

Phillip Life Assurance Public Company Limited
and its subsidiary
Review report and interim financial information
For the three-month period ended 31 March 2020



EY Office Limited
33rd Floor, Lake Rajada Office Complex
193/136-137 Rajadapisek Road
Klongtoey, Bangkok 10110
G.P.O.Box 1047, Bangkok 10501, Thailand
Tel: +66 2264 9090
Fax: +66 2264 0789-90
ey.com

บริษัท สำนักงาน อีวาย จำกัด
ชั้น 33 อาคารเลกซ์ดา
193/136-137 ถนนรัชดาภิเษก
คลองเตย กรุงเทพฯ 10110
ตู้ไป.ณ. 1047 กรุงเทพฯ 10501
โทรศัพท์: +66 2264 9090
โทรสาร: +66 2264 0789-90
ey.com

Independent Auditor's Report on Review of Interim Financial Information

To the Shareholders of Phillip Life Assurance Public Company Limited

I have reviewed the accompanying consolidated statement of financial position of Phillip Life Assurance Public Company Limited and its subsidiary as at 31 March 2020, and the related consolidated statements of comprehensive income, changes in owners' equity, and cash flows for the three-month period then ended, as well as the condensed notes to the interim consolidated financial statements. I have also reviewed the separate financial information of Phillip Life Assurance Public Company Limited for the same period (collectively called "interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with Thai Accounting Standard 34 Interim Financial Reporting. My responsibility is to express a conclusion on this interim financial information based on my review.

Scope of Review

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

Conclusion

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

Emphasis of Matters

I draw attention to the following matters.

- (a) As described in Note 2.1 to the interim financial statements, the sudden market volatilities with the fall of interest rates and the capital market poses difficulties for financial institutions in the market place. Adjustments are being made by companies to inject capital to meet prudential requirements as stipulated by the Office of the Insurance Commission (“the OIC”). The OIC has also temporarily lowered the minimum Capital Adequacy Ratio (“CAR”) from 140% to 120% as from 31 December 2019 to 31 December 2021 under the Risk-Based Capital 2 Framework.

The Company is no exception having to inject a total of Baht 500 million during the period to meet the CAR’s requirement, which caused its CAR as at 31 March 2020 to strengthen to 139.8% (based on management report, not yet reviewed or audited by the Company’s auditor). The Company plans to increase additional capital to support the continuing situation of the persistent low interest rate and execute its long-term plan by readjusting its product and investment strategies to lower the risk charge and enhance a sustainable efficiency in its business operation.

The market circumstances indicate uncertainties, which are dependent upon the success in achieving its capital increase plan and improving its operating performance. The major shareholder has been very supportive of all past capital calls and has undertaken to provide more capital if necessary to meet its growing policy commitments and regulatory capital requirements. Furthermore, the major shareholder stated in its letter dated 13 May 2020 that it will provide financial support to the Company to enable it to maintain the CAR of not lower than the minimum requirement as stipulated by the OIC.

- (b) As described in Note 3 to the interim financial statements, the Company has adopted the Accounting Guidance related to financial instruments and disclosures applicable to insurance business and Thai Financial Reporting Standard No.16 regarding leases. The cumulative effects of the change in accounting policies were adjusted against deficit or other components of owners' equity as at 1 January 2020 as the case may be.

However, I have not modified my conclusion in respect of these matters.



Rachada Yongsawadvanich
Certified Public Accountant (Thailand) No. 4951

EY Office Limited
Bangkok: 25 May 2020

Phillip Life Assurance Public Company Limited and its subsidiary

Statements of financial position

As at 31 March 2020 and 31 December 2019

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		31 March 2020 (Unaudited but reviewed)	31 December 2019 (Audited)	31 March 2020 (Unaudited but reviewed)	31 December 2019 (Audited)
Assets					
Cash and cash equivalents	4	225,996,221	365,763,405	219,280,179	360,621,159
Premium receivables	5	97,812,612	130,946,120	97,812,612	130,946,120
Accrued investment income		57,809,040	50,936,491	57,809,040	50,936,491
Reinsurance assets	6	4,276,050	1,539,411	4,276,050	1,539,411
Reinsurance receivables	7	51,854	898,656	51,854	898,656
Investment assets					
Investments in securities	8	10,062,594,430	10,149,719,295	10,062,594,430	10,149,719,295
Loans and interest receivables	9	1,235,461,052	1,054,831,464	1,235,461,052	1,054,831,464
Investments in a subsidiary	10	-	-	4,919,917	4,955,839
Premises and equipment	11	235,289,840	241,332,638	235,289,840	241,332,638
Right-of-use assets	12	88,396,666	-	88,396,666	-
Intangible assets	13	12,559,621	13,860,529	12,559,621	13,860,529
Other assets	14	62,174,620	40,623,929	62,209,803	40,661,285
Total assets		12,082,422,006	12,050,451,938	12,080,661,064	12,050,302,887

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

The image shows two handwritten signatures in black ink. To the right of the signatures is a circular official stamp. The stamp contains the company name in Thai: "บริษัท ฟิลลิปไลฟ์แอสซิวรานซ์ จำกัด" (Phillip Life Assurance Public Company Limited) and a large letter 'P' in the center. The stamp also includes the text "ตราประทับ" (Official Seal) and "เลขที่ 011/011-011-011-011" (Registration Number).

Phillip Life Assurance Public Company Limited and its subsidiary

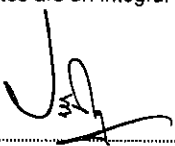


Statements of financial position (Continued)

As at 31 March 2020 and 31 December 2019

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		31 March 2020 (Unaudited but reviewed)	31 December 2019 (Audited)	31 March 2020 (Unaudited but reviewed)	31 December 2019 (Audited)
Liabilities and owners' equity					
Liabilities					
Insurance contract liabilities	15	9,941,950,438	9,763,554,910	9,941,950,438	9,763,554,910
Reinsurance payables	16	3,744,848	5,843,790	3,744,848	5,843,790
Lease liabilities	17	88,607,447	-	88,607,447	-
Employee benefit obligations		60,377,699	57,190,980	60,377,699	57,190,980
Deferred tax liabilities	18	47,381,493	128,911,839	47,381,493	128,911,839
Other liabilities	19	213,007,097	289,356,131	211,252,066	289,213,034
Total liabilities		10,355,069,022	10,244,857,650	10,353,313,991	10,244,714,553
Owners' equity					
Share capital					
Registered					
960,000,000 ordinary shares of Baht 6.25 each	20	6,000,000,000	6,000,000,000	6,000,000,000	6,000,000,000
Issued and paid-up					
765,000,000 ordinary shares of Baht 6.25 each					
(31 December 2019: 685,500,000 ordinary shares of Baht 6.25 each)					
Share subscription receivable	21	-	(1,128,406)	-	(1,128,406)
Issued and paid-up		4,784,375,000	4,283,246,594	4,784,375,000	4,283,246,594
Share subscription receivable	21	-	(71,089,769)	-	(71,089,769)
Share discount	21	(58,798,175)	-	(58,798,175)	-
Deficit		(3,181,949,054)	(2,914,875,409)	(3,181,949,054)	(2,914,875,409)
Other components of owners' equity					
Revaluation surplus on available-for-sale investments measured at fair value through other comprehensive income - net of income taxes					
	8.4	183,719,302	508,306,918	183,719,302	508,306,918
Equity attributable to equity holders of the Company		1,727,347,073	1,805,588,334	1,727,347,073	1,805,588,334
Non-controlling interests of the subsidiary		5,911	5,954	-	-
Total owners' equity		1,727,352,984	1,805,594,288	1,727,347,073	1,805,588,334
Total liabilities and owners' equity		12,082,422,006	12,050,451,938	12,080,661,064	12,050,302,887

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




 Directors

(Unaudited but reviewed)

Phillip Life Assurance Public Company Limited and its subsidiary

Statements of comprehensive income

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

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2020	2019	2020	2019
Profit or loss:					
Revenues					
Premium written		761,861,583	354,333,782	761,861,583	354,333,782
Less: Premium ceded to reinsurers		(4,572,507)	(1,360,135)	(4,572,507)	(1,360,135)
Net premium written		757,289,076	352,973,647	757,289,076	352,973,647
Less: Unearned premium reserves increase from prior period		(75,118,897)	(609,407)	(75,118,897)	(609,407)
Earned premium after reinsurance		682,170,179	352,364,240	682,170,179	352,364,240
Net investment revenues		94,752,960	87,836,408	94,752,960	87,836,408
Losses on investments		(12,384,472)	(57,368,038)	(12,384,472)	(57,368,038)
Fair value gains		8,135,115	13,031,900	8,135,115	13,031,900
Share of loss from investment in a subsidiary under equity method		-	-	(35,922)	-
Other income		91,229	169,320	37,410	169,320
Total revenues		772,765,011	396,033,830	772,675,270	396,033,830
Expenses					
Long-term life insurance policy reserves increase					
from prior period		98,579,252	110,544,784	98,579,252	110,544,784
Unexpired risk reserves increase from prior period	15.2	11,111,533	-	11,111,533	-
Benefit payments under life policies and gross claims		463,298,416	228,011,867	463,298,416	228,011,867
Less: Benefit payments under life policies and					
claims refundable from reinsurance		(51,854)	(1,004,352)	(51,854)	(1,004,352)
Commission and brokerage expenses		188,431,840	106,813,219	188,354,756	106,813,219
Other underwriting expenses		8,319,302	4,622,100	8,319,302	4,622,100
Operating expenses	22	112,597,773	96,003,150	112,585,073	96,003,150
Finance costs		928,086	-	928,086	-
Expected credit losses	23	(11,864,439)	-	(11,864,439)	-
Other expenses		496,459	7	496,459	7
Total expenses		871,846,368	544,990,775	871,756,584	544,990,775
Loss before income tax expenses		(99,081,357)	(148,956,945)	(99,081,314)	(148,956,945)
Income tax revenues	18.2	383,442	-	383,442	-
Net loss		(98,697,915)	(148,956,945)	(98,697,872)	(148,956,945)

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

(Unaudited but reviewed)

Phillip Life Assurance Public Company Limited and its subsidiary
 Statements of comprehensive income (Continued)
 For the three-month periods ended 31 March 2020 and 2019

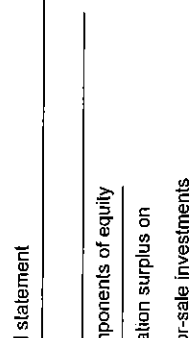
		(Unit: Baht)			
		Consolidated financial statements		Separate financial statements	
Note		2020	2019	2020	2019
Other comprehensive income (loss):					
Items to be recognised in profit or loss in subsequent periods:					
	Gains (losses) on valuation of available-for-sale investments measured at fair value through other comprehensive income	(412,175,003)	185,178,295	(412,175,003)	185,178,295
	Add (Less): Income taxes	82,435,001	(37,035,659)	82,435,001	(37,035,659)
	Items to be recognised in profit or loss in subsequent periods - net of income taxes	(329,740,002)	148,142,636	(329,740,002)	148,142,636
	Other comprehensive income (loss) for the periods	(329,740,002)	148,142,636	(329,740,002)	148,142,636
	Total comprehensive loss for the periods	(428,437,917)	(814,309)	(428,437,874)	(814,309)
Net loss attributable to:					
	The Company's shareholders	(98,697,872)	(148,956,945)	(98,697,872)	(148,956,945)
	Non-controlling interests of the subsidiary	(43)	-	(43)	-
		(98,697,915)	(148,956,945)	(98,697,915)	(148,956,945)
	Total comprehensive loss for the periods attributable to:				
	The Company's shareholders	(428,437,874)	(814,309)	(428,437,874)	(814,309)
	Non-controlling interests of the subsidiary	(43)	-	(43)	-
		(428,437,917)	(814,309)	(428,437,917)	(814,309)
	Earnings per share				
	Basic earnings per share				
	Net loss	(0.14)	(0.30)	(0.14)	(0.30)

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

(Unaudited but reviewed)

Phillip Life Assurance Public Company Limited and its subsidiary
 Statements of changes in owners' equity
 For the three-month periods ended 31 March 2020 and 2019

(Unit: Baht)



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Consolidated financial statement

	Equity attributable to equity holders of the Company						Total
	Issued and paid-up share capital	Share subscription receivable	Share discount	Deficit	Other components of equity	Total equity attributable to the Company's shareholders	
					Revaluation surplus on available-for-sale investments measured at fair value through other comprehensive income - net of income taxes	Equity attributable to non-controlling interests of the subsidiary	
Balance as at 1 January 2019	3,133,246,594	(71,089,769)	-	(1,697,519,451)	208,553,433	5,905	1,573,190,807
Net loss	-	-	-	(148,956,945)	-	-	(148,956,945)
Other comprehensive income for the period	-	-	-	-	148,142,636	-	148,142,636
Total comprehensive income (loss) for the period	-	-	-	(148,956,945)	148,142,636	-	(814,309)
Issuance of additional ordinary shares	200,000,000	-	-	-	-	-	200,000,000
Balance as at 31 March 2019	3,333,246,594	(71,089,769)	-	(1,846,476,396)	356,696,069	5,905	1,772,382,403
Balance as at 1 January 2020 - as previously reported	4,283,246,594	(71,089,769)	-	(2,914,875,409)	508,306,918	5,954	1,805,588,334
Cumulative effects of the change in accounting policies	-	-	-	(188,375,773)	5,152,386	-	(163,223,387)
Balance as at 1 January 2020 - as restated	4,283,246,594	(71,089,769)	-	(3,083,251,182)	513,459,304	5,954	1,642,364,947
Net loss	-	-	-	(98,697,872)	-	(43)	(98,697,872)
Other comprehensive loss for the period	-	-	-	-	(329,740,002)	-	(329,740,002)
Total comprehensive loss for the period	-	-	-	(98,697,872)	(329,740,002)	(43)	(428,437,917)
Issuance of additional ordinary shares	500,000,000	-	-	-	-	-	500,000,000
Collection on share subscription receivable	1,128,406	71,089,769	(58,798,175)	-	-	-	13,420,000
Balance as at 31 March 2020	4,784,375,000	-	(58,798,175)	(3,181,949,054)	183,719,302	5,911	1,727,347,073

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

(Unaudited but reviewed)

Phillip Life Assurance Public Company Limited and its subsidiary

Statements of changes in owners' equity (Continued)

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

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(Unit: Baht)

	Note	Separate financial statements						Total
		Issued and paid-up share capital	Share subscription receivable	Share discount	Deficit	Other components of equity		
Balance as at 1 January 2019		3,133,246,594	(71,089,769)	-	(1,697,519,451)	208,553,433	1,573,190,807	
Net loss		-	-	-	(148,956,945)	-	(148,956,945)	
Other comprehensive income for the period		-	-	-	-	148,142,636	148,142,636	
Total comprehensive income (loss) for the period		-	-	-	(148,956,945)	148,142,636	(814,309)	
Issuance of additional ordinary shares		200,000,000	-	-	-	-	200,000,000	
Balance as at 31 March 2019		3,333,246,594	(71,089,769)	-	(1,846,476,396)	356,696,069	1,772,376,498	
Balance as at 1 January 2020 - as previously reported		4,283,246,594	(71,089,769)	-	(2,914,875,409)	508,306,918	1,805,588,334	
Cumulative effects of the change in accounting policies	3	-	-	-	(168,375,773)	5,152,386	(163,223,387)	
Balance as at 1 January 2020 - as restated		4,283,246,594	(71,089,769)	-	(3,083,251,182)	513,459,304	1,642,364,947	
Net loss		-	-	-	(98,697,872)	-	(98,697,872)	
Other comprehensive loss for the period		-	-	-	-	(329,740,002)	(329,740,002)	
Total comprehensive loss for the period		-	-	-	(98,697,872)	(329,740,002)	(428,437,874)	
Issuance of additional ordinary shares	20	500,000,000	-	-	-	-	500,000,000	
Collidion on share subscription receivable	21	1,128,406	71,089,769	(58,798,175)	-	-	13,420,000	
Balance as at 31 March 2020		4,784,375,000	-	(58,798,175)	(3,181,949,054)	183,719,302	1,727,347,073	

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

(Unaudited but reviewed)

Phillip Life Assurance Public Company Limited and its subsidiary

Statements of cash flows

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

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2020	2019	2020	2019
Cash flows from (used in) operating activities					
Gross premium from direct insurance		794,899,454	369,523,511	794,899,454	369,523,511
Cash paid from reinsurance		(9,132,846)	(3,300,318)	(9,132,846)	(3,300,318)
Interest income		76,198,885	54,396,931	76,145,066	54,396,931
Dividend income		16,164,282	18,272,118	16,164,282	18,272,118
Other income		(62,978)	166,978	14,105	166,978
Benefit payments under life policies and gross claims					
from direct insurance		(469,089,156)	(212,880,172)	(469,089,156)	(212,880,172)
Commission and brokerage expenses on direct insurance		(261,421,558)	(151,974,477)	(261,421,558)	(151,974,477)
Other underwriting expenses		(9,713,209)	(5,404,576)	(9,713,209)	(5,404,576)
Operating expenses		(104,439,395)	(107,039,898)	(106,036,455)	(107,039,898)
Other expenses		(131,440)	-	(131,440)	-
Investments in securities		-	(37,298,808)	-	(37,298,808)
Loans		-	36,132,009	-	36,132,009
Cash received on financial assets		43,653,921	-	43,653,921	-
Cash paid for financial assets		(718,914,883)	-	(718,914,883)	-
Net cash used in operating activities		(641,988,923)	(39,406,702)	(643,562,719)	(39,406,702)
Cash flows from (used in) investing activities					
Building and equipment		(3,261,207)	(10,571,207)	(3,261,207)	(10,571,207)
Intangible assets		-	(884,147)	-	(884,147)
Net cash used in investing activities		(3,261,207)	(11,455,354)	(3,261,207)	(11,455,354)
Cash flows from (used in) financial activities					
Repayment of lease liabilities		(7,842,394)	-	(7,842,394)	-
Proceeds from issuance of additional ordinary shares	20	500,000,000	200,000,000	500,000,000	200,000,000
Collection on share subscription receivable	21	13,420,000	-	13,420,000	-
Net cash provided by financing activities		505,577,606	200,000,000	505,577,606	200,000,000
Allowance for expected credit losses		(94,660)	-	(94,660)	-
Net increase (decrease) in cash and cash equivalents		(139,767,184)	149,137,944	(141,340,980)	149,137,944
Cash and cash equivalents at beginning of the periods		365,763,405	236,188,519	360,621,159	231,189,606
Cash and cash equivalents at end of the periods		225,996,221	385,326,463	219,280,179	380,327,550

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

The image shows two handwritten signatures in black ink. To the right of the signatures is a circular stamp. The stamp contains the text 'บริษัท ฟิลิป ไลฟ์ แอสซิวรานซ์ จำกัด' (Phillip Life Assurance Public Company Limited) around the perimeter and a large letter 'P' in the center.

Phillip Life Assurance Public Company Limited and its subsidiary

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Phillip Life Assurance Public Company Limited

Notes to interim financial statements

For the three-month period ended 31 March 2020 and 2019

1. General information

1.1 Corporate information

Phillip Life Assurance Public Company Limited (the “Company”) was established as a limited company under Thai laws and domiciled in Thailand whereby on 13 March 2014, the Company registered the change of its status to be a public company. As at 31 March 2020 and 31 December 2019, its major shareholder is Phillip Life Company Limited, which was incorporated in Singapore, holding 99.73% and 99.70%, respectively, of the issued and paid-up share capital of the Company.

The Company is principally engaged in the provision of life insurance services. The registered office of the Company is located at No. 849, Vorawat Building, Silom Road, Silom Sub-district, Bangrak District, Bangkok. As of 31 March 2020 and 31 December 2019, the Company had altogether 25 branches, and 27 branches, respectively.

1.2 The Coronavirus 2019 pandemic

The Coronavirus 2019 (COVID-19) pandemic results in an economic slowdown and impacts businesses and industries in various sectors either directly or indirectly. This situation may bring uncertainties and have an impact on the environment in which the business operates. The Company’s management has continuously monitored ongoing developments and assessed the financial impact in respect of the valuation of assets, provisions and contingent liabilities, and has used estimates and judgement in respect of various issues as the situation has evolved.

2. Basis of preparation of interim financial information

2.1 Accounting assumption

The sudden market volatilities with the fall of interest rates and the capital market poses difficulties for financial institutions in the market place. Adjustments are being made by companies to inject capital to meet prudential requirements as stipulated by the Office of the Insurance Commission (“the OIC”). The OIC has also temporarily lowered the minimum Capital Adequacy Ratio (“CAR”) from 140% to 120% as from 31 December 2019 to 31 December 2021 under the Risk-Based Capital 2 Framework.

The Company is no exception having to inject a total of Baht 500 million during the period to meet the CAR's requirement, which caused its CAR as at 31 March 2020 to strengthen to 139.8% (based on management report, not yet reviewed or audited by the Company's auditor). The Company plans to increase additional capital to support the continuing situation of the persistent low interest rate and execute its long-term plan by readjusting its product and investment strategies to lower the risk charge and enhance a sustainable efficiency in its business operation.

The market circumstances indicate uncertainties, which are dependent upon the success in achieving its capital increase plan an improving its operating performance. The major shareholder has been very supportive of all past capital calls and has undertaken to provide more capital if necessary to meet its growing policy commitments and regulatory capital requirements. Furthermore, the major shareholder stated in its letter dated 13 May 2020 that it will provide financial support to the Company to enable it to maintain the CAR of not lower than the minimum requirement as stipulated by the OIC.

With Such short-term and long-term plans, the Company's management believes that the Company would be able to operate an on-going business and these financial statements were therefore prepared under the going concern assumptions, with assets and liabilities carried on the basis that the Company will be able to realise assets and settle liabilities in the normal course of business.

2.2 Basis of preparation of interim financial information

This interim financial information is prepared in accordance with Thai Accounting Standard 34 Interim Financial Reporting, with the Company choosing 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 preparation of its annual financial statements and in accordance with the format of financial statements specified in the Notification of the Office of Insurance Commission regarding criteria, procedures, terms and conditions for preparation and submission of financial statements and operating performance reports of life insurance companies (No. 2) 4 April 2019.

This interim financial information is intended to provide information additional to that included in the latest annual financial statements. Accordingly, they focus on new activities, events and circumstances so as not to duplicate information previously reported. This interim financial information should therefore be read in conjunction with the latest annual financial statements.

The interim financial information in Thai language is the official statutory financial statements of the Company. The interim financial information in English language has been translated from such interim financial information in Thai language.

2.3 Basis of consolidation

- (a) The consolidated financial statements include the financial statements of Phillip Life Assurance Public Company Limited (“the Company”) and the following subsidiary (collectively called “the Group”).

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			31 March 2020 (Percent)	31 December 2019 (Percent)
Phillip Insurance Broker Company Limited	Non-life insurance broker	Thailand	99.88	99.88

- (b) Subsidiary is fully consolidated, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.
- (c) The financial statements of the subsidiary is prepared using the same significant accounting policies as the Company.
- (d) Material balances and transactions between the Group have been eliminated from the consolidated financial statements.
- (e) Non-controlling interests represent the portion of profit or loss and net assets of the subsidiary that are not held by the Company and are presented separately in the consolidated profit or loss and within equity in the consolidated statement of financial position.

2.4 Separate financial statements

The Company has prepared its separate financial statements, which have presented investment in a subsidiary under the equity method.

2.5 Financial reporting standards that became effective in the current period

During the period, the Company has adopted the revised (revised 2019) and new financial reporting standards and interpretations which are effective for fiscal years beginning on or after 1 January 2020. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards. However, the new standard involves changes to key principles, which are summarised below:

(a) Financial reporting standards and Accounting Guidance related to financial instruments

Financial reporting standards related to financial instruments

A set of TFRSs related to financial instruments consists of five accounting standards and interpretations, as follows:

Financial reporting standards:

TFRS 7 Financial Instruments: Disclosures

TFRS 9 Financial Instruments

Accounting standard:

TAS 32 Financial Instruments: Presentation

Financial Reporting Standard Interpretations:

TFRIC 16 Hedges of a Net Investment in a Foreign Operation

TFRIC 19 Extinguishing Financial Liabilities with Equity Instruments

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.

Accounting Guidance related to financial instruments and disclosures applicable to insurance business

Accounting Guidance related to financial instruments and disclosures applicable to insurance business was issued to comply with TFRS 4 (revised 2019) Insurance contracts, which allows insurers who meet certain criteria stipulated in TFRS 4 to delay adoption of TFRS 9 Financial Instruments and TFRS 7 Financial Instruments: Disclosures, which are applicable for the financial reporting period beginning on or after 1 January 2020, and to adopt the Accounting Guidance related to financial instruments and disclosures applicable to insurance business instead.

This Accounting Guidance has some differences from TFRS 9, with the significant differences being described as 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.
- Loss on impairment, gain or loss on derecognition, and gain and loss on fair value hedges for available-for-sale equity securities items are to be recognised in profit or loss.
- The embedded derivatives 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 certain differences from TFRS 7 with respect to disclosures.

According to the Company's statements of financial position as at 31 December 2017, insurance contracts liabilities under the scope of TFRS 4 Insurance Contracts comprise more than 90% of the carrying value of total liabilities, which meets criteria stipulated in TFRS 4, and there has been no change in the Company's core activities in the following accounting periods. As a result, the Company is eligible to adopt the Accounting Guidance related to financial instruments and disclosures applicable to insurance business. The Company's management believe that adoption of the Accounting Guidance is appropriate in the current circumstances and the Company has, therefore, elected to adopt such Accounting Guidance.

However, the significant accounting policies and impact to the Company's interim financial information from the adoption of such Accounting Guidance can be summarised as follows:

Classification and measurement of financial assets

The Company shall classify financial assets as trading securities, available for sale securities, held to maturity securities, and receivables and loans by not taking into consideration of its business model and the characteristics of the contractual cash flows. The Company already considered as follows:

- The Company continues to classify its trading investments in are unit trusts as financial assets measured at fair value through profit or loss.

- The Company continues to classify its available-for-sale investments both in debt instruments and equity instruments, except for non-listed equity securities, as financial assets measured at fair value through other comprehensive income and will be recognised in profit or loss when sold. Additional investments incurred during the period were classified according to the objective set out on investment date.
- The Company reclassifies its investments in non-listed equity securities, previously classified as general investments measured at cost net of allowance for impairment (if any) under the cancelled former accounting standard, as financial assets measured at fair value through other comprehensive income.
- The Company continues to classify and present debt instruments and loans, which the Company holds to collect contractual cash flow (both principal and interest), as held-to-maturity investments and loans and interest receivables measured at amortised cost.

Classification of financial liabilities

The adoption of this Accounting Guidance does not have any impact to classification of financial liabilities. The Company continues to classify financial liabilities measured at amortised cost.

Impairment of financial assets

This Accounting Guidance requires the Company to move from incurred loss provisioning, under former accounting policy, to expected loss provisioning by recognising an allowance for expected credit losses on its financial assets and it is no longer necessary for a credit-impaired event to have occurred. The Company considers to adopt the general approach to determine expected credit loss on financial assets.

Loss on impairment of investments in equity instruments and unit trusts which classified as available-for-sale investments is immediately recognised in profit or loss when there is objective evidence of impairment, considering from the evidence that indicates the cost of investments may not be recovered and a significant or prolonged decline in fair value of investments below its costs.

Transition

The Company adopted this Accounting Guidance whereby it recognised the cumulative effects from the first-time adoption using the modified retrospective method, which required the adjustment of the cumulative effects against deficit or other components of owners' equity as at 1 January 2020, and the comparative information was not restated.

The cumulative effects of the change in accounting policy were described in Note 3 to interim financial statements.

(b) TFRS 16 Leases

TFRS 16 supersedes TAS 17 Leases together with related Interpretations. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases, and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is low value.

Accounting by lessors under TFRS 16 is substantially unchanged from TAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles to those used under TAS 17.

However, significant accounting policies and impact to the Company's interim financial information from the adoption of this standard can be summarised as follows:

Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised through initial measurement, initial direct costs incurred, and lease payments made at or before the commencement date, less any lease incentives received.

Unless the Company is reasonably certain that it will obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis from the commencement date of the lease to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of the lease payments to be made over the lease term, discounted by the interest rate implicit in the lease or the Company's incremental borrowing rate. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification or reassessment.

Short-term leases and Leases of low-value assets

Payments under leases that, have a lease term of 12 months or less at the commencement date, or are leases of low-value assets, are recognised as expenses on a straight-line basis over the lease term.

Transition

The Company initially adopted this financial reporting standard using the modified retrospective method whereby an adjustment of the cumulative effect was made against assets and liabilities as at 1 January 2020, and the comparative information was not restated.

The cumulative effect of the change in accounting policy was described in Note 3 to interim financial statements.

(c) Accounting Guidances on Temporary Relief Measures

Accounting Guidance on Temporary Relief Measures for Entities Providing Assistance to Debtors Impacted by Situations That Affect the Thai Economy

The Federation of Accounting Professions announced Accounting Guidance on Temporary Relief Measures for Entities Providing Assistance to Debtors Impacted by Situations That Affect the Thai Economy. Its objectives are to provide temporary relief measures solely for entities providing assistance to debtors impacted by the situations that affect the Thai economy, such as COVID-19, economic conditions, trade wars and drought, and to provide an alternative for all entities providing assistance to debtors in accordance with measures to assist debtors specified in the circular of the Bank of Thailand No. BOT.RPD.(23)C. 276/2563 "Guidelines on providing assistance to debtors impacted by situations that affect the Thai economy" and the circular of the Bank of Thailand No. BOT.RPD.(01)C. 380/2563 "Measures to provide additional assistance to debtors during the COVID-19 situation" or any other measures announced by the Bank of Thailand. Such entities include credit card businesses, businesses providing loans secured against vehicle registrations without collateral, personal loan businesses under the supervision of the Bank of Thailand and certain entities not under the supervision of the Bank of Thailand, such as leasing, hire-purchase, motorcycle hire-purchase and factoring businesses. Entities providing assistance to debtors in accordance with the Bank of Thailand's measures and electing to apply this Accounting Guidance have to apply all temporary relief measures in this guidance.

On 22 April 2020, the Accounting Guidance was announced in the Royal Gazette and it is effective for entities providing assistance to debtors impacted by situations that affect the Thai economy during the period from 1 January 2020 to 31 December 2021 or until the Bank of Thailand makes changes, with which the entities are to comply. The guidance applies to large debtors, small- and medium-sized debtors and retail debtors who have the ability to run a business or to pay debts in the future and who have been impacted directly or indirectly by such this, considering the following guidelines.

The Company did not opt to adopt this Accounting Guidance in the current period.

Accounting Guidance on Temporary Relief Measures on Accounting Alternatives in Response to the Impact of the COVID-19 Pandemic

The Federation of Accounting Professions announced Accounting Guidance on Temporary Relief Measures on Accounting Alternatives in Response to the Impact of the COVID-19 Pandemic. Its objectives are to alleviate some of the impact of applying certain financial reporting standards, and to provide clarification about accounting treatments during the period of uncertainty relating to this situation.

On 22 April 2020, the Accounting Guidance was announced in the Royal Gazette and it is effective for the financial statements prepared for reporting periods ending between 1 January 2020 and 31 December 2020.

The Company did not opt to adopt this Accounting Guidance in the current period.

2.6 Significant accounting policies

This interim financial information is prepared using the same accounting policies and methods of computation as those were used for the financial statements for the year ended 31 December 2019, except for the changes in accounting policies as a result of the adoption of new accounting standards as summarised in Note 2.5 (a) and (b) to interim financial statements.

3. Cumulative effects of the changes in accounting policies

As described in Note 2.5 (a) and (b) to interim financial statements, the Company has adopted Accounting Guidance related to financial instruments and disclosures applicable to insurance business and TFRS 16 Leases since 1 January 2020 whereby the Company chose to adjust the cumulative effects from changes in accounting policies against deficit or other components of owners' equity as at 1 January 2020 and the comparative information was not restated.

The impacts on the beginning balance of deficit or other components of owners' equity of 2020 were summarised as follows:

(Unit: Thousand Baht)

Consolidated financial statements						
		The impacts of				
		Accounting Guidance related to financial instruments			TFRS 16	1 January
31 December			(Note 3.1)	(Note 3.2)	2020	
	2019	Reclassification ⁽¹⁾				
Statement of financial position						
Assets						
Cash and cash equivalents	365,763	-	(173)	-	365,590	
Accrued investment income	73,595	(22,658)	(67)	-	50,870	
Investments in securities	10,149,719	-	3,142	-	10,152,861	
Loans	1,032,173	(1,032,173)	-	-	-	
Loans and interest receivables	-	1,054,831	(164,838)	-	889,993	
Right-of-use assets	-	-	-	95,953	95,953	
Other assets	40,624	-	-	(431)	40,193	
Liabilities						
Lease liabilities	-	-	-	95,522	95,522	
Deferred tax liabilities	128,912	-	1,288	-	130,200	
Owners' equity						
Deficit	(2,914,875)	-	(168,376)	-	(3,083,251)	
Other components of owners'						
equity	508,307	-	5,152	-	513,459	

⁽¹⁾ The Company reclassified certain line items in accordance with the new format of financial statements as set out by the OIC from 1 January 2020.

(Unaudited but reviewed)

(Unit: Thousand Baht)

Separate financial statements					
The impacts of					
Accounting					
Guidance					
related to					
financial					
31 December		instruments		TFRS 16	1 January
2019	Reclassification ⁽¹⁾	(Note 3.1)	(Note 3.2)	2020	
Statement of financial position					
Assets					
Cash and cash equivalents	360,621	-	(173)	-	360,448
Accrued investment income	73,595	(22,658)	(67)	-	50,870
Investments in securities	10,149,719	-	3,142	-	10,152,861
Loans	1,032,173	(1,032,173)	-	-	-
Loans and interest receivables	-	1,054,831	(164,838)	-	889,993
Right-of-use assets	-	-	-	95,953	95,953
Other assets	40,661	-	-	(431)	40,230
Liabilities					
Lease liabilities	-	-	-	95,522	95,522
Deferred tax liabilities	128,912	-	1,288	-	130,200
Owners' equity					
Deficit	(2,914,875)	-	(168,376)	-	(3,083,251)
Other components of owners' equity	508,307	-	5,152	-	513,459

⁽¹⁾ The Company reclassified certain line items in accordance with the new format of financial statements as set out by the OIC from 1 January 2020.

3.1 Financial instruments

Details of the impact on deficit and other components of owners' equity as at 1 January 2020 due to the first-time adoption of Accounting Guidance related to financial instruments and disclosures applicable to insurance business were presented as follows:

	(Unit: Thousand Baht)
	Consolidated and Separate financial statements
Deficit	
Recognition of an allowance for expected credit losses on financial assets	(168,376)
Impacts on deficit as at 1 January 2020	(168,376)
Other components of owners' equity	
Changes in measurement of investments in non-listed equity instruments, previously measured at cost, to be measured at fair value	3,142
Recognition of an allowance for expected credit losses on financial assets	3,298
Relevant income taxes	(1,288)
Impacts on other components of owners' equity as at 1 January 2020	5,152

As at 1 January 2020, the carrying values of financial assets in accordance with Accounting Guidance related to financial instruments and disclosures applicable to insurance business, as compared to the carrying values under the former accounting policies, were as follows:

(Unaudited but reviewed)

(Unit: Thousand Baht)

Consolidated financial statements					
Carrying values in accordance with Accounting Guidance					
Carrying values under the former accounting policies	Trading investments measured at fair value through profit or loss	Available-for-sale investments measured at fair value through other comprehensive income	Amortised cost	Total	
Cash and cash equivalents	365,763	-	-	365,590	365,590
Accrued investment income	50,937	-	-	50,870	50,870
Investments in securities	10,149,719	2,218,335	7,934,526	-	10,152,861
Loans and interest receivables	1,054,831	-	-	889,993	889,993

(Unit: Thousand Baht)

Separate financial statements					
Carrying values in accordance with Accounting Guidance					
Carrying values under the former accounting policies	Trading investments measured at fair value through profit or loss	Available-for-sale investments measured at fair value through other comprehensive income	Amortised cost	Total	
Cash and cash equivalents	360,621	-	-	360,448	360,448
Accrued investment income	50,937	-	-	50,870	50,870
Investments in securities	10,149,719	2,218,335	7,934,526	-	10,152,861
Loans and interest receivables	1,054,831	-	-	889,993	889,993

As at 1 January 2020, the Company did not designate any financial liabilities at fair value through profit or loss.

3.2 Leases

Upon initial application of TFRS 16, the Company recognised lease liabilities previously classified as operating leases at the present value of the remaining lease payments, discounted using the Company's incremental borrowing rate at 1 January 2020.

	(Unit: Thousand Baht)
	Consolidated and Separate financial statements
	<hr/>
Operating lease commitments as at 31 December 2019	89,344
Add: Option to extend lease term	13,142
Less: Deferred interest expenses	(6,964)
	<hr/>
Increase in lease liabilities due to TFRS 16 adoption	95,522
Liabilities under finance lease agreements as at 31 December 2019	-
	<hr/>
Lease liabilities as at 1 January 2020	95,522
Add: Transfer of prepaid rental expenses from other assets	431
	<hr/>
Right-of-use assets as at 1 January 2020	95,953
	<hr/> <hr/>

The adjustments of right-of-use assets due to TFRS 16 adoption as at 1 January 2020 were summarised below:

	(Unit: Thousand Baht)
	Consolidated and Separate financial statements
	<hr/>
Leased buildings	94,393
Motor vehicles	1,560
	<hr/>
Total right-of-use assets	95,953
	<hr/> <hr/>

4. Cash and cash equivalents

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 March 2020	31 December 2019	31 March 2020	31 December 2019
Cash on hand	560	1,046	560	1,046
Deposits at banks with no fixed maturity date	225,531	364,717	218,815	359,575
Total cash and cash equivalents	226,091	365,763	219,375	360,621
Less: Allowance for expected credit losses	(95)	-	(95)	-
Cash and cash equivalents - net	225,996	365,763	219,280	360,621

5. Premium receivables

As at 31 March 2020 and 31 December 2019, the outstanding balances of premium receivables, classified by overdue periods, counted from the grace-period due dates, were as follows:

(Unit: Thousand Baht)

	Consolidated and Separate	
	financial statements	
	Direct insurance	
	31 March 2020	31 December 2019
Not yet due	97,348	130,508
Not over 30 days	266	238
Over 31 days to 60 days	5	-
Over 61 days to 90 days	-	5
Overdue longer than 90 days	6,393	6,489
Total premium receivables	104,012	137,240
Less: Allowance for doubtful accounts	(6,199)	(6,294)
Premium receivables - net	97,813	130,946

6. Reinsurance assets

As at 31 March 2020 and 31 December 2019, reinsurance assets consisted of reserves refundable from reinsurers as follows:

	(Unit: Thousand Baht)	
	Consolidated and Separate financial statements	
	31 March 2020	31 December 2019
Insurance reserve refundable from reinsurers		
Unearned premium reserves	4,276	1,539
Reinsurance assets	4,276	1,539

7. Reinsurance receivables

As at 31 March 2020 and 31 December 2019, reinsurance receivables consisted of the following:

	(Unit: Thousand Baht)	
	Consolidated and Separate financial statements	
	31 March 2020	31 December 2019
Amounts due from reinsurers	52	899
Reinsurance receivables	52	899

8. Investments in securities

8.1 Classified by investment type

(Unit: Thousand Baht)

	Consolidated and Separate financial statements			
	31 March 2020		31 December 2019	
	Cost/ Amortised cost	Fair value	Cost/ Amortised cost	Fair value
Trading investments measured at fair value through profit or loss				
Domestic unit trusts	1,836,432	1,845,163	2,152,920	2,163,598
Foreign unit trusts	56,288	61,111	54,711	54,737
Total	1,892,720	1,906,274	2,207,631	2,218,335
Add: Revaluation allowance				
from fair value measurement	7,258		9,176	
from translation of foreign currencies	6,296		1,528	
Total revaluation allowance	13,544		10,704	
Trading investments measured at fair value through profit or loss - net	1,906,274		2,218,335	
Available-for-sale investments measured at fair value through other comprehensive income				
Government and state enterprise securities	2,291,057	2,449,708	2,293,460	2,469,772
Private sector debt securities	3,303,178	3,617,574	3,319,108	3,620,614
Domestic common stocks	586,839	396,310	591,069	553,572
Foreign common stocks	885,170	851,233	376,892	417,241
Domestic unit trusts	880,395	785,090	743,694	807,159
Foreign unit trusts	57,045	46,407	57,045	59,759
Total	8,003,684	8,146,322	7,381,268	7,928,117
Add (less): Revaluation allowance				
from fair value measurement	229,649		635,384	
from translation of foreign currencies	(58,773)		(64,123)	
Total revaluation allowance	170,876		571,261	
Less: Allowance for impairment	(24,969)		(24,412)	
Less: Allowance for expected credit losses	(3,269)		-	
Available-for-sale investments measured at fair value through other comprehensive income - net	8,146,322		7,928,117	

(Unaudited but reviewed)

(Unit: Thousand Baht)

	Consolidated and Separate financial statements			
	31 March 2020		31 December 2019	
	Cost/ Amortised cost	Fair value	Cost/ Amortised cost	Fair value
Held-to-maturity investments measured at amortised cost				
Deposits at financial institutions which matured over 3 months	10,000		-	
Less: Allowance for expected credit losses	(2)		-	
Held-to-maturity investments measured at amortised cost - net	9,998		-	
General investment				
Common stocks	-		3,267	
General investment	-		3,267	
Investments in securities - net	10,062,594		10,149,719	

8.2 Classified by stage of credit risk

(Unit: Baht)

	Consolidated and Separate financial statements	
	31 March 2020	
	Fair value	Allowance for expected credit losses which is recognised in other comprehensive income
Available-for-sale investments measured at fair value through other comprehensive income		
Stage 1 - Debt securities without a significant increase of credit risk	6,067,282	(3,269)
Total	6,067,282	(3,269)

(Unaudited but reviewed)

(Unit: Baht)

	Consolidated and Separate financial statements		
	31 March 2020		
	Amortised cost- gross	Allowance for expected credit losses which is recognised in profit or loss	Total
Held-to-maturity investments measured at amortised cost			
Stage 1 - Debt securities without a significant increase of credit risk	10,000	(2)	9,998
Total	10,000	(2)	9,998

8.3 Investments subject to restrictions

As at 31 March 2020 and 31 December 2019, the Company placed certain assets as securities and insurance reserves with the Registrar in accordance with the Life Insurance Act as described below.

(Unit: Thousand Baht)

	Consolidated and Separate financial statements			
	31 March 2020		31 December 2019	
	Amortised cost	Fair value	Amortised cost	Fair value
Placed with the Life Assurance Registrar:				
As securities				
Government bonds	20,407	20,964	20,465	20,952
As life insurance reserves				
Government and state enterprise bonds	1,701,444	1,853,458	1,511,259	1,681,147
Private debentures	404,724	462,969	404,920	463,201
Total	2,106,168	2,316,427	1,916,179	2,144,348

8.4 Revaluation surplus on available-for-sale investments measured at fair value through other comprehensive income

(Unit: Thousand Baht)

	Consolidated and Separate financial statements	
	For the three-month period ended	For the year ended
	31 March 2020	31 December 2019
Revaluation surplus on available-for-sale investments measured at fair value through other comprehensive income at beginning of the periods - as previously reported	635,384	260,692
Cumulative effect of change in accounting policy (before income taxes)	6,440	-
Revaluation surplus on available-for-sale investments measured at fair value through other comprehensive income at beginning of the periods - as restated	641,824	260,692
Gains (losses) on revaluation during the periods	(428,263)	288,680
Losses on sales of available-for-sale investments measured at fair value through other comprehensive income transferred to be recognised in profit or loss	16,088	86,012
Revaluation surplus on available-for-sale investments measured at fair value through other comprehensive income - end of the periods	229,649	635,384
Less: Income taxes	(45,930)	(127,077)
Revaluation surplus on available-for-sale investments measured at fair value through other comprehensive income - net of income taxes	183,719	508,307

9. Loans and interest receivables

9.1 Loans and interest receivables classified by overdue periods

As at 31 March 2020 and 1 January 2020, the balances of loans and interest receivables classified by overdue periods of principal and interest receivables were as follows:

(Unit: Thousand Baht)

Consolidated and Separate financial statements									
31 March 2020									
Overdue periods	Policy loans		Mortgage loans		Other loans		Total		
	Principal	Interest receivables	Principal	Interest receivables	Principal	Interest receivables	Principal	Interest receivables	Total
Not yet due	566,975	17,960	358,282	1,241	58	-	925,315	19,201	944,516
Past due									
Less than 3 months	-	-	24,701	842	-	-	24,701	842	25,543
3 - 6 months	-	-	543	16	-	-	543	16	559
6 - 12 months	-	-	5,067	63	-	-	5,067	63	5,130
Over 12 months	-	-	480,912	19,273	5,079	303	485,991	19,576	505,567
Total loans and interest receivables	566,975	17,960	869,505	21,435	5,137	303	1,441,617	39,698	1,481,315
Less: Allowance for expected credit losses	-	-	(221,836)	(18,636)	(5,079)	(303)	(226,915)	(18,939)	(245,854)
Loans and interest receivables - net	566,975	17,960	647,669	2,799	58	-	1,214,702	20,759	1,235,461

(Unit: Thousand Baht)

Consolidated and Separate financial statements									
1 January 2020									
Overdue periods	Policy loans		Mortgage loans		Other loans		Total		
	Principal	Interest receivables	Principal	Interest receivables	Principal	Interest receivables	Principal	Interest receivables	Total
Not yet due	517,398	15,771	52,891	1,380	140	-	570,429	17,151	587,580
Past due									
Less than 3 months	-	-	27,530	889	-	-	27,530	889	28,419
3 - 6 months	-	-	1,409	55	-	-	1,409	55	1,464
6 - 12 months	-	-	4,124	20	-	-	4,124	20	4,144
Over 12 months	-	-	500,426	20,192	5,079	303	505,505	20,495	526,000
Total loans and interest receivables	517,398	15,771	586,380	22,536	5,219	303	1,108,997	38,610	1,147,607
Less: Allowance for expected credit losses	-	-	(232,581)	(19,651)	(5,079)	(303)	(237,660)	(19,954)	(257,614)
Loans and interest receivables - net	517,398	15,771	353,799	2,885	140	-	871,337	18,656	889,993

(Unaudited but reviewed)

As at 31 March 2020 and 31 December 2019, mortgage loans were loans provided to agents, employees and external individuals on which interest was charged at the rates between 6 to 19 percent per annum and 6 to 19 percent per annum, respectively. Collateral used to secure such loans comprised land and buildings.

As at 31 March 2020 and 31 December 2019, other loans were loans provided to employees and agents, which were guaranteed by personal guarantees or motor vehicles and on which interest was charged at the rates between 7 to 15 percent per annum and 7 to 15 percent per annum, respectively.

9.2 Loans and interest receivables classified by staging of credit risk

As at 31 March 2020 and 1 January 2020, the balances of loan and interest receivables excluding policy loans, classified by staging of credit risk were as follows:

(Unit: Thousand Baht)

Staging of credit risk	Consolidated and Separate financial statements						
	31 March 2020						
	Mortgage loans		Other loans		Total		
	Principal	Interest receivables	Principal	Interest receivables	Principal	Interest receivables	Total
Stage 1 - Loans without a significant increase of credit risk	400,295	2,598	58	-	400,353	2,598	402,951
Stage 2 - Loans with significant increases of credit risk	1,928	79	-	-	1,928	79	2,007
Stage 3 - Credit impairment loans	467,282	18,758	5,079	303	472,361	19,061	491,422
Total loans and interest receivables	869,505	21,435	5,137	303	874,642	21,738	896,380
Less: Allowance for expected credit losses	(221,836)	(18,636)	(5,079)	(303)	(226,915)	(18,939)	(245,854)
Loans and interest receivables - net	647,669	2,799	58	-	647,727	2,799	650,526

(Unaudited but reviewed)

(Unit: Thousand Baht)

Consolidated and Separate financial statements							
1 January 2020							
Staging of credit risk	Mortgage loans		Other loans		Total		
	Principal	Interest receivables	Principal	Interest receivables	Principal	Interest receivables	Total
Stage 1 - Loans without a significant increase of credit risk	95,512	2,689	140	-	95,652	2,689	98,341
Stage 2 - Loans with significant increases of credit risk	2,066	80	-	-	2,066	80	2,146
Stage 3 - Credit impairment loans	488,802	19,767	5,079	303	493,881	20,070	513,951
Total loans and interest receivables	586,380	22,536	5,219	303	591,599	22,839	614,438
Less: Allowance for expected credit losses	(232,581)	(19,651)	(5,079)	(303)	(237,660)	(19,954)	(257,614)
Loans and interest receivables - net	353,799	2,885	140	-	353,939	2,885	356,824

10. Investment in a subsidiary

As at 31 March 2020 and 31 December 2019, detail of investment in a subsidiary, as presented in the separate financial statements, was as follows:

Company's name	Type of business	Country of incorporation	Issued and paid-up share capital		Shareholding percentage		Cost		Carrying value under equity method	
			31 March 2020	31 December 2019	31 March 2020	31 December 2019	31 March 2020	31 December 2019	31 March 2020	31 December 2019
					(%)	(%)				
Phillip Insurance Broker Company Limited	Non-life insurance broker	Thailand	5,000	5,000	99.88	99.88	4,994	4,994	4,920	4,956
Total investment in a subsidiary							4,994	4,994	4,920	4,956

The Company recognised share of loss from investment in a subsidiary in its separate statements under the equity method, which was based on the subsidiary's financial statements, prepared by the management but not yet audited by its auditor.

11. Premises and equipment

(Unit: Thousand Baht)

Consolidated and Separate financial statements								
For the three-month period ended 31 March 2020								
	Land	Buildings and building improvements	Furniture, fixtures and office equipment	Computers	Motor vehicles	Construction in progress	Idle assets	Total
Net book value as at 1 January 2020	36,714	176,798	14,424	10,289	123	-	2,985	241,333
Additions - cost	-	51	286	617	-	2,343	-	3,297
Transfer in (out)	-	1,279	126	-	-	(1,405)	-	-
Disposals during the periods - net book value	-	(358)	(20)	-	-	-	-	(378)
Depreciation for the period	-	(6,727)	(1,148)	(1,019)	(68)	-	-	(8,962)
Net book value as at 31 March 2020	<u>36,714</u>	<u>171,043</u>	<u>13,668</u>	<u>9,887</u>	<u>55</u>	<u>938</u>	<u>2,985</u>	<u>235,290</u>

12. Right-of-use assets

(Unit: Thousand Baht)

Consolidated and Separate financial statements			
For the three-month period ended 31 March 2020			
	Leased buildings	Motor vehicles	Total
Net book value as at 31 December 2019	-	-	-
Effect from change in accounting policy (Note 3.2)	94,393	1,560	95,953
Net book value as at 1 January 2020	94,393	1,560	95,953
Amortisation for the period	(7,333)	(223)	(7,556)
Net book value as at 31 March 2020	<u>87,060</u>	<u>1,337</u>	<u>88,397</u>

The following amounts were recognised in profit or loss.

(Unit: Thousand Baht)	
Consolidated and Separate financial statements	
For the three-month period ended 31 March 2020	
Amortisation of right-of-use assets	7,556
Interest expense on lease liabilities	928
Total expenses	<u>8,484</u>

(Unaudited but reviewed)

13. Intangible assets

	(Unit: Thousand Baht)
	Consolidated and Separate financial statements
	For the three-month period ended 31 March 2020
	Computer software
Net book value as at 1 January 2020	13,861
Amortisation for the period	(1,301)
Net book value as at 31 March 2020	12,560

14. Other assets

As at 31 March 2020 and 31 December 2019, other assets consisted of the following items:

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	31 March 2020	31 December 2019	31 March 2020	31 December 2019
Rental deposits	7,270	7,387	7,270	7,387
Other receivables	94,782	87,013	94,821	87,050
Withholding taxes	15,738	19,255	15,738	19,255
Receivables from sales of investments	9,313	-	9,313	-
Receivable from the Legal Executive Department	11,780	4,444	11,780	4,444
Others	25,487	15,756	25,483	15,756
Total	164,370	133,855	164,405	133,892
Less: Allowance for doubtful accounts	(102,195)	(93,231)	(102,195)	(93,231)
Other assets - net	62,175	40,624	62,210	40,661

15. Insurance contract liabilities

(Unit: Thousand Baht)

	Consolidated and Separate financial statements					
	31 March 2020			31 December 2019		
	Insurance contract liabilities	Reinsurance of liabilities	Net	Insurance contract liabilities	Reinsurance of liabilities	Net
Long-term insurance policy reserves	8,778,548	-	8,778,548	8,679,969	-	8,679,969
Loss reserves						
Claims incurred and reported	104,322	-	104,322	170,289	-	170,289
Claims incurred but not yet reported	72,347	-	72,347	20,554	-	20,554
Premium reserves						
Unearned premium reserves	438,446	(4,276)	434,170	360,591	(1,539)	359,052
Unexpired risk reserves	38,224	5,542 ⁽¹⁾	43,766	30,472	2,182 ⁽¹⁾	32,654
Unpaid policy benefits	48,151	-	48,151	42,115	-	42,115
Other insurance liabilities	461,912	-	461,912	459,565	-	459,565
Total	9,941,950	1,266	9,943,216	9,763,555	643	9,764,198

⁽¹⁾ Presented as part of "Other liabilities" in the statements of financial position**15.1 Long-term insurance policy reserves**

(Unit: Thousand Baht)

	Consolidated and Separate financial statements	
	For the three-month period ended	For the year ended
	31 March 2020	31 December 2019
Balances - beginning of the periods	8,679,969	7,405,511
Insurance policy reserves increased for new businesses and inforce policies	247,469	1,139,842
Insurance policy reserves released from death, benefit paid, lapse and surrender	(107,979)	(526,254)
Change in insurance policy reserves as a result of assumption changes	(23,196)	657,756
Changes in insurance policy reserves as a result of experience adjustments	(17,715)	3,114
Balances - end of the periods	8,778,548	8,679,969

15.2 Short-term insurance policy reserves

(a) Loss reserves

(Unit: Thousand Baht)

Consolidated and Separate financial
statements

	For the three-month period ended 31 March 2020	For the year ended 31 December 2019
Balances - beginning of the periods	190,843	29,852
Claims incurred in the current periods	311,590	516,395
Changes in estimation and assumptions	(25,280)	(6,643)
Claims paid during the periods	(300,484)	(348,761)
Balances - end of the periods	<u>176,669</u>	<u>190,843</u>

(b) Unearned premium reserves

(Unit: Thousand Baht)

Consolidated and Separate financial
statements

	For the three-month period ended 31 March 2020	For the year ended 31 December 2019
Balances - beginning of the periods	360,591	126,881
Premium written during the periods	367,408	788,807
Premium earned during the periods	(289,553)	(555,097)
Balances - end of the periods	<u>438,446</u>	<u>360,591</u>

(c) Unexpired risk reserves

(Unit: Thousand Baht)

Consolidated and Separate financial
statements

	For the three-month period ended 31 March 2020	For the year ended 31 December 2019
Balances - beginning of the periods	391,063	119,916
Estimated claims	397,288	852,761
Risk expired during the periods	(311,681)	(581,614)
Balances - end of the periods	476,670	391,063

As at 31 March 2020 and 31 December 2019, unexpired risk reserves were higher than unearned premium reserves by Baht 38.2 million and Baht 30.5 million, respectively, which was already recognised in profit or loss.

15.3 Unpaid policy benefits

(Unit: Thousand Baht)

Consolidated and Separate
financial statements

	31 March 2020	31 December 2019
Death benefits	9,130	4,319
Maturity payments	21,417	21,209
Surrender	980	974
Benefit payments under policies	1,321	1,339
Others	15,303	14,274
Total unpaid policy benefits	48,151	42,115

15.4 Other insurance liabilities

(Unit: Thousand Baht)

	Consolidated and Separate financial statements	
	31 March 2020	31 December 2019
Deposits of the insured	445,197	441,070
Others	16,715	18,495
Total other insurance liabilities	461,912	459,565

16. Reinsurance payables

As at 31 March 2020 and 31 December 2019, the Company had reinsurance payables classified by type of liabilities as follows:

(Unit: Thousand Baht)

	Consolidated and Separate financial statements	
	31 March 2020	31 December 2019
Outward premium payables	3,745	5,844
Total due to reinsurers	3,745	5,844

17. Lease liabilities

(Unit: Thousand Baht)

	Consolidated and Separate financial statements		
	For the three-month period ended 31 March 2020		
	Lease buildings	Motor vehicles	Total
Lease liabilities as at 31 December 2019	-	-	-
Effect from change in accounting policy (Note 3.2)	93,962	1,560	95,522
Lease liabilities as at 1 January 2020	93,962	1,560	95,522
Add: Recognised financial cost during the period	913	15	928
Less: Lease payments during the period	(7,612)	(231)	(7,843)
Lease liabilities as at 31 March 2020	87,263	1,344	88,607

(Unaudited but reviewed)

(Unit: Thousand Baht)

	Consolidated and Separate financial statements		
	Lease buildings	Motor vehicles	Total
Lease liabilities before deferred interest expenses			
Portion due within 1 year	29,886	924	30,810
Portion due over 1 year	63,371	462	63,833
Total lease liabilities before deferred interest expenses	93,257	1,386	94,643
Less: Deferred interest expenses	(5,994)	(42)	(6,036)
Lease liabilities at end of period	87,263	1,344	88,607

18. Deferred tax liabilities and income tax revenues**18.1 Deferred tax liabilities**

As at 31 March 2020 and 31 December 2019, deferred tax liabilities consisted of tax effects arose from the following temporary difference items:

(Unit: Thousand Baht)

	Consolidated and Separate financial statements			
	31 March 2020	31 December 2019	Changes in deferred tax liabilities reported in the statements of comprehensive income for the periods ended 31 March	
			2020	2019
Deferred tax liabilities arose from:				
Unrealised gains on available-for-sale investments measured at fair value through other comprehensive income	45,930	127,077	82,435	(37,036)
Unrealised gains on trading investments measured at fair value through profit or loss	1,452	1,835	383	-
Total deferred tax liabilities	47,382	128,912		
Total changes			82,818	(37,036)
Recognition of changes in				
- Profit or loss			383	-
- Other comprehensive income			82,435	(37,036)
Total changes			82,818	(37,036)

(Unaudited but reviewed)

As at 31 March 2020 and 31 December 2019, the Group had tax-deductible temporary differences and unused tax losses for which the Group did not record deferred tax assets since the management has already assessed and believes that it will not have sufficient taxable profit in the future to utilise such deductible temporary differences and unused tax losses before they expire. Those tax-deductible temporary differences and unused tax losses items are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	31 March 2020	31 December 2019	31 March 2020	31 December 2019
Allowance for impairment	24,969	24,412	24,969	24,412
Employee benefit obligations	60,378	57,191	60,378	57,191
Loss reserves	176,669	190,843	176,669	190,843
Premium reserves	9,142	48,481	9,142	48,481
Unexpired risk reserves	43,766	32,654	43,766	32,654
Lease liabilities	1,102	-	1,102	-
Tax losses brought forward no longer than five fiscal years	1,216,608	1,216,608	1,216,649	1,216,649
Total	1,532,634	1,570,189	1,532,675	1,570,230

18.2 Income tax revenues

Income tax revenues for the three-month periods ended 31 March 2020 and 2019 were made up as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	For the three-month periods ended		For the three-month periods ended	
	31 March		31 March	
	2020	2019	2020	2019
Current income taxes:				
Corporate income tax for the periods	-	-	-	-
Deferred income taxes:				
Relating to origination and reversal of temporary differences	383	-	383	-
Income tax revenues recognised in profit or loss	383	-	383	-

(Unaudited but reviewed)

Reconciliations between income tax revenues and the product of accounting loss for the three-month periods ended 31 March 2020 and 2019 and the applicable tax rate were as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	For the three-month periods ended		For the three-month periods ended	
	31 March		31 March	
	2020	2019	2020	2019
Accounting loss before income tax revenues	(99,081)	(148,957)	(99,081)	(148,957)
Applicable tax rate	20%	20%	20%	20%
Amount of income taxes at the applicable tax rate	19,816	29,791	19,816	29,791
Net tax effect on revenues or expenses that are not taxable or not deductible in determining taxable profits	1,582	5,742	1,582	5,742
Temporary differences, which are not recognised as deferred tax assets	7,511	(17,086)	7,511	(17,086)
Deferred income taxes on losses for the periods, which are expected not to be able to utilise	(28,526)	(18,447)	(28,526)	(18,447)
Income tax revenues recognised in profit or loss	383	-	383	-

(Unaudited but reviewed)

The amounts of income taxes relating to each component of other comprehensive income (loss) for the three-month periods ended 31 March 2020 and 2019 were as follows:

(Unit: Thousand Baht)

	Consolidated and Separate financial statements	
	For the three-month periods ended 31 March	
	2020	2019
Income taxes relating to:		
(Gains) losses on revaluation of available-for-sale investments measured at fair value through other comprehensive income	85,652	(25,167)
Gains (losses) on sales of available-for-sale investments measured at fair value through other comprehensive income transferred to be recognised in profit or loss	(3,217)	(11,869)
Income taxes reported in other comprehensive income (loss)	82,435	(37,036)

19. Other liabilities

As at 31 March 2020 and 31 December 2019, other liabilities consisted of the following items:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	31 March 2020	31 December 2019	31 March 2020	31 December 2019
	Accrued commission and brokerage expenses	78,706	151,772	78,706
Deposits from agents	69,996	62,752	69,996	62,752
Accrued operating expenses	48,353	56,913	46,598	56,770
Payables on purchases of investments	131	1,135	131	1,135
Others	15,821	16,784	15,821	16,784
Total other liabilities	213,007	289,356	211,252	289,213

20. Share capital

20.1 Registered share capital

By the resolution of the Extraordinary General Meeting No.1/2019 of the Company's shareholders held on 10 October 2019, it is resolved to approve the decrease in the registered share capital of the Company from Baht 4,000,000,000 to Baht 3,634,375,000 by the decrease of unissued 58.50 million ordinary shares at a par value of Baht 6.25 each, or total of Baht 365,625,000. In addition, it is resolved to approve the increase in the registered share capital of the Company from Baht 3,634,375,000 to Baht 6,000,000,000 by the increase of 378.50 million ordinary shares at a par value of Baht 6.25 each, or a total of Baht 2,365,635,000. The Company registered the decrease and increase in the registered share capital with the Ministry of Commerce on 31 October 2019 and 6 November 2019, respectively.

20.2 Issued and paid-up share capital

By the resolution of the Meeting No. 1/2019 of the Company's Board of Directors held on 25 February 2019, it is resolved to approve the issuance of the Company's additional 32 million ordinary shares at a par value of Baht 6.25 each, or a total of Baht 200 million to existing shareholders at the ratio of 1 existing share to 0.0638086 new ordinary shares for the purpose of meeting the Capital Adequacy Requirement as required by the Office of Insurance Commission. On 25 March 2019, the Company received payments for such additional ordinary shares and registered the issued and paid-up share capital with the Ministry of Commerce on 29 March 2019.

By the resolution of the Meeting No. 21/2019 of the Executives Committee held on 4 September 2019, it is resolved to approve the issuance of the Company's additional 48 million ordinary shares at a par value of Baht 6.25 each, or a total of Baht 300 million to existing shareholders at the ratio of 1 existing share to 0.0899719 new ordinary shares for the purpose of meeting the Capital Adequacy Requirement as required by the Office of Insurance Commission. On 20 September 2019, the Company received payments for such additional ordinary shares and registered the issued and paid-up share capital with the Ministry of Commerce on 30 September 2019.

By the resolution of the Meeting No. 6/2019 of the Company's Board of Directors held on 8 November 2019, it is resolved to approve the issuance of the Company's additional 64 million ordinary shares at a par value of Baht 6.25 each, or a total of Baht 400 million to existing shareholders at the ratio of 1 existing share to 0.1100602 new ordinary shares for the purpose of meeting the Capital Adequacy Requirement as required by the Office of Insurance Commission. On 25 November 2019, the Company received payments for such additional ordinary shares and registered the issued and paid-up share capital with the Ministry of Commerce on 29 November 2019.

By the resolution of the Meeting No. 31/2019 of the Executives Committee held on 4 December 2019, it is resolved to approve the issuance of the Company's additional 40 million ordinary shares at a par value of Baht 6.25 each, or a total of Baht 250 million to existing shareholders at the ratio of 1 existing share to 0.0619675 new ordinary shares for the purpose of meeting the Capital Adequacy Requirement as required by the Office of Insurance Commission. On 18 December 2019, the Company received payments for such additional ordinary shares and registered the issued and paid-up share capital with the Ministry of Commerce on 24 December 2019.

By the resolution of the Meeting No. 9/2020 of the Executives Committee held on 11 March 2020, it is resolved to approve the issuance of the Company's additional 80 million ordinary shares at a par value of Baht 6.25 each, or a total of Baht 500 million to existing shareholders at the ratio of 1 existing share to 0.1167031 new ordinary shares for the purpose of meeting the Capital Adequacy Requirement as required by the Office of Insurance Commission. On 24 March 2020, the Company received payments for such additional ordinary shares and registered the issued and paid-up share capital with the Ministry of Commerce on 30 March 2020.

20.3 Reconciliation of registered, issued and paid-up share capital

Reconciliation of the registered, issued and paid-up share capital of the Company during the years ended 31 March 2020 and 31 December 2019 were as follows:

(Unit: Baht)

	Par value per share	For the period ended 31 March 2020		For the year ended 31 December 2019	
		No. of shares	Amount	No. of shares	Amount
Registered share capital:					
Balance at beginning of the periods	6.25	960,000,000	6,000,000,000	640,000,000	4,000,000,000
Registered the increased/decreased share capital during the periods	6.25	-	-	320,000,000	2,000,000,000
Balance at end of the periods	6.25	<u>960,000,000</u>	<u>6,000,000,000</u>	<u>960,000,000</u>	<u>6,000,000,000</u>
Issued and paid-up share capital:					
Balance at beginning of the periods	6.25	685,500,000	4,284,375,000	501,500,000	3,134,375,000
Issued additional shares during the periods	6.25	<u>80,000,000</u>	<u>500,000,000</u>	<u>184,000,000</u>	<u>1,150,000,000</u>
Balance at end of the periods	6.25	<u>765,500,000</u>	<u>4,784,375,000</u>	<u>685,500,000</u>	<u>4,284,375,000</u>

21. Share subscription receivable

On 8 September 2004, the Company had issued and paid-up share capital of Baht 2,100 million, consisting of 21,000,000 ordinary shares at a par value of Baht 100 each. The Company did not receive payment of Baht 72,218,175 for 722,182 ordinary shares held by a shareholder. Such unsettled amount has been recorded as "Share subscription receivable", which has been presented as a deduction item in owners' equity since the beginning.

In the year 2009, the Company decreased its issued and paid-up share capital for three times by ways of reducing a par value per share and combining 4 existing shares into 1 new share. These caused the issued and paid-up share capital to be decreased from Baht 2,200 million to Baht 34.375 million by decreasing the share capital of Baht 2,165.625 million and decreasing the share premium of Baht 172.33 million to offset against deficit of Baht 2,337.955 million. After such capital decreases, the Company's issued and paid-up share capital was Baht 34.375 million, consisting of 5,500,000 ordinary shares at a par value of Baht 6.25 each. The number of ordinary shares held by the shareholder, who still owes to the Company on the unsettled shares as mentioned above, is also reduced to 180,545 shares at a par value of Baht 6.25 each after such capital decreases whereby the outstanding unsettled balance from such shareholder still remains at Baht 72,218,175. Legal action was taken against this shareholder whereby the outcome of the case was finalised and the executing officer already seized the unsettled shares for further auction. The parent company won the bid and already paid for shares and the Company already received the amount. Therefore, the difference between the bid price and share subscription receivable was presented as share discount in owners' equity.

Reconciliations of the issued and paid-up share capital as described above are detailed as below.

Year	Description	Par value per share (Baht)	Number of shares (Shares)	Issued and paid- up share capital (Thousand Baht)	Share subscription receivable (Thousand Baht)
Year 2004		100	21,000,000	2,100,000	72,218
Year 2008	Issuance of additional ordinary shares	100	1,000,000	100,000	-
		100	22,000,000	2,200,000	72,218
No.1 - Year 2009	Decrease share capital by reduction of a par value per share		-	(1,650,000)	(54,163)
		25	22,000,000	550,000	18,055
No.2 - Year 2009	Decrease share capital by reduction of a par value per share		-	(412,500)	(13,541)
		6.25	22,000,000	137,500	4,514
No.3 - Year 2009	Decrease share capital by combining 4 existing shares into 1 new share		(16,500,000)	(103,125)	(3,386)
		6.25	5,500,000	34,375	1,128

On 26 June 2015, the Civil Court had a judgment to order F&V Alliance Company Limited to pay to the Company for a total of Baht 95,689,080 including interest determined until the suing date. However, according to the 2015 financial position information of F&V Alliance Company Limited, it showed a significant amount of liabilities and a capital deficit. It is therefore unable to pay to the Company according to the Court's judgement and entered into a compromise agreement with the Company allowing the Company to proceed for the capital decrease. As for the capital decrease process, the Company determined 2 approaches, that is to get an approval from the OIC to reduce the 3,626,571 registered and paid-up shares in the Shareholders Registrar or to sell these shares at auction through the Legal Execution Department.

On 27 April 2017, it was resolved in the 2017 Annual General Meeting of the Company's shareholders to approve the decrease in the registered share capital by 3,626,571 shares amounting to Baht 22,666,068.75 held by a shareholder, namely F&V Alliance Company Limited for the Share Certificate No. 1096644 to No. 4723214 because F&V Alliance Company Limited did not pay such shares.

On 30 May 2017, the Company sent the letter to the OIC requesting for approval of the capital decrease. However, the Company was informed that the OIC cannot approved such capital decrease due to the fact that the Life Insurance Act did not have any clauses specifying that the Registrar can approve the capital decrease due to such reason. Therefore, the Company will proceed to sell those shares through auction, another approach as approved in the Annual General Meeting of the Company's shareholders.

On 8 November 2017, the Company requested the executing officer to cease assets of F&V Alliance Company Limited to settle the balance according to the Court's judgement dated 26 June 2015.

On 7 March 2018, the executing officer sent a letter to the Company informing that they already seized the unsettled shares of the Company held by F&V Alliance Company Limited.

On 26 June 2019, the executing officer sold shares through auction. Phillip Life Company Limited, the parent company, won the bid at the price of Baht 13,420,000 and already placed the deposit of Baht 1,000,000 with the Bangkok Civil Litigation Office 2 whereby it is required to settle the price within 11 October 2019.

On 25 September 2019, Philip Life Company Limited, the parent company, made a payment for the remaining share price to the Bangkok Civil Litigation Office 2.

(Unaudited but reviewed)

On 4 March 2020, the Company already received share price payment of Baht 13,420,000 from the Bangkok Civil Litigation Office 2. Therefore, the Company derecognised share subscription receivable totaling Baht 72,218,175 and the difference of Baht 58,798,175 from such settlement was presented as share discount in owners' equity.

22. Operating expenses

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	For the three-month periods ended		For the three-month periods ended	
	31 March		31 March	
	2020	2019	2020	2019
Personnel expenses	54,551	50,512	54,551	50,512
Premises and equipment expenses	23,812	24,929	23,812	24,929
Taxes and duties	2,730	3,072	2,730	3,072
Bad debt and doubtful accounts (reversal)	9,036	(3,191)	9,036	(3,191)
Other operating expenses	22,469	20,681	22,456	20,681
Total operating expenses	112,598	96,003	112,585	96,003

23. Expected credit losses

(Unit: Baht)

	Consolidated and Separate financial statements	
	For the three-month period ended	
	31 March 2020	
Cash and cash equivalents	(78)	
Investments in securities	(27)	
Loans and interest receivables	(11,759)	
Total	(11,864)	

24. Earnings per share

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

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

	Consolidated		Separate	
	financial statements		financial statements	
	For the three-month periods ended 31 March		For the three-month periods ended 31 March	
	2020	2019	2020	2019
Loss for the periods (Thousand Baht)	(98,698)	(148,957)	(98,698)	(148,957)
Weighted average number of ordinary shares (Thousand shares)	687,078	502,386	687,078	502,386
Basis earning per share				
Loss for the periods (Baht/share)	(0.14)	(0.30)	(0.14)	(0.30)

25. Related party transactions**25.1 Type of relationship**

The relationship between the Company and its related parties, who have significant business transactions with the Company, are summarised below.

Name of related parties	Type of relationship
Phillip Life Company Limited	Parent company
Phillip Insurance Broker Company Limited	Subsidiary
Phillip Securities (Thailand) Public Company Limited	Having common directors
Key management personnel	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.

25.2 Significant business transactions with related parties

The Company had significant business transactions with its related parties. Such transactions, which have been concluded on commercial terms and bases agreed upon in the ordinary course of business between the Company and those parties, were as follows:

(Unit: Thousand Baht)

	Consolidated and Separate		Pricing policy
	financial statements		
	For the three-month periods ended		
	31 March		
	2020	2019	
Related parties			
Expenses			
Securities management fee	1,015	1,482	Similar to those charged to general customers of a related company
Commission expenses	911	-	The agreed-upon rates

25.3 Outstanding balances with related parties

As at 31 March 2020 and 31 December 2019, the outstanding balances between the Company and its related parties were as follows:

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 March	31 December	31 March	31 December
	2020	2019	2020	2019
Subsidiary				
Assets				
Receivables from related parties	-	-	39	38
Related company				
Assets				
Premium receivables	193	193	193	193
Liabilities				
Accrued commission expenses	-	231	-	231
Accrued securities management fee	1,015	1,116	1,015	1,116

25.4 Directors' and key management's remunerations

The Group had employee benefit expenses incurred in relation to its directors and key management as below.

	(Unit: Thousand Baht)	
	Consolidated and Separate financial statements	
	For the three-month periods ended 31 March	
	2020	2019
Short-term employee benefits	1,115	1,200
Long-term employee benefits	34	33
Total	<u>1,149</u>	<u>1,233</u>

26. Commitments

As at 31 March 2020, future minimum payments required under commitments with respect to agreements with related short-term leases and leases of low-value assets and services were as follows.

	(Unit: Thousand Baht)
	Consolidated and Separate financial statements
Payable	31 March 2020
Within 1 year	789
1 - 4 years	<u>1,265</u>
Total	<u>2,054</u>

27. Fair values of financial assets

As at 31 March 2020 and 31 December 2019, the Company had the following financial assets measured at fair value using different levels of inputs as follows:

(Unit: Thousand Baht)

	Consolidated and Separate financial statements				
	31 March 2020				
	Fair value				Carrying value
	Level 1	Level 2	Level 3	Total	
Trading investments measured at fair value					
through profit or loss					
Domestic unit trusts	-	1,845,163	-	1,845,163	1,845,163
Foreign unit trusts	-	61,111	-	61,111	61,111
Available-for-sale investments measured at fair value through other comprehensive income					
Government and state enterprise securities	-	2,449,708	-	2,449,708	2,449,708
Private sector debt securities	-	3,617,574	-	3,617,574	3,617,574
Domestic common stocks	389,754	-	6,556	396,310	396,310
Foreign common stocks	851,233	-	-	851,233	851,233
Domestic unit trusts	785,090	-	-	785,090	785,090
Foreign unit trusts	46,407	-	-	46,407	46,407

(Unit: Thousand Baht)

	Consolidated and Separate financial statements				
	31 December 2019				
	Fair value				Carrying value
	Level 1	Level 2	Level 3	Total	
Trading investments measured at fair value					
through profit or loss					
Domestic unit trusts	-	2,163,598	-	2,163,598	2,163,598
Foreign unit trusts	-	54,737	-	54,737	54,737
Available-for-sale investments measured at fair value through other comprehensive income					
Government and state enterprise securities	-	2,469,772	-	2,469,772	2,469,772
Private sector debt securities	-	3,620,614	-	3,620,614	3,620,614
Domestic common stocks	553,572	-	-	553,572	553,572
Foreign common stocks	417,241	-	-	417,241	417,241
Domestic unit trusts	807,159	-	-	807,159	807,159
Foreign unit trusts	59,759	-	-	59,759	59,759

The methods and assumptions used by the Company in estimating the fair value of financial instruments are as follows:

- (a) Investments in unit trusts that are listed are presented at market prices. The fair value of investments in unit trusts that are not listed is determined by using the net asset value per unit as announced by the fund manager.
- (b) The fair value of investments in debt instruments is determined using the yield curve as announced by the Thai Bond Market Association.
- (c) Investments in equity securities that are listed are presented at market prices. The fair value of investments in equity securities that are not listed is determined using generally accepted pricing model or approximated to their net book values if the fair value cannot be reliably estimated.

28. Reclassification

The Company reclassified certain line items for more appropriate comparison with current period's financial information. However, such reclassifications had no effect to previously reported net loss or owners' equity. The reclassification was as follows:

	(Unit: Thousand Baht)	
	Consolidated and Separate financial statements	
	For the three-month period ended 31 March 2019	
	As reclassified	As previously reported
Statements of comprehensive income		
Revenues		
Net investment revenues	87,836	104,687
Fair value gains (losses)	13,032	(3,819)
	100,868	100,868

29. Event after the reporting period

The Company has outstanding investments in bonds of Baht 180 million (fair value as at 31 March 2020) due between 2022 to 2033, issued by Thai Airways International Public Company Limited “the issuer”. However, on 19 May 2020, the Thai Cabinet approved the reform plan for the issuer, which will be implemented through the business reorganisation chapter under the auspices of the Central Bankruptcy Court of Thailand and the Bankruptcy Act. The Company’s management is considering the expected credit loss on such investments, which will be recorded in the second quarter of 2020.

30. Approval of interim financial information

This interim financial information was authorised for issue by the Company’s authorised director on 25 May 2020.