

**QBE Insurance (Thailand) Public Company Limited**

968 U Chuliang Building 15th Floor, Rama IV Road, Silom, Bangrak, Bangkok 10500 Thailand

telephone +662 624 1000 • facsimile +662 238 0836 (u/w dept)

facsimile +662 238 0837 (claims dept) • facsimile +662 238 0838 (a/c dept)

บริษัท คิวบีอี ประกันภัย (ประเทศไทย) จำกัด (มหาชน)

เลขที่ 968 อาคารอู่อจือเหลียง ชั้น 15 ถนนพระราม 4 แขวงสีลม เขตบางรัก กรุงเทพมหานคร 10500

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Form Por. Phor. Wor. 1

of 1<sup>st</sup> Quarter of 2018

Information Disclosure Form (Form Por. Phor. Wor. 1)

of 1<sup>st</sup> Quarter of 2018

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Section 1 Certification of information disclosed

We have reviewed the information contained in disclosure with care in our capacity and hereby certify that the information is accurate, complete, not false, and has no misleading statement or omission of any material information which should be informed and hereby certify its accuracy and true of information disclosed herein.

Name

Position

Signature

(Mr Antonio Hang Tat Chan) Chairman of the Board of Directors

(Mr Yupeng Huang)

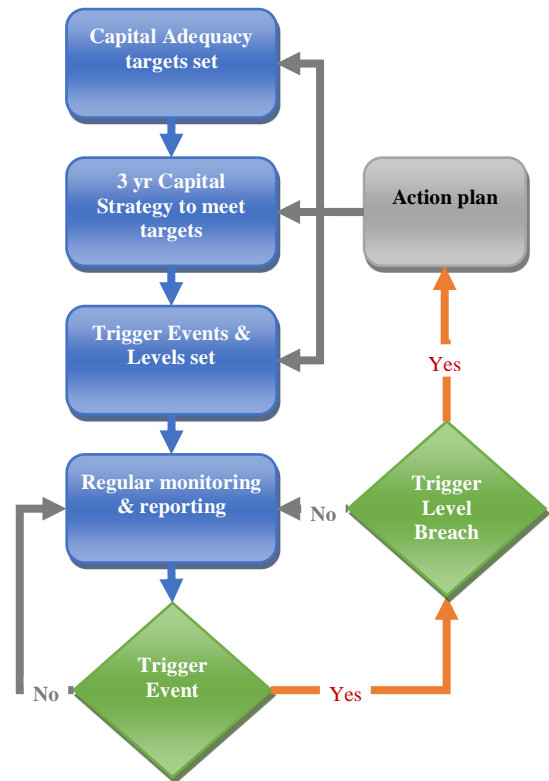
Chief Executive Officer

Section 2 Disclosure Details

1. Capital adequacy

Capital Management Framework describes the process for ensuring capital adequacy over time is as follows:

- capital adequacy targets are set against measurable benchmarks;
- 3-year capital strategy and plans are developed to meet capital targets;
- 'trigger events' for identifying potential breaches of capital targets are developed;
- regular monitoring of financial performance against capital targets (including stress tests and forecasting);
- action plan developed, approved and implemented where the occurrence of a trigger event results in breach of a trigger level or a regulatory requirement;
- capital adequacy targets, capital strategy and trigger events are reviewed and amended as appropriate.



All elements of this process are subject to oversight, review and/or approval by the Board.

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of 2017

Disclosed on 14 May 2018

Unit : Million Baht

Item	1 <sup>st</sup> Quarter		2 <sup>nd</sup> Quarter		3 <sup>rd</sup> Quarter	
	2018	2017	2018	2017	2018	2017
Capital Adequacy Ratio (Percentage)	250	223	-	-	-	-
Total Capital Available: TCA	421	442	-	-	-	-
Total Capital Required: TCR	169	190	-	-	-	-

**Remarks**

- Notification of the Office of Insurance Commission on categorizing type of the capital including procedure, process and condition for calculating the capital of non-life insurance company specifies that the registrar may set a minimum requirement for monitoring the companies which their Capital Adequacy Ratio (CAR) is lower than 140%
- Capital refers to the capital per appraisal costs according to the Office of Insurance Commission about asset and liability valuation of non-life insurance company.
- The second quarter refers to the financial statement of the first 6 months and the third quarter refers to the financial statement of 9 months.

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of 1<sup>st</sup> Quarter of 2018

2. Financial statements

The quarterly financial statements reviewed by the auditor.

**QBE INSURANCE (THAILAND) PUBLIC COMPANY LIMITED**

**INTERIM FINANCIAL INFORMATION (UNAUDITED)**

**31 MARCH 2018**



## AUDITOR'S REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

To the Board of Directors of QBE Insurance (Thailand) Public Company Limited

I have reviewed the interim financial information of QBE Insurance (Thailand) Public Company Limited, which comprises the statement of financial position as at 31 March 2018 and the related statements of comprehensive income, changes in equity and cash flows for the three-month period then ended, and the condensed notes to the interim financial information. Management is responsible for the preparation and presentation of this interim financial information in accordance with Thai Accounting Standard 34, "Interim Financial Reporting". My responsibility is to express a conclusion on this interim financial information based on my review.

### Scope of review

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

### Conclusion

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

PricewaterhouseCoopers ABAS Ltd.

A handwritten signature in blue ink, appearing to be 'Unakorn Phruithithada', written over a light blue circular stamp.

**Unakorn Phruithithada**  
Certified Public Accountant (Thailand) No. 3257  
Bangkok  
14 May 2018



**QBE Insurance (Thailand) Public Company Limited**  
**Statement of Financial Position**  
**As at 31 March 2018**

		(Unaudited) 31 March 2018 Baht	(Audited) 31 December 2017 Baht
	<u>Notes</u>	<u>Baht</u>	<u>Baht</u>
<b>Assets</b>			
Cash and cash equivalents	5	66,719,510	113,720,175
Premium receivables, net	6	118,107,651	147,164,949
Accrued income on investments		2,323,630	1,402,102
Reinsurance assets	7, 14, 21	650,063,965	522,708,777
Amounts due from reinsurance, net	8, 21	7,327,726	12,390,325
Invested assets, net			
Investments in securities, net	9, 18	1,101,397,133	1,334,026,800
Equipment, net	10	5,924,576	6,624,312
Deferred acquisition costs		50,685,838	63,003,958
License costs, net	11	16,711,451	16,711,451
Other assets	13, 21	97,286,393	46,987,946
<b>Total assets</b>		<u><u>2,116,547,873</u></u>	<u><u>2,264,740,795</u></u>

Director \_\_\_\_\_ Director \_\_\_\_\_

Date \_\_\_\_\_

The accompanying notes from page 7 to 20 are from an integral part of this interim financial information.

**QBE Insurance (Thailand) Public Company Limited**  
**Statement of Financial Position (Cont'd)**  
**As at 31 March 2018**

		(Unaudited) 31 March 2018 Baht	(Audited) 31 December 2017 Baht
	Notes		
<b>Liabilities and equity</b>			
<b>Liabilities</b>			
Insurance liabilities	14, 21	1,038,120,826	935,603,376
Amounts due to reinsurers	15, 21	453,720,514	670,542,370
Unearned fee and commission income		87,828,009	82,403,740
Employee benefits obligations		13,154,202	12,723,503
Deferred tax liabilities	12	3,342,290	3,342,290
Other liabilities	16, 21	96,896,305	104,088,226
<b>Total liabilities</b>		<u>1,693,062,146</u>	<u>1,808,703,505</u>
<b>Equity</b>			
<b>Share capital</b>			
Authorised share capital			
73,000,000 ordinary shares of Baht 5 each			
(31 December 2017: 73,000,000 ordinary shares)		<u>365,000,000</u>	<u>365,000,000</u>
Issued and paid-up share capital			
73,000,000 ordinary shares of Baht 5 each			
(31 December 2017: 73,000,000 ordinary shares)		365,000,000	365,000,000
Share premium		122,520,000	122,520,000
Retained earnings			
Appropriated			
Legal reserve		15,438,000	15,438,000
Unappropriated		(82,257,136)	(49,705,573)
Other component of equity		2,784,863	2,784,863
<b>Total equity</b>		<u>423,485,727</u>	<u>456,037,290</u>
<b>Total liabilities and equity</b>		<u>2,116,547,873</u>	<u>2,264,740,795</u>

The accompanying notes from page 7 to 20 are from an integral part of this interim financial information.

**QBE Insurance (Thailand) Public Company Limited**  
**Statement of Comprehensive Income (Unaudited)**  
**For the three-month period ended 31 March 2018**

	<u>Notes</u>	<u>2018</u> <u>Baht</u>	<u>2017</u> <u>Baht</u>
<b>Revenues</b>			
Gross written premiums		107,266,474	281,834,404
<u>Less</u> Premiums ceded to reinsurers	21	<u>(96,854,914)</u>	<u>(389,536,445)</u>
Net written premiums		10,411,560	(107,702,041)
<u>Add</u> Net change in unearned premium reserve		<u>35,405,925</u>	<u>185,554,337</u>
Net earned premiums		45,817,485	77,852,296
Fee and commission income	21	38,525,328	47,424,627
Net investment income		4,255,749	5,616,171
Gains on investments		54,550	-
Other income		356,040	171,811
<b>Total revenues</b>		<u>89,009,152</u>	<u>131,064,905</u>
<b>Expenses</b>			
Gross claim paid		331,196,547	163,514,514
<u>Less</u> Claim paid recovered from reinsurers	21	<u>(275,317,801)</u>	<u>(90,604,657)</u>
Commission and brokerage		30,365,481	46,375,698
Other underwriting expenses		11,699,119	11,815,878
Operating expenses	17, 21	<u>23,617,369</u>	<u>23,986,066</u>
<b>Total expenses</b>		<u>121,560,715</u>	<u>155,087,499</u>
<b>Loss before income tax</b>		<u>(32,551,563)</u>	<u>(24,022,594)</u>
Income tax expense		-	689,736
<b>Net loss for the period</b>		<u>(32,551,563)</u>	<u>(24,712,330)</u>
<b>Total comprehensive loss for the period</b>		<u><u>(32,551,563)</u></u>	<u><u>(24,712,330)</u></u>
<b>Loss per share</b>			
Basic loss per share	19	<u>(0.45)</u>	<u>(0.34)</u>

The accompanying notes from page 7 to 20 are from an integral part of this interim financial information.

**QBE Insurance (Thailand) Public Company Limited**  
**Statement of Changes in Equity**  
**For the three-month period ended 31 March 2018**

	Issued and paid-up share capital		Share premium		Other component of equity		Retained earnings (Deficits)		Total Baht
	Baht	Baht	Baht	Baht	Remeasurements		Unappropriated		
					of post-employment benefit obligations, net of tax	Total other components of equity	- legal reserve	Baht	
<b>Opening balance as at 1 January 2017</b>	365,000,000	122,520,000	578,638	578,638	578,638	15,438,000	85,149,382	588,686,020	
<b>Net loss</b>	-	-	-	-	-	-	(24,712,330)	(24,712,330)	
<b>Closing balance as at 31 March 2017</b>	<u>365,000,000</u>	<u>122,520,000</u>	<u>578,638</u>	<u>578,638</u>	<u>578,638</u>	<u>15,438,000</u>	<u>60,437,052</u>	<u>563,973,690</u>	
<b>Opening balance as at 1 January 2018</b>	365,000,000	122,520,000	2,784,863	2,784,863	2,784,863	15,438,000	(49,705,573)	456,037,290	
<b>Net loss</b>	-	-	-	-	-	-	(32,551,563)	(32,551,563)	
<b>Closing balance as at 31 March 2018</b>	<u>365,000,000</u>	<u>122,520,000</u>	<u>2,784,863</u>	<u>2,784,863</u>	<u>2,784,863</u>	<u>15,438,000</u>	<u>(82,257,136)</u>	<u>423,485,727</u>	

The accompanying notes from page 7 to 20 are from an integral part of this interim financial information.

**QBE Insurance (Thailand) Public Company Limited**  
**Statement of Cash Flows (Unaudited)**  
**For the three-month period ended 31 March 2018**

	<b>Notes</b>	<b>2018 Baht</b>	<b>2017 Baht</b>
<b>Cash provided by (used in) operating activities</b>			
Written premium received from direct insurance		136,622,631	273,945,689
Cash paid from reinsurance		(160,491,300)	(92,375,810)
Investment income		1,311,302	5,420,856
Claims paid to direct insurance		(149,127,792)	(95,742,084)
Commission and brokerage paid to direct insurance		(22,488,805)	(48,455,715)
Other underwriting expenses		(12,636,555)	(13,183,155)
Operating expenses		(73,347,757)	(16,417,358)
Other income		361,070	171,811
Income tax paid		(1,822,666)	(2,431,005)
Cash received from investments in securities		905,059,719	350,500,000
Cash paid for investments in securities		(670,352,584)	(347,212,770)
<b>Net cash provided by (used in) operating activities</b>		<u>(46,912,737)</u>	<u>14,220,459</u>
<b>Cash provided by (used in) investing activities</b>			
Sale of equipment		-	102,804
Purchase of equipment	10	(87,928)	(221,551)
<b>Net cash used in investing activities</b>		<u>(87,928)</u>	<u>(118,747)</u>
<b>Net increase (decrease) in cash and cash equivalents</b>		(47,000,665)	14,101,712
Cash and cash equivalents at the beginning of the period		<u>113,720,175</u>	<u>63,930,382</u>
<b>Cash and cash equivalents at the end of the period</b>	5	<u><u>66,719,510</u></u>	<u><u>78,032,094</u></u>

The accompanying notes from page 7 to 20 are from an integral part of this interim financial information.

## **1 General information**

QBE Insurance (Thailand) Public Company Limited (the "Company") is a public limited company which is incorporated and domiciled in Thailand. The address of the Company's registered office is as follows:

15<sup>th</sup> Floor, U Chuliang Building, 968 Rama IV Road, Silom, Bangrak, Bangkok 10500.

The principal business activity of the Company is underwriting non-life insurance policies in Thailand.

This interim financial information was authorised for issue by General Manager on 14 May 2018.

This interim financial information has been reviewed, but not audited.

## **2 Accounting policies**

### **2.1 Basis of preparation**

The interim financial information has been prepared in accordance with Thai Accounting Standard 34 Interim Financial Reporting. The primary financial information (statement of financial position, statement of comprehensive income, statement of changes in Head Office's equity and cash flows) is presented in a format consistent with the annual financial statements complying with Thai Accounting Standard 1 Presentation of Financial Statements. In addition, the interim financial information presentation are based on the formats of interim financial information attached in an Office of Insurance Commission's notification "Principle, methodology, condition and timing for preparation, submission and reporting of financial statements and operation performance for non-life insurance company B.E.2559" dated on 4 March 2016 ('OIC notification'). The notes to the interim financial information are prepared in a condensed format. Additional notes are presented as required by the aforementioned OIC Notification.

The interim financial information should be read together with the annual financial statements for the year ended 31 December 2017.

An English version of the interim financial information has been prepared from the interim financial information that is in the Thai language. In the event of a conflict or a difference in interpretation between the two languages, the Thai language interim financial information shall prevail.

Costs that are incurred unevenly during the financial year are anticipated or deferred in the interim report only if it would also be appropriate to anticipate or defer such costs at the end of the financial year.

Income taxes in the interim periods are accrued by using the expected income taxes in the interim period.

The accounting policies used in the preparation of the interim financial information are consistent with those used in the annual financial statements for the year ended 31 December 2017.

## **2 Accounting policies (Cont'd)**

### **2.2 Revised accounting standards, revised financial reporting standards, and related interpretations**

2.2.1 Revised financial reporting standards are effective for annual periods beginning on or after 1 January 2018 which have significant change and are relevant to the Company are as follows:

TAS 7 (revised 2017)	Statement of cash flows
TAS 12 (revised 2017)	Income taxes

TAS 7 (revised 2017), the amendments require additional disclosure of changes in liabilities arising from financing activities. This includes changes arising from cash and non-cash.

TAS 12 (revised 2017), the amendments clarify the accounting for deferred tax where an asset is measured at fair value and that fair value is below the asset's tax base. Specifically, the amendments confirm that:

- A temporary difference exists whenever the carrying amount of an asset is less than its tax base at the end of the reporting period.
- An entity can assume that it will recover an amount higher than the carrying amount of an asset to estimate its future taxable profit.
- Where the tax law restricts the source of taxable profits against which particular types of deferred tax assets can be recovered, the recoverability of the deferred tax assets can only be assessed in combination with other deferred tax assets of the same type.
- Tax deductions resulting from the reversal of deferred tax assets are excluded from the estimated future taxable profits.

The management adopts these standards and do not have significant impact on the Company's financial statements.

2.2.2 New financial reporting standard is effective for annual periods beginning on or after 1 January 2019 which is relevant to the Company. The Company has not yet adopted this standard

TFRS 15	Revenue from contracts with customers
---------	---------------------------------------

TFRS 15 provide the requirements for the recognition of revenue. This standard will supersede the following standards:

TAS 11 (revised 2017)	Construction contracts
TAS 18 (revised 2017)	Revenue
TFRIC 13 (revised 2017)	Customer loyalty programmes
TFRIC 15 (revised 2017)	Agreements for the construction of real estate
TFRIC 18 (revised 2017)	Transfers of assets from customers
TSIC 31 (revised 2017)	Revenue - barter transactions involving advertising services

The new standard is based on the principle that

- revenue is recognised when control of a good or service transfers to a customer - so the notion of control replaces the existing notion of risks and rewards
- an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

## **2 Accounting policies (Cont'd)**

### **2.2 Revised accounting standards, revised financial reporting standards, and related interpretations (Cont'd)**

2.2.2 New financial reporting standard is effective for annual periods beginning on or after 1 January 2019 which is relevant to the Company. The Company has not yet adopted this standard (Cont'd)

An entity recognises revenue in accordance with that core principle by applying the following steps:

- 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: Recognise revenue when (or as) the entity satisfies a performance obligation

Entities will have a choice to apply this standard retrospectively in accordance with TAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, subject to the expedients or retrospectively with the cumulative effect recognised as an adjustment to the opening balance of retained earnings of the annual reporting period that includes the date of initial application with additional disclosures. The Company will first apply this standard for annual reporting periods beginning on or after 1 January 2019. Management is currently assessing the impact from initial application of this standard.

## **3 Estimates**

The preparation of interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this interim financial information, the significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements for the year ended 31 December 2017.

## **4 Fair value**

The financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities, and the Company is able to access that market on valuation date.
- Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: Inputs for the asset or liability that are not based on observable market data.

The Company has no financial assets and financial liabilities that are measured at fair value.



**QBE Insurance (Thailand) Public Company Limited**  
**Condensed Notes to Interim Financial Information (Unaudited)**  
**For the interim period ended 31 March 2018**

**5 Cash and cash equivalents**

	(Unaudited) 31 March 2018 Baht	(Audited) 31 December 2017 Baht
Cash on hand	50,000	50,000
Deposits held at call with bank	66,669,510	113,670,175
Total cash and cash equivalents	<u>66,719,510</u>	<u>113,720,175</u>

**6 Premium receivables, net**

The balances of premium receivables are aged as follows:

	From direct insurance	
	(Unaudited) 31 March 2018 Baht	(Audited) 31 December 2017 Baht
Current	79,448,511	73,376,804
Less than 30 days	6,175,664	28,130,787
31 - 60 days	4,992,890	7,539,586
61 - 90 days	9,090,306	11,848,854
More than 90 days	20,050,546	28,478,212
Total premium receivables	119,757,917	149,374,243
<u>Less</u> Allowance for doubtful accounts	<u>(1,650,266)</u>	<u>(2,209,294)</u>
Total premium receivables, net	<u>118,107,651</u>	<u>147,164,949</u>

**7 Reinsurance assets**

		(Unaudited) 31 March 2018 Baht	(Audited) 31 December 2017 Baht
	<b>Notes</b>		
<u>Insurance reserve refundable from reinsurers</u>			
Claim reserve refundable from reinsurers	14, 21	414,921,590	243,421,022
Premium reserves refundable from reinsurers			
- Unearned premium reserves refundable from reinsurers	14, 21	235,142,375	279,287,755
Reinsurance assets		<u>650,063,965</u>	<u>522,708,777</u>

**8 Amounts due from reinsurance, net**

		(Unaudited) 31 March 2018 Baht	(Audited) 31 December 2017 Baht
	<b>Note</b>		
Receivables from reinsurance	21	7,327,726	12,390,325
<u>Less</u> Allowance for doubtful accounts		<u>-</u>	<u>-</u>
Amount due from reinsurance, net		<u>7,327,726</u>	<u>12,390,325</u>

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**9 Investments in securities, net**

Investment in securities as at 31 March 2018 and 31 December 2017 comprise:

	<b>(Unaudited)</b> <b>31 March 2018</b>		<b>(Audited)</b> <b>31 December 2017</b>	
	<b>Amortised cost Baht</b>	<b>Fair value Baht</b>	<b>Amortised cost Baht</b>	<b>Fair value Baht</b>
<b>Held-to-maturity investments</b>				
Government securities	1,099,563,200	1,101,659,313	1,332,192,867	1,333,370,328
Private enterprise debt securities	10,000,000	-	10,000,000	-
Deposits at financial institutions with maturity over 3 months	1,271,813	1,271,813	1,271,813	1,271,813
Total	1,110,835,013	1,102,931,126	1,343,464,680	1,334,642,141
<u>Less</u> Provision for impairment	<u>(10,000,000)</u>	<u>-</u>	<u>(10,000,000)</u>	<u>-</u>
Total held-to-maturity investments, net	<u>1,100,835,013</u>	<u>1,102,931,126</u>	<u>1,333,464,680</u>	<u>1,334,642,141</u>
	<b>Cost Baht</b>		<b>Cost Baht</b>	
<b>General investments</b>				
Non-marketable equity securities	562,120		562,120	
Total general investments	562,120		562,120	
<b>Total investment in securities, net</b>	<u>1,101,397,133</u>		<u>1,334,026,800</u>	

During the period 31 March 2018, the Company recognised interest income from held-to-maturity investments amounting to Baht 4,471,697 (31 March 2017: Baht 6,548,315) and there are no dividend income from general investment amounting (31 March 2017: Nil). The Company has amount received and gains from selling held-to-maturity investments amounting to Baht 240,559,719 and Baht 54,550, respectively (31 March 2017: Nil).

**QBE Insured (Thailand) Public Company Limited**  
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**10 Equipment, net**

	31 March 2018 (Unaudited)								
	Cost			Accumulated depreciation					
	Beginning 1 January 2018 Baht	For the three-month period ended Addition Baht	Disposal Baht	Ending 31 March 2018 Baht	Beginning 1 January 2018 Baht	For the three-month period ended Depreciation Baht	Disposal Baht	Ending 31 March 2018 Baht	Equipment, net Baht
Furniture, fixture & fittings, leasehold improvement	16,700,581	-	-	16,700,581	16,673,175	2,082	-	16,675,257	25,324
Other equipment	4,116,832	-	(26,403)	4,090,429	3,851,561	23,274	(21,372)	3,853,463	236,966
Motor vehicle	9,790,000	-	-	9,790,000	9,789,995	-	-	9,789,995	5
Computer equipment	25,860,693	87,928	-	25,948,621	19,529,063	757,277	-	20,286,340	5,662,281
<b>Total</b>	<b>56,468,106</b>	<b>87,928</b>	<b>(26,403)</b>	<b>56,529,631</b>	<b>49,843,794</b>	<b>782,633</b>	<b>(21,372)</b>	<b>50,605,055</b>	<b>5,924,576</b>

	31 December 2017 (Audited)										
	Cost			Accumulated depreciation							
	Beginning 1 January 2017 Baht	For the year Additions Baht	Disposal Baht	Write-off Baht	Ending 31 December 2017 Baht	Beginning 1 January 2017 Baht	For the year Depreciation Baht	Disposal Baht	Write-off Baht	Ending 31 December 2017 Baht	Equipment, net Baht
Furniture, fixture & fittings, leasehold improvement	20,488,863	25,524	(886,142)	(2,927,664)	16,700,581	20,457,412	9,450	(882,225)	2,911,462	16,673,175	27,406
Other equipment	5,240,951	47,116	(1,137,847)	(33,388)	4,116,832	4,830,758	99,140	(1,046,908)	(31,429)	3,851,561	265,271
Motor vehicle	10,990,000	-	(1,200,000)	-	9,790,000	10,032,432	430,219	(672,656)	-	9,789,995	5
Computer equipment	23,253,892	5,060,230	(2,453,429)	-	25,860,693	18,337,457	3,600,431	(2,408,825)	-	19,529,063	6,331,630
<b>Total</b>	<b>59,973,706</b>	<b>5,132,870</b>	<b>(5,677,418)</b>	<b>(2,961,052)</b>	<b>56,468,106</b>	<b>53,658,059</b>	<b>4,139,240</b>	<b>(5,010,614)</b>	<b>(2,942,891)</b>	<b>49,843,794</b>	<b>6,624,312</b>

**QBE Insurance (Thailand) Public Company Limited**  
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**11 License costs, net**

	(Unaudited) 31 March 2018 Baht	(Audited) 31 December 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, net	<u>16,711,451</u>	<u>16,711,451</u>

License costs were not amortised since 1 January 2008.

**12 Deferred income taxes**

The analysis of deferred tax assets and deferred tax liability is as follows:

	(Unaudited) 31 March 2018 Baht	(Audited) 31 December 2017 Baht
<b>Deferred tax assets:</b>		
Deferred tax asset to be recovered within 12 months	-	-
Deferred tax asset to be recovered after more than 12 months	-	-
Total deferred tax assets	<u>-</u>	<u>-</u>
<b>Deferred tax liabilities:</b>		
Deferred tax liability to be settled within 12 months	-	-
Deferred tax liability to be settled after more than 12 months	<u>3,342,290</u>	<u>3,342,290</u>
Total deferred tax liabilities	<u>3,342,290</u>	<u>3,342,290</u>
Deferred tax liabilities, net	<u>(3,342,290)</u>	<u>(3,342,290)</u>

The net movement of deferred income tax account are as follows:

	(Unaudited) 31 March 2018 Baht	(Audited) 31 December 2017 Baht
Opening balance for the period/year	(3,342,290)	104,274,200
Charged to profit or loss	-	(107,761,150)
Charged to other comprehensive income	-	144,660
Closing balance for the period/year	<u>(3,342,290)</u>	<u>(3,342,290)</u>

**QBE Insurance (Thailand) Public Company Limited**  
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**12 Deferred income taxes (Cont'd)**

Deferred income taxes as at 31 March 2018 and 31 December 2017 comprise of:

	31 March 2018 (Unaudited)					
	Impairment of investments Baht	Unearned premium reserve Baht	Provision for loss reserve and outstanding claims Baht	Tax losses Baht	Others Baht	Total Baht
<b>Deferred tax assets</b>						
Balance at the beginning of the period	-	-	-	-	-	-
Charged / (Credited) to profit or loss	-	-	-	-	-	-
Balance at the end of the period	-	-	-	-	-	-

	31 December 2017 (Audited)					
	Impairment of investments Baht	Unearned premium reserve Baht	Provision for loss reserve and outstanding claims Baht	Tax losses Baht	Others Baht	Total Baht
<b>Deferred tax assets</b>						
Balance at the beginning of the year	2,000,000	23,037,023	67,158,993	7,053,571	8,366,903	107,616,490
Charged / (Credited) to profit or loss	(2,000,000)	(23,037,023)	(67,158,993)	(7,053,571)	(8,511,563)	(107,761,150)
Charged / (Credited) to other comprehensive income	-	-	-	-	144,660	144,660
Balance at the end of the year	-	-	-	-	-	-

	31 March 2018 (Unaudited)	
	Amortisation license cost Baht	Total Baht
<b>Deferred tax liabilities</b>		
Balance at the beginning of the period	3,342,290	3,342,290
Charged / (Credited) to profit or loss	-	-
Charged / (Credited) to other comprehensive income	-	-
Balance at the end of the period	3,342,290	3,342,290

	31 December 2017 (Audited)	
	Amortisation license cost Baht	Total Baht
<b>Deferred tax liabilities</b>		
Balance at the beginning of the year	3,342,290	3,342,290
Charged / (Credited) to profit or loss	-	-
Charged / (Credited) to other comprehensive income	-	-
Balance at the end of the year	3,342,290	3,342,290

	(Unaudited) 31 March 2018	(Audited) 31 December 2017
Deferred tax liabilities, net	3,342,290	3,342,290

**QBE Insurance (Thailand) Public Company Limited**  
**Condensed Notes to Interim Financial Information (Unaudited)**  
**For the interim period ended 31 March 2018**

**12 Deferred income taxes (Cont'd)**

Deferred income tax assets are recognised only to the extent that realisation of the related tax benefit through the future taxable profits is probable. The Company did not recognise deferred income tax assets of Baht 117,913,725 which temporary differences amounting to Baht 589,568,628 (31 December 2017: Baht 111,430,734 which temporary differences amounting to Baht 557,153,672) in respect of losses amounting to Baht 263,418,877 (31 December 2017: Baht 153,019,370) that can be carried forward against future taxable income. Losses amounting to Baht 263,418,877 expire in year 2023 and Baht 153,019,370 expire in year 2022 (31 December 2017: Baht 153,019,370 expire in year 2022).

**13 Other assets**

	Note	(Unaudited) 31 March 2018 Baht	(Audited) 31 December 2017 Baht
Prepaid income tax		28,344,143	26,521,478
Deposits		3,560,221	3,916,221
Receivables from revenue department		13,953,939	13,390,984
Other receivables	21	51,428,090	3,159,263
Total other assets		<u>97,286,393</u>	<u>46,987,946</u>

**14 Insurance liabilities**

31 March 2018 (Unaudited)				
	Notes	Insurance liabilities Baht	Liabilities recovered from reinsurance Baht	Net Baht
Loss reserve				
- Reported claim	7, 21	633,402,278	(379,649,590)	253,752,688
- Claim incurred but not reported	7	96,912,000	(35,272,000)	61,640,000
		<u>730,314,278</u>	<u>(414,921,590)</u>	<u>315,392,688</u>
Premium reserve				
- Unearned premium reserve (UPR)	7	307,806,548	(235,142,375)	72,664,173
Total		<u>1,038,120,826</u>	<u>(650,063,965)</u>	<u>388,056,861</u>

31 December 2017 (Audited)				
	Notes	Insurance liabilities Baht	Liabilities recovered from reinsurance Baht	Net Baht
Loss reserve				
- Reported claim	7, 21	421,998,522	(186,627,022)	235,371,500
- Claim incurred but not reported	7	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 (UPR)	7	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>

As at 31 March 2018, the unexpired risk reserve is estimated to be Baht 112 million (As at 31 December 2017: Baht 165 million).

**QBE Insurance (Thailand) Public Company Limited**  
**Condensed Notes to Interim Financial Information (Unaudited)**  
**For the interim period ended 31 March 2018**

**14 Insurance liabilities (Cont'd)**

**14.1 Loss reserve**

	(Unaudited) 31 March 2018 Baht	(Audited) 31 December 2017 Baht
Beginning balance for the period/year	548,245,522	594,302,394
Claim incurred during the period/year	278,317,525	443,481,872
Changes in claims reserve incurred in previous period/year	81,880,390	24,536,787
Changes in claims reserve assumption	(29,335,000)	52,213,000
Claim paid during the period/year	(148,794,159)	(566,288,531)
Closing balance at the end of period/year	<u>730,314,278</u>	<u>548,245,522</u>

As at 31 March 2018, loss reserves include the reserve for the flooding disaster since 2011 amounting to Baht 4 million (31 December 2017: Baht 4 million) and there is recoverable amount from reinsurers amounting to Baht 4 million (31 December 2017: Baht 4 million). The methods used to estimate the Company's ultimate loss and recoverable amount involve projecting the severity of the losses based on the latest available information and are continually reviewed and updated by management. It is the management's belief that the loss reserve and the recoverable amount at 31 March 2018 and 31 December 2017 reflect a reasonable estimate of the ultimate losses. Actual losses may differ from the management estimate due to uncertainty still remains.

**14.2 Unearned premium reserve**

	(Unaudited) 31 March 2018 Baht	(Audited) 31 December 2017 Baht
Beginning balance for the period/year	387,357,854	551,434,209
Premium written for the period/year	107,266,474	878,649,696
Premium earned for the period/year	(186,817,780)	(1,042,726,051)
Closing balance at the end of period/year	<u>307,806,548</u>	<u>387,357,854</u>

**15 Amount due to reinsurers**

	Note	(Unaudited) 31 March 2018 Baht	(Audited) 31 December 2017 Baht
Amount due to reinsurance	21	169,956,303	386,840,209
Advance cash call	21	69,182,052	69,120,002
Fund withheld from reinsurance	21	214,582,159	214,582,159
Total due to reinsurers		<u>453,720,514</u>	<u>670,542,370</u>

**QBE Insurance (Thailand) Public Company Limited**  
**Condensed Notes to Interim Financial Information (Unaudited)**  
**For the interim period ended 31 March 2018**

**16 Other liabilities**

		(Unaudited) 31 March 2018 Baht	(Audited) 31 December 2017 Baht
	Note		
Management fees	21	41,964,998	33,590,000
Commission payable		19,380,270	23,778,611
Accrued expenses		24,938,652	24,199,677
Advance premium		1,885,129	383,144
Other payables	21	8,727,256	22,136,794
Total other liabilities		<u>96,896,305</u>	<u>104,088,226</u>

**17 Operating expenses**

		(Unaudited) For the three-month periods ended	
		31 March 2018 Baht	31 March 2017 Baht
	Note		
Personnel expenses		10,201,844	11,346,649
Premise and equipment expenses		2,928,889	2,510,018
Reversal of bad debts and doubtful debts		-	(20,460)
Management fees	21	8,374,998	8,748,000
Other operating expenses		2,111,638	1,401,859
Total operating expenses		<u>23,617,369</u>	<u>23,986,066</u>

**18 Securities deposits and deposits for unearned premium reserve with registrar**

The Company places securities as deposits and deposits for unearned premium reserve with the Registrar as prescribed by Section 19 and 24 of the Non-life Insurance Act (No.2) B.E. 2551 with book value amounting to Baht 14,373,448 (31 December 2017: Baht 14,449,508) and Baht 111,996,368 (31 December 2017: Baht 112,447,510), respectively. Securities placed as deposits as at 31 March 2018 and 31 December 2017 comprise:

	(Unaudited) 31 March 2018 Baht	(Audited) 31 December 2017 Baht
Thai Government securities	<u>126,369,816</u>	<u>126,897,018</u>
Total employee related expenses	<u>126,369,816</u>	<u>126,897,018</u>



**QBE Insurance (Thailand) Public Company Limited**  
**Condensed Notes to Interim Financial Information (Unaudited)**  
**For the interim period ended 31 March 2018**

**19 Basic loss per share**

Basic loss per share is calculated by dividing the net earnings attributable to shareholders by the weighted average number of ordinary shares in issue during the period.

	(Unaudited) For the three-month periods ended	
	31 March 2018	31 March 2017
Net loss attributable to shareholders (Baht)	(32,551,563)	(24,712,330)
Weighted average number of ordinary shares in issue (Shares)	73,000,000	73,000,000
Basic loss per share (Baht)	(0.45)	(0.34)

There are no potential dilutive ordinary shares in issue for the three-month periods ended 31 March 2018 and 2017.

**20 Operating lease commitments**

The future lease payments under operating lease are as follows:

	(Unaudited) 31 March 2018 Baht	(Audited) 31 December 2017 Baht
	Not later than 1 year	1,726,667
Later than 1 year but not later than 5 years	650,000	754,000
	<u>2,376,667</u>	<u>4,556,667</u>

**21 Related party transactions**

Enterprises and individuals that, directly or indirectly, through one or more intermediaries, control, or are controlled by, or are under common control with, the Company, including holding companies, subsidiaries and fellow subsidiaries are related parties of the Company. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the Company, key management personnel, including directors and officers of the Company and close members of the family of these individuals and companies associated with these individuals also constitute related parties.

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

The Company is an entity under the QBE Insurance Group, whose head office is based in Australia.

On 29 March 2017, the shareholder of the Company has been changed from QBE Insurance (International) Limited to QBE Asia Pacific Holdings Limited.

The pricing policy for significant related parties transactions are governed as specified in the agreements between the concerned parties.

**21 Related party transactions (Cont'd)**

The significant transactions were carried out with entities in the same group as follows:

	(Unaudited)	
	For the three-month periods ended	
	31 March 2018 Baht	31 March 2017 Baht
<b>a) Income/(expenses)</b>		
Premium ceded	(93,977,231)	(379,811,200)
Claim paid recovered from reinsurances	103,817,233	13,605,734
Fee and commission income	48,260,966	135,219,186
Management fee	(8,374,998)	(8,748,000)

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.

Outstanding balances with related parties are as follows:

	(Unaudited)	(Audited)
	31 March 2018 Baht	31 December 2017 Baht
<b>b) Assets</b>		
Reinsurance assets		
- Claim reserve refundable from reinsurers	375,886,919	197,727,061
- Premium reserves refundable from reinsurers	213,224,839	260,983,701
Amount due from reinsurance		
- Receivables from reinsurance	4,645,123	4,829,952
Other assets		
- Other receivables	5,926,515	369,945
<b>c) Liabilities</b>		
Insurance liabilities		
- Claim reserve and outstanding claims	1,367,653	1,367,653
Amount due to reinsurance		
- Amount due to reinsurance	138,694,279	304,411,654
- Advance cash call	69,182,052	69,120,002
- Fund withheld from reinsurance	214,582,159	214,582,159
Other liabilities		
- Management fee	41,964,998	33,590,000
- Other payables	6,387,970	9,124,263

**21 Related party transactions (Cont'd)**

The significant transactions were carried out with entities in the same group as follows: (Cont'd)

**d) Key management compensation**

The compensation incurred to key management for employee service for the three-month periods ended 31 March 2018 amounting to Baht 3.3 million (for the three-month period ended 31 March 2017: Baht 6.7 million).

**21 Subsequent event**

On 22 December 2017, Sinkaonamahasarn Company Limited and QBE Asia Pacific Holdings Limited who are shareholders of QBE Insurance (Thailand) Public Company Limited executed an agreement for the sales of all shares with King Wai Group (Thailand) Public Company Limited. The sale and purchase of shares are on process and expect to complete in June 2018 which expect that the completion date of QBE Insurance (Thailand) Public Company Limited will be on 16 May 2018. The share sale and purchase transaction will have impact on changing in the Company's shareholders in an organization and changing the Company's name after completion of the Company's share transferred.