

Nam Seng Insurance Public Company Limited  
Review report and interim financial information  
For the three-month and nine-month periods ended  
30 September 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 September 2020, the related statements of comprehensive income for the three-month and nine-month periods then ended, and the related statements of changes in owners' equity and cash flows for the nine-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 November 2020

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

		(Unit: Baht)	
	Note	30 September 2020	31 December 2019
		(Unaudited but reviewed)	(Audited)
<b>Assets</b>			
Cash and cash equivalents	4	625,599,444	48,933,194
Premium receivables - net	5	220,756,344	194,685,245
Accrued investment income - net		10,710,939	17,188,657
Reinsurance assets - net	6	141,719,475	167,470,378
Reinsurance receivables - net	7	54,595,434	207,739,953
Derivative asset - warrant		132,826	-
Investment assets			
Investments in securities - net	8	2,343,397,618	2,799,512,821
Loans and interest receivables - net	9	8,585,247	7,492,590
Investment property - net		8,590,942	8,590,942
Premises and equipment - net	10	169,618,214	172,390,209
Right-of-use assets	11.1	1,983,190	-
Intangible assets - net	12	4,083,657	3,740,641
Deferred tax assets	13.1	205,808,488	189,906,843
Receivable from sales of securities		17,839,403	1,151,630
Other assets	14	48,417,314	85,204,269
<b>Total assets</b>		<b>3,861,838,535</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 September 2020**

(Unit: Baht)

	Note	30 September 2020 (Unaudited but reviewed)	31 December 2019 (Audited)
<b>Liabilities and owners' equity</b>			
<b>Liabilities</b>			
Insurance contract liabilities	15	2,058,098,234	2,036,206,445
Amounts due to reinsurers	16	160,013,205	283,945,890
Income tax payable		17,321,987	11,656,013
Lease liabilities	11.2	1,840,347	-
Employee benefit obligations		63,777,454	60,845,613
Accrued commissions		42,950,629	35,558,730
Other liabilities	17	137,066,906	120,496,701
<b>Total liabilities</b>		<b>2,481,068,762</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		598,390,482	596,936,404
Other component of owners' equity			
Revaluation surplus (deficit) on available-for-sale			
investments - net of income taxes	8.3	17,929,819	(6,087,896)
<b>Total owners' equity</b>		<b>1,380,769,773</b>	<b>1,355,297,980</b>
<b>Total liabilities and owners' equity</b>		<b>3,861,838,535</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 September 2020**

		(Unit: Baht)	
	Note	2020	2019
<b>Profit or loss:</b>			
<b>Revenues</b>			
Gross premium written	22.2	563,924,524	679,205,440
Less: Premium ceded to reinsurers		(53,987,500)	(148,340,964)
Net premium written		509,937,024	530,864,476
Add (less): Unearned premium reserves (increased) decreased from prior period		4,061,133	(20,726,327)
Net earned premium		513,998,157	510,138,149
Commission and brokerage income from reinsurers		17,842,332	24,388,029
Net investment income	8.5	16,252,299	24,189,900
Gain (loss) on investments		(9,192,264)	18,075,196
Fair value losses		(1,860,928)	(5,681,640)
Rental income		3,938,369	3,952,363
Other income		493,091	527,608
<b>Total revenues</b>		<b>541,471,056</b>	<b>575,589,605</b>
<b>Expenses</b>			
Long-term insurance policy reserve increased		22,277,706	25,103,269
Gross claims		283,194,651	344,657,373
Less: Claim recovery from reinsurers		(7,308,242)	(74,692,220)
Commission and brokerage expenses	22.2	95,856,832	97,818,735
Other underwriting expenses		35,625,430	43,538,308
Operating expenses	19	65,162,906	67,692,149
Finance cost		17,696	-
Expected credit losses	20	233,810	-
<b>Total expenses</b>		<b>495,060,789</b>	<b>504,117,614</b>
<b>Profit before income tax expenses</b>		<b>46,410,267</b>	<b>71,471,991</b>
Less: Income tax expenses	13.2	(8,911,953)	(12,564,473)
<b>Profit for the period</b>		<b>37,498,314</b>	<b>58,907,518</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 September 2020**

		(Unit: Baht)	
	Note	2020	2019
<b>Other comprehensive income:</b>			
Items to be recognised in profit or loss in subsequent periods:			
Loss on revaluation of available-for-sale investments		(17,616,759)	(29,433,879)
Less: Tax expense	13.2	3,523,352	5,886,776
Items to be recognised in profit or loss in subsequent periods			
- net of income taxes		(14,093,407)	(23,547,103)
<b>Other comprehensive income for the period (loss)</b>		<u>(14,093,407)</u>	<u>(23,547,103)</u>
<b>Total comprehensive income for the period</b>		<u><u>23,404,907</u></u>	<u><u>35,360,415</u></u>
<b>Earnings per share</b>			
Basic earnings per share			
Profit for the period	21	<u><u>2.70</u></u>	<u><u>4.24</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 nine-month period ended 30 September 2020**

		(Unit: Baht)	
	Note	2020	2019
<b>Profit or loss:</b>			
<b>Revenues</b>			
Gross premium written	22.2	1,709,310,623	1,831,131,508
Less: Premium ceded to reinsurers		(181,402,805)	(267,593,482)
Net premium written		1,527,907,818	1,563,538,026
Add (less): Unearned premium reserves (increased) decreased from prior period		29,152,174	(94,787,587)
Net earned premium		1,557,059,992	1,468,750,439
Commission and brokerage income from reinsurers		51,885,370	52,583,661
Net investment income	8.5	51,991,266	64,127,129
Gain (loss) on investments		(22,979,018)	19,636,336
Fair value gain (loss)		(2,740,948)	803,955
Rental income		11,663,597	11,429,900
Other income		1,524,558	2,026,843
<b>Total revenues</b>		<b>1,648,404,817</b>	<b>1,619,358,263</b>
<b>Expenses</b>			
Long-term insurance policy reserve increased		65,205,039	76,533,243
Gross claims		886,953,267	933,671,629
Less: Claim recovery from reinsurers		(86,945,813)	(114,218,854)
Commission and brokerage expenses	22.2	284,120,155	276,390,406
Other underwriting expenses		122,363,990	141,663,551
Operating expenses	19	197,101,106	215,950,265
Finance cost		52,538	-
Expected credit losses	20	7,955,102	-
<b>Total expenses</b>		<b>1,476,805,384</b>	<b>1,529,990,240</b>
<b>Profit before income tax expenses</b>		<b>171,599,433</b>	<b>89,368,023</b>
Less: Income tax expenses	13.2	(32,613,291)	(14,077,050)
<b>Profit for the period</b>		<b>138,986,142</b>	<b>75,290,973</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 nine-month period ended 30 September 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		(63,659,834)	12,649,119
Add (less): Benefit tax (expense)	13.2	12,731,967	(2,529,824)
Items to be recognised in profit or loss in subsequent periods			
- net of income taxes		(50,927,867)	10,119,295
<b>Other comprehensive income for the period (loss)</b>		<u>(50,927,867)</u>	<u>10,119,295</u>
<b>Total comprehensive income for the period</b>		<u><u>88,058,275</u></u>	<u><u>85,410,268</u></u>
<b>Earnings per share</b>			
Basic earnings per share			
Profit for the period	21	<u>10.00</u>	<u>5.42</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 nine-month period ended 30 September 2020**

		(Unit: Baht)	
	Note	2020	2019
<b>Cash flows from (used in) operating activities</b>			
Direct premium written		1,667,286,180	1,840,037,228
Cash received (paid) on reinsurance		20,065,142	(51,492,329)
Interest income		48,761,391	44,552,135
Dividend income		9,654,607	17,193,727
Other income		12,063,582	13,775,674
Losses paid on direct insurance		(909,094,695)	(847,463,418)
Commission and brokerage expenses on direct insurance		(276,719,071)	(252,483,367)
Other underwriting expenses		(123,665,392)	(143,358,667)
Operating expenses		(113,478,895)	(281,904,636)
Income taxes		(48,177,875)	(65,033,523)
Proceeds from sales of investment in securities		2,092,887,851	1,153,424,759
Cash paid for purchase of investment in securities		(1,660,462,328)	(1,441,995,029)
Loans		(1,105,383)	466,964
<b>Net cash provided (used in) by operating activities</b>		<b>718,015,114</b>	<b>(14,280,482)</b>
<b>Cash flows from (used in) investing activities</b>			
Cash received from disposals of premises and equipment		1,556,057	56,284
Cash paid for purchase of premises and equipment		(4,709,854)	(2,435,490)
Cash paid for purchase of intangible assets		(1,558,800)	(1,352,950)
<b>Net cash used in investing activities</b>		<b>(4,712,597)</b>	<b>(3,732,156)</b>
<b>Cash flows used in financing activities</b>			
Repayment of lease liabilities		(1,298,337)	-
Dividend paid	25	(134,830,000)	(54,905,000)
<b>Net cash used in financing activities</b>		<b>(136,128,337)</b>	<b>(54,905,000)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>		<b>577,174,180</b>	<b>(72,917,638)</b>
Change in allowance for expected credit loss	4	(507,930)	-
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>625,599,444</b>	<b>93,552,168</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 nine-month period ended 30 September 2020**

(Unit: Baht)

	Note	Issued and paid-up share capital	Premium on share capital	Retained earnings		Other component of owners' equity		Total
				Appropriated		Revaluation surplus (deficit) on available-for-sale investments		
				Statutory reserve	General reserve	Unappropriated	- 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		-	-	-	-	75,290,973	-	75,290,973
Other comprehensive income for the period		-	-	-	-	-	10,119,295	10,119,295
Total comprehensive income for the period		-	-	-	-	75,290,973	10,119,295	85,410,268
Dividend paid	25	-	-	-	-	(54,905,000)	-	(54,905,000)
<b>Balance as at 30 September 2019</b>		<u>139,000,000</u>	<u>594,436,835</u>	<u>24,848,787</u>	<u>6,163,850</u>	<u>591,802,687</u>	<u>(5,577,531)</u>	<u>1,350,674,628</u>
<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>		<u>139,000,000</u>	<u>594,436,835</u>	<u>24,848,787</u>	<u>6,163,850</u>	<u>594,234,340</u>	<u>68,857,686</u>	<u>1,427,541,498</u>
Profit for the period		-	-	-	-	138,986,142	-	138,986,142
Other comprehensive income for the period (loss)		-	-	-	-	-	(50,927,867)	(50,927,867)
Total comprehensive income for the period (loss)		-	-	-	-	138,986,142	(50,927,867)	88,058,275
Dividend paid	25	-	-	-	-	(134,830,000)	-	(134,830,000)
<b>Balance as at 30 September 2020</b>		<u>139,000,000</u>	<u>594,436,835</u>	<u>24,848,787</u>	<u>6,163,850</u>	<u>598,390,482</u>	<u>17,929,819</u>	<u>1,380,769,773</u>

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 nine-month periods ended 30 September 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 September 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 unit trust 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 New financial reporting standards**

#### **2.2.1 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
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Financial Reporting Standard Interpretations:

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

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

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

Accounting Guidance related to financial instruments and disclosures applicable to insurance business was issued to comply with TFRS 4 (revised 2019) Insurance contracts, which allows insurers who meet certain criteria stipulated in this TFRS to delay adoption of TFRS 9 Financial Instruments and TFRS 7 Financial Instruments: Disclosures, and to adopt the Accounting Guidance related to financial instruments and disclosures applicable to insurance business instead the adoption of TFRS 9 and TFRS 7 for the financial reporting period beginning before 1 January 2022 or before the effective date of TFRS 17 Insurance Contracts.

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 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 and 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, these investments were classified as other investments under the former discontinued accounting standard, and have been reclassified as investments in available for sale securities which measured at fair value through other comprehensive income. Gain or loss from changes in fair value are recognised in other comprehensive income. Gain or loss on derecognition are to be recognised in profit or loss.
- Classification and measurement of held to maturity securities, the Company considers and decides to continue classifying them as held to maturities and measure at amortise cost.
- 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 had not adopted this Accounting Guidance in the current period.

#### **2.2.2 Financial reporting standards that became effective for fiscal years beginning on or after 1 January 2021**

The Federation of Accounting Professions issued a number of revised financial reporting standards and interpretations, which are effective for fiscal years beginning on or after 1 January 2021. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards.

The management of the Company is currently evaluating the impact of these standards to the financial statements in the year when they are adopted.

#### **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.

**(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 2.2.1 (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)
<b>Retained earnings - Unappropriated</b>	
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>
<b>Other components of equity</b>	
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)
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)
	<u>30 September 2020</u>	<u>31 December 2019</u>
Cash on hand	148,809	156,542
Deposits at banks with no fixed maturity date	625,958,565	48,776,652
Cash and cash equivalents	626,107,374	48,933,194
Less: Expected credit losses	(507,930)	-
Total cash and cash equivalents - net	<u>625,599,444</u>	<u>48,933,194</u>

As at 30 September 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 September 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 September 2020	31 December 2019
Not yet due	183,318,097	160,574,365
Overdue not longer than 30 days	26,405,997	25,289,352
Overdue 31 days to 60 days	15,069,764	13,454,015
Overdue 61 days to 90 days	3,534,612	2,860,683
Overdue 91 days to 1 year	3,019,075	3,515,967
Overdue longer than 1 year	4,996,348	5,603,743
Total	236,343,893	211,298,125
Less: Allowance for doubtful accounts	(15,587,549)	(16,612,880)
Premium receivables - net	<u>220,756,344</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 September 2020	31 December 2019
Insurance reserves refundable from reinsurers		
- Long-term insurance policy reserves	7,728,869	11,121,810
- Loss reserves	23,495,971	56,875,796
- Unearned premium reserves	110,494,635	99,472,772
Reinsurance assets - net	<u>141,719,475</u>	<u>167,470,378</u>

**7. Reinsurance receivables**

	(Unit: Baht)	
	30 September 2020	31 December 2019
Amounts deposited on reinsurance	3,074	3,074
Amounts due from reinsurers	54,592,441	207,904,038
Total	54,595,515	207,907,112
Less: Allowance for doubtful accounts	(81)	(167,159)
Reinsurance receivables - net	<u>54,595,434</u>	<u>207,739,953</u>

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

(Unit: Baht)

	30 September 2020		31 December 2019	
	Cost/ Amortised cost	Fair value	Cost/ Amortised cost	Fair value
<b>Trading investments which are measured at fair value through profit or loss</b>				
Equity securities	44,429,913	41,615,189	64,772,291	64,812,124
Unit trusts	11,233,179	11,233,915	1,862,141	1,882,093
Total	55,663,092	52,849,104	66,634,432	66,694,217
Add (less): Unrealised gain (loss)	(2,813,988)	-	59,785	-
Total	52,849,104	52,849,104	66,694,217	66,694,217
<b>Available-for-sale investments which are measured at fair value through other comprehensive income</b>				
Equity securities	18,534,283	110,153,408	27,803,196	25,289,440
Unit trusts	846,564,505	768,529,799	599,205,319	584,703,401
Private enterprises debt securities	336,699,458	337,586,955	181,774,705	184,968,949
Total	1,201,798,246	1,216,270,162	808,783,220	794,961,790
Add (less): Unrealised gain (loss)	22,412,274	-	(7,609,870)	-
Less: Expected credit losses	(1,154,891)	-	-	-
Less: Allowance for impairment	(6,785,467)	-	(6,211,560)	-
Total	1,216,270,162	1,216,270,162	794,961,790	794,961,790
<b>Held-to-maturity investments which are measured at amortised cost</b>				
Government and state enterprise securities	339,677,472		356,586,439	
Private enterprise debt securities	549,465,658		609,545,238	
Foreign debt securities	69,686,660		69,577,117	
Deposits at financial institutions which matured over 3 months	125,000,000		900,000,000	
Total	1,083,829,790		1,935,708,794	
Less: Expected credit losses	(9,551,438)		-	
Total	1,074,278,352		1,935,708,794	
<b>Other investments</b>				
Equity securities	-		2,148,020	
Total	-		2,148,020	
<b>Investment in securities - net</b>	<b>2,343,397,618</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 September 2020, the Company has investment in a unit trust of Baht 5.8 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 18 September 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 September 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	337,586,955	(1,154,891)
Total	337,586,955	(1,154,891)

(Unaudited but reviewed)

(Unit: Baht)

	30 September 2020		
	Amortised cost - gross	Allowance for expected credit losses which is recognised in profit or loss	Carrying value
<b>Held-to-maturity investments which are measured at amortised cost</b>			
Stage 1 - Debt securities without a significant increase of credit risk	1,058,819,962	(1,494,002)	1,057,325,960
Stage 2 - Debt securities with a significant increase of credit risk	10,009,828	(152,436)	9,857,392
Stage 3 - Debt securities with credit impairment	15,000,000	(7,905,000)	7,095,000
Total	1,083,829,790	(9,551,438)	1,074,278,352

### 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 nine-month	
	period ended 30 September 2020	For the year ended 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	(66,404,519)	4,386,597
Realised (gain) loss included in profit or loss	2,744,685	7,624,566
Other comprehensive income (loss)	(63,659,834)	12,011,163
Related income tax	12,731,967	(2,402,233)
Net comprehensive income for the period (loss)	(50,927,867)	9,608,930
Ending balance of the period	17,929,819	(6,087,896)

#### 8.4 Investments subject to restriction and obligation

As at 30 September 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 September 2020		31 December 2019	
	Cost	Fair value	Cost	Fair value
<b>Placed as securities with the Registrar</b>				
Stated enterprise bonds	14.0	14.4	14.0	14.4
<b>Placed as insurance reserves with the Registrar</b>				
Government and state enterprise bonds	235.1	255.3	210.0	231.9
<b>Placed as securities with the Court</b>				
Deposits with financial institutions				
due more than 3 months	1.7	1.7	0.6	0.6
<b>Placed to secure against performance obligations</b>				
Government and state enterprise bond	24.7	25.0	14.7	15.1

#### 8.5 Investment income

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

	(Unit: Baht)			
	For the three-month periods		For the nine-month periods	
	ended 30 September		ended 30 September	
	2020	2019	2020	2019
Interest income from debt securities	12,196,619	16,031,323	40,343,894	46,022,908
Dividend income from equity securities	3,420,000	7,859,266	9,684,582	17,219,487
Other investment income	635,680	299,311	1,962,790	884,734
Net investment income	16,252,299	24,189,900	51,991,266	64,127,129

**9. Loans and interest receivables**

As at 30 September 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 September 2020			
Classification	Mortgaged loans	Others	Total
Stage 1 - Loans without a significant increase of credit risk	5,511,383	3,084,099	8,595,482
Total loans and interest receivables	5,511,383	3,084,099	8,595,482
Less: Allowance for expected credit losses	(6,222)	(4,013)	(10,235)
Loans and interest receivables - net	5,505,161	3,080,086	8,585,247
(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 nine-month period ended 30 September 2020 is as follows:

(Unit: Baht)

	Land	Buildings and building improvements	Furniture, fixtures and office equipment	Vehicles	Construction 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	-	-	2,843,554	1,566,300	300,000	4,709,854
Disposals - net book value	-	-	(164,180)	(268,204)	-	(432,384)
Depreciation charge for the period	-	(1,451,231)	(4,952,913)	(645,321)	-	(7,049,465)
Net book value as at 30 September 2020	<u>120,562,866</u>	<u>25,140,277</u>	<u>16,774,735</u>	<u>6,829,436</u>	<u>310,900</u>	<u>169,618,214</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 nine-month period ended 30 September 2020 are summarised below:

(Unit: Baht)

	Buildings
Right-of-use assets as at 31 December 2019	-
Cumulative effect of the change in accounting policy (Note 3)	2,052,988
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	(1,103,856)
Net book value as at 30 September 2020	<u>1,983,190</u>

**11.2 Lease liabilities**

Changes of lease liabilities for the nine-month period ended 30 September 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	52,538
Less: Lease payments during the period	(1,299,237)
Lease liabilities as at 30 September 2020	<u>1,840,347</u>
	(Unit: Baht)
	<u>Buildings</u>
Lease liabilities before deferred interest expenses	
Portion due within 1 year	1,084,105
Portion due over 1 year	823,500
Total lease liabilities before deferred interest expenses	1,907,605
Less: Financial cost	(67,258)
	<u>1,840,347</u>

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

	(Unit: Baht)	
	For the three-month period ended 30 September 2020	For the nine-month period ended 30 September 2020
Amortisation of right-of-use assets	380,978	1,103,856
Financial cost on lease liabilities	17,697	52,538
Short-term contracts expenses	219,325	737,975
Total expenses	<u>618,000</u>	<u>1,894,369</u>

## 12. Intangible assets

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

	(Unit: Baht)		
	Computer softwares	Computer softwares under 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	(1,215,784)	-	(1,215,784)
Net book value as at 30 September 2020	<u>3,153,657</u>	<u>930,000</u>	<u>4,083,657</u>

## 13. Deferred tax assets/Income taxes

### 13.1 Deferred tax assets

As at 30 September 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 that are recognised in profit or loss			
	30 September 2020	31 December 2019	For the three-month period ended 30 September 2020	For the nine-month period ended 30 September 2020
<b>Deferred tax assets (liabilities) arose from:</b>				
Allowance for doubtful accounts	3,911,001	4,195,970	59,465	(284,969)
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	114,403,534	104,342,544	5,317,511	10,060,990
Loss reserves on claims incurred and reported	53,870,920	47,972,015	1,679,604	5,898,905
Loss reserves on claims incurred but not yet reported	21,218,524	18,474,862	1,990,992	2,743,662
Employee benefits obligations	12,755,491	12,169,123	428,160	586,368
Unrealised (gain) loss on revaluation of				
Trading investments	536,233	(11,957)	372,186	548,190
Available-for-sale investments	(4,482,454)	1,521,974	-	-
Expected credit losses	2,266,535	-	46,762	1,591,020
Lease liabilities	(28,389)	-	20,318	(28,389)
Deferred tax assets	<u>205,808,488</u>	<u>189,906,843</u>	<u>9,914,998</u>	<u>21,230,558</u>

**13.2 Income tax**

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

	(Unit: Baht)			
	For the three-month periods ended 30 September		For the nine-month periods ended 30 September	
	2020	2019	2020	2019
<b>Current income taxes:</b>				
Interim corporate income tax charge	(18,826,951)	(17,199,626)	(53,843,849)	(48,155,997)
<b>Deferred tax:</b>				
Relating to origination and reversal of temporary differences	9,914,998	4,635,153	21,230,558	34,078,947
Income tax expenses reported in profit or loss	<u>(8,911,953)</u>	<u>(12,564,473)</u>	<u>(32,613,291)</u>	<u>(14,077,050)</u>

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

	(Unit: Baht)			
	For the three-month periods ended 30 September		For the nine-month periods ended 30 September	
	2020	2019	2020	2019
Accounting profits before income tax expenses	46,410,267	71,471,991	171,599,433	89,368,023
Applicable tax rate	20%	20%	20%	20%
Accounting profits before income tax expenses multiplied by the applicable tax rate	(9,282,054)	(14,294,397)	(34,319,887)	(17,873,604)
Tax effect of:				
- Revenues are not taxable	459,251	1,397,436	2,005,021	3,565,373
- Non-deductible expenses	(89,150)	332,488	(298,425)	231,181
Income tax expenses reported in profit or loss	<u>(8,911,953)</u>	<u>(12,564,473)</u>	<u>(32,613,291)</u>	<u>(14,077,050)</u>

(Unaudited but reviewed)

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

	(Unit: Baht)			
	For the three-month periods ended 30 September		For the nine-month periods ended 30 September	
	2020	2019	2020	2019
Deferred income taxes relating to:				
Revaluation (increase) decrease during the period	4,123,063	4,985,127	13,280,904	(3,362,918)
(Gain) loss on sales of available-for-sale investments during the periods transferred to be recognised in profit or loss	(599,711)	901,649	(548,937)	833,094
Income taxes reported in other comprehensive income (loss)	<u>3,523,352</u>	<u>5,886,776</u>	<u>12,731,967</u>	<u>(2,529,824)</u>

#### 14. Other assets

	(Unit: Baht)	
	30 September 2020	31 December 2019
<b>Other assets - financial assets</b>		
Advances payment	7,592,600	7,920,090
Postdated cheques received	21,215,300	3,687,003
Claim receivables from litigants - net	2,057,787	1,696,796
Accrued income	-	3,942,050
Total	<u>30,865,687</u>	<u>17,245,939</u>
<b>Other assets - others</b>		
Deposits on rice field insurance scheme	3,539,978	44,200,484
Prepaid expenses	255,340	719,176
Undue input value added taxes	7,156,004	4,293,433
Others	6,600,305	18,745,237
Total	<u>17,551,627</u>	<u>67,958,330</u>
Total other assets	<u>48,417,314</u>	<u>85,204,269</u>

**15. Insurance contract liabilities**

(Unit: Baht)

	30 September 2020		
	Insurance contract liabilities	Reinsurance on liabilities	Net
Long-term insurance policy reserves	484,793,154	(7,728,869)	477,064,285
Loss reserves			
- Claims incurred and reported	437,266,002	(19,264,247)	418,001,755
- Claims incurred but not yet reported	110,324,342	(4,231,724)	106,092,618
Unearned premium reserves	1,025,714,736	(110,494,635)	915,220,101
<b>Total</b>	<b>2,058,098,234</b>	<b>(141,719,475)</b>	<b>1,916,378,759</b>

(Unit: Baht)

	31 December 2019		
	Insurance contract liabilities	Reinsurance on liabilities	Net
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 nine-month period ended	For the year ended
	30 September 2020	31 December 2019
Balances - beginning of the period	422,981,057	326,378,163
Reserves increased from net of new policies and enforced policies	196,522,536	228,605,412
Reserves decreased from insurance policies	(134,710,439)	(132,002,518)
<b>Balance - end of the period</b>	<b>484,793,154</b>	<b>422,981,057</b>

(Unaudited but reviewed)

## 15.2 Loss reserves

(Unit: Baht)

	For the nine-month period ended 30 September 2020	For the year ended 31 December 2019
Balances - beginning of the period	569,380,341	509,064,904
Claims incurred during the period	901,625,193	1,281,129,446
Changes in loss reserves of prior periods' claims	1,111,065	11,926,799
Changes in assumptions in calculation of loss reserves	(29,120,725)	47,987,005
Claims paid during the period	(895,405,530)	(1,280,727,813)
Balances - end of the period	<u>547,590,344</u>	<u>569,380,341</u>

## 15.3 Unearned premium reserves

(Unit: Baht)

	For the nine-month period ended 30 September 2020	For the year ended 31 December 2019
Balances - beginning of the period	1,043,845,047	947,683,167
Premium written for the period	1,512,788,087	2,160,151,172
Decrease in policy reserves	(1,530,918,398)	(2,063,989,292)
Balances - end of the period	<u>1,025,714,736</u>	<u>1,043,845,047</u>

**16. Amounts due to reinsurers**

	(Unit: Baht)	
	30 September 2020	31 December 2019
Amounts withheld on reinsurance	97,326,872	191,137,304
Other reinsurance payables	62,686,333	92,808,586
Total amounts due to reinsurers	<u>160,013,205</u>	<u>283,945,890</u>

**17. Other liabilities**

	(Unit: Baht)	
	30 September 2020	31 December 2019
Account payable - Revenue Department	6,275,148	3,962,394
Withholding income tax payable	5,689,358	2,594,406
Undue output value added taxes	9,973,475	10,108,617
Short-term employee benefit payable	21,710,995	32,524,282
Accrued expenses	7,953,676	12,829,530
Deposits from brokers	67,178,983	22,315,878
Payable from purchase of securities	783,560	1,276,193
Others	17,501,711	34,885,401
Total other liabilities	<u>137,066,906</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 nine-month periods ended 30 September 2020 and 2019 were presented as follows:

	(Unit: Baht)					
	Motor insurance		Others insurance		Total	
	For the three-month periods ended 30 September		For the three-month periods ended 30 September		For the three-month periods ended 30 September	
	2020	2019	2020	2019	2020	2019
<b>Underwriting revenues</b>						
Gross premium written	380,854,506	400,895,859	183,070,018	278,309,581	563,924,524	679,205,440
Less: Premium ceded to reinsurers	(1,774,002)	(1,213,452)	(52,213,498)	(147,127,512)	(53,987,500)	(148,340,964)
Net premium written	379,080,504	399,682,407	130,856,520	131,182,069	509,937,024	530,864,476
Add (less): Unearned premium reserves						
(increased) decrease from prior period	4,826,059	(10,001,666)	(764,926)	(10,724,661)	4,061,133	(20,726,327)
Net earned premium	383,906,563	389,680,741	130,091,594	120,457,408	513,998,157	510,138,149
Commission and brokerage income from reinsurers	-	-	17,842,332	24,388,029	17,842,332	24,388,029
<b>Total underwriting revenues</b>	<b>383,906,563</b>	<b>389,680,741</b>	<b>147,933,926</b>	<b>144,845,437</b>	<b>531,840,489</b>	<b>534,526,178</b>
<b>Underwriting expenses</b>						
Long-term insurance policy reserve increased	-	-	22,277,706	25,103,269	22,277,706	25,103,269
Gross claims	226,202,941	230,798,225	56,991,710	113,859,148	283,194,651	344,657,373
Less: Claim recovery from reinsurers	-	-	(7,308,242)	(74,692,220)	(7,308,242)	(74,692,220)
Commission and brokerage expenses	64,522,571	68,685,367	31,334,261	29,133,368	95,856,832	97,818,735
Other underwriting expenses	23,000,614	24,096,214	12,624,816	19,442,094	35,625,430	43,538,308
<b>Total underwriting expenses before     operating expenses</b>	<b>313,726,126</b>	<b>323,579,806</b>	<b>115,920,251</b>	<b>112,845,659</b>	<b>429,646,377</b>	<b>436,425,465</b>
<b>Gross profits from underwriting</b>	<b>70,180,437</b>	<b>66,100,935</b>	<b>32,013,675</b>	<b>31,999,778</b>	<b>102,194,112</b>	<b>98,100,713</b>
Operating expenses					(65,162,906)	(67,692,149)
Finance cost					(17,696)	-
<b>Profits from underwriting</b>					<b>37,013,510</b>	<b>30,408,564</b>
Net investment income					16,252,299	24,189,900
Gain (loss) on investments					(9,192,264)	18,075,196
Fair value losses					(1,860,928)	(5,681,640)
Rental income					3,938,839	3,952,363
Other income					493,091	527,608
Expected credit losses					(233,810)	-
<b>Profits before income tax expenses</b>					<b>46,410,267</b>	<b>71,471,991</b>
Income tax expenses					(8,911,953)	(12,564,473)
<b>Profit for the period</b>					<b>37,498,314</b>	<b>58,907,518</b>

## (Unaudited but reviewed)

	(Unit: Baht)					
	Motor insurance		Others insurance		Total	
	For the nine-month periods ended 30 September		For the nine-month periods ended 30 September		For the nine-month periods ended 30 September	
	2020	2019	2020	2019	2020	2019
<b>Underwriting revenues</b>						
Gross premium written	1,143,221,070	1,209,312,818	566,089,553	621,818,690	1,709,310,623	1,831,131,508
Less: Premium ceded to reinsurers	(5,380,104)	(3,640,356)	(176,022,701)	(263,953,126)	(181,402,805)	(267,593,482)
Net premium written	1,137,840,966	1,205,672,462	390,066,852	357,865,564	1,527,907,818	1,563,538,026
Add (less): Unearned premium reserves (increased) decreased from prior period	32,591,340	(82,953,627)	(3,439,166)	(11,833,960)	29,152,174	(94,787,587)
Net earned premium	1,170,432,306	1,122,718,835	386,627,686	346,031,604	1,557,059,992	1,468,750,439
Commission and brokerage income from reinsurers	17,430	-	51,867,940	52,583,661	51,885,370	52,583,661
<b>Total underwriting revenues</b>	<b>1,170,449,736</b>	<b>1,122,718,835</b>	<b>438,495,626</b>	<b>398,615,265</b>	<b>1,608,945,362</b>	<b>1,521,334,100</b>
<b>Underwriting expenses</b>						
Long-term insurance policy reserve increased	-	-	65,205,039	76,533,243	65,205,039	76,533,243
Gross claims	660,531,910	702,468,411	226,421,357	231,203,218	886,953,267	933,671,629
Less: Claim recovery from reinsurers	-	-	(86,945,813)	(114,218,854)	(86,945,813)	(114,218,854)
Commission and brokerage expenses	191,165,181	204,703,338	92,954,974	71,687,068	284,120,155	276,390,406
Other underwriting expenses	73,812,250	77,544,761	48,551,740	64,118,790	122,363,990	141,663,551
<b>Total underwriting expenses before operating expenses</b>	<b>925,509,341</b>	<b>984,716,510</b>	<b>346,187,297</b>	<b>329,323,465</b>	<b>1,271,696,638</b>	<b>1,314,039,975</b>
<b>Gross profits from underwriting</b>	<b>244,940,395</b>	<b>138,002,325</b>	<b>92,308,329</b>	<b>69,291,800</b>	<b>337,248,724</b>	<b>207,294,125</b>
Operating expenses					(197,101,106)	(215,950,265)
Finance cost					(52,538)	-
<b>Profits (loss) from underwriting</b>					<b>140,095,080</b>	<b>(8,656,140)</b>
Net investment income					51,991,266	64,127,129
Gain (loss) on investments					(22,979,018)	19,636,336
Fair value gain (loss)					(2,740,948)	803,955
Rental income					11,663,597	11,429,900
Other income					1,524,558	2,026,843
Expected credit losses					(7,955,102)	-
<b>Profits before income tax expenses</b>					<b>171,599,433</b>	<b>89,368,023</b>
Income tax expenses					(32,613,291)	(14,077,050)
<b>Profit for the period</b>					<b>138,986,142</b>	<b>75,290,973</b>

For the three-month and nine-month periods ended 30 September 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 81.3 million and Baht 209.4 million, respectively (2019: Baht 117.3 million and Baht 303.5 million, respectively), from the motor segment, contributing 14% and 12%, respectively (2019: 17% and 17%, respectively), of total premium written.

(Unaudited but reviewed)

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

(Unit: Baht)

	Motor	Others	Unallocated assets/liabilities	Total
<b>Assets</b>				
30 September 2020	160,410,108	256,661,145	3,444,767,282	3,861,838,535
31 December 2019	162,110,657	407,784,919	3,334,111,796	3,904,007,372
<b>Liabilities</b>				
30 September 2020	1,266,801,121	999,158,414	215,109,227	2,481,068,762
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		For the nine-month periods	
	ended 30 September		ended 30 September	
	2020	2019	2020	2019
Personnel expenses	24,658,110	24,911,022	71,877,810	85,828,853
Premise and equipment expenses	13,524,441	15,068,894	44,909,563	45,881,272
Taxes and duties	284,735	291,948	1,508,606	1,530,940
Reversal of bad debts and doubtful accounts	499,115	(4,713,771)	(1,223,056)	(4,187,096)
Other operating expenses	26,196,505	32,134,056	80,028,183	86,896,296
Total operating expenses	<u>65,162,906</u>	<u>67,692,149</u>	<u>197,101,106</u>	<u>215,950,265</u>

**20. Expected credit losses**

(Unit: Baht)

	For the three-month periods		For the nine-month periods	
	ended 30 September		ended 30 September	
	2020	2019	2020	2019
<b>Expected credit losses</b>				
Cash and cash equivalents	98,681	-	499,334	-
Accrued investment income	(40,676)	-	53,395	-
Investments in securities - Available-for-sale investments which are measured at fair value through other comprehensive income	352,161	-	381,766	-
Investments in securities - Held-to-maturity investments which are measured at amortised cost	(177,093)	-	7,021,292	-
Loans and interest receivables	737	-	(685)	-
Total	<u>233,810</u>	<u>-</u>	<u>7,955,102</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		For the nine-month periods	
	ended 30 September		ended 30 September	
	2020	2019	2020	2019
<b>Gross premium written</b>				
Dung Seng Insurance Broker Co., Ltd. <sup>(1)</sup>	81.3	117.3	209.4	303.5
Asia Hotel Plc.	0.1	0.7	0.8	0.7
Asia Pattaya Hotel Co., Ltd.	-	0.3	0.3	0.3
Zeer Property Plc.	0.4	3.8	4.1	3.8
Asia Airport Hotel Co., Ltd.	-	0.5	0.5	0.5
<b>Commission and brokerage expenses</b>				
Dung Seng Insurance Broker Co., Ltd.	14.4	20.5	36.6	52.7

<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 September 2020 and 31 December 2019, the outstanding balances of transactions between the Company and those related parties are as follows:

	(Unit: Million Baht)	
	30 September	31 December
	2020	2019
<b>Premium receivables</b>		
Dung Seng Insurance Broker Co., Ltd.	54.6	115.7
<b>Accrued commission expenses</b>		
Dung Seng Insurance Broker Co., Ltd.	9.5	20.3

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

During the three-month and nine-month periods ended 30 September 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 nine-month periods	
	ended 30 September		ended 30 September	
	2020	2019	2020	2019
Short-term employee benefits	3.7	4.9	11.1	14.7
Long-term employee benefits	0.2	0.4	0.4	2.1
<b>Total</b>	<b>3.9</b>	<b>5.3</b>	<b>11.5</b>	<b>16.8</b>

**23. Fair value of financial instruments**

As at 30 September 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 September 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	41.6	-	-	41.6	41.6
Unit trusts	-	11.2	-	11.2	11.2
<b>Available-for-sale investments which are measured at fair value through other comprehensive income</b>					
Equity securities	15.1	-	95.1	110.2	110.2
Unit trusts	114.2	654.3	-	768.5	768.5
Debentures	-	337.6	-	337.6	337.6

(Unaudited but reviewed)

(Unit: Million Baht)

	31 December 2019				Carrying 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:

- Investments in debt securities are presented at fair value by using the yield curve as announced by the Thai Bond Market Association.
- 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.
- 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 September 2020, the Company had capital commitments contracted for computer program development amounting to Baht 1.1 million.

### 24.2 Operating lease commitments and relate services

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

	(Unit: Million Baht)
<u>Payable within</u>	<u>30 September 2020</u>
1 year	2.2

### 24.3 Litigation

As at 30 September 2020 and 31 December 2019, the Company had been sued as insurer, with the total sum insured per relevant policies totaling Baht 190.6 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 25.6 and Baht 30.3 million, respectively, in the financial statements.

### 25. Dividends paid

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

	Approved by	Total dividends (Million Baht)	Dividend per share (Baht)
The interim dividends for 2020	Meeting of Board of Directors on 24 August 2020	62.55	4.50
Final dividends for 2019	Meeting of Board of Directors on 26 March 2020	72.28	5.20
Total		<u>134.83</u>	<u>9.70</u>
The interim dividends for 2019	Meeting of Board of Directors on 26 August 2019	27.80	2.00
Final dividends for 2018	Meeting of Board of Directors on 29 March 2019	27.11	1.95
Total		<u>54.91</u>	<u>3.95</u>

### 26. Reclassification

The Company reclassified the following transactions to conform to the current period's classification. The reclassified transactions have no effect to the previously reported profit or equity.

	(Unit: Baht)			
	For the three-month period ended 30 September 2019		For the nine-month period ended 30 September 2019	
	As reclassified	As previously reported	As reclassified	As previously reported
<b><u>Statement of comprehensive income</u></b>				
<b>Profit or loss</b>				
<b>Revenue</b>				
Rental income	3,952,363	-	11,429,900	-
Other income	527,608	4,479,971	2,026,843	13,456,743

### 27. Approval of the interim financial information

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