

CHARAN INSURANCE PUBLIC COMPANY LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2020

	Note	<i>(Unit : Baht)</i>	
		March 31, 2020 <i>(Unaudited but reviewed only)</i>	December 31, 2019 <i>(Audited)</i>
ASSETS			
Cash and cash equivalents	5	43,070,890.51	53,022,357.90
Premium due and uncollected	6	18,672,580.39	30,325,742.29
Accrued investment income		3,256,137.51	2,892,958.31
Reinsurance assets	7	28,232,170.55	36,760,390.42
Reinsurance receivables	8	14,306,533.30	26,400,176.00
Invested assets			
Investments in securities	9	648,072,607.00	668,653,258.22
Loans and interest receivables	10	6,922,716.28	7,281,766.56
Property, plant and equipment	11	42,711,950.52	42,872,766.09
Other Intangible assets	12	4,122.66	12,449.48
Deferred tax assets	13	21,377,088.27	18,669,962.34
Other assets	14	8,126,172.71	13,458,522.12
TOTAL ASSETS		834,752,969.70	900,350,349.73

Notes to the financial statements are an integral part of these financial statements.

CHARAN INSURANCE PUBLIC COMPANY LIMITED

STATEMENT OF FINANCIAL POSITION (CONT.)

AS AT MARCH 31, 2020

		<i>(Unit : Baht)</i>	
	<i>Note</i>	March 31, 2020	December 31, 2019
		<i>(Unaudited but reviewed only)</i>	<i>(Audited)</i>
LIABILITIES AND OWNERS' EQUITY			
Insurance contract liabilities	<i>15</i>	264,408,042.33	275,357,807.42
Due to reinsurers	<i>16</i>	25,344,209.41	21,673,513.91
Income tax payables		3,699,461.16	-
Employee benefit obligations	<i>17</i>	13,587,161.50	13,294,767.00
Deferred tax liabilities	<i>13</i>	475,442.00	9,294,522.24
Others liabilities			
Unearned revenue		8,450,698.37	12,625,471.50
Others	<i>18</i>	26,635,183.98	39,542,342.46
TOTAL LIABILITIES		<u>342,600,198.75</u>	<u>371,788,424.53</u>

Notes to the financial statements are an integral part of these financial statements.

CHARAN INSURANCE PUBLIC COMPANY LIMITED

STATEMENT OF FINANCIAL POSITION (CONT.)

AS AT MARCH 31, 2020

	<i>(Unit : Baht)</i>	
	March 31, 2020	December 31, 2019
	<i>(Unaudited but reviewed only)</i>	<i>(Audited)</i>
LIABILITIES AND OWNERS' EQUITY		
Owners' equity		
Share capital		
Registered capital		
12,000,000 ordinary shares of Baht 10.00 each	120,000,000.00	120,000,000.00
Issued and paid-up share capital		
12,000,000 ordinary shares of Baht 10.00 each	120,000,000.00	120,000,000.00
Premium on share capital	258,000,000.00	258,000,000.00
Retained earnings		
Appropriated		
Statutory reserve	12,000,000.00	12,000,000.00
Unappropriated	100,251,002.95	101,383,836.22
Other components of equity	1,901,768.00	37,178,088.98
TOTAL OWNERS' EQUITY	492,152,770.95	528,561,925.20
TOTAL LIABILITIES AND OWNERS' EQUITY	834,752,969.70	900,350,349.73

Notes to the financial statements are an integral part of these financial statements.

CHARAN INSURANCE PUBLIC COMPANY LIMITED
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2020
(UNAUDITED / REVIEWED ONLY)

		<i>(Unit : Baht)</i>	
	<i>Note</i>	<u>2020</u>	<u>2019</u>
Revenues			
Premium written		93,643,206.02	130,751,139.47
Less: Premium ceded		(10,936,297.46)	(12,416,349.44)
Net Premium written		82,706,908.56	118,334,790.03
Add/Less: Unearned premium reserves from prior period		4,845,814.28	(69,886,714.87)
Net Premiums earned	<i>31</i>	87,552,722.84	48,448,075.16
Fee and commission income	<i>31</i>	2,990,273.70	3,245,053.55
Income on investments - net	<i>23, 31</i>	3,378,222.73	2,944,122.42
Other income		430,946.36	1,450,761.93
Total revenues		<u>94,352,165.63</u>	<u>56,088,013.06</u>
Expenses			
Gross benefits and claims		30,816,857.97	16,454,309.71
Less: claims recovered from reinsurers		(3,769,336.89)	(3,426,115.46)
Insurance claims and loss adjustment expenses	<i>31</i>	27,047,521.08	13,028,194.25
Commissions and brokerages	<i>31</i>	12,932,422.95	17,272,816.65
Other underwriting expenses	<i>31</i>	35,799,339.32	52,989,074.39
Operating expenses	<i>19, 31</i>	9,581,405.26	11,059,876.31
Net impairment losses on financial assets	<i>20</i>	2,910,018.61	-
Total expenses		<u>88,270,707.22</u>	<u>94,349,961.60</u>
Profit (Loss) before corporate income tax		6,081,458.41	(38,261,948.54)
Tax income	<i>13.2</i>	(1,214,291.68)	7,672,389.70
Profit (Loss) for the period		<u>4,867,166.73</u>	<u>(30,589,558.84)</u>

CHARAN INSURANCE PUBLIC COMPANY LIMITED
STATEMENTS OF COMPREHENSIVE INCOME (CONT.)
FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2020
(UNAUDITED / REVIEWED ONLY)

		<i>(Unit : Baht)</i>	
	<i>Note</i>	<i>2020</i>	<i>2019</i>
Other comprehensive income (expenses)			
<u>Items that will be reclassified subsequently to profit or loss</u>			
Change in value of investments measured at			
fair value through other comprehensive income		(59,711,367.23)	12,378,765.18
Income tax relating to component of other comprehensive income	<i>13.3</i>	11,942,273.44	(2,475,753.04)
Change in value of investments measured at			
fair value through other comprehensive income, net of tax		(47,769,093.79)	9,903,012.14
Other comprehensive income (expenses) for the period, net of tax		(47,769,093.79)	9,903,012.14
Total comprehensive income (expenses) for the period		(42,901,927.06)	(20,686,546.70)
Earnings per share			
Basic earning (loss) per share		0.41	(2.55)
Number of ordinary shares		12,000,000	12,000,000

Notes to the financial statements are an integral part of these financial statements.

CHARAN INSURANCE PUBLIC COMPANY LIMITED
STATEMENTS OF CASH FLOWS
FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2020
(UNAUDITED / REVIEWED ONLY)

	<i>(Unit : Baht)</i>	
	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Net direct premium written	100,613,813.76	120,763,460.90
Cash paid for reinsurance	(7,734,688.55)	(8,975,924.49)
Interest income	3,241,001.82	2,865,821.34
Other income	430,946.36	1,450,761.93
Losses incurred of direct insurance	(11,545,909.00)	(11,250,092.86)
Commissions and brokerages	(10,540,993.33)	(13,002,803.63)
Other underwriting expenses	(35,799,339.32)	(52,989,074.39)
Operating expenses	(25,095,467.65)	3,749,923.69
Corporate income tax	(207,550.41)	(186,493.70)
Investments in securities	(23,514,750.00)	2,000,000.00
Collateralized loans	207,908.18	196,090.22
NET CASH PROVIDED BY (USE IN) OPERATING ACTIVITIES	(9,945,028.14)	44,621,669.01
CASH FLOWS FROM (USE IN) INVESTING ACTIVITIES		
Equipment	(6,439.25)	(19,448.60)
NET CASH PROVIDED BY (USE IN) INVESTING ACTIVITIES	(6,439.25)	(19,448.60)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(9,951,467.39)	44,602,220.41
CASH AND CASH EQUIVALENTS AS AT THE BEGINNING OF THE PERIOD	53,022,357.90	11,875,195.93
CASH AND CASH EQUIVALENTS AS AT THE END OF THE PERIOD	43,070,890.51	56,477,416.34

Notes to the financial statements are an integral part of these financial statements.

CHARAN INSURANCE PUBLIC COMPANY LIMITED
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2020
(UNAUDITED / REVIEWED ONLY)

(Unit : Baht)

	Note	Retained earnings			Other component of	Total	
		Share capital Issued and fully paid	Premium on share capital	Appropriated Statutory reserve	Unappropriated		Fair value
							changes on investments
Balance as at December 31, 2018		120,000,000.00	258,000,000.00	12,000,000.00	138,768,891.38	47,738,138.45	576,507,029.83
Profit (Loss) for the period		-	-	-	(30,589,558.84)	-	(30,589,558.84)
Other comprehensive income (expenses) for the period, net of tax		-	-	-	-	9,903,012.14	9,903,012.14
Balance as at March 31, 2019		120,000,000.00	258,000,000.00	12,000,000.00	108,179,332.54	57,641,150.59	555,820,483.13
Balance as at December 31, 2019		120,000,000.00	258,000,000.00	12,000,000.00	101,383,836.22	37,178,088.98	528,561,925.20
Cumulative effect of change in accounting policy	2.2	-	-	-	-	12,492,772.81	12,492,772.81
Balance as at 1 January 2020 - as restated		120,000,000.00	258,000,000.00	12,000,000.00	101,383,836.22	49,670,861.79	541,054,698.01
Profit (Loss) for the period		-	-	-	4,867,166.73	-	4,867,166.73
Dividend paid	28	-	-	-	(6,000,000.00)	-	(6,000,000.00)
Other comprehensive income (expenses) for the period, net of tax		-	-	-	-	(47,769,093.79)	(47,769,093.79)
Balance as at March 31, 2020		120,000,000.00	258,000,000.00	12,000,000.00	100,251,002.95	1,901,768.00	492,152,770.95

Notes to the financial statements are an integral part of these financial statements.

CHARAN INSURANCE PUBLIC COMPANY LIMITED
NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2020
(UNAUDITED / REVIEWED ONLY)

1. GENERAL INFORMATION

1.1. Corporate Information

CHARAN INSURANCE PUBLIC COMPANY LIMITED (“the Company”) was incorporated as a public limited company on March 15, 1994, Registration No. BorMorJor. 0107537000807. The Company has its registered head office at 408/1 Ratchadapisak Road, Samsenok, Huaykwang, Bangkok. The Company’s principal activity is the provision of non - life insurance.

1.2. Coronavirus disease 2019 Pandemic

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 Group’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. The degree of the impact severity is dependent upon the pandemic controlling measures imposed by government and the duration of the pandemic.

2. BASIS FOR THE PREPARATION OF INTERIM FINANCIAL STATEMENTS

2.1 Basis of preparation

These interim financial statements are prepared in accordance with Thai Accounting Standard No. 34 (revised 2019) “Interim Financial Reporting”, with the Company choosing to present condensed interim financial statements. However, the Company has presented line items in the statements of financial position, comprehensive income, changes in equity and cash flows in the same format as that used for annual financial statements, and in accordance with the format of financial statements specified in the 2016 Notification of the Office of Insurance Commission (“OIC”) regarding criteria, procedures, terms and conditions for preparation and submission of financial statements and operating performance reports of non-life insurance companies (No. 2) B.E. 2562 dated April 4, 2019. Which become effective on January 1, 2020 onwards.

2. BASIS FOR THE PREPARATION OF INTERIM FINANCIAL STATEMENTS (Cont.)

2.1 Basis of preparation (Cont.)

The interim financial statements should be read in conjunction with the annual financial statements for the year ended December 31, 2019.

An English version of the interim financial statements has been prepared from the interim financial statements that is in the Thai language. In the event of a conflict or a difference in interpretation between the two languages, the Thai language interim financial statement shall prevail.

2.2 New financial reporting standards

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 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 clarifying accounting treatment and providing accounting guidance for users of the standards. However, the new standard involves changes to key principles, which are summarized below:

A. Financial reporting standards related to financial instruments

On 1 January 2020, the Company passes criteria of temporarily exemption from TFRS 9 Financial instruments and TFRS 7 Financial instruments: Disclosures under TFRS 4 (revised 2018) Insurance contracts and is eligible to apply the 'financial instruments and disclosure for insurance companies' accounting guidance' ('The Accounting Guidance') as the Company has not previously applied TFRS 9 Financial instrument and the Company's activities are predominantly connected with insurance business. Insurance liabilities under TFRS 4 (revised 2018) Insurance contracts as at 1 January 2018 is greater than 90% of total company's liabilities resulting the Company be able to apply such Accounting Guidance.

2. BASIS FOR THE PREPARATION OF INTERIM FINANCIAL STATEMENTS (Cont.)

2.2 New financial reporting standards (Cont.)

A. Financial reporting standards related to financial instruments (Cont.)

The Company has adopted financial reporting standards relating to financial instruments (TAS 32 and the Accounting Guidance) retrospectively from 1 January 2020, but has not restated comparative for the 2019 reporting period, as permitted in the standards. The reclassifications and adjustments arising from the new requirements are therefore made against in the opening balances of the statement of financial position on 1 January 2020.

The following table shows the adjustments made to the amounts recognized in each line item in the statement of financial position upon the adoption of the financial reporting standards relating to financial instruments (TAS 32 and the Accounting Guidance) :

	As at 31 December 2019 As previously reported Baht	TAS 32 and the Accounting Guidance Reclassifications and adjustments Baht	As at 1 January 2020 Restated Baht
Assets			
Investments in securities	668,653,258.22	15,615,966.01	684,269,224.23
Liabilities			
Deferred tax assets	11,934,534.61	3,123,193.20	15,057,727.81
Equity			
Other components of equity	37,178,088.98	12,492,772.81	49,670,861.79

The adoption of the new financial reporting standard on financial instruments mainly affects the Company's accounting treatment as follows;

Classification and measurement of investments in equity instruments (previously called general investments)

Currently, the Company has a total equity instruments measured at cost of Baht 341,060.00 These equity instruments will be remeasured to fair value through other comprehensive income and reclassified with a corresponding fair value adjustment to other components of equity of Baht 15,615,966.01 as of January 1, 2020.

2. BASIS FOR THE PREPARATION OF INTERIM FINANCIAL STATEMENTS (Cont.)

2.2 New financial reporting standards (Cont.)

A. Financial reporting standards related to financial instruments (Cont.)

Impairment

The new requirements on the impairment losses will lead to expected credit losses having to be considered and recognized at the initial recognition and subsequent period. The Company accounts for expected credit losses which involves a three-stage expected credit loss impairment model. The stage dictates how the Company measures impairment losses and applies the effective interest rate method. The company's management has considered that the recognition of credit losses does not have any significant impact on the adjustment of retained earnings as at January 1, 2020.

B. Accounting Treatment Guidance on "Temporary relief measures on accounting alternatives in response to the impact of the COVID-19 situation"

The Federation of Accounting Professions announced Accounting Treatment Guidance on "Temporary relief measures on accounting alternatives in response to the impact of the COVID-19 situation". 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 Treatment Guidance was announced in the Royal Gazette and it is effective for the financial statements prepared for reporting periods ending between January 1, 2020 and December 31, 2020.

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

- Not to consider the COVID-19 situation as an indication that an asset may be impaired in accordance with TAS 36, Impairment of Assets.
- Not to take into account forward-looking information when determining expected credit losses, in cases where the Group uses a simplified approach to determine expected credit losses.
- To measure the fair value of investments in unquoted equity instruments using the fair value as at January 1, 2020.
- To lightly weight information relating to the COVID-19 situation in applying the valuation technique to measure the fair value of financial assets in the form of debt instruments using Level 2 or Level 3 inputs.

3. FAIR VALUE MEASUREMENT

The Company use the market approach to measure their assets and liabilities that are required to be measured at fair value by relevant financial reporting standards, except that the cost approach or income approach is used when there is no active market or when a quoted market price is not available. The Company used an appropriate measurement such as the present value determination of cash flows etc.

Fair value hierarchy

In applying the above-mentioned valuation techniques, the Company endeavour to use relevant observable inputs as much as possible. The different levels have been defined as follows:

- Level 1 quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2 inputs other than quoted prices included within Level 1 that are observable for assets or liabilities, either directly or indirectly.
- Level 3 unobservable inputs for assets or liabilities.

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

	Level 1	Level 2	Level 3	(Unit : Baht)
	Total			Total
Assets				
Financial assets at fair value through other comprehensive income				
Government and state enterprise securities				
Equity securities	75,074,813.66	-	-	75,074,813.66
Private enterprise debt securities Equity securities	77,510,767.33	-	15,957,026.01	93,467,793.34
Total assets	152,585,580.99	-	15,957,026.01	168,542,607.00

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

	Level 1	Level 2	Level 3	(Unit : Baht)
	Total			Total
Assets				
Investment in securities - Available-for-sale				
Government and state enterprise securities				
Equity securities	103,299,900.50	-	-	103,299,900.50
Private enterprise debt securities Equity securities	107,482,297.72	-	-	107,482,297.72
Total assets	210,782,198.22	-	-	210,782,198.22

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The interim financial statements are prepared by using the same accounting policies and methods of computation as were used for the financial statements for the year ended December 31, 2019 except the changes in accounting policies related to financial instruments.

Investments in securities

Classification and measurements

From January 2020, the Company classifies its investments in securities as follows:

- Investments measured at fair value through profit or loss (FVPL)
- Investments measured at fair value through other comprehensive income (FVOCI)
- Investments measured at amortized cost

The Company initially recognizes an investment in securities on trade date at its fair value plus transaction costs that are directly attributable to the acquisition of the investment in securities.

Impairment

From 1 January 2020, the Company assesses expected credit loss on a forward looking basis for its financial assets which classified as debt instruments carried at FVOCI and at amortized cost. The impairment methodology applied depends on whether there has been any significant increases in credit risk. The Company accounts for expected credit losses which involves a three-stage expected credit loss impairment model. The stage dictates how the Company measures impairment losses and applies the effective interest rate method. In which, the three-stage expected credit loss impairment will be as the following stages:

- Stage 1 - from initial recognition of a financial assets to the date on which the credit risk of the asset has not increased significantly relative to its initial recognition, a loss allowance is recognized equal to the credit losses expected to result from defaults occurring over the next 12 months.
- Stage 2 - following a significant increase in credit risk relative to the initial recognition of the financial assets, a loss allowance is recognized equal to the credit losses expected over the remaining life of the asset.
- Stage 3 - When a financial asset is considered to be credit-impaired, a loss allowance equal to full lifetime expected credit losses is to be recognized.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

The expected credit loss will be recognized in profit or loss.

For impairment of equity instruments which classified as investments measured at fair value through other comprehensive income will be recognized in profit and loss immediately when there is evidence supports the impairment of the instruments.

5. CASH AND CASH EQUIVALENTS

	(Unit : Baht)	
	March 31, 2020	December 31, 2019
Cash	854,495.94	859,473.58
Deposits at banks with no fixed maturity date	42,216,394.57	32,162,884.32
Deposits at banks with fixed maturity date	-	20,000,000.00
Cash and cash equivalents	<u>43,070,890.51</u>	<u>53,022,357.90</u>

6. PREMIUM DUE AND UNCOLLECTED

As at March 31, 2020 and December 31, 2019, the Company has balances of premium due and uncollected which classified by aging from the maturity date under the stipulated law of the premium collection as follows:

	(Unit : Baht)					
	March 31, 2020			December 31, 2019		
	Due from insured	Due from agents and brokers	Total	Due from insured	Due from agents and brokers	Total
Not yet due	1,121,160.05	12,906,452.10	14,027,612.15	1,741,035.77	23,712,498.92	25,453,534.69
Not over 30 days	64,761.78	2,495,301.13	2,560,062.91	5,893.03	3,299,329.62	3,305,222.65
Over 31 days to 60 days	5,245.30	1,951,531.58	1,956,776.88	-	1,113,565.12	1,113,565.12
Over 61 days to 90 days	(612.04)	329,683.21	329,071.17	(919.13)	454,338.96	453,419.83
Over 90 days	-	844,906.19	844,906.19	-	967,221.39	967,221.39
Total premium receivables	<u>1,190,555.09</u>	<u>18,527,874.21</u>	<u>19,718,429.30</u>	<u>1,746,009.67</u>	<u>29,546,954.01</u>	<u>31,292,963.68</u>
Less: Allowance for doubtful accounts	-	(1,045,848.91)	(1,045,848.91)	-	(967,221.39)	(967,221.39)
Total premium due and uncollected, net	<u><u>1,190,555.09</u></u>	<u><u>17,482,025.30</u></u>	<u><u>18,672,580.39</u></u>	<u><u>1,746,009.67</u></u>	<u><u>28,579,732.62</u></u>	<u><u>30,325,742.29</u></u>

7. REINSURANCE ASSETS

As at March 31, 2020 and December 31, 2019, the Company has reinsurance assets as below:

	(Unit : Baht)	
	March 31, 2020	December 31, 2019
<u>Insurance recovered from reinsurers</u>		
Loss reserves	5,052,424.24	10,356,939.23
Unearned premium reserves (UPR)	23,179,746.31	26,403,451.19
Total	<u>28,232,170.55</u>	<u>36,760,390.42</u>

8. REINSURANCE RECEIVABLES

As at March 31, 2020 and December 31, 2019, the Company has reinsurance receivables as below:

	(Unit : Baht)	
	March 31, 2020	December 31, 2019
Amounts due from reinsurers	14,306,533.30	26,400,176.00
Total	<u>14,306,533.30</u>	<u>26,400,176.00</u>

As at March 31, 2020 and December 31, 2019, balances of amounts due from reinsurers are classified by aging as follows:

	(Unit : Baht)	
	March 31, 2020	December 31, 2019
Within credit terms	14,306,533.30	26,248,816.18
Not over 12 months	-	151,359.82
Total	<u>14,306,533.30</u>	<u>26,400,176.00</u>

9. INVESTMENT IN SECURITIES

9.1. Classified by type of investments

	(Unit: Baht)			
	March 31, 2020		December 31, 2019	
	Cost / Amortized cost	Fair value	Cost / Amortized cost	Fair value
Investments measured at fair value				
through other comprehensive income /				
Available-for-sale investments				
Equity securities	166,165,397.00	168,542,607.00	164,309,587.00	210,782,198.22
Total	166,165,397.00	168,542,607.00	164,309,587.00	210,782,198.22
Unrealized gain (loss)	2,377,210.00		46,472,611.22	-
Available-for-sale investments - net	168,542,607.00	168,542,607.00	210,782,198.22	210,782,198.22
Investment measured at amortized cost /				
Held-to-maturity investments				
Government and state enterprise securities	16,600,000.00		16,600,000.00	
Private sector debt securities	308,000,000.00		306,000,000.00	
Deposits at financial institutions which matured over 3 months	154,930,000.00		134,930,000.00	
Held-to-maturity investments - net	479,530,000.00		457,530,000.00	
General investments				
Equity securities	-		341,060.00	
General investments - net	-		341,060.00	
Investments in securities - net	648,072,607.00		668,653,258.22	

9. INVESTMENT IN SECURITIES (Cont.)

9.2 Debt securities that are measured at amortized cost

	(Unaudited)		
	March 31, 2020		
	Gross	Expected	
	carrying value	credit loss	Carrying
	Baht	Baht	value
Investments in debt securities which credit risk has not significantly increased (Stage 1)	479,530,000.00	-	479,530,000.00
Investment in debt securities which credit risk has significantly increased (Stage 2)	-	-	-
Credit-impaired investments in debt securities (Stage 3)	-	-	-
Total	479,530,000.00	-	479,530,000.00

As at March 31, 2020 and December 31, 2019, the Company pledged bank deposit Baht 89.93 million as collateral as stated in note 30.

10. LOANS AND INTEREST RECEIVABLES

As at March 31, 2020 and December 31, 2019, loans and accrued interest aged by principal and accrued interest are as follows:

(Unit : Baht)

Classification	LOANS		March 31, 2020
	Mortgage loans	Other	Total
	Loans which credit risk has not significantly increased (Stage 1)	4,784,998.42	213,051.27
Loans which credit risk has significantly increased (Stage 2)	2,075,988.91	-	2,075,988.91
Credit-impaired loans (Stage 3)	-	-	-
Total	6,865,653.92	213,051.27	7,078,705.19
Less: Allowance for expected credit losses	(155,988.91)	-	(155,988.91)
Total - Loans and interest receivables	6,709,665.01	213,051.27	6,922,716.28

(Unit : Baht)

Classification	LOANS		December 31, 2019
	Mortgage loans	Other	Total
	Loans which credit risk has not significantly increased (Stage 1)	7,026,491.11	255,275.45
Loans which credit risk has significantly increased (Stage 2)	-	-	-
Credit-impaired loans (Stage 3)	-	-	-
Total	7,026,491.11	255,275.45	7,281,766.56
Less: Allowance for expected credit losses	-	-	-
Total - Loans and interest receivables	7,026,491.11	255,275.45	7,281,766.56

10.1 The collateralized loans are loan facilities provided to employees as part of the credit welfare project for house with interest rate MLR – 1.5% to MOR - 2.0% per annum.

10.2 The collateralized loans are personal loans provided to employees as part of the benefit program with interest rate at MLR - 1.5% per annum to MOR per annum.

10.3 The collateralized loans are loan facilities provided to other person at interest rate MOR -1.5% per annum.

11. PROPERTY, PLANT AND EQUIPMENT

Changing of property, plant and equipment for the three-month period ended March 31, 2020 are presented as follows:

	(Unit : Baht)				
	Land	Building	Vehicle	Fixture and office equipment	Total
Net book value					
As at December 31, 2019	41,549,000.00	403,134.29	151,148.58	769,483.22	42,872,766.09
Cost increasing during the period	-	-	-	6,439.25	6,439.25
Net book value disposal during the period	-	-	-	(5,710.19)	(5,710.19)
Depreciation	-	(19,563.92)	(44,530.24)	(97,450.47)	(161,544.63)
As at March 31, 2020	<u>41,549,000.00</u>	<u>383,570.37</u>	<u>106,618.34</u>	<u>672,761.81</u>	<u>42,711,950.52</u>

12. INTANGIBLE ASSETS

Changing of intangible assets for the three-month period ended March 31, 2020 are presented as follows:

	(Unit : Baht)
	Computer program
Net book value as at December 31, 2019	12,449.48
Amortized for the period	(8,326.82)
Net book value as at March 31, 2020	<u>4,122.66</u>

13. DEFERED TAX

13.1 As at March 31, 2020 and December 31, 2019, the component of deferred tax assets and liabilities consist of following items.

	(Unit: Baht)	
	March 31, 2020	December 31, 2019
Deferred tax assets		
Premium reserve	4,696,142.94	2,815,075.28
Loss reserves and outstanding claims	10,191,540.36	9,520,027.38
Loss reserves incurred but not reported (IBNR)	2,980,799.17	3,482,462.01
Allowance for doubtful accounts	791,173.50	193,444.27
Employee benefit obligation	2,717,432.30	2,658,953.40
Total	<u>21,377,088.27</u>	<u>18,669,962.34</u>
Deferred tax liabilities		
Unrealized gain from investment valuation – Available for sale	475,442.00	9,294,522.24
Total	<u>475,442.00</u>	<u>9,294,522.24</u>
Deferred tax assets (liabilities) - net	<u><u>20,901,646.27</u></u>	<u><u>9,375,440.10</u></u>

13.2 The income tax expenses for the three-month period ended March 31, 2020 and 2019, comprise as follows:-

	(Unit : Baht)	
	For the three-month period ended	
	March 31, 2020	March 31, 2019
Current income tax:		
Current income tax charge for the period	3,921,417.61	861,026.16
Deferred tax:		
Relating to origination and reversal of temporary differences	<u>(2,707,125.93)</u>	<u>(8,533,415.86)</u>
Income tax expenses reported in statements of income	<u><u>1,214,291.68</u></u>	<u><u>(7,672,389.70)</u></u>

13. DEFERED TAX (Cont.)

13.3 As at March 31, 2020 and 2019, the amount of income tax relating to the each component of comprehensive income are presented as follows:

	(Unit : Baht)	
	For the three-month period ended	
	<u>March 31, 2020</u>	<u>March 31, 2019</u>
Deferred tax relating to:		
Difference from investment measurement-for-sale securities	11,942,273.44	(2,475,753.04)

14. OTHER ASSTES

	(Unit: Baht)	
	<u>March 31, 2020</u>	<u>March 31, 2019</u>
Prepaid long-term commission	1,740,461.98	2,288,304.51
Loss recovery from counter parties	4,221,101.92	3,627,883.76
Other Receivables	315,864.25	3,229,010.23
Others	4,602,774.26	4,313,323.62
Less: Allowance for expected credit losses	(2,754,029.70)	-
Total	<u>8,126,172.71</u>	<u>13,458,522.12</u>

15. INSURANCE CONTRACT LIABILITIES

	March 31, 2020		
	Insurance contract liabilities	Liabilities on reinsurance	Net
Loss reserves and outstanding claims			
- Incurred and agreed claim reserves	63,545,519.38	(1,276,913.01)	62,268,606.37
- Incurred but not reported claim reserves	18,679,507.08	(3,775,511.23)	14,903,995.85
Premium liabilities - Unearned premium reserves	182,183,015.87	(23,179,746.31)	159,003,269.56
Total	264,408,042.33	(28,232,170.55)	236,175,871.78

	December 31, 2019		
	Insurance contract liabilities	Liabilities on reinsurance	Net
Loss reserves and outstanding claims			
- Incurred and agreed claim reserves	58,808,348.40	(1,472,325.27)	57,336,023.13
- Incurred but not reported claim reserves	26,296,923.99	(8,884,613.96)	17,412,310.03
Premium liabilities - Unearned premium reserves	190,252,535.03	(26,403,451.19)	163,849,083.84
Total	275,357,807.42	(36,760,390.42)	238,597,417.00

Loss reserves and outstanding claims

	(Unit: Baht)	
	March 31, 2020	December 31, 2019
Beginning balances	85,105,272.39	55,882,661.30
Claims incurred for the periods	62,632,435.74	160,768,900.65
Changes in claim reserves in previous period/year	(24,359,057.52)	(10,695,634.97)
Changes in assumption and loss reserve and outstanding claims	(7,617,416.91)	11,301,226.23
Claims paid during the periods	(33,536,207.24)	(132,151,880.82)
Ending balances	82,225,026.46	85,105,272.39

As at 31 March 2020, the Company had loss reserves and outstanding claims under reinsurance contracts of Baht 2.65 million (31 December 2019: Baht 3.17 million).

15. INSURANCE CONTRACT LIABILITIES (Cont.)

Unearned premium reserve

	(Unit: Baht)	
	March 31, 2020	December 31, 2019
Beginning balances	190,252,535.03	98,236,743.50
Premium written for the period	93,643,206.02	414,856,166.34
Premium earned for the current period	(101,712,725.18)	(322,840,374.81)
Ending balance	<u>182,183,015.87</u>	<u>190,252,535.03</u>

Unexpired risk reserve

	(Unit: Baht)	
	March 31, 2020	December 31, 2019
Balance as at January 1	91,890,136.68	35,158,902.71
Estimated claims for the period	38,299,105.14	172,275,812.81
Expired risk during the period	(49,126,317.24)	(115,544,478.84)
Ending balance	<u>81,063,024.59</u>	<u>91,890,236.68</u>

As at March 31, 2020, the Company has not provided for unexpired risk reserve for the amount of Baht 81.06 million (December 31, 2019, Baht 91.89 million) since unexpired risk reserve is lower than unearned premium reserve.

16. DUE TO REINSURERS

	(Unit: Baht)	
	March 31, 2020	December 31, 2019
Premium ceded payables	11,118,758.19	11,118,758.19
Amount withheld on reinsurance	14,225,451.22	10,554,755.72
Total reinsurance payables	<u>25,344,209.41</u>	<u>21,673,513.91</u>

17. EMPLOYEE BENEFIT OBLIGATIONS

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

Employee benefits expenses project as determined

(Unit: Baht)

	<u>March 31, 2020</u>	<u>March 31, 2019</u>
Current service cost	251,070.25	168,811.00
Interest cost	41,324.25	54,789.75
Total Expenses	<u>292,394.50</u>	<u>223,600.75</u>

As at March 31, 2020

Defined benefit obligations at January 1, 2020	13,294,767.00
Current service cost	251,070.25
Interest cost	41,324.25
Defined benefit obligations at March 31, 2020	<u><u>13,587,161.50</u></u>

Actuarial assumptions to use for calculation:-

	<u>March 31, 2020</u>	<u>December 31, 2019</u>
	(Percentage)	(Percentage)
Discount rate	2.50	1.32
Salary rate increase	2.00	2.25

18. OTHER LIABILITIES

	(Unit: Baht)	
	<u>March 31, 2020</u>	<u>December 31, 2019</u>
Accrued expense	13,031,319.16	14,724,486.93
Accrued commission	3,134,897.49	4,281,584.10
Accrued dividend	6,000,000.00	-
Others	4,468,967.33	20,536,271.43
Total	<u><u>26,635,183.98</u></u>	<u><u>39,542,342.46</u></u>

19. OPERATING EXPENSES

	(Unit: Baht)	
	For the three-month period ended March 31, 2020	For the three-month period ended March 31, 2019
Personal expenses which are not expenses for underwriting and claims	5,730,878.75	6,058,036.39
Premises and equipment expenses which is not expenses for underwriting	1,918,149.24	2,583,385.79
Taxes and duties	486,172.94	785,488.01
Other operating expenses	1,446,204.33	1,632,966.12
Total operating expenses	<u>9,581,405.26</u>	<u>11,059,876.31</u>

20. NET IMPAIRMENT LOSSES ON FINANCIAL ASSETS

	(หน่วย:บาท)	
	For the three-month period ended March 31, 2020	For the three-month period ended March 31, 2019
Loans and interest receivables	155,988.91	-
Other assets	2,754,029.70	-
Total net impairment losses on financial assets	<u>2,910,018.61</u>	<u>-</u>

21. EMPLOYEE BENEFIT EXPENSE

	(Unit: Baht)	
	For the three-month period ended March 31, 2020	For the three-month period ended March 31, 2019
Management		
Wages and salaries	2,795,706.00	2,630,706.00
Pension costs - defined contribution plans	44,952.00	44,952.00
Others	192,814.50	345,705.00
	<u>3,033,472.50</u>	<u>3,021,363.00</u>
Other employees		
Wages and salaries	4,308,070.00	4,357,519.00
Pension costs - defined contribution plans	69,375.00	59,738.13
Others	233,086.25	495,631.26
	<u>4,610,531.25</u>	<u>4,912,888.39</u>
Total	<u>7,644,003.75</u>	<u>7,934,251.39</u>
Employee benefit expenses has been allocated to:		
Other underwriting expenses	1,262,395.00	1,325,955.00
Insurance claim and loss adjustments	650,730.00	550,260.00
Operating expenses	5,730,878.75	6,058,036.39
Total	<u>7,644,003.75</u>	<u>7,934,251.39</u>

22. BENEFITS PAID TO DIRECTORS AND KEY MANAGEMENT

Directors' remuneration is benefit paid to the Company's directors in accordance with the Section 90 of the Public Company Limited Act B.E. 1992 excluded salaries and related benefits to be paid to executive directors.

Benefit expenses paid to chief executive officer, the next four executive levels immediately below that chief executive officer and all persons in positions comparable to these fourth executive levels consist of salaries, bonus, retirement benefit and meeting allowance.

Directors' remuneration and management benefit expenses for the three-month period ended March 31, 2020 and 2019 are presented as follows.

	(Unit: Baht)	
	March 31, 2020	March 31, 2019
Short-term benefits	2,883,445.00	2,886,000.00
Long-term benefits	150,027.50	135,363.00
Total	<u>3,033,472.50</u>	<u>3,021,363.00</u>

23. Net investment revenues

For the three-month period ended March 31, 2020 and 2019, the Company had revenues relating to investment as follows.

	(Unit: Baht)	
	March 31, 2020	March 31, 2019
Interest income	3,378,222.73	2,944,122.42
Total	3,378,222.73	2,944,122.42

24. CAPITAL FUND MANAGEMENT

The primary objectives of the Company's capital fund management are to ensure that it has an appropriate financial structure, presences the ability to continue its business as a going concern and to maintain capital reserve in accordance with Notifications of the Office of Insurance Commission (OIC).

25. ASSETS PLEDGED WITH REGISTRAR

As at March 31, 2020 and December 31, 2019, the Company pledged bank deposit in the amount of Baht 14.00 million as collateral with the registrar in accordance with the Section 19 of Insurance Act B.E.2535.

26. ASSETS RESERVE PLEDGED WITH REGISTRAR

As at March 31, 2020 and December 31, 2019, bank deposit amount of Baht 55.00 million are used as collateral against premium reserve with the registrar

27. PROVIDENT FUND

The Company and its employees have jointly registered a provident fund scheme under Provident Fund Act B.E. 2530. (1987). The fund is contributed to by the Company and its employees at the equal monthly rate of 3 percent of the employees' basic salary, based on the length of employment and will be paid to the employees upon termination in accordance with the rules of the fund. The fund is managed by Kasikorn Management Company Limited. For the three-month period ended March 31, 2020 and 2019 the Company contributed to Fund approximately Baht 0.11 million and Baht 0.10 million respectively.

28. DIVIDEND PAYMENT

Due to Coronavirus 2019 (Covid-19) outbreak situation, the Board of Director meeting no. 2/2020 held on March 30, 2020 had resolution to indefinitely postpone annual ordinary shareholder meeting of 2020 and approved to pay interim dividend to shareholders from retained earnings Baht 0.50 per share for 12 million shares total amount of Baht 6.00 million scheduled to be paid on April 30, 2020.

According to the resolution of annual general shareholders' meeting for the year 2018 held on April 24, 2019, The company passed resolution to pay dividend to the shareholders from result of its operation of the year 2018 at the rate Baht 0.50 per share for 12 million shares total amount of Baht 6 million. The company already paid dividend on May 24, 2019.

29. LEGAL RESERVE

Under the Section 116 of the Public Companies Act B.E. 2535 (1992), the Company is required to set aside a legal reserve at least 5% of annual net profit until the cumulative reserve reaches an amount of 10% of the authorized share capital. Such legal reserve is not available for dividend distribution.

30. RESTRICTED ASSETS WITH COMMITMENT

As at March 31, 2020 and December 31, 2019, the Company pledged bank deposit of Baht 89.93 million as follows:

	(Unit: Baht)	
	March 31, 2020	December 31, 2019
Bank deposit as collateral for :		
Bank overdraft	20,000,000.00	20,000,000.00
Assets pledged with registrar	14,000,000.00	14,000,000.00
Assets reserve pledged with registrar	55,000,000.00	55,000,000.00
Credit card usage	500,000.00	500,000.00
Electricity usage	430,000.00	430,000.00
Total	<u>89,930,000.00</u>	<u>89,930,000.00</u>

Litigation

30.1. As at March 31, 2020 and December 31, 2019, the Company was sued from act as insurer with the prosecution value of Baht 3.75 million and 0.18 million respective. However, the Company's contingent liabilities from prosecution cases in the value not more than the policy custody amount of Baht 0.52 million and 0.18 million respective. Those prosecution cases have been incompletely considered and the Company expects to win the mostly cases. Nevertheless, the Company recorded the provision for contingent loss amount of Baht 0.41 million and 0.19 million respective in the financial statements.

30. CONTINGENT LIABILITIES AND COMMITMENT (Cont.)

Guarantees

30.2. As at March 31, 2020 and December 31, 2019, the Company has the unused letter of guarantee issued by bank in the name of the Company for the amount of Baht 0.93 million relating to guarantee for electricity usage.

Operating lease commitments

30.3. As at March 31, 2020 and December 31, 2019, the Company has commitments to pay under service agreement as follows:

	<i>(Unit : Baht)</i>	
	<u>March 31, 2020</u>	<u>December 31, 2019</u>
Due within 1 year	2,588,600.00	2,464,236.00
Total	<u>2,588,600.00</u>	<u>2,464,236.00</u>

31. FINANCIAL INFORMATION BY SEGMENT

Operating segment information is reported in a manner consistent with the internal reports that are regularly reviewed by the Chief Operating Decision Maker in order to make decisions about the allocation of resources to the segment and assess its performance.

The Company's operations involve the single business segment of non-life insurance, and are carried on in the single geographic area of Thailand. As a result, all of the revenues, operating profits and assets as reflected in these financial statements pertain to the aforementioned business segment and geographical area. And for the purposes of administration. The Company reported operating segments. Divided into categories of products include fire insurance, marine and transport insurance, personal accident insurance and miscellaneous insurance as segment income and profit of the Company for the three-month period ended March 31, 2020 and 2019 are as follows.

	(Unit: Baht)					
	For the three-month period ended March 31, 2020					
	Fire	Marine and transportation	Motor	Personal accident	Miscellaneous	Total
<u>Underwriting income</u>						
Premium written	8,778,802.19	1,595,575.11	74,125,572.84	197,622.33	8,945,633.55	93,643,206.02
Less: Premium ceded	(2,025,688.58)	(619,252.25)	(3,757,747.90)	(58,128.88)	(4,475,479.85)	(10,936,297.46)
Net premium written	6,753,113.61	976,322.86	70,367,824.94	139,493.45	4,470,153.70	82,706,908.56
Add/Less: Unearned premium reserves	475,143.94	350,280.73	4,325,406.49	20,486.21	(325,503.09)	4,845,814.28
Earned premium written	7,228,257.55	1,326,603.59	74,693,231.43	159,979.66	4,144,650.61	87,552,722.84
Fee and commissions income	577,098.44	159,701.92	592,714.74	24,601.69	1,636,156.91	2,990,273.70
Total underwriting income	<u>7,805,355.99</u>	<u>1,486,305.51</u>	<u>75,285,946.17</u>	<u>184,581.35</u>	<u>5,780,807.52</u>	<u>90,542,996.54</u>
<u>Underwriting expenses</u>						
Claims and losses adjustment	(1,136,537.08)	(671,739.39)	28,725,458.56	38,298.77	92,040.22	27,047,521.08
Commissions and brokerages	2,101,046.30	235,846.59	9,111,044.67	22,288.11	1,462,197.28	12,932,422.95
Other underwriting expenses	667,537.20	461,478.58	34,374,559.68	1,334.51	294,429.35	35,799,339.32
Total underwriting expenses before operating expenses	<u>1,632,046.42</u>	<u>25,585.78</u>	<u>72,211,062.91</u>	<u>61,921.39</u>	<u>1,848,666.85</u>	75,779,283.35
Operating expenses						9,581,405.26
Net impairment losses on financial assets						2,910,018.61
Loss on underwriting						2,272,289.32
Net investment income						3,378,222.73
Other income						430,946.36
Profit before income tax expense						6,081,458.41
Income tax (Expense) income						(1,214,291.68)
Profit for the period						<u>4,867,166.73</u>

31. FINANCIAL INFORMATION BY SEGMENT (Cont.)

(Unit: Baht)

	For the three-month period ended March 31, 2019					
	Fire	Marine and transportation	Motor	Personal accident	Miscellaneous	Total
<u>Underwriting income</u>						
Premium written	9,077,066.79	2,237,561.03	111,110,009.44	401,394.22	7,925,107.99	130,751,139.47
Less: Premium ceded	(1,854,168.35)	(926,867.20)	(5,625,758.35)	(56,873.13)	(3,952,682.41)	(12,416,349.44)
Net premium written	7,222,898.44	1,310,693.83	105,484,251.09	344,521.09	3,972,425.58	118,334,790.03
Add/Less: Unearned premium reserves	278,800.10	158,334.87	(70,357,518.56)	84,118.49	(50,449.77)	(69,886,714.87)
Earned premium written	7,501,698.54	1,469,028.70	35,126,732.53	428,639.58	3,921,975.81	48,448,075.16
Fee and commissions income	592,696.24	287,787.19	877,756.87	19,600.19	1,467,213.06	3,245,053.55
Total underwriting income	<u>8,094,394.78</u>	<u>1,756,815.89</u>	<u>36,004,489.40</u>	<u>448,239.77</u>	<u>5,389,188.87</u>	<u>51,693,128.71</u>
<u>Underwriting expenses</u>						
Claims and losses adjustment	(1,630,822.21)	1,724,803.70	12,772,765.93	171,659.75	(10,212.92)	13,028,194.25
Commissions and brokerages	2,074,612.30	320,012.69	13,576,925.79	98,549.12	1,202,716.75	17,272,816.65
Other underwriting expenses	505,322.37	460,233.39	51,730,026.92	1,343.78	292,147.93	52,989,074.39
Total underwriting expenses before operating expenses	<u>949,112.46</u>	<u>2,505,049.78</u>	<u>78,079,718.64</u>	<u>271,552.65</u>	<u>1,484,651.76</u>	83,290,085.29
Operating expenses						<u>11,059,876.31</u>
Loss on underwriting						(42,656,832.89)
Net investment income						2,944,122.42
Other income						<u>1,450,761.93</u>
Loss before income tax expense						(38,261,948.54)
Income tax (Expense) income						<u>7,672,389.70</u>
Loss for the period						<u>(30,589,558.84)</u>

31. FINANCIAL INFORMATION BY SEGMENT (Cont.)

The following table presents segment assets and liabilities of the Company's operating segments as at March 31, 2020 and December 31, 2019 are as follows:

	(Unit: Baht)						
	fire	Marine and transportation	Motor	Personal accident	Miscellaneous	Unallocated assets	Total
Assets							
As at March 31, 2020	22,244,391.63	2,997,737.22	19,534,406.84	644,125.70	22,436,619.84	766,895,688.47	834,752,969.70
As at December 31, 2019	26,201,916.22	5,520,159.35	33,505,304.37	658,396.05	36,177,533.29	798,287,040.45	900,350,349.73
Liabilities							
As at March 31, 2020	52,370,416.84	8,627,113.14	212,227,020.87	711,680.32	27,531,280.37	41,132,687.21	342,600,198.75
As at December 31, 2019	47,626,427.34	10,306,664.74	219,200,972.59	859,757.16	36,096,572.10	57,698,030.60	371,788,424.53

32. Reclassification

The financial position as at December 31, 2019 has been reclassified in accordance with presentation statement of financial position as at March 31, 2020.

	(Unit: Baht)		
	As at December 31, 2019		
	As Previously reported	Reclassification	As reclassified
STATEMENT OF FINANCIAL POSITION			
Due to reinsurers:			
Due to reinsurers	20,985,069.98	688,443.93	21,673,513.91
Others liabilities:			
Other	40,230,786.39	(688,443.93)	39,542,342.46
Total	61,215,856.37	-	61,215,856.37

33. APPROVAL OF INTERIM FINANCIAL STATEMENTS

These financial statements have been approved to be issued by authorized directors on May 13, 2020.