

*KING WAI INSURANCE PUBLIC  
COMPANY LIMITED*

*Financial Statements*

*Year ended December 31, 2018*

## REPORT OF THE INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

TO THE SHAREHOLDERS AND BOARD OF DIRECTORS

KING WAI INSURANCE PUBLIC COMPANY LIMITED

(FORMERLY QBE INSURANCE (THAILAND) PUBLIC COMPANY LIMITED)

### Opinion

We have audited the financial statements of King Wai Insurance Public Company Limited (formerly QBE Insurance (Thailand) Public Company Limited), which comprise the statement of financial position as at December 31, 2018, and the related statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of King Wai Insurance Public Company Limited (formerly QBE Insurance (Thailand) Public Company Limited) as at December 31, 2018, and its financial performance and its cash flows for the year then ended in accordance with Thai Financial Reporting Standards ("TFRSs").

### Basis for Opinion

We conducted our audit in accordance with Thai Standards on Auditing ("TSAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Federation of Accounting Professions' Code of Ethics for Professional Accountants together with the ethical requirements that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Other Matter

The financial statements of King Wai Insurance Public Company Limited (formerly QBE Insurance (Thailand) Public Company Limited) for the year ended December 31, 2017, before reclassifications, presented herein as comparative information, were audited by another auditor, whose report thereon dated March 26, 2018 expressed an unmodified opinion on those statements.

## **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Thai Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with TSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with TSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Dr. Suphamit Techamontrikul  
Certified Public Accountant (Thailand)  
Registration No. 3356

BANGKOK  
February 22, 2019

DELOITTE TOUCHE TOHMATSU JAIYOS AUDIT CO., LTD.

KING WAI INSURANCE PUBLIC COMPANY LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2018

BAHT

	Notes	2018	2017
<b>ASSETS</b>			
Cash and cash equivalents	5	412,022,135	113,720,175
Premium receivables - net	6	54,344,679	147,164,949
Accrued investment income		658,513	1,402,102
Reinsurance assets	7	399,109,547	522,708,777
Due from reinsurers	8	10,320,750	12,390,325
Investment			
Investments in securities	9	381,197,307	1,334,026,800
Leasehold improvement and equipment	10	5,591,675	6,624,312
Intangible assets	11	51,005,605	-
Deferred acquisition costs		32,184,147	63,003,958
License costs	12	16,711,451	16,711,451
Prepaid premium ceded	13	105,366,561	-
Other assets	14	120,307,239	46,987,946
<b>TOTAL ASSETS</b>		<u>1,588,819,609</u>	<u>2,264,740,795</u>



Notes to the financial statements form an integral part of these statements

KING WAI INSURANCE PUBLIC COMPANY LIMITED  
STATEMENT OF FINANCIAL POSITION (CONTINUED)  
AS AT DECEMBER 31, 2018

BAHT

	Notes	2018	2017
<b>LIABILITIES AND EQUITY</b>			
<b>LIABILITIES</b>			
Insurance contract liabilities	15	730,557,370	935,603,376
Due to reinsurers	16	151,467,672	670,542,370
Unearned fee and commission income		36,004,752	82,403,740
Employee benefits obligations	17	13,009,079	12,723,503
Deferred tax liabilities	18	3,342,290	3,342,290
Other liabilities	19	76,324,143	104,088,226
<b>TOTAL LIABILITIES</b>		<b>1,010,705,306</b>	<b>1,808,703,505</b>
<b>EQUITY</b>			
Share capital	20		
Authorized share capital			
135,800,000 ordinary shares of Baht 5.00 each		679,000,000	
73,000,000 ordinary shares of Baht 5.00 each			365,000,000
Issued and paid-up share capital			
135,800,000 ordinary shares of Baht 5.00 each		679,000,000	
73,000,000 ordinary shares of Baht 5.00 each			365,000,000
Premium on share capital		122,520,000	122,520,000
Retained earnings (deficits)			
Appropriated			
Legal reserve	21	15,438,000	15,438,000
Unappropriated		(239,497,463)	(49,705,573)
Other components of equity		653,766	2,784,863
<b>TOTAL EQUITY</b>		<b>578,114,303</b>	<b>456,037,290</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>1,588,819,609</b>	<b>2,264,740,795</b>



Notes to the financial statements form an integral part of these statements



KING WAI INSURANCE PUBLIC COMPANY LIMITED  
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED DECEMBER 31, 2018

BAHT

	Notes	2018	2017
<b>Revenues</b>			
Gross premium written	22	389,786,824	878,649,696
<u>Less</u> Premium ceded	22	(538,871,617)	(747,668,210)
Net premium written		(149,084,793)	130,981,486
<u>Add</u> Unearned premium reserve decrease			
from previous year	22	52,834,802	252,285,636
Net premium earned		(96,249,991)	383,267,122
Fee and commission income	22	151,004,752	145,420,982
Net investment income		13,265,707	21,583,375
Other income		1,747,767	1,423,620
Total revenues		69,768,235	551,695,099
<b>Expenses</b>			
Claims incurred	22	476,335,745	521,010,617
<u>Less</u> Claims refundable from reinsurers	22	(444,949,446)	(277,446,485)
Commissions and brokerage expenses	22	97,808,058	169,428,179
Other underwriting expenses	22	44,249,693	66,849,903
Operating expenses	23	86,116,075	98,946,690
Total expenses		259,560,125	578,788,904
Loss before income tax expense		(189,791,890)	(27,093,805)
Income tax expense	18	-	107,761,150
<b>Net loss</b>		(189,791,890)	(134,854,955)



**KING WAI INSURANCE PUBLIC COMPANY LIMITED**  
**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

			BAHT
	Notes	2018	2017
Other comprehensive income (loss)			
Items that will not be reclassified subsequently to profit or loss			
Gain from remeasuring to fair value of available-for-sale investment		(5,073,847)	-
Gain from reclassification of investment	9	1,324,696	-
Amortized gain from reclassification on sale investment		295,417	-
		<u>(3,453,734)</u>	<u>-</u>
Actuarial loss on defined employee benefit plans	25	1,322,637	2,061,565
Income tax relating to items that will not be reclassified subsequently	25	-	144,660
		<u>1,322,637</u>	<u>2,206,225</u>
Other net comprehensive income (loss) for the years - net of income tax		<u>(2,131,097)</u>	<u>2,206,225</u>
<b>Total comprehensive loss for the years</b>		<u><u>(191,922,987)</u></u>	<u><u>(132,648,730)</u></u>
<b>Loss per share</b>			
<b>Basic loss per share</b>	26 Baht	(2.12)	(1.85)



Notes to the financial statements form an integral part of these statements



KING WAI INSURANCE PUBLIC COMPANY LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2018

	Note	Issued and paid-up share capital	Premium on share capital	Retained earnings (deficits)		Other components of equity			Total other components of equity	Total Equity
				Appropriated Legal reserve	Unappropriated	Deficit on revaluation of available-for-sale investments	Surplus of investments	Actuarial gain on defined employee benefit plans		
Beginning balance as at January 1, 2017										
		365,000,000	122,520,000	15,438,000	85,149,382	-	-	578,638	578,638	588,686,020
Total comprehensive income (loss) for the period										
		-	-	-	(134,854,955)	-	-	2,206,225	2,206,225	(132,648,730)
Ending balance as at December 31, 2017										
		365,000,000	122,520,000	15,438,000	(49,705,573)	-	-	2,784,863	2,784,863	456,037,290
Beginning balance as at January 1, 2018										
		365,000,000	122,520,000	15,438,000	(49,705,573)	-	-	2,784,863	2,784,863	456,037,290
Increase in share capital - ordinary shares										
20		314,000,000	-	-	-	-	-	-	-	314,000,000
Total comprehensive income (loss) for the period										
		-	-	-	(189,791,890)	(5,073,847)	1,620,113	1,322,637	(2,131,097)	(191,922,987)
Ending balance as at December 31, 2018										
		679,000,000	122,520,000	15,438,000	(239,497,463)	(5,073,847)	1,620,113	4,107,500	653,766	578,114,303
		BAHT								



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Notes to the financial statements form an integral part of these statements

KING WAI INSURANCE PUBLIC COMPANY LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2018

BAHT

	Note	2018	2017
<b>CASH FLOWS PROVIDED BY (USED IN)</b>			
<b>OPERATING ACTIVITIES</b>			
Written premium received from direct insurance		482,167,479	908,852,463
Cash paid from reinsurance		(693,408,590)	(155,303,200)
Interest income		9,356,014	24,513,496
Claims incurred from direct insurance		(476,452,163)	(567,067,488)
Commission and brokerage paid to direct insurance		(79,751,907)	(153,956,400)
Other underwriting expenses		(45,604,806)	(71,518,975)
Operating expenses		(139,230,241)	(162,041,187)
Other income		1,312,381	1,130,781
Income tax expense		(4,940,203)	(8,685,182)
Investments in securities		954,005,077	238,026,484
Deposits at financial institutions		(5,986)	(5,933)
Net cash provided by operating activities		<u>7,447,055</u>	<u>53,944,859</u>
<b>CASH FLOWS PROVIDED BY (USED IN)</b>			
<b>INVESTING ACTIVITIES</b>			
Sale of equipment		460,858	977,804
Purchase of equipment		(2,004,187)	(5,132,870)
Purchase of intangible assets		(21,601,766)	-
Net cash used in investing activities		<u>(23,145,095)</u>	<u>(4,155,066)</u>
<b>CASH FLOWS PROVIDED BY</b>			
<b>FINANCING ACTIVITIES</b>			
Cash received from increase in share capital		314,000,000	-
Net cash provided by investing activities		<u>314,000,000</u>	<u>-</u>
Net increase in cash and cash equivalents		298,301,960	49,789,793
Cash and cash equivalents as at January 1,		113,720,175	63,930,382
Cash and cash equivalents as at December 31,	5	<u><u>412,022,135</u></u>	<u><u>113,720,175</u></u>

Notes to the financial statements form an integral part of these statements



**KING WAI INSURANCE PUBLIC COMPANY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

**1. GENERAL INFORMATION AND OPERATION OF THE COMPANY**

King Wai Insurance Public Company Limited (formerly QBE Insurance (Thailand) Public Company Limited) (the “Company”) is a limited company incorporated in Thailand on January 2, 2013. The Company’s registered address is at U Chuliang Building, 15<sup>th</sup> Floor, 968 Rama IV Road, Silom, Bangrak, Bangkok. The main objective of the Company is non-life insurance. On September 21, 2018, the Company registered to change the name from QBE Insurance (Thailand) Public Company Limited to King Wai Insurance Public Company Limited.

As at December 31, 2017, the major shareholders of the Company are Sinkaonamahasarn Company Limited which holding 50.74% of the Company’s share capital and QBE Asia Pacific Holdings Limited Company Limited which holding 47.49% of the Company’s shares. The ultimate parent company is QBE Insurance Group Limited, which was incorporated in Australia.

Subsequently, on May 16, 2018, the Company’s major shareholder is King Wai Capital Limited, which was registered in Thailand, holding 99.05% of the Company’s authorized share capital and the ultimate parent company is King Wai Group (Thailand) Public Company Limited, which was incorporated in Thailand.

The Company has extensive transactions and relationships with the related parties. Accordingly, the financial statements may not necessarily be indicative of the conditions that would have existed or the results of operations that would have occurred if the Company had operated without such related parties.

**2. BASIS FOR PREPARATION OF THE FINANCIAL STATEMENTS**

- 2.1 The Company maintains its accounting records in Thai Baht and prepares its statutory financial statements in the Thai language in conformity with Thai Financial Reporting Standards and practices generally accepted in Thailand.
- 2.2 The Company’s financial statements have been prepared in accordance with the Thai Accounting Standard (“TAS”) No. 1 (Revised 2017) “Presentation of Financial Statements”, which was effective for financial periods beginning on or after January 1, 2018 onward, and the Notification of the Office of Insurance Commission regarding the Rules, Procedures, Conditions and Periods for Preparing and Submitting Financial Statements and Reports on the Operations of the Non-Life Insurance Business B.E. 2559 dated March 4, 2016.
- 2.3 The financial statements have been prepared under the historical cost convention except as disclosed in the significant accounting policies.

2.4 Thai Financial Reporting Standards affecting the presentation and disclosure in the current period financial statements

During the period, the Company has adopted the revised and new financial reporting standards issued by the Federation of Accounting Professions which become effective for fiscal years beginning on or after January 1, 2018. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards. The adoption of these financial reporting standards does not have any significant impact on the Company's financial statements.

2.5 Thai Financial Reporting Standards affecting the presentation and disclosure in the current period financial statements

During the period, the Group has adopted the revised and new financial reporting standards issued by the Federation of Accounting Professions which become effective for fiscal years beginning on or after January 1, 2018. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards. The adoption of these financial reporting standards does not have any significant impact on the Group's financial statements.

2.6 Thai Financial Reporting Standards announced in the Royal Gazette but not yet effective

2.6.1 Thai Financial Reporting Standards which will be effective for the financial statements with fiscal years beginning on or after January 1, 2019

New Thai Financial Reporting Standards and Thai Financial Reporting Standard Interpretation

The Federation of Accounting Professions has issued the Notification regarding Thai Financial Reporting Standards and Thai Financial Reporting Standard Interpretation which have been announced in the Royal Gazette and will be effective for the financial statements for the period beginning on or after January 1, 2019 onwards.

**Thai Financial Reporting Standards ("TFRS")**

TFRS 1	First-time Adoption of International Financial Reporting Standards
TFRS 15	Revenue from Contracts with Customers

**Thai Financial Reporting Standard Interpretation ("TFRIC")**

TFRIC 22	Foreign Currency Transactions and Advance Consideration
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There is the key change to the core principle of TFRS 15, which introduces a 5-step approach to revenue recognition, as follow:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract.
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation

Under TFRS 15, an entity recognizes revenue when (or as) a performance obligation is satisfied. TFRS 15 will supersede the Standards and Interpretations relating to revenue upon its effective date.

#### Thai Financial Reporting Standards (TFRSs) Revised 2018

The Federation of Accounting Professions has issued the Notification regarding Thai Financial Reporting Standards (TFRSs) Revised 2018 which have been announced in the Royal Gazette and will be effective for the financial statements for the period beginning on or after January 1, 2019 onwards. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes directed towards revision of wording and terminology and reference to other TFRSs except following TFRSs, which there are revision or additional paragraph and accounting guidance.

Thai Accounting Standard No. 28 (Revised 2018) “Investment in Associates and Joint Ventures” clarifies about the election of measurement an investment in an associate or a joint venture at fair value through profit or loss, and clarifies the consideration about the impairment of an investment in an associate or a joint venture. This accounting standard requires retrospective method for such amendment.

Thai Accounting Standard No. 40 (Revised 2018) “Investment Property” clarifies about transfers of investment property to, or from, other accounts when, and only when, there is a change in use. This accounting standard requires prospective method for such amendment.

Thai Financial Reporting Standard No. 2 (Revised 2018) “Share-based Payment” adds the requirements, which require prospective method for the amendment as follows:

- 1) The requirement about treatment of vesting and non-vesting for a cash-settled share-based payment transaction
- 2) The requirement about share-based payment transactions with a net settlement feature for withholding tax obligations
- 3) The requirement about accounting for a modification of a share-based payment transaction that changes its classification from cash-settled to equity-settled

Thai Financial Reporting Standard No. 4 (Revised 2018) “Insurance Contracts” determines the option for insurance industry to temporarily exempt from applying Thai Financial Reporting Standard No. 9 “Financial Instruments”. An entity can elect to exempt from Thai Financial Reporting Standard No. 9 “Financial Instruments” for annual periods beginning before January 1, 2022 or before Thai Financial Reporting Standard No. 17 “Insurance Contracts” is effective.

2.6.2 Thai Financial Reporting Standards which will be effective for the financial statements with fiscal years beginning on or after January 1, 2020

The Federation of Accounting Professions has issued the Notification regarding Thai Financial Reporting Standard Group of Financial Instruments which have been announced in the Royal Gazette and will be effective for the financial statements for the period beginning on or after January 1, 2020 onwards, as follows:

**Thai Accounting Standards (“TAS”)**

TAS 32            Financial Instruments: Presentation

**Thai Financial Reporting Standards (“TFRS”)**

TFRS 7            Financial Instruments: Disclosures

TFRS 9            Financial Instruments

**Thai Financial Reporting Standard Interpretations (“TFRIC”)**

TFRIC 16          Hedges of a Net Investment in a Foreign Operation

TFRIC 19          Extinguishing Financial Liabilities with Equity Instruments

These TFRSs make stipulations relating to the classification of financial instruments and their measurement at fair value or amortized cost; taking into account the type of instrument, the characteristics of the contractual cash flows and the Company’s business model, the calculation of impairment using the expected credit loss method, and the concept of hedge accounting. These include stipulations regarding the presentation and disclosure of financial instruments. These TFRSs will supersede the Standards and Interpretations relating to the financial instruments upon its effective date.



The Company's management will adopt such TFRSs in the preparation of the Company's financial statements when it becomes effective. The Company's management is in the process to assess the impact of these TFRSs on the financial statements of the Company in the period of initial application.

### 3. SIGNIFICANT ACCOUNTING POLICIES

#### 3.1 Insurance contract classification

At the initial date, the Company classified contract as insurance contract by determine that the significant risk has been transferred, in the event (scenario) that an insured would require company to pay significant additional benefits in term of commercial content. Once a contract has been classified as insurance contract, it remains an insurance contract until all right and obligations are expired. Other contract which the Company has entered with the insured may not be classified as an insurance contract when the significant insurance risk has been transferred. Other contracts are reclassified as investment contracts (if any).

#### 3.2 Revenue recognition

##### Premium written

For insurance policies with coverage period for one year, premium income is recognized on the effective date of the insurance policy after deducting premium ceded and premium cancelled and refunded. For long-term insurance policies which coverage periods are longer than one year, related revenues and expenses are recorded as unearned and prepaid items which recognized as income and expenses over the coverage periods on annual basis.

##### Reinsurance premium

Reinsurance premium income is recognized when the Company receives the reinsurance application or statement of accounts from the ceding company. Reinsurance profit commissions are recognized when the Company receives the statement of accounts from the reinsurers.

##### Premium ceded

Premium ceded is recognized as expense when the insurance risk is transferred to another insurer as amounts specified in policies.

For long-term reinsurance policies with coverage periods longer than 1 year, ceded premium is recorded as prepaid expense and recognised as expense over the coverage period each year.

##### Commissions and brokerages income

Commissions and brokerages income are recognized as income on an accrual basis.

#### Investment income

Investment income consists of interest income and dividends income. Interest income is recognized as income on an accrual basis and dividends income are recognized as income on the declaration date.

#### Other income

Other income is recognized as income on an accrual basis.

### 3.3 Expenses recognition

#### Claims and losses adjustment expenses

Claims and losses adjustment expenses consist of claims and losses adjustment expenses of direct insurance and reinsurance of both reported claims and not reported claims, and are stated at the amounts of the claims, related expenses, and claims adjustments of the current and prior period incurred during the year, less residual value and other recoveries (if any), and claim recovery from reinsurers.

Claims and losses adjustment expenses of direct insurance are recognised upon the receipt of the claims advice from the insured, based on the claims notified by the insured and estimates made by the Company's management. The maximum value of claims estimated is not however, to exceed the sum-insured under the relevant policy.

Claims and losses adjustment expenses of reinsurance are recognised when the reinsurer places the loss advice with the Company.

#### Claim recovery from reinsurers

Claims recovery from reinsurers is recognised when claims and loss adjustment expenses are recorded. They are estimated as proportion and condition relevant to reinsurance contracts. The Company presents the claims recoverable amount as a deduction from gross claims.

#### Commission and brokerage fees expenses

Commissions and brokerages are expended when incurred.

Commission and brokerage fees paid for policies with coverage periods of longer than 1 year are recorded as prepaid items and recognised as expenses over the coverage period each year.

#### Other underwriting expenses

Other underwriting expenses are other insurance expenses for both direct and indirect expenses, including contributions, which are recognised as expenses on accrual basis.

### Operating expenses

Operating expenses are operating expenses, not related to underwriting and claim, which are recognized as expenses on accrual basis

#### 3.4 Cash and cash equivalents

Cash and cash equivalents include cash on hand and all types of deposits with banks with maturity within 3 months, excluding deposit at banks used as collateral.

Deposits at banks having terms to maturity over 3 months are included in investments in securities.

#### 3.5 Premium due and uncollected and allowance for doubtful debt

Premium due and uncollected are stated at the net realizable value. The Company records allowance for doubtful accounts for the estimated collection losses on premium due and uncollected. Such estimated losses are based on the Company's collection experience and the analysis of aging of each premium due and uncollected.

#### 3.6 Reinsurance assets

Reinsurance assets are stated at net realizable value. The Company records allowance for doubtful accounts for the estimated collection losses on reinsurance assets. Such estimated losses are based on the Company's collection experience and the analysis of aging of each reinsurance assets.

#### 3.7 Due to and due from reinsurers

Amount due from reinsurers are stated at amount due from reinsurers which consists of premium uncollected from reinsurers, commission and brokerages receivables, outstanding claim recovered from reinsurers. The Company records allowance for doubtful for estimated loss from uncollected receivables based on the Company's collection experience and the analysis of aging of amount due from reinsurers.

Amount due to reinsurers are stated at amount withheld on reinsurance and amount due to reinsurers which consist of premium ceded payables and other reinsurance payables to reinsurers except claim payables. The net amount is represented in the statement of financial position when the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

#### 3.8 Investment in securities

Securities classified as available-for-sale are stated at fair value. Gain or loss on the change in fair value is recognized as other components of equity.

Securities classified as general investments, which the Company holds as other investment, are valued at cost net allowance for impairment (if any).

Securities classified as held-to-maturity are stated at amortized cost, less allowance for impairment (if any). The difference between the acquisition cost and redemption value of such debt securities is amortized using the effective interest rate method over the period to maturity.

In case of impairment in value of investment has occurred, the resultant loss for all classification of investments is recognized in the statement of profit or loss and other comprehensive income.

The costs of securities sold are determined by the weighted average method.

Fair value of marketable securities are based on the latest bid price of the last working day of the year as quoted on the Stock Exchange of Thailand. Fair value of debt instruments is determined based on the price quoted by the Thai Bond Market Association ("Thai-BMA"). When quoted market prices are unavailable, the fair value will be estimated by discounting expected future cash flows using market interest rate and/or prices for a similar instrument from Thai-BMA at the measurement date.

The Company determines the appropriate classification of its investment at the time of purchase and re-evaluates such designation on a regular basis. In the event the Company reclassifies investments from one type to another, such investments will be readjusted to their fair value as at the reclassification date. The difference between the carrying and the fair value on the date of reclassification are recorded in the statement of profit or loss and other comprehensive income or recorded as surplus (deficit) on reclassification of investment in equity, depending on the type of investment that is reclassified.

### 3.9 Leasehold improvement and equipment

Leasehold improvement and equipment are stated at cost, net of accumulated depreciation.

Depreciation is calculated by the straight-line method, based on the estimated useful lives of the assets as follows:

Furniture, fixtures and leasehold improvement	5 years
Equipment	5 years
Vehicles	5 years
Computer equipment	3 years

### 3.10 Intangible assets

Intangible assets represent computer software which is stated amortization and allowance for impairment (if any).

Amortization of computer software is calculated by straight-line method, based on the estimated useful lives of computer software of 7 years.

### 3.11 Licence Cost

Prior to 2008, license costs were amortized on a straight-line basis over 25 years which have not been amortized since 1 January 2008, as the license costs have an uncertain useful life assets. Therefore was not being amortized but using impairment testing every year.

Where the carrying amount is greater than its estimated recoverable amount, an impairment loss will be charged to the statement of profit or loss and other comprehensive income.

### 3.12 Impairment of assets

At the end of each reporting period, the Company perform impairment reviews in respect of property, buildings and equipment and intangible assets whenever events or changes in circumstances indicate that an asset may be impaired. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount.

The Company will recognise impairment loss in profit or loss, if there is any indication in the assessment of asset impairment that previously recognised impairment losses may no longer exist or may have decreased. The Company estimate the asset's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The increased carrying amount of the asset attributable to a reversal of an impairment loss shall not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at a revalued amount, in which case the reversal, which exceeds the carrying amount that would have been determined, is treated as a revaluation increase.

### 3.13 Insurance liabilities

#### 3.13.1 Unearned premium reserve

Unearned premium reserve is set aside in compliance with the basis as specified in the Notification of the Office of Insurance Commission regarding as follows:

Fire, Marine (Hull), Motor and Miscellaneous	- Daily pro-rate basis (1/365 basis)
Transportation (Cargo), travelling accident with coverage periods of not over six-months	- 100% of premiums as from the effective date of the inforce policies over the insurance coverage period

### 3.13.2 Loss reserve and outstanding claims

Loss reserve and outstanding claims have been provided upon receipt of claim advices from the insured and recorded at the amount appraised by an independent appraiser or by the Company's appraiser. In addition, the Company records a provision for losses incurred but not yet reported (IBNR) which assessed by actuary.

### 3.13.3 Unexpired risks reserve

Unexpired risks reserves are the best estimate of the claims that are expected be incurred during the remaining period of coverage of in-force policies, based on analysis of historical claims data by an actuary.

Unexpired risk reserves are only recognised in the financial statements to the extent that they exceed unearned premium reserves.

### 3.14 Foreign currency transactions

Transactions during the year denominated in foreign currencies are translated into Baht at the rates of exchange prevailing at the transaction dates. Monetary assets and liabilities outstanding as at the statement of financial position date denominated in foreign currencies are translated into Baht at the reference exchange rates established by the Bank of Thailand at that date. Gains and losses on exchange arising on settlements and translation are recognized as income or expense when incurred.

### 3.15 Employee benefits

#### 3.15.1 Provident fund

The Company has a provident fund which is contributory by the employee and the Company matching the individuals' contributions. The provident fund has been registered in accordance with the Provident Fund Act B.E. 2530 (1987). The Company's contribution to the fund is recorded as expense for the year.

#### 3.15.2 Provision for employee benefits

The Company provides provisions for employee benefits regarding the severance pay under the Labor Protection Act and long service awards payable to employees. Provisions for employee benefits is calculated by using the actuarial technique. The present value of the defined benefits obligation is determined by discounting estimated future cash flows using yields on the government bonds which have terms to maturity approximating the terms of the related liability. The estimated future cash flows shall reflect employee salaries, turnover rate, length of service and other factor.



Actuarial gain (loss) arising from post-employment benefits are recognized immediately in other comprehensive income.

Actuarial gain (loss) arising from long service awards are recognised immediately in profit or loss.

Past service cost related to the plan amendment is recognized as an expense in the income statement when the plan amendment is effective.

### 3.16 Long term agreements

#### Operating lease agreements

Leases of assets under which all the risks and rewards of ownership of assets effectively retained by the lessors, are classified under the operating leases. Lease payments under operating leases are recognized as expenses in the statement of profit or loss and other comprehensive income on the straight-line method over the lease term.

### 3.17 Income tax expense

Income tax expense represents the sum of the tax currently payable and deferred tax.

#### Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The current income tax payable is calculated using tax rates that have been enacted at the end of reporting period.

#### Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit (tax base). Deferred tax liabilities are generally recognized for all taxable temporary differences, and deferred tax assets are generally recognized for temporary differences to the extent that it is probable that taxable profits will be available against which those temporary differences can be utilized. The carrying amount of a deferred tax assets is reviewed at the end of each reporting period. Deferred tax assets shall be reduced to the extent that utilized taxable profits decreased. Any such reduction shall be reversed to the extent that it becomes probable that sufficient taxable profit will be available to allow total or part of the deferred tax assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that have been enacted or substantially enacted at the end of reporting period.

### 3.18 Basic loss per share

Basic loss per share are calculated by dividing net loss by the number of weighted average ordinary shares outstanding at the date of statement of financial position. In the case of a capital increase, the number of weighted average ordinary shares is calculated according to the period of the subscription received from increase and paid-up share capital.

### 3.19 Use of management's judgements and key sources of estimation uncertainty

The preparation of financial statements in conformity with Thai Financial Reporting Standards (TFRSs) requires the Company's management to exercise various judgments in order to determine the accounting policies, estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expense during the year. Although these estimates are based on management's reasonable consideration of current events, actual results may differ from these estimates.

#### Key sources of estimation uncertainty

#### 3.19.1 Loss reserves

The Company is required to estimate loss reserves and outstanding claims that arise from the Company's insurance products. These reserves represent the expected cost to settle claims occurring prior to, but still outstanding as of, the reporting period. The Company establishes its reserves by product line and extent of coverage. The reserves consist of reserves for reported losses and reserves for incurred but not reported (IBNR) losses.

The Company's reserves for reported losses are based on estimates of future payments to settle reported insurance claims with an undiscounted basis. IBNR reserves are established to recognize by using historical information and statistical models, based on standard actuarial claims projection techniques.

#### 3.19.2 Fair value measurement and valuation processes

Some assets measured at Level 2 of the fair value in the statements of financial position as of the end of reporting period such as Government and State Enterprise and Private Enterprises debt securities will be valued on the basis of quoted values and other data provided by Thai-BMA and first utilize valuation inputs from actively traded securities, such as bid prices when quoted market prices are unavailable, the fair value will be estimated by discounting expected future cash flows using market interest rate and/or prices for a similar instrument from Thai-BMA at the measurement date.

Information about valuation techniques and inputs used in determining the fair value of various assets and liabilities are disclosed in Note 34.2.5.

### 3.20 Fair value measurements

In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if a producer or supplier of a marketable good would take those characteristics into the consideration the price that would be received to sell an asset or paid to transfer a liability at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. Fair value for disclosure in the financial statements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements as follows:

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

## 4. ADDITIONAL INFORMATION FOR CASH FLOWS

Non-cash items of software under installation for the years ended December 31, 2018 and 2017 consisted of the following:

	2018 Baht	2017 Baht
Other payable - intangible assets as at January 1,	-	-
<u>Add</u> Purchases of intangible assets	51,005,605	-
<u>Less</u> Cash paid for purchase of intangible assets	(21,601,766)	-
Other payable - intangible assets as at December 31,	<u>29,403,839</u>	<u>-</u>

## 5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents as at December 31, 2018 and 2017 consisted of the following:

	2018 Baht	2017 Baht
Cash	50,000	50,000
Deposits at bank - at call	411,972,135	113,670,175
Cash and cash equivalents	<u>412,022,135</u>	<u>113,720,175</u>

6. PREMIUM DUE AND UNCOLLECTED - NET

Premium due and uncollected - net as at December 31, 2018 and 2017 consisted of the following:

	2018 Baht	2017 Baht
Within credit terms	32,747,680	73,376,804
Less than 30 days	5,460,208	28,130,787
31 - 60 days	2,184,735	7,539,586
61 - 90 days	983,007	11,848,854
Over 90 days	13,521,419	28,478,212
Total premium due and uncollected	54,897,049	149,374,243
<u>Less</u> Allowance for doubtful accounts	(552,370)	(2,209,294)
Premium due and uncollected - net	<u>54,344,679</u>	<u>147,164,949</u>

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

7. REINSURANCE ASSETS

Reinsurance assets as at December 31, 2018 and 2017 consisted of the following:

	2018 Baht	2017 Baht
<b>Insurance reserve refundable from reinsurers</b>		
Loss reserves	271,916,450	243,421,022
Unearned premium reserve		
- Unearned reinsurance premium reserve	<u>127,193,097</u>	<u>279,287,755</u>
Total reinsurance assets (see Note 15)	<u>399,109,547</u>	<u>522,708,777</u>

8. DUE FROM REINSURERS

Due from reinsurers as at December 31, 2018 and 2017 consisted of the following:

	2018 Baht	2017 Baht
Due from reinsurers	10,750,179	12,390,325
<u>Less</u> Allowance for doubtful accounts	(429,429)	-
Total	<u>10,320,750</u>	<u>12,390,325</u>

Aging analyzes for due from reinsurers as at December 31, 2018 and 2017 were as follows:

	2018 Baht	2017 Baht
Within credit terms	4,831,212	2,493,497
Not over 12 months	3,266,288	9,670,572
Over 1 year to 2 years	2,217,621	47,092
Over 2 years	435,058	179,164
Total due from reinsures	10,750,179	12,390,325
<u>Less</u> Allowance for doubtful accounts	(429,429)	-
Due from reinsures - net	<u>10,320,750</u>	<u>12,390,325</u>

## 9. INVESTMENTS IN SECURITIES

Investments in securities as at December 31, 2018 and 2017 consisted of the following:

	2018		2017	
	Cost/ Amortized cost Baht	Fair value Baht	Cost/ Amortized cost Baht	Fair value Baht
<b>Available-for-sale investments</b>				
Government and state enterprise securities	384,431,235	379,357,388	-	-
Total	384,431,235	379,357,388	-	-
<u>Less</u> Unrealized loss	(5,073,847)	-	-	-
<b>Total available-for-sale investments</b>	<u>379,357,388</u>	<u>379,357,388</u>	<u>-</u>	<u>-</u>
<b>Held-to-maturity investments</b>				
Government securities	-	-	1,332,192,867	-
Private enterprise debt securities	10,000,000	-	10,000,000	-
Deposits at financial institutions with maturity over 3 months	1,277,799	-	1,271,813	-
Total	11,277,799	-	1,343,464,680	-
<u>Less</u> Allowance for impairment	(10,000,000)	-	(10,000,000)	-
<b>Total held-to-maturity investments</b>	<u>1,277,799</u>	<u>-</u>	<u>1,333,464,680</u>	<u>-</u>
<b>General investment</b>				
Non-marketable equity securities	562,120	-	562,120	-
<b>Total general investment</b>	<u>562,120</u>	<u>-</u>	<u>562,120</u>	<u>-</u>
<b>Total investment in securities</b>	<u>381,197,307</u>	<u>-</u>	<u>1,334,026,800</u>	<u>-</u>

Debt securities classified by the remaining maturity as at December 31, 2018 were as follows:

	Within 1 year Baht	Maturities 1 - 5 years Baht	Over 5 years Baht	Total Baht
<b>Available-for-sale debt investments</b>				
Government and state enterprise securities	162,739,317	221,691,918	-	384,431,235
<u>Less</u> Unrealized loss	(236,219)	(4,837,628)	-	(5,073,847)
<b>Total available-for-sale debt investments</b>	<u>162,503,098</u>	<u>216,854,290</u>	<u>-</u>	<u>379,357,388</u>

Debt securities classified by the remaining maturity as at December 31, 2017 were as follows:

	Within 1 year Baht	Maturities 1 - 5 years Baht	Over 5 years Baht	Total Baht
Held-to-maturity debt investments				
Government securities	1,096,596,589	235,596,278	-	1,332,192,867
Total held-to-maturity debt investments	<u>1,096,596,589</u>	<u>235,596,278</u>	<u>-</u>	<u>1,332,192,867</u>

In 2018, the Company had transferred investment in government securities from held-to-maturity investments to available-for-sale investments in accordance with the Company's investment policy. Transfers of investments on that date consist of following:

	Amortized Cost  Baht	Fair value  Baht	Gain from reclassification of investments recognized into other comprehensive income Baht
Government securities	606,450,290	607,774,986	1,324,696
	<u>606,450,290</u>	<u>607,774,986</u>	<u>1,324,696</u>

As at December 31, 2018 and 2017, certain government and state enterprise securities were pledged and used for assets reserved with the Registrar amounting to Baht 124.40 million and Baht 126.90 million, respectively (see Note 30).

As at December 31, 2017, fixed deposit were used as collateral at court for miscellaneous policy amounting to Baht 0.67 million (2018:Nil) (see Note 33.3).



## 10. LEASEHOLD IMPROVEMENT AND EQUIPMENT

Leasehold improvement and equipment as at December 31, 2018 and 2017 consisted of the following:

	Cost				Accumulated depreciation				Beginning balance of equipment - net as at January 1, 2018 as at December 31, 2018 Baht	Ending balance of equipment - net as at December 31, 2018 Baht
	As at January 1, 2018 Baht	Additions Baht	Disposal/Write-Off Baht	As at December 31, 2018 Baht	As at January 1, 2018 Baht	Depreciation Baht	Disposal/Write-Off Baht	As at December 31, 2018 Baht		
Furniture, fixture & fittings, leasehold improvement	16,700,581	-	(12,900)	16,687,681	16,673,175	8,130	(12,899)	16,668,406	27,406	19,275
Equipment	4,116,832	29,159	(644,690)	3,501,301	3,851,561	92,125	(620,284)	3,323,402	265,271	177,899
Vehicles	9,790,000	-	(2,296,000)	7,494,000	9,789,995	-	(2,295,998)	7,493,997	5	3
Computer equipment	25,860,693	1,975,028	-	27,835,721	19,529,063	2,912,160	-	22,441,223	6,331,630	5,394,498
Total	56,468,106	2,004,187	(2,953,590)	55,518,703	49,843,794	3,012,415	(2,929,181)	49,927,028	6,624,312	5,591,675

	Cost				Accumulated depreciation				Beginning balance of equipment - net as at January 1, 2017 as at December 31, 2017 Baht	Ending balance of equipment - net as at December 31, 2017 Baht
	As at January 1, 2017 Baht	Additions Baht	Disposal/Write-Off Baht	As at December 31, 2017 Baht	As at January 1, 2017 Baht	Depreciation Baht	Disposal/Write-Off Baht	As at December 31, 2017 Baht		
Furniture, fixture & fittings, leasehold improvement	20,488,863	25,524	(3,813,806)	16,700,581	20,457,412	9,450	(3,793,687)	16,673,175	31,451	27,406
Equipment	5,240,951	47,116	(1,171,235)	4,116,832	4,830,758	99,140	(1,078,337)	3,851,561	410,193	265,271
Vehicles	10,990,000	-	(1,200,000)	9,790,000	10,032,432	430,219	(672,656)	9,789,995	957,568	5
Computer equipment	23,253,892	5,060,230	(2,453,429)	25,860,693	18,337,456	3,600,431	(2,408,824)	19,529,063	4,916,436	6,331,630
Total	59,973,706	5,132,870	(8,638,470)	56,468,106	53,658,058	4,139,240	(7,953,504)	49,843,794	6,315,648	6,624,312

As at December 31, 2018 and 2017, certain leasehold improvement and equipment at cost of Baht 46.06 million and Baht 43.93 million, respectively, were fully depreciated but still in use.

Depreciation for the years ended December 31, 2018 and 2017 amounting to Baht 3.01 million and Baht 4.14 million, respectively, were included in operating expenses.

# 11. INTANGIBLE ASSETS

Intangible assets as at December 31, 2018 and 2017 consisted of the following:

	Cost		Accumulated amortization			Beginning balance of equipment - net as at January 1, 2018	Ending balance of equipment - net as at December 31, 2018
	As at January 1, 2018	Additions	As at December 31, 2018	As at January 1, 2018	Additions	As at December 31, 2018	
	Baht	Baht	Baht	Baht	Baht	Baht	Baht
Software under installation	-	51,005,605	51,005,605	-	-	-	51,005,605

# 12. LICENSE COSTS

License costs as at December 31, 2018 and 2017 consisted of the following:

	2018 Baht	2017 Baht
License costs	67,000,000	67,000,000
<u>Less</u> Accumulated amortization	<u>(50,288,549)</u>	<u>(50,288,549)</u>
License costs	<u>16,711,451</u>	<u>16,711,451</u>

License costs were amortised on the straight-line method over 25 years. After January 1, 2008, the license costs which have been considered as indefinite useful life assets are no longer subject to amortisation but are tested annually for impairment.

# 13. PREPAID PREMIUM CEDED

As at December 31, 2018, the Company has prepaid premium ceded in amount of Baht 105.37 million because the Company entered into excess of loss reinsurance agreement with a reinsurer, the coverage periods are as specified in the contract (2017:Nil).

# 14. OTHER ASSETS

Other assets as at December 31, 2018 and 2017 consisted of the following:

	2018 Baht	2017 Baht
Refundable income tax	31,461,681	26,521,478
Deposits	3,209,721	3,916,221
The Revenue Department receivable	67,279,243	12,723,577
Undue purchase vat	3,262,346	667,407
Prepaid Expense	8,924,110	2,350,293
Other receivables	7,108,526	1,554,685
Allowance for doubtful account	<u>(938,388)</u>	<u>(745,715)</u>
Total other assets	<u>120,307,239</u>	<u>46,987,946</u>

## 15. INSURANCE CONTRACT LIABILITIES

Insurance contract liabilities as at December 31, 2018 and 2017 consisted of the following:

	Insurance contract liabilities	2018 Reinsurance liabilities (see Note 7)	Net
	Baht	Baht	Baht
Loss reserves			
Claim incurred and agreed	497,689,104	(258,191,450)	239,497,654
Claim incurred but not reported	50,440,000	(13,725,000)	36,715,000
	<u>548,129,104</u>	<u>(271,916,450)</u>	<u>276,212,654</u>
Premium reserve			
Unearned Premium reserve	182,428,266	(127,193,097)	55,235,169
Total	<u>730,557,370</u>	<u>(399,109,547)</u>	<u>331,447,823</u>

	Insurance contract liabilities	2017 Reinsurance liabilities (see Note 7)	Net
	Baht	Baht	Baht
Loss reserves			
Claim incurred and agreed	421,998,522	(186,627,022)	235,371,500
Claim incurred but not reported	126,247,000	(56,794,000)	69,453,000
	<u>548,245,522</u>	<u>(243,421,022)</u>	<u>304,824,500</u>
Premium reserve			
Unearned Premium reserve	387,357,854	(279,287,755)	108,070,099
Total	<u>935,603,376</u>	<u>(522,708,777)</u>	<u>412,894,599</u>

### 15.1 Insurance reserve for short term insurance contract

#### 15.1.1 Loss reserves

Loss reserves as at December 31, 2018 and 2017 consisted of the following:

	Gross Baht	2018 Reinsurance Baht	Net Baht
Balance as at beginning year	548,245,522	(243,421,022)	304,824,500
Claim incurred during the year	569,498,690	(491,210,243)	78,288,447
Changes in claims reserve incurred in previous year	(17,355,945)	3,191,797	(14,164,148)
Changes in claims reserve assumption	(75,807,000)	43,069,000	(32,738,000)
Claim paid during the year	<u>(476,452,163)</u>	<u>416,454,018</u>	<u>(59,998,145)</u>
Balance as at ending year	<u>548,129,104</u>	<u>(271,916,450)</u>	<u>276,212,654</u>

	Gross Baht	2017 Reinsurance Baht	Net Baht
Balance as at beginning year	594,302,394	(257,728,479)	336,573,915
Claim incurred during the year	443,481,872	(241,046,513)	202,435,359
Changes in claims reserve incurred in previous year	24,536,787	(1,018,971)	23,517,816
Changes in claims reserve assumption	52,213,000	(35,381,000)	16,832,000
Loss paid during the year	<u>(566,288,531)</u>	<u>291,753,941</u>	<u>(274,534,590)</u>
Balance as at ending year	<u>548,245,522</u>	<u>(243,421,022)</u>	<u>304,824,500</u>

#### 15.1.2 Unearned premium reserve

	Gross Baht	2018 Reinsurance Baht	Net Baht
As at January 1,	387,357,854	(279,287,755)	108,070,099
Premium written for the year	389,786,824	(538,871,617)	(149,084,793)
Earned premium for the year	<u>(594,716,412)</u>	<u>690,966,275</u>	<u>96,249,863</u>
As at December 31,	<u>182,428,266</u>	<u>(127,193,097)</u>	<u>55,235,169</u>

	Gross Baht	2017 Reinsurance Baht	Net Baht
As at January 1,	551,434,209	(191,078,475)	360,355,734
Premium written for the year	878,649,696	(747,668,210)	130,981,486
Earned premium for the year	<u>(1,042,726,051)</u>	<u>659,458,930</u>	<u>(383,267,121)</u>
As at December 31,	<u>387,357,854</u>	<u>(279,287,755)</u>	<u>108,070,099</u>

#### 15.1.3 Unexpired risk reserve

As at December 31, 2018 and 2017, no additional reserve for unexpired risk reserve has been established as the unexpired risk reserve estimated by the Company amounting to Baht 53.55 million gross and Baht 43.36 million net of reinsurance (as at December 31, 2017: amounting to Baht 165.37 million and Baht 70.33 million, respectively), is lower than the unearned premium reserve.

## 15.2 Claims development tables

### 15.2.1 Analysis of claims development - gross

**As at December 31, 2018**

Accident year/ reported year	2014	2015	2016	2017	2018	Unit: Baht Total
Estimate of ultimates:						
- End of accident year	835,014,474	461,746,109	617,245,238	503,841,363	580,270,022	
- One year later	798,988,668	460,565,759	644,203,736	467,185,314		
- Two year later	770,323,074	413,898,666	594,445,270			
- Three year later	772,696,174	421,645,243				
- Four year later	775,121,877					
Absolute estimated loss reserve and outstanding claim	775,121,877	421,645,243	594,445,270	467,185,314	580,270,022	
Accumulative claim paid	(772,917,807)	(389,267,564)	(562,583,915)	(346,643,861)	(235,501,498)	
Total Loss reserves	2,204,070	32,377,679	31,861,355	120,541,453	344,768,524	531,753,081
Loss reserves before year 2014						16,376,023
Total Loss reserves						548,129,104

**As at December 31, 2017**

Accident year/ reported year	2013	2014	2015	2016	2017	Unit: Baht Total
Estimate of ultimates :						
- End of accident year	296,615,497	835,014,474	461,746,109	617,245,238	503,841,363	
- One year later	337,748,771	798,988,668	460,565,759	644,203,736		
- Two year later	344,693,674	770,323,074	413,898,666			
- Three year later	340,494,978	772,696,174				
- Four year later	339,454,435					
Absolute estimated loss reserve and outstanding claim	339,454,435	772,696,174	413,898,666	644,203,736	503,841,363	
Accumulative claim paid	(338,430,719)	(765,250,642)	(374,110,481)	(516,527,615)	(187,552,640)	
Total Loss reserves	1,023,716	7,445,532	39,788,185	127,676,121	316,288,723	492,222,277
Loss reserves before year 2013						56,023,245
Total Loss reserves						548,245,522

### 15.2.2 Analysis of claims development - net

**As at December 31, 2018**

Accident year/ reported year	2014	2015	2016	2017	2018	Unit: Baht Total
Estimate of ultimates:						
- End of accident year	319,286,618	371,524,034	385,476,032	214,126,641	186,877,388	
- One year later	328,135,056	345,241,023	396,217,972	395,558,204		
- Two year later	331,330,057	334,405,112	381,749,083			
- Three year later	332,063,176	319,378,541				
- Four year later	338,993,463					
Absolute estimated loss reserve and outstanding claim	338,993,463	319,378,541	381,749,083	395,558,204	186,877,388	
Accumulative claim paid	(336,789,393)	(303,902,423)	(352,221,591)	(282,241,469)	(88,830,523)	
Total Loss reserves	2,204,070	15,476,118	29,527,492	113,316,735	98,046,865	258,571,280
Loss reserves before year 2014						17,641,374
Total Loss reserves						276,212,654

**As at December 31, 2017**

Accident year/ reported year	2013	2014	2015	2016	2017	Unit: Baht Total
Estimate of ultimates :						
- End of accident year	274,853,429	319,286,618	371,524,034	385,476,032	214,126,641	
- One year later	301,425,773	328,135,056	345,241,023	396,217,972		
- Two year later	305,211,120	331,330,057	334,405,112			
- Three year later	300,922,802	332,063,176				
- Four year later	300,617,270					
Absolute estimated loss reserve and outstanding claim	300,617,270	332,063,176	334,405,112	396,217,972	214,126,641	
Accumulative claim paid	(299,604,898)	(324,726,350)	(300,068,166)	(321,548,467)	(74,907,960)	
Total Loss reserves	<u>1,012,372</u>	<u>7,336,826</u>	<u>34,336,946</u>	<u>74,669,505</u>	<u>139,218,681</u>	256,574,330
Loss reserves before year 2013						48,250,170
Total Loss reserves						<u>304,824,500</u>

**16. DUE TO REINSURERS**

Due to reinsurers as at December 31, 2018 and 2017 consisted of the following:

	2018 Baht	2017 Baht
Reinsurance payables	90,464,759	455,960,211
Amount withheld on reinsurance	61,002,913	214,582,159
Total due to reinsurers	<u>151,467,672</u>	<u>670,542,370</u>

**17. EMPLOYEE BENEFIT OBLIGATIONS**

Employee benefit obligations for the years ended December 31, 2018 and 2017 consist of the following:

	2018 Baht	2017 Baht
Employee benefit obligations for severance pay (see Note 17.1)	12,388,692	11,985,968
Employee benefit obligations for long service awards (see Note 17.2)	620,387	737,535
	<u>13,009,079</u>	<u>12,723,503</u>

The Company operates post-employment benefit plans under the Labor Protection Act, which are considered as unfunded defined benefits plans.

17.1 Employee benefit obligations for severance pay

Changes in the present value of employee benefit obligations for severance pay as at December 31, 2018 and 2017, are as follows:

	2018 Baht	2017 Baht
Present value of employee benefit obligations for severance pay, beginning balance	11,985,968	15,941,827
Current service cost of the years	1,365,833	1,843,088
Interest cost	359,528	463,683
Benefits paid during the years	-	(4,201,065)
Actuarial gains	(1,322,637)	(2,061,565)
Present value of employee benefit obligations for severance pay, ending balance	<u>12,388,692</u>	<u>11,985,968</u>

Employee benefit obligations for severance pay expenses recognized in the statement of profit or loss and other comprehensive income for the years ended December 31, 2018 and 2017 were as follows:

	2018 Baht	2017 Baht
Current service cost of the years	1,365,833	1,843,088
Interest cost	359,528	463,683
Actuarial gains (loss)		
- Change in financial assumptions	(891,568)	235,611
- Change in demographic assumptions	89,366	302,334
- Experience adjustments	(520,435)	(2,599,511)
	<u>402,724</u>	<u>245,205</u>

17.2 Employee benefit obligations for long service awards

Changes in the present value of employee benefit obligations for long service awards for the years ended December 31, 2018 and 2017 were as follows:

	2018 Baht	2017 Baht
Present value of employee benefit obligations for long service awards, beginning balance	737,535	839,224
Current service cost of the years	60,295	67,640
Interest cost	17,137	23,091
Benefits paid during the years	(76,000)	(58,000)
Actuarial loss	(118,580)	(134,420)
Present value of employee benefit obligations for long service awards, ending balance	<u>620,387</u>	<u>737,535</u>

Employee benefit obligations for long service awards expense recognized in the statement of profit or loss for the years ended December 31, 2018 and 2017 is as follows:

	2018 Baht	2017 Baht
Cost of service - current years	60,295	67,640
Finance Cost	17,137	23,091
Actuarial gains (loss)		
- Change in financial assumptions	(22,654)	6,138
- Change in demographic assumptions	(1,760)	11,839
- Experience adjustments	(94,166)	(152,397)
	<u>(41,148)</u>	<u>(43,689)</u>

The Company calculated provisions for employee benefits by using actuarial technique. The assumptions at the reporting date consist of the following:

	2018	2017
Financial assumptions		
Discount rate (%)	2.5 and 2.92	3
Expected rate of salary increase (%)	4	4
Demographic assumptions		
Turnover rate (%) subject to range of age of employees	1.91 - 22.92	1.98 - 8.91
Retirement age (years)	60	60

Significant actuarial assumptions - impact on increase (decrease) in defined benefit obligation

	2018 Baht	2017 Baht
Financial assumptions		
Discount rate - 1% increase	(1,015,624)	(1,044,297)
Discount rate - 1% decrease	1,146,550	1,188,134
Expected rate of salary - 1% increase	1,036,007	1,244,521
Expected rate of salary - 1% decrease	(937,022)	(1,108,191)

The sensitivity analysis presented above may not be representative of the actual change in the employee benefit obligations as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the employee benefit obligations at the end of the report period have been calculated using the Projected Unit Credit Method, which is the same as that applied in calculating the post-employment benefit obligations liability recognized in the statement of financial position.



Maturity analysis of the benefit payments of the provision for employee benefits obligation as at December 31, 2018 and 2017 was as follows:

	2018 Baht	2017 Baht
Within 1 year	86,624	79,422
Over 1 to 5 years	2,484,011	2,303,409
Over 5 years	10,438,444	10,340,672
Total	<u>13,009,079</u>	<u>12,723,503</u>

On December 13, 2018, the National Legislative Assembly passed a resolution approving the draft of a new Labor Protection Act, which is in the process of being announced in the Royal Gazette. The new Labor Protection Act stipulates additional legal severance pay rates for employees who have worked for an uninterrupted period of twenty years or more. Such employees are entitled to receive compensation of not less than that of the last 400 days, based on the final wage rate. This change is considered an amendment to post-employment benefits plan. The Company will reflect the effect of such change by recognizing past service cost as an expense in the income statement of the period in which the law is effective

#### 18. DEFERRED TAX LIABILITIES

Deferred tax liabilities as at December 31, 2018 and 2017 were as follows:

	2018 Baht	2017 Baht
Deferred tax liabilities	<u>3,342,290</u>	<u>3,342,290</u>

Movements of deferred tax assets (liabilities) for the years ended December 31, 2018 and 2017 consisted of tax effects from the following items:

	As at January 1, 2018  Baht	Transactions recognized in profit or loss  Baht	Transaction recognized in Other comprehensive income or loss  Baht	As at December 31, 2018  Baht
Deferred tax liabilities				
Amortization license cost	(3,342,290)	-	-	(3,342,290)
Deferred tax liabilities	<u>(3,342,290)</u>	<u>-</u>	<u>-</u>	<u>(3,342,290)</u>

	As at January 1, 2017	Transactions recognized in profit or loss	Transaction recognized in Other comprehensive income or loss	As at December 31, 2017
	Baht	Baht	Baht	Baht
<b>Deferred tax assets</b>				
Allowance for impairment-held-to-maturity investment	2,000,000	(2,000,000)	-	-
Unearned premium reserve	23,037,023	(23,037,023)	-	-
Provision for loss reserve and outstanding claim	67,158,993	(67,158,993)	-	-
Tax losses	7,053,571	(7,053,571)	-	-
Others	8,366,903	(8,511,563)	144,660	-
	<u>107,616,490</u>	<u>(107,761,150)</u>	<u>144,660</u>	<u>-</u>
<b>Deferred tax liabilities</b>				
Amortization license cost	(3,342,290)	-	-	(3,342,290)
	<u>(3,342,290)</u>	<u>-</u>	<u>-</u>	<u>(3,342,290)</u>
<b>Deferred tax assets (liabilities)</b>	<u>104,274,200</u>	<u>(107,761,150)</u>	<u>144,660</u>	<u>(3,342,290)</u>

Income tax expense for years ended December 31, 2018 and 2017 consisted of the following:

	2018 Baht	2017 Baht
Income tax expense from taxable income per income tax return	-	-
Deferred tax expenses relating to the origination and reversal of temporary differences	-	107,761,150
Income tax expense per the statements of profit or loss and other comprehensive income	<u>-</u>	<u>107,761,150</u>

Reconciliation of effective tax rate for the years ended December 31, 2018 and 2017 are as follows:

	2018		2017	
	Tax Rate (%)	Amount Baht	Tax Rate (%)	Amount Baht
Loss before income tax expense		(189,791,890)		(27,093,805)
Income tax using the corporation tax rate	20.00	37,958,378	20.00	(5,418,761)
Effect of the non-taxable income and non-deductible expense	2.28	4,310,236	(0.08)	(21,495)
Effect of tax losses not recognized as deferred tax assets	17.72	33,648,142	20.08	5,440,256
Reversal deferred tax assets transaction prior year	-	-	397.73	107,761,150
<b>Income tax expense per the statements of profit or loss and other comprehensive income</b>	<u>-</u>	<u>-</u>	<u>397.73</u>	<u>107,761,150</u>

Deferred income tax assets are recognized only to the extent that realization of the related tax benefit through the future taxable profits is probable. The Company did not recognize deferred income tax assets from temporary difference and loss carried forward as at December 31, 2018 and 2017, which were as follows:

	2018 Baht	2017 Baht
Temporary difference	311,269,874	387,422,838
Loss carried forward	<u>321,260,079</u>	<u>153,019,382</u>
	632,529,953	540,442,220
Income tax rate	20%	20%
Deferred tax assets	<u>126,505,990</u>	<u>108,088,444</u>

The loss carried forward as at December 31, 2018 and 2017 amounting to Baht 321.26 million and Baht 153.02 million, respectively, will gradually expire from 2021 to 2023.

## 19. OTHER LIABILITIES

Other liabilities as at December 31, 2018 and 2017 consisted of the following:

	2018 Baht	2017 Baht
Accrued management fees	-	33,590,000
Commission payable	11,014,951	23,778,611
Accrued expenses	19,254,689	24,199,677
Advance premium	-	383,144
Other payables	<u>46,054,503</u>	<u>22,136,794</u>
Total other liabilities	<u>76,324,143</u>	<u>104,088,226</u>

## 20. SHARE CAPITAL

On September 18, 2018, the Extraordinary General Meeting of Shareholders No. 3/2018 passed resolutions to increase and allocate the authorized share capital of 62,800,000 shares, Baht 5 par value each, to offer to existing shareholders of the Company by proportion of shareholding of each shareholder at the ratio of 1 existing ordinary share to 0.86 new ordinary share. The shareholders have the right to subscribe for newly issued ordinary shares exceeding their rights. Shares subscribed in excess of their entitlement will be allocated to the subscribed shareholders in excess of their entitlement after the allocation of newly issued ordinary shares to all shareholders subscribed for in the first round.

On September 26, 2018, the Company registered its and called for the capital increase in the amount of Baht 314,000,000 and the Company received payment of the share subscription on September 28, 2018. The Company registered change of paid-up capital with the Ministry of Commerce on October 12, 2018.

## 21. LEGAL RESERVE

Pursuant to the Public Limited Companies Act B.E. 2535, the Company must allocate to a reserve fund from the annual net profit of the year, not less than five percent of the annual net profit deducted by the total accumulated loss brought forward (if any) until the reserve fund reaches an amount of not less than ten percent of the authorized capital. Such reserve fund is not available for distribution as dividend.

As at December 31, 2018 and 2017, the Company has legal reserve of Baht 15.44 million.

## 22. FINANCIAL INFORMATION BY SEGMENT

The business segment results are prepared based on the Management of the company. The operating results by business segment provided to Chief Executive Officer to make decisions about allocating resources to, and assessing the performance of, operating segments is measured in accordance with Thai Financial Reporting Standard.

The Company has four reportable segments, which represent the major products that the Company underwrites and consists of fire, marine, motor and miscellaneous.

The Company is only operated and managed in a single geographic area, namely in Thailand. Therefore, no geographical segment information is presented.

For the years ended December 31, 2018 and 2017, there was no underwriting income with a single external customer contributed 10% or more to the Company's total revenue.

The reporting of underwriting information classified by type of insurance for the years ended December 31, 2018 and 2017 were as follows:

	For the year ended December 31, 2018				
	Fire Baht	Marine Baht	Motor Baht	Miscellaneous Baht	Total Baht
<b>Underwriting income</b>					
Gross premiums written	5,123,990	16,340,671	6,766,204	361,555,959	389,786,824
<u>Less</u> Premiums ceded	<u>(9,282,753)</u>	<u>(47,941,470)</u>	<u>(267,449)</u>	<u>(481,379,945)</u>	<u>(538,871,617)</u>
Net premiums written	(4,158,763)	(31,600,799)	6,498,755	(119,823,986)	(149,084,793)
<u>Add</u> Unearned premium reserve decrease from previous period	<u>1,268,673</u>	<u>20,439,590</u>	<u>599,513</u>	<u>30,527,026</u>	<u>52,834,802</u>
Net premium earned	(2,890,090)	(11,161,209)	7,098,268	(89,296,960)	(96,249,991)
Fee and commission income	564,944	17,217,198	2,380,317	130,842,293	151,004,752
Total underwriting income	<u>(2,325,146)</u>	<u>6,055,989</u>	<u>9,478,585</u>	<u>41,545,333</u>	<u>54,754,761</u>
<b>Underwriting expenses</b>					
Claim incurred	84,176	27,311,752	874,987	448,064,830	476,335,745
<u>Less</u> Claim refundable from reinsurers	<u>(1,573,329)</u>	<u>(29,692,151)</u>	<u>(253,028)</u>	<u>(413,430,938)</u>	<u>(444,949,446)</u>
Commissions and brokerages expenses	741,431	6,562,730	2,044,568	88,459,329	97,808,058
Other underwriting expenses	254,901	3,676,347	856,978	39,461,467	44,249,693
Total underwriting expenses	<u>(492,821)</u>	<u>7,858,678</u>	<u>3,523,505</u>	<u>162,554,688</u>	<u>173,444,050</u>
<b>Profit (loss) on underwriting before operating expenses</b>	<u>(1,832,325)</u>	<u>(1,802,689)</u>	<u>5,955,080</u>	<u>(121,009,355)</u>	<u>(118,689,289)</u>
Operating expenses					86,116,075
Loss on underwriting					<u>(204,805,364)</u>

	For the year ended December 31, 2017				
	Fire Baht	Marine Baht	Motor Baht	Miscellaneous Baht	Total Baht
<b>Underwriting income</b>					
Gross premiums written	11,674,022	151,080,859	12,898,331	702,996,484	878,649,696
<u>Less</u> Premiums ceded	<u>(11,521,921)</u>	<u>(106,949,314)</u>	<u>(21,174,545)</u>	<u>(608,022,430)</u>	<u>(747,668,210)</u>
Net premiums written	152,101	44,131,545	(8,276,214)	94,974,054	130,981,486
<u>Add</u> Unearned premium reserve decrease from previous period	<u>9,069,878</u>	<u>20,416,231</u>	<u>31,974,201</u>	<u>190,825,322</u>	<u>252,285,636</u>
Net premium earned	9,221,979	64,547,776	23,697,991	285,799,376	383,267,122
Fee and commission income	2,343,163	27,623,281	8,733,928	106,720,610	145,420,982
Total underwriting income	<u>11,565,142</u>	<u>92,171,057</u>	<u>32,431,919</u>	<u>392,519,986</u>	<u>528,688,104</u>
<b>Underwriting expenses</b>					
Claim incurred	3,478,014	74,803,952	31,872,599	410,856,052	521,010,617
<u>Less</u> Claim refundable from reinsurers	<u>(4,472,871)</u>	<u>(36,189,866)</u>	<u>(15,701,129)</u>	<u>(221,082,619)</u>	<u>(277,446,485)</u>
Commissions and brokerages expenses	4,044,359	16,831,056	7,579,910	140,972,854	169,428,179
Other underwriting expenses	888,189	11,494,616	981,338	53,485,760	66,849,903
Total underwriting expenses	<u>3,937,691</u>	<u>66,939,758</u>	<u>24,732,718</u>	<u>384,232,047</u>	<u>479,842,214</u>
<b>Profit on underwriting before operating expenses</b>	<u>7,627,451</u>	<u>25,231,299</u>	<u>7,699,201</u>	<u>8,287,939</u>	<u>48,845,890</u>
<b>Operating expenses</b>					<u>98,946,690</u>
<b>Loss on underwriting</b>					<u>(50,100,800)</u>

The Company does not present the assets and liabilities of each segment because the chief operating decision maker manages the Company's assets as a whole, and not separately based on business segment.

## 23. OPERATING EXPENSES

Operating expenses for the years ended December 31, 2018 and 2017 consisted of the following:

	2018 Baht	2017 Baht
Personal expense, excluded underwriting	43,412,279	46,376,100
Premises and equipment expense, excluded underwriting	19,052,407	11,803,194
Management fee	12,607,524	33,590,000
Other operating expenses	11,043,865	7,177,396
Total operating expenses	<u>86,116,075</u>	<u>98,946,690</u>

## 24. EMPLOYEE EXPENSES

Employee expenses for the years ended December 31, 2018 and 2017 consisted of the following:

	2018 Baht	2017 Baht
Salary and wage	57,174,305	61,801,644
Social fund expenses	929,641	1,060,209
Employee benefit expenses	1,684,214	2,263,082
Provident fund (see Note 29)	2,538,720	2,647,403
Other benefits	14,743,070	14,148,619
Total employee expenses	<u>77,069,950</u>	<u>81,920,957</u>

## 25. EFFECT FROM INCOME TAX RELATING TO COMPONENTS OF OTHER COMPREHENSIVE INCOME

Effect from income tax relating to components of other comprehensive income for the years ended December 31, 2018 and 2017, are as follows:

	2018			2017		
	Before tax	Benefit (expense) of tax	Net of tax	Before tax	Benefit (expense) of tax	Net of tax
	Baht	Baht	Baht	Baht	Baht	Baht
Item that will not be reclassified subsequently to profit or loss						
Actuarial loss on deficit employee benefit plans	1,322,637	-	1,322,637	2,061,565	144,660	2,206,225
Total	<u>1,322,637</u>	<u>-</u>	<u>1,322,637</u>	<u>2,061,565</u>	<u>144,660</u>	<u>2,206,225</u>

## 26. BASIC LOSS PER SHARE

Basic loss per share for the years ended December 31, 2018 and 2017 were as follows:

	2018	2017
Net loss (Baht)	(189,791,890)	(134,854,955)
Basic loss per share (Baht)	(2.12)	(1.85)
Number of ordinary shares outstanding at as January 1	73,000,000	73,000,000
Weighted average number of ordinary shares issued during the years (shares)	16,689,315	-
Weighted average number of ordinary shares (shares)	<u>89,689,315</u>	<u>73,000,000</u>

## 27. TRANSACTIONS WITH RELATED PARTIES

A portion of the Company's assets, liabilities, revenues and expenses arose from transactions with related parties. The relationship may be by shareholding or the companies may have the same group of shareholders or directors. The Company's management believes that the Company has no significant influence over the related parties. The accompanying financial statements reflect the effects of these transactions determined price as stipulated in the agreement and conditions as in the normal course of business.

The company changed in major shareholder, resulting in the end of related party transactions with the Group of former major shareholders since May 16, 2018. The financial statements for the year ended December 31, 2018 have therefore presented business transactions with the Group of former major shareholders up to May 16, 2018 and presented business transactions with the Group of King Wai Group (Thailand) Public Company Limited, the current major shareholder, as related party transactions in the financial statements since May 16, 2018.

The relationships between the Company and its related parties are summarized below:

Companies	Relationship	Type of business
<b>Group of former major shareholders</b>		
QBE Insurance Group Limited	Some common shareholders and directors	Insurance
<b>Group of new major shareholders:</b>		
King Wai Group (Thailand) Public Company Limited	Ultimate parent company	Commercial real estate investments
King Wai Capital Limited	Some common shareholders and directors	Holding company
Cornerstone Realty Company Limited	Some common shareholders and directors	Commercial real estate investments
Gold Star Property Company Limited	Some common shareholders and directors	Commercial real estate investments
Thai-Kami Company Limited	Some common shareholders and directors	Building materials
Top Property Co., Ltd.	Some common shareholders and directors	Commercial real estate investments

Significant balances and transactions were as follows:

	As at December 31, 2018	Unit : Baht As at December 31, 2017
<b>Group of former major shareholders</b>		
<b>Assets</b>		
Reinsurance assets		
Loss reserves	-	197,727,061
Due from reinsurance		
Receivables from reinsurance	-	4,829,952
Other assets		
Other receivables	-	369,945
<b>Liabilities</b>		
Insurance contract liabilities		
Loss reserve and outstanding claims	-	1,367,653
Due to reinsurers		
Reinsurance payables	-	373,531,656
Amount withheld on reinsurance	-	214,582,159
Other liabilities		
Management fee	-	33,590,000
Other payables	-	9,124,263
<b>Group of new major shareholders</b>		
<b>Liabilities</b>		
Loss reserve and outstanding claims	6,009	-

	Unit : Baht	
	For the years ended December 31,	
	2018	2017
	Baht	Baht
<b>Group of former major shareholders</b>		
Income/(expense)		
Premium ceded	(145,160,751)	(736,964,138)
Claims refundable from reinsurers	122,552,779	274,418,414
Claims incurred	-	(219,336)
Fee and commission income	51,103,358	199,604,210
Management fee	(12,607,524)	(33,590,000)
<b>Group of new major shareholders</b>		
Income/(expense)		
Premium	381,256	-
Claims incurred	6,009	-

The Company used the same pricing policy and conditions for the above premiums as it did for other customers and other insurance companies.

The Company paid commissions and brokerages and other underwriting expenses as specified in agreement made between the Company and the related companies. The commission rates were in compliance with the Office of Insurance Commission criteria and the same basis of the commission rate that the Company has offered to other insurance broker companies.

The Company has entered into a Services Agreement with QBE Asia Pacific Holdings Limited to provide consultation and support services to the Company in respect of taxation, reinsurance and actuarial services, assistance with corporate planning and implementation of standard accounting procedures, system support and review visit by internal audit staff, among others. Such services shall be provided by Limited or its related entities for a management fee with effect from 2008.

The management fee is based on the recovery of expenses incurred by QBE Asia Pacific Holdings Limited or its related entities to support the Company's operations, the agreement was terminated because the Company changed its major shareholder on May 16, 2018.

## 28. DIRECTORS AND KEY MANAGEMENT PERSONNEL'S REMUNERATION

The Company had salaries, bonuses, directors allowances and other benefits of its directors and key management personnel recognized as expenses for the years ended December 31, 2018 and 2017, as follows:

	For the years ended	
	December 31,	
	2018	2017
	Baht	Baht
Directors and key management personnel's remuneration		
Short-term benefits	21,555,379	30,467,850
Post-employment benefits	1,310,298	224,690
	<u>22,865,677</u>	<u>30,692,540</u>

Directors' remunerations for the years of 2018 and 2017 were approved by the ordinary shareholders' meeting of the Company held on April 23, 2018 and April 21, 2017, respectively.



**29. PROVIDENT FUND**

The Company has established a contributory registered provident fund, in accordance with the Provident Fund Act B.E. 2530. Under the plan, employees must contribute their basic salaries, with the Company matching the individuals' contributions as follow;

Year of services	Percentage %
Less than 5 years	5
5 years and above	7

A registered provident fund manager has been appointed to manage the fund in compliance with the requirements of the Ministerial Regulations issued under the Provident Fund Act B.E. 2542.

For the years ended December 31, 2018 and 2017, the Company's contributions recorded as expenses were Baht 2.54 million and Baht 2.65 million, respectively (see Note 24).

**30. SECURITIES PLEDGED AND ASSETS RESERVED WITH THE REGISTRAR**

As at December 31, 2018 and 2017, certain investment in securities of the Company were pledged and used for assets reserved with the Registrar (see Note 9) in accordance with the Insurance Act and according to the announcement of the Office of Insurance Commission regarding "Rates, Rules and Procedures for pledge of unearned premium reserve of Non-Life Insurance Company B.E. 2557" as follows:

	2018 Baht	2017 Baht
Investment in securities used to secure the facilities collateral with the Office of Insurance Commission		
Securities pledged with the registrar		
Government bonds	14,139,609	14,449,508
Assets reserved with the registrar		
Government bonds	110,264,893	112,447,510
Total investment in securities of pledged	<u>124,404,502</u>	<u>126,897,018</u>

**31. CONTRIBUTION TO NON-LIFE GUARANTEE FUND**

The Company has accumulated funding amount which was paid into contribution to non-life guarantee fund as at December 31, 2018 and 2017 amounting to Baht 17.89 million and Baht 17.02 million, respectively.

## 32. LONG-TERM LEASES AND SERVICE AGREEMENTS

Long-term leases and service agreements as at December 31, 2018 and 2017 consisted of the following:

	2018 Baht	2017 Baht
Within 1 year	4,131,770	3,802,667
Over 1 year to 5 years	416,000	754,000
Total	<u>4,547,770</u>	<u>4,556,667</u>

For the years ended December 31, 2018 and 2017, the Company recorded the rental and service fees under operating agreements as expense in the statements of profit or loss and other comprehensive income in amount of Baht 8.97 million and Baht 8.14 million, respectively.

## 33. CONTINGENT LIABILITIES AND COMMITMENT

- 33.1 As at December 31, 2018 and 2017, lawsuits have been brought against the Company, as insurer, from which the Company estimates losses totaling Baht 10.22 million and Baht 8.37 million, respectively. The Company's management believes that such estimation is adequate to losses and does not expect the outcome of the litigation to result in losses that differ from the recorded liability by amounts, that would be material to the Company's operating results.
- 33.2 As at December 31, 2018, the Company had a capital commitment to pay computer software in amount of Baht 68.61 million (2017:Nil).
- 33.3 As at December 31, 2017, the Company has fixed deposit in amount of Baht 0.67 million, which were used as collateral at court in case where the miscellaneous policy is an alleged offender (2018:Nil) (see Note 9).

## 34. INSURANCE AND FINANCIAL RISK MANAGEMENT

### 34.1 Insurance risk

#### 34.1.1 Insurance risk management policy

The Company's managements take a responsibility to make a strategic decisions and pre-planned with clear steps to be taken so that the process of translating strategy into implementation is actionable, timely and appropriate to changes.

Insurance risk means the fluctuation of the frequency, extent of damage, and number of events that is out of the standard assumption used in establishing rate of insurance calculations for insurance contract liabilities, and underwriting considerations. The Company examines thoroughly the level of risks that is acceptable to take by referring to the insurance underwriting manual, and insurance rates included the consideration to ensure that there is no concentrated risk by way of geography or by type of risks. If the risks exceed the defined level, the Company extends the risks to reinsurers by proportional reinsurance agreed terms.

Risk management is integral to the whole business of the Company. The Company has a system of controls in place to create an acceptable balance, by the use of in-house pricing models relevant to specific portfolios and the markets in which the Company operates. The management continually monitors the Company's risk management process to ensure that an appropriate balance between risk and control is achieved.

The key elements of the Company's insurance risk management framework are as below.

#### Product design and development, and price structure

In developing any new non-life insurance product, that are aligned with our strategic intent by management. The pricing of risk is controlled by the use of in-house pricing models relevant to specific portfolios and the markets in which the Company operates. Underwriters and actuaries maintain pricing and claims analysis for each portfolio, combined with current developments in the respective markets and classes of business.

#### Underwriting strategy

The underwriting strategy is implemented through the Company's annual business planning process, supported by underwriting authorities. The Company delegate authorities to underwriters based on a detailed retrospective and prospective analysis of each class of business. These authorities reflect the level of risk that the Company is prepared to take with respect to each permitted insurance class.

#### Reinsurance strategy

The Company has a combination of proportionate and non-proportionate reinsurance treaties. In term of significant exposure loss, reinsurer is responsible for claim as specified in the agreement to limit the net exposure loss to the Company. The Company sets the minimum security criteria for acceptable reinsurance and monitoring the purchase of reinsurance by the business units against those criteria. The Company's management monitors developments in the reinsurance programme and its ongoing adequacy.

### 34.1.2 Sensitivity analysis

The sensitivity analysis is performed on the net loss reserve and outstanding claims, based on changes in assumptions that may affect the level of liabilities. Effect of risk that changes in assumptions as at December 31, 2018 and 2017, are as follows:

	2018	
	Increase (decrease) in insurance contract liabilities	Increase (decrease) in profit and equity
	Baht	Baht
Gross		
Loss ratio - 10% increase	59,477,677	(59,477,677)
Loss ratio - 10% decrease	(59,477,677)	59,477,677
Net		
Loss ratio - 10% increase	33,611,423	(33,611,423)
Loss ratio - 10% decrease	(33,611,423)	33,611,423

  

	2017	
	Increase (decrease) in insurance contract liabilities	Increase (decrease) in profit and equity
	Baht	Baht
Gross		
Loss ratio - 10% increase	51,612,548	(51,612,548)
Loss ratio - 10% decrease	(51,612,548)	51,612,548
Net		
Loss ratio - 10% increase	44,053,740	(44,053,740)
Loss ratio - 10% decrease	(44,053,740)	44,053,740

### 34.1.3 Concentration of insurance risks

Concentrations of risk may arise where a particular event or a series of events could impact heavily upon the Company's insurance contract liabilities. The Company sets out the total aggregate exposure that it is prepared to accept in relation to general insurance risk concentrations. It monitors these exposures by quarterly.

The following table shows the Company's exposure to concentration of insurance contract liabilities per category of business.

	Fire Baht	Marine Baht	Motor Baht	Miscellaneous Baht	Total Baht
<b>As at 31 December 2018</b>					
Gross	4,775,078	62,057,150	12,074,397	651,650,745	730,557,370
Net of reinsurance	4,765,985	47,791,871	12,012,397	266,877,570	331,447,823
<b>As at 31 December 2017</b>					
Gross	9,995,170	134,080,416	21,020,317	770,507,473	935,603,376
Net of reinsurance	2,547,662	63,150,293	13,122,456	334,074,188	412,894,599

## 34.2 Financial risk

### 34.2.1 Accounting policies

Details of significant accounting policies and methods adopted, including criteria for recognition of revenues and expenses relating to financial assets and financial liabilities are disclosed in Note 3.

### 34.2.2 Liquidity risk

The Company monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by the Management to finance the Company's operations and to mitigate the effects of fluctuations in cash flows.

The analysis of the liquidity risk from insurance contracts which estimate base on an analysis of payment histories.

	Payment periods			Unit: Baht
	Less than 1 year	1 - 5 years	5 - 10 years	Total
<b>31 December 2018</b>				
Insurance contract liabilities				
Loss reserves and outstanding claims	236,099,455	308,702,126	3,327,523	548,129,104
<b>31 December 2017</b>				
Insurance contract liabilities				
Loss reserves and outstanding claims	237,727,897	307,448,815	3,068,810	548,245,522

### 34.2.3 Credit risk

Credit risk is the potential financial loss resulting from the failure of a customer or counterparty to settle its financial and contractual obligations to the Company, including the opportunity to drop in credit rating of counterparty. The following policies and procedures are in place to mitigate the Company's exposure to credit risk. A company-wide credit risk policy is in place which defines what constitutes credit risk for the Company. Compliance with the policy is monitored and exposures and breaches are reported to the Board of Management.

The credit risk on financial instruments comprising mainly bank deposits, investments in debt securities and premium receivables. Net exposure limits are set for each counterparty or group of counterparties in relation to bank deposits and investments. Credit risk exposures are calculated regularly and compared with authorised credit limits before further transactions are undertaken with each counter-party to manage credit risk, the Company transacts with counter-parties under strict guidelines covering the limits and terms and does not expect such counterparties of strong credit rating to fail to meet its obligations.

### 34.2.4 Interest rate risk

Interest rate risk refers to changes in interest rates will affect the interest income from investments. The Company's investments include both short-term and long-term investments that have floating rate and fixed rates. The Company manages the risk by considering the risk of investments together with the return on such investments.

As at December 31, 2018 and 2017, significant financial assets classified by type of interest rate are as follows:

	As at December 31, 2018						
	Period specified for fixing new interest rate				Variable Interest rate	No Interest	Average interest rate
	Within 1 year	1 - 5 years	Over 5 years	Total			
	Baht	Baht	Baht	Baht	Baht	Baht	%
Cash and cash equivalents							
Deposit at bank	-	-	-	-	391,744,317	20,227,818	0.47
Investment in securities							
Available-for-sale securities							
Government bonds	162,503,098	216,854,290	-	379,357,388	-	-	3.72
Held-to-maturity securities							
Deposits at bank with maturity over 3 months	1,277,799	-	-	1,277,799	-	-	1.40
Total	<u>163,780,897</u>	<u>216,854,290</u>	<u>-</u>	<u>380,635,187</u>	<u>391,744,317</u>	<u>20,227,818</u>	

  

	As at December 31, 2017						
	Period specified for fixing new interest rate				Variable Interest rate	No Interest	Average interest rate
	Within 1 year	1 - 5 years	Over 5 years	Total			
	Baht	Baht	Baht	Baht	Baht	Baht	%
Cash and cash equivalents							
Deposit at bank	-	-	-	-	91,711,706	21,958,469	0.60
Investment in securities							
Held-to-maturity securities							
Government bonds	1,096,596,589	235,596,278	-	1,332,192,867	-	-	3.88
Deposits at bank with maturity over 3 months	1,271,813	-	-	1,271,813	-	-	1.49
Total	<u>1,097,868,402</u>	<u>235,596,278</u>	<u>-</u>	<u>1,333,464,680</u>	<u>91,711,706</u>	<u>21,958,469</u>	

### 34.2.5 Fair value measurements

Considerable judgment is necessarily required in estimation of fair value of financial assets or financial liabilities. Accordingly, the estimated fair value presented herein is not necessarily indicative of the amount that could be realized in a current market exchange. The use of different market assumptions and/or estimation methodologies may have a material effect on the estimated fair value. The following methods and assumptions were used by the Company in estimating fair values of financial instruments.

#### 34.2.5.1 Financial assets or financial liabilities measured at fair value

Certain financial assets or financial liabilities of the Company are measured at fair value at the end of reporting period. The following table gives information about how the fair values of these financial assets or financial liabilities are determined:

	Fair value		Fair value hierarchy	Valuation techniques and key inputs
	As at December 31,			
	2018	2017		
	Baht	Baht		
<u>Financial assets</u>				
<u>Available-for-sale investments</u>				
Government and state enterprise securities	379,357,388	-	Level 2	Latest bid prices of the last working day of the reporting period as quoted by the Thai Bond Market Associate

#### 34.2.5.2 Financial assets or financial liabilities not measured at fair value

Cash and cash equivalents, Premium receivable - net, Accrued investment income, Reinsurance assets, Due from reinsurers, Deferred acquisition costs, Prepaid premium ceded, other assets, Insurance contract liabilities, Due to reinsurers, Unearned fee and commission income and other liabilities; the fair values approximate their carrying values due to the relatively short period to maturity.

The transactions disclosed in the following tables, are considered that the carrying amounts recognized in the financial statements are different from their fair values as follows:

Financial assets	Fair value hierarchy	Financial statements in which the equity method is applied and separate financial statements			
		As at December 31, 2018		As at December 31, 2017	
		Carrying amount	Fair value	Carrying amount	Fair value
		Baht	Baht	Baht	Baht
<u>Financial assets</u>					
<u>Held-to-maturity investments</u>					
Government securities	Level 2	-	-	1,332,192,867	1,332,192,867

\* Debts securities are presented by the latest bid prices of the last working day of the reporting period as quoted by the Thai Bond Market Associate

The fair value of general investment which are insignificant value are determined based on their carrying value.

### 34.3 Capital management

The Company's objective in managing capital is to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders.

Monitoring the capital level of the Company is conducted in accordance with Notifications of the Office of Insurance Commission.

As at December 31, 2018 and 2017, the Company's capital level is maintained according such notifications.

## 35. RECLASSIFICATIONS

Certain transactions in the statement of cash flows for the year ended December 31, 2017 have been reclassified to conform to the classification used in the statements of cash flows for the year ended December 31, 2018 as follows:

Account	Amount Baht	Previous presentation	Current presentation
<b>Statement of cash flows</b>			
Cash received from investments in securities	2,168,500,000	Cash received from investments in securities	Investments in securities
Cash paid for investments in securities	(1,930,473,516)	Cash paid for investments in securities	Investments in securities

## 36. APPROVAL OF THE FINANCIAL STATEMENTS

These financial statements were approved for issuance by the Company's authorized executive director on February 22, 2019.

