehensive income</b> |              |         |         |       |                 |
| Equity securities   | 44.5         | -       | 95.1    | 139.6 | 139.6           |
| Unit trusts   | 122.4        | 722.2   | -       | 844.6 | 844.6           |
| Debentures  | -            | 238.3   | -       | 238.3 | 238.3           |

(Unaudited but reviewed)

(Unit: Million Baht)

|                                       | 31 December 2019 |         |         |       | Carrying<br>amount |
|---------------------------------------|------------------|---------|---------|-------|--------------------|
|                                       | Fair value       |         |         | Total |                    |
|                                       | Level 1          | Level 2 | Level 3 |       |                    |
| <b>Trading investments</b>            |                  |         |         |       |                    |
| Equity securities                     | 64.8             | -       | -       | 64.8  | 64.8               |
| Unit trusts                           | -                | 1.9     | -       | 1.9   | 1.9                |
| <b>Available-for-sale investments</b> |                  |         |         |       |                    |
| Equity securities                     | 25.3             | -       | -       | 25.3  | 25.3               |
| Unit trusts                           | 140.3            | 444.4   | -       | 584.7 | 584.7              |
| Debentures                            | -                | 185.0   | -       | 185.0 | 185.0              |

The Company determined fair values of financial instruments by the following methods:

- (a) Investments in debt securities are presented at fair value by using the yield curve as announced by the Thai Bond Market Association.
- (b) Investments in marketable equity instruments and warrant have been presented at fair value by using market price. Investments in non-listed equity instruments are determined using valuation technique i.e. discount cash flow analysis with discount rate equal to prevailing rate of return for similars securities and relevant risk and generally accepted pricing model.
- (c) Investment in units trust has been presented at fair value by using market price and investments in units trust that are not trade on the Stock Exchange of Thailand is presented by using the net asset value per unit as announced by the asset management company.

## 24. Commitments and contingent liabilities

### 24.1 Capital commitment

As at 30 June 2020, the Company had capital commitments contracted for computer program development amounting to Baht 1.11 million.

### 24.2 Operating lease commitments and relate services

As at 30 June 2020, future minimum lease payments required under short-term leases and leases of low-value and related service agreements were as follows:

| Payable within | (Unit: Million Baht)<br>30 June 2020 |
|----------------|--------------------------------------|
| 1 year         | 4.1                                  |

### 24.3 Litigation

As at 30 June 2020 and 31 December 2019, the Company had been sued as insurer, with the total sum insured per relevant policies totaling Baht 204.2 million and Baht 187.2 million, respectively. The outcomes of the cases have not yet been finalised. However, the Company considered the estimated losses that might be incurred and already recognised as loss reserves of Baht 29.7 and Baht 30.3 million, respectively, in the financial statements.

## 25. Dividends paid

Dividends declared during the six-month periods ended 30 June 2020 and 2019 were as follows:

|                                | Approved by  | Total<br>dividends<br>(Million Baht) | Dividend<br>per share<br>(Baht) |
|--------------------------------|--|--------------------------------------|---------------------------------|
| The interim dividends for 2019 | Meeting of Board of Directors<br>on 26 March 2020              | 72.28                                | 5.20                            |
| Final dividends for 2018       | Annual General Meeting of the<br>shareholders on 29 March 2019 | 27.11                                | 1.95                            |

## 26. Approval of the interim financial information

These interim financial information were authorised for issue by the Audit Committee on 11 August 2020.