

**TOKIO MARINE SAFETY INSURANCE (THAILAND)
PUBLIC COMPANY LIMITED**

INTERIM FINANCIAL INFORMATION (UNAUDITED)

30 JUNE 2020



AUDITOR'S REPORT ON THE REVIEW OF THE INTERIM FINANCIAL INFORMATION

To the Management of Tokio Marine Safety Insurance (Thailand) Public Company Limited

I have reviewed the interim financial information of Tokio Marine Safety Insurance (Thailand) Public Company Limited, which comprises the statement of financial position as at 30 June 2020, the related statements of comprehensive income for the three-month and six-month periods then ended, the related statements of changes in equity, and cash flows for the period from 3 February 2020 (Amalgamation date) to 30 June 2020, and the condensed notes to the interim financial information. Management is responsible for the preparation and presentation of this interim financial information in accordance with Thai Accounting Standard 34, "Interim Financial Reporting". My responsibility is to express a conclusion on this interim financial information based on my review.

Scope of review

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

Conclusion

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


PricewaterhouseCoopers ABAS Ltd.

Sakuna Yamsukul
Certified Public Accountant (Thailand) No. 4906
Bangkok
11 August 2020

Tokio Marine Safety Insurance (Thailand) Public Company Limited
Statement of Financial Position
As at 30 June 2020

		30 June 2020
	<u>Notes</u>	<u>Thousand Baht</u>
Assets		
Cash and cash equivalents	6	1,171,178
Premium receivables, net	7	2,452,024
Accrued investment income		109,145
Reinsurance assets	8	2,894,199
Amount due from reinsurance, net	9, 25	573,863
Financial assets - Debt instruments	10	19,359,219
Financial assets - Equity instruments	11	318,866
Loans		44,937
Land building and equipment, net	12	577,274
Intangible assets, net	13	98,452
Deferred tax assets	14	1,578,908
Other assets	15, 25	<u>204,949</u>
Total assets		<u><u>29,383,014</u></u>



 _____ Director

The accompanying condensed notes to interim financial information are an integral part of these interim financial information.

Tokio Marine Safety Insurance (Thailand) Public Company Limited
Statement of Financial Position (Cont'd)
As at 30 June 2020

		30 June 2020
	<u>Notes</u>	<u>Thousand Baht</u>
Liabilities and equity		
Liabilities		
Insurance liabilities	16	15,051,487
Amount due to reinsurance	17, 25	2,145,488
Income tax payable		498,867
Employee benefit obligation		341,559
Commissions and brokerage payables	25	342,258
Other liabilities	18, 25	<u>871,346</u>
Total liabilities		<u>19,251,005</u>
Equity		
Share capital		
Authorized share capital		
409,695,870 ordinary shares of Baht 10 each	19	<u>4,096,959</u>
Issued and paid-up share capital		
409,695,870 ordinary shares of Baht 10 each	19	4,096,959
Share premium		4,962,744
Deficit from business combination	20	(3,862,000)
Retained earnings		
Appropriated		
Legal reserve		141,896
Other reserve	21	1,011,200
Unappropriated		3,596,676
Other components of equity		<u>184,534</u>
Total equity		<u>10,132,009</u>
Total liabilities and equity		<u>29,383,014</u>

The accompanying condensed notes to interim financial information are an integral part of these interim financial information.

Tokio Marine Safety Insurance (Thailand) Public Company Limited
Statement of Comprehensive Income (Unaudited)
For the three-month period ended 30 June 2020

	<u>Notes</u>	<u>2020</u> <u>Thousand Baht</u>
Income		
Gross written premium		4,445,051
<u>Less</u> Ceded premium	25	<u>(1,204,705)</u>
Net written premium		3,240,346
<u>Add</u> Decrease in unearned premium reserve from previous period		<u>382,837</u>
Net premium earned		3,623,183
Fee and commission income	25	345,972
Investment income		92,705
Gain from financial instruments		24,785
Loss from remeasurement of financial instruments		(33,963)
Other income	25	<u>30,356</u>
Total Income		<u>4,083,038</u>
Expenses		
Change in long-term insurance liabilities		104,571
Gross claim	25	2,175,794
<u>Less</u> Claim recovered from reinsurers	25	<u>(481,455)</u>
Net claim		1,694,339
Commissions and brokerages	25	666,012
Other underwriting expenses	25	343,717
Operating expenses	22, 25	<u>304,563</u>
Total expenses		<u>3,113,202</u>
Profit before income tax		969,836
Income tax expense	23	<u>(194,765)</u>
Net profit for the period		<u>775,071</u>

The accompanying condensed notes to interim financial information are an integral part of these interim financial information.

Tokio Marine Safety Insurance (Thailand) Public Company Limited
Statement of Comprehensive Income (Unaudited) (Cont'd)
For the three-month period ended 30 June 2020

	2020
	Thousand Baht
	Note
Other comprehensive income:	
Items that will be reclassified subsequently to profit or loss	
Loss on investments in debt instruments measured at fair value through other comprehensive income	(203,671)
Changes in the fair value of debt instruments at fair value through profit or loss	(154)
Income tax on items that will be reclassified subsequently to profit or loss	<u>41,700</u>
Total items that will be reclassified subsequently to profit or loss	<u>(162,125)</u>
Items that will not be reclassified subsequently to profit or loss	
Gains on investments in equity instruments measured at fair value through other comprehensive income	102,841
Income tax on items that will not be reclassified to profit or loss	<u>(26,420)</u>
Total items that will not be reclassified subsequently to profit or loss	<u>76,421</u>
Other comprehensive income for the period, net of tax	<u>(85,704)</u>
Total comprehensive income for the period	<u><u>689,367</u></u>
Earnings per share	
Basic earnings per share	24 <u><u>1.89</u></u>

The accompanying condensed notes to interim financial information are an integral part of these interim financial information.

Tokio Marine Safety Insurance (Thailand) Public Company Limited
Statement of Comprehensive Income (Unaudited)
For the period from 3 February 2020 (Amalgamation date) to 30 June 2020

	<u>Notes</u>	<u>2020</u> <u>Thousand Baht</u>
Income		
Gross written premium		7,109,344
<u>Less</u> Ceded premium	25	<u>(1,529,636)</u>
Net written premium		5,579,708
<u>Add</u> Decrease in unearned premium reserve from previous period		<u>558,787</u>
Net premium earned		6,138,495
Fee and commission income	25	446,400
Investment income		149,580
Gain from financial instruments		50,421
Loss from remeasurement of financial instruments		(41,313)
Other income	25	<u>51,019</u>
Total Income		<u>6,794,602</u>
Expenses		
Change in long-term insurance liabilities		230,118
Gross claim	25	3,710,321
<u>Less</u> Claim recovered from reinsurers	25	<u>(524,660)</u>
Net claim		3,185,661
Commissions and brokerages	25	1,076,192
Other underwriting expenses	25	578,045
Operating expenses	22, 25	<u>503,996</u>
Total expenses		<u>5,574,012</u>
Profit before income tax		1,220,590
Income tax expense	23	<u>(244,386)</u>
Net profit for the period		<u>976,204</u>

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Tokio Marine Safety Insurance (Thailand) Public Company Limited
Statement of Comprehensive Income (Unaudited) (Cont'd)
For the period from 3 February 2020 (Amalgamation date) to 30 June 2020

	2020
	<u>Note</u> <u>Thousand Baht</u>
Other comprehensive income:	
Items that will be reclassified subsequently to profit or loss	
Loss on investments in debt instruments measured at fair value through other comprehensive income	(255,844)
Changes in the fair value of debt instruments at fair value through profit or loss	(7,114)
Income tax on items that will be reclassified subsequently to profit or loss	<u>54,549</u>
Total items that will be reclassified subsequently to profit or loss	<u>(208,409)</u>
Items that will not be reclassified subsequently to profit or loss	
Gains on investments in equity instruments measured at fair value through other comprehensive income	108,692
Income tax on items that will not be reclassified to profit or loss	<u>(21,739)</u>
Total items that will not be reclassified subsequently to profit or loss	<u>86,953</u>
Other comprehensive income for the period, net of tax	<u>(121,456)</u>
Total comprehensive income for the period	<u><u>854,748</u></u>
Earnings per share	
Basic earnings per share	24 <u><u>2.38</u></u>

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Tokio Marine Safety Insurance (Thailand) Public Company Limited
Statement of Changes in Equity (Unaudited)
For the period from 3 February 2020 (Amalgamation date) to 30 June 2020

	Other components of equity										Total Thousand Baht
	Retained earnings					Other comprehensive income					
	Issued and paid-up share capital Thousand Baht	Share premium Thousand Baht	Deficit from business combination Thousand Baht	Legal reserve Thousand Baht	Other reserve Thousand Baht	Unappropriated Thousand Baht	Debt instruments designated at fair value through other comprehensive income Thousand Baht	Equity instruments designated at fair value through other comprehensive income Thousand Baht	Total other components of equity Thousand Baht		
Balance as at 3 February 2020 (Amalgamation date)	4,096,959	4,962,744	(3,862,000)	141,896	1,011,200	2,620,472	198,031	107,959	305,990	9,277,261	
Changes in equity for the period											
Net profit for the period	-	-	-	-	-	976,204	-	-	-	976,204	
Other comprehensive income for the period											
Change in value in fair value in the period - net of tax	-	-	-	-	-	-	(202,718)	86,953	(115,765)	(115,765)	
Reclassified to profit or loss - net of tax	-	-	-	-	-	-	(5,691)	-	(5,691)	(5,691)	
Total comprehensive income for the period	-	-	-	-	-	976,204	(208,409)	86,953	(121,456)	854,748	
Balance as at 30 June 2020	4,096,959	4,962,744	(3,862,000)	141,896	1,011,200	3,596,676	(10,378)	194,912	184,534	10,132,009	

The accompanying condensed notes to interim financial information are an integral part of these interim financial information.

Tokio Marine Safety Insurance (Thailand) Public Company Limited
Statement of Cash Flows (Unaudited)
For the period from 3 February 2020 (Amalgamation date) to 30 June 2020

	2020
	Thousand Baht
Cash flows provided from (used in) operating activities	
Direct premium written	7,088,626
Received from reinsurance	(440,544)
Interest received	158,608
Other income	49,055
Claim from direct insurance	(3,948,332)
Commissions and brokerages from direct insurance	(1,091,707)
Other underwriting expenses	(639,927)
Operating expenses	(388,135)
Income tax	(35,265)
Cash paid for deposits at financial institutions	(117,400)
Cash received from selling and maturity investment in securities	5,858,716
Cash received from loans	8,904
Cash paid for investment in securities	(6,452,378)
Cash paid for loans	(5,932)
Net cash provided from operating activities	44,289
Cash flows provided from (used in) investing activities	
Cash flows provided	
Building improvement and equipment	5,646
Net cash provided from investing activities	5,646
Cash flows used	
Building improvement and equipment	(45,394)
Intangible assets	(5,453)
Net cash used in investing activities	(50,847)
Net cash used in investing activities	(45,201)
Cash flows from financing activities	
Payments on lease liabilities	(13,558)
Net cash used in financing activities	(13,558)
Net increase in cash and cash equivalents	(14,470)
Cash and cash equivalents at the beginning of period	1,185,648
Cash and cash equivalents at the end of period	1,171,178

The accompanying condensed notes to interim financial information are an integral part of these interim financial information.

1 General information

Tokio Marine Safety Insurance (Thailand) Public Company Limited ("the Company") is a company incorporated from the amalgamation, pursuant to the Public Limited Company, and its amendments, between Tokio Marine Insurance (Thailand) Public Company Limited and Safety Insurance Public Company Limited. The Company has registered on 3 February 2020 (Amalgamation date) with the Ministry of Commerce as a juristic person under the law on public limited companies.

The Company's registered address is at 1st, 2nd, 4th and 6th Floor, Orakarn Building, 26/5-8, 26/10-11 and 26/16-19 Chidlom Road, Lumpini, Pathumwan, Bangkok.

The Company has 111 branches. The principal business operation of the Company is the provision of non-life insurance.

The Company has a shareholding structure as follows:

Shareholder	Country	Type of share	Shareholding portion (%)
Tokio Marine & Nichido Fire Insurance Co., Ltd.	Japan	Ordinary	48.83
TMF Holding (Thailand) Limited	Thailand	Ordinary	25.20
NHCT Ltd.	Thailand	Ordinary	25.20
Tokio Marine Asia Pte. Ltd.	Singapore	Ordinary	0.05
Others	Thailand, China, USA, Japan and Singapore	Ordinary	0.72
Total			100.00

The financial statements were authorised for issue by the Company's management on 11 August 2020.

This interim financial information has been reviewed, not audited.

2 Basis of preparation

The interim financial information has been prepared in accordance with Thai Accounting Standard 34 Interim Financial Reporting. The primary financial information (statement of financial position, statement of comprehensive income, statement of changes in shareholders' equity and cash flows) is presented in a format consistent with the annual financial statements complying with Thai Accounting Standard 1 Presentation of Financial Statements. In addition, the interim financial information presentation are based on the formats of interim financial information attached in an Office of Insurance Commission's Notification "Principle, methodology, condition and timing for preparation, submission and reporting of financial statements and operation performance for non-life insurance company (No.2) B.E. 2562" dated on 4 April 2019 ('OIC Notification').

The interim financial information should be read in conjunction with the financial statements for the period ended 2 February 2020 before amalgamation as the Company is a result of the amalgamation. All assets and liabilities have been transferred as initial balance.

An English version of the interim financial information has been prepared from the interim financial information 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 information shall prevail.

Costs that are incurred unevenly during the financial period are anticipated or deferred in the interim report only if it would also be appropriate to anticipate or defer such costs at the end of the financial year.

Income taxes in the interim periods are accrued by using the expected income taxes in the interim period.

3 Accounting policies

The accounting policies used in the preparation of the interim financial information are consistent with those used in the previous financial statements for the period ended 2 February 2020 before amalgamation.

New and amended financial reporting standards that are relevant and have significant impacts to the Company.

TAS 12	Income tax
TAS 19	Employee benefits
TFRIC 23	Uncertainty over income tax treatments

Amendment to TAS 12, Income tax - clarified that the income tax consequences of dividends of financial instruments classified as equity should be recognised according to where the past transactions or events that generated distributable profits were recognised.

Amendment to TAS 19, Employee benefits (plan amendment, curtailment or settlement) - clarified accounting for defined benefit plan amendments, curtailments and settlements that the updated assumptions on the date of change are applied to determine current service cost and net interest for the remainder of the reporting period after the plan amendment, curtailment or settlement.

TFRIC 23, Uncertainty over income tax treatments - explained how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. In particular, it discusses:

- That the Company should assume a tax authority will examine the uncertain tax treatments and have full knowledge of all related information, ie that detection risk should be ignored.
- That the Company should reflect the effect of the uncertainty in its income tax accounting when it is not probable that the tax authorities will accept the treatment.
- That the judgements and estimates made must be reassessed whenever circumstances have changed or there is new information that affects the judgements

The Company has already adopted above revised standards for the current reporting period. The management assessed that the above revised standards do not have significant impact to the Company.

4 Estimates

The preparation of interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

5 Fair value

5.1 Fair value estimation

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1)
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2)
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The following table presents the fair values of the Company's financial assets that are measured at fair value on financial statement as at 30 June 2020.

	(Unaudited)			Total Thousand Baht
	Level 1 Thousand Baht	Level 2 Thousand Baht	Level 3 Thousand Baht	
Debt instruments designated at fair value through other comprehensive income				
Government and state enterprise promissory notes	-	178,424	-	178,424
Private enterprise debt securities	-	8,472,524	-	8,472,524
Total	-	8,650,948	-	8,650,948
Debt instruments designated at fair value through profit or loss				
Unit trust	-	1,391,733	-	1,391,733
Total	-	1,391,733	-	1,391,733
Equity instruments designated at fair value through other comprehensive income				
Equity securities	-	-	318,866	318,866
Total	-	-	318,866	318,866

5 Fair value (Cont'd)

5.1 Fair value estimation (Cont'd)

The following table present the fair values of the Company's financial assets that are not measured at fair values on financial statement as at 30 June 2020.

	(Unaudited)			
	Level 1	Level 2	Level 3	Total
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
Debt instruments to be measured at amortised cost				
Government and state enterprise promissory notes	-	4,669,016	-	4,669,016
Deposit at financial institutions with original maturing more than 3 months	-	4,683,800	-	4,683,800
Government Saving Bank's lottery tickets	-	52,090	-	52,090
Total	-	9,404,906	-	9,404,906

There were no transfers between levels during the period.

5.2 Valuation techniques used to derive Level 2 fair values

Level 2 debt investments are fair valued using a discounted cash flow approach, which discounts the contractual cash flows using discount rates derived from observable market prices of other quoted debt instruments of the counterparties.

5.2 Valuation techniques used to derive Level 3 fair values

Level 3 equity investments are fair valued using reference price from net asset value for non-marketable equity securities and the Company does not expect to receive a return from the investment.

There were no other changes in valuation techniques during the period.

6 Cash and cash equivalents

	(Unaudited) 30 June 2020 Thousand Baht
Cash on hand	35,725
Deposit at banks without fixed maturity date	1,135,453
Cash and cash equivalents	1,171,178

7 Premium receivable, net

The balances as at 30 June 2020 of premium receivables are classified by aging from the maturity date under the stipulated law of the premium collection as follows:

	Premium received from direct insurance
	(Unaudited)
	30 June
	2020
	Thousand Baht
	<hr/>
Not yet due	1,094,157
Overdue under 30 days	354,042
Overdue over 30 days to 60 days	767,062
Overdue over 60 days to 90 days	98,875
Overdue over 90 days to 1 year	119,231
Overdue over 1 year	32,899
	<hr/>
Total premium receivables	2,466,266
<u>Less</u> Allowance for doubtful accounts	(14,242)
	<hr/>
Premiums receivable, net	<u>2,452,024</u>

The normal credit term of insureds, agents and brokers granted by the Company ranges 0 - 60 days and 15 - 60 days, respectively.

For premium receivables due from agents and brokers, the Company has stipulated the collection guideline in accordance with the law of the premium collection. For overdue premium receivables, the Company has the legal process with such agents and brokers.

8 Reinsurance assets

	(Unaudited)
	30 June
	2020
	Thousand Baht
	<hr/>
<u>Insurance reserve recovered from reinsurers</u>	
Loss reserves	1,332,331
Premium reserves	
- Unearned premium reserves (UPR)	1,561,868
	<hr/>
Reinsurance assets	<u>2,894,199</u>

9	Amount due from reinsurance	(Unaudited) 30 June 2020 Thousand Baht
	Deposits on reinsurance	5
	Due from reinsurers	594,983
	Amount due from reinsurance	594,988
	<u>Less</u> Allowance for doubtful accounts	(21,125)
	Amount due from reinsurance, net	<u>573,863</u>

10 Financial assets - Debt instruments

The details of financial assets - debt instruments as at 30 June 2020 are as follows:

		(Unaudited) 30 June 2020 Fair value Thousand Baht
	<u>Debt instruments designated at fair value through other comprehensive income</u>	
	Government and state enterprise promissory notes	178,424
	Private enterprise debt securities	8,472,524
	Total debt instruments designated at fair value through other comprehensive income	<u>8,650,948</u>
	<u>Debt instruments designated at fair value through profit or loss</u>	
	Unit trust	1,391,733
	Total debt instruments designated at fair value through profit or loss	<u>1,391,733</u>
		Amortised cost Thousand Baht
	<u>Debt instruments to be measured at amortised cost</u>	
	Government and state enterprise promissory notes	4,580,648
	Deposit at financial institutions with original maturing more than 3 months	4,683,800
	Government Saving Bank's lottery tickets	52,090
	Total	9,316,538
	<u>Less</u> : Allowance for impairment ECL	-
	Total debt instruments to be measured at amortised cost	<u>9,316,538</u>
	Total financial asset - debt instruments, net	<u>19,359,219</u>

10 Financial assets - Debt instruments (Cont'd)

The details of financial assets - debt instruments as at 30 June 2020 are as follows: (Cont'd)

10.1 Debt securities that are measured at fair value through other comprehensive income

	(Unaudited)	
	30 June 2020	
	Fair value	Expected credit loss
	Thousand Baht	recognised in other
		Comprehensive
		income
		Thousand Baht
Investments in debt securities which credit risk has not significantly increased (Stage 1)	8,650,948	(26,421)
Investment in debt securities which credit risk has significantly increased (Stage 2)	-	-
Credit-impaired investments in debt securities (Stage 3)	-	-
Total	8,650,948	(26,421)

10.2 Debt securities that are measured at amortised cost

	(Unaudited)		
	30 June 2020		
	Gross	Expected	Carrying value
	carrying value	credit loss	Baht
	Baht	Baht	Baht
Investments in debt securities which credit risk has not significantly increased (Stage 1)	9,316,538	-	9,316,538
Investment in debt securities which credit risk has significantly increased (Stage 2)	-	-	-
Credit-impaired investments in debt securities (Stage 3)	-	-	-
Total	9,316,538	-	9,316,538

11 Financial assets - Equity instruments

The details of financial assets - equity instruments as at 30 June 2020 are as follows:

	(Unaudited)
	30 June
	2020
	Fair value
	Thousand Baht
<u>Equity instruments designated at fair value through other comprehensive income</u>	
Equity securities	182,746
Add Fair value adjustment	136,120
Total equity instruments designated at fair value through other comprehensive income	318,866
Total financial assets - equity instruments	318,866

Tokio Marine Safety Insurance (Thailand) Public Company Limited
Condensed Notes to the Interim Financial Information (Unaudited)
For the period from 3 February 2020 (Amalgamation date) to 30 June 2020

12 Land building and equipment, net

	(Unaudited) 30 June 2020										
	Cost				Accumulated depreciation				Net value		
	Beginning Balance of the period Thousand Baht	Addition Thousand Baht	Transfer in/out Thousand Baht	Disposal Thousand Baht	Ending Balance of the period Thousand Baht	Beginning Balance of the period Thousand Baht	Depreciation Charge Thousand Baht	Disposal Thousand Baht	Ending Balance of the period Thousand Baht	Beginning Balance of the period Thousand Baht	Ending Balance of the period Thousand Baht
Land	107,963	-	80,240	(1,945)	186,258	-	-	-	-	107,963	186,258
Building	364,845	-	(80,240)	(2,302)	282,303	2,469	(2,302)	215,438	149,574	149,574	66,865
Building improvement	110,176	417	-	(6,390)	104,203	2,067	(6,247)	91,185	14,811	14,811	13,018
Fixture and office equipment	544,928	13,483	19,997	(6,040)	572,368	22,726	(5,628)	432,322	129,704	129,704	140,046
Vehicles	133,310	8,169	-	(3,582)	137,897	8,023	(3,350)	83,074	54,909	54,909	54,823
Right-of-use asset	118,943	-	-	-	118,943	13,383	-	16,131	116,195	116,195	102,812
Work in process	9,611	23,838	(19,997)	-	13,452	-	-	-	9,611	9,611	13,452
Total	1,389,776	45,907	-	(20,259)	1,415,424	48,668	(17,527)	838,150	582,767	582,767	577,274

For the period ended 30 June 2020, the Company has adjusted on the classification between building and land amounting to Baht 80.24 million. The adjustment has no impact to depreciation on building and land.

Depreciation expense has been charged to gross claim Baht 7.23 million, other underwriting expenses Baht 3.01 million and operation expenses Baht 38.56 million.

13 Intangible assets, net

For the period ended 30 June 2020, the Company had amortisation for intangible assets amounting to Baht 10,026 thousand and purchasing amounting to Baht 5,588 thousand.

14 Deferred tax

The analysis of deferred tax assets and deferred tax liabilities is as follows:

	(Unaudited) 30 June 2020 Thousand Baht
Deferred tax assets	1,628,253
Deferred tax liabilities	<u>(49,345)</u>
Deferred tax asset, net	<u>1,578,908</u>

Tokio Marine Safety Insurance (Thailand) Public Company Limited
Condensed Notes to the Interim Financial Information (Unaudited)
For the period from 3 February 2020 (Amalgamation date) to 30 June 2020

14 Deferred tax (Cont'd)

The movement in deferred tax asset for the period ended 30 June 2020 is as follows:

	Unearned premium reserve, net Thousand Baht	Loss reserves and outstanding claims Thousand Baht	Allowance for impairment on investments Thousand Baht	Defined retirement employee benefit obligations Thousand Baht	Allowance for doubtful accounts Thousand Baht	Others Thousand Baht	Total Thousand Baht
Deferred tax assets							
As at 3 February 2020	940,839	431,487	29,316	47,527	21,824	21,981	1,492,974
Increase (decrease) in profit	2,420	133,431	1,958	1,726	(10,009)	5,753	135,279
Increase (decrease) in other comprehensive income	-	-	-	-	-	-	-
As at 30 June 2020	943,259	564,918	31,274	49,253	11,815	27,734	1,628,253

14 Deferred tax (Cont'd)

The movement in deferred tax liabilities for the period ended 30 June 2020 are as follows:

	Change in financial assets designated at fair value through other comprehensive income Thousand Baht	Total Thousand Baht
	<u> </u>	<u> </u>
Deferred tax liabilities		
As at 3 February 2020	(88,461)	(88,461)
Increase (decrease) in profit	6,306	6,306
Increase (decrease) in other comprehensive income	32,810	32,810
	<u> </u>	<u> </u>
As at 30 June 2020	<u>(49,345)</u>	<u>(49,345)</u>

15 Other assets

	(Unaudited) 30 June 2020 Thousand Baht
	<u> </u>
Suspense Input Value Added Tax	82,737
Prepaid expenses	27,315
Deposits	26,345
Other receivables	63,860
Others	4,692
	<u> </u>
Total	<u>204,949</u>

16 Insurance liabilities

	(Unaudited) 30 June 2020		
	Insurance liabilities Thousand Baht	Liabilities recovered from reinsurers Thousand Baht	Net Thousand Baht
Long-term insurance liabilities	2,383,874	-	2,383,874
Loss reserves and outstanding claims			
- Incurred and reported claim reserves	3,697,919	(856,695)	2,841,224
- Incurred but not reported claim reserves	542,275	(475,636)	66,639
Total claim reserves	4,240,194	(1,332,331)	2,907,863
Premium reserves			
- Unearned premium reserves	8,427,419	(1,561,868)	6,865,551
Total	<u>15,051,487</u>	<u>(2,894,199)</u>	<u>12,157,288</u>

Long-term insurance liabilities

	(Unaudited) 30 June 2020 Thousand Baht
Beginning balance of the period	2,153,756
Increase in reserve of new insurance policies and inforce insurance policies	500,176
Decrease from benefits payment	(43,587)
Change in actuarial assumptions	9,317
Other changes	(235,788)
Ending balance of the period	<u>2,383,874</u>

Short-term insurance liabilities

1) Loss reserves and outstanding claims

	(Unaudited) 30 June 2020 Thousand Baht
Beginning balance of the period	4,528,859
Claim incurred in this period	4,016,396
Changes in claim reserves incurred in previous period	(828,282)
Changes in claim reserves assumptions	296,391
Claim paid in this period	(3,773,170)
Ending balance of the period	<u>4,240,194</u>

16 Insurance liabilities (Cont'd)

Short-term insurance liabilities (Cont'd)

2) Unearned premium reserves

	(Unaudited) 30 June 2020 Thousand Baht
	<u>Baht</u>
Beginning balance of the period	8,957,951
Premium written in the period	6,659,734
Earned premium in the period	<u>(7,190,266)</u>
Ending balance of the period	<u>8,427,419</u>

17 Amount due to reinsurance

	(Unaudited) 30 June 2020 Thousand Baht
	<u>Baht</u>
Amount withheld on reinsurance	1,228,540
Due to reinsurance	<u>916,948</u>
Total	<u>2,145,488</u>

18 Other liabilities

	(Unaudited) 30 June 2020 Thousand Baht
	<u>Baht</u>
Accrued operating expenses	260,078
Other payables	218,868
Suspense deposits	148,799
Lease liabilities	106,283
Others	<u>137,318</u>
Total	<u>871,346</u>

19 Share Capital

	Number of shares Shares	Ordinary shares Thousand Baht	Total Thousand Baht
At 3 February 2020	409,695,870	4,096,959	4,096,959
Issue of shares	-	-	-
At 30 June 2020	<u>409,695,870</u>	<u>4,096,959</u>	<u>4,096,959</u>

As at 30 June 2020, the total number of authorised ordinary shares is 409,695,870 shares with a par value of Baht 10 per share. The total number of issued and fully paid shares is 409,695,870 shares with a par value of Baht 10 per share.

20 Deficit from business combination

Deficit from business combination results from the different between the consideration paid and the net asset received from former companies which require by the Guideline for Business Combination under Common Control to separately presented in equity.

21 Other reserve

Other reserve represents the amount the Company's shareholders approved to appropriate from retained earnings for future projects.

22 Operating expenses

	(Unaudited) For the three-month period ended 30 June 2020 Thousand Baht
Personnel expenses which do not relate with the underwriting and loss adjustment	156,232
Premises and equipment expenses which do not relate with underwriting and loss adjustment	63,775
Taxes and duties	1,811
Bad debt and doubtful accounts expenses (reverse)	(1,324)
Other operating expenses	<u>84,069</u>
Total operating expenses	<u>304,563</u>

22 Operating expenses (Cont'd)

	(Unaudited) For the period from 3 February 2020 to 30 June 2020 Thousand Baht
Personnel expenses which do not relate with the underwriting and loss adjustment	256,120
Premises and equipment expenses which do not relate with underwriting and loss adjustment	110,634
Taxes and duties	4,034
Bad debt and doubtful accounts expenses (reverse)	(3,238)
Other operating expenses	136,446
Total operating expenses	<u>503,996</u>

23 Income tax expense

The interim income tax expense is accrued based on management's estimate using the tax rate that would be applicable to expected total annual earnings. The estimated average annual tax rate used is 20%.

24 Basic earnings per share

The calculations of basic earnings per share were based on the profit for the period attributable to ordinary shareholders of the Company and the number of ordinary shares outstanding during the period as follows:

	(Unaudited) For the three-month period ended 30 June 2020
Profit for the period (Thousand Baht)	775,071
Number of ordinary shares outstanding (Thousand Share)	409,696
Basic earnings per share (Baht per share)	1.89

24 Basic earnings per share (Cont'd)

	(Unaudited) For the period from 3 February 2020 to 30 June 2020
Profit for the period (Thousand Baht)	976,204
Number of ordinary shares outstanding (Thousand Share)	409,696
Basic earnings per share (Baht per share)	2.38

There were no potential dilutive ordinary shares issued for the period from 3 February 2020 (Amalgamation date) to 30 June 2020.

25 Transactions with related parties

Enterprises and individuals that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the Company, including holding companies, subsidiaries and fellow subsidiaries are related parties of the Company. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the enterprise, key management personnel, including directors and officers of the Company and close members of the family of these individuals and companies associated with these individuals also constitute related parties.

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

25 Transactions with related parties (Cont'd)

Relationships with key management and other related parties were as follows:

Name of entities/person	Country of incorporation/ nationality	Nature of relationships
Key management personnel	Thailand/ Foreigners	Persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of the Company.
Tokio Marine Holdings, Inc.	Japan	Ultimate parent company of the Group
Tokio Marine & Nichido Fire Insurance Co., Ltd.	Japan	A parent company, 48.83% shareholding
Tokio Marine Asia Pte. Ltd.	Singapore	Shareholder of the Company, 0.05% shareholding and affiliated company of the Group
TMF Holding (Thailand) Limited	Thailand	Shareholder of the Company, 25.20% shareholding and affiliated company of the Group
NHCT Ltd.	Thailand	Shareholder of the Company, 25.20% shareholding and affiliated company of the Group
Tokio Management Services (Thailand) Co., Ltd.	Thailand	Affiliated company of the Group
Tokio Marine South East Servicing Co., Ltd.	Thailand	Affiliated company of the Group
Tokio Marine Life Insurance (Thailand) Public Company Limited	Thailand	Affiliated company of the Group
Tokio Marine Insurance Broker Co., Ltd.	Thailand	Affiliated company of the Group
Tokio Marine Europe Insurance Co., Ltd.	United Kingdom	Affiliated company of the Group
Tokio Marine Global Re Asia Ltd.	Malaysia	Affiliated company of the Group
Tokio Marine Global Re Limited (Ireland)	Ireland	Affiliated company of the Group
TM Claims Service Asia Pte. Ltd.	Singapore	Affiliated company of the Group
Tokio Marine Compania De Seguros S.A. De C.V.	Mexico	Affiliated company of the Group
Tokio Marine Management (Australasia) Pty. Ltd.	Australia	Affiliated company of the Group
Tokio Marine Insurans (Malaysia) Berhad	Malaysia	Affiliated company of the Group
Tokio Marine Insurance Singapore Ltd.	Singapore	Affiliated company of the Group
The Tokio Marine and Fire Insurance Co. (HK) Ltd.	Hong Kong	Affiliated company of the Group
PT Asuransi Tokio Marine Indonesia	Indonesia	Affiliated company of the Group
Tokio Marine & Nichido Risk Consulting Co., Ltd.	Japan	Affiliated company of the Group
Bao Viet Tokio Marine Insurance Company Limited	Vietnam	Affiliated company of the Group
Malayan Insurance Co., Ltd.	Philippines	Affiliated company of the Group
IFFCO - Tokio General Insurance Co., Ltd.	India	Affiliated company of the Group
NHCT Holding (Thailand) Co., Ltd.	Thailand	Affiliated company of the Group

25 Transaction with related parties (Cont'd)

Revenue and expense transactions with related for the period from 3 February 2020 to 30 June 2020 are as follows:

	(Unaudited) For the three-month period ended 30 June 2020 Thousand Baht
Expenses	
Ceded premium	
Parent company	533,120
Affiliated company of the Group	<u>189,687</u>
Total	<u>722,807</u>
Gross claim	
Affiliated company of the Group	<u>1,718</u>
Commissions and brokerage expenses	
Affiliated company of the Group	<u>138,749</u>
Other underwriting expenses	
Affiliated company of the Group	<u>16,579</u>
Operating expenses	
Affiliated company of the Group	<u>17,502</u>

25 Transaction with related parties (Cont'd)

Revenue and expense transactions with related for the period from 3 February 2020 to 30 June 2020 are as follows: (Cont'd)

	(Unaudited) For the period from 3 February 2020 to 30 June 2020 Thousand Baht
Revenues	
Commission and brokerage income	
Parent company	197,027
Affiliated company of the Group	105,391
	<hr/>
Total	302,418
	<hr/>
Other income	
Parent company	12,452
Affiliated company of the Group	18,937
	<hr/>
Total	31,389
	<hr/>
Insurance claim expense recovered from reinsurers	
Parent company	180,586
Affiliated company of the Group	41,785
	<hr/>
Total	222,371
	<hr/>

25 Transaction with related parties (Cont'd)

Revenue and expense transactions with related for the period from 3 February 2020 to 30 June 2020 are as follows: (Cont'd)

	(Unaudited) For the period from 3 February 2020 to 30 June 2020 Thousand Baht
Expenses	
Ceded premium	
Parent company	590,162
Affiliated company of the Group	<u>293,171</u>
Total	<u>883,333</u>
Gross claim	
Affiliated company of the Group	<u>2,805</u>
Commissions and brokerage expenses	
Affiliated company of the Group	<u>206,394</u>
Other underwriting expenses	
Affiliated company of the Group	<u>21,936</u>
Operating expenses	
Affiliated company of the Group	<u>28,039</u>

25 Transaction with related parties (Cont'd)

Balances with the related parties as at 30 June 2020 consist of:

	(Unaudited) 30 June 2020 Thousand Baht
Assets	
Due from reinsurers, net	
Parent company	224,146
Affiliated company of the Group	<u>77,989</u>
Total	<u>302,135</u>
Other assets	
Parent company	17,391
Affiliated company of the Group	<u>7,075</u>
Total	<u>24,466</u>
Liabilities	
Amount due to reinsurance	
Parent company	945,177
Affiliated company of the Group	<u>485,596</u>
Total	<u>1,430,773</u>
Commission and brokerage payables	
Affiliated company of the Group	<u>86,922</u>
Other liabilities	
Affiliated company of the Group	<u>28,396</u>

Commitments with related parties

Service agreements

- (a) The Company entered into an agreement with a related company whereby the related company will provide the service related to management of health insurance claims. The Company was charged a service fee at 4% - 5% of total premium received under the insurance policies of policyholders. The term of the agreements is for 1 year from 1 April 2019 to 1 April 2020 and the company renew the agreements for 1 year from 1 April 2020 to 1 April 2021. Either party may terminate this agreement at any time by giving not less than 30 days prior written notice to another party.
- (b) The Company entered into an agreement with a related company whereby the related company will provide the necessary human resource for risk engineering services. The Company was charged a service fee of Japanese Yens 14.2 million. The term of the agreement is from 1 April 2019 to 30 June 2020 and the company renew the agreements from 1 April 2020 to 30 June 2021.
- (c) The Company entered into an agreement with a related company whereby the related company will provide the necessary human resource for risk management services. The Company was charged a service fee of Japanese Yens 5.4 million. The term of the agreement is from 1 July 2019 to 30 June 2020 and the company renew the agreements from 1 July 2020 to 30 June 2021.

25 Transaction with related parties (Cont'd)

Directors and management's remuneration

For the period ended 30 June 2020, the Company had employee benefit expenses payable to their directors and management as below.

	(Unaudited) For the three-month period ended 30 June 2020 Thousand Baht
Short-term employee benefits	14,561
Other long-term employee benefits	2
Post-employment benefit	1,262
Total	15,825

	(Unaudited) For the period from 3 February 2020 to 30 June 2020 Thousand Baht
Short-term employee benefits	33,603
Other long-term employee benefits	4
Post-employment benefit	1,461
Total	35,068

26 Securities placed with the Registrar

26.1 Securities placed with the Registrar

The Company's investments in debt securities were pledged with the Registrar in accordance with the Non-Life Insurance Act (No. 2) B.E. 2551 as follows:

	(Unaudited) 30 June 2020	
	Book value Thousand Baht	Face value Thousand Baht
Deposit at financial institutions	14,000	14,000
Total	14,000	14,000

26 Securities placed with the Registrar (Cont'd)

26.2 Assets reserved with the Registrar

The Company's investments in debt securities were allocated to the reserve fund in accordance with the Notification of the Office of Insurance Commission regarding "Rates, Rules and Procedures for unearned premium reserve of Non-Life Insurance Company B.E.2557" as follows:

	(Unaudited) 30 June 2020	
	Book value Thousand Baht	Face value Thousand Baht
Deposit at financial institutions	120,000	120,000
Government and state enterprise bonds and Bank of Thailand bonds	1,570,977	1,545,000
Private enterprise debt securities	206,214	205,000
Total	1,897,191	1,870,000

27 Investment in securities with restrictions to make commitments

As at 30 June 2020, investment in securities with restrictions to make commitments appropriation as backup assets with banks in accordance with Section 27/4 of the Insurance Act, B.E. 2535" are as follows:

	(Unaudited) 30 June 2020 Thousand Baht
Deposit at financial institutions	4,573,959
Debt securities	11,392,882
Equity securities	329,328
Unit trust	1,346,610
Total	17,642,779

28 Restricted assets

	(Unaudited) 30 June 2020 Thousand Baht
Restricted deposit at financial institutions	
Collateral against court cases	2,807
Credit lines of bank overdrafts letter of guarantee and other matters	5,700
Total	<u>8,507</u>
Government Saving Bank's saving lottery	
Bail bonds	28,810
Total	<u>28,810</u>
Total restricted assets	<u><u>37,317</u></u>

29 Contribution to non-life guarantee fund

As at 30 June 2020, in compliance with the Non-life Insurance Act (No. 2) B.E. 2551, the Company accumulated contributes to Non-life guarantee fund amounting to Baht 402 million.

30 Commitments

The Company entered into service agreement. The Company's obligation for future payments under service agreement as at 30 June 2020 are as follows:

	(Unaudited) 30 June 2020 Thousand Baht
Within 1 year	32,668
Within 2 - 5 years	32,337
Total	<u><u>65,005</u></u>

As at 30 June 2020, the Company had a commitment under "Master License Agreement" with other companies to pay an annual fee in amount of Baht 11 million.

31 Contingent liabilities

As at 30 June 2020, lawsuits have been brought against the Company, in relation to insurance claims in the normal course of business, approximately in amount of Baht 306 million. The Company's management cannot assess potential losses since there is uncertainty with respect to the outcome of the cases. Thus, the provision was not set up as at 30 June 2020.

As at 30 June 2020, the Company had letters of guarantee with a bank amounted to Baht 3 million.