
*KING WAI INSURANCE PUBLIC
COMPANY LIMITED*

Interim financial statements

Three-month period ended March 31, 2019



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

TO THE BOARD OF DIRECTORS

KING WAI INSURANCE PUBLIC COMPANY LIMITED

(FORMERLY QBE INSURANCE (THAILAND) PUBLIC COMPANY LIMITED)

We have reviewed the statement of financial position of King Wai Insurance Public Company Limited (formerly QBE Insurance (Thailand) Public Company Limited) as at March 31, 2019, and the statements of profit or loss and other comprehensive income for the three-month period ended March 31, 2019, and the related statements of changes in equity and cash flows for the three-month period then ended, 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".

Other Matter

The statements of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flow for the three-month period ended March 31, 2018, presented herein as comparative information, were reviewed by other auditor, whose report thereon dated May 14, 2018, concluded that nothing had come to her attention that caused her to believe that such interim financial information was 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
May 9, 2019

DELOITTE TOUCHE TOHMATSU JAIYOS AUDIT CO., LTD.

KING WAI INSURANCE PUBLIC COMPANY LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2019

UNIT : BAHT

		“UNAUDITED”	
	Notes	As at March 31, 2019	As at December 31, 2018
ASSETS			
Cash and cash equivalents	4	333,877,583	412,022,135
Premium receivable - net	5	87,836,396	54,344,679
Accrued investment income		2,623,974	658,513
Reinsurance assets	6	420,950,355	399,109,547
Due from reinsurers	7	10,146,753	10,320,750
Investment			
Investments in securities	8	381,471,297	381,197,307
Leasehold improvement and equipment	9	5,143,166	5,591,675
Intangible assets	10	70,608,165	51,005,605
Deferred acquisition costs		33,956,769	32,184,147
License costs	11	16,711,451	16,711,451
Prepaid premium ceded	12	30,737,121	105,366,561
Other assets	13	114,647,538	120,307,239
TOTAL ASSETS		1,508,710,568	1,588,819,609



See condensed notes to the financial statements

KING WAI INSURANCE PUBLIC COMPANY LIMITED
STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT MARCH 31, 2019

UNIT : BAHT

		“UNAUDITED”	
	Notes	As at March 31, 2019	As at December 31, 2018
LIABILITIES AND EQUITY			
LIABILITIES			
Insurance contract liabilities	14	726,547,727	730,557,370
Due to reinsurers	15	187,710,385	151,467,672
Unearned fee and commission income		44,020,050	36,004,752
Employee benefits obligations		13,486,178	13,009,079
Deferred tax liabilities	16	3,342,290	3,342,290
Other liabilities	17	73,080,521	76,324,143
TOTAL LIABILITIES		<u>1,048,187,151</u>	<u>1,010,705,306</u>
EQUITY			
Share Capital	18		
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		(357,362,339)	(239,497,463)
Other component of equity		927,756	653,766
TOTAL EQUITY		<u>460,523,417</u>	<u>578,114,303</u>
TOTAL LIABILITIES AND EQUITY		<u><u>1,508,710,568</u></u>	<u><u>1,588,819,609</u></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 MARCH 31, 2019
“UNAUDITED”

UNIT : BAHT

	Notes	2019	2018
REVENUES			
Gross written premiums	19	111,069,942	107,266,474
<u>Less</u> Premiums ceded	19	(189,963,858)	(96,854,914)
Net written premiums		(78,893,916)	10,411,560
<u>Add</u> Unearned premium reserve			
decreased from previous period	19	8,316,777	35,405,925
Net premium earned		(70,577,139)	45,817,485
Fee and commission income	19	19,579,790	38,525,328
Net investment income		2,731,827	4,310,299
Other income		-	356,040
Total revenues		(48,265,522)	89,009,152
EXPENSES			
Claims incurred	19	25,637,300	331,196,547
<u>Less</u> Claims refundable from reinsurers	19	(4,798,885)	(275,317,801)
Commission and brokerage expenses	19	15,960,659	30,365,481
Other underwriting expenses	19	13,125,433	11,699,119
Operating expenses		19,674,847	23,617,369
Total expenses		69,599,354	121,560,715
Loss before income tax		(117,864,876)	(32,551,563)
Income tax expense		-	-
Net loss		(117,864,876)	(32,551,563)



KING WAI INSURANCE PUBLIC COMPANY LIMITED
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2019
“UNAUDITED”

		UNIT : BAHT	
	Notes	2019	2018
Other comprehensive income			
Items that will be reclassified subsequently to profit or loss			
Gain from remeasuring to fair value of available-for-sale investment		273,990	-
Other comprehensive income for the periods		273,990	-
Total comprehensive loss for the periods		(117,590,886)	(32,551,563)
Loss per share			
Basic loss per share	20 Baht	(0.87)	(0.45)



See condensed notes to the financial statements

KING WAI INSURANCE PUBLIC COMPANY LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 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 loss for the period	-	-	-	(32,551,563)	-	-	-	-	(32,551,563)
Ending balance as at March 31, 2018	365,000,000	122,520,000	15,438,000	(82,257,136)	-	-	2,784,863	2,784,863	423,485,727
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	-	-	-	(117,864,876)	273,990	-	-	273,990	(117,590,886)
Ending balance as at March 31, 2019	679,000,000	122,520,000	15,438,000	(357,362,339)	(4,799,857)	1,620,113	4,107,500	927,756	460,523,417



See condensed notes to the financial statements

KING WAI INSURANCE PUBLIC COMPANY LIMITED
STATEMENT OF CASH FLOWS
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2019
“UNAUDITED”

UNIT : BAHT

	2019	2018
CASH FLOWS PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Written premium received from direct insurance	76,108,428	136,622,631
Cash paid from reinsurance	(43,193,801)	(160,491,300)
Investment income	766,366	1,311,302
Claims incurred from direct insurance	(46,500,907)	(149,127,792)
Commission and brokerage paid to direct insurance	(13,414,310)	(22,488,805)
Other underwriting expenses	(13,201,070)	(12,636,555)
Operating expenses	(37,961,904)	(73,347,757)
Other income	-	361,070
Income tax expense	(706,003)	(1,822,666)
Investments in securities	-	234,707,135
Net cash used in operating activities	<u>(78,103,201)</u>	<u>(46,912,737)</u>
CASH FLOWS USED IN INVESTING ACTIVITIES		
Purchase of equipment	<u>(41,351)</u>	<u>(87,928)</u>
Net cash used in investing activities	<u>(41,351)</u>	<u>(87,928)</u>
Net decrease in cash and cash equivalents	(78,144,552)	(47,000,665)
Cash and cash equivalents as at January 1,	<u>412,022,135</u>	<u>113,720,175</u>
Cash and cash equivalents as at March 31,	<u><u>333,877,583</u></u>	<u><u>66,719,510</u></u>





See condensed notes to the financial statements

KING WAI INSURANCE PUBLIC COMPANY LIMITED
CONDENSED NOTES TO FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2019
“UNAUDITED”

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, 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 period ended March 31, 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 period ended March 31, 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 including 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 and guidelines on accounting 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.

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:

Group of Financial Instruments Standards

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 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 until annual periods beginning before January 1, 2022 or before Thai Financial Reporting Standard No. 17 "Insurance Contracts" is effective.

The accounting guidelines for financial instruments and disclosures on insurance business

On January 16, 2019, the Federation of Accounting Professions has issued the accounting guidelines for financial instruments and disclosures on insurance business, which has been announced in the Royal Gazette is effective on March 11, 2019 onwards.

This accounting guidelines is an accounting option for financial instruments for the financial statements 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 is consideration to elect to exempt and in the process to assess the impact of these TFRSs on the financial statements of the Company in the period of initial application which will not adopt such accounting guidelines for financial instruments and disclosures on insurance business prior to the effective date.

Thai Financial Reporting Standards No. 16 "Leases"

This financial reporting standard sets out the principles for the recognition, measurement, presentation and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of the entity. An entity shall consider the terms and conditions of contracts and all relevant facts and circumstances when applying this Standard. An entity shall apply this Standard consistently to contracts with similar characteristics and in similar circumstances.

The Company's management will adopt TFRS No. 16 "Leases" 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.

4. CASH AND CASH EQUIVALENTS

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

	As at March 31, 2019 Baht	As at December 31, 2018 Baht
Cash on hand	50,000	50,000
Deposits at bank - at call	333,827,583	411,972,135
Cash and cash equivalents	<u>333,877,583</u>	<u>412,022,135</u>

5. PREMIUM RECEIVABLE - NET

Premium receivable - net as at March 31, 2019 and December 31, 2018 consisted of the following:

	As at March 31, 2019 Baht	As at December 31, 2018 Baht
Within credit terms	63,639,587	32,747,680
Less than 30 days	6,262,734	5,460,208
31 - 60 days	14,023,134	2,184,735
61 - 90 days	630,317	983,007
Over 90 days	3,554,357	13,521,419
Total	88,110,129	54,897,049
<u>Less</u> Allowance for doubtful accounts	<u>(273,733)</u>	<u>(552,370)</u>
Premium receivable - net	<u>87,836,396</u>	<u>54,344,679</u>

6. REINSURANCE ASSETS

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

	As at March 31, 2019 Baht	As at December 31, 2018 Baht
Insurance reserve refundable from reinsurers		
Claim reserves	268,586,516	271,916,450
Unearned premium reserve		
- Unearned reinsurance premium reserve	152,363,839	127,193,097
Total reinsurance assets (see Note 14)	<u>420,950,355</u>	<u>399,109,547</u>

7. DUE FROM REINSURERS

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

	As at March 31, 2019 Baht	As at December 31, 2018 Baht
Due from reinsurers	10,146,753	10,750,179
<u>Less</u> Allowance for doubtful accounts	-	(429,429)
Due from reinsurers - net	<u>10,146,753</u>	<u>10,320,750</u>

8. INVESTMENTS IN SECURITIES

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

	As at March 31, 2019		As at December 31, 2018	
	Cost/ Amortized cost Baht	Fair value Baht	Cost/ Amortized cost Baht	Fair value Baht
Available-for-sale investments				
Government securities	384,431,235	379,631,379	384,431,235	379,357,388
Total	384,431,235	379,631,379	384,431,235	379,357,388
<u>Less</u> Unrealized loss	(4,799,857)	-	(5,073,847)	-
Total available-for-sale investments	<u>379,631,378</u>	<u>379,631,379</u>	<u>379,357,388</u>	<u>379,357,388</u>
Held-to-maturity investments				
Private enterprise debt securities	10,000,000		10,000,000	
Deposits at financial institutions with maturity over 3 months	1,277,799		1,277,799	
Total	11,277,799		11,277,799	
<u>Less</u> Allowance for impairment	(10,000,000)		(10,000,000)	
Total held-to-maturity investments	<u>1,277,799</u>		<u>1,277,799</u>	
General investments				
Non-marketable equity securities	562,120		562,120	
Total general investments	<u>562,120</u>		<u>562,120</u>	
Total investment in securities	<u>381,471,297</u>		<u>381,197,307</u>	

As at March 31, 2019 and December 31, 2018, certain government securities were pledged and used for assets reserved with the Registrar amounting to Baht 124.24 million and Baht 124.40 million, respectively (see Note 23).

9. LEASEHOLD IMPROVEMENT AND EQUIPMENT

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

	Cost			Accumulated depreciation		Beginning balance of Equipment as at January 1, 2019	Ending balance of Equipment as at March 31, 2019
	As at January 1, 2019	Additions	Disposal/Write-Off	As at March 31, 2019	Depreciation	Disposal/Write-Off	
	Baht	Baht	Baht	Baht	Baht	Baht	Baht
Furniture, fixture & fittings, leasehold improvement	16,687,681	-	-	16,687,681	1,675	-	17,600
Equipment	3,501,301	-	-	3,501,301	23,408	-	154,491
Vehicles	7,494,000	-	-	7,494,000	-	-	3
Computer equipment	27,835,721	41,351	-	27,877,072	464,777	-	4,971,072
Total	55,518,703	41,351	-	55,560,054	489,860	-	5,143,166

	Cost			Accumulated depreciation		Beginning balance of Equipment as at January 1, 2018	Ending balance of Equipment as at December 31, 2018
	As at January 1, 2018	Additions	Disposal/Write-Off	As at December 31, 2018	Depreciation	Disposal/Write-Off	
	Baht	Baht	Baht	Baht	Baht	Baht	Baht
Furniture, fixture & fittings, leasehold improvement	16,700,581	-	(12,900)	16,687,681	8,130	(12,899)	19,275
Equipment	4,116,832	29,159	(644,690)	3,501,301	92,125	(620,284)	177,899
Vehicles	9,790,000	-	(2,296,000)	7,494,000	-	(2,295,998)	3
Computer equipment	25,860,693	1,975,028	-	27,835,721	2,912,160	-	5,394,498
Total	56,468,106	2,004,187	(2,953,590)	55,518,703	3,012,415	(2,929,181)	5,591,675

As at March 31, 2019 and December 31, 2018, certain leasehold improvement and equipment at cost of Baht 46.57 million and Baht 46.06 million, respectively, were fully depreciated but still in use.

Depreciation for the three-month periods ended March 31, 2019 and 2018 amounting to Baht 0.49 million and Baht 0.78 million, respectively, were included in operating expenses.

10. INTANGIBLE ASSETS

Intangible assets as at March 31, 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 March 31, 2019
	As at January 1, 2019	Additions	As at March 31, 2019	As at January 1, 2019		
	Baht	Baht	Baht	Baht	Baht	Baht
Software under installation	51,005,605	19,602,560	70,608,165	-	-	51,005,605
						70,608,165

11. LICENSE COSTS

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

	As at March 31, 2019 Baht	As at December 31, 2018 Baht
License costs	67,000,000	67,000,000
<u>Less</u> Accumulated amortisation	<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.

12. PREPAID PREMIUM CEDED

As at March 31, 2019 and December 31, 2018, the Company has prepaid premium ceded in amount of Baht 30.74 million and Baht 105.37 million, respectively, because the Company entered into excess of loss reinsurance agreement with a reinsurer, the coverage periods are as specified in the contract.

13. OTHER ASSETS

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

	As at March 31, 2019 Baht	As at December 31, 2018 Baht
Refundable income tax	32,167,682	31,461,681
Deposits	3,203,721	3,209,721
The Revenue Department receivable	70,999,385	67,279,243
Undue purchase vat	1,353,442	3,262,346
Prepaid expense	6,530,870	8,924,110
Other receivables	920,826	7,108,526
Allowance for doubtful account	(528,388)	(938,388)
Total other assets	<u>114,647,538</u>	<u>120,307,239</u>

14. INSURANCE CONTRACT LIABILITIES

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

	As at March 31, 2019		
	Insurance liabilities	Reinsurance liabilities	Net
	Baht	(see Note 6) Baht	Baht
Claim reserves			
Claim incurred and reported	476,288,254	(256,174,505)	220,113,749
Claim incurred but not reported	50,977,243	(12,412,011)	38,565,232
	<u>527,265,497</u>	<u>(268,586,516)</u>	<u>258,678,981</u>
Premium reserve			
Unearned premium reserve	199,282,230	(152,363,839)	46,918,391
Total	<u>726,547,727</u>	<u>(420,950,355)</u>	<u>305,597,372</u>

	As at December 31, 2018		
	Insurance liabilities	Reinsurance liabilities	Net
	Baht	(see Note 6) Baht	Baht
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 reserves

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

	As at March 31, 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	36,970,732	569,498,690
Changes in claims reserve incurred in previous period/year	(11,870,675)	(17,355,945)
Changes in claims reserve assumption	537,243	(75,807,000)
Claim paid during the period/year	<u>(46,500,907)</u>	<u>(476,452,163)</u>
Balance as at ending period/year	<u>527,265,497</u>	<u>548,129,104</u>

14.1.2 Unearned premium reserve

	As at March 31, 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	111,069,942	389,786,824
Premium earned for the period/year	<u>(94,215,978)</u>	<u>(594,716,412)</u>
Balance as at ending period/year	<u>199,282,230</u>	<u>182,428,266</u>

14.1.3 Unexpired risk reserve

As at March 31, 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 54.39 million and Baht 53.55 million, respectively, is lower than the unearned premium reserve.

15. DUE TO REINSURERS

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

	As at March 31, 2019 Baht	As at December 31, 2018 Baht
Reinsurance payables	125,150,468	90,464,759
Amount withheld on reinsurance	<u>62,559,917</u>	<u>61,002,913</u>
Total due to reinsurers	<u>187,710,385</u>	<u>151,467,672</u>

16. DEFERRED TAX LIABILITIES

Deferred tax liabilities as at March 31, 2019 and December 31, 2018 were as follows:

	As at March 31, 2019 Baht	As at December 31, 2018 Baht
Deferred tax liabilities	<u>3,342,290</u>	<u>3,342,290</u>

19. 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 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 three-month periods ended March 31, 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 periods ended March 31, 2019 and 2018 were as follows:

	For the three-month period ended March 31, 2019				Unit : Baht
	Fire	Marine	Motor	Miscellaneous	Total
Underwriting income					
Gross written premiums	662,618	6,678,907	1,399,265	102,329,152	111,069,942
<u>Less</u> Premium ceded	(4,046,979)	(16,423,931)	-	(169,492,948)	(189,963,858)
Net written premiums	(3,384,361)	(9,745,024)	1,399,265	(67,163,796)	(78,893,916)
<u>Add (less)</u> Unearned premium reserve					
(increased) decreased from the previous period	79,714	(194,544)	491,617	7,939,990	8,316,777
Net premium earned	(3,304,647)	(9,939,568)	1,890,882	(59,223,806)	(70,577,139)
Fee and commission income	90,793	1,090,285	-	18,398,712	19,579,790
Total underwriting income	(3,213,854)	(8,849,283)	1,890,882	(40,825,094)	(50,997,349)
Underwriting expenses					
Claim incurred	981,860	(2,416,111)	670,791	26,400,760	25,637,300
<u>Add (less)</u> Claim refundable from reinsurers	(346,031)	2,354,233	55,482	(6,862,569)	(4,798,885)
Commission and brokerage expenses	153,041	379,345	382,928	15,045,345	15,960,659
Other underwriting expenses	78,304	789,264	165,355	12,092,510	13,125,433
Total underwriting expenses	867,174	1,106,731	1,274,556	46,676,046	49,924,507
Profit (loss) on underwriting					
before operating expenses	(4,081,028)	(9,956,014)	616,326	(87,501,140)	(100,921,856)
Operating expenses					19,674,847
Loss on underwriting after operating expenses					(120,596,703)

	For the three-month period ended March 31, 2018				Unit : Baht
	Fire	Marine	Motor	Miscellaneous	Total
Underwriting income					
Gross written premiums	580,851	7,632,692	1,756,103	97,296,828	107,266,474
<u>Less</u> Premium ceded	<u>(528,456)</u>	<u>(7,320,621)</u>	<u>(917,804)</u>	<u>(88,088,033)</u>	<u>(96,854,914)</u>
Net written premiums	52,395	312,071	838,299	9,208,795	10,411,560
<u>Add (less)</u> Unearned premium reserve					
(increased) decreased from the previous period	<u>(3,283,228)</u>	<u>8,080,711</u>	<u>710,474</u>	<u>29,897,968</u>	<u>35,405,925</u>
Net premium earned	<u>(3,230,833)</u>	<u>8,392,782</u>	<u>1,548,773</u>	<u>39,106,763</u>	<u>45,817,485</u>
Fee and commission income	<u>357,990</u>	<u>6,424,196</u>	<u>775,935</u>	<u>30,967,207</u>	<u>38,525,328</u>
Total underwriting income	<u>(2,872,843)</u>	<u>14,816,978</u>	<u>2,324,708</u>	<u>70,073,970</u>	<u>84,342,813</u>
Underwriting expenses					
Claim incurred	(44,585)	29,015,568	407,385	301,818,179	331,196,547
<u>Less</u> Claim refundable from reinsurers	<u>-</u>	<u>(24,485,610)</u>	<u>38,671</u>	<u>(250,870,862)</u>	<u>(275,317,801)</u>
Commission and brokerage expenses	268,629	2,955,678	613,346	26,527,828	30,365,481
Other underwriting expenses	<u>137,236</u>	<u>1,309,132</u>	<u>170,294</u>	<u>10,082,457</u>	<u>11,699,119</u>
Total underwriting expenses	<u>361,280</u>	<u>8,794,768</u>	<u>1,229,696</u>	<u>87,557,602</u>	<u>97,943,346</u>
Profit (loss) on underwriting					
before operating expenses	<u>(3,234,123)</u>	<u>6,022,210</u>	<u>1,095,012</u>	<u>(17,483,632)</u>	<u>(13,600,533)</u>
Operating expenses					<u>23,617,369</u>
Loss on underwriting after operating expenses					<u>(37,217,902)</u>

20. BASIC LOSS PER SHARE

Basic loss per share for the three-month periods ended March 31, 2019 and 2018 were as follows:

	For the three -month periods ended March 31,	
	2019	2018
Net loss attributable to shareholders (Baht)	(117,864,876)	(32,551,563)
Weighted average number of ordinary shares in issue (Shares)	<u>135,800,000</u>	<u>73,000,000</u>
Basic loss per share (Baht)	<u>(0.87)</u>	<u>(0.45)</u>

21. 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 interim financial statements for the three-month periods ended March 31, 2019 and 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 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	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 March 31, 2019 Baht	As at December 31, 2018 Baht
Group of new major shareholders		
Assets		
Premium Receivables	89,574	-
Liabilities		
Loss reserve and outstanding claims	-	6,009
	For the three-month periods ended March 31, 2019	2018
	Baht	Baht
Group of former major shareholders		
Income/(expenses)		
Premium ceded	-	(93,977,231)
Claims refundable from reinsurers	-	103,817,233
Fee and commission income	-	48,260,966
Management fee	-	(8,374,998)
Group of new major shareholders		
Income/(expenses)		
Premium	275,362	-

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.

24. CONTINGENT LIABILITY

- 24.1 As at March 31, 2019 and December 31, 2018, lawsuits have been brought against the Company, as insurer, from which the Company estimates losses totaling Baht 10.00 million and Baht 10.22 million, respectively. Such amount has been set aside in the claim 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.
- 24.2 As at March 31, 2019 and December 31, 2018, the Company had a capital commitment to pay computer software in amount of Baht 49.01 million and Baht 68.61 million, respectively.

25. LONG TERM LEASES AND SERVICE AGREEMENT

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

	As at March 31, 2019 Baht	As at December 31, 2018 Baht
Within 1 year	1,839,908	4,131,770
Over 1 year to 5 years	338,000	416,000
Total	<u>2,177,908</u>	<u>4,547,770</u>

The Company recognized rental and service fee under operating agreements as expense in the statements of profit and loss and other comprehensive income for the three-month periods ended March 31, 2019 and 2018 amount of Baht 2.37 million and Baht 2.07 million, respectively.

26. 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 March 31, 2019 Baht	As at December 31, 2018 Baht		
<u>Financial assets</u>				
Government securities	379,631,378	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

27. EVENT AFTER THE REPORTING PERIOD

The Labor Protection Act (No. 7) B.E. 2562 has been announced in the Royal Gazette on April 5, 2019, which will be effective after 30 days from the date announced in Royal Gazette. This 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 400 days at the employees' latest 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 statement of profit or loss and other comprehensive income of the period in which the law is effective in the amount of Baht 3.42 million.

28. APPROVAL OF THE INTERIM FINANCIAL STATEMENTS

These interim financial statements were approved for issuance by the Company's authorized executive director on May 9, 2019.



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