

Thaire Life Assurance Public Company Limited
Review report and interim financial information
For the three-month period ended 31 March 2020

Independent Auditor's Report on Review of Interim Financial Information

To the Shareholders of Thaire Life Assurance Public Company Limited

I have reviewed the accompanying statement of financial position, in which the equity method is applied, of Thaire Life Assurance Public Company Limited as at 31 March 2020, the statements of income, comprehensive income, changes in owners' equity and cash flows, in which the equity method is applied, for the three-month period then ended, as well as the condensed notes to the interim financial statements. I have also reviewed the separate financial information of Thaire Life Assurance Public Company Limited for the same period (collectively called "interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with Thai Accounting Standard 34 Interim Financial Reporting. My responsibility is to express a conclusion on this interim financial information based on my review.

Scope of Review

I conducted my review in accordance with Thai Standard on Review Engagements 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Thai Standards on Auditing and consequently does not enable me to obtain assurance that I would become aware of all significant matters that might be identified in an audit. Accordingly, I do not express an audit opinion.

Conclusion

Based on my review, nothing has come to my attention that causes me to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with Thai Accounting Standard 34 Interim Financial Reporting.

Other Matter

Due to the impact of COVID-19 outbreak situation, the Company has postponed the annual general meeting of the Company's shareholders, which results in no resolution for the appointment of the auditor of the Company for the accounting period of 2020 yet. However, the Board of Directors of the Company has approved to appoint me to conduct the review of the Company's interim financial information for the three-month period ended 31 March 2020, which is in compliance with the notification of the Capital Market Supervisory Board (CMSB) No. TorChor. 28/2563 dated 27 March 2020 and will propose to the next annual general meeting of the Company's shareholders to appoint me as the auditor of the Company for the accounting period of 2020.

Rachada Yongsawadvanich
Certified Public Accountant (Thailand) No. 4951

EY Office Limited
Bangkok: 12 May 2020

Thaire Life Assurance Public Company Limited

Statements of financial position

As at 31 March 2020 and 31 December 2019

(Unit: Baht)

	Financial statements				
	in which the equity method is applied		Separate financial statements		
	Note	31 March 2020 (Unaudited but reviewed)	31 December 2019 (Audited)	31 March 2020 (Unaudited but reviewed)	31 December 2019 (Audited)
Assets					
Cash and cash equivalents	4	25,164,456	33,798,067	25,164,456	33,798,067
Accrued investment income		14,754,306	13,187,204	14,754,306	13,187,204
Reinsurance assets	5	2,789,052	2,662,337	2,789,052	2,662,337
Reinsurance receivables	6	200,365,788	214,596,499	200,365,788	214,596,499
Investment assets					
Investments in securities	7.1	1,808,590,247	1,947,134,836	1,808,590,247	1,947,134,836
Loans and interest receivables	8	932,326	1,029,648	932,326	1,029,648
Investments in an associate	9.1	14,474,101	13,624,528	21,684,234	21,684,234
Premises and equipment	10	54,486,022	53,308,373	54,486,022	53,308,373
Intangible assets	11	32,718,408	33,649,819	32,718,408	33,649,819
Deferred tax assets	12.1	84,415,494	28,592,060	82,973,467	26,980,119
Other assets					
Deferred commission expenses		79,521,434	78,324,647	79,521,434	78,324,647
Others		16,033,619	6,256,404	16,033,619	6,256,404
Total assets		2,334,245,253	2,426,164,422	2,340,013,359	2,432,612,187
Liabilities and owners' equity					
Liabilities					
Insurance contract liabilities	13	800,147,649	786,531,545	800,147,649	786,531,545
Due to reinsurers	14	138,493,870	137,009,478	138,493,870	137,009,478
Income tax payable		39,015,646	18,794,352	39,015,646	18,794,352
Lease liabilities	15	1,998,198	-	1,998,198	-
Employee benefit obligations		17,315,051	14,080,989	17,315,051	14,080,989
Other liabilities					
Accrued expenses		4,941,846	4,644,925	4,941,846	4,644,925
Deferred commission income		41,836	39,935	41,836	39,935
Others		9,331,040	6,449,194	9,331,040	6,449,194
Total liabilities		1,011,285,136	967,550,418	1,011,285,136	967,550,418
Owners' equity					
Share capital					
Registered, issued and paid-up					
600,000,000 ordinary shares of Baht 1 each		600,000,000	600,000,000	600,000,000	600,000,000
Share premium		79,162,825	79,162,825	79,162,825	79,162,825
Retained earnings					
Appropriated - statutory reserve		60,000,000	60,000,000	60,000,000	60,000,000
Unappropriated		765,920,893	739,516,723	769,897,189	743,339,730
Other component of owners' equity		(182,123,601)	(20,065,544)	(180,331,791)	(17,440,786)
Total owners' equity		1,322,960,117	1,458,614,004	1,328,728,223	1,465,061,769
Total liabilities and owners' equity		2,334,245,253	2,426,164,422	2,340,013,359	2,432,612,187
		-	-	-	-

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

Directors

(Unaudited but reviewed)

Thaire Life Assurance Public Company Limited**Statement of comprehensive income****For the three-month periods ended 31 March 2020 and 2019**

(Unit: Baht)

	Note	Financial statements			
		in which the equity method is applied		Separate financial statements	
		2020	2019	2020	2019
Revenues					
Reinsurance premium written		520,493,012	567,376,053	520,493,012	567,376,053
Less: Reinsurance premium ceded		(4,371,481)	(1,843,062)	(4,371,481)	(1,843,062)
Net reinsurance premium written		516,121,531	565,532,991	516,121,531	565,532,991
Add: Unearned premium reserves					
decreased from prior period		11,192,573	6,375,844	11,192,573	6,375,844
Earned premium		527,314,104	571,908,835	527,314,104	571,908,835
Commission income (reversal)		721,164	(91,638)	721,164	(91,638)
Net investment revenue		14,432,492	12,525,070	14,432,492	12,525,070
Gains (losses) on investments		(5,708,120)	3,476,003	(5,708,120)	3,476,003
Fair value gains (losses)		(1,401,847)	6,583,793	(1,401,847)	6,583,793
Share of loss from investment in an associate under the equity method	9.3	(191,611)	(475,944)	-	-
Other income		2,091,563	74,350	2,091,563	74,350
Total revenues		537,257,745	594,000,469	537,449,356	594,476,413
Expenses					
Long-term insurance policy reserves increased (decreased)					
from prior period		17,241,954	(8,510,836)	17,241,954	(8,510,836)
Unexpired risk reserves decreased		(9,507,891)	-	(9,507,891)	-
Gross benefits and claims		325,889,038	341,656,534	325,889,038	341,656,534
Less: claims recovered from reinsurers		(1,080,893)	(391,611)	(1,080,893)	(391,611)
Commission expenses		137,658,580	154,555,489	137,658,580	154,555,489
Other underwriting expenses		8,460,612	8,559,654	8,460,612	8,559,654
Operating expenses		24,313,687	24,067,792	24,313,687	24,067,792
Finance costs		32,701	-	32,701	-
Expected credit losses		254,179	-	254,179	-
Total expenses		503,261,967	519,937,022	503,261,967	519,937,022
Profit before income tax expenses		33,995,778	74,063,447	34,187,389	74,539,391
Income tax expenses	12.2	(5,448,223)	(14,147,625)	(5,486,545)	(14,147,625)
Net profit		28,547,555	59,915,822	28,700,844	60,391,766
Earnings per share	17				
Basic earnings per share					
Net profit		0.05	0.10	0.05	0.10

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

(Unaudited but reviewed)

Thaire Life Assurance Public Company Limited

Statements of comprehensive income (continued)

For the three-month periods ended 31 March 2020 and 2019

(Unit: Baht)

	Financial statements		Separate financial statements	
	in which the equity method is applied			
	2020	2019	2020	2019
Net profit	28,547,555	59,915,822	28,700,844	60,391,766
Other comprehensive income				
Items to be recognised in profit or loss in subsequent periods:				
Translation adjustments of the financial statements				
in foreign currency of an associate	1,041,184	(391,522)	-	-
Gain (loss) on revaluation of available-for-sale investments				
measured at fair value through other comprehensive income	(203,613,756)	31,418,413	(203,613,756)	31,418,413
Add (less): Income taxes	40,514,515	(6,283,683)	40,722,751	(6,283,683)
Items to be recognised in profit or loss				
in subsequent periods - net of income taxes	(162,058,057)	24,743,208	(162,891,005)	25,134,730
Items not to be recognised in profit or loss in subsequent periods:				
Actuarial losses	(2,679,231)	(649,669)	(2,679,231)	(649,669)
Add: Income taxes	535,846	129,934	535,846	129,934
Items not to be recognised in profit or loss				
in subsequent periods - net of income taxes	(2,143,385)	(519,735)	(2,143,385)	(519,735)
Other comprehensive income (loss) for the periods	(164,201,442)	24,223,473	(165,034,390)	24,614,995
Total comprehensive income (loss) for the periods	(135,653,887)	84,139,295	(136,333,546)	85,006,761

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

(Unaudited but reviewed)

Thaire Life Assurance Public Company Limited

Statements of cash flows

For the three-month periods ended 31 March 2020 and 2019

(Unit: Baht)

	Financial statements				
	Note	in which the equity method is applied		Separate financial statements	
		2020	2019	2020	2019
Cash flows from (used in) operating activities					
Cash received from reinsurance		80,622,369	76,470,592	80,622,369	76,470,592
Interest income		4,623,777	4,801,813	4,623,777	4,801,813
Dividend income		8,367,101	7,535,609	8,367,101	7,535,609
Other investment income		(5,813,308)	3,371,140	(5,813,308)	3,371,140
Other income		81,563	74,350	81,563	74,350
Other underwriting expenses		(8,422,724)	(8,386,635)	(8,422,724)	(8,386,635)
Operating expenses		(19,144,477)	(22,282,663)	(19,144,477)	(22,282,663)
Income tax expenses		(189,351)	(65,354)	(189,351)	(65,354)
Investments in securities		-	18,167,564	-	18,167,564
Loans		-	79,388	-	79,388
Cash received on financial assets		334,640,714	-	334,640,714	-
Cash paid for financial assets		(402,622,208)	-	(402,622,208)	-
Net cash provided by (used in) operating activities		(7,856,544)	79,765,804	(7,856,544)	79,765,804
Cash flows from (used in) investing activities					
Disposals of equipment		-	416,521	-	416,521
Purchases of equipment		(381,705)	(1,076,966)	(381,705)	(1,076,966)
Purchases of intangible assets		(179,225)	-	(179,225)	-
Net cash used in investing activities		(560,930)	(660,445)	(560,930)	(660,445)
Cash flows from (used in) financing activities					
Repayment of lease liabilities		(198,057)	-	(198,057)	-
Net cash used in financing activities		(198,057)	-	(198,057)	-
Increase in expected credit losses	4	(18,080)	-	(18,080)	-
Net increase (decrease) in cash and cash equivalents		(8,633,611)	79,105,359	(8,633,611)	79,105,359
Cash and cash equivalents at beginning of the periods		33,798,067	55,107,499	33,798,067	55,107,499
Cash and cash equivalents at end of the periods		25,164,456	134,212,858	25,164,456	134,212,858

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

(Unaudited but reviewed)

Thaire Life Assurance Public Company Limited

Statements of changes in owners' equity

For the three-month periods ended 31 March 2020 and 2019

(Unit: Baht)

	Financial statements in which the equity method is applied							
	Issued and paid-up share capital	Share premium	Retained earnings		Other components of owners' equity			Total owners' equity
Appropriated - statutory reserve			Unappropriated	Revaluation deficit on available-for-sale investments measured at fair value through other comprehensive income - net of income taxes	Translation adjustments of the financial statements in foreign currency of an associate - net of income taxes	Total other components of owners' equity		
Balance as at 1 January 2019	600,000,000	79,162,825	60,000,000	714,249,360	(12,863,016)	(1,628,637)	(14,491,653)	1,438,920,532
Net profit	-	-	-	59,915,822	-	-	-	59,915,822
Other comprehensive income (loss) for the period	-	-	-	(519,735)	25,134,730	(391,522)	24,743,208	24,223,473
Total comprehensive income (loss) for the period	-	-	-	59,396,087	25,134,730	(391,522)	24,743,208	84,139,295
Balance as at 31 March 2019	<u>600,000,000</u>	<u>79,162,825</u>	<u>60,000,000</u>	<u>773,645,447</u>	<u>12,271,714</u>	<u>(2,020,159)</u>	<u>10,251,555</u>	<u>1,523,059,827</u>
Balance as at 1 January 2020	600,000,000	79,162,825	60,000,000	739,516,723	(17,440,786)	(2,624,758)	(20,065,544)	1,458,614,004
Net profit	-	-	-	28,547,555	-	-	-	28,547,555
Other comprehensive income (loss) for the period	-	-	-	(2,143,385)	(162,891,005)	832,948	(162,058,057)	(164,201,442)
Total comprehensive income (loss) for the period	-	-	-	26,404,170	(162,891,005)	832,948	(162,058,057)	(135,653,887)
Balance as at 31 March 2020	<u>600,000,000</u>	<u>79,162,825</u>	<u>60,000,000</u>	<u>765,920,893</u>	<u>(180,331,791)</u>	<u>(1,791,810)</u>	<u>(182,123,601)</u>	<u>1,322,960,117</u>
	-	-	-	-	-	-	-	-

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

(Unaudited but reviewed)

Thaire Life Assurance Public Company Limited

Statements of changes in owners' equity (continued)

For the three-month periods ended 31 March 2020 and 2019

(Unit: Baht)

	Separate financial statements					
	Issued and paid-up share capital	Share permium	Retained earnings		Other component of owners' equity	Total owners' equity
Appropriated - statutory reserve			Unappropriated	Revaluation surplus (deficit) on available-for-sale investments measured at fair value through other comprehensive income - net of income taxes		
Balance as at 1 January 2019	600,000,000	79,162,825	60,000,000	718,202,902	(12,863,016)	1,444,502,711
Net profit	-	-	-	60,391,766	-	60,391,766
Other comprehensive income (loss) for the period	-	-	-	(519,735)	25,134,730	24,614,995
Total comprehensive income for the period	-	-	-	59,872,031	25,134,730	85,006,761
Balance as at 31 March 2019	<u>600,000,000</u>	<u>79,162,825</u>	<u>60,000,000</u>	<u>778,074,933</u>	<u>12,271,714</u>	<u>1,529,509,472</u>
Balance as at 1 January 2020	600,000,000	79,162,825	60,000,000	743,339,730	(17,440,786)	1,465,061,769
Net profit	-	-	-	28,700,844	-	28,700,844
Other comprehensive loss for the period	-	-	-	(2,143,385)	(162,891,005)	(165,034,390)
Total comprehensive income (loss) for the period	-	-	-	26,557,459	(162,891,005)	(136,333,546)
Balance as at 31 March 2020	<u>600,000,000</u>	<u>79,162,825</u>	<u>60,000,000</u>	<u>769,897,189</u>	<u>(180,331,791)</u>	<u>1,328,728,223</u>
	-	-	-	-	-	-

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

Thaire Life Assurance Public Company Limited
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For the three-month periods ended 31 March 2020 and 2019

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Thaire Life Assurance Public Company Limited

Notes to interim financial statements

For the three-month periods ended 31 March 2020 and 2019

1. General information

1.1 Corporate information

Thaire Life Assurance Public Company Limited (“the Company”) is a public company, incorporated under Thai laws, domiciled in Thailand and listed on the Stock Exchange of Thailand since 9 October 2013. Its major shareholder is Thai Reinsurance Public Company Limited, a public company incorporated under Thai laws, domiciled in Thailand and listed on the Stock Exchange of Thailand. As at 31 March 2020 and 31 December 2019, the major shareholder held 10.10%, of the issued and paid-up share capital of the Company. The Company is principally engaged in the provision of life reinsurance services. The registered office of the Company is located at No. 48/15 Soi Ratchadapisek 20, Ratchadapisek Road, Samsenok Sub-district, Huaykwang District, Bangkok.

1.2 Coronavirus 2019 pandemic

The Coronavirus 2019 (COVID-19) pandemic is continuing to evolve, resulting in an economic slowdown and impacting businesses and industries in various sectors either directly or indirectly. This situation may bring uncertainties and have an impact on the environment in which the business operates. The Company’s management has continuously monitored ongoing developments and assessed the financial impact in respect of the valuation of assets, provisions and contingent liabilities, and has used estimates and judgement in respect of various issues (if any) as the situation has evolved.

2. 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 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 information in English language have been translated from such financial statements in Thai language.

2.1 The financial statements in which the equity method is applied

The Company prepares the financial statements, in which equity method is applied, which has presented investment in an associate under the equity method.

2.2 Separate financial statements

The Company prepares the separate financial statements, which has presented investment in an associate under the cost method.

2.3 Financial reporting standards that became effective in the current year

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

This set of TFRSs related to financial instruments makes 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 for 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 TFRS 4 to delay adoption of TFRS 9 Financial Instruments and TFRS 7 Financial Instruments: Disclosures, which are applicable for the financial reporting period beginning on or after 1 January 2020, and to adopt the Accounting Guidance related to financial instruments and disclosures applicable to insurance business instead.

This accounting guidance has certain stipulations differing from those stipulated in TFRS 9 in the following key topics.

- Classification and measurement of financial assets: These are to be classified as trading securities, available-for-sale securities, held to maturity debt securities, and loans and receivables, with no requirement to take into accounts the assessment of the entity's business model and the characteristics of the contractual cash flows.
- Loss on impairment, gain or loss on derecognition, and gain and loss on fair value hedges for available-for-sale equity securities are to be recognised in profit or loss.
- The derivatives embedded in financial assets that are hybrid contracts are to be separated from host contract if they meet all criteria for separation.

In addition, the accounting guidance also stipulates certain disclosure topics to be different from those stipulated in the TFRS 7.

According to the Company's statement of financial position as of 31 December 2017, the Company had liabilities in connection with insurance services under the scope of TFRS 4: Insurance Contracts of 80% or more but less than 90% of the carrying value of total liabilities and the Company operates non-insurance related business insignificantly. As such, the Company meets criteria under TFRS 4: Insurance Contracts, and there has been no change in the core business of the Company in the following accounting periods. The Company's management, therefore, considered to adopt such accounting guidance instead of the adoption of TFRS 9 and TFRS 7.

Impact to the Company's interim financial information from the adoption of this accounting guidance can be summarised as follows:

Classification and measurement of financial assets

- The Company continues to classify its available-for-sale investments both debt instruments and equity instruments, except for non-listed equity securities, as financial assets measured at fair value through other comprehensive income. The investments newly acquired during the period will be classified based on the objective designated on the investment date.
- The Company considers to classify its investments in non-listed equity securities, which were previously classified as general investments measured at cost net of allowance for impairment (if any) under the cancelled former accounting standard to be financial assets measured at fair value through other comprehensive income.
- The Company continues to classify and present investment in debt securities and loans, which the Company held to collect contractual cash flow (both principal and interest), as held-to-maturity investments and loans and interest receivables, respectively, 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 to determine expected credit loss on financial assets.
- Loss on impairment of investments in equity instruments and unit trusts classified as available-for-sale investments is immediately recognised in profit or loss when there is objective evidence of impairment, considering from the evidence that indicates the cost of investments may not be recovered and a significant or prolonged decline in fair value of investments below its costs.

Transition

The Company's management already considered that the effect from measurement and expected credit losses are insignificantly higher than the amount previously recognised under the former accounting policy. The cumulative effect, therefore, was not adjusted against retained earnings as at 1 January 2020, and the comparative information was not restated.

However, the classification 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 using similar principles to those used under TAS 17.

There will be impact in the following matters to the Company's interim financial information from the adoption of this Thai Financial Reporting Standard.

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.

Transition

The Company initially adopted this financial reporting standard using the modified retrospective method whereby an adjustment of the cumulative effect was made against assets and liabilities as at 1 January 2020, and the comparative information was not restated.

The cumulative effect of the change in this accounting policy is described in Note 3 to 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 this, considering the following guidelines.

The Company did not opt adopt this accounting guidance in the current period.

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 did not adopt this accounting guidance in the current period.

2.4 Significant accounting policies

This interim financial information is prepared using the same accounting policies and methods of computation as were used for the financial statements for the year ended 31 December 2019, except for the changes in accounting policy as a result of the adoption of new standard as discussed in Note 2.3 (a) and (b) to interim financial statements.

3. Cumulative effects of the changes in accounting policies

As described in Note 2.3 (a) and (b) to 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. For Accounting Guidance related to financial instruments and disclosures applicable to insurance business, the Company's management has already considered that the effect from the initial adoption is not significant, the Company, therefore, did not recognise the cumulative effect against retained earnings as at 1 January 2020. For TFRS 16, the Company chose to use the modified retrospective method whereby an adjustment of the cumulative effect was made against assets and liabilities as at 1 January 2020 and the comparative information was not restated.

(Unaudited but reviewed)

The impacts to the line items in the financial statements as at 1 January 2020 from the adoption of these standards were presented as follows:

(Unit: Baht)

	Financial statements in which the equity method is applied			1 January 2020
	31 December 2019	The impacts of Accounting Guidance related to financial instruments (Note 3.1)	TFRS 16 (Note 3.2)	
Statement of financial position				
Assets				
Investment in securities	1,947,134,836	-	-	1,947,134,836
Right-of-use assets ⁽¹⁾	-	-	2,163,554	2,163,554
Liabilities				
Lease liabilities	-	-	2,163,554	2,163,554
Owners' equity				
Retained earnings - unappropriated	739,516,723	-	-	739,516,723
Other component of owners' equity	(20,065,544)	-	-	(20,065,544)

⁽¹⁾ Included in "Premises and equipment" in statements of financial position

(Unit: Baht)

	Separate financial statements			1 January 2020
	31 December 2019	The impacts of Accounting Guidance related to financial instruments (Note 3.1)	TFRS 16 (Note 3.2)	
Statement of financial position				
Assets				
Investment in securities	1,947,134,836	-	-	1,947,134,836
Right-of-use assets ⁽¹⁾	-	-	2,163,554	2,163,554
Liabilities				
Lease liabilities	-	-	2,163,554	2,163,554
Owners' equity				
Retained earnings - unappropriated	743,339,730	-	-	743,339,730
Other component of owners' equity	(17,440,786)	-	-	(17,440,786)

⁽¹⁾ Included in "Premises and equipment" in statements of financial position

3.1 Financial instruments

The carrying values of financial assets in accordance with the Accounting Guidance related to financial instruments and disclosures applicable to insurance business as at 1 January 2020, as compared to the carrying amounts under the former basis, were as follows:

(Unit: Baht)

	Financial statements in which the equity method is applied and Separate financial statements			The carrying values under the new accounting guidance as at 1 January 2020
	The carrying values under the former accounting standard as at 31 December 2019	Impact of adoption of Accounting Guidance related to financial instrument		
		Classification	Measurement	
Investment in securities				
Trading investments measured at fair value through profit or loss	72,336,094	-	-	72,336,094
Available-for-sale investments measured at fair value through other comprehensive income	803,962,688	2,105,720	-	806,068,408
Held-to-maturity investments measured at amortised cost	1,068,730,334	-	-	1,068,730,334
General investments	2,105,720	(2,105,720)	-	-
Total investment in securities	1,947,134,836	-	-	1,947,134,836

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)

	Financial statements in which the equity method is applied and Separate financial statements
Operating lease commitments as at 31 December 2019	2,376,684
Less: Deferred interest expenses	(213,130)
Increase in lease liabilities due to TFRS 16 adoption	2,163,554
Lease liabilities as at 31 December 2019	-
Lease liabilities as at 1 January 2020	2,163,554

(Unaudited but reviewed)

4. Cash and cash equivalents

(Unit: Baht)

	Financial statements in which the equity method is applied and Separate financial statements	
	31 March 2020	31 December 2019
Cash	5,177	4,052
Deposits at banks with no fixed maturity date	12,695,235	8,788,149
Deposits at other financial institutions	12,482,124	25,005,866
Total	25,182,536	33,798,067
Less: Allowance for expected credit losses	(18,080)	-
Cash and cash equivalents - net	25,164,456	33,798,067

As at 31 March 2020 and 31 December 2019, saving deposits, and deposits at other financial institutions carried interests between 0.1 and 1.0 percent per annum.

5. Reinsurance assets

(Unit: Baht)

	Financial statements in which the equity method is applied and Separate financial statements	
	31 March 2020	31 December 2019
Insurance reserves refundable from reinsurers		
Long-term insurance policy reserves	2,786,564	2,656,014
Unearned premium reserves	2,488	6,323
Total reinsurance assets	2,789,052	2,662,337

6. Reinsurance receivables

(Unit: Baht)

	Financial statements in which the equity method is applied and Separate financial statements	
	31 March 2020	31 December 2019
Amounts deposited on reinsurance	63,720,864	92,399,180
Amounts due from reinsurers	136,644,924	122,197,319
Total reinsurance receivables	200,365,788	214,596,499

7. Investments in securities**7.1 Classified by types of investments**

(Unit: Baht)

	Financial statements in which the equity method is applied and Separate financial statements			
	31 March 2020		31 December 2019	
	Cost/ Amortised cost	Fair value	Cost/ Amortised cost	Fair value
Trading investments measured at fair value through profit or loss				
Common stocks	-	-	75,613,249	72,336,094
Unit trusts	55,024,315	55,045,871	-	-
Total	55,024,315	55,045,871	75,613,249	72,336,094
Add (less): Unrealised gain (loss)	21,556	-	(3,277,155)	-
Trading investments measured at fair value through profit or loss - net	55,045,871	55,045,871	72,336,094	72,336,094
Available-for-sale investments measured at fair value through other comprehensive income				
Common stocks	334,295,055	237,747,657	200,215,348	203,031,302
Unit trusts	657,637,409	528,770,068	625,548,322	600,931,386
Total	991,922,464	766,517,725	825,763,670	803,962,688
Less: Unrealised loss	(225,414,739)	-	(21,800,982)	-
Available-for-sale investments measured at fair value through other comprehensive income - net	766,517,725	766,517,725	803,962,688	803,962,688
Held-to-maturity investments measured at amortised cost				
Government and state enterprise securities	594,763,394		709,081,922	
Private enterprise debt securities	247,499,356		214,648,412	
Deposits at financial institutions which mature over 3 months	145,000,000		145,000,000	
Total	987,262,750		1,068,730,334	
Less: Allowance for expected credit losses	(236,099)		-	
Held-to-maturity investments measured at amortised cost - net	987,026,651		1,068,730,334	
General investments				
Common stocks	-		2,105,720	
Total general investments	-		2,105,720	
Investments in securities - net	1,808,590,247		1,947,134,836	

(Unaudited but reviewed)

7.2 Classified by stage of credit risk

(Unit: Baht)

	Financial statements in which the equity method is applied and Separate financial statements		
	31 March 2020		
	Gross carrying value	Allowance for expected credit losses	Net carrying value
Held-to-maturity investments measured at amortised cost			
Stage 1 - Debt securities without a significant increase of credit risk	987,262,750	(236,099)	987,026,651
Total	987,262,750	(236,099)	987,026,651

7.3 Revaluation deficit on available-for-sale investments measured at fair value through other comprehensive income

(Unit: Baht)

	Financial statements in which the equity method is applied and Separate financial statements	
	For the three-month period ended 31 March 2020	For the year ended 31 December 2019
Revaluation deficit on available-for-sale investments measured at fair value through other comprehensive income, net of income taxes - beginning of the periods	(17,440,786)	(12,863,016)
Revaluation during the periods	(208,825,552)	19,707,595
(Gains) losses transferred to be recognised in statements of income	5,211,796	(25,429,808)
Total losses on revaluation of available-for-sale investments measured at fair value through other comprehensive income	(203,613,756)	(5,722,213)
Add: Income taxes	40,722,751	1,144,443
Losses on revaluation of available-for-sale investments measured at fair value through other comprehensive income - net of income taxes	(162,891,005)	(4,577,770)
Revaluation deficit on available-for-sale investments measured at fair value through other comprehensive income, net of income taxes - end of the periods	(180,331,791)	(17,440,786)

7.4 Investments subject to restriction

As at 31 March 2020 and 31 December 2019, the Company placed some investments as a security with the Registrar and had some investments placed to guarantee for electricity consumption as described in Notes 19 and 20 to the interim financial statements.

7.5 Reclassification of investment in current period

During the period, the Company reclassified investment in marketable securities, previously classified as trading investments measured at fair value through profit or loss, fair value at transfer date of Baht 79.9 million to available-for-sale investments measured at fair value through other comprehensive income under the resolution of the Company's Investment Committee Meeting, held on 20 February 2020.

8. Loans and interest receivables

The ending balances of loans are loans provided to employees in accordance with the Company's employee welfare plan at the interest rate of not lower than 1.00% and not higher than MLR-3% per annum. The MLR is reference to that announced by commercial banks, depending on types of loans granted. The whole amounts of the outstanding balances were classified as not yet due and no interest was receivable as of the end of the reporting period.

As at 31 March 2020 and 1 January 2020, the balances of loans and interest receivables, classified by stage of credit risk, were as follows:

	(Unit: Baht)	
	Financial statements in which the equity method is applied and Separate financial statements	
	31 March 2020	1 January 2020
Staging	Mortgaged loans	Mortgaged loans
Stage 1 - Loans without a significant increase of credit risk	932,326	1,029,648
Loans and interest receivables - net	<u>932,326</u>	<u>1,029,648</u>

9. Investment in an associate

9.1 Details of an associate

Company's name	Nature of business	Country of incorporation	Shareholding percentage held by the Company			
			Issued and paid-up share capital			
			31 March	31 December	31 March	31 December
			2020	2019	2020	2019
			(Thousand Baht)	(Thousand Baht)	(%)	(%)
TKI Life Insurance Company Limited	Life insurance	Laos	66,118	66,118	32.50	32.50

(Unit: Thousand Baht)

Company's name	Financial statements				
	in which the equity method is applied		Separate financial statements		
	Investment value under equity method		Investment value under cost method as		
	31 March	31 December	31 March	31 December	
TKI Life Insurance Company Limited	14,474	13,625	21,684	21,684	

9.2 Financial information of an associate

Summarised information about financial position

(Unit: Thousand Baht)

	TKI Life Insurance Company Limited	
	31 March 2020	31 December 2019
Total assets	46,719	44,067
Total liabilities	(2,183)	(2,145)
Net assets	44,536	41,922
Shareholding percentage (%)	32.50	32.50
Carrying amount of an associate under equity method	14,474	13,625

(Unaudited but reviewed)

Summarised information of statements of comprehensive income

(Unit: Thousand Baht)

	TKI Life Insurance Company Limited	
	For the three-month periods ended	
	31 March	
	2020	2019
Total revenues	1,599	1,068
Net loss	(590)	(1,152)
Total comprehensive loss for the periods	(590)	(1,152)

9.3 Share of profit (loss) and other comprehensive income and dividend income

During the periods, the Company recognised shares of loss and other comprehensive income from investment in an associate in the financial statements, in which the equity method is applied, and recognised dividends received from an associate in the separate financial statements as below.

	Financial statements in which the equity method is applied				Separate financial statements	
Associate	Share of loss from investment in an associate presented in statements of income for the three-month periods ended 31 March		Share of other comprehensive income from investment in an associate presented in statements of comprehensive income for the three-month periods ended 31 March		Dividends received during the three-month periods ended 31 March	
	2020	2019	2020	2019	2020	2019
TKI Life Insurance Company Limited	(192)	(476)	-	-	-	-

As at 31 March 2020 and 31 December 2019, the Company presented investment in an associate under the equity method in the financial statements, in which the equity method is applied, based on the financial information, as prepared by the associate's management. However, the Company obtained the 2019 financial statements of TKI Life Insurance Company Limited, which were audited by the associate's auditor under report dated 5 May 2020. Such audited financial statements presented financial information that were not significantly different from the financial information prepared by the associate's management used for equity-accounting in that year.

(Unaudited but reviewed)

10. Premises and equipment

(Unit: Baht)

	Financial statements in which the equity method is applied and Separate financial statements					
	For the three-month period ended 31 March 2020					
	Land	Building	Furniture, fixtures and equipment	Computers	Right-of-use assets	Total
Net book value as at						
1 January 2020	17,640,000	29,413,402	5,115,345	1,139,626	-	53,308,373
Adjustments of right-of-use assets due to the first time adoption of TFRS 16 adoption	-	-	-	-	2,163,554	2,163,554
Acquisition during the period - at cost	-	-	2,390	379,315	-	381,705
Depreciation charged for the period	-	(549,547)	(376,192)	(261,575)	(180,296)	(1,367,610)
Net book value as at 31 March 2020	<u>17,640,000</u>	<u>28,863,855</u>	<u>4,741,543</u>	<u>1,257,366</u>	<u>1,983,258</u>	<u>54,486,022</u>

11. Intangible assets

(Unit: Baht)

	Financial statements in which the equity method is applied and Separate financial statements		
	For the three-month period ended 31 March 2020		
	Computer software	Computer software under development	Total
Net book value as at 1 January 2020	33,649,819	-	33,649,819
Acquisition during the period - at cost	31,565	147,660	179,225
Amortisation charged for the period	(1,110,636)	-	(1,110,636)
Net book value as at 31 March 2020	<u>32,570,748</u>	<u>147,660</u>	<u>32,718,408</u>

12. Deferred tax assets and income tax expenses

12.1 Deferred tax assets

As at 31 March 2020 and 31 December 2019, the components of deferred tax assets were as follows:

	(Unit: Thousand Baht)							
	Financial statements				Financial statements		Separate financial	
	in which the equity		Separate financial		in which the equity		statements	
	method is applied		statements		method is applied		statements	
31	31	31	31	Changes in deferred tax		Changes in deferred tax		
March	December	March	December	assets for		assets for		
2020	2019	2020	2019	the three-month periods		the three-month periods		
				ended 31 March		ended 31 March		
				2020	2019	2020	2019	
Deferred tax assets arose								
from:								
Premium reserves	10,348	-	10,348	-		10,348	5,390	
Loss reserves	4,948	1,558	4,948	1,558	3,390	(490)	3,390	
Commission payable on reinsurance	33,874	30,872	33,874	30,872	3,002	2,050	3,002	
Employee benefit obligations	3,463	2,816	3,463	2,816	647	183	647	
Unrealised losses on available-for-sale investments measured at fair value through other comprehensive income	45,083	4,360	45,083	4,360	40,723	(6,284)	40,723	
Deferred commission - net	(15,896)	(15,657)	(15,896)	(15,657)	(239)	(256)	(239)	
Others	2,595	4,643	1,153	3,031	(2,048)	(38)	(1,878)	
Deferred tax assets	<u>84,415</u>	<u>28,592</u>	<u>82,973</u>	<u>26,980</u>				
Total changes					<u>55,823</u>	<u>555</u>	<u>55,993</u>	
Recognition of changes in:								
- Statements of income					14,773	6,708	14,734	
- Statements of comprehensive income					41,050	(6,153)	41,259	
Total changes					<u>55,823</u>	<u>555</u>	<u>55,993</u>	

12.2 Income tax expenses

Income tax expenses for the three-month periods ended 31 March 2020 and 2019 are made up as follows:

(Unit: Thousand Baht)

	Financial statements in which the equity method is applied		Separate financial statements	
	For the three-month periods ended 31 March		For the three-month periods ended 31 March	
	2020	2019	2020	2019
Current income taxes:				
Interim corporate income tax charge	(20,221)	(20,856)	(20,221)	(20,856)
Deferred income taxes:				
Relating to origination and reversal of temporary differences	14,773	6,708	14,734	6,708
Income tax expenses reported in the statements of income	(5,448)	(14,148)	(5,487)	(14,148)

Reconciliations between income tax expenses and the product of accounting profits for the three-month periods ended 31 March 2020 and 2019 and the applicable tax rate were as follows:

(Unit: Thousand Baht)

	Financial statements in which the equity method is applied		Separate financial statements	
	For the three-month periods ended 31 March		For the three-month periods ended 31 March	
	2020	2019	2020	2019
Accounting profits before income tax expenses	33,996	74,063	34,187	74,539
Applicable tax rate	20%	20%	20%	20%
Income taxes at the applicable tax rate	(6,799)	(14,813)	(6,838)	(14,908)
Tax effects of:				
Non-taxable revenues	1,255	1,413	1,255	1,413
Exempted expenses	(25)	(844)	(25)	(844)
Additional tax-deductible expenses allowed	142	209	142	209
Others	(21)	(113)	(21)	(18)
Total	1,351	665	1,351	760
Income tax expenses reported in statements of income	(5,448)	(14,148)	(5,487)	(14,148)

(Unaudited but reviewed)

13. Insurance contract liabilities

(Unit: Baht)

	Financial statements in which the equity method is applied and Separate financial statements		
	31 March 2020		
	Insurance contract liabilities	Liabilities on reinsurance	Net
Long-term insurance policy reserves	488,554,157	(2,786,564)	485,767,593
Loss reserves			
Claims incurred and reported	338,373	-	338,373
Claims incurred but not yet reported	24,399,737	-	24,399,737
Premium reserves			
Unearned premium reserves	286,855,382	(2,488)	286,852,894
Total	<u>800,147,649</u>	<u>(2,789,052)</u>	<u>797,358,597</u>

(Unit: Baht)

	Financial statements in which the equity method is applied and Separate financial statements		
	31 December 2019		
	Insurance contract liabilities	Liabilities on reinsurance	Net
Long-term insurance policy reserves	471,181,653	(2,656,014)	468,525,639
Loss reserves			
Claims incurred and reported	347,636	-	347,636
Claims incurred but not yet reported	7,442,576	-	7,442,576
Premium reserves			
Unearned premium reserves	298,051,789	(6,323)	298,045,466
Unexpired risk reserves	9,507,891	-	9,507,891
Total	<u>786,531,545</u>	<u>(2,662,337)</u>	<u>783,869,208</u>

(Unaudited but reviewed)

13.1 Long-term insurance policy reserves

(Unit: Baht)

	Financial statements in which the equity method is applied and Separate financial statements	
	For the three-month period ended	For the years ended
	31 March 2020	31 December 2019
Beginning balances	471,181,653	406,751,589
Reserves increased from new policies and enforced policies	27,792,588	120,753,086
Insurance policy reserves decreased from benefit paid for lapse, surrender and others	(13,165,083)	(61,865,391)
Assumptions changes	2,744,999	5,542,369
Ending balances	<u>488,554,157</u>	<u>471,181,653</u>

13.2 Loss reserves

(Unit: Baht)

	Financial statements in which the equity method is applied and Separate financial statements	
	For the three-month period ended	For the years ended
	31 March 2020	31 December 2019
Beginning balances	7,790,212	21,702,409
Claims incurred for the periods	186,690,914	1,003,236,892
Changes in loss reserve	12,407,680	1,784,243
Changes in assumptions for calculating loss reserves	4,549,468	(15,700,440)
Claims paid during the periods	(186,700,164)	(1,003,232,892)
Ending balances	<u>24,738,110</u>	<u>7,790,212</u>

(Unaudited but reviewed)

13.3 Unearned premium reserves

(Unit: Baht)

	Financial statements in which the equity method is applied and Separate financial statements	
	For the three-month period ended 31 March 2020	For the year ended 31 December 2019
Beginning balances	298,051,789	255,423,506
Premium written for the periods	261,736,774	1,312,036,745
Premium earned during the periods	(272,933,181)	(1,269,408,462)
Ending balances	<u>286,855,382</u>	<u>298,051,789</u>

13.4 Unexpired risk reserves

(Unit: Baht)

	Financial statements in which the equity method is applied and Separate financial statements	
	For the three-month period ended 31 March 2020	For the year ended 31 December 2019
Beginning balances	9,507,891	-
Increase during the periods	-	9,507,891
Dissolved during the periods	(9,507,891)	-
Ending balances	<u>-</u>	<u>9,507,891</u>

(Unaudited but reviewed)

14. Due to reinsurers

(Unit: Baht)

	Financial statements in which the equity method is applied and Separate financial statements	
	31 March 2020	31 December 2019
Amounts due to reinsurers	138,493,870	137,009,478
Total due to reinsurers	<u>138,493,870</u>	<u>137,009,478</u>

15. Lease liabilities

Reconciliation of lease liabilities for the three-month period ended 31 March 2020 was as follow:

(Unit: Baht)

	Financial statements in which the equity method is applied and Separate financial statements
	Vehicle
Lease liabilities as at 1 January 2020	2,163,554
Add: Financial cost for the period	32,701
Less: Lease payments during the period	(198,057)
Lease liabilities as at 31 March 2020	<u>1,998,198</u>

(Unit: Baht)

	Financial statements in which the equity method is applied and Separate financial statements		
	31 March 2020		
	Lease liabilities	Deferred financial cost	Lease liabilities - net
Due within 1 year	792,228	104,623	687,605
Due over 1 year	1,386,399	75,806	1,310,593
Total	<u>2,178,627</u>	<u>180,429</u>	<u>1,998,198</u>

16. Segment information**16.1 Operating segment information reporting**

Operating segment information for the three-month period ended 31 March 2020 and 2019 can be classified by type of products as follows:

	(Unit: Baht)		
	Financial statements in which the equity method is applied		
	For the three-month period ended 31 March 2020		
	Conventional products	Non-conventional products	Total
Underwriting revenues			
Reinsurance premium written	300,757,911	219,735,101	520,493,012
Less: Reinsurance premium ceded	(4,142,318)	(229,163)	(4,371,481)
Net reinsurance premium written	296,615,593	219,505,938	516,121,531
Add: Unearned premium reserves decreased from prior period	4,031,262	7,161,311	11,192,573
Earned premium	300,646,855	226,667,249	527,314,104
Underwriting expenses			
Long-term insurance policy reserves increased	1,103,677	16,138,277	17,241,954
Unexpired risk reserves decreased	(5,097,739)	(4,410,152)	(9,507,891)
Net benefits and claims	172,339,768	152,468,377	324,808,145
Commissions and brokerages expenses - net	83,489,595	53,447,821	136,937,416
Other underwriting expenses	4,888,819	3,571,793	8,460,612
Total underwriting expenses	256,724,120	221,216,116	477,940,236
Profit from underwriting	43,922,735	5,451,133	49,373,868
Operating expenses			(24,346,388)
Expected credit losses			(254,179)
Profit from operation			24,773,301
Share of loss from investment in an associates			(191,611)
Net investment revenue			7,322,525
Other income			2,091,563
Profit before income tax expenses			33,995,778
Income tax expenses			(5,448,223)
Net profit			28,547,555

(Unaudited but reviewed)

(Unit: Baht)

Financial statements in which the equity method is applied

For the three-month period ended 31 March 2019

	Conventional products	Non-conventional products	Total
Underwriting revenues			
Reinsurance premium written	328,676,933	238,699,120	567,376,053
Less: Reinsurance premium ceded	(1,614,416)	(228,646)	(1,843,062)
Net reinsurance premium written	327,062,517	238,470,474	565,532,991
Add (less): Unearned premium reserves (increased) decreased from prior period	14,187,104	(7,811,260)	6,375,844
Earned premium	341,249,621	230,659,214	571,908,835
Underwriting expenses			
Long-term insurance policy reserves decreased	(843,524)	(7,667,312)	(8,510,836)
Net benefits and claims	208,927,855	132,337,068	341,264,923
Commissions and brokerages expenses - net	93,157,311	61,489,816	154,647,127
Other underwriting expenses	4,958,547	3,601,107	8,559,654
Total underwriting expenses	306,200,189	189,760,679	495,960,868
Profit from underwriting	35,049,432	40,898,535	75,947,967
Operating expenses			(24,067,792)
Profit from operation			51,880,175
Share of loss from investment in an associates			(475,944)
Net investment revenue			22,584,866
Other income			74,350
Profit before income tax expenses			74,063,447
Income tax expenses			(14,147,625)
Net profit			59,915,822

16.2 Geographic information

The Company operates in Thailand only. As a result, all the revenues and assets as reflected in these financial statements pertain exclusively to this geographical reportable segment.

16.3 Major customers

During the three-month periods ended 31 March 2020 and 2019, the Company had reinsurance premium written from each life insurance company for the amount equal to or higher than 10% of total reinsurance premium written as follows:

	(Unit: Million Baht)	
	Financial statements in which the equity method is applied and Separate financial statements	
	For the three-month periods ended 31 March	
	2020	2019
Reinsurance premium written	332	345

17. Earnings per share

Basic earnings per share is calculated by dividing net profit by the weighted average number of ordinary shares in issue during the period.

18. Related party transactions

18.1 Nature of relationship

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

The relationship between the Company and its related parties are summarised below:

Name of related parties	Relationship with the Company
TKI Life Insurance Company Limited	An associate whereby the Company holds 32.50% of its shares
Thai Reinsurance Plc.	Related by way of having common directors and being the Company's shareholder
Bangkok Life Assurance Plc.	Related by way of having a common director and being the Company's shareholder
The Navakij Insurance Plc.	Related by way of having a common director and being the Company's shareholder
Thaire Services Co., Ltd.	Related by way of having common directors and a shareholder
Thai Life Insurance Plc.	Related by way of having a common director
Thaire Actuarial Consulting Co., Ltd.	Related by way of having a common director and a shareholder
EMCS Thai Co., Ltd.	Related by way of having a common director and a shareholder
Thaire Innovation Co., Ltd.	Related by way of having a common director and a shareholder

18.2 Significant related party transactions

During the three-month period ended 31 March 2020 and 2019, the Company had significant business transactions with its related parties. Such transactions, which have been concluded on commercial terms and bases agreed upon in the ordinary course of business between the Company and those related parties are as follows:

(Unit: Thousand Baht)

	For the three-month periods ended 31 March		Pricing policy
	2020	2019	
<u>Transactions with an associate</u>			
<i>Revenues</i>			
Service revenues	2,079	69	Mutually agreed rates
<u>Transactions with related parties</u>			
<i>Revenues</i>			
Reinsurance premium written	96,835	91,030	According to terms of reinsurance contracts
Commission income	221	213	According to terms of reinsurance contracts
Claims refundable	330	274	According to the ratios as specified in the reinsurance contracts
<i>Expenses</i>			
Reinsurance premium ceded	804	554	According to terms of reinsurance contracts
Claim expenses	29,462	25,480	According to the ratios as specified in the reinsurance contracts
Commission expenses	33,033	37,697	According to terms of reinsurance contracts
Service fee expenses ⁽¹⁾	1,972	2,151	Mutually agreed rates

⁽¹⁾ Including in "Operating expenses" in statements of income

18.3 Outstanding balances

As at 31 March 2020 and 31 December 2019, the Company had the outstanding balances with its related parties as follows:

	(Unit: Thousand Baht)	
	31 March 2020	31 December 2019
Associate		
Other receivables ⁽¹⁾	7,035	5,025
Related parties		
Insurance reserves refundable from reinsurers ⁽²⁾	853	814
Amounts due from reinsurers ⁽³⁾	50,999	70,592
Amounts deposited on reinsurance ⁽³⁾	-	28,219
Deferred commissions expenses	26,689	28,001
Loss reserves ⁽⁴⁾	8,713	3,952
Amounts due to reinsurers ⁽⁵⁾	22,865	44,326
Deferred commissions income	13	12

(1) Included in "Other assets" in statements of financial position

(2) Included in "Reinsurance assets" in statements of financial position

(3) Included in "Reinsurance receivables" in statements of financial position

(4) Included in "Insurance contract liabilities" in statements of financial position

(5) Included in "Due to reinsurers" in statements of financial position

18.4 Directors' and key management's remuneration

During the three-month periods ended 31 March 2020 and 2019, the Company had salaries, bonuses, meeting allowances and post-employment benefits of its directors and key management personnel recognised as expenses, as follows:

	(Unit: Thousand Baht)	
	For the three-month periods	
	ended 31 March	
	2020	2019
Short-term benefits	7,825	9,556
post-employment benefits	1,166	779
Total	8,991	10,335

19. Assets placed and reserved with the Registrar

As at 31 March 2020 and 31 December 2019, the Company had the following assets placed and reserved with the Registrar of the Office of Insurance Commission in accordance with the Life Insurance Act.

(Unit: Million Baht)

Financial statements in which the equity method is applied
and Separate financial statements

	31 March 2020		31 December 2019	
	Cost	Fair value	Cost	Fair value
Assets placed				
Government bonds	21.0	21.3	21.0	21.6
Assets reserved as insurance reserves				
Government and state enterprise bonds	250.0	255.4	250.0	255.2
Private enterprise debt securities	36.0	37.4	36.0	37.2

20. Other assets subject to restrictions

As at 31 March 2020 and 31 December 2019, the Company had placed the following assets as collateral.

(Unit: Million Baht)

Financial statements

in which the equity method is applied
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	31 March 2020	31 December 2019
Guarantee for electricity consumption		
Government bonds	0.1	0.1

21. Commitments**21.1 Operating lease commitments**

The Company entered into a lease agreement in respect of the lease of vehicle. The term of the agreement is 5 years. As at 31 March 2020 and 31 December 2019, the Company had future minimum lease payments required under such non-cancellable operating lease contract was as follows.

Payable	(Unit: Million Baht) 31 December 2019
Within 1 year	0.8
Longer than 1 year but within 5 years	1.6

However, as at 1 January 2020, lease commitment amounting to Baht 2.4 million was recognised as lease liabilities from adoption of TFRS 16 which described in Notes 2.3 (b) and 3.2 to interim financial statements. Therefore, it is not required to disclose such outstanding lease commitments as at 31 March 2020.

21.2 Capital Commitments

As at 31 March 2020, the Company had outstanding capital commitments amounting to Baht 0.6 million in relation to computer software under development (As at 31 December 2019, the Company had no outstanding capital commitments).

21.3 Service commitments

As at 31 March 2020, the Company had no outstanding service commitments. (31 December 2019, the Company had outstanding service commitments and future minimum service fees amounting to Baht 0.6 million).

22. Fair value of financial assets

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

(Unit: Baht)

	31 March 2020				Carrying value
	Fair value				
	Level 1	Level 2	Level 3	Total	
Trading investments measured at fair value through profit or loss	-	55,045,871	-	55,045,871	55,045,871
Available-for-sale investments measured at other comprehensive income	462,494,737	302,517,398	1,505,590	766,517,725	766,517,725

(Unit: Baht)

	31 December 2019				Carrying value
	Fair value				
	Level 1	Level 2	Level 3	Total	
Trading investments measured at fair value through profit or loss	72,336,094	-	-	72,336,094	72,336,094
Available-for-sale investments measured at other comprehensive income	452,475,752	351,486,936	-	803,962,688	803,962,688

The methods and assumptions used by the Company in estimating the fair value of financial instruments were as follows:

- (a) Investments in listed equity securities were presented at fair values using market price. In case of non-listed equity securities, the fair values are approximately determined, using the discount cash flow method.
- (b) Investments in debts securities were presented at fair values, determined using the yield curves as announced by the Thai Bond Market Association.
- (c) Investment in listed investment units were presented at fair values using market price. In case of non-listed investment units, their fair values are the net asset value per unit as announced by the fund managers.

During the current period, there were no transfers within the fair value hierarchy.

23. Events after the reporting period

On 22 April 2020, the Meeting of the Company's Board of Directors passed a resolution approving an interim dividend payment to the Company's shareholders from the operating results of the second-half of 2019 at Baht 0.13 per share or a total of Baht 78 million, which is also awaiting for approval by the Office of Insurance Commission.

However, the Company's Board of Directors considered to make the interim dividend payment instead of the annual dividend payment, which is supposed to be proposed for approval at the 2020 Annual General Meeting of the Company's shareholders, in order to mitigate potential impacts to the shareholders as a result of the postponement of the 2020 Annual General Meeting of the Company's shareholders. Therefore, the Company's Board of Directors will not propose to pay additional dividends for the year 2019.

24. Approval of interim financial information

These interim financial information were authorised for issue by the Company's Audit Committee on 12 May 2020.