

*KING WAI INSURANCE PUBLIC
COMPANY LIMITED*

Interim Financial Statements

*Three-month and six-month periods ended
June 30, 2019*

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION BY THE INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

TO THE BOARD OF DIRECTORS

KING WAI INSURANCE PUBLIC COMPANY LIMITED

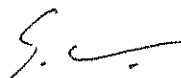
We have reviewed the statement of financial position of King Wai Insurance Public Company Limited as at June 30, 2018, and the statements of profit or loss and other comprehensive income for the three-month and six-month periods ended June 30, 2019, and the related statements of changes in equity and cash flows for the six-month period ended June 30, 2019, and the condensed notes to the financial statements. The Company's management is responsible for the preparation and presentation of this interim financial information in accordance with Thai Accounting Standard No. 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the aforementioned interim financial information is not prepared, in all material respects, in accordance with Thai Accounting Standard No. 34 "Interim Financial Reporting".



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

BANGKOK
August 8, 2019

DELOITTE TOUCHE TOHMATSU JAIYOS AUDIT CO., LTD.

KING WAI INSURANCE PUBLIC COMPANY LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2019

UNIT : BAHT

		“UNAUDITED”	
	Notes	As at June 30, 2019	As at December 31, 2018
ASSETS			
Cash and cash equivalents	4	126,787,477	412,022,135
Premium receivables - net	5	91,715,903	54,344,679
Accrued investment income		308,700	658,513
Reinsurance assets	6	393,437,132	399,109,547
Due from reinsurers	7	13,921,299	10,320,750
Investment			
Investments in securities	8	516,310,365	381,197,307
Leasehold improvement and equipment	9	9,643,948	5,591,675
Intangible assets	10	74,864,175	51,005,605
Deferred acquisition costs		36,843,871	32,184,147
License costs	11	16,711,451	16,711,451
Prepaid premium ceded	12	-	105,366,561
Other assets	13	118,710,322	120,307,239
TOTAL ASSETS		1,399,254,643	1,588,819,609



See condensed notes to the financial statements

KING WAI INSURANCE PUBLIC COMPANY LIMITED
STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT JUNE 30, 2019

UNIT : BAHT

		“UNAUDITED”	
	Notes	As at June 30, 2019	As at December 31, 2018
LIABILITIES AND EQUITY			
LIABILITIES			
Insurance contract liabilities	14	674,657,145	730,557,370
Due to reinsurers	15	199,773,197	151,467,672
Unearned fee and commission income		47,837,592	36,004,752
Employee benefits obligations		17,462,333	13,009,079
Deferred tax liabilities	16	3,342,290	3,342,290
Provisions for cost of assets decommissioning	17	5,000,000	-
Other liabilities	18	43,541,408	76,324,143
TOTAL LIABILITIES		<u>991,613,965</u>	<u>1,010,705,306</u>
EQUITY			
Share Capital	19		
Authorized share capital			
135,800,000 ordinary shares of Baht 5.00 each		<u>679,000,000</u>	<u>679,000,000</u>
Issued and paid-up share capital			
135,800,000 ordinary shares of Baht 5.00 each		679,000,000	679,000,000
Premium on share capital		122,520,000	122,520,000
Retained earnings (deficits)			
Appropriated			
Legal reserve		15,438,000	15,438,000
Unappropriated		(410,634,149)	(239,497,463)
Other component of equity		1,316,827	653,766
TOTAL EQUITY		<u>407,640,678</u>	<u>578,114,303</u>
TOTAL LIABILITIES AND EQUITY		<u>1,399,254,643</u>	<u>1,588,819,609</u>



See condensed notes to the financial statements

KING WAI INSURANCE PUBLIC COMPANY LIMITED
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE THREE-MONTH PERIOD ENDED JUNE 30, 2019
“UNAUDITED”

UNIT : BAHT

	Notes	2019	2018
REVENUES			
Gross premium written	20	118,779,429	92,550,947
<u>Less</u> Premiums ceded	20	(135,209,537)	(231,587,989)
Net premium written		(16,430,108)	(139,037,042)
<u>Add</u> (less) Unearned premium reserve			
(increased) decreased from previous year	20	(1,529,718)	11,503,378
Net premium earned		(17,959,826)	(127,533,664)
Fee and commission income	20	25,085,852	60,183,455
Net investment income		2,086,442	3,144,782
Gain (loss) on investment in securities		(364,662)	63,500
Other income		1,464,349	15,086
Total revenues		10,312,155	(64,126,841)
EXPENSES			
Claims incurred	20	19,806,634	50,828,687
<u>Less</u> Claims refundable from reinsurers	20	(15,051,331)	(35,107,749)
Commission and brokerage expenses	20	18,504,823	26,605,641
Other underwriting expenses	20	12,790,440	9,867,692
Operating expenses		27,533,399	20,471,915
Total expenses		63,583,965	72,666,186
Loss before income tax		(53,271,810)	(136,793,027)
Income tax expense		-	-
Net loss		(53,271,810)	(136,793,027)



KING WAI INSURANCE PUBLIC COMPANY LIMITED
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)
FOR THE THREE-MONTH PERIOD ENDED JUNE 30, 2019
“UNAUDITED”

UNIT : BAHT

	Notes	2019	2018
Other comprehensive income (loss)			
Items that will be reclassified subsequently to profit or loss			
Gain (loss) from remeasuring to fair value of available-for-sale investment		483,372	(2,086,940)
Gain from reclassification of investment	8	-	1,324,696
Amortization of gain on reclassification of investments		(94,301)	-
Items that will not be reclassified subsequently to profit or loss			
Actuarial gain on defined employee benefit plans		-	1,242,684
Other net comprehensive income for the periods		389,071	480,440
Total comprehensive loss for the periods		<u>(52,882,739)</u>	<u>(136,312,587)</u>
Loss per share			
Basic loss per share	21 Baht	<u>(0.39)</u>	<u>(1.87)</u>



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See condensed notes to the financial statements

KING WAI INSURANCE PUBLIC COMPANY LIMITED
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2019
“UNAUDITED”

UNIT : BAHT

	Notes	2019	2018
REVENUES			
Gross premium written	20	229,849,371	199,817,422
<u>Less</u> Premiums ceded	20	(325,173,395)	(328,442,904)
Net premium written		(95,324,024)	(128,625,482)
<u>Add</u> Unearned premium reserve decreased from previous year	20	6,787,059	46,909,303
Net premium earned		(88,536,965)	(81,716,179)
Fee and commission income	20	44,665,642	98,708,785
Net investment income		4,818,269	7,400,531
Gain (loss) on investment in securities		(364,662)	118,050
Other income		1,464,349	371,126
Total revenues		(37,953,367)	24,882,313
EXPENSES			
Claims incurred	20	45,443,934	382,025,234
<u>Less</u> Claims refundable from reinsurers	20	(19,850,216)	(310,425,550)
Commission and brokerage expenses	20	34,465,482	56,971,122
Other underwriting expenses	20	25,915,873	21,566,811
Operating expenses		47,208,246	44,089,283
Total expenses		133,183,319	194,226,900
Loss before income tax		(171,136,686)	(169,344,587)
Income tax expense		-	-
Net loss		(171,136,686)	(169,344,587)



KING WAI INSURANCE PUBLIC COMPANY LIMITED
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2019
“UNAUDITED”

		UNIT : BAHT	
	Notes	2019	2018
Other comprehensive income (loss)			
Items that will be reclassified subsequently to profit or loss			
Gain (loss) from remeasuring to fair value of available-for-sale investment		757,362	(2,086,940)
Gain from reclassification of investment	8	-	1,324,696
Amortization of gain on reclassification of investments		(94,301)	-
Items that will not be reclassified subsequently to profit or loss			
Actuarial gain on defined employee benefit plans		-	1,242,684
Other net comprehensive gain for the periods		663,061	480,440
Total comprehensive loss for the periods		(170,473,625)	(168,864,147)
Loss per share			
Basic loss per share	21 Baht	(1.26)	(2.32)



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See condensed notes to the financial statements

KING WAI INSURANCE PUBLIC COMPANY LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2019

“UNAUDITED”

UNIT : BAHT

	Issued and paid-up share capital	Premium on share capital	Retained earnings		Other components of equity			Total other components of equity	Total Equity
			Appropriated legal reserve	Unappropriated	Deficit on revaluation of available-for-sale investments	Surplus on reclassification of investments	Actuarial gain on defined employee benefit plans		
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
Total comprehensive income (loss) for the period	-	-	-	(169,344,587)	(2,086,940)	1,324,696	1,242,684	480,440	(168,864,147)
Ending balance as at June 30, 2018	365,000,000	122,520,000	15,438,000	(219,050,160)	(2,086,940)	1,324,696	4,027,547	3,265,303	287,173,143
Beginning balance as at January 1, 2019	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
Total comprehensive income (loss) for the period	-	-	-	(171,136,686)	757,362	(94,301)	-	663,061	(170,473,625)
Ending balance as at June 30, 2019	679,000,000	122,520,000	15,438,000	(410,634,149)	(4,316,485)	1,525,812	4,107,500	1,316,827	407,640,678



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See condensed notes to the financial statements

KING WAI INSURANCE PUBLIC COMPANY LIMITED
STATEMENT OF CASH FLOWS
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2019
“UNAUDITED”

UNIT : BAHT

	Note	2019	2018
CASH FLOWS PROVIDED BY (USED IN)			
OPERATING ACTIVITIES			
Written premium received from direct insurance		189,041,313	241,045,193
Cash paid from reinsurance		(58,384,141)	(268,829,668)
Investment income		5,168,083	5,294,257
Loss incurred from direct insurance		(129,253,703)	(307,036,129)
Commission and brokerage paid to direct insurance		(34,668,582)	(42,099,605)
Other underwriting expenses		(26,086,164)	(23,037,773)
Operating expenses		(42,630,370)	(101,553,230)
Other income		1,192,855	371,127
Other expense		-	5,029
Income tax expense		(1,757,125)	(2,930,690)
Investments in securities		(134,808,621)	729,051,682
Deposits at financial institutions		(6,039)	(5,986)
Net cash provided by (used in) operating activities		(232,192,494)	230,274,207
CASH FLOWS PROVIDED BY (USED IN)			
INVESTING ACTIVITIES			
Sale of equipment		271,495	-
Purchase of equipment		(51,250)	(117,087)
Purchase of Intangible Asset		(53,262,409)	-
Net cash used in investing activities		(53,042,164)	(117,087)
Net increase (decreased) in cash and cash equivalents		(285,234,658)	230,157,120
Cash and cash equivalents as at January 1,		412,022,135	113,720,175
Cash and cash equivalents as at June 30,	4	126,787,477	343,877,295

See condensed notes to the financial statements



KING WAI INSURANCE PUBLIC COMPANY LIMITED
CONDENSED NOTES TO FINANCIAL STATEMENTS
FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED JUNE 30, 2019
“UNAUDITED”

1. GENERAL INFORMATION AND OPERATION OF THE COMPANY

King Wai Insurance 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, 15th 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.

The Company’s major shareholder is King Wai Capital Limited, which was registered in Thailand, holding 98.24% 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 parent company and 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 AND PRESENTATION OF THE INTERIM FINANCIAL STATEMENTS

- 2.1 These interim financial statements are prepared in Thai Baht and in compliance with Thai Accounting Standard No. 34 (Revised 2018) “Interim Financial Reporting” and accounting practices generally accepted in Thailand 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. The Company presents the condensed notes to interim financial statements.
- 2.2 The statement of financial position as at December 31, 2018, presented herein for comparison, has been derived from the financial statements of the Company for the year then ended which had been previously audited.

- 2.3 The unaudited results of operations presented in the three-month and six-month periods ended June 30, 2019 are not necessarily an indication nor anticipation of the operating results for the full year.
- 2.4 Certain financial information which is normally included in the annual financial statements prepared in accordance with TFRS, but which is not required for interim reporting purposes, has been omitted. Therefore, the interim financial statements for the three-month and six-month periods ended June 30, 2019 should be read in conjunction with the audited financial statements for the year ended December 31, 2018.
- 2.5 The preparation of interim financial statements in conformity with Thai Accounting Standard No. 34 (Revised 2018) also requires the Company's management to exercise judgements in order to determine the accounting policies estimates and assumptions that affect the reported amounts of assets, liabilities and the disclosure of contingent assets and liabilities at the end of the reporting period and the reported amounts of revenue and expense during the reporting period. Although, these estimates are based on management's reasonable consideration of current events, actual results may differ from these estimates.
- 2.6 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, 2019. 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.

Thai Financial Reporting Standard No.4 (Revised 2018) "Insurance Contracts"

This revised financial reporting standard 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 until annual periods beginning before January 1, 2023 or before Thai Financial Reporting Standard No. 17 "Insurance Contracts" is effective.

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

The Federation of Accounting Professions has issued the Notification regarding Thai Accounting Standards, 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, 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 group of Standards 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 Standards will supersede the Standards and Interpretations relating to the financial instruments upon its effective date.

Thai Financial Reporting Standards No. 16 “Leases”

This TFRS provides a comprehensive model for the identification if lease arrangements and their treatment in the financial statements of both lessees and lessors.

This TFRS will supersede the following lease Standards and Interpretations upon its effective date, which are Thai Accounting Standard No.17 “Leases”, Thai Accounting Standard Interpretation No.15 “Operating Lease - Incentives”, Thai Accounting Standard Interpretation No.27 “Evaluating the Substance of Transactions involving the Legal Form of a Lease” and Thai Financial Reporting Standard Interpretation No.4 “Determining whether on Arrangement contains a Lease”.

For lessee accounting, there are significant changes to lease accounting in this TFRS by removing the distinction between operating and finance leases under TAS 17 and requiring a lessee to recognize a right-of-use asset and a lease liability at commencement for all leases, except for short-term- leases and leases of low value assets. However, the lessor accounting treatment continues to require a lessor to classify a lease either as an operating lease or a finance lease, using the same concept as TAS 17.

The accounting guidelines for financial instruments and disclosures on insurance business

The Federation of Accounting Professions issued the accounting guidelines for financial instruments and disclosures on insurance business, which has been announced in the Royal Gazette on March 11, 2019 and will be effective for the financial statements for the period beginning on or after January 1, 2020 onwards which allowed the adoption on this accounting guidelines prior to the effective date for the financial statements beginning on or after January 1, 2019 onwards only. If an entity adopts this accounting guidelines prior to the effective date, the entity is required to disclose such adoption. However, the Company's management does not adopt such accounting guidelines for financial instruments and disclosures on insurance business prior to the effective date.

The Company's management will adopt such TFRSs in the preparation of the Group'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

The interim financial statements have been prepared based on the basis, accounting policies and method of computation consistent with those used in the financial statements for the year ended December 31, 2018. In addition, the Company had provisions for cost of assets decommissioning on during period, resulting to has additional accounting policy as follows:

Provisions for cost of assets decommissioning

Provisions for cost of assets decommissioning represents the liability, incurred from operating lease agreements which are estimated based on quotation from vendor deducting estimated salvage value and calculated based on an undiscounted basis.

4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents as at June 30, 2019 and December 31, 2018, consisted of the following:

	As at June 30, 2019 Baht	As at December 31, 2018 Baht
Cash on hand	50,000	50,000
Deposits at bank - at call	126,737,477	411,972,135
Cash and cash equivalents	<u>126,787,477</u>	<u>412,022,135</u>

5. PREMIUM RECEIVABLES - NET

Premium receivables - net as at June 30, 2019 and December 31, 2018 consisted of the following:

	As at June 30, 2019 Baht	As at December 31, 2018 Baht
Within credit terms	44,662,367	32,747,680
Less than 30 days	33,368,117	5,460,208
31 - 60 days	3,290,161	2,184,735
61 - 90 days	1,571,522	983,007
Over 90 days	9,179,219	13,521,419
Total premium receivables	92,071,386	54,897,049
<u>Less</u> Allowance for doubtful accounts	<u>(355,483)</u>	<u>(552,370)</u>
Premium receivables - net	<u>91,715,903</u>	<u>54,344,679</u>

6. REINSURANCE ASSETS

Reinsurance assets as at June 30, 2019 and December 31, 2018 consisted of the following:

	As at June 30, 2019 Baht	As at December 31, 2018 Baht
Insurance reserve refundable from reinsurers		
Claim reserves	231,547,432	271,916,450
Unearned premium reserve		
- Unearned reinsurance premium reserve	<u>161,889,700</u>	<u>127,193,097</u>
Total reinsurance assets (see Note 14)	<u>393,437,132</u>	<u>399,109,547</u>

7. DUE FROM REINSURERS

Due from reinsurers as at June 30, 2019 and December 31, 2018 consisted of the following:

	As at June 30, 2019 Baht	As at December 31, 2018 Baht
Due from reinsurers	13,924,296	10,750,179
<u>Less</u> Allowance for doubtful accounts	<u>(2,997)</u>	<u>(429,429)</u>
Due from reinsurers - net	<u>13,921,299</u>	<u>10,320,750</u>

8. INVESTMENTS IN SECURITIES

Investment in securities as at June 30, 2019 and December 31, 2018 consisted of the following:

	As at June 30, 2019		As at December 31, 2018	
	Cost/ Amortized cost Baht	Fair value Baht	Cost/ Amortized cost Baht	Fair value Baht
Available-for-sale securities				
Government securities	518,780,892	514,464,407	384,431,235	379,357,388
<u>Less</u> Unrealized loss	<u>(4,316,485)</u>	<u>-</u>	<u>(5,073,847)</u>	<u>-</u>
Total available-for-sale investments	<u>514,464,407</u>	<u>514,464,407</u>	<u>379,357,388</u>	<u>379,357,388</u>
Held-to-maturity securities				
Private enterprise debt securities	10,000,000		10,000,000	
Deposits at financial institutions with maturity over 3 months	<u>1,283,838</u>		<u>1,277,799</u>	
Total held-to-maturity securities	<u>11,283,838</u>		<u>11,277,799</u>	
<u>Less</u> Allowance for impairment	<u>(10,000,000)</u>		<u>(10,000,000)</u>	
Total held-to-maturity securities	<u>1,283,838</u>		<u>1,277,799</u>	
General investments				
Non-marketable equity securities	<u>562,120</u>		<u>562,120</u>	
Total general investments	<u>562,120</u>		<u>562,120</u>	
Total Investment in securities	<u>516,310,365</u>		<u>381,197,307</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 (June 30, 2019 : nil). 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	<u>606,450,290</u>	<u>607,774,986</u>	<u>1,324,696</u>
	<u>606,450,290</u>	<u>607,774,986</u>	<u>1,324,696</u>

As at June 30, 2019 and December 31, 2018, certain government and state enterprise securities were pledged and used for assets reserved with the Registrar amounting to Baht 124.45 million and Baht 124.40 million, respectively (see Note 24).

9. LEASEHOLD IMPROVEMENT AND EQUIPMENT

Leasehold improvement and equipment as at June 30, 2019 and December 31, 2018 consisted of the following:

	Cost				Accumulated depreciation		Unit : Baht
	As at January 1, 2019	Additions	Disposal/ Writeoff	As at June 30, 2019	As at January 1, 2019	As at June 30, 2019	
Furniture, fixture & fittings, leasehold improvement	16,687,681	5,000,000	-	21,687,681	16,668,406	16,671,773	5,015,906
Equipment	3,501,301	-	-	3,501,301	3,323,402	3,322,523	128,778
Vehicles	7,494,000	-	(1,705,000)	5,789,000	7,493,097	5,788,998	2
Computer equipment	27,835,721	51,250	-	27,886,971	22,441,223	23,387,769	4,499,262
Total	55,518,703	5,051,250	(1,705,000)	58,864,953	49,927,028	49,221,005	9,643,948

	Cost				Accumulated depreciation		Unit : Baht
	As at January 1, 2018	Additions	Disposal/ Writeoff	As at December 31, 2018	As at January 1, 2018	As at December 31, 2018	
Furniture, fixture & fittings, leasehold improvement	16,700,581	-	(12,900)	16,687,681	16,673,175	16,668,406	19,275
Equipment	4,116,832	29,159	(644,696)	3,501,301	3,851,561	3,323,402	177,899
Vehicles	9,796,000	-	(2,296,000)	7,494,000	9,789,995	7,493,997	3
Computer equipment	25,860,693	1,975,028	-	27,835,721	19,529,063	22,441,223	3,394,498
Total	56,468,106	2,004,187	(2,955,596)	55,518,703	49,843,794	49,927,028	5,591,675

As at June 30, 2019 and December 31, 2018, certain leasehold improvement and equipment at cost of Baht 44.38 million and Baht 46.06 million, respectively, were fully depreciated but still in use.

Depreciation for the three-month periods ended June 30, 2019 and 2018 amounting to Baht 0.51 million and Baht 0.79 million, respectively, and depreciation for the six-month periods ended June 30, 2019 and 2018 amounting to Baht 0.99 million and Baht 1.57 million, respectively, were included in operating expenses.

10. INTANGIBLE ASSETS

Intangible assets as at June 30, 2019 and December 31, 2018 consisted of the following

	Cost			Accumulated amortization			Beginning Balance of equipment - net as at January 1, 2019	Ending Balance of equipment - net as at June 30, 2019
	As at January 1, 2019	Addition	As at June 30, 2019	As at January 1, 2019	Addition	As at June 30, 2019		
Software under installation	<u>51,005,605</u>	<u>23,858,570</u>	<u>74,864,175</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>51,005,605</u>	<u>74,864,175</u>

	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	Addition	As at December 31, 2018	As at January 1, 2018	Addition	As at December 31, 2018		
Software under installation		<u>51,005,605</u>	<u>51,005,605</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>51,005,605</u>

11. LICENSE COSTS

License costs as at June 30, 2019 and December 31, 2018 consisted of the following:

	As at June 30, 2019 Baht	As at December 31, 2018 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 indefinite useful life assets are no longer subject to amortisation but are tested annually for impairment.

12. PREPAID PREMIUM CEDED

As at December 31, 2018, the Company has prepaid premium ceded in amount of Bath 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. (As at June 30, 2019 : Nil)

13. OTHER ASSETS

Other assets as at June 30, 2019 and December 31, 2018 consisted of the following:

	As at June 30, 2019 Baht	As at December 31, 2018 Baht
Refundable income tax	33,218,805	31,461,681
Deposits	3,288,771	3,209,721
The Revenue Department receivables	73,387,899	67,279,243
Undue purchase vat	1,138,285	3,262,346
Prepaid expense	6,225,413	8,924,110
Other receivables	1,570,289	7,108,526
Allowance for doubtful account	(119,140)	(938,388)
Total other assets	<u>118,710,322</u>	<u>120,307,239</u>

14. INSURANCE CONTRACT LIABILITIES

Insurance contract liabilities as at June 30, 2019 and December 31, 2018 consisted of the following:

	Unit : Baht		
	As at June 30, 2019		
	Insurance liabilities	Reinsurance liabilities (see Note 6)	Net
Claim reserves			
Claim incurred and reported	411,301,347	(216,383,343)	194,918,004
Claim incurred but not reported	53,017,988	(15,164,089)	37,853,899
	<u>464,319,335</u>	<u>(231,547,432)</u>	<u>232,771,903</u>
Premium reserve			
Unearned premium reserve	210,337,810	(161,889,700)	48,448,110
Total	<u>674,657,145</u>	<u>(393,437,132)</u>	<u>281,220,013</u>

	Unit : Baht		
	As at December 31, 2018		
	Insurance liabilities	Reinsurance liabilities (see Note 6)	Net
Claim reserves			
Claim incurred and reported	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>

14.1 Insurance reserve for short-term insurance contract

14.1.1 Claim reserve

Claim reserves as at June 30, 2019 and December 31, 2018 consisted of the following:

	As at June 30, 2019 Baht	As at December 31, 2018 Baht
Balance as at beginning period/year	548,129,104	548,245,522
Claim incurred during the period/year	75,124,605	569,498,690
Changes in claims reserve incurred in previous period/year	(32,258,659)	(17,355,945)
Changes in claims reserve assumption	2,577,988	(75,807,000)
Claim paid during the period/year	(129,253,703)	(476,452,163)
Balance as at ending period/year	<u>464,319,335</u>	<u>548,129,104</u>

14.1.2 Unearned premium reserve

	As at June 30, 2019 Baht	As at December 31, 2018 Baht
Balance as at beginning period/year	182,428,266	387,357,854
Premium written for the period/year	229,849,371	389,786,824
Premium earned for the period/year	(201,939,827)	(594,716,412)
Balance as at ending period/year	<u>210,337,810</u>	<u>182,428,266</u>

14.1.3 Unexpired risk reserve

As at June 30, 2019 and December 31, 2018, no additional reserve for unexpired risk reserve has been established as the unexpired risk reserve estimated by the Company amounting to Baht 85.90 million and Baht 53.55 million, respectively, is lower than the unearned premium reserve.

15. DUE TO REINSURERS

Due to reinsurers as at June 30, 2019 and December 31, 2018 consisted of the following:

	As at June 30, 2019 Baht	As at December 31, 2018 Baht
Reinsurance payables	137,213,280	90,464,759
Amount withheld on reinsurance	<u>62,559,917</u>	<u>61,002,913</u>
Total due to reinsurers	<u>199,773,197</u>	<u>151,467,672</u>

16. DEFERRED TAX LIABILITIES

Deferred tax liabilities as at June 30, 2019 and December 31, 2018 consisted of the following:

	As at June 30, 2019 Baht	As at December 31, 2018 Baht
Deferred tax liabilities	<u>3,342,290</u>	<u>3,342,290</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 June 30, 2019 and December 31, 2018 consisted of the following:

	As at June 30, 2019 Baht	As at December 31, 2018 Baht
Temporary difference	321,741,705	311,269,874
Loss carried forward	<u>482,290,402</u>	<u>321,260,079</u>
	804,032,107	632,529,953
Income tax rate	20%	20%
Deferred tax assets	<u>160,806,421</u>	<u>126,505,990</u>

The loss carried forward as at June 30, 2019 and December 31, 2018 amounting of Baht 482.29 million and 321.26 million will gradually expire from 2021 to 2023.

17. PROVISIONS FOR COST OF ASSETS DECOMMISSIONING

Provisions for cost of assets decommissioning as at June 30, 2019 and December 31, 2018, consist of the following:

	As at June 30, 2019 Baht	As at December 31, 2018 Baht
Beginning balance	-	-
Increase during the year	<u>5,000,000</u>	<u>-</u>
Ending balance	<u>5,000,000</u>	<u>-</u>

18. OTHER LIABILITIES

Other liabilities as at June 30, 2019 and December 31, 2018 consisted of the following:

	As at June 30, 2019 Baht	As at December 31, 2018 Baht
Commission payable	15,471,575	11,014,951
Accrued expenses	9,661,574	19,254,689
Other payables	18,408,259	46,054,503
Total other liabilities	<u>43,541,408</u>	<u>76,324,143</u>

19. SHARE CAPITAL

On September 18, 2018, the Extraordinary General Meeting of Shareholders passed resolutions to increase and allocate the authorized share capital of 62,800,000 shares, Bath 5 par value each, to offer to existing shareholders of the Company by propotion 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 Bath 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.

20. 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 Operating Decision Maker to make decisions about allocating resources to, and assessing the performance of, operating segments is measured in accordance with 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 three-month and six-month periods ended June 30, 2019 and 2018, there is 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 three-month and six-month periods ended June 30, 2019 and 2018 were as follows:

	For the three-month period ended June 30, 2019				Unit : Baht
	Fire	Marine	Motor	Miscellaneous	Total
Underwriting income					
Gross written premiums	446,346	5,234,663	6,934,570	106,163,850	118,779,429
<u>Less</u> Premium ceded	(1,824,368)	(11,438,587)	-	(121,946,582)	(135,209,537)
Net written premiums	(1,378,022)	(6,203,924)	6,934,570	(15,782,732)	(16,430,108)
<u>Add (less)</u> Unearned premium reserve					
(increased) decreased from the previous period	(14,836)	(873,348)	(4,138,093)	3,496,559	(1,529,718)
Net premium earned	(1,392,858)	(7,077,272)	2,796,477	(12,286,173)	(17,959,826)
Fee and commission income	97,397	1,044,878	-	23,943,577	25,085,852
Total underwriting income	(1,295,461)	(6,032,394)	2,796,477	11,657,404	7,126,026
Underwriting expenses					
Claim Incurred	(475,760)	(2,171,558)	849,529	21,604,423	19,806,634
<u>Add (less)</u> Claim refundable from reinsurers	152,385	(1,262,829)	6,518	(13,947,405)	(15,051,331)
Commission and brokerage expenses	145,401	706,788	762,105	16,890,529	18,504,823
Other underwriting expenses	46,734	554,009	774,299	11,415,398	12,790,440
Total underwriting expenses	(131,240)	(2,173,590)	2,392,451	35,962,945	36,050,566
Profit (loss) on underwriting					
before operating expenses	(1,164,221)	(3,858,804)	404,026	(24,305,541)	(28,924,540)
Operating expenses					27,533,399
Loss on underwriting after operating expenses					(56,457,939)

	For the three-month period ended June 30, 2018				Unit : Baht
	Fire	Marine	Motor	Miscellaneous	Total
Underwriting income					
Gross written premiums	2,032,342	(3,564,177)	3,855,146	90,227,636	92,550,947
<u>Less</u> Premium ceded	(34,799,025)	(29,138,580)	(3,546,778)	(164,103,606)	(231,587,989)
Net written premiums	(32,766,683)	(32,702,757)	308,368	(73,875,970)	(139,037,042)
<u>Add (less)</u> Unearned premium reserve					
(increased) decreased from the previous period	1,774,722	10,916,821	(1,222,415)	34,250	11,503,378
Net premium earned	(30,991,961)	(21,785,936)	(914,047)	(73,841,720)	(127,533,664)
Fee and commission income	13,447,604	7,870,758	1,604,382	37,260,711	60,183,455
Total underwriting income	(17,544,357)	(13,915,178)	690,335	(36,581,009)	(67,350,209)
Underwriting expenses					
Claim Incurred	152,034	5,361,080	1,394,572	43,921,001	50,828,687
<u>Add (less)</u> Claim refundable from reinsurers	(44,137)	(3,325,038)	(355,892)	(31,382,682)	(35,107,749)
Commission and brokerage expenses	376,144	1,950,234	557,419	23,721,844	26,605,641
Other underwriting expenses	211,662	523,811	388,760	8,743,459	9,867,692
Total underwriting expenses	695,703	4,510,087	1,984,859	45,003,622	52,194,271
Profit (loss) on underwriting					
before operating expenses	(18,240,060)	(18,425,265)	(1,294,524)	(81,584,631)	(119,544,480)
Operating expenses					20,471,915
Loss on underwriting after operating expenses					(140,016,395)

					Unit : Baht
For the six-month period ended June 30, 2019					
	Fire	Marine	Motor	Miscellaneous	Total
Underwriting income					
Gross written premiums	1,108,964	11,913,570	8,333,835	208,493,002	229,849,371
<u>Less</u> Premium ceded	<u>(5,871,347)</u>	<u>(27,862,518)</u>	<u>-</u>	<u>(291,439,530)</u>	<u>(325,173,395)</u>
Net written premiums	(4,762,383)	(15,948,948)	8,333,835	(82,946,528)	(95,324,024)
<u>Add (less)</u> Unearned premium reserve					
(increased) decreased from the previous period	64,878	(1,067,892)	(3,646,476)	11,436,549	6,787,059
Net premium earned	(4,697,505)	(17,016,840)	4,687,359	(71,509,979)	(88,536,965)
Fee and commission income	188,190	2,135,163	-	42,342,289	44,665,642
Total underwriting income	(4,509,315)	(14,881,677)	4,687,359	(29,167,690)	(43,871,323)
Underwriting expenses					
Claim Incurred	506,100	(4,587,669)	1,520,320	48,005,183	45,443,934
<u>Add (less)</u> Claim refundable from reinsurers	<u>(193,646)</u>	<u>1,091,404</u>	<u>62,000</u>	<u>(20,809,974)</u>	<u>(19,850,216)</u>
Commission and brokerage expenses	298,442	1,086,133	1,145,033	31,935,874	34,465,482
Other underwriting expenses	125,038	1,343,273	939,654	23,507,908	25,915,873
Total underwriting expenses	735,934	(1,066,859)	3,667,007	82,638,991	85,975,073
Profit (loss) on underwriting					
before operating expenses	(5,245,249)	(13,814,818)	1,020,352	(111,806,681)	(129,846,396)
Operating expenses					47,208,246
Loss on underwriting after operating expenses					(177,054,642)

					Unit : Baht
For the six-month period ended June 30, 2018					
	Fire	Marine	Motor	Miscellaneous	Total
Underwriting income					
Gross written premiums	1,710,435	4,943,053	5,424,576	187,739,358	199,817,422
<u>Less</u> Premium ceded	<u>(37,435,343)</u>	<u>(36,960,070)</u>	<u>(4,458,292)</u>	<u>(249,589,199)</u>	<u>(328,442,904)</u>
Net written premiums	(35,724,908)	(32,017,017)	966,284	(61,849,841)	(128,625,482)
<u>Add (less)</u> Unearned premium reserve					
(increased) decreased from the previous period	(7,920,046)	18,682,956	(327,589)	36,473,982	46,909,303
Net premium earned	(43,644,954)	(13,334,061)	638,695	(25,375,859)	(81,716,179)
Fee and commission income	20,517,006	14,302,177	2,380,318	61,509,284	98,708,785
Total underwriting income	(23,127,948)	968,116	3,019,013	36,133,425	16,992,606
Underwriting expenses					
Claim Incurred	(98,834)	34,452,053	1,548,882	346,123,133	382,025,234
<u>Add (less)</u> Claim refundable from reinsurers	<u>95,005</u>	<u>(27,810,647)</u>	<u>(317,221)</u>	<u>(282,392,687)</u>	<u>(310,425,550)</u>
Commission and brokerage expenses	754,765	4,882,238	1,171,499	50,162,620	56,971,122
Other underwriting expenses	184,612	533,517	585,488	20,263,194	21,566,811
Total underwriting expenses	935,548	12,057,161	2,988,648	134,156,260	150,137,617
Profit (loss) on underwriting					
before operating expenses	(24,063,496)	(11,089,045)	30,365	(98,022,835)	(133,145,011)
Operating expenses					44,089,283
Loss on underwriting after operating expenses					(177,234,294)

21. BASIC LOSS PER SHARE

Basic loss per share for the three-month and six-month periods ended June 30, 2019 and 2018 consisted of the following:

	For the three-month periods ended June 30,		For the six-month periods ended June 30,	
	2019	2018	2019	2018
Net loss attributable to shareholders (Baht)	(53,271,810)	(136,793,027)	(171,136,686)	(169,344,587)
Weighted average number of ordinary shares in issue (Shares)	135,800,000	73,000,000	135,800,000	73,000,000
Basic loss per share (Baht)	<u>(0.39)</u>	<u>(1.87)</u>	<u>(1.26)</u>	<u>(2.32)</u>

22. 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 on the basis of commitments and conditions as in the normal course of business.

The company changed in major shareholder of the Company, resulting in the end of related party transactions with the Group of former major shareholders since May 16, 2018. The interim financial statements for the three-month and six-month periods ended June 30, 2018 have therefore presented business transactions with the Group of former major shareholders up to May 16, 2018. The Company presented business transactions with the Group of King Wai Group (Thailand) Public Company Limited, the current major shareholder, as related party transactions in the interim financial statements since May 16, 2018.

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

Companies	Relationship	Type of business
Group of former major shareholders		
QBE Insurance Group Limited	Some common shareholders and directors	Insurance
Group of new major shareholders:		
King Wai Group (Thailand) Public Company Limited	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	Commercial real estate investments
Top Property Co., Ltd.	Some common shareholders and directors	Commercial real estate investments

Significant balances and transactions were as follows:

			As at June 30, 2019 Baht	As at December 31, 2018 Baht
Group of former major shareholders				
Assets				
Premium Receivables			285,836	-
Liabilities				
Loss reserve and outstanding claims			-	6,009
				Unit : Baht

The Company paid insurance claims in compliance with insurance policy criteria and it is normal commercial transaction for insurance.

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. 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 which as at June 30, 2018, the agreement was terminated because the Company changed its major shareholder on May 16, 2018.

23. DIRECTORS AND KEY MANAGEMENT PERSONNEL'S REMUNERATION

During the three-month and six-month periods ended June 30, 2019 and 2018, the Company had salaries, bonuses, directors allowances and other benefits of its directors and key management personnel recognized as expenses as follows:

	For the three-month periods ended June 30,		For the six-month periods ended June 30,	
	2019 Baht	2018 Baht	2019 Baht	2018 Baht
Directors and key management personnel's remuneration				
Short-term benefits	4,936,254	4,857,209	9,760,492	11,703,543
Post-employment benefits	246,097	49,588	354,367	99,175
	<u>5,182,351</u>	<u>4,906,797</u>	<u>10,114,859</u>	<u>11,802,718</u>

Directors' remunerations for the years of 2019 and 2018 were approved by the annual general meeting of shareholders of the Company held on April 11, 2019 and April 23, 2018, respectively.

24. SECURITIES PLEDGED AND ASSETS RESERVED WITH THE REGISTRAR

As at June 30, 2019 and December 31, 2018, certain investment in securities of the Company were pledged and used for assets reserved with the Registrar (see Note 8) 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:

	As at June 30, 2019 Baht	As at December 31, 2018 Baht
Investment in securities used to secure the facilities collateral with the Office of Insurance Commission		
Securities pledged with the registrar		
Government and state enterprise securities	14,641,192	14,139,609
Assets reserved with the registrar		
Government and state enterprise securities	<u>109,808,937</u>	<u>110,264,893</u>
Total investment in securities under pledged	<u>124,450,129</u>	<u>124,404,502</u>

25. CONTINGENT LIABILITIES AND COMMITMENT

- 25.1 As at June 30, 2019 and December 31, 2018, lawsuits have been brought against the Company, as insurer, from which the Company estimates losses totaling Baht 10.01 million and Baht 10.22 million, respectively. Such amount has been set aside in the loss reserve and outstanding claims accounts. The Company's management 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.

- 25.2 As at June 30, 2019 and December 31, 2018, the Company had a capital commitment to pay computer software in amount of Baht 51.97 million and Baht 68.61 million, respectively.

26. LONG TERM LEASE AND SERVICE AGREEMENT

Long term leases and service agreement as at June 30, 2019 and December 31, 2018 consisted of the follows:

	As at June 30, 2019 Baht	As at December 31, 2018 Baht
Within 1 year	10,456,758	4,131,770
Over 1 year to 5 years	10,451,346	416,000
Total	<u>20,908,104</u>	<u>4,547,770</u>

The Company recognized rental expense in the statements of profit and loss and other comprehensive income for the three-month and six-month periods ended June 30, 2019 amounting to Baht 2.40 million and amounting to Baht 4.77 million, respectively. (For the three-month and six-month periods ended June 30, 2018 amounting to Baht 2.16 million and amounting to Baht 4.23 million, respectively).

27. FAIR VALUE MEASUREMENT

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

	Fair value		Fair value hierarchy	Valuation techniques and key inputs
	As at June 30, 2019 Baht	As at December 31, 2018 Baht		
<u>Financial assets</u>				
Government and state enterprise securities	514,464,407	379,357,388	Level 2	Discounted cash flow using yield rates of the last working day of the reporting period as quoted by the Thai Bond Market Associate

28. APPROVAL OF INTERIM FINANCIAL STATEMENTS

These interim financial statements were approved for issuance by the Company's authorized executive director on August 8, 2019.

