

Bangkok Insurance Public Company Limited  
Review report and interim financial statements  
30 June 2019

## **Independent Auditor's Report on Review of Interim Financial Information**

To the Shareholders of Bangkok Insurance Public Company Limited

I have reviewed the accompanying statement of financial position, in which the equity method is applied, of Bangkok Insurance Public Company Limited as at 30 June 2019, the related statements of comprehensive income, in which the equity method is applied, for the three-month and six-month periods then ended, the related 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 financial statements. I have also reviewed the separate financial information of Bangkok Insurance Public Company Limited for the same period. 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: 1 August 2019

**Bangkok Insurance Public Company Limited****Statements of financial position****As at 30 June 2019**

(Unit: Baht)

Note	Financial statements		Separate financial statements		
	in which the equity method is applied		30 June 2019	31 December 2018	
	30 June 2019	31 December 2018	30 June 2019	31 December 2018	
	(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)	
<b>Assets</b>					
Cash and cash equivalents	3	395,582,763	419,566,786	395,582,763	419,566,786
Premium receivables - net	4	2,196,734,730	2,704,395,600	2,196,734,730	2,704,395,600
Accrued investment income		48,285,191	41,426,814	48,285,191	41,426,814
Reinsurance assets - net	5	5,777,016,563	6,100,713,107	5,777,016,563	6,100,713,107
Reinsurance receivables - net	6	605,248,278	236,156,098	605,248,278	236,156,098
Investment assets					
Investments in securities - net	7	48,425,938,187	47,951,308,972	48,425,938,187	47,951,308,972
Loans - net	8	1,156,646,102	1,440,401,559	1,156,646,102	1,440,401,559
Investments in associates	9.1	230,951,268	227,741,827	129,395,722	129,395,722
Investment properties - net	10	143,892,397	152,436,405	143,892,397	152,436,405
Premises and equipment - net	11	755,254,427	814,168,460	755,254,427	814,168,460
Intangible assets - net	12	130,255,145	164,773,921	130,255,145	164,773,921
Other assets					
Land and building leasehold rights - net		41,454,432	43,940,582	41,454,432	43,940,582
Others		291,769,292	323,179,168	291,769,292	323,179,168
<b>Total assets</b>		<b>60,199,028,775</b>	<b>60,620,209,299</b>	<b>60,097,473,229</b>	<b>60,521,863,194</b>

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

**Bangkok Insurance Public Company Limited**  
**Statements of financial position (continued)**  
**As at 30 June 2019**

(Unit: Baht)

	Note	Financial statements		Separate financial statements	
		in which the equity method is applied		30 June 2019	31 December 2018
		30 June 2019	31 December 2018	30 June 2019	31 December 2018
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
<b>Liabilities and owners' equity</b>					
<b>Liabilities</b>					
Insurance contract liabilities	14	15,260,065,481	14,735,598,920	15,260,065,481	14,735,598,920
Due to reinsurers	15	1,706,031,112	2,178,929,186	1,706,031,112	2,178,929,186
Income tax payable		177,116,805	168,637,153	177,116,805	168,637,153
Employee benefit obligations	16	519,945,188	381,189,307	519,945,188	381,189,307
Deferred tax liabilities	13.1	4,381,544,694	4,724,428,194	4,361,233,585	4,704,758,973
Other liabilities					
Premiums received in advance		1,869,228,029	1,868,685,541	1,869,228,029	1,868,685,541
Commission payables		395,202,328	367,452,819	395,202,328	367,452,819
Accrued expenses		919,341,910	574,301,037	919,341,910	574,301,037
Liabilities under finance lease agreements		47,461,822	53,864,179	47,461,822	53,864,179
Others		749,319,089	691,758,762	749,319,089	691,758,762
<b>Total liabilities</b>		<b>26,025,256,458</b>	<b>25,744,845,098</b>	<b>26,004,945,349</b>	<b>25,725,175,877</b>
<b>Owners' equity</b>					
Share capital					
Registered, issued and paid up					
106,470,000 ordinary shares of Baht 10 each		1,064,700,000	1,064,700,000	1,064,700,000	1,064,700,000
Share premium		1,442,500,000	1,442,500,000	1,442,500,000	1,442,500,000
Retained earnings					
Appropriated					
Statutory reserve		106,470,000	106,470,000	106,470,000	106,470,000
Other reserve	17	7,000,000,000	3,100,000,000	7,000,000,000	3,100,000,000
Unappropriated		3,809,146,622	7,302,708,577	3,727,902,185	7,224,031,693
Other component of owners' equity	7.2	20,750,955,695	21,858,985,624	20,750,955,695	21,858,985,624
<b>Total owners' equity</b>		<b>34,173,772,317</b>	<b>34,875,364,201</b>	<b>34,092,527,880</b>	<b>34,796,687,317</b>
<b>Total liabilities and owners' equity</b>		<b>60,199,028,775</b>	<b>60,620,209,299</b>	<b>60,097,473,229</b>	<b>60,521,863,194</b>

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

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Directors  
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(Unaudited but reviewed)

**Bangkok Insurance Public Company Limited**  
**Statements of comprehensive income**  
**For the three-month period ended 30 June 2019**

(Unit: Baht)

	Note	Financial statements in which the equity method is applied		Separate financial statements	
		2019	2018	2019	2018
<b>Profit or loss:</b>					
<b>Revenues</b>					
Gross premium written		4,810,954,945	3,878,618,569	4,810,954,945	3,878,618,569
Less: Premium ceded to reinsurers		(1,344,054,813)	(1,081,899,501)	(1,344,054,813)	(1,081,899,501)
Net premium written		3,466,900,132	2,796,719,068	3,466,900,132	2,796,719,068
Less: Unearned premium reserves increased from prior period		(289,661,580)	(38,806,340)	(289,661,580)	(38,806,340)
Earned premium		3,177,238,552	2,757,912,728	3,177,238,552	2,757,912,728
Fee and commission income		286,732,182	226,515,174	286,732,182	226,515,174
Shares of profits from investments in associates, accounted for under the equity method	9.2	1,913,748	6,893,619	-	-
Investment revenue		376,266,641	315,056,545	376,266,641	315,056,545
Gains on investments		99,049,355	65,905,418	99,049,355	65,905,418
Other income		42,790,960	43,759,634	42,790,960	43,759,634
<b>Total revenues</b>		<b>3,983,991,438</b>	<b>3,416,043,118</b>	<b>3,982,077,690</b>	<b>3,409,149,499</b>
<b>Expenses</b>					
Gross claims		2,285,882,470	1,696,776,233	2,285,882,470	1,696,776,233
Less: Claim recovery from reinsurers		(564,318,903)	(305,550,186)	(564,318,903)	(305,550,186)
Commissions and brokerages		663,921,784	546,854,373	663,921,784	546,854,373
Other underwriting expenses		587,402,004	466,329,403	587,402,004	466,329,403
Operating expenses		264,580,408	251,374,076	264,580,408	251,374,076
Investment expenses		21,425,546	21,101,649	21,425,546	21,101,649
Finance costs		667,733	823,866	667,733	823,866
<b>Total expenses</b>		<b>3,259,561,042</b>	<b>2,677,709,414</b>	<b>3,259,561,042</b>	<b>2,677,709,414</b>
<b>Profits before income tax expenses</b>		<b>724,430,396</b>	<b>738,333,704</b>	<b>722,516,648</b>	<b>731,440,085</b>
Less: Income tax expenses	13.2	(48,238,670)	(95,358,059)	(47,855,921)	(93,979,335)
<b>Profits for the periods</b>		<b>676,191,726</b>	<b>642,975,645</b>	<b>674,660,727</b>	<b>637,460,750</b>
<b>Other comprehensive income (loss):</b>					
Items to be recognised in profit or loss in subsequent periods:					
Losses on revaluation of available-for-sale investments					
		(1,172,549,887)	(5,672,608,085)	(1,172,549,887)	(5,672,608,085)
Add: Income taxes		234,509,978	1,134,521,618	234,509,978	1,134,521,618
Items to be recognised in profit or loss in subsequent periods - net of income taxes					
		(938,039,909)	(4,538,086,467)	(938,039,909)	(4,538,086,467)
<b>Other comprehensive loss for the periods</b>		<b>(938,039,909)</b>	<b>(4,538,086,467)</b>	<b>(938,039,909)</b>	<b>(4,538,086,467)</b>
<b>Total comprehensive loss for the periods</b>		<b>(261,848,183)</b>	<b>(3,895,110,822)</b>	<b>(263,379,182)</b>	<b>(3,900,625,717)</b>
<b>Earnings per share:</b>					
19					
Basic earnings per share					
Profits for the periods		6.35	6.04	6.34	5.99

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

(Unaudited but reviewed)

**Bangkok Insurance Public Company Limited**  
**Statements of comprehensive income**  
**For the six-month periods ended 30 June 2019**

(Unit: Baht)

	Note	Financial statements in which the equity method is applied		Separate financial statements	
		2019	2018	2019	2018
<b>Profit or loss:</b>					
<b>Revenues</b>					
Gross premium written		9,707,157,307	8,150,785,009	9,707,157,307	8,150,785,009
Less: Premium ceded to reinsurers		(2,832,325,969)	(2,394,034,608)	(2,832,325,969)	(2,394,034,608)
Net premium written		6,874,831,338	5,756,750,401	6,874,831,338	5,756,750,401
Less: Unearned premium reserves increased from prior period		(665,571,211)	(262,685,336)	(665,571,211)	(262,685,336)
Earned premium		6,209,260,127	5,494,065,065	6,209,260,127	5,494,065,065
Fee and commission income		595,473,914	484,051,906	595,473,914	484,051,906
Shares of profits from investments in associates, accounted for under the equity method	9.2	3,209,441	9,474,623	-	-
Investment revenue		717,372,344	666,098,244	717,372,344	666,098,244
Gains on investments		100,864,391	68,073,126	100,864,391	67,260,642
Other income		90,090,361	79,711,301	90,090,361	79,711,301
<b>Total revenues</b>		<b>7,716,270,578</b>	<b>6,801,474,265</b>	<b>7,713,061,137</b>	<b>6,791,187,158</b>
<b>Expenses</b>					
Gross claims		4,466,804,707	3,872,545,330	4,466,804,707	3,872,545,330
Less: Claim recovery from reinsurers		(1,146,967,057)	(1,150,958,840)	(1,146,967,057)	(1,150,958,840)
Commissions and brokerages		1,323,054,500	1,129,325,265	1,323,054,500	1,129,325,265
Other underwriting expenses		1,099,412,784	906,173,118	1,099,412,784	906,173,118
Operating expenses		550,299,027	504,924,710	550,299,027	504,924,710
Investment expenses		40,679,554	41,654,176	40,679,554	41,654,176
Finance costs		1,370,643	1,700,031	1,370,643	1,700,031
<b>Total expenses</b>		<b>6,334,654,158</b>	<b>5,305,363,790</b>	<b>6,334,654,158</b>	<b>5,305,363,790</b>
<b>Profits before income tax expenses</b>		<b>1,381,616,420</b>	<b>1,496,110,475</b>	<b>1,378,406,979</b>	<b>1,485,823,368</b>
Less: Income tax expenses	13.2	(123,418,375)	(193,981,000)	(122,776,487)	(191,923,578)
<b>Profits for the periods</b>		<b>1,258,198,045</b>	<b>1,302,129,475</b>	<b>1,255,630,492</b>	<b>1,293,899,790</b>
<b>Other comprehensive income (loss):</b>					
Items to be recognised in profit or loss in subsequent periods:					
Losses on revaluation of available-for-sale investments					
		(1,385,037,412)	(3,642,871,646)	(1,385,037,412)	(3,642,871,646)
Add: Income taxes		277,007,483	728,574,329	277,007,483	728,574,329
Items to be recognised in profit or loss in subsequent periods - net of income taxes					
		(1,108,029,929)	(2,914,297,317)	(1,108,029,929)	(2,914,297,317)
<b>Other comprehensive loss for the periods</b>		<b>(1,108,029,929)</b>	<b>(2,914,297,317)</b>	<b>(1,108,029,929)</b>	<b>(2,914,297,317)</b>
<b>Total comprehensive income (loss) for the periods</b>		<b>150,168,116</b>	<b>(1,612,167,842)</b>	<b>147,600,563</b>	<b>(1,620,397,527)</b>
<b>Earnings per share:</b>					
19					
Basic earnings per share					
Profits for the periods		11.82	12.23	11.79	12.15

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

(Unaudited but reviewed)

**Bangkok Insurance Public Company Limited**  
**Statements of cash flows**  
**For the six-month period ended 30 June 2019**

(Unit: Baht)

	Financial statements				
	Note	in which the equity method is applied		Separate financial statements	
		2019	2018	2019	2018
<b>Cash flows from (used in) operating activities</b>					
Direct premium written		9,814,875,393	8,279,332,611	9,814,875,393	8,279,332,611
Cash paid for reinsurance		(1,401,716,972)	(1,019,708,159)	(1,401,716,972)	(1,019,708,159)
Interest income		143,003,829	158,181,857	143,003,829	158,181,857
Dividend income		567,510,137	551,239,961	567,510,137	551,239,961
Other investment income		79,927,467	68,889,085	79,927,467	68,889,085
Other income		10,045,023	10,625,096	10,045,023	10,625,096
Losses incurred on direct insurance		(3,665,783,385)	(3,660,313,493)	(3,665,783,385)	(3,660,313,493)
Commissions and brokerages on direct insurance		(1,208,946,618)	(1,018,859,442)	(1,208,946,618)	(1,018,859,442)
Other underwriting expenses		(1,263,101,017)	(1,034,783,039)	(1,263,101,017)	(1,034,783,039)
Operating expenses		(517,803,306)	(469,752,352)	(517,803,306)	(469,752,352)
Investment expenses		(29,627,768)	(28,119,984)	(29,627,768)	(28,119,984)
Income taxes		(180,806,615)	(158,192,074)	(180,806,615)	(158,192,074)
Investments in securities		(1,760,338,750)	(815,211,702)	(1,760,338,750)	(815,211,702)
Loans		283,475,198	(21,862,274)	283,475,198	(21,862,274)
Investments in associates		-	5,949,741	-	5,949,741
<b>Net cash provided by operating activities</b>		<b>870,712,616</b>	<b>847,415,832</b>	<b>870,712,616</b>	<b>847,415,832</b>
<b>Cash flows from (used in) investing activities</b>					
Cash flows from					
Premises and equipment		142,153	89,196	142,153	89,196
Cash provided by investing activities		142,153	89,196	142,153	89,196
Cash flows used in					
Premises and equipment		(43,075,992)	(29,793,083)	(43,075,992)	(29,793,083)
Intangible assets		(2,800)	(7,168,207)	(2,800)	(7,168,207)
Cash used in investing activities		(43,078,792)	(36,961,290)	(43,078,792)	(36,961,290)
<b>Net cash used in investing activities</b>		<b>(42,936,639)</b>	<b>(36,872,094)</b>	<b>(42,936,639)</b>	<b>(36,872,094)</b>
<b>Cash flows from (used in) financing activities</b>					
Dividend paid	20	(851,760,000)	(851,760,000)	(851,760,000)	(851,760,000)
<b>Net cash used in financing activities</b>		<b>(851,760,000)</b>	<b>(851,760,000)</b>	<b>(851,760,000)</b>	<b>(851,760,000)</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(23,984,023)</b>	<b>(41,216,262)</b>	<b>(23,984,023)</b>	<b>(41,216,262)</b>
Cash and cash equivalents at beginning of the periods		419,566,786	399,583,620	419,566,786	399,583,620
<b>Cash and cash equivalents at end of the periods</b>		<b>395,582,763</b>	<b>358,367,358</b>	<b>395,582,763</b>	<b>358,367,358</b>

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

(Unaudited but reviewed)

**Bangkok Insurance Public Company Limited**  
**Statements of changes in owners' equity**  
**For the six-month period ended 30 June 2019**

(Unit: Baht)

Financial statements in which the equity method is applied

	Note	Issued and paid-up		Retained earnings			Other component of owners' equity	Total
		share capital	Share premium	Appropriated		Unappropriated	Revaluation surplus on available-for-sale investments - net	
				Statutory reserve	Other reserve		of income taxes	
<b>Balance as at 1 January 2018</b>		1,064,700,000	1,442,500,000	106,470,000	3,100,000,000	6,381,856,699	23,049,915,246	35,145,441,945
Dividend paid	20	-	-	-	-	(851,760,000)	-	(851,760,000)
Profit for the period		-	-	-	-	1,302,129,475	-	1,302,129,475
Other comprehensive loss for the period		-	-	-	-	-	(2,914,297,317)	(2,914,297,317)
<b>Balance as at 30 June 2018</b>		<u>1,064,700,000</u>	<u>1,442,500,000</u>	<u>106,470,000</u>	<u>3,100,000,000</u>	<u>6,832,226,174</u>	<u>20,135,617,929</u>	<u>32,681,514,103</u>
<b>Balance as at 1 January 2019</b>		1,064,700,000	1,442,500,000	106,470,000	3,100,000,000	7,302,708,577	21,858,985,624	34,875,364,201
Retained earnings appropriated to be other reserve	17	-	-	-	3,900,000,000	(3,900,000,000)	-	-
Dividend paid	20	-	-	-	-	(851,760,000)	-	(851,760,000)
Profit for the period		-	-	-	-	1,258,198,045	-	1,258,198,045
Other comprehensive loss for the period		-	-	-	-	-	(1,108,029,929)	(1,108,029,929)
<b>Balance as at 30 June 2019</b>		<u>1,064,700,000</u>	<u>1,442,500,000</u>	<u>106,470,000</u>	<u>7,000,000,000</u>	<u>3,809,146,622</u>	<u>20,750,955,695</u>	<u>34,173,772,317</u>

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

(Unaudited but reviewed)

**Bangkok Insurance Public Company Limited**  
**Statements of changes in owners' equity (continued)**  
**For the six-month period ended 30 June 2019**

(Unit: Baht)

		Separate financial statements					Other component of owners' equity	
		Issued and paid-up share capital	Share premium	Retained earnings		Unappropriated	Revaluation surplus on available-for-sale investments - net	Total
Note	Statutory reserve			Other reserve	of income taxes			
		1,064,700,000	1,442,500,000	106,470,000	3,100,000,000	6,317,424,225	23,049,915,246	35,081,009,471
	20	-	-	-	-	(851,760,000)	-	(851,760,000)
		-	-	-	-	1,293,899,790	-	1,293,899,790
		-	-	-	-	-	(2,914,297,317)	(2,914,297,317)
		<u>1,064,700,000</u>	<u>1,442,500,000</u>	<u>106,470,000</u>	<u>3,100,000,000</u>	<u>6,759,564,015</u>	<u>20,135,617,929</u>	<u>32,608,851,944</u>
		1,064,700,000	1,442,500,000	106,470,000	3,100,000,000	7,224,031,693	21,858,985,624	34,796,687,317
	17	-	-	-	3,900,000,000	(3,900,000,000)	-	-
	20	-	-	-	-	(851,760,000)	-	(851,760,000)
		-	-	-	-	1,255,630,492	-	1,255,630,492
		-	-	-	-	-	(1,108,029,929)	(1,108,029,929)
		<u>1,064,700,000</u>	<u>1,442,500,000</u>	<u>106,470,000</u>	<u>7,000,000,000</u>	<u>3,727,902,185</u>	<u>20,750,955,695</u>	<u>34,092,527,880</u>

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

## **Bangkok Insurance Public Company Limited**

### **Table of contents for notes to interim financial statements**

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

<b>Note</b>	<b>Contents</b>	<b>Page</b>
1.	Corporate information.....	1
2.	Basis for preparation of interim financial statements.....	1
3.	Cash and cash equivalents .....	5
4.	Premium receivables.....	5
5.	Reinsurance assets.....	6
6.	Reinsurance receivables.....	6
7.	Investments in securities.....	7
8.	Loans and interest receivables .....	8
9.	Investments in associates .....	9
10.	Investment properties.....	11
11.	Premises and equipment .....	11
12.	Intangible assets .....	11
13.	Deferred tax asset/liabilities and income tax expenses.....	12
14.	Insurance contract liabilities .....	15
15.	Due to reinsurers.....	17
16.	Employee benefit obligations .....	17
17.	Other reserves.....	18
18.	Segment information/major customers .....	18
19.	Earnings per share .....	22
20.	Dividends paid.....	22
21.	Related party transactions .....	23
22.	Assets subject to restriction and commitment .....	26
23.	Commitments and contingent liabilities .....	27
24.	Fair value of financial assets.....	28
25.	Approval of interim financial statements .....	28

**Bangkok Insurance Public Company Limited**

**Notes to interim financial statements**

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

**1. Corporate information**

Bangkok Insurance Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand, and listed on the Stock Exchange of Thailand. The Company’s major shareholder is Bangkok Bank Public Company Limited whereby as at 30 June 2019 and 31 December 2018, such major shareholder held 9.97% of the issued and paid-up ordinary shares of the Company. The Company is principally engaged in the provision of non-life insurance. The Company’s registered office is located at No. 25, Bangkok Insurance Building, South Sathon Road, Tung Ma Ha Mek, Sathon, Bangkok.

**2. Basis for preparation of interim financial statements**

These interim financial statements are prepared in accordance with Thai Accounting Standard No. 34: Interim Financial Reporting, and in accordance with the format of financial statements specified in the 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 dated 4 March 2016 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.

These interim financial statements are 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. These interim financial statements should therefore be read in conjunction with the latest annual financial statements.

The interim financial statements in Thai language are the official statutory financial statements of the Company. The interim financial statements 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 have presented investments in associates under the equity method.

## **2.2 Separate financial statements**

The Company prepares its separate financial statements, which have presented investments in associates under the cost method.

## **2.3 New financial reporting standards**

### **a. Financial reporting standards that became effective in the current period**

During the period, the Company has adopted the revised (revised 2018) and new financial reporting standards and interpretations which are effective for fiscal periods beginning on or after 1 January 2019. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards. The adoption of these financial reporting standards does not have any significant impact on the Company's financial statements. However, the new standard involves changes to key principles, which are summarised below:

#### **IFRS 15 Revenue from Contracts with Customers**

IFRS 15 supersedes the following accounting standards together with related Interpretations.

TAS 11 (revised 2017)	Construction contracts
TAS 18 (revised 2017)	Revenue
TSIC 31 (revised 2017)	Revenue - Barter Transactions Involving Advertising Services
TFRIC 13 (revised 2017)	Customer Loyalty Programmes
TFRIC 15 (revised 2017)	Agreements for the Construction of Real Estate
TFRIC 18 (revised 2017)	Transfers of Assets from Customers

Entities are to apply this standard to all contracts with customers unless those contracts fall within the scope of other standards. The standard establishes a five-step model to account for revenue arising from contracts with customers, with revenue being recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model.

This standard does not have any significant impact on these financial statements.

#### **TFRS 4 (revised 2018) Insurance contracts**

This standard provides an option to insurers that meet certain criteria stipulated in the standard, whereby they can be temporarily exempted from adoption of certain measures under TFRS 9 Financial Instruments and TFRS 7 Financial Instruments: Disclosures, which applicable for the financial reporting period beginning in or after 1 January 2020, and can instead adopt the Thai Accounting Guidance applicable for insurance business related to financial instruments and disclosures for the financial reporting period beginning before 1 January 2022 or before the effective date of TFRS 17 Insurance Contracts (when issued).

This standard does not have any significant impact on the current period's financial statements and the Company's management is currently considering the option as discussed above.

#### **b. Financial reporting standards that became effective for fiscal years beginning on or after 1 January 2020**

The Federation of Accounting Professions issued a number of new financial reporting standards, interpretations, and accounting guidance, which are effective for fiscal years beginning on or after 1 January 2020. These new standards involve changes to key principles, which are summarised below.

#### **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:

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

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

### **Thai Accounting Guidance related to financial instruments and disclosures applicable to insurance businesses**

This accounting guidance allows to use a temporary exemption from adoption of certain measures under TFRS 9 Financial Instruments and TFRS 7 Financial Instruments: Disclosures which effective in 2020. This accounting guidance has some differences from TFRS 9, with the significant differences being as described below.

- 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 account the assessment of the Company's business model and the characteristics of the contractual cash flows.
- Losses on impairment, gains or losses on derecognition, and gains and losses on fair value hedges for available-for-sale equity securities items 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 has some differences from TFRS 7 with respect to disclosures.

The Company's management is currently evaluating the impact of the financial reporting standards related to financial instruments on the financial statements in the year when they are adopted and considering the alternatives allowed under the accounting guidance.

### **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.

The Company's management is currently evaluating the impact of this standard on the financial statements in the year when it is adopted.

## 2.4 Significant accounting policies

The interim financial statements are prepared using the same accounting policies and methods of computation as were used for the financial statements for the year ended 31 December 2018, except for the changes in accounting policy as a result of the adoption of new standard as discussed in Note 2.3 (a) to interim financial statements.

## 3. Cash and cash equivalents

	(Unit: Baht)	
	Financial statements in which the equity method is applied and Separate financial statements	
	30 June 2019	31 December 2018
Cash on hand	2,615,000	2,617,841
Deposits at banks with no fixed maturity date	392,967,763	156,948,945
Deposits at banks with fixed maturity date	-	260,000,000
Total cash and cash equivalents	<u>395,582,763</u>	<u>419,566,786</u>

## 4. Premium receivables

As at 30 June 2019 and 31 December 2018, the balances of premium receivables from direct insurance were classified by aging from the maturity date under the stipulated law of the premium collection as follows:

	(Unit: Baht)	
	Financial statements in which the equity method is applied and Separate financial statements	
	30 June 2019	31 December 2018
Not yet due	1,611,980,955	2,038,484,982
Overdue not longer than 30 days	222,996,465	248,579,644
Overdue 31 days to 60 days	131,176,249	137,293,396
Overdue 61 days to 90 days	83,813,988	61,646,610
Overdue 91 days to 1 year	146,767,073	218,390,968
Overdue longer than 1 year	42,284,813	30,036,344
Total	<u>2,239,019,543</u>	<u>2,734,431,944</u>
Less: Allowance for doubtful accounts	<u>(42,284,813)</u>	<u>(30,036,344)</u>
Premium receivables - net	<u>2,196,734,730</u>	<u>2,704,395,600</u>

For premium receivables due from agents and brokers, the Company has stipulated the collection guidelines in accordance with the Premium Collection Law whereby the Company has taken legal proceedings with agents and brokers on a case by case basis for overdue premiums.

(Unaudited but reviewed)

**5. Reinsurance assets**

(Unit: Baht)

	Financial statements in which the equity method is applied and Separate financial statements	
	30 June 2019	31 December 2018
Insurance reserves refundable from reinsurers		
Loss reserves	3,354,431,971	3,660,483,908
Unearned premium reserves	2,425,807,310	2,446,253,125
Total	5,780,239,281	6,106,737,033
Less: Allowance for impairment	(3,222,718)	(6,023,926)
Reinsurance assets - net	5,777,016,563	6,100,713,107

**6. Reinsurance receivables**

(Unit: Baht)

	Financial statements in which the equity method is applied and Separate financial statements	
	30 June 2019	31 December 2018
Amounts deposited on reinsurance	33,601,354	35,099,642
Amounts due from reinsurers	589,610,466	226,081,731
Total	623,211,820	261,181,373
Less: Allowance for doubtful accounts	(17,963,542)	(25,025,275)
Receivables on reinsurance contracts - net	605,248,278	236,156,098

(Unaudited but reviewed)

**7. Investments in securities****7.1 Classified by type of investment**

(Unit: Baht)

	Financial statements in which the equity method is applied and Separate financial statements			
	30 June 2019		31 December 2018	
	Cost/ Amortised cost	Fair value	Cost/ Amortised cost	Fair value
<b>Available-for-sale investments</b>				
Government and state enterprise securities	6,681,328,341	6,689,523,339	5,454,238,258	5,450,775,315
Private sector debt securities	956,202,923	964,562,255	1,094,386,616	1,101,496,223
Equity securities	6,824,190,592	32,746,330,880	7,487,243,189	34,807,328,555
Total	14,461,721,856	40,400,416,474	14,035,868,063	41,359,600,093
Add: Unrealised gains	25,938,694,618	-	27,323,732,030	-
Total available-for-sale investments	40,400,416,474	40,400,416,474	41,359,600,093	41,359,600,093
<b>Held-to-maturity investments</b>				
Deposits at financial institutions which matured over 3 months	7,335,668,359		5,904,387,597	
Total held-to-maturity investments	7,335,668,359		5,904,387,597	
<b>General investments</b>				
Domestic equity securities	602,635,058		602,635,058	
Foreign equity securities	201,689,384		201,689,384	
Total	804,324,442		804,324,442	
Less: Allowance for impairment	(114,471,088)		(117,003,160)	
General investments - net	689,853,354		687,321,282	
Investment in securities - net	48,425,938,187		47,951,308,972	

**7.2 Revaluation surplus on available-for-sale investments**

(Unit: Baht)

	Financial statements in which the equity method is applied and Separate financial statements	
	For the six-month period ended	For the year ended
	30 June 2019	31 December 2018
Revaluation surplus on available-for-sale investments - beginning of the periods	27,323,732,030	28,812,394,057
Losses on revaluation during the periods	(1,186,250,839)	(1,410,192,766)
Gains on sales of available-for-sale investments during the periods transferred to be recognised in profit or loss	(198,786,573)	(78,469,261)
Revaluation surplus on available-for-sale investments - end of the periods	25,938,694,618	27,323,732,030
Less: Income taxes	(5,187,738,923)	(5,464,746,406)
Revaluation surplus on available-for-sale investments - net of income taxes	20,750,955,695	21,858,985,624

### 7.3 Investments subject to restriction

As at 30 June 2019 and 31 December 2018, the Company placed certain investments as a security with the Registrar, financial institution, and placed with the bank to secure bank overdraft facilities and others as required in the normal course of business of the Company as described in Note 22 to the interim financial statements.

### 8. Loans and interest receivables

As at 30 June 2019 and 31 December 2018, the balances of loans and interest receivables, classified by overdue years, were as follows:

(Unit: Baht)

Overdue years	Financial statements in which the equity method is applied and Separate financial statements						
	30 June 2019						
	Mortgaged loans		Other loans		Total		
	Principal	Accrued interest	Principal	Accrued interest	Principal	Accrued interest <sup>(1)</sup>	Total
Not yet due	1,009,219,346	758,914	8,255,175	-	1,017,474,521	758,914	1,018,233,435
Overdue							
Less than 3 months	25,012,800	218,993	-	-	25,012,800	218,993	25,231,793
3 - 6 months	2,118,031	40,736	-	-	2,118,031	40,736	2,158,767
6 - 12 months	2,668,570	-	-	-	2,668,570	-	2,668,570
Longer than 12 months	110,382,401	-	-	-	110,382,401	-	110,382,401
Total	1,149,401,148	1,018,643	8,255,175	-	1,157,656,323	1,018,643	1,158,674,966
Less: Allowance for doubtful account	(1,010,221)	-	-	-	(1,010,221)	-	(1,010,221)
Loans and interest receivables - net	1,148,390,927	1,018,643	8,255,175	-	1,156,646,102	1,018,643	1,157,664,745

<sup>(1)</sup> Shown as a part of "accrued investment income" in the statements of financial position

(Unit: Baht)

Overdue years	Financial statements in which the equity method is applied and Separate financial statements						
	31 December 2018						
	Mortgaged loans		Other loans		Total		
	Principal	Accrued interest	Principal	Accrued interest	Principal	Accrued interest <sup>(1)</sup>	Total
Not yet due	1,253,405,661	476,224	8,802,775	-	1,262,208,436	476,224	1,262,684,660
Overdue							
Less than 3 months	36,991,385	349,371	-	-	36,991,385	349,371	37,340,756
6 - 12 months	22,684,946	-	-	-	22,684,946	-	22,684,946
Longer than 12 months	119,246,754	-	-	-	119,246,754	-	119,246,754
Total	1,432,328,746	825,595	8,802,775	-	1,441,131,521	825,595	1,441,957,116
Less: Allowance for doubtful account	(729,962)	-	-	-	(729,962)	-	(729,962)
Loans and interest receivables - net	1,431,598,784	825,595	8,802,775	-	1,440,401,559	825,595	1,441,227,154

<sup>(1)</sup> Shown as a part of "accrued investment income" in the statements of financial position

(Unaudited but reviewed)

Credit limits granted to each employee under the Company's employee welfare plan are not exceeding 30 times of employee's salary and Baht 1,000,000 for personal guarantee loans with interest being charged at the rate of 3.0% per annum, and not exceeding 60 times of employee's salary and Baht 5,000,000 for mortgaged loans with interest being charged at the rate of 2.5% per annum.

As at 30 June 2019 and 31 December 2018, the balances of employee loans were Baht 115.5 million and Baht 109.8 million, respectively.

## 9. Investments in associates

### 9.1 Details of associates

Company's name	Nature of business	Country of incorporation	Paid-up share capital as at		Shareholding	
			30 June 2019	31 December 2018	30 June 2019	31 December 2018
			(USD)	(USD)	(%)	(%)
Asia Insurance (Cambodia) Plc.	Non-life insurance	Cambodia	7,000,000	7,000,000	22.92	22.92
Asian Insurance International (Holding) Limited	Holding company	Bermuda	5,740,000	5,740,000	41.70	41.70
Bangkok Insurance (Lao) Company Limited	Non-life insurance	Lao	2,000,000	2,000,000	38.00	38.00

(Unit: Baht)

Company's name	Financial statements			
	in which the equity method is applied		Separate financial statements	
	30 June 2019	31 December 2018	30 June 2019	31 December 2018
Asia Insurance (Cambodia) Plc.	86,900,420	84,194,779	30,202,059	30,202,059
Asian Insurance International (Holding) Limited	120,097,379	119,980,265	72,054,063	72,054,063
Bangkok Insurance (Lao) Company Limited	23,953,469	23,566,783	27,139,600	27,139,600
Total	230,951,268	227,741,827	129,395,722	129,395,722

(Unaudited but reviewed)

**9.2 Shares of profits (losses) and dividends income**

(Unit: Baht)

Company's name	Financial statements in which the equity method is applied				Separate financial statements	
	Share of profits (losses) from investments in associates for the three-month periods ended 30 June		Share of profits (losses) from investments in associates for the six-month periods ended 30 June		Dividend received for the six-month periods ended 30 June	
	2019	2018	2019	2018	2019	2018
Asia Insurance (Cambodia) Plc.	1,287,526	2,041,571	2,705,641	4,529,394	-	-
Asian Insurance International (Holding) Limited	86,776	5,308,390	117,114	6,214,042	-	-
Bangkok Insurance (Lao) Company Limited	539,446	(456,342)	386,686	(1,268,813)	-	-
<b>Total</b>	<b>1,913,748</b>	<b>6,893,619</b>	<b>3,209,441</b>	<b>9,474,623</b>	<b>-</b>	<b>-</b>

**9.3 Summarised financial information of associates**

(Unit: Million Baht)

Company's name	Total assets as at		Total liabilities as at		Total revenues for the six-month periods ended 30 June		Profits (losses) for the six-month periods ended 30 June	
	30 June	31 December	30 June	31 December	2019	2018	2019	2018
	2019	2018	2019	2018	2019	2018	2019	2018
Asia Insurance (Cambodia) Plc.	473.5	449.7	98.1	65.2	46.8	45.7	12.2	19.8
Asian Insurance International (Holding) Limited	202.0	212.9	-	-	0.5	2.6	0.3	2.1
Bangkok Insurance (Lao) Company Limited	319.7	296.3	265.0	238.5	13.5	12.4	(2.5)	(2.8)

As at 30 June 2019 and 31 December 2018, the Company recorded investments in associates under the equity method (in the financial statements in which the equity method is applied) based on the financial information, as prepared by the associates' management, which have yet been audited by their external auditors.

(Unaudited but reviewed)

**10. Investment properties**

(Unit: Baht)

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

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Net book value as at 1 January 2019	152,436,405
Depreciation charge for the period	(8,544,008)
Net book value as at 30 June 2019	<u>143,892,397</u>

The investment properties of the Company, which are offices for rent, as at 30 June 2019 and 31 December 2018, the fair values of the investment properties amounting to Baht 276.1 million and Baht 170.3 million, respectively, which were appraised by an independent valuer using the income approach. The key assumptions used in such appraisal are yield rate, inflation rate, long-term vacancy rate and long-term growth rate in rental fee, etc.

**11. Premises and equipment**

(Unit: Baht)

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

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	Land	Buildings	Condominium unit	Office furniture, fixtures and equipment	Motor vehicles	Construction in progress	Total
Net book value as at							
1 January 2019	206,132,665	240,753,706	29,629	293,021,738	56,885,706	17,345,016	814,168,460
Addition during the period - at cost	16,604,738	5,652,336	-	3,937,597	17,633,731	4,228,770	48,057,172
Transfer in (out) during the period - at cost	-	-	-	6,175,000	-	(6,175,000)	-
Disposals during the period							
- at net book value	-	-	-	(10)	(24,272)	-	(24,282)
Depreciation charge for the period	-	(13,010,777)	-	(80,997,079)	(12,939,067)	-	(106,946,923)
Net book value as at							
30 June 2019	<u>222,737,403</u>	<u>233,395,265</u>	<u>29,629</u>	<u>222,137,246</u>	<u>61,556,098</u>	<u>15,398,786</u>	<u>755,254,427</u>

**12. Intangible assets**

(Unit: Baht)

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

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Computer software

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Net book value as at 1 January 2019	164,773,921
Addition during the period - at cost	2,800
Amortisation for the period	<u>(34,521,576)</u>

(Unaudited but reviewed)

Net book value as at 30 June 2019

130,255,145**13. Deferred tax asset/liabilities and income tax expenses****13.1 Deferred tax assets/liabilities**

As at 30 June 2019 and 31 December 2018, the components of deferred tax assets and liabilities consisted of tax effects arising from the following transactions.

	(Unit: Baht)			
	Financial statements in which the		Changes in deferred tax assets or	
	equity method is applied		liabilities for the six-month	
	30 June 2019	31 December 2018	2019	2018
Deferred tax assets arose from:				
Allowance for impairment on investments	22,894,217	23,400,632	(506,415)	68,600
Premium reserves	254,522,319	210,854,551	43,667,768	33,508,076
Loss reserves of claims incurred and reported	371,885,089	366,197,366	5,687,723	(46,226,720)
Loss reserves of claims incurred but not yet reported	61,434,489	60,661,254	773,235	(1,675,226)
Provision for long-term employee benefits	105,288,070	77,536,894	27,751,176	4,557,230
Others	11,780,187	22,635,769	(10,855,582)	1,714,693
Total	<u>827,804,371</u>	<u>761,286,466</u>		
Deferred tax liabilities arose from:				
Gains on revaluation of available-for-sale investments	5,187,738,923	5,464,746,406	277,007,483	728,574,329
Actuarial gains	1,299,033	1,299,033	-	-
Shares of profits from investments in associates	20,311,109	19,669,221	(641,888)	(2,057,422)
Total	<u>5,209,349,065</u>	<u>5,485,714,660</u>		
Deferred tax liabilities	<u>4,381,544,694</u>	<u>4,724,428,194</u>		
Total changes			<u>342,883,500</u>	<u>718,463,560</u>
Changes are recognised:				
- in profit or loss			65,876,017	(10,110,769)
- in other comprehensive income			<u>277,007,483</u>	<u>728,574,329</u>
			<u>342,883,500</u>	<u>718,463,560</u>

(Unaudited but reviewed)

(Unit: Baht)

	Separate financial statements		Changes in deferred tax assets or liabilities for the six-month periods ended 30 June	
	30 June 2019	31 December 2018	2019	2018
	Deferred tax assets arose from:			
Allowance for impairment on investments	22,894,217	23,400,632	(506,415)	68,600
Premium reserves	254,522,319	210,854,551	43,667,768	33,508,076
Loss reserves of claims incurred and reported	371,885,089	366,197,366	5,687,723	(46,226,720)
Loss reserves of claims incurred but not yet reported	61,434,489	60,661,254	773,235	(1,675,226)
Provision for long-term employee benefits	105,288,070	77,536,894	27,751,176	4,557,230
Others	11,780,187	22,635,769	(10,855,582)	1,714,693
<b>Total</b>	<b>827,804,371</b>	<b>761,286,466</b>		
Deferred tax liabilities arose from:				
Gains on revaluation of available-for-sale investments	5,187,738,923	5,464,746,406	277,007,483	728,574,329
Actuarial gains	1,299,033	1,299,033	-	-
<b>Total</b>	<b>5,189,037,956</b>	<b>5,466,045,439</b>		
Deferred tax liabilities	4,361,233,585	4,704,758,973		
<b>Total changes</b>			<b>343,525,388</b>	<b>720,520,982</b>
Changes are recognised:				
- in profit or loss			66,517,905	(8,053,347)
- in other comprehensive income			277,007,483	728,574,329
			<b>343,525,388</b>	<b>720,520,982</b>

### 13.2 Income tax expenses

Income tax expenses for the three-month and six-month periods ended 30 June 2019 and 2018 were made up as follows:

(Unit: Baht)

	Financial statements in which the equity method is applied		Separate financial statements	
	For the three-month periods ended 30 June		For the three-month periods ended 30 June	
	2019	2018	2019	2018
<b>Current income taxes:</b>				
Corporate income tax charge	(72,280,009)	(69,474,633)	(72,280,009)	(69,474,633)
<b>Deferred income taxes:</b>				
Deferred income taxes relating to origination and reversal of temporary differences	24,041,339	(25,883,426)	24,424,088	(24,504,702)
Income tax expenses reported in profit or loss	(48,238,670)	(95,358,059)	(47,855,921)	(93,979,335)

(Unaudited but reviewed)

(Unit: Baht)

	Financial statements in which the equity method is applied		Separate financial statements	
	For the six-month periods ended 30 June		For the six-month periods ended 30 June	
	2019	2018	2019	2018
<b>Current income taxes:</b>				
Interim corporate income tax charge	(189,294,392)	(183,870,231)	(189,294,392)	(183,870,231)
<b>Deferred income taxes:</b>				
Deferred income taxes relating to origination and reversal of temporary differences	65,876,017	(10,110,769)	66,517,905	(8,053,347)
Income tax expenses reported in profit or loss	<u>(123,418,375)</u>	<u>(193,981,000)</u>	<u>(122,776,487)</u>	<u>(191,923,578)</u>

Reconciliations between income tax expenses and the product of accounting profits for the three-month and six-month periods ended 30 June 2019 and 2018 and the applicable tax rate were as follows:

(Unit: Baht)

	Financial statements in which the equity method is applied		Separate financial Statements	
	For the three-month periods ended 30 June		For the three-month periods ended 30 June	
	2019	2018	2019	2018
Accounting profits before income tax expenses	<u>724,430,396</u>	<u>738,333,704</u>	<u>722,516,648</u>	<u>731,440,085</u>
Applicable tax rate	20%	20%	20%	20%
Income taxes at the applicable tax rate	(144,886,079)	(147,666,741)	(144,503,330)	(146,288,017)
Net tax effect on tax-exempt revenues and non-tax deductible expenses	<u>96,647,409</u>	<u>52,308,682</u>	<u>96,647,409</u>	<u>52,308,682</u>
Income tax expenses reported in profit or loss	<u>(48,238,670)</u>	<u>(95,358,059)</u>	<u>(47,855,921)</u>	<u>(93,979,335)</u>

(Unaudited but reviewed)

(Unit: Baht)

	Financial statements in which the equity method is applied		Separate financial Statements	
	For the six-month periods ended 30 June		For the six-month periods ended 30 June	
	2019	2018	2019	2018
Accounting profits before income tax expenses	1,381,616,420	1,496,110,475	1,378,406,979	1,485,823,368
Applicable tax rate	20%	20%	20%	20%
Income taxes at the applicable tax rate	(276,323,284)	(299,222,095)	(275,681,396)	(297,164,673)
Net tax effect on tax-exempt revenues and non-tax deductible expenses	152,904,909	105,241,095	152,904,909	105,241,095
Income tax expenses reported in profit or loss	<u>(123,418,375)</u>	<u>(193,981,000)</u>	<u>(122,776,487)</u>	<u>(191,923,578)</u>

**14. Insurance contract liabilities**

(Unit: Baht)

	Financial statements in which the equity method is applied and Separate financial statements		
	30 June 2019		
	Insurance contract liabilities	Reinsurance on liabilities	Net
Loss reserves			
Claims incurred and reported	5,968,888,122	(3,288,100,153)	2,680,787,969
Claims incurred but not reported	370,281,546	(63,109,100)	307,172,446
Premium reserves			
Unearned premium reserves	8,920,895,813	(2,425,807,310)	6,495,088,503
Total	<u>15,260,065,481</u>	<u>(5,777,016,563)</u>	<u>9,483,048,918</u>

(Unit: Baht)

	Financial statements in which the equity method is applied and Separate financial statements		
	31 December 2018		
	Insurance contract liabilities	Reinsurance on liabilities	Net
Loss reserves			
Claims incurred and reported	6,086,143,516	(3,584,081,265)	2,502,062,251
Claims incurred but not reported	373,684,987	(70,378,717)	303,306,270
Premium reserves			
Unearned premium reserves	8,275,770,417	(2,446,253,125)	5,829,517,292
Total	<u>14,735,598,920</u>	<u>(6,100,713,107)</u>	<u>8,634,885,813</u>

(Unaudited but reviewed)

#### 14.1 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 2019	For the year ended 31 December 2018
Beginning balances	6,459,828,503	6,422,182,460
Claim incurred during the periods	4,242,293,533	8,246,102,565
Change in loss reserves of claimed incurred in prior periods	206,442,705	(180,557,798)
Changes in assumptions in calculating loss reserves	-	(28,061,358)
Claims and loss adjustment expenses paid during the periods	(4,569,395,073)	(7,999,837,366)
Ending balances	<u>6,339,169,668</u>	<u>6,459,828,503</u>

#### 14.2 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 2019	For the year ended 31 December 2018
Beginning balances	8,275,770,417	7,340,161,143
Premium written during the periods	9,707,157,307	17,326,215,295
Premium earned during the periods	(9,062,031,911)	(16,390,606,021)
Ending balances	<u>8,920,895,813</u>	<u>8,275,770,417</u>

(Unaudited but reviewed)

## 15. Due to reinsurers

(Unit: Baht)

	Financial statements in which the equity method is applied and Separate financial statements	
	30 June 2019	31 December 2018
Amounts withheld on reinsurance	1,074,509,186	1,031,419,571
Amounts due to reinsurers	631,521,926	1,147,509,615
Total due to reinsurers	<u>1,706,031,112</u>	<u>2,178,929,186</u>

## 16. Employee benefit obligations

(Unit: Baht)

	Financial statements in which the equity method is applied and Separate financial statements	
	For the six-month period ended	For the year ended
	30 June 2019	31 December 2018
Employee benefit obligations at beginning of the periods	381,189,307	351,202,663
Current service costs	16,728,804	40,336,101
Interest costs	7,623,786	14,048,107
Past service costs and gains or losses on settlement	114,403,291	-
Actuarial gains	-	(5,779,442)
Benefits paid during the periods	-	(18,618,122)
Employee benefit obligations at end of the periods	<u>519,945,188</u>	<u>381,189,307</u>

On 5 April 2019, The Labor Protection Act (No. 7) B.E. 2562 was announced in the Royal Gazette. This stipulates additional legal severance pay rates for employees who have worked for an uninterrupted period of twenty years or more, with such employees entitled to receive not less than 400 days' compensation at the latest wage rate. The law is effective from 5 May 2019. This change is considered a post-employment benefits plan amendment. The Company's management, therefore determines to revise employee benefit plan to comply with the new law. The Company have additional long-term employee benefit liabilities of Baht 114.4 million as a result. The Company has already reflected the effect of the change by recognised past service costs.

**17. Other reserves**

On 26 April 2019, the Annual General Meeting No. 26 of the Company's shareholders approved the appropriation of unappropriated retained earnings of Baht 3,900 million to other reserve.

**18. Segment information/major customers**

The Company is organised into business units based on its insurance products. During the current periods, there was no change in the organisational structure of its reportable segments.

**18.1 Segment information reporting**

Operating segment information for the three-month and six-month periods ended 30 June 2019 and 2018 can be classified by types of insurance products as follows:

(Unit: Baht)

	Financial statements in which equity method is applied				
	For the three-month period ended 30 June 2019				
	Fire	Marine and transportation	Motor	Miscellaneous	Total
<b>Underwriting revenues</b>					
Gross premium written	369,049,838	140,258,324	2,222,921,154	2,078,725,629	4,810,954,945
Less: Premium ceded to reinsurers	(112,142,874)	(76,680,217)	(58,134,834)	(1,097,096,888)	(1,344,054,813)
Net premium written	256,906,964	63,578,107	2,164,786,320	981,628,741	3,466,900,132
Add (less): Unearned premium reserves					
(increased) decreased from prior period	6,335,235	(3,564,666)	(310,440,080)	18,007,931	(289,661,580)
Earned premium	263,242,199	60,013,441	1,854,346,240	999,636,672	3,177,238,552
Commission and brokerage fee income	45,644,019	17,241,599	18,533,027	205,313,537	286,732,182
<b>Total underwriting income</b>	<b>308,886,218</b>	<b>77,255,040</b>	<b>1,872,879,267</b>	<b>1,204,950,209</b>	<b>3,463,970,734</b>
<b>Underwriting expenses</b>					
Net claims	32,252,036	24,005,230	1,213,166,197	452,140,104	1,721,563,567
Commission and brokerage expenses	76,698,952	12,027,605	338,903,668	236,291,559	663,921,784
Other underwriting expenses	67,685,096	22,747,121	247,947,101	249,022,686	587,402,004
<b>Total underwriting expenses</b>	<b>176,636,084</b>	<b>58,779,956</b>	<b>1,800,016,966</b>	<b>937,454,349</b>	<b>2,972,887,355</b>
<b>Profit from underwriting</b>	<b>132,250,134</b>	<b>18,475,084</b>	<b>72,862,301</b>	<b>267,495,860</b>	<b>491,083,379</b>
Shares of profits from investments in associates					1,913,748
Investment revenue					376,266,641
Gains on investments					99,049,355
Other income					42,790,960
Operating expenses					(264,580,408)
Investment expenses					(21,425,546)
Finance costs					(667,733)
<b>Profit before income tax expenses</b>					<b>724,430,396</b>
Less: Income tax expenses					(48,238,670)
<b>Profit for the period</b>					<b>676,191,726</b>

(Unaudited but reviewed)

(Unit: Baht)

Financial statements in which the equity method is applied					
For the three-month period ended 30 June 2018					
	Fire	Marine and transportation	Motor	Miscellaneous	Total
<b>Underwriting revenue</b>					
Gross premium written	391,098,680	98,569,078	1,566,448,313	1,822,502,498	3,878,618,569
Less: Premium ceded to reinsurers	(112,084,071)	(47,241,061)	(40,347,033)	(882,227,336)	(1,081,899,501)
Net premium written	279,014,609	51,328,017	1,526,101,280	940,275,162	2,796,719,068
Less: Unearned premium reserves increased from prior period	(8,747,676)	(987,683)	(25,148,295)	(3,922,686)	(38,806,340)
Earned premium	270,266,933	50,340,334	1,500,952,985	936,352,476	2,757,912,728
Commission and brokerage fee income	39,976,400	14,581,289	10,776,811	161,180,674	226,515,174
<b>Total underwriting income</b>	<b>310,243,333</b>	<b>64,921,623</b>	<b>1,511,729,796</b>	<b>1,097,533,150</b>	<b>2,984,427,902</b>
<b>Underwriting expenses</b>					
Net claims	57,169,901	10,951,226	973,645,969	349,458,951	1,391,226,047
Commission and brokerage expenses	84,044,333	10,766,584	234,318,164	217,725,292	546,854,373
Other underwriting expenses	51,294,270	19,035,293	200,554,806	195,445,034	466,329,403
<b>Total underwriting expenses</b>	<b>192,508,504</b>	<b>40,753,103</b>	<b>1,408,518,939</b>	<b>762,629,277</b>	<b>2,404,409,823</b>
<b>Profit from underwriting</b>	<b>117,734,829</b>	<b>24,168,520</b>	<b>103,210,857</b>	<b>334,903,873</b>	<b>580,018,079</b>
Shares of profits from investments in associates					6,893,619
Investment revenue					315,056,545
Gains on investments					65,905,418
Other income					43,759,634
Operating expenses					(251,374,076)
Investment expenses					(21,101,649)
Finance cost					(823,866)
<b>Profit before income tax expenses</b>					<b>738,333,704</b>
Less: Income tax expenses					(95,358,059)
<b>Profit for the period</b>					<b>642,975,645</b>

(Unaudited but reviewed)

(Unit: Baht)

Financial statements in which the equity method is applied

For the six-month period ended 30 June 2019

	Fire	Marine and transportation	Motor	Miscellaneous	Total
<b>Underwriting revenue</b>					
Gross premium written	771,005,397	303,451,491	4,254,187,670	4,378,512,749	9,707,157,307
Less: Premium ceded to reinsurers	(252,068,882)	(175,461,888)	(123,541,069)	(2,281,254,130)	(2,832,325,969)
Net premium written	518,936,515	127,989,603	4,130,646,601	2,097,258,619	6,874,831,338
Add (less): Unearned premium reserves (increased) decreased from prior period	14,828,912	(10,136,708)	(545,727,981)	(124,535,434)	(665,571,211)
Earned premium	533,765,427	117,852,895	3,584,918,620	1,972,723,185	6,209,260,127
Commission and brokerage fee income	102,762,420	41,316,903	34,819,107	416,575,484	595,473,914
<b>Total underwriting income</b>	<b>636,527,847</b>	<b>159,169,798</b>	<b>3,619,737,727</b>	<b>2,389,298,669</b>	<b>6,804,734,041</b>
<b>Underwriting expenses</b>					
Net claims	22,507,649	31,896,765	2,341,920,773	923,512,463	3,319,837,650
Commission and brokerage expenses	166,646,505	25,664,791	643,898,369	486,844,835	1,323,054,500
Other underwriting expenses	134,184,516	41,146,221	458,987,904	465,094,143	1,099,412,784
<b>Total underwriting expenses</b>	<b>323,338,670</b>	<b>98,707,777</b>	<b>3,444,807,046</b>	<b>1,875,451,441</b>	<b>5,742,304,934</b>
<b>Profit from underwriting</b>	<b>313,189,177</b>	<b>60,462,021</b>	<b>174,930,681</b>	<b>513,847,228</b>	<b>1,062,429,107</b>
Shares of profits from investments in associates					3,209,441
Investment revenue					717,372,344
Gains on investments					100,864,391
Other income					90,090,361
Operating expenses					(550,299,027)
Investment expenses					(40,679,554)
Finance cost					(1,370,643)
<b>Profit before income tax expenses</b>					<b>1,381,616,420</b>
Less: Income tax expenses					(123,418,375)
<b>Profit for the period</b>					<b>1,258,198,045</b>

(Unaudited but reviewed)

(Unit: Baht)

Financial statements in which the equity method is applied					
For the six-month period ended 30 June 2018					
	Fire	Marine and transportation	Motor	Miscellaneous	Total
<b>Underwriting revenue</b>					
Gross premium written	837,369,577	207,966,122	3,177,015,762	3,928,433,548	8,150,785,009
Less: Premium ceded to reinsurers	(263,900,689)	(106,372,806)	(92,488,283)	(1,931,272,830)	(2,394,034,608)
Net premium written	573,468,888	101,593,316	3,084,527,479	1,997,160,718	5,756,750,401
Less: Unearned premium reserves increased from prior period	(31,446,943)	(296,909)	(89,476,541)	(141,464,943)	(262,685,336)
Earned premium	542,021,945	101,296,407	2,995,050,938	1,855,695,775	5,494,065,065
Commission and brokerage fee income	91,851,196	31,442,503	25,292,136	335,466,071	484,051,906
<b>Total underwriting income</b>	<b>633,873,141</b>	<b>132,738,910</b>	<b>3,020,343,074</b>	<b>2,191,161,846</b>	<b>5,978,116,971</b>
<b>Underwriting expenses</b>					
Net claims	85,505,183	15,281,243	1,873,339,586	747,460,478	2,721,586,490
Commission and brokerage expenses	189,537,413	20,910,545	469,635,197	449,242,110	1,129,325,265
Other underwriting expenses	97,515,962	32,959,688	389,392,984	386,304,484	906,173,118
<b>Total underwriting expenses</b>	<b>372,558,558</b>	<b>69,151,476</b>	<b>2,732,367,767</b>	<b>1,583,007,072</b>	<b>4,757,084,873</b>
<b>Profit from underwriting</b>	<b>261,314,583</b>	<b>63,587,434</b>	<b>287,975,307</b>	<b>608,154,774</b>	<b>1,221,032,098</b>
Shares of profits from investments in associates					9,474,623
Investment revenue					666,098,244
Gains on investments					68,073,126
Other income					79,711,301
Operating expenses					(504,924,710)
Investment expenses					(41,654,176)
Finance cost					(1,700,031)
<b>Profit before income tax expenses</b>					<b>1,496,110,475</b>
Less: Income tax expenses					(193,981,000)
<b>Profit for the period</b>					<b>1,302,129,475</b>

The following table presented the Company's operating segment assets and liabilities as at 30 June 2019 and 31 December 2018.

(Unit: Baht)

Financial statements in which the equity method is applied							
	Fire	Marine and transportation	Motor	Miscellaneous	Total segments	Unallocated	Total
<b>Assets</b>							
As at 30 June 2019	464,582,415	213,768,977	927,322,625	6,485,904,434	8,091,578,451	52,107,450,324	60,199,028,775
As at 31 December 2018	603,858,249	193,570,534	924,619,709	7,193,042,244	8,915,090,736	51,705,118,563	60,620,209,299
<b>Liabilities</b>							
As at 30 June 2019	3,063,592,395	331,661,398	6,158,580,251	9,211,330,226	18,765,164,270	7,260,092,188	26,025,256,458
As at 31 December 2018	3,277,391,494	284,219,492	5,442,711,078	9,636,542,299	18,640,864,363	7,103,980,735	25,744,845,098

## 18.2 Geographic information

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

## 18.3 Major customers

During the three-month and six-month periods ended 30 June 2019 and 2018, the Company had gross premium written from 1 major customer (who had gross premium written of 10% or more of total gross 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	
	2019	2018	2019	2018
Gross premium written	997	1,002	1,454	1,425

## 19. Earnings per share

Basic earnings per share is calculated by dividing profits for the periods (excluding other comprehensive income or loss) by the weighted average number of ordinary shares in issue during the periods.

## 20. Dividends paid

Dividend declared during the six-month periods ended 30 June 2019 and 2018 are as follow:

	Approved by	Total dividend (Million Baht)	Dividend per share (Baht)
The first interim dividend for 2019	Meeting No. 2/19 of Board of Directors on 10 May 2019	319.4	3.00
Final dividend for 2018	Annual General Meeting No. 26 of the Shareholders on 26 April 2019	532.3	5.00
Total dividends for the period 2019		<u>851.7</u>	
The first interim dividend for 2018	Meeting No. 2/18 of Board of Directors on 11 May 2018	319.4	3.00
Final dividend for 2017	Annual General Meeting No. 25 of the Shareholders on 27 April 2018	532.3	5.00
Total dividends for the period 2018		<u>851.7</u>	

## 21. Related party transactions

### 21.1 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	Type of business	Relationship with the Company
Asia Insurance (Cambodia) Plc.	Non-life insurance	Associate
Asian Insurance International (Holding) Limited	Holding company	Associate
Bangkok Insurance (Lao) Company Limited	Non-life insurance	Associate
Bangkok Bank Pcl.	Banking	Related by way of having common directors and shareholding
Bangkok Aviation Fuel Services Pcl.	Energy and Utilities	Related by way of having common directors and shareholding
Asia Plus Group Holdings Pcl.	Securities	Related by way of having common directors and shareholding
Fuel Pipeline Transportation Co., Ltd.	Energy and Utilities	Related by way of having common directors and shareholding
Thai Indo Kordsa Co., Ltd.	Manufacture of Textiles	Related by way of having common directors and shareholding
Bangkok Life Assurance Pcl.	Life insurance	Related by way of having common directors and shareholding
Thai Orix Leasing Co., Ltd.	Finance	Related by way of having common directors and shareholding
Asia Insurance (Investments) Limited	Holding company	Related by way of having common directors and shareholding
Thai Reinsurance Pcl. <sup>(1)</sup>	Insurance	Related by way of having common directors and shareholding
Charoong Thai Wire and Cable Pcl. <sup>(1)</sup>	Electrical products	Related by way of having common directors and shareholding
Furukawa Metal (Thailand) Pcl. <sup>(1)</sup>	Electrical products	Related by way of having common directors and shareholding
Bumrungrad Hospital Pcl.	Health care services	Related by way of having common directors and shareholding
Bangkok Glass Co., Ltd. <sup>(1)</sup>	Packaging	Related by way of having common directors and shareholding
Sorachai Vivatn Co., Ltd.	Property development	Related by way of having common directors and shareholding
Bangpa-in golf Co., Ltd. <sup>(1)</sup>	Entertainment and Leisure	Related by way of having common directors and shareholding
Thai Metal Processing Co., Ltd. <sup>(1)</sup>	Electronic parts	Related by way of having common directors and shareholding
Asia Sermkij Co., Ltd. <sup>(1)</sup>	Finance	Related by way of having common directors and shareholding
AIOI Bangkok Insurance Pcl.	Non-life insurance	Related by way of shareholding
Bualuang Securities Pcl.	Securities	Subsidiary of the major shareholder of the Company

<sup>(1)</sup> This entity had been considered a related party since 9 November 2018, which was the date when there was common directors and its shares are also held by Company.

## 21.2 Significant related party transactions

During the three-month and six-month periods ended 30 June 2019 and 2018, 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 business between the Company and those parties are as follows:

(Unit: Thousand Baht)

	For the three-month periods ended 30 June		For the six-month periods ended 30 June		Pricing policy
	2019	2018	2019	2018	
<b><u>Transactions with associates and related companies</u></b>					
<b>Revenues</b>					
Premium written	130,694	110,416	332,439	257,070	Normal commercial terms for underwriting
Fee and commission income	47,182	10,322	98,705	22,068	Normal commercial terms for reinsurance depending on type of insurance and reinsurance contract
Interest income <sup>(1)</sup>	17,622	18,703	32,752	35,021	Same rates as financial institutions and related companies offer to their general customers
Dividend income <sup>(1)</sup>	201,269	182,593	414,484	369,506	The declared amount
Rental Income <sup>(2)</sup>	1,208	264	2,416	528	Same rates offer to general customers
<b>Expenses</b>					
Premium ceded to reinsurers	149,438	39,444	311,387	83,957	Normal commercial terms for reinsurance depending on type of insurance and reinsurance contract
Net claims (reversal)	(82,195)	(19,811)	(149,630)	(26,191)	Actual incurred
Commissions and brokerages	17,967	4,960	34,448	13,078	Normal commercial terms for underwriting
Management fee for private fund <sup>(3)</sup>	78	66	139	132	Similar rates its related party offers to its general customers
Fee for trading securities <sup>(3)</sup>	442	143	573	350	Similar rates its related party offers to its general customers

<sup>(1)</sup> Presented in "Investment revenue" in statements of comprehensive income

<sup>(2)</sup> Presented in "Other income" in statements of comprehensive income

<sup>(3)</sup> Presented in "Operating expenses" in statements of comprehensive income

(Unaudited but reviewed)

### 21.3 Outstanding balances

As at 30 June 2019 and 31 December 2018, the Company had the following significant balances with its related companies.

	(Unit: Thousand Baht)	
	30 June 2019	31 December 2018
<b><u>Transactions with associates</u></b>		
General investments - equity securities	101,555	98,346
<b><u>Transactions with related companies</u></b>		
Deposits at financial institutions	4,617,201	3,872,992
Premium receivables	34,362	35,040
Reinsurance assets		
Amounts deposited on reinsurance	7,055	6,817
Amounts due from reinsurers	57,594	9,771
Available-for-sale investments		
Equity securities	27,537,979	29,570,730
General investments - equity securities	683,814	680,231
Loans	157,778	-
Other assets		
Deposits and golf club membership fees	36,743	37,186
Due to reinsurers		
Amounts withheld on reinsurance	100,881	101,783
Amounts due to reinsurers	56,736	38,403
Other Liabilities		
Liabilities under finance lease agreements	105	173
Accounts payable on purchases of securities	158	1,789

### 21.4 Directors' and key management's benefits

During the three-month and six-month periods ended 30 June 2019 and 2018, the Company had employee benefit expenses incurred on their directors and key management as below.

	(Unit: Million Baht)			
	Financial statements in which the equity method is applied and Separate financial statements			
	For the three-month periods ended 30 June		For the six-month periods ended 30 June	
	2019	2018	2019	2018
Short-term employee benefits	22.7	24.7	45.0	49.6
Long-term employee benefits	1.0	2.3	2.0	4.7
Total	23.7	27.0	47.0	54.3

**22. Assets subject to restriction and commitment**

As at 30 June 2019 and 31 December 2018, the Company had the following assets placed with the Registrar as securities and reserves in accordance with the Non-life Insurance Act, and as placed with the bank as collateral.

(Unit: Million Baht)

	Financial statements in which the equity method is applied and Separate financial statements			
	30 June 2019		31 December 2018	
	Cost	Fair value	Cost	Fair value
<b>Placed as securities</b>				
Government bonds	14.0	14.0	14.0	14.0
<b>Placed as insurance reserves</b>				
Ordinary shares	35.2	188.8	35.2	175.6
Government bonds	926.0	934.7	926.0	924.1
Debentures	180.0	184.3	100.0	104.0
	<u>1,141.2</u>	<u>1,307.8</u>	<u>1,061.2</u>	<u>1,203.7</u>
<b>Placed to secure bank overdraft facilities</b>				
Deposited at financial institutions	30.0	30.0	30.0	30.0
<b>Placed to secure performance bonds</b>				
Government and state enterprise bonds	38.1	38.3	38.1	38.2
<b>Placed to secure bank guarantees</b>				
Deposited at financial institutions	20.0	20.0	20.0	20.0

## 23. Commitments and contingent liabilities

### 23.1 Operating lease commitments

The Company entered into several lease agreements in respect of the lease of land and office building space. The terms of the agreements are 33 years for land and more than 3 years for office building space.

As at 30 June 2019 and 31 December 2018, future minimum lease payments required under those non-cancellable operating lease contracts were as follows.

Payable	(Unit: Million Baht)	
	30 June 2019	31 December 2018
Within 1 year	32	31
Over 1 year and not over 5 years	113	114
Over 5 years	90	90

### 23.2 Capital Commitments

As at 30 June 2019 and 31 December 2018, there were outstanding capital commitments contracted for decoration and construction building amounting to Baht 0.3 million and Baht 4.9 million, respectively.

### 23.3 Litigation

As at 30 June 2019 and 31 December 2018, the Company had litigation claims totaling approximately Baht 3,073.7 million and Baht 3,369.9 million, respectively, as an insurer. The outcomes of the cases have not yet been finalised whereby the maximum responsibility of such claims limits at the lower of the sum insured or the sum sued totaling Baht 776.4 million and Baht 1,114.4 million, respectively. However, the Company has considered and estimated for losses that may arise from those cases amounting to approximately Baht 134.5 million and Baht 302.7 million, respectively, which were already recognised in "Insurance contract liabilities" in the statements of financial position as at those dates.

**24. Fair value of financial assets**

As of 30 June 2019 and 31 December 2018, the Company had the following financial assets that were measured at fair value or cost but fair value are disclosed by using different levels of inputs as follows:

(Unit: Million Baht)

	30 June 2019			31 December 2018		
	Level 1	Level 2	Total	Level 1	Level 2	Total
Available-for-sale investments						
Government and state enterprise securities	-	6,689	6,689	-	5,451	5,451
Private sector debt securities	-	965	965	-	1,102	1,102
Equity securities	32,688	58	32,746	33,942	865	34,807
Total	32,688	7,712	40,400	33,942	7,418	41,360

**Valuation techniques and inputs for Level 2 valuations**

- (a) The fair value of investments in debt securities is determined by using the yield curve as announced by the Thai Bond Market Association.
- (b) The fair value of investments in investment units, which are not listed on the Stock Exchange of Thailand, is determined by using the net assets value per unit as announced by the fund managers.

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

**25. Approval of interim financial statements**

These interim financial statements were authorised for issue by the Company's Executive Directors on 1 August 2019.