

Tune Insurance Public Company Limited
Review report and interim financial information
30 September 2023

Independent Auditor's Report on Review of Interim Financial Information

To the Shareholders of Tune Insurance Public Company Limited

I have reviewed the accompanying statement of financial position of Tune Insurance Public Company Limited as at 30 September 2023, the related statements of comprehensive income for the three-month and nine-month periods then ended, and the related statements of changes in owners' equity and cash flows for the nine-month period then ended, as well as the condensed notes to the interim financial statements (collectively "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 Matter

I draw attention to Note 1 to the interim financial statements regarding the deficits from claim payment to insured. In addition, in the third quarter for the nine-month period ended 30 September 2023, the Company also has the lower gross premium written than the same period in 2022. However, the Company's management has continuously monitored such situations and updated business plan and managed to minimise the impact of that situation.

My conclusion is not modified in respect of this matter.



Narissara Chaisuwan

Certified Public Accountant (Thailand) No. 4812

EY Office Limited

Bangkok: 7 November 2023

Tune Insurance Public Company Limited

Statement of financial position

As at 30 September 2023



		(Unit: Baht)	
	Note	30 September 2023	31 December 2022
		(Unaudited but reviewed)	(Audited)
Assets			
Cash and cash equivalents	4	32,630,365	67,138,829
Premium receivables	5	75,067,442	82,832,655
Accrued investment income		1,184,220	932,863
Reinsurance assets	6	55,956,321	76,584,184
Receivables on reinsurance contracts	7	211,881,542	245,201,901
Debt financial assets	8	238,427,051	249,083,439
Equity financial assets	9	80,926,777	80,926,777
Equipments		5,895,337	8,536,252
Right-of-use assets		5,856,943	8,058,521
Intangible assets		7,949,816	8,042,614
Deferred tax assets	10.1	37,641,904	43,652,479
Other assets	11	26,945,427	37,894,784
Total assets		780,363,145	908,885,298

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

Tune Insurance Public Company Limited
Statement of financial position (Continued)
As at 30 September 2023

		(Unit: Baht)	
	Note	30 September 2023	31 December 2022
		(Unaudited but reviewed)	(Audited)
Liabilities and owners' equity			
Liabilities			
Insurance contract liabilities	12	141,435,552	188,251,986
Due to reinsurers	13	214,527,433	248,905,421
Employee benefit obligations		14,877,534	12,179,279
Premium received in advances		5,798,974	14,394,592
Lease liabilities		5,600,267	7,682,279
Other liabilities	14	89,845,345	109,777,646
Total liabilities		472,085,105	581,191,203
Owners' equity			
Share capital			
Registered, issued and fully paid-up			
30,000,000 ordinary shares of Baht 10 each		300,000,000	300,000,000
Retained earnings			
Appropriated - statutory reserve		16,997,780	16,997,780
Unappropriated (deficits)		(32,494,262)	(13,078,207)
Other components of equity		23,774,522	23,774,522
Total owners' equity		308,278,040	327,694,095
Total liabilities and owner's equity		780,363,145	908,885,298

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

Directors

(Unaudited but reviewed)

Tune Insurance Public Company Limited

Statement of comprehensive income

For the three-month period ended 30 September 2023

		(Unit: Baht)	
	Note	2023	2022
Profit or loss:			
Income			
Gross premium written		84,996,038	69,079,162
Less: Premium ceded to reinsurers		(43,604,899)	(37,581,593)
Net premium written		41,391,139	31,497,569
Add (Less): Unearned premium reserves decrease (increase) from prior period		(3,472,625)	28,780,563
Net earned premium		37,918,514	60,278,132
Fee and commission income		12,069,795	14,595,010
Net investment income	15	1,323,585	1,756,623
Net gain on financial instruments	16	47,356	1,931,466
Fair value loss from financial instruments	17	(2,254,947)	(2,605,483)
Other income		1,161,410	1,334,998
Total income		50,265,713	77,290,746
Expenses			
Claim expenses		12,298,302	63,581,487
Less: Claims recovery from reinsurers		(7,105,750)	(31,129,674)
Unexpired risks reserve decrease from prior period		-	(14,569,768)
Commission and brokerage expenses		15,898,577	10,390,198
Other underwriting expenses		13,930,107	11,015,334
Operating expenses	18	31,509,870	86,344,585
Finance costs		39,906	7,125
Expected credit loss (reversal)	19	(90,492)	(51,350)
Total expenses		66,480,520	125,587,937
Loss before income tax expenses		(16,214,807)	(48,297,191)
Less: Income tax expense	10.2	(1,054,026)	(5,748,507)
Loss for the period		(17,268,833)	(54,045,698)

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

(Unaudited but reviewed)

Tune Insurance Public Company Limited

Statement of comprehensive income (continued)

For the three-month period ended 30 September 2023

		(Unit: Baht)	
	Note	2023	2022
Other comprehensive income:			
Other comprehensive income for the period (loss)		-	-
Total comprehensive income for the period (loss)		(17,268,833)	(54,045,698)
Loss per share :	20		
Basic loss per share			
Loss for the period		(0.58)	(1.80)

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

(Unaudited but reviewed)

Tune Insurance Public Company Limited**Statement of comprehensive income****For the nine-month period ended 30 September 2023**

		(Unit: Baht)	
	Note	2023	2022
Profit or loss:			
Income			
Gross premium written		235,944,728	361,599,302
Less: Premium ceded to reinsurers		(122,686,724)	(181,811,588)
Net premium written		113,258,004	179,787,714
Add (less): Unearned premium reserves			
decrease (increase) from prior period		(4,781,480)	77,166,821
Net earned premium		108,476,524	256,954,535
Fee and commission income		35,883,282	77,683,820
Net investment income	15	4,203,265	8,183,318
Net gain on financial instruments	16	52,514	17,117,809
Fair value loss from financial instruments	17	(1,026,840)	(36,775,716)
Other income		4,361,417	3,987,672
Total income		151,950,162	327,151,438
Expenses			
Claim expenses		5,944,351	453,404,968
Less: Claims recovery from reinsurers		(4,670,479)	(147,056,051)
Unexpired risks reserve increase from prior period		-	4,584,743
Commission and brokerage expenses		39,452,796	53,983,025
Other underwriting expenses		32,642,639	39,714,447
Operating expenses	18	92,449,919	151,108,579
Finance costs		131,575	35,211
Expected credit loss (reversal)	19	(595,159)	(14,867,423)
Total expenses		165,355,642	540,907,499
Loss before income tax expenses		(13,405,480)	(213,756,061)
Add (less): Income tax revenue (expense)	10.2	(6,010,575)	8,604,342
Loss for the period		(19,416,055)	(205,151,719)

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

(Unaudited but reviewed)

Tune Insurance Public Company Limited

Statement of comprehensive income (continued)

For the nine-month period ended 30 September 2023

		(Unit: Baht)	
	Note	2023	2022
Other comprehensive income:			
Other comprehensive income for the period (loss)		-	-
Total comprehensive income for the period (loss)		(19,416,055)	(205,151,719)
Loss per share :	20		
Basic loss per share			
Loss for the period		(0.65)	(6.84)

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

Tune Insurance Public Company Limited

Statement of changes in owners' equity

For the nine-month period ended 30 September 2023

(Unaudited but reviewed)

(Unit: Baht)

	Other component of owners' equity				
	Issued and fully paid-up share capital	Retained earnings		Revaluation surplus on investments in equity designated at fair value through other comprehensive income - net of income tax	Total
		Appropriated	Unappropriated		
Balance as at 1 January 2022	300,000,000	16,997,780	225,228,835	19,831,967	562,058,582
Loss for the period	-	-	(205,151,719)	-	(205,151,719)
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period (loss)	-	-	(205,151,719)	-	(205,151,719)
Balance as at 30 September 2022	300,000,000	16,997,780	20,077,116	19,831,967	356,906,863
Balance as at 1 January 2023	300,000,000	16,997,780	(13,078,207)	23,774,522	327,694,095
Loss for the period	-	-	(19,416,055)	-	(19,416,055)
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period (loss)	-	-	(19,416,055)	-	(19,416,055)
Balance as at 30 September 2023	300,000,000	16,997,780	(32,494,262)	23,774,522	308,278,040

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

(Unaudited but reviewed)

Tune Insurance Public Company Limited

Statement of cash flows

For the nine-month period ended 30 September 2023

	(Unit: Baht)	
	2023	2022
Cash flows from operating activities		
Direct premium written	237,389,990	358,330,478
Cash paid for reinsurance	(71,338,114)	(29,539,091)
Interest income	4,685,946	12,198,740
Dividend income	40,500	2,660,799
Other income	4,361,416	3,987,672
Loss incurred on direct insurance	(48,301,778)	(545,803,084)
Commissions and brokerages on direct insurance	(40,045,701)	(57,664,402)
Other underwriting expenses	(37,036,893)	(42,055,024)
Operating expenses	(89,131,884)	(145,029,693)
Income tax expenses	(1,840,785)	(5,217,446)
Cash received from debt and equity securities	194,300,000	725,027,366
Cash paid for debt and equity securities	(185,152,275)	(273,323,732)
Net cash from operating activities	(32,069,578)	3,572,583
Cash flows from investing activities		
Equipment	(195,000)	(413,532)
Intangible asset	-	(992,930)
Net cash used in investing activities	(195,000)	(1,406,462)
Cash flows from financing activities		
Repayment of lease liabilities	(2,246,328)	(1,497,552)
Cash flows used in financing activities	(2,246,328)	(1,497,552)
Net increase in cash and cash equivalents	(34,510,906)	668,569
Decrease in allowance for expected credit loss	2,442	15,744
Cash and cash equivalents at beginning of period	67,138,829	75,937,863
Cash and cash equivalents at end of period	32,630,365	76,622,176

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

Tune Insurance Public Company Limited

Notes to interim financial statements

For the nine-month period ended 30 September 2023

1. General information

Tune Insurance Public Company Limited ("the Company") is a public company incorporated and domiciled in Thailand. Tune Protect Group Berhad, a company is incorporated in Malaysia, is the major shareholder of the Company and holds 49 percent of total ordinary shares. The Company is principally engaged in providing non-life insurance. The registered address of the Company is at 3199 Maleenont Tower 14th Floor, Rama IV Road, Klongton Sub-district, Klongtoey District, Bangkok.

The COVID-19 pandemic has a significant impact to the Company's operations in relation to claim payment according to the coverage specified in the insurance policies until 2022, resulting in the Company's deficits. In addition, gross premium written has been continuously decreasing in the current year. In the third quarter for the nine-month period ended 30 September 2023, the Company has the lower gross premium written than the same period in 2022 and its business plan.

However, the Company's management has continuously monitored such situations and updated business plan and managed to minimise the impact of that situation.

2. Basis for preparation of the financial information

2.1 Basis for preparation of the interim financial information

This interim financial information is prepared in accordance with Thai Accounting Standard No. 34 "Interim Financial Reporting", with the Company choosing to present condensed interim financial statements. However, the Company has presented line items in the statements of financial position, comprehensive income, changes in equity and cash flows in the same format as that used for annual financial statements, and in accordance with the format of financial statements specified in the Notification of the Office of Insurance Commission ("OIC") regarding criteria, procedures, conditions and terms for preparation and submission of financial statements of non-life insurance companies B.E. 2566 dated 8 February 2023.

This interim financial information is intended to provide information additional to that included in the latest annual financial statements. Accordingly, the interim financial information focuses 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 information of the Company. The interim financial information in English language has been translated from the Thai language financial information.

2.2 Significant accounting policies

The 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 2022.

The revised financial reporting standards which are effective for fiscal years beginning on or after 1 January 2023, do not have any significant impact on the Company's financial statements.

2.3 New financial reporting standards that will become effective for fiscal years beginning on or after 1 January 2024

The Federation of Accounting Professions issued a number of revised financial reporting standards, which are effective for fiscal years beginning on or after 1 January 2024. 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.

The management of the Company believes that adoption of these amendments will not have any significant impact on the Company's financial statements.

3. Classification of Financial assets and financial liabilities

As at 30 September 2023 and 31 December 2022, the carrying value of the financial assets and financial liabilities are classified as follows:

(Unit: Baht)

	30 September 2023			
	Financial instruments measured at fair value through profit or loss	Equity instruments designated at fair value through other comprehensive income	Financial Instruments measured at amortised cost	Total
Financial assets				
Cash and cash equivalents	-	-	32,630,365	32,630,365
Accrued investment income	-	-	1,184,220	1,184,220
Debt financial assets	142,274,899	-	96,152,152	238,427,051
Equity financial assets	-	80,926,777	-	80,926,777
Other assets - financial assets	-	-	8,699,197	8,699,197
Financial liabilities				
Other liabilities - financial liabilities	-	-	37,868,519	37,868,519
Lease liabilities	-	-	5,600,267	5,600,267

(Unaudited but reviewed)

(Unit: Baht)

31 December 2022

	Financial instruments measured at fair value through profit or loss	Equity instruments designated at fair value through other comprehensive income	Financial Instruments measured at amortised cost	Total
Financial assets				
Cash and cash equivalents	-	-	67,138,829	67,138,829
Accrued investment income	-	-	932,863	932,863
Debt financial assets	129,293,648	-	119,789,791	249,083,439
Equity financial assets	-	80,926,777	-	80,926,777
Other assets - financial assets	-	-	25,616,807	25,616,807
Financial liabilities				
Other liabilities - financial liabilities	-	-	56,225,011	56,225,011
Lease liabilities	-	-	7,682,279	7,682,279

4. Cash and cash equivalents

(Unit: Baht)

	30 September 2023	31 December 2022
Cash	61,263	61,263
Deposits at banks with no fixed maturity date	32,245,408	66,757,470
Deposits at banks with fixed maturity date and certificates deposits at bank	326,695	325,539
Total	32,633,366	67,144,272
Less: Allowance for expected credit loss	(3,001)	(5,443)
Cash and cash equivalents	32,630,365	67,138,829

5. Premium receivables

As at 30 September 2023 and 31 December 2022, the balances of premium receivables from direct insurance are classified by overdue periods from the maturity date under the stipulated law of the premium collection as follows:

	(Unit: Baht)	
	30 September 2023	31 December 2022
Not yet due	44,325,448	61,860,453
Not over 30 days	12,404,002	5,609,355
Overdue 30 days to 60 days	6,098,689	1,279,484
Overdue 60 days to 90 days	1,736,917	2,103,925
Overdue longer than 90 days	22,682,426	29,384,212
Total	87,247,482	100,237,429
Less: Allowance for doubtful debt	(12,180,040)	(17,404,774)
Premium receivables, net	75,067,442	82,832,655

6. Reinsurance assets

	(Unit: Baht)	
	30 September 2023	31 December 2022
Insurance reserve refundable from reinsurers		
Loss reserves	17,334,932	29,142,488
Unearned premium reserves	38,621,389	47,441,696
Reinsurance assets	55,956,321	76,584,184

7. Receivables on reinsurance contracts

	(Unit: Baht)	
	30 September 2023	31 December 2022
Amounts due from reinsurers	341,477,881	371,786,265
Less: Allowance for doubtful accounts	(129,596,339)	(126,584,364)
Receivables on reinsurance contracts	211,881,542	245,201,901

As of 30 September 2023, and 31 December 2022, the Company has receivables from reinsurance contracts amounting to Baht 259 million and Baht 253 million, respectively, which is the outstanding amount from entering into a reinsurance contract with a reinsurance broker. In November 2022, the Company filed a lawsuit with the Central Intellectual Property and International Trade Court against the reinsurance broker and its associate.

Then, in March 2023, reinsurance broker and its associate filed a statement of defense and counterclaim against the Company for damages amounting to Baht 111 million and in December 2023, the Central Intellectual Property and International Trade Court appointed the Company and reinsurance broker and its associate to the Court of First Instance for the pronouncement of the judgment.

From the opinion of the Company's legal advisor, the Company is in a position to have an advantage in litigation. However, there is still uncertainty in the outcome of the case. Therefore, the allowance for doubtful accounts of Baht 130 million is recorded in the financial statements (31 December 2022: Baht 127 million).

8. Debt financial assets

8.1 Classified by type of financial assets

(Unit: Baht)				
	30 September 2023		31 December 2022	
	Cost/		Cost/	
	Amortised cost	Fair Value	Amortised cost	Fair Value
Debt instruments measured at fair value through profit or loss				
Government and state enterprise securities	91,173,666	91,736,613	75,919,148	76,320,291
Private enterprise	52,557,712	50,538,286	53,804,139	52,973,357
Total	143,731,378	142,274,899	129,723,287	129,293,648
Less: Unrealised loss	(1,456,479)	-	(429,639)	-
Total	142,274,899	142,274,899	129,293,648	129,293,648
Debt instruments measured at amortised cost				
Government and state enterprise securities	46,056,660		45,987,562	
Private enterprise debt securities	30,000,000		50,000,000	
Fixed deposits and certificates of deposits	20,161,022		24,160,349	
Total	96,217,682		120,147,911	
Less: Allowance for expected credit loss	(65,530)		(358,120)	
Total	96,152,152		119,789,791	
Total debt financial assets - net	238,427,051		249,083,439	

8.2 Classified by stage of credit risk

(Unit: Baht)						
	30 September 2023			31 December 2022		
	Allowance for			Allowance for		
	Carrying value - gross	expected credit loss	Carrying value - net	Carrying value - gross	expected credit loss	Carrying value - net
Debt instruments measured at amortised cost						
Stage 1 - Debt securities without a significant increase in credit risk	96,217,682	(65,530)	96,152,152	100,147,911	(33,641)	100,114,270
Stage 2 - Debt securities with a significant increase in credit risk	-	-	-	20,000,000	(324,479)	19,675,521
Total	96,217,682	(65,530)	96,152,152	120,147,911	(358,120)	119,789,791

8.3 Investments subject to restrictions

As at 30 September 2023 and 31 December 2022, the Company has placed government securities at amortised cost as securities and reserves with the Registrar of the Office of Insurance Commission under the Non-life Insurance Act as follows:

	30 September 2023		31 December 2022	
	(Unit: Baht)			
	Cost	Fair value	Cost	Fair value
Securities pledged				
Government bonds	16,983,419	15,633,903	16,908,073	16,109,306
Securities reserve				
Government bonds	29,073,241	26,721,687	29,079,488	27,956,785

9. Equity financial assets

9.1 Classified by type financial assets

	30 September 2023		31 December 2022	
	(Unit: Baht)			
	Cost	Fair Value	Cost	Fair Value
Equity instruments designated at fair value through other comprehensive income				
Non-listed domestic equity instruments	728,830	26,432,682	728,830	26,432,682
Non-listed foreign equity instruments	50,479,792	54,494,095	50,479,792	54,494,095
Total	51,208,622	80,926,777	51,208,622	80,926,777
Add: Unrealised gain	29,718,155	-	29,718,155	-
Total	80,926,777	80,926,777	80,926,777	80,926,777
Total equity financial assets - net	80,926,777	80,926,777	80,926,777	80,926,777

9.2 Derecognition of equity securities

During the period, the Company did not sell investments in equity instruments designated at fair value through other comprehensive income from account.

10. Deferred tax assets/liabilities and income tax expenses**10.1 Deferred tax assets/liabilities**

As at 30 September 2023 and 31 December 2022, the components of deferred tax assets and deferred tax liabilities are as follows:

				(Unit: Baht)	
				Change in Deferred tax assets and liabilities	
				For the nine-month periods ended	
				30 September	
	30 September 2023	31 December 2022		2023	2022
Deferred tax assets					
Provision for loss incurred but not yet reported	3,456,831	8,142,153		(4,685,322)	5,560,542
Loss reserves	3,414,261	4,922,950		(1,508,689)	(7,504,445)
Premium reserves	-	-		-	(2,809,591)
Unexpired risk reserve	-	-		-	916,949
Allowance for doubtful accounts	28,355,276	28,797,828		(442,552)	9,386,288
Employee benefit obligations	2,975,507	2,435,856		539,651	602,043
Allowance for impairment of investments	2,772,042	2,772,042		-	(1,929,102)
Expected credit losses	2,318,713	2,437,744		(119,031)	(2,973,485)
Unrealised loss on changes in value of financial assets measured at fair value through profit or loss	290,773	85,405		205,368	1,245,966
Total	43,583,403	49,593,978			
Deferred tax liabilities					
Unrealised gains on changes in value of financial assets measured at fair value through profit or loss	-	-		-	6,109,177
Unrealised gains on changes in value of equity instruments designated at fair value through other comprehensive income	5,941,499	5,941,499		-	-
Total	5,941,499	5,941,499			
Deferred tax assets - net	37,641,904	43,652,479			
Total changes were recognized in profit or loss				(6,010,575)	8,604,342

10.2 Income tax expense (revenue)

Income tax expense (revenue) for the three-month and nine-month periods ended 30 September 2023 and 2022 are made up as follows:

	For the three-month periods ended 30 September		For the nine-month periods ended 30 September	
	2023	2022	2023	2022
Current income tax:				
Current income tax charge for the period	-	-	-	-
Deferred income tax:				
Deferred income tax relating to temporary differences and reversal of temporary differences	1,054,026	5,748,507	6,010,575	(8,604,342)
Income tax expense (revenue) reported in profit or loss	1,054,026	5,748,507	6,010,575	(8,604,342)

Reconciliation between income tax expense (revenue) and product of accounting losses multiplied by the applicable tax rate for the three-month and nine-month periods ended 30 September 2023 and 2022 are shown below.

	For the three-month periods ended 30 September		For the nine-month periods ended 30 September	
	2023	2022	2023	2022
Accounting loss before income tax	(16,214,807)	(48,297,191)	(13,405,480)	(213,756,061)
Applicable tax rate	20%	20%	20%	20%
Income tax at the applicable tax rate	(3,242,961)	(9,659,438)	(2,681,096)	(42,751,212)
Tax losses incurred during the period	4,210,002	15,326,369	8,435,838	33,900,235
Net effect of exempted income and non-deductible expenses	86,985	81,576	255,833	246,635
Income tax expense (revenue) reported in profit or loss	1,054,026	5,748,507	6,010,575	(8,604,342)

As at 30 September 2023, the Company has unused tax losses totaling Baht 302 million, which is expired by 2026 until 2028. The Company has not recognised as deferred tax asset since it believes future taxable profits may not be sufficient to allow utilization of unused tax losses.

11. Other assets

	(Unit: Baht)	
	30 September 2023	31 December 2022
Other assets - financial assets		
Other account receivable	16,604,629	33,596,000
Less: Allowance for expected credit loss	(11,524,606)	(11,824,606)
Other account receivable - net	5,080,023	21,771,394
Deposits	3,315,073	3,315,073
Advance payment	304,100	530,340
Total	8,699,196	25,616,807
Other assets - other		
Prepaid commission and brokerages expenses	855,702	2,437,215
Prepaid expenses	3,069,778	887,539
Prepaid reinsurance premium	455,101	803,541
Input tax not due	4,094,582	1,965,053
Revenue department receivables	5,310,066	2,361,129
Others	4,461,002	3,823,500
Total	18,246,231	12,277,977
Total other assets	26,945,427	37,894,784

12. Insurance contract liabilities

	(Unit: Baht)		
	30 September 2023		
	Insurance contract liabilities	Reinsurance on liabilities	Net
Loss reserves			
- Claims incurred and reported	22,624,088	(5,552,782)	17,071,306
- Claims incurred but not yet reported	29,066,307	(11,782,150)	17,284,157
Premium reserves			
- Unearned premium reserves	89,745,157	(38,621,389)	51,123,768
Total	141,435,552	(55,956,321)	85,479,231

(Unaudited but reviewed)

(Unit: Baht)

	31 December 2022		
	Insurance contract liabilities	Reinsurance on liabilities	Net
Loss reserves			
- Claims incurred and reported	33,160,019	(8,545,271)	24,614,748
- Claims incurred but not yet reported	61,307,983	(20,597,217)	40,710,766
Premium reserves			
- Unearned premium reserves	93,783,984	(47,441,696)	46,342,288
Total	188,251,986	(76,584,184)	111,667,802

12.1 Loss reserves

(Unit: Baht)

	For the nine-month period ended 30 September 2023	For the year ended 31 December 2022
Balance - beginning of the period/year	94,468,002	259,302,546
Claim expenses for the period/year	54,096,335	539,431,939
Change in loss reserves and assumptions	(53,688,112)	(110,933,022)
Claim expenses paid during the period/year	(43,185,830)	(593,333,461)
Balance - end of the period	51,690,395	94,468,002

As at 30 September 2023 and 31 December 2022, the Company had loss reserves under reinsurance contracts of Baht 3.3 million and Baht 4.8 million, respectively.

12.2 Unearned premium reserves

(Unit: Baht)

	For the nine-month period ended 30 September 2023	For the year ended 31 December 2022
Balance - beginning of the period/year	93,783,984	256,116,103
Premium written for the period/year	235,944,728	454,704,967
Premium earned for the current period/year	(239,983,555)	(617,037,086)
Balance of unearned premium reserves	89,745,157	93,783,984

(Unaudited but reviewed)

13. Due to reinsurers

(Unit: Baht)

	30 September 2023	31 December 2022
Amounts withheld on reinsurance	22,029,276	116,304,211
Amounts due to reinsurers	192,498,157	132,601,210
Total	214,527,433	248,905,421

14. Other liabilities

(Unit: Baht)

	30 September 2023	31 December 2022
Other liabilities - financial liabilities		
Accrued expenses	22,295,473	45,313,574
Other account payables	15,573,046	10,911,437
Total	37,868,519	56,225,011
Other liabilities - other		
Accrued commission expenses	17,375,959	20,236,723
Accrued marketing expenses	3,947,204	8,341,458
Deposits for insurance premium	12,986,036	13,212,967
Revenue department payable	6,095,392	1,994,273
Other payables	7,333,775	6,158,478
Others	4,238,460	3,608,736
Total	51,976,826	53,552,635
Total other liabilities	89,845,345	109,777,646

15. Net investment income

(Unit: Baht)

	For the three-month periods ended 30 September		For the nine-month periods ended 30 September	
	2023	2022	2023	2022
Interest income	1,509,549	1,944,245	4,714,366	6,999,535
Dividend income	-	(13,644)	40,500	2,660,799
Investment expenses	(185,964)	(173,978)	(551,601)	(1,477,016)
Total	1,323,585	1,756,623	4,203,265	8,183,318

(Unaudited but reviewed)

16. Net gains on financial instruments

(Unit: Baht)

	For the three-month periods ended 30 September		For the nine-month periods ended 30 September	
	2023	2022	2023	2022
Gain (loss) from disposal and derecognition				
Debt instruments measured at fair value through profit or loss	47,356	(1,197,465)	52,514	2,149,813
Equity instruments measured at fair value through profit or loss	-	3,128,931	-	14,967,996
Total	47,356	1,931,466	52,514	17,117,809

17. Fair value loss from financial instruments

(Unit: Baht)

	For the three-month periods ended 30 September		For the nine-month periods ended 30 September	
	2023	2022	2023	2022
Debt instruments measure at fair value through profit or loss	(2,254,947)	701,044	(1,026,840)	(17,356,611)
Equity instruments measure at fair value through profit or loss	-	(3,306,527)	-	(19,419,105)
Total	(2,254,947)	(2,605,483)	(1,026,840)	(36,775,716)

18. Operating expenses

(Unit: Baht)

	For the three-month periods ended 30 September		For the nine-month periods ended 30 September	
	2023	2022	2023	2022
Personnel expenses	23,643,547	26,377,638	63,425,780	73,472,727
Premises and equipment expenses	6,343,442	6,629,058	18,300,998	17,449,234
Taxes and duties	14,660	17,595	21,368	205,559
Bad debts and doubtful accounts (reversal)	(2,139,191)	48,359,923	(2,212,759)	46,931,442
Other operating expenses	3,647,412	4,960,371	12,914,532	13,049,617
Total operating expenses	31,509,870	86,344,585	92,449,919	151,108,579

19. Expected credit loss (reversal)

(Unit: Baht)

	For the three-month periods		For the nine-month periods	
	ended 30 September		ended 30 September	
	2023	2022	2023	2022
Cash and cash equivalents	680	6,322	(2,442)	(15,744)
Debt instruments measured at				
amortised cost	(31,270)	-	(292,590)	(14,246,043)
Accrued investment incomes	98	2,328	(127)	(5,636)
Other financial assets	(60,000)	(60,000)	(300,000)	(600,000)
Total	(90,492)	(51,350)	(595,159)	(14,867,423)

20. Loss per share

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

21. Related party transactions

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

The relationships between the Company and its related parties are summarised below.

Name of related parties	Relationship with the Company
Tune Protect Group Berhad	Related by way of common directors and shareholding
Thai AirAsia Co., Ltd.	Related by way of common directors
Thai AirAsia X Co., Ltd.	Related by way of common directors

(Unaudited but reviewed)

During the periods, the Company had significant business transactions with related parties. Such transactions, which are summarised below, arose in the ordinary course of business and were concluded on commercial terms and bases agreed upon between the Company and those related parties.

(Unit: Million Baht)

	For the three-month periods ended 30 September		For the nine-month periods ended 30 September		
	2023	2022	2023	2022	Pricing policy
Transactions with related companies					
Premium written	13.1	5.3	39.4	10.8	According to term of underwriting agreements
Commission and brokerage expenses	2.3	0.9	6.6	1.9	According to term of underwriting agreements

As at 30 September 2023 and 31 December 2022, the balances of the accounts between the Company and its related parties are as follows:

(Unit: Baht)

	30 September 2023	31 December 2022
Premium receivables		
Thai AirAsia Co., Ltd.	4,698,488	3,242,714
Thai AirAsia X Co., Ltd.	2,388,629	876,512
Loss reserves		
Thai AirAsia Co., Ltd.	1,500	-
Thai AirAsia X Co., Ltd.	2,400	-

Directors and key management's remuneration

During the three-month and nine-month periods ended 30 September 2023 and 2022, the Company had employment benefit expenses in relation to its directors and key management as follows:

(Unit: Million Baht)

	For the three-month periods ended 30 September		For the nine-month periods ended 30 September	
	2023	2022	2023	2022
Short-term benefits	18.6	18.9	58.3	62.9
Post-employment benefits	0.8	0.9	2.4	2.7
Total	19.4	19.8	60.7	65.6

22. Financial Instrument

22.1 Fair value of financial instrument

Most of the Company's financial instruments measured at amortised cost are classified as short-term and/or have interest rates that are close to market rate. Therefore, the carrying amounts of these financial instruments is estimated to approximate their fair value.

22.2 Fair value hierarchy

As of 30 September 2023 and 31 December 2022, the Company had the following financial assets that were measured at fair value using different levels of inputs as follows:

(Unit: Million Baht)

30 September 2023				
Fair value				
Total	Level 1	Level 2	Level 3	
Financial assets measured at fair value				
Debt instruments measured at fair value				
through profit or loss				
Government and state enterprise securities	92	-	92	-
Private enterprises	50	-	50	-
Equity instruments designated at fair value				
through other comprehensive income				
Non-listed domestic equity instruments	26	-	-	26
Non-listed foreign equity instruments	54	-	-	54

(Unit: Million Baht)

31 December 2022				
Fair value				
Total	Level 1	Level 2	Level 3	
Financial assets measured at fair value				
Debt instruments measured at fair value				
through profit or loss				
Government and state enterprise securities	76	-	76	-
Private enterprises	53	-	53	-
Equity instruments designated at fair value				
through other comprehensive income				
Non-listed domestic equity instruments	26	-	-	26
Non-listed foreign equity instruments	54	-	-	54

During the current period, the Company does not change the valuation technique and assumptions used in the valuation of financial assets, and there were no transfers within the fair value hierarchy.

23. Commitments and contingent liabilities

23.1 Operating lease and service commitments

- As at 30 September 2023, the Company has entered into several lease agreements in respect of office equipment and other services. The lease agreements consist of short-term lease and leases of low-value assets, lease term 1 - 4 years. The future minimum payments required under these agreements were as follows:

	(Unit: Million Baht)
	30 September 2023
Payable within:	
Within 1 year	7.2
Over 1 to 3 years	2.3
Total	9.5

- The Company has entered into service agreement to obtain notification claims services for travel insurance policy at the rate 0.6% of insurance premium per month.

23.2 Litigation

As at 30 September 2023, the Company has been sued for damages as an insurer. The total exposure of a couple of litigation cases amounts to Baht 58.8 million (31 December 2022: Baht 8.7 million). However, the Company is only obligated under the insurance liabilities totaling Baht 140.5 million (31 December 2022: Baht 3.4 million). And according to aforementioned in Note 7 to the interim financial statements, the Company was sued for damages from reinsurance broker and associate in the amount of Baht 111 million. The outcomes of the cases have not yet been finalized, since the case is in the step of further appointment. Therefore, the Company has set aside provision for potential losses in the financial statement amounting to Baht 2.2 million (31 December 2022: Baht 1.7 million) and the Company's management believes that upon the conclusion from litigation, the remaining amount will not be material to the Company's financial positions and operating result.

23.3 Capital commitments

As at 30 September 2023 and 31 December 2022, the Company had capital commitments of approximately Baht 5.2 million and Baht 6.0 million, respectively, relating to computer software development.

24. Approval of interim financial statements

These interim financial information were authorised for issue by the Company's Board of Directors on 7 November 2023.