

Thaire Life Assurance Public Company Limited
Review report and interim financial information
For the three-month and six-month period ended
30 June 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 30 June 2020, the statements of income, comprehensive income, in which the equity method is applied, for the three-month and six-month periods then ended, and the statements of changes in owners' equity and cash flows, in which the equity method is applied, for the six-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.

Rachada Yongsawadvanich

Certified Public Accountant (Thailand) No. 4951

EY Office Limited

Bangkok: 11 August 2020

Thaire Life Assurance Public Company Limited

Statements of financial position

As at 30 June 2020 and 31 December 2019

(Unit: Baht)

	Financial statements				
	Note	in which the equity method is applied		Separate financial statements	
		30 June 2020 (Unaudited but reviewed)	31 December 2019 (Audited)	30 June 2020 (Unaudited but reviewed)	31 December 2019 (Audited)
Assets					
Cash and cash equivalents	4	25,386,939	33,798,067	25,386,939	33,798,067
Accrued investment income		12,441,518	13,187,204	12,441,518	13,187,204
Reinsurance assets	5	2,736,225	2,662,337	2,736,225	2,662,337
Reinsurance receivables	6	292,357,709	214,596,499	292,357,709	214,596,499
Investment assets					
Investments in securities	7.1	1,785,635,763	1,947,134,836	1,785,635,763	1,947,134,836
Loans and interest receivables	8	834,054	1,029,648	834,054	1,029,648
Investments in an associate	9.1	12,882,910	13,624,528	21,684,234	21,684,234
Premises and equipment	10	53,210,048	53,308,373	53,210,048	53,308,373
Intangible assets	11	32,284,998	33,649,819	32,284,998	33,649,819
Deferred tax assets	12.1	75,911,246	28,592,060	74,150,981	26,980,119
Other assets					
Deferred commission expenses		90,143,098	78,324,647	90,143,098	78,324,647
Others		15,598,777	6,256,404	15,598,777	6,256,404
Total assets		2,399,423,285	2,426,164,422	2,406,464,344	2,432,612,187
Liabilities and owners' equity					
Liabilities					
Insurance contract liabilities	13	924,057,582	786,531,545	924,057,582	786,531,545
Due to reinsurers	14	84,865,357	137,009,478	84,865,357	137,009,478
Income tax payable		28,710,192	18,794,352	28,710,192	18,794,352
Lease liabilities	15	1,830,265	-	1,830,265	-
Employee benefit obligations		17,869,882	14,080,989	17,869,882	14,080,989
Other liabilities					
Accrued expenses		5,557,991	4,644,925	5,557,991	4,644,925
Deferred commission income		41,044	39,935	41,044	39,935
Others		8,348,076	6,449,194	8,348,076	6,449,194
Total liabilities		1,071,280,389	967,550,418	1,071,280,389	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		694,275,590	739,516,723	698,800,746	743,339,730
Other component of owners' equity		(105,295,519)	(20,065,544)	(102,779,616)	(17,440,786)
Total owners' equity		1,328,142,896	1,458,614,004	1,335,183,955	1,465,061,769
Total liabilities and owners' equity		2,399,423,285	2,426,164,422	2,406,464,344	2,432,612,187
		-	-	-	-

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

Thaire Life Assurance Public Company Limited**Statements of income**

For the three-month periods ended 30 June 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		724,562,535	693,475,151	724,562,535	693,475,151
Less: Reinsurance premium ceded		(4,105,073)	(4,262,492)	(4,105,073)	(4,262,492)
Net reinsurance premium written		720,457,462	689,212,659	720,457,462	689,212,659
Less: Unearned premium reserves increased					
from prior period		(138,931,845)	(139,391,344)	(138,931,845)	(139,391,344)
Earned premium		581,525,617	549,821,315	581,525,617	549,821,315
Commission income		488,597	513,261	488,597	513,261
Net investment revenue		20,625,590	25,050,389	20,625,590	25,050,389
Gains (losses) on investments		(4,031,687)	1,886,250	(4,031,687)	1,886,250
Fair value gains (losses)		(34,236)	7,266,297	(34,236)	7,266,297
Share of loss from investment in an associate under the equity method	9.3	(686,075)	(435,999)	-	-
Other income		226,496	154,948	226,496	154,948
Total revenues		598,114,302	584,256,461	598,800,377	584,692,460
Expenses					
Long-term insurance policy reserves increased		9,401,596	15,146,356	9,401,596	15,146,356
Gross benefits and claims		403,784,751	372,863,119	403,784,751	372,863,119
Less: claims recovered from reinsurers		(1,016,082)	(746,094)	(1,016,082)	(746,094)
Commission expenses		150,523,685	106,424,278	150,523,685	106,424,278
Other underwriting expenses		9,083,317	9,168,633	9,083,317	9,168,633
Operating expenses		21,873,306	25,226,649	21,873,306	25,226,649
Finance costs		30,124	-	30,124	-
Expected credit losses		6,085	-	6,085	-
Total expenses		593,686,782	528,082,941	593,686,782	528,082,941
Profits before income tax expenses		4,427,520	56,173,520	5,113,595	56,609,519
Income tax revenues (expenses)	12.2	1,924,330	(7,171,015)	1,787,115	(8,144,112)
Net profits		6,351,850	49,002,505	6,900,710	48,465,407
Earnings per share	17				
Basic earnings per share					
Net profits		0.01	0.08	0.01	0.08

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****For the three-month periods ended 30 June 2020 and 2019**

(Unit: Baht)

	Note	Financial statements		Separate financial statements	
		in which the equity method is applied		2020	2019
		2020	2019	2020	2019
Net profits		<u>6,351,850</u>	<u>49,002,505</u>	<u>6,900,710</u>	<u>48,465,407</u>
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	8.3	(905,116)	(702,414)	-	-
Gain on revaluation of available-for-sale investments					
measured at fair value through other comprehensive income		96,940,219	39,949,386	96,940,219	39,949,386
Less : Income taxes		(19,207,021)	(7,445,362)	(19,388,044)	(7,989,877)
Items to be recognised in profit or loss					
in subsequent periods - net of income taxes		<u>76,828,082</u>	<u>31,801,610</u>	<u>77,552,175</u>	<u>31,959,509</u>
Items not to be recognised in profit or loss in subsequent periods:					
Actuarial gains		-	54,536	-	54,536
Less: Income taxes		-	(10,907)	-	(10,907)
Items not to be recognised in profit or loss					
in subsequent periods - net of income taxes		<u>-</u>	<u>43,629</u>	<u>-</u>	<u>43,629</u>
Other comprehensive income for the periods		<u>76,828,082</u>	<u>31,845,239</u>	<u>77,552,175</u>	<u>32,003,138</u>
Total comprehensive income for the periods		<u>83,179,932</u>	<u>80,847,744</u>	<u>84,452,885</u>	<u>80,468,545</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 income****For the six-month periods ended 30 June 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		1,245,055,547	1,260,851,204	1,245,055,547	1,260,851,204
Less: Reinsurance premium ceded		(8,476,554)	(6,105,554)	(8,476,554)	(6,105,554)
Net reinsurance premium written		1,236,578,993	1,254,745,650	1,236,578,993	1,254,745,650
Less: Unearned premium reserves increased					
from prior period		(127,739,272)	(133,015,500)	(127,739,272)	(133,015,500)
Earned premium		1,108,839,721	1,121,730,150	1,108,839,721	1,121,730,150
Commission income		1,209,761	421,623	1,209,761	421,623
Net investment revenue		35,058,082	37,575,459	35,058,082	37,575,459
Gains (Losses) on investments		(9,739,807)	5,362,253	(9,739,807)	5,362,253
Fair value gains (losses)		(1,436,083)	13,850,090	(1,436,083)	13,850,090
Share of loss from investment in an associate under the equity method	9.3	(877,686)	(911,943)	-	-
Other income		2,318,059	229,298	2,318,059	229,298
Total revenues		1,135,372,047	1,178,256,930	1,136,249,733	1,179,168,873
Expenses					
Long-term insurance policy reserves increased		26,643,550	6,635,520	26,643,550	6,635,520
Unexpired risk reserves decreased		(9,507,891)	-	(9,507,891)	-
Gross benefits and claims		729,673,789	714,519,653	729,673,789	714,519,653
Less: claims recovered from reinsurers		(2,096,975)	(1,137,705)	(2,096,975)	(1,137,705)
Commission expenses		288,182,265	260,979,767	288,182,265	260,979,767
Other underwriting expenses		17,543,929	17,728,287	17,543,929	17,728,287
Operating expenses		46,186,993	49,294,441	46,186,993	49,294,441
Finance costs		62,825	-	62,825	-
Expected credit losses		260,264	-	260,264	-
Total expenses		1,096,948,749	1,048,019,963	1,096,948,749	1,048,019,963
Profits before income tax expenses		38,423,298	130,236,967	39,300,984	131,148,910
Income tax expenses	12.2	(3,523,893)	(21,318,640)	(3,699,430)	(22,291,737)
Net profits		34,899,405	108,918,327	35,601,554	108,857,173
Earnings per share	17				
Basic earnings per share					
Net profits		0.06	0.18	0.06	0.18

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****For the six-month periods ended 30 June 2020 and 2019**

(Unit: Baht)

Note	Financial statements		Separate financial statements	
	in which the equity method is applied		2020	2019
	2020	2019	2020	2019
Net profits	<u>34,899,405</u>	<u>108,918,327</u>	<u>35,601,554</u>	<u>108,857,173</u>
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	136,068	(1,093,936)	-	-
Gain (loss) on revaluation of available-for-sale investments				
measured at fair value through other comprehensive income	(106,673,537)	71,367,799	(106,673,537)	71,367,799
Add (Less) : Income taxes	<u>21,307,494</u>	<u>(13,729,045)</u>	<u>21,334,707</u>	<u>(14,273,560)</u>
Items to be recognised in profit or loss				
in subsequent periods - net of income taxes	<u>(85,229,975)</u>	<u>56,544,818</u>	<u>(85,338,830)</u>	<u>57,094,239</u>
Items not to be recognised in profit or loss in subsequent periods:				
Actuarial losses	(2,679,231)	(595,133)	(2,679,231)	(595,133)
Add: Income taxes	<u>535,846</u>	<u>119,027</u>	<u>535,846</u>	<u>119,027</u>
Items not to be recognised in profit or loss				
in subsequent periods - net of income taxes	<u>(2,143,385)</u>	<u>(476,106)</u>	<u>(2,143,385)</u>	<u>(476,106)</u>
Other comprehensive income (loss) for the periods	<u>(87,373,360)</u>	<u>56,068,712</u>	<u>(87,482,215)</u>	<u>56,618,133</u>
Total comprehensive income for the periods	<u>(52,473,955)</u>	<u>164,987,039</u>	<u>(51,880,661)</u>	<u>165,475,306</u>

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

Thaire Life Assurance Public Company Limited

Statement of cash flows

For the six-month periods ended 30 June 2020 and 2019

(Unit: Baht)

	Note	Financial statements			
		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		69,403,075	71,695,629	69,403,075	71,695,629
Interest income		8,667,087	8,769,711	8,667,087	8,769,711
Dividend income		27,399,273	27,665,060	27,399,273	27,665,060
Other investment income (expenses)		(9,996,499)	5,114,928	(9,996,499)	5,114,928
Other income		308,059	233,768	308,059	233,768
Other underwriting expenses		(16,958,255)	(17,210,935)	(16,958,255)	(17,210,935)
Operating expenses		(37,246,183)	(44,713,300)	(37,246,183)	(44,713,300)
Income tax expenses		(19,083,898)	(33,620,221)	(19,083,898)	(33,620,221)
Investments in securities		-	77,436,313	-	77,436,313
Loans		-	159,304	-	159,304
Cash received on financial assets		880,389,273	-	880,389,273	-
Cash paid for financial assets		(831,554,542)	-	(831,554,542)	-
Net cash provided by operating activities		71,327,390	95,530,257	71,327,390	95,530,257
Cash flows from (used in) investing activities					
Disposals of equipment		-	416,521	-	416,521
Purchases of equipment		(464,106)	(2,019,282)	(464,106)	(2,019,282)
Purchases of intangible assets		(861,083)	-	(861,083)	-
Net cash used in investing activities		(1,325,189)	(1,602,761)	(1,325,189)	(1,602,761)
Cash flows from (used in) financing activities					
Repayment of lease liabilities		(396,114)	-	(396,114)	-
Dividend paid	18	(78,000,000)	(90,000,000)	(78,000,000)	(90,000,000)
Net cash used in financing activities		(78,396,114)	(90,000,000)	(78,396,114)	(90,000,000)
Increase in expected credit losses		(17,215)	-	(17,215)	-
Net increase (decrease) in cash and cash equivalents		(8,411,128)	3,927,496	(8,411,128)	3,927,496
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		25,386,939	59,034,995	25,386,939	59,034,995
		-	-	-	-

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 six-month periods ended 30 June 2020 and 2019

(Unit: Baht)

Financial statements in which the equity method is applied									
	Note	Issued and paid-up share capital	Share premium	Retained earnings		Other components 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	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
Dividend paid	18	-	-	-	(90,000,000)	-	-	-	(90,000,000)
Reversal of dividend payable due to ineligibility of shareholders		-	-	-	360	-	-	-	360
Net profit		-	-	-	108,918,327	-	-	-	108,918,327
Other comprehensive income (loss) for the period		-	-	-	(476,106)	57,094,239	(549,421)	56,544,818	56,068,712
Total comprehensive income (loss) for the period		-	-	-	108,442,221	57,094,239	(549,421)	56,544,818	164,987,039
Balance as at 30 June 2019		<u>600,000,000</u>	<u>79,162,825</u>	<u>60,000,000</u>	<u>732,691,941</u>	<u>44,231,223</u>	<u>(2,178,058)</u>	<u>42,053,165</u>	<u>1,513,907,931</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
Dividend paid	18	-	-	-	(78,000,000)	-	-	-	(78,000,000)
Reversal of dividend payable due to ineligibility of shareholders		-	-	-	2,847	-	-	-	2,847
Net profit		-	-	-	34,899,405	-	-	-	34,899,405
Other comprehensive income (loss) for the period		-	-	-	(2,143,385)	(85,338,830)	108,855	(85,229,975)	(87,373,360)
Total comprehensive income (loss) for the period		-	-	-	32,756,020	(85,338,830)	108,855	(85,229,975)	(52,473,955)
Balance as at 30 June 2020		<u>600,000,000</u>	<u>79,162,825</u>	<u>60,000,000</u>	<u>694,275,590</u>	<u>(102,779,616)</u>	<u>(2,515,903)</u>	<u>(105,295,519)</u>	<u>1,328,142,896</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 six-month periods ended 30 June 2020 and 2019

(Unit: Baht)

	Separate financial statements						
	Note	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
Dividend paid	18	-	-	-	(90,000,000)	-	(90,000,000)
Reversal of dividend payable due to ineligibility of shareholders		-	-	-	360	-	360
Net profit		-	-	-	108,857,173	-	108,857,173
Other comprehensive income (loss) for the period		-	-	-	(476,106)	57,094,239	56,618,133
Total comprehensive income for the period		-	-	-	108,381,067	57,094,239	165,475,306
Balance as at 30 June 2019		<u>600,000,000</u>	<u>79,162,825</u>	<u>60,000,000</u>	<u>736,584,329</u>	<u>44,231,223</u>	<u>1,519,978,377</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
Dividend paid	18	-	-	-	(78,000,000)	-	(78,000,000)
Reversal of dividend payable due to ineligibility of shareholders		-	-	-	2,847	-	2,847
Net profit		-	-	-	35,601,554	-	35,601,554
Other comprehensive loss for the period		-	-	-	(2,143,385)	(85,338,830)	(87,482,215)
Total comprehensive income (loss) for the period		-	-	-	33,458,169	(85,338,830)	(51,880,661)
Balance as at 30 June 2020		<u>600,000,000</u>	<u>79,162,825</u>	<u>60,000,000</u>	<u>698,800,746</u>	<u>(102,779,616)</u>	<u>1,335,183,955</u>
		-	-	-	-	-	-

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

Thaire Life Assurance Public Company Limited

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Thaire Life Assurance Public Company Limited

Notes to interim financial statements

For the three-month and six-month periods ended 30 June 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 30 June 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 causes an economic slowdown and has an impact on 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 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

	30 June 2020	31 December 2019
Cash	3,061	4,052
Deposits at banks with no fixed maturity date	21,903,818	8,788,149
Deposits at other financial institutions	3,497,275	25,005,866
Total	25,404,154	33,798,067
Less: Allowance for expected credit losses	(17,215)	-
Cash and cash equivalents - net	25,386,939	33,798,067

As at 30 June 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

	30 June 2020	31 December 2019
Insurance reserves refundable from reinsurers		
Long-term insurance policy reserves	2,715,614	2,656,014
Unearned premium reserves	20,611	6,323
Total reinsurance assets	2,736,225	2,662,337

6. Reinsurance receivables

(Unit: Baht)

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

	30 June 2020	31 December 2019
Amounts deposited on reinsurance	68,115,946	92,399,180
Amounts due from reinsurers	224,241,763	122,197,319
Total reinsurance receivables	292,357,709	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			
	30 June 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	9,003,820	9,005,540	-	-
Total	9,003,820	9,005,540	75,613,249	72,336,094
Add (less): Unrealised gain (loss)	1,720	-	(3,277,155)	-
Trading investments measured at fair value through profit or loss - net	9,005,540	9,005,540	72,336,094	72,336,094
Available-for-sale investments measured at fair value through other comprehensive income				
Common stocks	349,262,342	306,191,180	200,215,348	203,031,302
Unit trusts	690,751,372	605,348,015	625,548,322	600,931,386
Total	1,040,013,714	911,539,195	825,763,670	803,962,688
Less: Unrealised loss	(128,474,519)	-	(21,800,982)	-
Available-for-sale investments measured at fair value through other comprehensive income - net	911,539,195	911,539,195	803,962,688	803,962,688
Held-to-maturity investments measured at amortised cost				
Government and state enterprise securities	462,981,905		709,081,922	
Private enterprise debt securities	257,352,172		214,648,412	
Deposits at financial institutions which mature over 3 months	145,000,000		145,000,000	
Total	865,334,077		1,068,730,334	
Less: Allowance for expected credit losses	(243,049)		-	
Held-to-maturity investments measured at amortised cost - net	865,091,028		1,068,730,334	
General investments				
Common stocks	-		2,105,720	
Total general investments	-		2,105,720	
Investments in securities - net	1,785,635,763		1,947,134,836	

7.2 Classified by stage of credit risk

(Unit: Baht)

	Financial statements in which the equity method is applied and Separate financial statements		
	30 June 2020		
	Gross carrying value	Allowance for expected credit losses	carrying value
Held-to-maturity investments measured at amortised cost			
Stage 1 - Debt securities without a significant increase of credit risk	865,334,077	(243,049)	865,091,028
Total	865,334,077	(243,049)	865,091,028

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 six-month period ended 30 June 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)
Revaluation during the periods	(116,039,588)	19,707,595
(Gains) losses transferred to be recognised in statements of income	9,366,051	(25,429,808)
Total losses on revaluation of available-for-sale investments measured at fair value through other comprehensive income	(106,673,537)	(5,722,213)
Add: Income taxes	21,334,707	1,144,443
Losses on revaluation of available-for-sale investments measured at fair value through other comprehensive income - net of income taxes	(85,338,830)	(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	(102,779,616)	(17,440,786)

7.4 Investments subject to restriction

As at 30 June 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 20 and 21 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 30 June 2020 and 1 January 2020, the balances of loans and interest receivables, classified by stage of credit risk, were as follows:

Staging	(Unit: Baht)	
	Financial statements in which the equity method is applied and Separate financial statements	
	30 June 2020	1 January 2020
	Mortgaged loans	Mortgaged loans
Stage 1 - Loans without a significant increase of credit risk	834,054	1,029,648
Loans and interest receivables	834,054	1,029,648

9. Investment in an associate

9.1 Details of an associate

Company's name	Nature of business	Country of incorporation	Issued and paid-up share capital		Shareholding percentage held by the Company	
			30 June	31 December	30 June	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	
	30 June	31 December	30 June	31 December
2020	2019	2020	2019	
TKI Life Insurance Company Limited	12,883	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	
	30 June 2020	31 December 2019
Total assets	44,688	44,067
Total liabilities	(5,048)	(2,145)
Net assets	39,640	41,922
Shareholding percentage (%)	32.50	32.50
Carrying amount of an associate under equity method	12,883	13,625

Summarised information of statements of comprehensive income

(Unit: Thousand Baht)

	TKI Life Insurance Company Limited			
	For the three-month		For the six-month	
	periods ended 30 June		periods ended 30 June	
	2020	2019	2020	2019
Total revenues	1,216	871	2,815	1,939
Net loss	(2,063)	(1,342)	(2,653)	(2,806)
Total comprehensive loss for the periods	(2,063)	(1,342)	(2,653)	(2,806)

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.

Associate	Financial statements in which the equity method is applied				Separate financial statements	
	Share of loss from investment in an associate presented in statements of income for the three-month periods ended 30 June		Share of other comprehensive income from investment in an associate presented in statements of comprehensive income for the three-month periods ended 30 June		Dividends received for the three-month periods ended 30 June	
	2020	2019	2020	2019	2020	2019
TKI Life Insurance Company Limited	(686)	(436)	-	-	-	-
Total	(686)	(436)	-	-	-	-

(Unaudited but reviewed)

(Unit: Thousand Baht)

Associate	Financial statements in which the equity method is applied				Separate financial statements	
	Share of loss from investment in an associate presented in statements of income for the six-month periods ended 30 June		Share of other comprehensive income from investment in an associate presented in statements of comprehensive income for the six-month periods ended 30 June		Dividends received for the six-month periods ended 30 June	
	2020	2019	2020	2019	2020	2019
TKI Life Insurance Company Limited	(878)	(912)	-	-	-	-
Total	<u>(878)</u>	<u>(912)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

As at 30 June 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					Total
	For the six-month period ended 30 June 2020					
	Land	Building	Furniture, fixtures and equipment	Computers	Right-of-use assets	
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	-	-	5,611	458,495	-	464,106
Depreciation charged for the period	-	(1,099,094)	(752,272)	(514,027)	(360,592)	(2,725,985)
Net book value as at 30 June 2020	<u>17,640,000</u>	<u>28,314,308</u>	<u>4,368,684</u>	<u>1,084,094</u>	<u>1,802,962</u>	<u>53,210,048</u>

11. Intangible assets

(Unit: Baht)

	Financial statements in which the equity method is applied and Separate financial statements		Total
	For the six-month period ended 30 June 2020		
	Computer software	Computer software under development	
Net book value as at 1 January 2020	33,649,819	-	33,649,819
Acquisition during the period - at cost	418,103	442,980	861,083
Amortisation charged for the period	(2,225,904)	-	(2,225,904)
Net book value as at 30 June 2020	<u>31,842,018</u>	<u>442,980</u>	<u>32,284,998</u>

12. Deferred tax assets and income tax expenses

12.1 Deferred tax assets

As at 30 June 2020 and 31 December 2019, the components of deferred tax assets were as follows:

		(Unit: Thousand Baht)							
		Financial statements in which the equity method is applied				Financial statements in which the equity method is applied Separate financial statements			
		Changes in deferred tax assets for the six-month periods ended 30 June		Changes in deferred tax assets for the six-month periods ended 30 June		Changes in deferred tax assets for the six-month periods ended 30 June		Changes in deferred tax assets for the six-month periods ended 30 June	
		30 June 2020	31 December 2019	30 June 2020	31 December 2019	2020	2019	2020	2019
Deferred tax assets arose									
from:									
Premium reserves		16,682	-	16,682	-	16,682	11,789	16,682	11,789
Loss reserves		73	1,558	73	1,558	(1,485)	298	(1,485)	298
Commission payable on reinsurance		44,810	30,872	44,810	30,872	13,938	(17,298)	13,938	(17,298)
Employee benefit obligations		3,574	2,816	3,574	2,816	758	30	758	30
Unrealised losses on available-for-sale investments measured at fair value through other comprehensive income		25,695	4,360	25,695	4,360	21,335	(14,274)	21,335	(14,274)
Net deferred commission		(18,020)	(15,657)	(18,020)	(15,657)	(2,363)	(2,133)	(2,363)	(2,133)
Others		3,097	4,643	1,337	3,031	(1,546)	1,017	(1,694)	(501)
Deferred tax assets		<u>75,911</u>	<u>28,592</u>	<u>74,151</u>	<u>26,980</u>				
Total changes						<u>47,319</u>	<u>(20,571)</u>	<u>47,171</u>	<u>(22,089)</u>
Recognition of changes in:									
- Statements of income						25,476	(6,961)	25,301	(7,934)
- Statements of comprehensive income						<u>21,843</u>	<u>(13,610)</u>	<u>21,870</u>	<u>(14,155)</u>
Total changes						<u>47,319</u>	<u>(20,571)</u>	<u>47,171</u>	<u>(22,089)</u>

12.2 Income tax expenses

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

(Unit: Thousand Baht)

	Financial statements in which the		Separate financial statements	
	equity method is applied			
	For the three-month periods ended 30 June			
	2020	2019	2020	2019
Current income taxes:				
Interim corporate income tax charge	(8,829)	6,458	(8,829)	6,458
Adjustment of prior year's corporate income tax expenses	50	40	50	40
Deferred income taxes:				
Relating to origination and reversal of temporary differences	10,703	(13,669)	10,566	(14,642)
Income tax revenues (expenses) reported in the statements of income	1,924	(7,171)	1,787	(8,144)

(Unit: Thousand Baht)

	Financial statements in which the		Separate financial statements	
	equity method is applied			
	For the six-month periods ended 30 June			
	2020	2019	2020	2019
Current income taxes:				
Interim corporate income tax charge	(29,050)	(14,398)	(29,050)	(14,398)
Adjustment of prior year's corporate income tax expenses	50	40	50	40
Deferred income taxes:				
Relating to origination and reversal of temporary differences	25,476	(6,961)	25,301	(7,934)
Income tax expenses reported in the statements of income	(3,524)	(21,319)	(3,699)	(22,292)

(Unaudited but reviewed)

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

(Unit: Thousand Baht)

	Financial statements in which the		Separate financial statements	
	equity method is applied			
	For the three-month periods ended 30 June			
	2020	2019	2020	2019
Accounting profits before income tax				
expenses	4,428	56,174	5,114	56,610
Applicable tax rate	20%	20%	20%	20%
Income taxes at the applicable tax rate	(886)	(11,234)	(1,023)	(11,322)
Adjustment of prior year's corporate				
income tax expenses	50	40	50	40
Tax effects of:				
Tax - exempted revenues	2,774	3,123	2,774	3,123
Non - tax deductible expenses	-	(2)	-	(2)
Additional tax deductible expenses				
allowed	6	35	6	35
Others	(20)	867	(20)	(18)
Total	2,760	4,023	2,760	3,138
Income tax revenues (expenses)				
reported in statements of income	1,924	(7,171)	1,787	(8,144)

(Unaudited but reviewed)

(Unit: Thousand Baht)

	Financial statements in which the			
	equity method is applied		Separate financial statements	
	For the six-month periods ended 30 June			
	2020	2019	2020	2019
Accounting profits before income tax expenses	38,423	130,237	39,301	131,149
Applicable tax rate	20%	20%	20%	20%
Income taxes at the applicable tax rate	(7,685)	(26,047)	(7,860)	(26,230)
Adjustment of prior year's corporate income tax expenses	50	40	50	40
Tax effects of:				
Tax - exempted revenues	4,029	4,536	4,029	4,536
Non - tax deductible expenses	(25)	(846)	(25)	(846)
Additional tax deductible expenses allowed	148	244	148	244
Others	(41)	754	(41)	(36)
Total	4,111	4,688	4,111	3,898
Income tax expenses reported in statements of income	(3,524)	(21,319)	(3,699)	(22,292)

13. Insurance contract liabilities

(Unit: Baht)

	Financial statements in which the equity method is applied and Separate financial statements		
	30 June 2020		
	Insurance contract liabilities	Liabilities on reinsurance	Net
Long-term insurance policy reserves	497,884,803	(2,715,614)	495,169,189
Loss reserves			
Claims incurred and reported	367,430	-	367,430
Claims incurred but not yet reported	-	-	-
Premium reserves			
Unearned premium reserves	425,805,349	(20,611)	425,784,738
Total	924,057,582	(2,736,225)	921,321,357

(Unaudited but reviewed)

(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>

13.1 Long-term insurance policy reserves

(Unit: Baht)

	Financial statements in which the equity method is applied and Separate financial statements	
	For the six-month period ended 30 June 2020	For the years ended 31 December 2019
Beginning balances	471,181,653	406,751,589
Reserves increased from new policies and enforced policies	52,078,644	120,753,086
Insurance policy reserves decreased from benefit paid for lapse, surrender and others	(26,988,151)	(61,865,391)
Assumptions changes	1,612,657	5,542,369
Ending balances	<u>497,884,803</u>	<u>471,181,653</u>

(Unaudited but reviewed)

13.2 Loss reserves

(Unit: Baht)

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

	For the six-month period ended 30 June 2020	For the years ended 31 December 2019
Beginning balances	7,790,212	21,702,409
Claims incurred for the periods	514,921,925	1,003,236,892
Changes in loss reserve	11,372,250	1,784,243
Changes in assumptions for calculating loss reserves	(18,814,781)	(15,700,440)
Claims paid during the periods	(514,902,176)	(1,003,232,892)
Ending balances	<u>367,430</u>	<u>7,790,212</u>

13.3 Unearned premium reserves

(Unit: Baht)

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

	For the six-month period ended 30 June 2020	For the year ended 31 December 2019
Beginning balances	298,051,789	255,423,506
Premium written for the periods	759,926,098	1,312,036,745
Premium earned during the periods	(632,172,538)	(1,269,408,462)
Ending balances	<u>425,805,349</u>	<u>298,051,789</u>

(Unaudited but reviewed)

13.4 Unexpired risk reserves

(Unit: Baht)

	Financial statements in which the equity method is applied and Separate financial statements	
	For the six-month period ended 30 June 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>

14. Due to reinsurers

(Unit: Baht)

	Financial statements in which the equity method is applied and Separate financial statements	
	30 June 2020	31 December 2019
Amounts due to reinsurers	<u>84,865,357</u>	<u>137,009,478</u>
Total due to reinsurers	<u>84,865,357</u>	<u>137,009,478</u>

15. Lease liabilities

Reconciliation of lease liabilities for the six-month period ended 30 June 2020 was as follow:

	(Unit: Baht)
	Financial statements in which the equity method is applied and Separate financial statements
	<u>Vehicle</u>
Lease liabilities as at 1 January 2020	2,163,554
Add: Financial cost for the period	62,825
Less: Lease payments during the period	<u>(396,114)</u>
Lease liabilities as at 30 June 2020	<u><u>1,830,265</u></u>

	(Unit: Baht)		
	<u>Financial statements in which the equity method is applied</u>		
	<u>and Separate financial statements</u>		
	<u>30 June 2020</u>		
	<u>Lease liabilities</u>	<u>Deferred financial cost</u>	<u>Lease liabilities - net</u>
Due within 1 year	792,228	93,904	698,324
Due over 1 year	<u>1,188,342</u>	<u>56,401</u>	<u>1,131,941</u>
Total	<u><u>1,980,570</u></u>	<u><u>150,305</u></u>	<u><u>1,830,265</u></u>

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

Operating segment information for the three-month and six-month period ended 30 June 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 30 June 2020		
	Conventional products	Non-conventional products	Total
Underwriting revenues			
Reinsurance premium written	272,682,367	451,880,168	724,562,535
Less: Reinsurance premium ceded	(3,875,909)	(229,164)	(4,105,073)
Net reinsurance premium written	268,806,458	451,651,004	720,457,462
Add (less): Unearned premium reserves (increased) decreased from prior period	7,188,699	(146,120,544)	(138,931,845)
Earned premium	275,995,157	305,530,460	581,525,617
Underwriting expenses			
Long-term insurance policy reserves increased (decreased)	(14,792,289)	24,193,885	9,401,596
Net benefits and claims	207,193,701	195,574,968	402,768,669
Commissions and brokerages expenses - net	90,601,450	59,433,638	150,035,088
Other underwriting expenses	3,191,459	5,891,858	9,083,317
Total underwriting expenses	286,194,321	285,094,349	571,288,670
Profit (Loss) from underwriting	(10,199,164)	20,436,111	10,236,947
Operating expenses			(21,903,430)
Expected credit losses			(6,085)
Loss from operation			(11,672,568)
Share of loss from investment in an associate			(686,075)
Net investment revenue			16,559,667
Other income			226,496
Profit before income tax expenses			4,427,520
Income tax expenses			1,924,330
Net profit			6,351,850

(Unaudited but reviewed)

(Unit: Baht)

Financial statements in which the equity method is applied

For the three-month period ended 30 June 2019

	Conventional products	Non-conventional products	Total
Underwriting revenues			
Reinsurance premium written	269,125,066	424,350,085	693,475,151
Less: Reinsurance premium ceded	(4,033,847)	(228,645)	(4,262,492)
Net reinsurance premium written	265,091,219	424,121,440	689,212,659
Add (less): Unearned premium reserves (increased) decreased from prior period	1,410,217	(140,801,561)	(139,391,344)
Earned premium	266,501,436	283,319,879	549,821,315
Underwriting expenses			
Long-term insurance policy reserves increased (decreased)	(13,553,705)	28,700,061	15,146,356
Net benefits and claims	186,194,061	185,922,964	372,117,025
Commissions and brokerages expenses - net	68,995,629	36,915,388	105,911,017
Other underwriting expenses	3,446,890	5,721,743	9,168,633
Total underwriting expenses	245,082,875	257,260,156	502,343,031
Profit from underwriting	21,418,561	26,059,723	47,478,284
Operating expenses			(25,226,649)
Profit from operation			22,251,635
Net investment revenue			34,202,936
Share of loss from investment in an associate			(435,999)
Other income			154,948
Profit before income tax expenses			56,173,520
Income tax expenses			(7,171,015)
Net profit			49,002,505

(Unaudited but reviewed)

(Unit: Baht)

Financial statements in which the equity method is applied			
For the six-month period ended 30 June 2020			
	Conventional products	Non-conventional products	Total
Underwriting revenues			
Reinsurance premium written	573,440,278	671,615,269	1,245,055,547
Less: Reinsurance premium ceded	(8,018,227)	(458,327)	(8,476,554)
Net reinsurance premium written	565,422,051	671,156,942	1,236,578,993
Add (less): Unearned premium reserves (increased) decreased from prior period	11,219,961	(138,959,233)	(127,739,272)
Earned premium	576,642,012	532,197,709	1,108,839,721
Underwriting expenses			
Long-term insurance policy reserves increased (decreased)	(13,688,612)	40,332,162	26,643,550
Unexpired risk reserves decreased	(5,097,739)	(4,410,152)	(9,507,891)
Net benefits and claims	379,533,469	348,043,345	727,576,814
Commissions and brokerages expenses - net	174,091,045	112,881,459	286,972,504
Other underwriting expenses	8,080,278	9,463,651	17,543,929
Total underwriting expenses	542,918,441	506,310,465	1,049,228,906
Profit from underwriting	33,723,571	25,887,244	59,610,815
Operating expenses			(46,249,818)
Expected credit losses			(260,264)
Profit from operation			13,100,733
Share of loss from investment in an associate			(877,686)
Net investment revenue			23,882,192
Other income			2,318,059
Profit before income tax expenses			38,423,298
Income tax expenses			(3,523,893)
Net profit			34,899,405

(Unaudited but reviewed)

(Unit: Baht)

Financial statements in which the equity method is applied			
For the six-month period ended 30 June 2019			
	Conventional products	Non-conventional products	Total
Underwriting revenues			
Reinsurance premium written	597,801,999	663,049,205	1,260,851,204
Less: Reinsurance premium ceded	(5,648,263)	(457,291)	(6,105,554)
Net reinsurance premium written	592,153,736	662,591,914	1,254,745,650
Add (less): Unearned premium reserves (increased) decreased from prior period	15,597,321	(148,612,821)	(133,015,500)
Earned premium	607,751,057	513,979,093	1,121,730,150
Underwriting expenses			
Long-term insurance policy reserves increased (decreased)	(14,397,229)	21,032,749	6,635,520
Net benefits and claims	395,121,916	318,260,032	713,381,948
Commissions and brokerages expenses - net	162,152,940	98,405,204	260,558,144
Other underwriting expenses	8,405,437	9,322,850	17,728,287
Total underwriting expenses	551,283,064	447,020,835	998,303,899
Profit from underwriting	56,467,993	66,958,258	123,426,251
Operating expenses			(49,294,441)
Profit from operation			74,131,810
Net investment revenue			56,787,802
Share of loss from investment in an associate			(911,943)
Other income			229,298
Profit before income tax expenses			130,236,967
Income tax expenses			(21,318,640)
Net profit			108,918,327

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 and six-month periods ended 30 June 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			
	For the three-month periods ended 30 June		For the six-month periods ended 30 June	
	2020	2019	2020	2019
Reinsurance premium written	546	515	846	827

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. Dividends paid

Dividends declared during the six-month periods ended 30 June 2020 and 2019 consisted of the following:

	Approved by	Total	Dividend
		dividend (Million Baht)	per share (Baht)
Interim dividend payment from 2019 income	Board of Director meeting on 22 April 2020	78.0	0.13
Total dividend paid during the period of 2020		<u>78.0</u>	<u>0.13</u>
Final dividend from 2018 net income	Annual General Meeting of the shareholders on 23 April 2019	90.0	0.15
Total dividend paid during the period of 2019		<u>90.0</u>	<u>0.15</u>

19. Related party transactions

19.1 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

19.2 Significant related party transactions

During the three-month and six-month periods ended 30 June 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		For the six-month periods ended		Pricing policy
	30 June		30 June		
	2020	2019	2020	2019	
<u>Transactions with associates</u>					
<i>Revenues</i>					
Service revenues	69	69	2,148	138	Mutually agreed rates
<u>Transactions with related parties</u>					
<i>Revenues</i>					
Reinsurance premium written	219,678	216,856	316,513	307,886	According to terms of reinsurance contracts
Commissions and brokerages income	146	158	367	371	According to terms of reinsurance contracts
Claims refundable	302	226	632	500	According to the ratios as specified in the reinsurance contracts
<i>Expenses</i>					
Reinsurance premium ceded	702	694	1,506	1,248	According to terms of reinsurance contracts
Claim expenses	136,174	95,673	165,636	121,153	According to the ratios as specified in the reinsurance contracts
Commissions and brokerages expenses	52,479	35,064	85,512	72,761	According to terms of reinsurance contracts
Service fee expenses ⁽¹⁾	1,972	2,151	3,944	4,302	Mutually agreed rates
<i>Owner's equity</i>					
Dividend paid	9,568	11,133	9,568	11,133	As declared

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

19.3 Outstanding balances

As at 30 June 2020 and 31 December 2019, the Company had the outstanding balances with its related parties as follows:

	(Unit: Thousand Baht)	
	30 June 2020	31 December 2019
Associate		
Other receivables ⁽¹⁾	7,035	5,025
Related parties		
Insurance reserves refundable from reinsurers ⁽²⁾	823	814
Amounts due from reinsurers ⁽³⁾	72,884	70,592
Amounts deposited on reinsurance ⁽³⁾	2,762	28,219
Deferred commissions expenses	38,490	28,001
Loss reserves ⁽⁴⁾	-	3,952
Amounts due to reinsurers ⁽⁵⁾	5,348	44,326
Deferred commissions income	12	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

19.4 Directors' and key management's remuneration

During the three-month and six-month periods ended 30 June 2020 and 2019, the Company had salaries, bonuses, meeting allowances and post-employment benefits of its directors and key management personnel recognised as expenses, are as follows:

	(Unit: Thousand Baht)			
	For the three-month periods		For the six-month periods	
	ended 30 June		ended 30 June	
	2020	2019	2020	2019
Short-term benefits	9,254	10,084	17,079	19,640
Post employment benefits	1,175	1,469	2,341	2,248
Total	10,429	11,553	19,420	21,888

20. Assets placed and reserved with the Registrar

As at 30 June 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
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	30 June 2020		31 December 2019	
	Cost	Fair value	Cost	Fair value
Assets placed				
Government bonds	21.0	19.6	21.0	21.6
Assets reserved as insurance reserves				
Government and state enterprise bonds	250.0	252.8	250.0	255.2
Private enterprise debt securities	36.0	36.8	36.0	37.2

21. Other assets subject to restrictions

As at 30 June 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
and Separate financial statements

	30 June 2020	31 December 2019
Guarantee for electricity consumption		
Government bonds	-	0.1

22. Commitments

22.1 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 30 June 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 30 June 2020.

22.2 Capital Commitments

As at 30 June 2020, the Company had outstanding capital commitments amounting to Baht 0.3 million in relation to computer software under development (As at 31 December 2019, the Company had no outstanding capital commitments).

22.3 Service commitments

As at 30 June 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).

23. Fair value of financial assets

As of 30 June 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:

	30 June 2020				(Unit: Baht)
	Fair value				Carrying value
	Level 1	Level 2	Level 3	Total	
Trading investments measured at fair value through profit or loss	-	9,005,540	-	9,005,540	9,005,540
Available-for-sale investments measured at fair value through other comprehensive income	562,275,887	347,134,425	2,128,883	911,539,195	911,539,195

	31 December 2019				(Unit: Baht)
	Fair value				Carrying 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 fair value through 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:

- Investments in listed equity securities and investment units were presented at fair values using market price.
- Investments in debts securities were presented at fair values, determined using the yield curves as announced by the Thai Bond Market Association.
- Non-listed equity securities, the fair values are approximately determined, using the discount cash flow method. Investments in 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.

24. Approval of interim financial information

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