

*KING WAI INSURANCE PUBLIC
COMPANY LIMITED*

Interim financial statements

Three-month period ended March 31, 2020

**REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION
BY THE INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS**

TO THE BOARD OF DIRECTORS

KING WAI INSURANCE PUBLIC COMPANY LIMITED

We have reviewed the statement of financial position of King Wai Insurance Public Company Limited as at March 31, 2020, and the related statements of profit or loss and other comprehensive income, changes in equity and cash flows for the three-month period then ended, and the condensed notes to the financial statements. The Company's management is responsible for the preparation and presentation of this interim financial information in accordance with Thai Accounting Standard No. 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review


We conducted our 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 us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the aforementioned interim financial information is not prepared, in all material respects, in accordance with Thai Accounting Standard No. 34 "Interim Financial Reporting".

Emphasis of Matter

Without modifying our conclusion, we draw attention to Note 2.6 to the interim financial statements that King Wai Insurance Public Company Limited have adopted group of Financial Instruments Standards and Thai Financial Reporting Standard 16 "Leases" which become effective for fiscal years beginning on or after January 1, 2020. The Company elected to recognize the cumulative effect of initially applying such Standards as an adjustment to the beginning balance of retained earnings and other components of shareholders' equity of the reporting period.



Dr. Suphamit Techamontrikul
Certified Public Accountant (Thailand)
Registration No. 3356

BANGKOK
May 12, 2020

DELOITTE TOUCHE TOHMATSU JAIYOS AUDIT CO., LTD.

KING WAI INSURANCE PUBLIC COMPANY LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2020

UNIT : BAHT

		“UNAUDITED”	
	Notes	As at	As at
		March 31,	December 31,
		2020	2019
ASSETS			
Cash and cash equivalents	5	162,748,915	215,059,495
Premium receivable	6	139,946,065	120,467,407
Accrued investment income		2,341,096	337,156
Reinsurance assets	7	275,895,068	286,422,307
Due from reinsurers	8	37,128,383	25,603,564
Financial assets - debt securities	9	370,221,595	367,985,905
Financial assets - equity securities	10	23,266,310	562,120
Leasehold improvements and equipment	11	8,882,100	4,282,671
Intangible assets	12	125,349,574	124,579,491
Deferred acquisition costs		46,276,707	50,584,617
License costs	13	16,711,451	16,711,451
Other assets	14	99,960,488	112,067,277
TOTAL ASSETS		1,308,727,752	1,324,663,461



See condensed notes to the financial statements

KING WAI INSURANCE PUBLIC COMPANY LIMITED
STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT MARCH 31, 2020

UNIT : BAHT

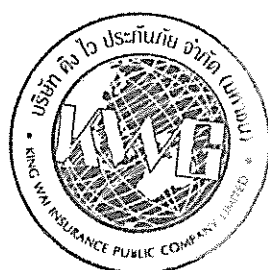
		“UNAUDITED”	
	Notes	As at March 31, 2020	As at December 31, 2019
LIABILITIES AND EQUITY			
LIABILITIES			
Insurance contract liabilities	15	484,594,209	512,572,927
Due to reinsurers	16	243,018,293	251,920,204
Lease liabilities	17	5,209,032	-
Unearned fee and commission income		53,579,613	58,369,536
Employee benefits obligation		21,419,896	20,424,391
Deferred tax liabilities	18	3,342,290	3,342,290
Provision for cost of assets decommissioning	19	2,173,800	2,173,800
Other liabilities	20	87,623,252	78,708,862
TOTAL LIABILITIES		<u>900,960,385</u>	<u>927,512,010</u>
EQUITY			
Share Capital			
Authorized share capital			
135,800,000 ordinary shares of Baht 5.00 each		<u>679,000,000</u>	<u>679,000,000</u>
Issued and paid-up share capital			
135,800,000 ordinary shares of Baht 5.00 each		679,000,000	679,000,000
Premium on share capital		122,520,000	122,520,000
Retained earnings (deficits)			
Appropriated			
Legal reserve		15,438,000	15,438,000
Unappropriated		(432,422,281)	(419,862,985)
Other component of equity		23,231,648	56,436
TOTAL EQUITY		<u>407,767,367</u>	<u>397,151,451</u>
TOTAL LIABILITIES AND EQUITY		<u>1,308,727,752</u>	<u>1,324,663,461</u>

See condensed notes to the financial statements

KING WAI INSURANCE PUBLIC COMPANY LIMITED
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2020
“UNAUDITED”

UNIT : BAHT

	Notes	2020	2019
REVENUES			
Gross written premiums	21	133,505,192	111,069,942
<u>Less</u> Premiums ceded	21	(116,187,162)	(189,963,858)
Net written premiums		17,318,030	(78,893,916)
<u>Less</u> Unearned premium reserve			
increased (decreased) from previous period	21	(3,078,008)	8,316,777
Net premium earned		14,240,022	(70,577,139)
Fee and commission income	21	27,857,735	19,579,790
Investment income	22	2,221,715	2,731,827
Other income		8,872	-
Total revenues		44,328,344	(48,265,522)
EXPENSES			
Claims incurred	21	10,406,084	25,637,300
<u>Less</u> Claims refundable from reinsurers	21	(11,991,530)	(4,798,885)
Commission and brokerage expenses	21	23,851,080	15,960,659
Other underwriting expenses	21	14,422,680	13,125,433
Operating expenses		20,136,529	19,674,847
Total expenses		56,824,843	69,599,354
Loss before income tax expense		(12,496,499)	(117,864,876)
Income tax expense		-	-
Net loss		(12,496,499)	(117,864,876)



KING WAI INSURANCE PUBLIC COMPANY LIMITED
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2020
“UNAUDITED”

		UNIT : BAHT	
	Notes	2020	2019
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Gains on investment in debt instruments at fair value through other comprehensive income	23 and 24	471,022	273,990
Other comprehensive income for the periods		471,022	273,990
Total comprehensive loss for the periods		<u>(12,025,477)</u>	<u>(117,590,886)</u>
Loss per share			
Basic loss per share	25 Baht	(0.09)	(0.87)



See condensed notes to the financial statements

KING WAI INSURANCE PUBLIC COMPANY LIMITED
STATEMENT OF CHANGES IN EQUITY

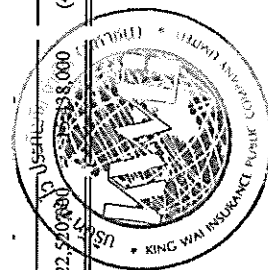
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2020

“UNAUDITED”

UNIT : BAHT

Notes	Other components of equity									Total equity
	Other comprehensive income									
	Issued and paid-up share capital	Premium on share capital	Retained earnings (deficits)	Debt securities measured at fair value through other comprehensive income	Equity securities designated at fair value through other comprehensive income	Surplus on reclassification of investments	Actuarial gain on defined employee benefit plans	Total other components of equity		
			Appropriated Legal reserve	Unappropriated						
Beginning balance as at January 1, 2019	679,000,000	122,520,000	15,438,000	(239,497,463)	(5,073,847)	-	1,620,113	4,107,500	653,766	578,114,303
Total comprehensive loss for the period	-	-	-	(117,864,876)	273,990	-	-	-	273,990	(117,590,886)
Ending balance as at March 31, 2019	679,000,000	122,520,000	15,438,000	(357,362,339)	(4,799,857)	-	1,620,113	4,107,500	927,756	460,523,417
Beginning balance as at January 1, 2020	679,000,000	122,520,000	15,438,000	(419,862,985)	(3,798,472)	-	1,525,812	2,329,096	56,436	397,151,451
- As presented										
The impact of changes in accounting policies	2		-	(62,797)	-	22,704,190	-	-	22,704,190	22,641,393
Beginning balance as at January 1, 2020	679,000,000	122,520,000	15,438,000	(419,925,782)	(3,798,472)	22,704,190	1,525,812	2,329,096	22,760,626	419,792,844
- Revised										
Total comprehensive loss for the period	-	-	-	(12,496,499)	-	-	-	-	-	(12,496,499)
Change in fair value for this period	23 and 24	-	-	-	471,022	-	-	-	471,022	471,022
Ending balance as at March 31, 2020	679,000,000	122,520,000	15,438,000	(432,422,281)	(3,327,450)	22,704,190	1,525,812	2,329,096	23,231,648	407,767,367

See condensed notes to the financial statements



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KING WAI INSURANCE PUBLIC COMPANY LIMITED
STATEMENT OF CASH FLOWS
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2020
“UNAUDITED”

UNIT : BAHT

	2020	2019
CASH FLOWS PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Written premium received from direct insurance	117,918,237	76,108,428
Cash paid from reinsurance	(97,578,725)	(43,193,801)
Investment income	217,775	766,366
Claims incurred from direct insurance	(34,940,140)	(46,500,907)
Commission and brokerage paid to direct insurance	(19,841,161)	(13,414,310)
Other underwriting expenses	(14,348,092)	(13,201,070)
Operating expenses	(7,971,718)	(8,558,065)
Income tax expense	7,895,133	(706,003)
Cash received - financial assets	136,000,000	-
Cash paid - financial assets	(137,764,667)	-
Net cash used in operating activities	<u>(50,413,358)</u>	<u>(48,699,362)</u>
CASH FLOWS USED IN INVESTING ACTIVITIES		
Sale of equipment	8,879	-
Purchase of equipment	(43,438)	(41,351)
Purchase of intangible asset	(887,880)	(29,403,839)
Net cash used in investing activities	<u>(922,439)</u>	<u>(29,445,190)</u>
CASH FLOWS USED IN FINANCING ACTIVITIES		
Lease payment	(974,783)	-
Net cash used in financing activities	<u>(974,783)</u>	<u>-</u>
Net decrease in cash and cash equivalents	(52,310,580)	(78,144,552)
Cash and cash equivalents as at January 1,	<u>215,059,495</u>	<u>412,022,135</u>
Cash and cash equivalents as at March 31,	<u><u>162,748,915</u></u>	<u><u>333,877,583</u></u>

See condensed notes to the financial statements



KING WAI INSURANCE PUBLIC COMPANY LIMITED
CONDENSED NOTES TO THE FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2020
“UNAUDITED”

1. GENERAL INFORMATION AND OPERATION OF THE COMPANY

King Wai Insurance Public Company Limited (the “Company”) is a limited company incorporated in Thailand on January 2, 2013. The Company’s registered address is at U Chuliang Building, 15th Floor, 968 Rama IV Road, Silom, Bangrak, Bangkok. The main objective of the Company is non-life insurance.

The Company’s major shareholder is King Wai Capital Limited, which was registered in Thailand, holding 98.24% of the Company’s authorized share capital and the ultimate parent company is King Wai Group (Thailand) Public Company Limited, which was incorporated in Thailand.

The Company has extensive transactions and relationships with the parent company and related parties. Accordingly, the financial statements may not necessarily be indicative of the conditions that would have existed or the results of operations that would have occurred if the Company had operated without such related parties.

The Coronavirus disease 2019 (“COVID-19”) pandemic is continuing to evolve, resulting in an economic slowdown and adversely impacting most businesses and industries. This situation may bring uncertainties and have an impact on the environment in which the group operates. Nevertheless, the Company’s management will continue to monitor the ongoing development and regularly assess the financial impact in respect of valuation of assets, provisions and contingent liabilities.

2. BASIS FOR PREPARATION AND PRESENTATION OF THE INTERIM FINANCIAL STATEMENTS

- 2.1 These interim financial statements are prepared in Thai Baht and in compliance with Thai Accounting Standard No. 34 “Interim Financial Reporting” and accounting practices generally accepted in Thailand and the Notification of the Office of Insurance Commission regarding the Rules, Procedures, Conditions and Periods for Preparing and Submitting Financial Statements and Reports on the Operations of the Non-Life Insurance Business (No. 2) B.E. 2562 dated April 4, 2019. The Company presents the condensed notes to interim financial statements.
- 2.2 The statement of financial position as at December 31, 2019, presented herein for comparison, has been derived from the financial statements of the Company for the year then ended which had been previously audited.
- 2.3 The unaudited results of operations presented in the three-month period ended March 31, 2020 are not necessarily an indication nor anticipation of the operating results for the full year.

- 2.4 Certain financial information which is normally included in the annual financial statements prepared in accordance with TFRS, but which is not required for interim reporting purposes, has been omitted. Therefore, the interim financial statements for the three-month period ended March 31, 2020 should be read in conjunction with the audited financial statements for the year ended December 31, 2019.
- 2.5 The preparation of interim financial statements in conformity with Thai Accounting Standard No. 34 also requires the Company's management to exercise judgements in order to determine the accounting policies, estimates and assumptions that affect the reported amounts of assets, liabilities and the disclosure of contingent assets and liabilities at the end of the reporting period including the reported amounts of revenue and expense during the reporting period. Although, these estimates are based on management's reasonable consideration of current events, actual results may differ from these estimates.
- 2.6 Thai Financial Reporting Standards affecting the presentation and disclosure in the current period financial statements

During the period, the Company has adopted the revised and new financial reporting standards and guidelines on accounting issued by the Federation of Accounting Professions which become effective for fiscal years beginning on or after January 1, 2020. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards. The adoption of these financial reporting standards does not have any material impact on the Company's financial statements except the followings:

Thai Financial Reporting Standard No.4 "Insurance Contracts"

The Federation of Accounting Professions issued Thai Financial Reporting Standard No.4 "Insurance Contracts", which has been announced in the Royal Gazette on September 24, 2019 and will be effective for the financial statements for the period beginning on or after January 1, 2020 onwards. This revised financial reporting standard determines the option for insurance industry to temporary exempt from applying Thai Financial Reporting Standard No. 9 "Financial Instruments" and Thai Financial Reporting Standard No. 7 "Financial Instruments: Disclosures" if an entity meets the criteria required by such revised Thai Financial Reporting Standard. An entity can elect to apply the accounting guidelines for financial instruments and disclosures on insurance business for the financial statements for the period beginning on or after January 1, 2020 until the period beginning on or after January 1, 2023 or before Thai Financial Reporting Standard No. 17 "Insurance Contracts" becomes effective. If an entity elects to adopt this exemption, the entity is required to disclose how the entity meets criteria for such temporary exemption and provide comparison information of the entity that applies temporary exemption with those that apply Thai Financial Reporting Standard No. 9 and Thai Financial Reporting Standard No. 7.

The Company's management has assessed eligibility to apply such temporary exemption and concluded that the Company is eligible to apply such temporary exemption. However, the Company's management elect to apply Thai Financial Reporting Standard No. 9 "Financial Instruments" and Thai Financial Reporting Standard No. 7 "Financial Instruments: Disclosures" which is effective for the financial statements for the period beginning on or after January 1, 2020 onwards.

Group of Financial Instruments Standards

In the current year, the Company has initially applied Group of Financial Instruments Standards. The Company has elected to recognize the cumulative effect of initially adopting of TFRS 9 as an adjustment to the opening balance of retained earnings and other component of shareholders' equity of the reporting period.

TFRS 9 introduced new requirements for:

- 1) The classification and measurement of financial assets and financial liabilities;
- 2) Impairment of financial assets; and
- 3) General hedge accounting.

The Company has applied TFRS 9 in accordance with the transition provisions set out in TFRS 9.

(a) Classification and measurement of financial assets

The date of initial application is January 1, 2020. Accordingly, the Company has applied the requirements of TFRS 9 to instruments that continue to be recognized as at January 1, 2020 and has not applied the requirements to instruments that have already been derecognized as at January 1, 2020. Comparative amounts in relation to instruments that continue to be recognized as at January 1, 2020 have not been restated.

All recognized financial assets that are within the scope of TFRS 9 are required to be measured subsequently at amortized cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets, specifically:

- Debt instruments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured subsequently at amortized cost;

- Debt instruments that are held within a business model whose objective is both to collect the contractual cash flows and to sell the debt instruments, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured subsequently at fair value through other comprehensive income (FVTOCI);
- All other debt investments and equity investments are measured subsequently at fair value through profit or loss (FVTPL).

Despite the foregoing, the Company may take the following irrevocable election/designation at initial recognition of a financial asset;

- The Company may irrevocably elect to present subsequent changes in fair value of an equity investment that is neither held for trading nor contingent consideration recognized by an acquirer in a business combination in other comprehensive income; and
- The Company may irrevocably designate a debt investment that meets the amortized cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch,

In the current year, the Company has not designated any debt investments that meet the amortized cost or FVTOCI criteria as measured at FVTPL.

When a debt investment measured at FVTOCI is derecognized, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment. When an equity investment designated as measured at FVTOCI is derecognized, the cumulative gain or loss previously recognized in other comprehensive income is subsequently transferred to retained earnings.

Debt instruments that are measured subsequently at amortized cost or at FVTOCI are subject to impairment. See (b) below.

The Company's management reviewed and assessed the Company's existing financial assets as at January 1, 2020 based on the facts and circumstances that existed at that date and concluded that the initial application of TFRS 9 has had the following impact on the Company's financial assets as regards their classification and measurement:

- The Company's investment in Debt instruments that were classified as investments held as available-for-sale under TAS 105 "Accounting for Investments in Debt instruments and Equity Securities" have been classified as financial assets at FVTOCI because they are held within a business model whose objective is both to collect contractual cash flows and to sell the bonds, and they have contractual cash flows that are solely payments of principal and interest on principal outstanding. The change in the fair value on these redeemable notes continues to accumulate in the investment revaluation reserve until they are derecognized or reclassified;

- The Company's investments in equity instruments (neither held for trading nor a contingent consideration arising from a business combination) that were previously classified as investments held as available-for-sale and were measured at fair value at each reporting date under TAS 105 "Accounting for Investments in Debt and Equity Securities" have been designated as at FVTOCI. The change in fair value on these equity instruments continues to be accumulated in the investment revaluation reserve;
- Investments classified as held-to-maturity under TAS 105 "Accounting for Investments in Debt and Equity Securities" and receivables as they are held within a business model to collect contractual cash flows and these cash flows consist solely of payments of principal and interest on the principal amount outstanding.

Note (c) below details the adjustments arising from such classifications.

None of the other reclassifications of financial assets have had any impact on the Company's financial position, profit or loss, other comprehensive income or total comprehensive income in either year.

(b) Impairment of financial assets

In relation to the impairment of financial assets, TFRS 9 requires an expected credit loss model. The expected credit loss model requires the Company to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognized.

Specifically, TFRS 9 requires the Company and its subsidiaries to recognize a loss allowance for expected credit losses on;

- (1) Debt investments measured subsequently at amortized cost or at FVTOCI;
- (2) Lease receivables;
- (3) Trade receivables and contract assets; and
- (4) Financial guarantee contracts to which the impairment requirement of TFRS 9 apply.

In particular, TFRS 9 requires the Company to measure the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses (ECL) if the credit risk on that financial instrument has increased significantly since initial recognition, or if the financial instrument is a purchased or originated credit-impaired financial asset. However, if the credit risk on a financial instrument has not increased significantly since initial recognition (except for a purchased or originated credit-impaired financial asset), the Company are required to measure the loss allowance for that financial instrument at an amount equal to 12-months ECL. TFRS 9 also requires a simplified approach for measuring the loss allowance at an amount equal to lifetime ECL for trade receivables, contract assets and lease receivables in certain circumstances.

(c) Disclosure in relation to the initial application of TFRS 9

There were no financial assets or financial liabilities which the Company has elected to designated as at FVTPL at the date of initial application of TFRS 9.

The table below shows information relating to financial assets that have been reclassified as a result of transition to TFRS 9.

	Note to financial statement	Former classification	Reclassification	Previous Carrying amount	Unit: Baht Current Carrying amount
Financial asset					
Investment in non-marketable securities	11	General investment	Financial asset – equity securities designated at FVTOCI	562,120	22,760,260

	Carrying amount under TAS 105 as at December 31, 2019	From reclassification	Form remeasurement through other comprehensive income	Unit: Baht Revised book value under TFRS 9 as at January 1, 2020
Financial assets				
Financial asset debt securities measured at fair value through other comprehensive income	366,702,067	-	-	366,702,067
Financial asset debt securities measured at amortized cost	1,283,838	-	-	1,283,838
Financial asset equity securities equity designated at fair value through other comprehensive income	-	562,120	22,704,190	23,266,310
General investments	562,120	(562,120)	-	-
Total	<u>368,548,025</u>	<u>-</u>	<u>22,704,190</u>	<u>391,252,215</u>

Equity				
Other component of equity				
Other comprehensive income from equity securities designated at fair value through other comprehensive income	56,436	-	22,704,190	22,760,626
Total	<u>56,436</u>	<u>-</u>	<u>22,704,190</u>	<u>22,760,626</u>

(d) Impact of initial application of TFRS 9 on financial position

The tables below show the amount of adjustment for each financial statement line item affected by the application of TFRS 9 for the current year.

	As previously reported	TFRS 9 adjustments	Unit: Baht As restated
Impact on assets, liabilities and equity as at 31 December 2019			
Asset			
Financial assets	368,503,025	22,704,190	391,207,215
Total effect on net assets		<u>22,704,190</u>	
Equity			
Other component of equity	56,436	22,704,190	22,760,626
Total effect on equity		<u>22,704,190</u>	

The application of TFRS 9 has had no impact on the cash flows of the Company.

Thai Financial Reporting Standard No. 16 “Leases” (“TFRS 16”)

The Company has applied TFRS 16 using the cumulative catch-up approach which:

- Requires the Company to recognize the cumulative effect of initially applying TFRS 16 as an adjustment to the opening balance of retained earnings at the date of initial application.
- Does not restate the comparative information and continue to present comparative information under TAS 17 and TFRIC 4.

(e) Impact of the new definition of a lease

The change in definition of a lease mainly relates to the concept of control. TFRS 16 determines whether a contract contains a lease on the basis of whether the customer has the right to control the use of an identified asset for a period of time in exchange for consideration. This is in contrast to the focus on “risk and rewards” in TAS 17 and TFRIC 4.

The Company applies the definition of a lease and related guidance set out in TFRS16 to all lease contracts entered into or changed on or after January 1, 2020 In preparation for the first-time application TFRS 16, the Company carried out an implementation project. The project has shown that the new definition in TFRS 16 will not significantly change the scope of contracts that meet the definition of a lease for the Company.

(f) Impact on Lessee Accounting

Former operating leases

TFRS 16 changes how the Company accounts for lease previously classified as operating leases under TAS 17, which were off statement of financial position.

Applying TFRS 16, for all leases, the Company:

- 1) Recognizes right-of-use assets as if the standard had been applied since the commencement date, but discounted using the lessee's incremental borrowing rate at the date of initial application and recognizes lease liabilities in the statement of financial position, initially measured at the present value of the future lease payments.
- 2) Recognizes depreciation of right-of-use assets and interest on lease liabilities in the statement of profit and loss and other comprehensive income.
- 3) Separates the total amount of cash paid into a principal portion (presented within financing activities) and interest (presented within financing activities) in the statement of cash flows.

Lease incentives are recognized as part of the measurement of the right-of-use assets and lease liabilities whereas under TAS 17 they resulted in the recognition of a lease incentive, amortized as a reduction of rental expenses on a straight line basis.

Under TFRS 16, right-of-use assets are tested for impairment in accordance with TAS 36.

For short-term leases and leases of low-value assets, the Company has opted to recognize a lease expense on a straight-line basis as permitted by TFRS 16. This expense is presented within "operating expenses" in statement of profit or loss and comprehensive income.

Financial impact of the initial application of TFRS 16

The Company recognized lease liabilities in relation to leases, which had previously been classified as operating leases under the principles of TAS 17. The right-of-use assets were measured at amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognized in the statement of financial position immediately before the date of initial application. These liabilities were measured at the present value of the remaining lease payments, discounted using average minimum loan rate. The weight average lessees loan rate applied to lease liabilities recognized in the statement of financial position on January 1, 2020 is 3.90%.

The following table shows the operating lease commitments disclosed applying TAS 17 at December 31, 2019, discounted using average minimum loan at the date of initial application and the lease liabilities recognized in the statement of financial position at the date of initial application.

Impact on retained earnings as at January 1, 2020

	Unit: Baht
Operating lease commitments at December 31, 2019	6,370,269
Short-term leases and leases of low-value assets	-
Effect of discounting the above amounts	(223,432)
Finance lease liabilities recognized under TAS 17 at December 31, 2019	6,146,837
Lease liabilities recognized at January 1, 2020	6,146,837

The company has recognized Baht 6.08 million of right-of-use assets and Baht 6.14 million of lease liabilities upon transition to TFRS 16. The difference of 0.06 Baht is recognized in retained earnings.

	As previously reported	TFRS 16 adjustments	Unit: Baht As restated
Impact on assets, liabilities and equity as at December 31, 2020			
Asset			
Leasehold improvement and equipment	4,282,671	6,084,040	10,366,711
Net impact on total assets		6,084,040	
Liabilities			
Lease liabilities	-	(6,146,837)	(6,146,837)
Net impact on total liabilities		(6,146,837)	
Equity			
Unappropriate retained earnings (deficits)	(419,862,985)	(62,797)	(419,925,782)
Net impact on total equity		(62,797)	

In addition, the Federation of Accounting Professions has announced two Accounting Treatment Guidances, which have been announced in the Royal Gazette on 22 April 2020, detail as follows:

Accounting Treatment Guidance on “The temporary relief measures for entities supporting their debtors who effected from the situations that affected Thailand’s economy”

The objective of this accounting treatment guidance is to grant the temporary relief measures for entities helping their debtors who effected from the situations that affected Thailand’s economy with the helping period during January 1, 2020 to December 31, 2021 or until there are any changes from the Bank of Thailand, which require the compliance for such changes. The entities who support their debtors and elect to apply this accounting treatment guidance should be comply with all relief measures specified in this accounting treatment guidance.

The Company has not adopted such accounting treatment guidance in the preparation of the interim financial statements for the three-month period ended March 31, 2020.

Accounting Treatment Guidance on “The temporary relief measures for additional accounting alternatives to alleviate the impacts from COVID-19 outbreak”

This accounting treatment guidance is the option for all entities applying Financial Reporting Standards for Publicly Accountable Entities. Since the preparation of financial statements during the period, which COVID-19 situation still be highly uncertainty as at the end of reporting period may cause the entities’ management to use the critical judgment in the estimation or the measurement and recognition of accounting transactions. Objective of this accounting treatment guidance is 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. The entities can apply this accounting treatment guidance for the preparation of financial statements with the reporting period ending within the period from January 1, 2020 to December 31, 2020.

The company has elected to apply the following temporary relief measures:

- To measure the fair value of investments in unquoted equity instruments using the fair value as at 1 January 2020.
- Not to consider the COVID-19 situation as an indication that an asset may be impaired in accordance with TAS 36, Impairment of Assets.

3. SIGNIFICANT ACCOUNTING POLICIES

The interim financial statements have been prepared based on the basis, accounting policies and method of computation consistent with those used in the financial statements for the year ended December 31, 2019 except the adoption of new and revised Thai Financial Reporting Standards as described in Note 2. Accounting policies which significantly changed are as follows:

3.1 Financial instruments

Classification and measurement

Financial assets that are debt instruments are measured at fair value through other comprehensive income, or amortized cost. The classification is derived by the Group’s business model for managing the financial assets and the contractual cash flows characteristics of the financial assets.

General investment has been classified as equity securities designated at fair value through other comprehensive income (FVTOCI). Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and designated all equity securities that are not held for trading as FVTOCI on initial TFRS 9.

Expected credit loss recognition

Debt instrument

The Company recognized a loss allowance for expected credit losses on debt instrument measured at amortised cost or at fair value through other comprehensive income based on expect credit losses model. The amount of expect credit losses is updated at each reporting period date to reflect changes in credit risk since initial recognition of the respective financial instrument.

Equity securities

The Company recognized losses on impairment of investments in equity instruments that are measured at fair value through other comprehensive income when there is evidence of impairment.

The Company recognized gain or loss on impairment, allowance loss on impairment through other comprehensive income and not devalued book value of financial assets in financial statement.

Adjustment for expected credit loss

The Company recognizes a loss allowance for expected credit losses on investments in debt instruments that are measured at amortized cost or at FVTOCI, lease receivables and contract assets. The amount of expect credit losses is updated at each reporting period date to reflect changes in credit risk since initial recognition of the respective financial instrument.

3.2 Leases

The Company has applied TFRS 16 using the cumulative catch-up approach and therefore comparative information has not been restated and is presented under TAS 17. The details of accounting policies under both TAS 17 and TFRS 16 are as follows.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses average minimum loan rate from Bank of Thailand.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lease under residual value guarantees;

- The exercise price of purchase options, if the lease is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

4. ADDITIONAL INFORMATION FOR CASH FLOWS

Non-cash items of lease liabilities for the three-month period ended March 31, 2020 and 2019 consisted of the following:

	For the three-month period ended March 31,	
	2020	2019
	Baht	Baht
Right of used assets		
Lease liabilities as at January 1,	6,146,837	-
<u>Less</u> Cash paid for lease payment	(974,783)	-
<u>Add</u> Interest from lease liabilities	36,978	-
Lease liabilities as at March 31,	<u>5,209,032</u>	<u>-</u>

5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents as at March 31, 2020 and December 31, 2019 consisted of the following:

	As at March 31, 2020	As at December 31, 2019
	Baht	Baht
Cash on hand	65,000	65,000
Deposits at bank - at call	162,683,915	214,994,495
Total	<u>162,748,915</u>	<u>215,059,495</u>

6. PREMIUM RECEIVABLES

Premium receivables as at March 31, 2020 and December 31, 2019 consisted of the following:

	As at March 31, 2020 Baht	As at December 31, 2019 Baht
Within credit terms	62,981,370	67,894,902
Less than 30 days	6,908,264	47,424,281
31 - 60 days	65,655,186	2,326,026
61 - 90 days	2,867,148	515,888
Over 90 days	2,123,296	2,905,393
Total premium receivables	140,535,264	121,066,490
<u>Less</u> Allowance for doubtful account	(589,199)	(599,083)
Premium receivable - net	<u>139,946,065</u>	<u>120,467,407</u>

7. REINSURANCE ASSETS

Reinsurance assets as at March 31, 2020 and December 31, 2019 consisted of the following:

	As at March 31, 2020 Baht	As at December 31, 2019 Baht
Insurance reserve refundable from reinsurers		
Claim reserves	52,693,927	56,698,496
Premium reserve		
- Unearned reinsurance premium reserve	223,201,141	229,723,811
Total reinsurance assets (see Note 15)	<u>275,895,068</u>	<u>286,422,307</u>

8. DUE FROM REINSURERS

Due from reinsurers as at March 31, 2020 and December 31, 2019 consisted of the following:

	As at March 31, 2020 Baht	As at December 31, 2019 Baht
Due from reinsurers	37,157,154	25,711,872
<u>Less</u> Allowance for doubtful account	(28,771)	(108,308)
Due from reinsurers - net	<u>37,128,383</u>	<u>25,603,564</u>

9. FINANCIAL ASSETS - DEBT SECURITIES

Financial assets - debt securities as at March 31, 2020 and December 31, 2019 consisted of the following:

	Unit : Baht
	As at March 31, 2020
	Fair value
<u>Debt instrument measured at fair value through other comprehensive income</u>	
Government and state enterprise securities	368,937,757
<u>Debt instrument measured at amortized cost</u>	
Private enterprise debt securities	10,000,000
Deposits at financial institutions with maturity over 3 months	1,283,838
<u>Less</u> Allowance for expected credit loss	(10,000,000)
Total debt instrument measured at amortized cost	1,283,838
Total investment in debt securities	370,221,595

	Unit : Baht	
	As at December 31, 2019	
	Cost/ amortized cost	Fair value
Available-for-sale securities		
Government and state enterprise securities	370,500,539	366,702,067
<u>Less</u> Unrealized loss	(3,798,472)	-
Total available-for-sale securities	366,702,067	366,702,067
<u>Held-to-maturity investment</u>		
Private enterprise debt securities	10,000,000	
Deposits at financial institutions with maturity over 3 months	1,283,838	
Total	11,283,838	
<u>Less</u> Allowance for expected credit loss	(10,000,000)	
Total held-to-maturity investment	1,283,838	

As at March 31, 2020 and December 31, 2019, certain government securities were pledged and used for assets reserved with the Registrar amounting to Baht 124.73 million and Baht 124.66 million, respectively (see Note 28)

In addition, the company performed analysis and disclosure as following;

	Fair value	Unit : Baht Allowance for expected credit loss recognized in other comprehensive income
Debt securities measured at fair value through other comprehensive income		
Debt securities without significant increased in credit risk (Stage 1)	368,937,757	-
Total	<u>368,937,757</u>	<u>-</u>

	Fair value	Unit : Baht Allowance for expected credit loss	Book value
Debt instrument measured at amortized cost			
Debt securities without significant increased in credit risk (Stage 1)	1,283,838	-	1,283,838
Debt securities with credit impairment loss	10,000,000	(10,000,000)	-
Total	<u>11,283,838</u>	<u>(10,000,000)</u>	<u>1,283,838</u>

10. FINANCIAL ASSETS - EQUITY SECURITIES

Financial assets - equity securities as at March 31, 2020 and December 31, 2019 consisted of the following:

	Unit : Baht As at March 31 2020 Fair value
<u>Equity securities designated at fair value through other comprehensive income</u>	
Local equity securities	23,266,310
Total investment in financial asset – equity securities	<u>23,266,310</u>

	Unit : Baht As at December 31 2019 Cost/amortized cost
<u>General investment</u>	
Local equity securities	562,120
Total general investment	<u>562,120</u>

11. LEASEHOLD IMPROVEMENTS AND EQUIPMENT

Leasehold improvements and equipment as at March 31, 2020 and December 31, 2019 consisted of the following:

	Cost				Accumulated depreciation				Beginning balance of Equipment as at January 1, 2020	Ending balance of Equipment as at March 31, 2020
	As at January 1, 2020	Impact from initial application of TFRS 16 (Please see Note 2.6)	Additions	Disposal/Write-off	As at March 31, 2020	As at January 1, 2020	Impact from initial application of TFRS 16 (Please see Note 2.6)	Depreciation	Disposal/Write-off	As at March 31, 2020
	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht
Furniture, fixture & fittings.										
leasehold improvement	18,861,481	-	-	-	18,861,481	17,299,023	-	279,229	-	17,571,252
Equipment	3,122,190	-	3,729	(3,262)	3,122,657	3,019,352	-	19,239	(3,261)	3,035,330
Vehicles	2,489,000	-	-	-	2,489,000	2,488,999	-	-	-	2,488,999
Computer equipment	10,901,761	-	39,710	(157,766)	10,783,705	8,284,387	-	290,567	(157,760)	8,417,194
Right of used assets	-	8,829,626	-	-	8,829,626	-	2,745,586	946,008	-	3,691,594
Total	35,374,432	8,829,626	43,439	(161,028)	44,086,469	31,091,761	2,745,586	1,528,043	(161,021)	35,204,369
	Cost				Accumulated depreciation				Beginning balance of Equipment as at January 1, 2019	Ending balance of Equipment as at December 31, 2019
	As at January 1, 2019	As at January 1, 2019	Additions	Disposal/Write-off	As at December 31, 2019	As at January 1, 2019	Depreciation	Write-Off	As at December 31, 2019	As at December 31, 2019
	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht
Furniture, fixture & fittings.										
leasehold improvement	16,687,681	2,173,800	-	-	18,861,481	16,668,406	630,617	-	17,299,023	19,275
Equipment	3,501,301	5,400	(384,511)	(5,005,000)	3,122,190	3,323,402	98,706	(402,756)	3,019,352	177,899
Vehicles	7,494,000	-	-	(18,582,093)	2,489,000	7,493,997	-	(5,004,998)	2,488,999	3
Computer equipment	27,835,721	1,648,133	3,827,333	(23,971,604)	10,901,761	22,441,223	1,630,129	(15,786,965)	8,284,387	5,394,498
Total	55,518,703	3,827,333	(23,971,604)		35,374,432	49,927,028	2,359,452	(21,194,719)	31,091,761	5,591,675

As at March 31, 2020 and December 31, 2019, certain leasehold improvement and equipment at cost of Baht 28.97 million and Baht 29.12 million, respectively, were fully depreciated but still in use.

Depreciation for the three-month periods ended March 31, 2020 and 2019 amounting to Baht 1.52 million and Baht 0.49 million, respectively, were included in operating expenses.

12. INTANGIBLE ASSETS

Intangible assets as at March 31, 2020 and December 31, 2019 consisted of the following:

	Cost		Accumulated depreciation		Beginning balance of intangible assets as at January 1, 2020	Ending balance of intangible asset as at March 31, 2020
	As at January 1, 2020	As at March 31, 2020	As at January 1, 2020	As at March 31, 2020		
	Baht	Baht	Baht	Baht	Baht	Baht
Software	858,050	-	149,133	117,797	708,917	4,510,386
Software under installation	123,870,574	887,880	-	-	123,870,574	120,839,188
Total	124,728,624	887,880	149,133	117,797	124,579,491	125,349,574

	Cost		Accumulated depreciation		Beginning balance of intangible assets as at January 1, 2019	Ending balance of intangible asset as at December 31, 2019
	As at January 1, 2019	As at December 31, 2019	As at January 1, 2019	As at December 31, 2019		
	Baht	Baht	Baht	Baht	Baht	Baht
Software	-	858,050	-	149,133	-	708,917
Software under installation	51,005,605	72,864,969	-	-	51,005,605	123,870,574
Total	51,005,605	73,723,019	-	149,133	51,005,605	124,579,491

13. LICENSE COSTS

License costs as at March 31, 2020 and December 31, 2019 consisted of the following:

	As at March 31, 2020 Baht	As at December 31, 2019 Baht
License costs	67,000,000	67,000,000
<u>Less</u> Accumulated amortization	<u>(50,288,549)</u>	<u>(50,288,549)</u>
Total License costs	<u>16,711,451</u>	<u>16,711,451</u>

License costs were amortised on the straight-line method over 25 years. After January 1, 2008, the license costs which have been considered as indefinite useful life assets are no longer subject to amortisation but are tested annually for impairment.

14. OTHER ASSETS

Other assets as at March 31, 2020 and December 31, 2019 consisted of the following:

	As at March 31, 2020 Baht	As at December 31, 2019 Baht
Refundable income tax	17,960,729	25,834,878
Deposits	3,725,376	3,725,376
The Revenue Department receivable	68,164,484	71,467,726
Undue purchase vat	984,983	1,557,419
Prepaid expense	3,339,901	3,799,162
Prepaid premium ceded	4,248,821	4,248,848
Other receivables	1,615,589	1,513,268
<u>Less</u> Allowance for expected credit loss	<u>(79,395)</u>	<u>(79,400)</u>
Total other assets	<u>99,960,488</u>	<u>112,067,277</u>

15. INSURANCE CONTRACT LIABILITIES

Insurance contract liabilities as at March 31, 2020 and December 31, 2019 consisted of the following:

	As at March 31, 2020		
	Insurance liabilities	Reinsurance liabilities	Net
	Baht	(see Note 7) Baht	Baht
Claim reserves			
Claim incurred and reported	172,667,710	(42,097,470)	130,570,240
Claim incurred but not reported	34,222,844	(10,596,457)	23,626,387
	<u>206,890,554</u>	<u>(52,693,927)</u>	<u>154,196,627</u>
Premium reserve			
Unearned premium reserve	277,703,655	(223,201,141)	54,502,514
Total	<u>484,594,209</u>	<u>(275,895,068)</u>	<u>208,699,141</u>

	As at December 31, 2019		
	Insurance liabilities	Reinsurance liabilities	Net
	Baht	(see Note 7) Baht	Baht
Claim reserves			
Claim incurred and reported	193,039,095	(45,442,846)	147,596,249
Claim incurred but not reported	38,385,515	(11,255,650)	27,129,865
	<u>231,424,610</u>	<u>(56,698,496)</u>	<u>174,726,114</u>
Premium reserve			
Unearned premium reserve	281,148,317	(229,723,811)	51,424,506
Total	<u>512,572,927</u>	<u>(286,422,307)</u>	<u>226,150,620</u>

15.1 Insurance reserve for short-term insurance contract

15.1.1 Claim reserves

Claim reserves as at March 31, 2020 and December 31, 2019 consisted of the following:

	As at March 31, 2020 Baht	As at December 31, 2019 Baht
Balance as at beginning period/year	231,424,610	548,129,104
Claim incurred during the period/year	22,952,077	139,419,180
Changes in claims reserve incurred in previous period/year	(8,383,320)	(186,751,670)
Changes in claims reserve assumption	(4,162,672)	(12,054,485)
Claim paid during the period/year	<u>(34,940,141)</u>	<u>(257,317,519)</u>
Balance as at ending period/year	<u>206,890,554</u>	<u>231,424,610</u>

15.1.2 Unearned premium reserve

	As at March 31, 2020 Baht	As at December 31, 2019 Baht
Balance as at beginning period/year	281,148,317	182,428,266
Premium written for the period/year	133,505,192	544,901,200
Premium earned for the period/year	(136,949,854)	(446,181,149)
Balance as at ending period/year	<u>277,703,655</u>	<u>281,148,317</u>

15.1.3 Unexpired risk reserve

As at March 31, 2020 and December 31, 2019, no additional reserve for unexpired risk reserve has been established as the unexpired risk reserve estimated by the Company amounting to Baht 99.86 million and Baht 101.04 million, respectively, is lower than the unearned premium reserve.

16. DUE TO REINSURERS

Due to reinsurers as at March 31, 2020 and December 31, 2019 consisted of the following:

	As at March 31, 2020 Baht	As at December 31, 2019 Baht
Amount withheld on reinsurance	65,733,049	66,431,133
Amount due to reinsurers	<u>177,285,244</u>	<u>185,489,071</u>
Total due to reinsurers	<u>243,018,293</u>	<u>251,920,204</u>

17. LEASE LIABILITIES

Lease liabilities as at March 31, 2020 and January 1, 2020 were as follows:

	Minimum lease payment		Present value of minimum lease payment	
	As at March 31, 2020 Baht	As at January 1, 2020 Baht	As at March 31, 2019 Baht	As at January 1, 2019 Baht
Within 1 year	3,899,131	-	3,741,995	-
Over 1 year to 5 years	<u>1,496,355</u>	<u>-</u>	<u>1,467,037</u>	<u>-</u>
	5,395,486	-	5,209,032	-
Less Deferred interest	<u>(186,454)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>5,209,032</u>	<u>-</u>	<u>5,209,032</u>	<u>-</u>

18. DEFERRED TAX LIABILITIES

Deferred tax liabilities as at March 31, 2020 and December 31, 2019 were as follows:

	As at March 31, 2020 Baht	As at December 31, 2019 Baht
Deferred tax liabilities	<u>3,342,290</u>	<u>3,342,290</u>

Deferred income tax assets are recognized only to the extent that realization of the related tax benefit through the future taxable profits is probable. The Company did not recognize deferred income tax as at March 31, 2020 and December 31, 2019, which were as follows:

	As at March 31, 2020 Baht	As at December 31, 2019 Baht
Temporary difference	199,161,881	217,442,984
Loss carried forward	<u>696,144,273</u>	<u>630,888,939</u>
	895,306,154	848,331,923
Income tax rate	20%	20%
Unrecognised deferred tax assets	<u>179,061,231</u>	<u>169,666,385</u>

The loss carried forward as at March 31, 2020 and December 31, 2019 amounting of Baht 696.14 million and Baht 630.89 million will gradually expire from 2021 to 2024.

19. PROVISIONS FOR COST OF ASSETS DECOMMISSIONING

Provisions for cost of assets decommissioning as at March 31, 2020 and December 31, 2019, consist of the following:

	As at March 31, 2020 Baht	As at December 31, 2019 Baht
Provision for cost of asset demommioning		
– beginning of the period	2,173,800	-
Increase during the year	<u>-</u>	<u>2,173,800</u>
Provision for cost of asset demommioning – ending		
– ending of the period	<u>2,173,800</u>	<u>2,173,800</u>

20. OTHER LIABILITIES

Other liabilities as at March 31, 2020 and December 31, 2019 consisted of the following:

	As at March 31, 2020 Baht	As at December 31, 2019 Baht
Commission and brokerage payable	21,992,787	22,290,777
Accrued expenses	51,283,584	47,814,458
Other payables	14,346,881	8,603,627
Total other liabilities	<u>87,623,252</u>	<u>78,708,862</u>

21. FINANCIAL INFORMATION BY SEGMENT

The business segment results are prepared based on the management of the Company. The operating results by business segment provided to Chief Operating Decision Maker to make decisions about allocating resources to, and assessing the performance of, operating segments is measured in accordance with Thai Financial Reporting Standard.

The Company has four reportable segments, which represent the major products that the Company underwrites and consists of fire, marine, motor and miscellaneous.

The Company is only operated and managed in a single geographic area, namely in Thailand. Therefore, no geographical segment information is presented.

For the three-month periods ended March 31, 2020 and 2019, there is no underwriting income with a single external customer contributed 10% or more to the Company's total revenue.

The reporting of underwriting information classified by type of insurance for the three-month periods ended March 31, 2020 and 2019 were as follows:

	For the three-month period ended March 31, 2020				Unit : Baht
	Fire	Marine	Motor	Miscellaneous	Total
Underwriting income					
Gross written premiums	1,078,731	10,005,899	3,831,106	118,589,456	133,505,192
<u>Less</u> Premium ceded	(1,303,138)	(4,296,023)	-	(110,588,001)	(116,187,162)
Net written premiums	(224,407)	5,709,876	3,831,106	8,001,455	17,318,030
<u>Less</u> Unearned premium reserve					
increased (decreased) from the previous period	(414,584)	(4,053,378)	(344,723)	1,734,677	(3,078,008)
Net premium earned	(638,991)	1,656,498	3,486,383	9,736,132	14,240,022
Fee and commission income	(493,990)	731,539	-	27,620,186	27,857,735
Total underwriting income	(1,132,981)	2,388,037	3,486,383	37,356,318	42,097,757
Underwriting expenses					
Claim incurred	(132,930)	1,351,174	893,100	8,294,740	10,406,084
<u>Add (less)</u> Claim refundable from reinsurers	48,237	(246,197)	-	(11,793,570)	(11,991,530)
Commission and brokerage expenses	145,122	756,315	625,526	22,324,117	23,851,080
Other underwriting expenses	61,562	847,806	368,346	13,144,966	14,422,680
Total underwriting expenses	121,991	2,709,098	1,886,972	31,970,253	36,688,314
Profit (loss) on underwriting before operating expenses	(1,254,972)	(321,061)	1,599,411	5,386,065	5,409,443
Operating expenses					20,136,529
Loss on underwriting after operating expenses					(14,727,086)
Unit : Baht					
	For the three-month period ended March 31, 2019				Total
	Fire	Marine	Motor	Miscellaneous	Total
Underwriting income					
Gross written premiums	662,618	6,678,907	1,399,265	102,329,152	111,069,942
<u>Less</u> Premium ceded	(4,046,979)	(16,423,931)	-	(169,492,948)	(189,963,858)
Net written premiums	(3,384,361)	(9,745,024)	1,399,265	(67,163,796)	(78,893,916)
<u>Add (less)</u> Unearned premium reserve					
(increased) decreased from the previous period	79,714	(194,544)	491,617	7,939,990	8,316,777
Net premium earned	(3,304,647)	(9,939,568)	1,890,882	(59,223,806)	(70,577,139)
Fee and commission income	90,793	1,090,285	-	18,398,712	19,579,790
Total underwriting income	(3,213,854)	(8,849,283)	1,890,882	(40,825,094)	(50,997,349)
Underwriting expenses					
Claim incurred	981,860	(2,416,111)	670,791	26,400,760	25,637,300
<u>Add (less)</u> Claim refundable from reinsurers	(346,031)	2,354,233	55,482	(6,862,569)	(4,798,885)
Commission and brokerage expenses	153,041	379,345	382,928	15,045,345	15,960,659
Other underwriting expenses	78,304	789,264	165,355	12,092,510	13,125,433
Total underwriting expenses	867,174	1,106,731	1,274,556	46,676,046	49,924,507
Profit (loss) on underwriting before operating expenses	(4,081,028)	(9,956,014)	616,326	(87,501,140)	(100,921,856)
Operating expenses					19,674,847
Loss on underwriting after operating expenses					(120,596,703)

22. INVESTMENT INCOME

Investment income for the three-month periods ended March 31, 2020 and 2019 were as follows:

	Unit : Baht	
	For the three -month	
	periods ended March 31,	
	2020	2019
Interest income	<u>2,221,715</u>	<u>2,731,827</u>

23. GAINS ON FINANCIAL INSTRUMENTS - NET

Gains on financial instrumens for the three-month periods ended March 31, 2020 and 2019 were as follows:

	Unit : Baht	
	For the three -month	
	periods ended March 31,	
	2020	2019
Gains from matured debt securities		
Debt instrument reclassified and measured at		
fair value through other comprehensive income	<u>41,179</u>	<u>-</u>
Total	<u>41,179</u>	<u>-</u>

24. GAINS FROM REMEASURING TO FAIR VALUE OF FINANCIAL INSTRUMENTS - NET

Gains from remeasuring to fair value of financial instrumens for the three-month periods ended March 31, 2020 and 2019 were as follows:

	Unit : Baht	
	For the three -month	
	periods ended March 31,	
	2020	2019
Gains from remeasuring fair value		
Debt instrument reclassified and measured at		
fair value through other comprehensive income	<u>429,843</u>	<u>273,990</u>
Total	<u>429,843</u>	<u>273,990</u>

25. BASIC LOSS PER SHARE

Basic loss per share for the three-month periods ended March 31, 2020 and 2019 were as follows:

	For the three -month periods ended March 31,	
	2020	2019
Net loss attributable to ordinary shareholders (Baht)	(12,496,499)	(117,864,876)
Weighted average number of ordinary shares in issued during the periods (Shares)	<u>135,800,000</u>	<u>135,800,000</u>
Basic loss per share (Baht)	(0.09)	(0.87)

26. TRANSACTIONS WITH RELATED PARTIES

A portion of the Company's assets, liabilities, revenues and expenses arose from transactions with related parties. The relationship may be by shareholding or the companies may have the same group of shareholders or directors. The Company's management believes that the Company has no significant influence over the related parties. The accompanying financial statements reflect the effects of these transactions determined price as stipulated in the agreement and conditions as in the normal course of business.

The relationships between the Company and its related parties are summarized below:

Companies	Relationship	Type of business
King Wai Group (Thailand) Public Company Limited	Ultimate parent company	Commercial real estate investments
King Wai Capital Limited	Some common shareholders and directors	Holding company
Cornerstone Realty Company Limited	Some common shareholders and directors	Commercial real estate investments
Gold Star Property Company Limited	Some common shareholders and directors	Commercial real estate investments
Thai-Kami Company Limited	Some common shareholders and directors	Commercial real estate investments
Top Property Co., Ltd.	Some common shareholders and directors	Commercial real estate investments
AEC City Co., Ltd.	Some common shareholders	Commercial real estate investments

Significant balances and transactions were as follows:

	As at March 31, 2020 Baht	As at December 31, 2019 Baht
Assets		
Premium receivables	346,939	164,072
Liabilities		
Loss reserve and outstanding claims	14,210	14,210
	For the three-month periods ended March 31, 2020 Baht	2019 Baht
Premium	438,080	275,362

The Company used the same pricing policy and conditions for the above premiums as it did for other customers and other insurance companies.

27. DIRECTORS AND KEY MANAGEMENT PERSONNEL'S REMUNERATION

For the three-month periods ended March 31, 2020 and 2019, the Company had salaries, bonuses, directors allowances and other benefits of its directors and key management personnel recognized as expenses as follows:

	For the three-month periods ended March 31,	
	2020 Baht	2019 Baht
Directors and key management personnel's remuneration		
Short-term benefits	4,137,713	4,824,238
Post-employment benefits	113,569	108,270
Total	<u>4,251,282</u>	<u>4,932,508</u>

Directors' remunerations for the years of 2020 and 2019 were approved by the annual general meeting of shareholders of the Company held on April 10, 2020 and April 11, 2019, respectively.

28. SECURITIES PLEDGED AND ASSETS RESERVED WITH THE REGISTRAR

As at March 31, 2020 and December 31, 2019, certain investment in securities of the Company were pledged and used for assets reserved with the Registrar (see Note 10) in accordance with the Insurance Act and according to the announcement of the Office of Insurance Commission regarding "Rates, Rules and Procedures for pledge of unearned premium reserve of Non-Life Insurance Company B.E. 2557" as follows:

	As at March 31, 2020 Baht	As at December 31, 2019 Baht
Investment in securities used to secure the facilities collateral with the Office of Insurance Commission		
Securities pledged with the registrar		
- Government bonds	14,674,629	14,666,187
Assets reserved with the registrar		
- Government bonds	110,059,718	109,996,404
Total investment in securities under pledged	<u>124,734,347</u>	<u>124,662,591</u>

29. CONTINGENT LIABILITY

- 29.1 As at March 31, 2020 and December 31, 2019, lawsuits have been brought against the Company, as insurer, from which the Company estimates losses totaling Baht 5.31 million and Baht 3.97 million, respectively. Such amount has been set aside in the claim reserve and outstanding claims accounts. The Company's management does not expect the outcome of the litigation to result in losses that differ from the recorded liability by amounts that would be material to the Company's operating results.

- 29.2 As at March 31, 2020 and December 31, 2019, the Company had a capital commitment to pay computer software in amount of Baht 2.07 million and Baht 2.96 million, respectively.

30. OPERATING LEASE OBLIGATIONS

Operating lease obligations as at March 31, 2020 and December 31, 2019 consisted of the follows:

	As at March 31, 2020 Baht	As at December 31, 2019 Baht
Within 1 year	6,608,773	10,507,904
Over 1 year to 5 years	1,101,462	5,224,794
Total	<u>7,710,235</u>	<u>15,732,698</u>

The Company recognized rental and service fee in the statements of profit and loss and other comprehensive income for the three-month periods ended March 31, 2020 and 2019 amount of Baht 1.65 million and Baht 2.37 million, respectively.

31. FAIR VALUE MEASUREMENT

Certain financial assets of the Company were measured at fair value at the end of reporting period. The following table gives information about how the fair values of these financial assets were determined.

As at March 31, 2020					Unit : Baht
	Fair value hierarchy				Book value
	Level 1	Level 2	Level 3	Total	
Financial assets					
Financial assets - debt instruments	-	368,937,757		368,937,757	368,937,757
Financial assets - equity instruments	-	-	23,266,310	23,266,310	23,266,310
Financial liabilities					
Lease liabilities	-	-	(5,209,032)	(5,209,032)	(5,209,032)
As at January 1, 2020					Unit : Baht
	Fair value hierarchy				Book value
	Level 1	Level 2	Level 3	Total	
Financial assets					
Financial assets - debt instruments	-	366,702,067	-	366,702,067	366,702,067
Financial assets - equity instruments	-	-	23,266,310	23,266,310	23,266,310
Financial liabilities					
Lease liabilities	-	-	(6,146,837)	(6,146,837)	

During the period, there are no fair value transferred between level 1, level 2 and level 3.

There are no change in fair value measurement technique.

Level 2 of fair values for debt instruments measured at fair value through other comprehensive income and debt securities available-for-sale investments are based on the yield rate quoted by the Thai Bond Market Association

Level 3 of fair value for equity instruments measured at fair value through other comprehensive income are based on discounted cash flows.

32. RECLASSIFICATION

Certain transactions in the statement of financial position as at December 31, 2019 have been reclassified to conform to the classification used in the statements of financial position as at March 31, 2020 as follows:

Account	Amount	Previous presentation	Current presentation
Statement of financial position	Baht		
Prepaid premium ceded	4,248,848	Prepaid premium ceded	Other assets

Certain transactions in the statement of cash flows for the three-month period March 31, 2019 have been reclassified to conform to the classification used in the statements of cash flows for the three-month period March 31, 2020 as follows:

Account	Amount	Previous presentation	Current presentation
Statement of cash flows	Baht		
Operating expenses	29,403,839	Operating expenses	Purchase of intangible assets

33. APPROVAL OF THE INTERIM FINANCIAL STATEMENTS

These interim financial statements were approved for issuance by the Company's authorized executive director on May 12, 2020.





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