

Thaire Life Assurance Public Company Limited
Report and financial statements
31 December 2018

Independent Auditor's Report

To the Shareholders of Thaire Life Assurance Public Company Limited

Opinion

I have audited the accompanying financial statements of Thaire Life Assurance Public Company Limited (“the Company”), which comprise the statement of financial position, in which the equity method is applied, as at 31 December 2018, and the related statements of income, comprehensive income, changes in owner’s equity and cash flows, in which the equity method is applied, for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and also have audited the separate financial statements of Thaire Life Assurance Public Company for the same period.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Thaire Life Assurance Public Company Limited as at 31 December 2018, its financial performance and cash flows, for the year then ended in accordance with Thai Financial Reporting Standards.

Basis for Opinion

I conducted my audit in accordance with Thai Standards on Auditing. My responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Company in accordance with the Code of Ethics for Professional Accountants as issued by the Federation of Accounting Professions as relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, were of most significance in my audit of the financial statements of the current period. These matters were addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

I have fulfilled the responsibilities described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report, including in relation to these matters. Accordingly, my audit included the performance of procedures designed to respond to my assessment of the risks of material misstatement of the financial statements. The results of my audit procedures, including the procedures performed to address the matters below, provide the basis for my audit opinion on the accompanying financial statements as a whole.

Key audit matters and how audit procedures respond to each matter are described below.

Reinsurance premium written

The Company's core revenue is reinsurance premium written, which amounted to Baht 2,400 million, representing 99 percent of the Company's total revenues. The Company has entered into reinsurance contracts with customers, who are life insurance companies, for both facultative and treaty reinsurance contracts. Conditions under those contracts vary depending upon types of insurance, ratios of premium ceded, insured periods, etc. In addition, recognition of revenue on such reinsurance contracts shall also meet the definition of insurance contracts under Thai Financial Reporting Standards. Therefore, the Company's management is required to use judgement in consideration and review its product classification. Hence, I therefore focused on examining that the reinsurance premium written is recognised correctly as actually incurred.

I assessed and tested, on a sampling basis, the Company's internal controls relevant to revenue recognition from each type of reinsurance contract, assessed the method and assumptions used for product classification testing, involving our expert to provide independent assistance with these assessments, through comparison to historical data, industry data and analysis of the related actuarial model. Moreover, on a sampling basis, I tested the data used for product classification testing and examined, on a sampling basis, the amount of inward reinsurance premium against the statements received from reinsurers that occurred during the year and near the period-end. I also performed analytical procedures on reinsurance premium written, disaggregated by reinsurance type and tested, on a sampling basis, significant adjustments made by journal vouchers.

Liability adequacy test for long-term insurance policy reserves

As described in Note 15 to the financial statements, as at 31 December 2018, the Company had long-term insurance policy reserves amounting to Baht 407 million, representing 44 percent of total liabilities, which were set aside for inforce policies as at 31 December 2018 with reference to the Unearned Premium Reserve method. The Company tests the adequacy of the reserve by comparing it to the amount of reserves determined using the Gross Premium Valuation method, and if that assessment shows that the carrying amount of reserves is inadequate, the Company will recognise the amount of the shortfall as an expense and the gross premium valuation reserve is presented in the financial statements. The Gross Premium Valuation method involves the use of assumptions regarding matters such as mortality rate, discounted rate, lapse or surrender rate, and selling and administrative expense ratio. Changes in such assumptions will affect the amount of long-term insurance policy reserves. The Company's management is required to exercise high level of considerable judgement in selecting these assumptions. I therefore focused on the adequacy of long-term insurance policy reserves.

I assessed the method and key assumptions used in determining long-term insurance policy reserves, involved our expert to assist with independent analysis and comparison of the methods and assumptions used to historical data and industry data, and analysis of the actuarial model used in calculating reserves under the Gross Premium Valuation method. I also tested, on a sampling basis, data used in the liabilities adequacy test, and I performed analytical procedures on movements of long-term insurance policy reserves.

Other Information

Management is responsible for the other information. The other information comprise the information included in annual report of the Company, but does not include the financial statements and my auditor's report thereon.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with Thai Standards on Auditing, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

I am responsible for the audit resulting in this independent auditor's report.

Narissara Chaisuwan
Certified Public Accountant (Thailand) No. 4812

EY Office Limited
Bangkok: 20 February 2019

Thaire Life Assurance Public Company Limited

Statement of financial position

As at 31 December 2018

(Unit: Baht)

	Note	Financial statements			
		in which the equity method is applied		Separate financial statements	
		31 December 2018	31 December 2017	31 December 2018	31 December 2017
Assets					
Cash and cash equivalents	6	55,107,499	212,087,690	55,107,499	212,087,690
Accrued investment income		10,979,404	9,242,150	10,979,404	9,242,150
Reinsurance assets	7	2,890,523	4,015,200	2,890,523	4,015,200
Reinsurance receivables	8	195,504,325	212,172,855	195,504,325	212,172,855
Investment assets					
Investments in securities - net	9	1,880,320,416	1,756,626,673	1,880,320,416	1,756,626,673
Loans	10	1,350,532	120,379	1,350,532	120,379
Investments in associates	11.1	16,102,055	18,586,214	21,684,234	21,684,234
Premises and equipment - net	12	55,212,073	46,319,442	55,212,073	46,319,442
Intangible assets - net	13	37,834,960	40,278,981	37,834,960	40,278,981
Deferred tax assets	14.1	30,797,125	28,150,584	30,797,125	28,150,584
Other assets					
Deferred commission expenses		70,819,695	65,652,194	70,819,695	65,652,194
Others		950,292	3,812,535	950,292	3,812,535
Total assets		2,357,868,899	2,397,064,897	2,363,451,078	2,400,162,917
Liabilities and owners' equity					
Liabilities					
Insurance contract liabilities	15	683,877,504	578,361,292	683,877,504	578,361,292
Due to reinsurers	16	184,571,501	181,944,707	184,571,501	181,944,707
Income tax payable		33,572,395	71,439,987	33,572,395	71,439,987
Employee benefit obligations	17	10,871,877	9,087,919	10,871,877	9,087,919
Other liabilities					
Accrued expenses		2,587,759	2,529,686	2,587,759	2,529,686
Deferred commission income		43,358	60,249	43,358	60,249
Others		3,423,973	10,176,891	3,423,973	10,176,891
Total liabilities		918,948,367	853,600,731	918,948,367	853,600,731
Owners' equity					
Share capital	18				
Registered, issued and paid-up					
600,000,000 ordinary shares of Baht 1 each		600,000,000	600,000,000	600,000,000	600,000,000
Share premium		79,162,825	79,162,825	79,162,825	79,162,825
Retained earnings					
Appropriated - statutory reserve	19	60,000,000	60,000,000	60,000,000	60,000,000
Unappropriated		714,249,360	761,494,365	718,202,902	763,441,126
Other component of owners' equity		(14,491,653)	42,806,976	(12,863,016)	43,958,235
Total owners' equity		1,438,920,532	1,543,464,166	1,444,502,711	1,546,562,186
Total liabilities and owners' equity		2,357,868,899	2,397,064,897	2,363,451,078	2,400,162,917

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

Directors

Thaire Life Assurance Public Company Limited

Statement of income

For the year ended 31 December 2018

(Unit: Baht)

	Note	Financial statements			
		in which the equity method is applied		Separate financial statements	
		2018	2017	2018	2017
Revenues					
Reinsurance premium written		2,400,297,911	2,157,427,777	2,400,297,911	2,157,427,777
Less: Reinsurance premium ceded		(19,538,148)	(20,847,584)	(19,538,148)	(20,847,584)
Net reinsurance premium written		2,380,759,763	2,136,580,193	2,380,759,763	2,136,580,193
Less: Unearned premium reserves increased					
from prior year		(33,297,362)	(40,035,591)	(33,297,362)	(40,035,591)
Earned premium		2,347,462,401	2,096,544,602	2,347,462,401	2,096,544,602
Commission income		2,929,349	3,525,473	2,929,349	3,525,473
Share of profit (loss) from investments in associates, accounted for under the equity method	11.3	(2,006,781)	6,159,496	-	-
Net investment revenue		61,446,366	42,104,670	61,446,366	47,144,670
Gains on investments		22,584,817	31,964,466	22,584,817	51,977,630
Fair value gains (losses)		(7,914,359)	2,126,582	(7,914,359)	2,126,582
Other income		1,809,535	3,913,847	1,809,535	3,913,847
Total revenues		2,426,311,328	2,186,339,136	2,428,318,109	2,205,232,804
Expenses					
Long-term insurance policy reserves increased					
from prior year		86,590,549	35,530,506	86,590,549	35,530,506
Gross benefits and claims		1,374,252,802	919,004,077	1,374,252,802	919,004,077
Less: claims recovered from reinsurers		(3,791,816)	(3,745,510)	(3,791,816)	(3,745,510)
Commission expenses		548,594,785	593,430,549	548,594,785	593,430,549
Other underwriting expenses		25,224,319	24,163,209	25,224,319	24,163,209
Operating expenses	21	85,419,003	75,723,075	85,419,003	75,723,075
Total expenses		2,116,289,642	1,644,105,906	2,116,289,642	1,644,105,906
Profits before income tax expenses		310,021,686	542,233,230	312,028,467	561,126,898
Income tax expenses	14.2	(56,555,171)	(106,548,984)	(56,555,171)	(106,548,984)
Profits for the year		253,466,515	435,684,246	255,473,296	454,577,914
Earnings per share					
24					
Basic earnings per share					
Profits for the year		0.42	0.73	0.43	0.76

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

Thaire Life Assurance Public Company Limited

Statement of comprehensive income

For the year ended 31 December 2018

(Unit: Baht)

Note	Financial statements		Separate financial statements	
	in which the equity method is applied		2018	2017
	2018	2017	2018	2017
Profits for the year	<u>253,466,515</u>	<u>435,684,246</u>	<u>255,473,296</u>	<u>454,577,914</u>
Other comprehensive income				
Items to be recognised in statements of income in subsequent period:				
Share of other comprehensive income from associates				
- Exchange differences on translation of financial statements in foreign currency	(477,378)	(1,121,566)	-	-
- Gains on revaluation of available-for-sale investments	-	41,280	-	-
Gains (losses) on revaluation of available-for-sale investments	(71,026,564)	49,396,811	(71,026,564)	49,396,811
Add (less): Income tax expenses	<u>14,205,313</u>	<u>(9,879,362)</u>	<u>14,205,313</u>	<u>(9,879,362)</u>
Items to be recognised in statements of income in subsequent periods - net of income taxes	<u>(57,298,629)</u>	<u>38,437,163</u>	<u>(56,821,251)</u>	<u>39,517,449</u>
Items not to be recognised in statements of income in subsequent period:				
Share of other comprehensive income from an associate - actuarial losses	-	(44,467)	-	-
Actuarial losses	(892,212)	(4,534,958)	(892,212)	(4,534,958)
Add: Income tax revenues	<u>178,442</u>	<u>906,992</u>	<u>178,442</u>	<u>906,992</u>
Items not to be recognised in statements of income in subsequent periods - net of income taxes	<u>(713,770)</u>	<u>(3,672,433)</u>	<u>(713,770)</u>	<u>(3,627,966)</u>
Other comprehensive income (loss) for the year	<u>(58,012,399)</u>	<u>34,764,730</u>	<u>(57,535,021)</u>	<u>35,889,483</u>
Total comprehensive income for the year	<u><u>195,454,116</u></u>	<u><u>470,448,976</u></u>	<u><u>197,938,275</u></u>	<u><u>490,467,397</u></u>

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

Thaire Life Assurance Public Company Limited

Statement of cash flows

For the year ended 31 December 2018

(Unit: Baht)

	Financial statements			
	in which the equity method is applied		Separate financial statements	
	2018	2017	2018	2017
Cash flows from (used in) operating activities				
Cash received from reinsurance	465,497,252	678,967,700	465,497,252	678,967,700
Interest income	15,748,141	20,668,970	15,748,141	20,668,970
Dividend income	44,492,631	36,866,421	44,492,631	36,866,421
Other investment income	22,053,157	31,355,440	22,053,157	31,355,440
Other income	590,623	3,900,281	590,623	3,900,281
Other underwriting expenses	(25,321,542)	(24,191,079)	(25,321,542)	(24,191,079)
Operating expenses	(83,510,407)	(61,636,723)	(83,510,407)	(61,636,723)
Income tax expenses	(82,685,549)	(70,458,728)	(82,685,549)	(70,458,728)
Investments in securities	(199,100,166)	(359,922,917)	(199,100,166)	(359,922,917)
Loans	(1,230,153)	172,512	(1,230,153)	172,512
Purchase of investments in an associate	-	(21,684,234)	-	(21,684,234)
Sale of investments in an associate	-	60,000,000	-	60,000,000
Net cash provided by operating activities	156,533,987	294,037,643	156,533,987	294,037,643
Cash flows from (used in) investing activities				
Disposals of equipment	1,715,120	14,990	1,715,120	14,990
Purchases of equipment	(12,902,822)	(6,213,459)	(12,902,822)	(6,213,459)
Purchases of intangible assets	(2,326,476)	(17,663,629)	(2,326,476)	(17,663,629)
Net cash used in investing activities	(13,514,178)	(23,862,098)	(13,514,178)	(23,862,098)
Cash flows from (used in) financing activities				
Dividend paid	(300,000,000)	(240,000,000)	(300,000,000)	(240,000,000)
Net cash used in financing activities	(300,000,000)	(240,000,000)	(300,000,000)	(240,000,000)
Net increase (decrease) in cash and cash equivalents	(156,980,191)	30,175,545	(156,980,191)	30,175,545
Cash and cash equivalents at beginning of the year	212,087,690	181,912,145	212,087,690	181,912,145
Cash and cash equivalents at end of the year	55,107,499	212,087,690	55,107,499	212,087,690
	-	-	-	-

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

Thaire Life Assurance Public Company Limited

Statement of changes in owners' equity

For the year ended 31 December 2018

(Unit: Baht)

Financial statements in which the equity method is applied

	Note	Other component of owners' equity							Total owners' equity
		Issued and paid-up share capital	Share premium	Retained earnings		Revaluation surplus (deficit) on available-for-sale investments - net of income taxes	Share of other comprehensive loss from associates	Total other component of owners' equity	
				Appropriated - statutory reserve	Unappropriated				
Balance as at 1 January 2017		600,000,000	79,162,825	60,000,000	569,482,472	4,440,786	(70,973)	4,369,813	1,313,015,110
Dividend paid	25	-	-	-	(240,000,000)	-	-	-	(240,000,000)
Reversal of dividend payable due to ineligibility of shareholders		-	-	-	80	-	-	-	80
Profit for the year		-	-	-	435,684,246	-	-	-	435,684,246
Other comprehensive income (loss) for the year		-	-	-	(3,672,433)	39,517,449	(1,080,286)	38,437,163	34,764,730
Balance as at 31 December 2017		<u>600,000,000</u>	<u>79,162,825</u>	<u>60,000,000</u>	<u>761,494,365</u>	<u>43,958,235</u>	<u>(1,151,259)</u>	<u>42,806,976</u>	<u>1,543,464,166</u>
Balance as at 1 January 2018		600,000,000	79,162,825	60,000,000	761,494,365	43,958,235	(1,151,259)	42,806,976	1,543,464,166
Dividend paid	25	-	-	-	(300,000,000)	-	-	-	(300,000,000)
Reversal of dividend payable due to ineligibility of shareholders		-	-	-	2,250	-	-	-	2,250
Profit for the year		-	-	-	253,466,515	-	-	-	253,466,515
Other comprehensive loss for the year		-	-	-	(713,770)	(56,821,251)	(477,378)	(57,298,629)	(58,012,399)
Balance as at 31 December 2018		<u>600,000,000</u>	<u>79,162,825</u>	<u>60,000,000</u>	<u>714,249,360</u>	<u>(12,863,016)</u>	<u>(1,628,637)</u>	<u>(14,491,653)</u>	<u>1,438,920,532</u>

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

Thaire Life Assurance Public Company Limited
Statement of changes in owners' equity (continued)
For the year ended 31 December 2018

(Unit: Baht)

Separate financial statements							
	Note	Issued and paid-up share capital	Share permium	Retained earnings		Other component of owners' equity	Total owners' equity
				Appropriated - statutory reserve	Unappropriated	Revaluation surplus (deficit) on available-for-sale investments - net of income taxes	
Balance as at 1 January 2017		600,000,000	79,162,825	60,000,000	552,491,098	4,440,786	1,296,094,709
Dividend paid	25	-	-	-	(240,000,000)	-	(240,000,000)
Reversal of dividend payable due to ineligibility of shareholders		-	-	-	80	-	80
Profit for the year		-	-	-	454,577,914	-	454,577,914
Other comprehensive income (loss) for the year		-	-	-	(3,627,966)	39,517,449	35,889,483
Balance as at 31 December 2017		<u>600,000,000</u>	<u>79,162,825</u>	<u>60,000,000</u>	<u>763,441,126</u>	<u>43,958,235</u>	<u>1,546,562,186</u>
Balance as at 1 January 2018		600,000,000	79,162,825	60,000,000	763,441,126	43,958,235	1,546,562,186
Dividend paid	25	-	-	-	(300,000,000)	-	(300,000,000)
Reversal of dividend payable due to ineligibility of shareholders		-	-	-	2,250	-	2,250
Profit for the year		-	-	-	255,473,296	-	255,473,296
Other comprehensive loss for the year		-	-	-	(713,770)	(56,821,251)	(57,535,021)
Balance as at 31 December 2018		<u>600,000,000</u>	<u>79,162,825</u>	<u>60,000,000</u>	<u>718,202,902</u>	<u>(12,863,016)</u>	<u>1,444,502,711</u>

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

Thaire Life Assurance Public Company Limited

Notes to financial statements

For the year ended 31 December 2018

1. Corporate information

Thaire Life Assurance Public Company Limited (“the Company”) is a public company, incorporated under Thai laws, domiciled in Thailand and listed on the Stock Exchange of Thailand since 9 October 2013. Its major shareholder is Thai Reinsurance Public Company Limited, a public company incorporated under Thai laws, domiciled in Thailand and listed on the Stock Exchange of Thailand. As at 31 December 2018 and 2017, the major shareholder held 11.10% and 15.53%, respectively, of the issued and paid-up share capital of the Company. The Company is principally engaged in the provision of life reinsurance. The registered office of the Company is located at No. 48/15 Soi Ratchadapisek 20, Ratchadapisek Road, Samsennok Sub-district, Huaykwang District, Bangkok.

2. Basis for preparation of financial statements

The financial statements have been prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Professions Act B.E. 2547, and in accordance with Thai accounting practices related to insurance and the accounting and reporting guidelines prescribed by the Office of Insurance Commission (“OIC”), and in accordance with the format of financial statements specified in the Notification of the Office of Insurance Commission (“OIC”) regarding criteria, procedures, conditions and terms for preparation and submission of financial statements and operating performance reports of life insurance companies B.E. 2559 dated 4 March 2016, which has become effective as from 1 January 2016 onwards.

The financial statements have been prepared on a historical cost basis except where otherwise disclosed in Note to the financial statements regarding a summary of significant accounting policies.

The financial statements in Thai language are the official statutory financial statements of the Company. The financial statements in English language have been translated from such financial statements in Thai language.

2.1 The financial statements in which the equity method is applied

The Company prepares the financial statements, in which equity method is applied, which has presented investment in an associate under the equity method.

2.2 Separate financial statements

The Company prepares the separate financial statements, which has presented investment in an associate under the cost method.

3. New financial reporting standards

3.1 Financial reporting standards that became effective in the current year

During the year, the Company has adopted the revised financial reporting standards and interpretations (revised 2017) which are effective for fiscal years beginning on or after 1 January 2018. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes and clarifications directed towards disclosures in the notes to financial statements. The adoption of these financial reporting standards does not have any significant impact on the Company's financial statements.

3.2 Financial reporting standards that will become effective for fiscal years beginning on or after 1 January 2019

The Federation of Accounting Professions issued the number of revised and new financial reporting standards and interpretations (revised 2018) which are effective for fiscal years beginning on or after 1 January 2019. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards.

The management of the Company believe that most of the revised financial reporting standards will not have any significant impact on the financial statements when they are initially applied. However, the new standard involves changes to key principles, as summarised below.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 supersedes the following accounting standards together with related Interpretations.

TAS 11 (revised 2017)	Construction contracts
TAS 18 (revised 2017)	Revenue
TSIC 31 (revised 2017)	Revenue - Barter Transactions Involving Advertising Services
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

Entities are to apply this standard to all contracts with customers unless those contracts fall within the scope of other standards. The standard establishes a five-step model to account for revenue arising from contracts with customers, with revenue being recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model.

The management of the Company believe that this standard will not have any significant impact on the financial statements when it is initially applied.

TFRS 4 (revised 2018) Insurance contracts

This standard provides an option to the qualifying insurers under such standard to use a temporary exemption from adoption of TFRS 9 Financial Instruments and TFRS 7 Financial Instruments: Disclosures and to adopt the Thai Accounting Guidance related to financial instruments and disclosures applicable to insurance business (when issued) instead for the financial reporting period beginning before 1 January 2022 or before the effective date of TFRS 17 Insurance Contracts (when issued).

The management of the Company is currently determining an option which may impact on the financial statements in the year when it is adopted.

3.3 Financial reporting standards related to financial instruments that will become effective for fiscal years beginning on or after 1 January 2020

During the current year, the Federation of Accounting Professions issued a set of TFRSs related to financial instruments, which consists of five accounting standards and interpretations, as follows:

Financial reporting standards:

TFRS 7	Financial Instruments: Disclosures
TFRS 9	Financial Instruments

Accounting standard:

TAS 32	Financial Instruments: Presentation
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Financial Reporting Standard Interpretations:

TFRIC 16	Hedges of a Net Investment in a Foreign Operation
TFRIC 19	Extinguishing Financial Liabilities with Equity Instruments

These TFRSs related to financial instruments make stipulations relating to the classification of financial instruments and their measurement at fair value or amortised cost (taking into account the type of instrument, the characteristics of the contractual cash flows and the Company's business model), calculation of impairment using the expected credit loss method, and hedge accounting. These include stipulations regarding the presentation and disclosure of financial instruments. When the TFRSs related to financial instruments are effective, some accounting standards, interpretations and guidance which are currently effective will be cancelled.

The management of the Company is currently evaluating the impact of these standards to the financial statements in the year when they are adopted, and also currently determining an option as allowed by TFRS 4 (revised 2018) Insurance Contracts.

4. Significant accounting policies

4.1 Revenue recognition

a. Reinsurance Premium written

Reinsurance premium written consists of reinsurance premium less premium of canceled policies and premiums refunded to policyholders. Reinsurance premium is recognised as revenue when the reinsurer submits the reinsurance application or the statement of accounts and the Company confirms the coverage under the reinsurance contracts and is adjusted by unearned premium reserves.

b. Commission income

Commission income are recorded as deferred revenue and will be gradually recognised as revenue on a monthly basis proportionately to the ceded premium.

c. Investment revenues

Interest on investments

Interest is recognised as revenue on an accrual basis based on the effective interest rate.

Dividends on investments

Dividends are recognised as revenue when the right to receive the dividends is established.

d. Gains (losses) on investments

Gains (losses) on investments are recognised as revenues or expenses on the transaction dates.

4.2 Expenses recognition

a. Reinsurance premium ceded

Reinsurance premium ceded is recognised as expense when the insurance risk is transferred to another reinsurer.

b. Gross claims

Claims consist of claims and losses adjustment expenses of reinsurance for both reported claim and not reported claim, and stated the amounts of the claims, related expenses, and loss adjustments of current and prior year incurred during the year.

Claims of reinsurance are recognised upon the receipt of the claims advice from the reinsured, based on the claims notified by the reinsured and estimates made by the Company's management. The maximum value of claims estimated is not exceeding the sum-insured under the relevant policy.

Claims recovered from reinsurers are recognised as a deduction item against gross claims when claims are recorded under the conditions in the relevant reinsurance contracts.

c. Commission expenses

Commissions of reinsurance are recorded as deferred expenses and will be gradually recognised as expenses on a monthly basis proportionately of earned premium.

d. Other underwriting expenses

Other underwriting expenses are other expenses relating to reinsurance both directly and indirectly, including various insurance-related contributions, which are recognised as expenses on accrual basis.

e. Operating expenses

Operating expenses are these operating expenses not related to underwriting and claims, which are recognised as expenses on accrual basis.

4.3 Product classification

The Company classifies inward reinsurance contracts and outward reinsurance contracts based on the nature of the insurance contracts. Insurance contracts are those contracts where the insurer has accepted a significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder. To determine whether a significant insurance risk has been accepted, the insurer compares the amount of benefits payable if an insured event occurs with the amount of benefits payable if the insured event did not occur. If the above condition is not met, the Company classifies the insurance contract as an investment contract. Investment contracts are the contracts that have the legal form of insurance contracts and transfer financial risk to the insurer, but not significant insurance risk. Financial risks are as interest rate risk, exchange rate risk, or price risk.

The Company classifies contracts based on an assessment of the significance of the insurance risk at an inception of contract on a contract-by-contract basis. Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its lifetime. If any contract is previously classified as an investment contract at an inception of contract, it may, however, be reclassified to be an insurance contract later if the level of the insurance risk increases significantly.

4.4 Cash and cash equivalents

Cash and cash equivalents consist of cash in hand and at bank, and all highly liquid investments with an original maturity of three months or less and not subject to withdrawal restrictions.

4.5 Reinsurance assets

Reinsurance assets consist of long-term insurance policy reserves refundable from reinsurers and unearned premium reserves, less allowance for doubtful accounts (if any).

Insurance reserves refundable from reinsurers are estimated, proportionally based on the reinsurance terms of long-term insurance policy reserves and unearned premium reserves in accordance with the insurance reserve calculation laws.

The Company set up a provision for impairment when it has objective evidence, as a result of an event that occurred after initial recognition of the reinsurance assets, that the Company may not receive payment from reinsurers and these amounts, which are effected from an event, can be measured reliably.

4.6 Reinsurance receivables and due to reinsurers

a. Reinsurance receivables

Reinsurance receivables are stated at amounts deposited on reinsurance and amounts due from reinsurers

Amounts due from reinsurers consist of premium receivables, commission income receivables, claim receivables and various other items receivable from reinsurers, and are deducted by allowance for doubtful accounts. The Company records allowance for doubtful accounts for the estimated losses that may be incurred due to uncollectibles, taking into account collection experience and the status of reinsurers as at the end of the reporting periods.

b. Due to reinsurers

Due to reinsurers are stated at amounts due to reinsurers and other amounts due to reinsurers which consist of other reinsurance payable to reinsurers, excluding claims.

The Company presents net of reinsurance to the same entity (reinsurance receivables or due to reinsurers) when the following criteria for offsetting are met.

- (1) The Company has a legal right to offset amounts presented in the statements of financial position, and
- (2) The Company intends to receive or pay the net amount recognised in the statements of financial position, or to realise the asset at the same time as it pays the liability.

4.7 Investment assets

a. Investments in securities

- (1) Trading investments are stated at fair value. Changes in the fair value of these investments are recorded in statement of income.
- (2) Available-for-sale investments are stated at fair value. Changes in the fair value of these investments are recorded in statements of comprehensive income, and will be recorded in statement of income when the investments are sold.
- (3) Held-to-maturity investments are presented at amortised cost. The premium/discount on the investments is amortised/accreted by the effective interest rate method with the amortised/accreted amount presented as an adjustment to the interest income.
- (4) Investments in non-marketable equity securities, which are classified as general investments, are stated at cost net of allowance for impairment (if any).

The fair value of marketable securities is based on the latest bid price of the last working day of the year as quoted on the Stock Exchange of Thailand. The fair value of debt securities is determined based on yield rates or prices quoted by the Thai Bond Market Association. The fair value of investment units is determined from their net asset value.

In the event the Company reclassifies investments from one type to another, such investments will be readjusted to their fair value as at the reclassification date. The difference between the carrying amount of the investments and the fair value on the date of reclassification are recorded in statements of income or recorded as revaluation surplus or deficit on available-for-sale investment in other components of owners' equity, depending on the type of investment that is reclassified.

On disposal of an investment, the difference between net disposal proceeds and the cost of the investments is recognised in statements of income. The weighted average method is used for computation of the cost of investments.

The Company records purchases and sales of investments in equity securities on trade dates and records purchases and sales of investments in debt securities on settlement dates.

b. Loans

Loans are stated at net realisable value. Allowance for doubtful accounts is provided for the estimated loss that may be incurred in collection of loans. Increase (decrease) in allowance for doubtful accounts is recognised as expenses in statement of income.

c. Investment in an associate

Investment in an associate, as presented in the financial statements in which the equity method is applied, is recorded initially at cost and is subsequently adjusted to reflect the proportionate share of the associate's net income or loss and deducted by dividend income.

Investment in an associate, as presented in the separate financial statements, is stated at cost net of allowance for impairment (if any). Loss on impairment is recorded as an expense in statement of income.

4.8 Premises and equipment and depreciation

Land is stated at cost. Buildings and equipment are stated at cost less accumulated depreciation and allowance for impairment (if any).

Depreciation of buildings and equipment is calculated by reference to their costs on the straight-line basis over the following estimated useful lives:

Buildings	-	20 years
Office equipment and furniture	-	5 years
Computers	-	3 years
Motor vehicles	-	5 years

Depreciation is recognised as expense in statement of income. No depreciation is provided on land.

An item of property, buildings and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on disposal of an asset is included in statement of income when the asset is derecognised.

4.9 Intangible assets and amortisation

Intangible assets are carried at cost less accumulated amortisation and allowance for impairment (if any).

Intangible assets with finite lives are amortised on a systematic basis over their economic useful lives and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method of such intangible assets are reviewed at least at each financial year-end. The amortisation expense is charged to statement of income. No amortisation is provided on computer program under development.

Intangible assets with finite useful lives, which are computer softwares, have an estimated economic useful life of 10 years.

4.10 Impairment of assets

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

In the assessment of asset impairment if there is any indication that previously recognised impairment losses may no longer exist or may have decreased, the Company estimates the asset's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The increased carrying amount of the asset attributable to a reversal of an impairment loss shall not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. Such reversal is recognised immediately in statement of income.

4.11 Insurance contract liabilities

Insurance contract liabilities consist of long term insurance policy reserves, loss reserves, claims payable and premium reserves.

a. Long term insurance policy reserves

At the end of the reporting period, the Company compares the amounts of gross premium valuation reserves with unearned premium reserves, and if gross premium valuation reserves are higher than unearned premium reserves, the Company will recognise such difference and gross premium valuation reserves are presented in the financial statements.

(1) Unearned premium reserves

- | | |
|--------------------------------|------------------------------------------------------------------------|
| Life reinsurance - Treaty | - Monthly average basis
(the one-twenty fourth basis) |
| Life reinsurance - Facultative | - Daily average basis (the one-three
hundred and sixty fifth basis) |

Outward unearned premium reserve is calculated based on reinsurance premium ceded, as the same method as direct insurance, that transfer insurance risk to reinsurer throughout the coverage period of insurance contract.

(2) Gross premium valuation reserves

Gross premium valuation reserves are life policy reserves, calculated using an actuarial method in accordance with the OIC notifications. The main assumptions applied relate to lapse or surrender rate, selling and administrative expenses, mortality, morbidity, discount rate and non-guaranteed dividend payment rate.

b. Loss reserves

Loss reserves are provided upon receipt of claim advices from the insured based on the claims notified by the insured and estimates made by the Company's management. The maximum value of estimated claim will not exceed the sum-insured under the relevant policy.

Loss reserves are calculated using an actuarial method based on the best estimate of claims expected to be paid to the insured in respect of losses incurred before or as at the end of the reporting period whether or not the claims are reported to the Company, including loss adjustment expenses. Differences of the then-calculated loss reserves and the loss reserves already recognised in the financial statements is claims incurred but not yet reported (IBNR).

c. Premium reserves

Premium reserves are short-term insurance policy reserves. At the end of the reporting period, the Company compares the amount of unexpired risk reserves with that of unearned premium reserves, and if unexpired risk reserves are higher than unearned premium reserves, the Company will recognise such difference and unexpired risk reserves are presented in the financial statements.

(1) Unearned premium reserves

- | | |
|--------------------------------|------------------------------------------------------------------------|
| Life reinsurance - Treaty | - Monthly average basis
(the one-twenty fourth basis) |
| Life reinsurance - Facultative | - Daily average basis (the one-three
hundred and sixty fifth basis) |

Outward unearned premium reserve is calculated based on reinsurance premium ceded, as the same method as direct insurance, that transfer insurance risk to reinsurer throughout the coverage period of insurance contract.

(2) Unexpired risk reserves

Unexpired risk reserves are the reserves for the future claims that may be incurred in respect of in-force policies. Unexpired risk reserves are set aside using an actuarial method, at the best estimate of the claims that are expected be incurred during the remaining coverage period, based on historical claim data.

4.12 Employee benefit obligation

a. Defined contribution plans

The Company and its employees have jointly established a provident fund. The fund is monthly contributed by employees and by the Company. The fund's assets are held in a separate trust fund and the Company's contributions are recognised as expenses when incurred.

b. Defined benefit plans

The Company has obligations in respect of the severance payment it must make to employees upon retirement under labor law. The Company treats this severance payment obligation as a defined benefit plan.

The obligation under the defined benefit plan is determined based on actuarial techniques, using the projected unit credit method.

Actuarial gains and losses arising from post-employment benefits are recognised immediately in the statement of comprehensive income and recorded directly to retained earnings.

4.13 Provisions

Provisions are recognised when the Company has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

4.14 Long-term leases

Leases of assets which transfer substantially all the risks and rewards of ownership to the Company as a lessee are classified as finance leases. Finance leases are capitalised at the lower of the fair value of the leased assets and the present value of the minimum lease payments. The outstanding rental obligations, net of finance charges, are presented as long-term liabilities, while the interest element is charged to statement of income over the lease periods. The assets acquired under finance leases are depreciated over the shorter of the lesser periods and the useful lives of the leased assets.

Leases of assets, which do not transfer substantially all the risks and rewards of ownership to the Company, as the lessee, are classified as operating leases. Operating lease payments are recognised as an expense in statement of income on a straight line basis over the lease terms. When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

4.15 Foreign currencies

The financial statements are presented in Baht, which is also the Company's functional currency.

Transactions in foreign currencies are translated into Baht at the exchange rates ruling on the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated into Baht at the exchange rates ruling at the end of the reporting period.

Gains and losses on exchange are included in statement of income.

4.16 Income taxes

Income tax expenses represent the sum of corporate income tax currently payable and deferred income taxes.

a. Current income taxes

Current income taxes are provided in the accounts at the amount expected to be paid to the taxation authorities, based on taxable profits determined in accordance with tax legislation.

b. Deferred income taxes

Deferred income taxes are provided on temporary differences between the tax bases of assets and liabilities and their carrying amounts at the end of each reporting period, using the tax rates enacted at the end of the reporting period.

The Company recognises deferred tax liabilities for all taxable temporary differences while it recognises deferred tax assets for all deductible temporary differences to the extent that it is probable that future taxable profit will be available against which such deductible temporary differences can be utilised.

At each reporting period, the Company reviews and reduces the carrying amount of deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or a part of the deferred tax assets to be utilised.

The Company records deferred taxes directly to equity if the taxes relate to items that are recorded directly to equity.

4.17 Related party transactions

Related parties comprise individuals or enterprises that control, or are controlled by, the Company, whether directly or indirectly, or which are under common control with the Company.

They also include associated companies, and individuals or enterprises which directly or indirectly own a voting interest in the Company that gives them significant influence over the Company, key management personnel, directors, and officers with authority in the planning and direction of the Company's operations.

4.18 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between buyer and seller (market participants) at the measurement date. The Company applies a quoted market price in an active market to measure its assets and liabilities that are required to be measured at fair value by relevant financial reporting standards. Except in case when there is no active market of an identical asset or liability or when a quoted market price is not available, the Company measures fair value using a valuation technique that is appropriate in the circumstances and maximises the use of relevant observable inputs related to assets and liabilities that are required to be measured at fair value.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy into three levels based on categories of inputs to be used in fair value measurements as follows:

Level 1 - Use of quoted market prices in an observable active market for such assets or liabilities

Level 2 - Use of other observable inputs for such assets or liabilities, whether directly or indirectly

Level 3 - Use of unobservable inputs such as estimates of future cash flows

At the end of each reporting period, the Company determines whether transfers have occurred between levels within the fair value hierarchy for assets and liabilities held at the end of the reporting period that are measured at fair value on a recurring basis.

5. Significant accounting judgments and estimates

The preparation of financial statements in conformity with Thai Financial Reporting Standards at times requires management to make subjective judgements and estimates regarding matters that are inherently uncertain. These judgements and estimates affect reported amounts and disclosures; and actual results could differ from these estimates. Significant judgements and estimates are as follows:

5.1 Allowance for doubtful accounts on amounts due from reinsurers

In determining an allowance for doubtful accounts on amounts due from reinsurers, the management needs to make judgement and estimates based upon, among other things, past collection history, aging profile of outstanding debts and the prevailing economic condition.

5.2 Impairment on reinsurance assets

In determining impairment on reinsurance assets, the management needs to make judgement and estimates loss on impairment of each reinsurers based on conditions in contract and events occurred that the Company may not receive entire amount under the term of contract.

5.3 Allowance for impairment on investments in equity securities

The Company treats available-for-sale investments and general investments as impaired when there has been a significant or prolonged decline in the fair value below their cost or where other objective evidence of impairment exists. The determination of what is “significant” or “prolonged” requires judgement of the management.

5.4 Premises and equipment and depreciation

In determining depreciation of buildings and equipment, the management is required to estimates of the useful lives and residual values of the buildings and equipment and to review estimate useful lives and residual values when there are any changes.

In addition, the management is required to review premises and equipment for impairment on a periodical basis and record impairment losses when it is determined that their recoverable amount is lower than the carrying amount. This requires judgements regarding forecast of future revenues and expenses relating to the assets subject to the review.

5.5 Intangible assets and amortisation

The initial recognition and measurement of intangible assets, and subsequent impairment testing, require management to make estimates of cash flows to be generated by the asset or the cash generating units and to choose a suitable discount rate in order to calculate the present value of those cash flows.

5.6 Deferred tax assets

Deferred tax assets are recognised for deductible temporary differences to the extent that it is probable that taxable profit will be available against which the temporary differences can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of estimated future taxable profits.

5.7 Gross premium valuation reserves

Gross premium valuation reserves are calculated using the actuarial method based on the current assumptions or assumptions determined on the policy inception dates, which reflect the best estimates at that times. The main assumptions used are policy surrender or lapse rates, selling and administrative expenses, mortality, morbidity, longevity, discount rates, non-guaranteed dividend rates and so on. However, the use of different assumptions could affect the amount of life policy reserves and adjustments to the life policy reserves may therefore be required in the future.

5.8 Loss reserves

At the end of each reporting period, the Company has to estimate loss reserves and outstanding claims taking into account two factors. These are the claims incurred and reported, and the claims incurred but not reported (IBNR), the losses on which are estimated using international standard actuarial techniques. The major assumptions used under these techniques consist of historical data, including the development of claims estimates, paid, average costs per claim and claim numbers etc. Nevertheless, such estimates are forecasts of future outcomes, and actual results could differ.

5.9 Unexpired risk reserves

Unexpired risk reserves are calculated using an actuarial technique, based on the best estimate of the claims and relevant expenses expected to be paid over the remaining terms of the insurance. Estimating such reserves requires the management to exercise judgment, with reference to historical data and the best estimates available at the time.

5.10 Obligation under the defined benefit plan

The obligation under the defined benefit plan is determined based on actuarial techniques. Such determination is made based on various assumptions, including discount rate, future salary increase rate, mortality rate and staff turnover rate.

5.11 Leases

In determining whether a lease is to be classified as an operating lease or finance lease, the management is required to use judgement regarding whether significant risk and rewards of ownership of the leased asset has been transferred, taking into consideration terms and conditions of the arrangement.

5.12 Recognition and derecognition of assets and liabilities

In considering whether to recognise or to derecognise assets or liabilities, the management is required to make judgement on whether significant risk and rewards of those assets or liabilities have been transferred, based on their best knowledge of the current events and arrangements.

5.13 Fair value of financial instruments

In determining the fair value of financial instruments that are not actively traded and for which quoted market prices are not readily available, the management exercises judgement, using a variety of valuation techniques and models. The inputs to these models are taken from observable markets, and include consideration of credit risk (the Company and its counterparty), liquidity risk, correlation and longer-term volatility of financial instruments. Changes in assumptions about these factors could affect the fair value and disclosures of fair value hierarchy.

6. Cash and cash equivalents

(Unit: Baht)

	Financial statements in which the equity method is applied and Separate financial statements as at 31 December	
	2018	2017
Cash	8,783	1,034
Deposits at banks with no fixed maturity date	44,821,548	69,033,204
Deposits at other financial institutions	10,277,168	43,791,232
Short-term investments in money market mutual fund	-	99,262,220
Total cash and cash equivalents	<u>55,107,499</u>	<u>212,087,690</u>

As at 31 December 2018 and 2017, saving deposits, and deposits at other financial institutions carried interests between 0.1 and 1.0 percent per annum.

7. Reinsurance assets

(Unit: Baht)

Financial statements
in which the equity method is applied and
Separate financial statements as at
31 December

	2018	2017
Insurance reserves refundable from reinsurers		
Long-term insurance policy reserves	2,883,108	4,005,634
Unearned premium reserves	7,415	9,566
Total reinsurance assets	<u>2,890,523</u>	<u>4,015,200</u>

8. Reinsurance receivables

(Unit: Baht)

Financial statements
in which the equity method is applied and
Separate financial statements as at
31 December

	2018	2017
Amounts deposited on reinsurance	62,033,064	53,976,701
Amounts due from reinsurers	133,471,261	158,196,154
Total reinsurance receivables	<u>195,504,325</u>	<u>212,172,855</u>

At 31 December 2018 and 2017, the balances of amounts due from reinsurers, classified by overdue periods of principal, are as follows:

(Unit: Baht)

Financial statements
in which the equity method is applied and
Separate financial statements as at
31 December

	2018	2017
Not yet due	128,521,206	157,402,355
Overdue not longer than 12 months	4,740,264	793,799
Over 1 year to 2 years	209,791	-
Total amounts due from reinsurers	<u>133,471,261</u>	<u>158,196,154</u>

9. Investments in securities

9.1 Classified by types of investments

(Unit: Baht)

	Financial statements in which the equity method is applied and Separate financial statements as at 31 December			
	2018		2017	
	Cost/ Amortised cost	Fair value	Cost/ Amortised cost	Fair value
Trading investments				
Equity securities	86,439,441	78,514,664	6,223,658	6,213,240
Less: Unrealised losses	(7,924,777)	-	(10,418)	-
Trading investments - net	78,514,664	78,514,664	6,213,240	6,213,240
Available-for-sale investments				
Equity securities	959,411,077	943,332,306	653,587,368	708,535,161
Add (less): Unrealised gain (loss)	(16,078,771)	-	54,947,793	-
Available-for-sale investments - net	943,332,306	943,332,306	708,535,161	708,535,161
Held-to-maturity investments				
Government and state enterprise securities	546,367,877		768,672,536	
Private enterprise debt securities	179,999,849		76,100,016	
Deposits at financial institutions which mature over 3 months	130,000,000		195,000,000	
Total held-to-maturity investments	856,367,726		1,039,772,552	
General investments				
Equity securities	2,105,720		2,105,720	
Total general investments	2,105,720		2,105,720	
Investments in securities - net	1,880,320,416		1,756,626,673	

In the first quarter of 2017, the Company redeemed the government securities that were classified as held-to-maturity investments, with an amortised cost of Baht 40.6 million and a face value of Baht 40.0 million. These securities were to mature in the year 2021. However, the Company's management had reviewed whether the classification of the remaining investments in debt instruments as held-to-maturity is appropriate and concluded that the Company still intends and is able to hold these debt investments to maturity.

In the second quarter of 2017, the Company has reviewed the appropriateness of the existing classification of its investments in securities and reclassified investments in marketable securities with fair values at transfer date totaling Baht 75.4 million from trading investments to available-for-sale investments because the Company intends to hold these securities as long-term investments in order to earn dividends and does not intend to sell them in the near term in order to generate profits from changes in securities prices. The reclassifications resulted in fair value gains of Baht 2.1 million, which were recorded in statement of income.

9.2 Remaining period of debt securities

As at 31 December 2018 and 2017, Investments in debt securities have the following remaining periods to maturity.

(Unit: Baht)

	Financial statements in which the equity method is applied and Separate financial statements as at 31 December							
	2018				2017			
	Period to maturity				Period to maturity			
	Within 1 year	1 - 5 years	Over 5 years	Total	Within 1 year	1 - 5 years	Over 5 years	Total
Held-to-maturity investments								
Government and state enterprise securities	411,084,862	69,940,372	65,342,643	546,367,877	528,325,652	154,969,360	85,377,524	768,672,536
Private enterprises debt securities	119,999,849	60,000,000	-	179,999,849	36,128,817	39,971,199	-	76,100,016
Deposits at financial institutions with an original maturity period longer than 3 months	130,000,000	-	-	130,000,000	195,000,000	-	-	195,000,000
Total held-to-maturity investments	661,084,711	129,940,372	65,342,643	856,367,726	759,454,469	194,940,559	85,377,524	1,039,772,552

9.3 Revaluation surplus (deficit) on available-for-sale investments

(Unit: Baht)

	Financial statements			
	in which the equity method is applied		Separate financial statements	
	For the years ended 31 December		For the years ended 31 December	
	2018	2017	2018	2017
Revaluation surplus on available-for-sale investments - net of income taxes				
- beginning of the year	43,928,542	4,369,813	43,958,235	4,440,786
Gains (losses) on revaluation during the year	(45,837,502)	37,591,463	(45,837,502)	37,539,863
(Gains) losses transferred to be recognised in statements of income	(25,189,062)	11,856,948	(25,189,062)	11,856,948
Total	(71,026,564)	49,448,411	(71,026,564)	49,396,811
Add (less): Income taxes	14,205,313	(9,889,682)	14,205,313	(9,879,362)
Other comprehensive income (loss) for the year - net of income taxes	(56,821,251)	39,558,729	(56,821,251)	39,517,449
Revaluation surplus (deficit) on available-for-sale investments - net of income taxes				
- end of the year	(12,892,709)	43,928,542	(12,863,016)	43,958,235

9.4 Investments subject to restriction

As at 31 December 2018 and 2017, the Company placed some investments as a security with the Registrar and had some investments placed to guarantee for electricity consumption as described in Notes 27 and 28 to the financial statements.

10. Loans

The ending balances of loans are loans provided to employees in accordance with the Company's employee welfare plan at the interest rate of not lower than 1.00% and not higher than MLR-3% per annum. The MLR is reference to that announced by commercial banks, depending on types of loans granted. The whole amounts of the outstanding balances were classified as not yet due and no interest was receivable as of the end of the reporting period.

(Unit: Baht)

	Financial statements	
	in which the equity method is applied	
	and Separate financial statements as at	
	31 December	
	2018	2017
Mortgage loans	1,350,532	-
Personal guarantee loans	-	120,379
Total loans	1,350,532	120,379

11. Investment in an associate

11.1 Details of an associate

Company's name	Nature of business	Country of incorporation	Issued and paid-up share capital as at 31 December		Shareholding percentage held by the Company as at 31 December	
			2018	2017	2018	2017
			(Thousand Baht)	(Thousand Baht)	(%)	(%)
TKI Life Insurance Company Limited	Life insurance	Lao	66,118	66,118	32.50	32.50

(Unit: Thousand Baht)

Company's name	Financial statements		Separate financial statements	
	in which the equity method is applied		Investment value under cost method as	
	Investment value under equity method as at 31 December		Investment value under cost method as at 31 December	
	2018	2017	2018	2017
TKI Life Insurance Company Limited	16,102	18,586	21,684	21,684

11.2 Financial information of the associate

Summarised information about financial position

(Unit: Thousand Baht)

	TKI Life Insurance Company Limited	
	31 December	
	2018	2017
Total assets	50,607	58,884
Total liabilities	(1,062)	(1,696)
Net assets	49,545	57,188
Shareholding percentage (%)	32.50	32.50
Carrying amount of the associates based on equity method	16,102	18,586

Summarised information of statements of comprehensive income

(Unit: Thousand Baht)

	TKI Life Insurance Company Limited		EMCS Thai Co., Ltd
	For the year ended 31 December		For the years ended 31 December
	2018	2017	2017 ⁽¹⁾
	2018	2017	2017 ⁽¹⁾
Revenue	4,012	674	109,292
Profits (losses) for the year	(6,175)	(6,081)	40,680
Other comprehensive loss for the year	(1,469)	(3,451)	(16)
Total comprehensive income (loss) for the year	(7,644)	(9,532)	40,664

(1) Profit and loss for the year ended 31 December 2017 was calculated based on profit from 1 January 2017 until the date of sold the investments in an associate.

On 22 September 2017, the Extraordinary General Meeting of Shareholders passed a resolution to approve the sale of all 1,200,000 shares of EMCS Thai Company Limited held by the Company, equivalent to 20 percent of the total shares of EMCS Thai Company Limited, at a price of Baht 50 per share, or a total of Baht 60 million to Thai Reinsurance Public Company Limited.

On 6 November 2017, the Office of the Insurance Commission (OIC) granted approval to Thai Reinsurance Public Company Limited to purchase the shares of EMCS Thai Company Limited from the Company. The Company received payment for the shares on 16 November 2017.

11.3 Share of profit (loss) and other comprehensive loss and dividend income

During the years, the Company recognised shares of profit (loss) and other comprehensive loss from investment in an associate in the financial statements, in which the equity method is applied, and recognised dividends received from the associate in the separate financial statements as below.

(Unit: Thousand Baht)

Associate	Financial statements in which the equity method is applied				Separate financial statements	
	Share of profit (loss) from investment in associate for the years ended 31 December		Share of other comprehensive loss from investment in an associate for the years ended 31 December		Dividends received for the years ended 31 December	
	2018	2017	2018	2017	2018	2017
EMCS Thai Co., Ltd. ⁽¹⁾	-	8,136	-	(3)	-	5,040
TKI Life Insurance Company Limited	(2,007)	(1,976)	(477)	(1,122)	-	-
	<u>(2,007)</u>	<u>6,160</u>	<u>(477)</u>	<u>(1,125)</u>	<u>-</u>	<u>5,040</u>

(1) Profit and loss for the year ended 31 December 2017 was calculated based on profit from 1 January 2017 until the date of sold the investments in an associate.

As at 31 December 2018 and 2017, the Company recorded investments in associates under the equity method (in the financial statements in which the equity method is applied) based on the financial information, as prepared by the associates' management. However, the Company obtained the 2017 financial statements of EMCS Thai Co., Ltd., which were audited by the associate's auditor under report dated 16 March 2018, showed the amounts that are not significantly different from the financial information prepared by the associate's management used equity-accounting in that year.

12. Premises and equipment

(Unit: Baht)

Financial statements in which the equity method is applied and Separate financial statements

	Land	Buildings	Furniture, fixture and equipment	Computers	Motor vehicles	Construction in progress	Total
Cost							
As at 1 January 2017	17,640,000	32,113,083	5,030,932	887,879	3,008,606	-	58,680,500
Additions	-	1,565,029	1,546,755	1,944,595	-	1,157,080	6,213,459
Disposals	-	-	(405,229)	(181,433)	-	-	(586,662)
As at 31 December 2017	17,640,000	33,678,112	6,172,458	2,651,041	3,008,606	1,157,080	64,307,297
Additions	-	1,714,593	2,270,742	554,806	-	8,362,681	12,902,822
Transfer in (out)	-	1,157,080	-	-	-	(1,157,080)	-
Disposals	-	-	(2,501,666)	(63,294)	(3,008,606)	-	(5,573,566)
As at 31 December 2018	17,640,000	36,549,785	5,941,534	3,142,553	-	8,362,681	71,636,553
Accumulated depreciation							
As at 1 January 2017	-	9,304,628	3,349,069	704,454	2,704,456	-	16,062,607
Depreciation for the year	-	1,613,992	573,229	269,115	54,150	-	2,510,486
Depreciation on disposals	-	-	(405,191)	(180,047)	-	-	(585,238)
As at 31 December 2017	-	10,918,620	3,517,107	793,522	2,758,606	-	17,987,855
Depreciation for the year	-	1,776,312	819,255	831,527	-	-	3,427,094
Depreciation on disposals	-	-	(2,173,223)	(58,640)	(2,758,606)	-	(4,990,469)
As at 31 December 2018	-	12,694,932	2,163,139	1,566,409	-	-	16,424,480
Net book value							
31 December 2017	17,640,000	22,759,492	2,655,351	1,857,519	250,000	1,157,080	46,319,442
31 December 2018	17,640,000	23,854,853	3,778,395	1,576,144	-	8,362,681	55,212,073
Depreciation for the year							
2017							2,510,486
2018							3,427,094

As at 31 December 2018 and 2017, certain equipment items have been fully depreciated but are still in use. The original cost before deducting accumulated depreciation of those assets amounted to approximately Baht 1.3 million and Baht 2.7million, respectively.

13. Intangible assets

(Unit: Baht)

Financial statements in which the equity method is applied
and Separate financial statements

	Computer software	Computer software under development	Total
Cost			
1 January 2017	1,013,095	23,880,980	24,894,075
Additions	5,886,474	11,777,155	17,663,629
Transfer in (out)	35,658,135	(35,658,135)	-
31 December 2017	42,557,704	-	42,557,704
Additions	2,326,476	-	2,326,476
Disposals	(472,940)	-	(472,940)
31 December 2018	44,411,240	-	44,411,240
Accumulated amortisation			
1 January 2017	266,812	-	266,812
Amortisation during the year	2,011,911	-	2,011,911
31 December 2017	2,278,723	-	2,278,723
Amortisation during the year	4,440,864	-	4,440,864
Amortisation on disposals	(143,307)	-	(143,307)
31 December 2018	6,576,280	-	6,576,280
Net book value			
31 December 2017	40,278,981	-	40,278,981
31 December 2018	37,834,960	-	37,834,960

14. Deferred tax assets and income tax expenses

14.1 Deferred tax assets

As at 31 December 2018 and 2017, the components of deferred tax assets are as follows:

(Unit: Thousand Baht)

	Financial statements in which the equity method is applied and Separate financial statements as at 31 December		Changes in deferred tax assets and liabilities are recognised for the year ended 31 December	
	2018	2017	2018	2017
	Deferred tax assets arose from:			
Loss reserves	4,341	6,990	(2,649)	(2,940)
Commission payable on reinsurance	34,123	42,403	(8,280)	9,522
Differences between premium/discount on debt securities recognised at effective interest rates and interest actually incurred	(156)	(206)	50	(235)
Unrealised (gains) losses on available-for-sale investments	3,216	(10,990)	14,206	(9,880)
Net deferred commission	(14,155)	(13,118)	(1,037)	635
Others	3,428	3,072	356	(1,231)
Deferred tax assets	<u>30,797</u>	<u>28,151</u>		
Total changes			<u>2,646</u>	<u>(4,129)</u>
Changes recognised in:				
- Statements of income			(11,737)	4,843
- Statements of comprehensive income			14,383	(8,972)
			<u>2,646</u>	<u>(4,129)</u>

14.2 Income tax expenses

Income tax expenses for the years ended 31 December 2018 and 2017 are made up as follows:

(Unit: Thousand Baht)

	Financial statements in which the equity method is applied and Separate financial statements For the years ended 31 December	
	2018	2017
	Current income taxes:	
Interim corporate income tax charge	(44,818)	(111,392)
Deferred income taxes:		
Relating to origination and reversal of temporary differences	(11,737)	4,843
Income tax expenses reported in the statements of income	<u>(56,555)</u>	<u>(106,549)</u>

Reconciliation between income tax expenses and the product of accounting profits for the year ended 31 December 2018 and 2017 and the applicable tax rate is as follows:

(Unit: Thousand Baht)

	Financial statements in which the equity method is applied		Separate financial statements	
	For the years ended		For the years ended	
	31 December		31 December	
	2018	2017	2018	2017
Accounting profits before income tax expenses	310,022	542,233	312,028	561,127
Applicable tax rate	20%	20%	20%	20%
Income taxes at the applicable tax rate	(62,004)	(108,447)	(62,406)	(112,225)
Tax effects of:				
Non-taxable revenues	5,649	2,889	5,649	6,667
Non-tax deductible expenses	(18)	(1,406)	(18)	(1,406)
Additional tax-deductible expenses allowed	292	386	292	386
Others	(474)	29	(72)	29
Total	5,449	1,898	5,851	5,676
Income tax expenses reported in statements of income	(56,555)	(106,549)	(56,555)	(106,549)

15. Insurance contract liabilities

(Unit: Baht)

	Financial statements in which the equity method is applied and Separate financial statements		
	31 December 2018		
	Insurance contract liabilities	Liabilities on reinsurance	Net
Long term insurance policy reserves	406,751,589	(2,883,108)	403,868,481
Loss reserves			
Claims incurred and reported	343,915	-	343,915
Claims incurred but not yet reported	21,358,494	-	21,358,494
Premium reserves			
Unearned premium reserves	255,423,506	(7,415)	255,416,091
Total	683,877,504	(2,890,523)	680,986,981

(Unit: Baht)

Financial statements in which the equity method is
applied and Separate financial statements

	31 December 2017		
	Insurance contract liabilities	Liabilities on reinsurance	Net
Long term insurance policy reserves	321,283,566	(4,005,634)	317,277,932
Loss reserves			
Claims incurred and reported	4,340,244	-	4,340,244
Claims incurred but not yet reported	30,609,187	-	30,609,187
Premium reserves			
Unearned premium reserves	222,128,295	(9,566)	222,118,729
Total	578,361,292	(4,015,200)	574,346,092

15.1 Long term insurance policy reserves

(Unit: Baht)

Financial statements
in which the equity method is applied
and Separate financial statements

	For the years ended 31 December	
	2018	2017
Beginning balances	321,283,566	285,412,354
Reserves increased from new policies and enforced policies	143,083,523	114,177,401
Insurance policy reserves decreased from benefit paid for lapse, surrender and others	(41,212,054)	(9,996,013)
Assumptions changes	(16,403,446)	(68,310,176)
Ending balances	406,751,589	321,283,566

15.2 Loss reserves

(Unit: Baht)

	Financial statements in which the equity method is applied and Separate financial statements	
	For the years ended 31 December	
	2018	2017
Beginning balances	34,949,431	49,650,247
Claims incurred for the year	979,028,274	590,931,566
Changes in loss reserve	56,925,383	79,219,351
Changes in assumptions for calculating loss reserves	(66,185,055)	(93,888,416)
Claims paid during the year	(983,015,624)	(590,963,317)
Ending balances	21,702,409	34,949,431

15.3 Claim development tables

a. Gross claims table

(Unit: Baht)

Underwriting year/Reporting year	Prior to 2011	2011	2012	2013	2014	2015	2016	2017	2018	Total
Outstanding claim provision:										
- as at underwriting year /										
Reporting year		131,578,954	177,388,453	226,113,053	288,608,228	294,603,119	358,551,964	363,689,673	621,131,521	
- Next one year		204,403,156	301,936,463	339,691,796	426,244,997	390,862,969	476,858,625	685,189,024		
- Next two years		206,853,930	298,878,147	343,030,869	429,289,768	392,782,278	476,702,303			
- Next three years		209,473,930	299,764,147	349,070,304	429,520,630	392,782,278				
- Next four years		209,473,930	299,768,519	349,070,304	429,520,630					
- Next five years		209,473,930	299,768,519	349,070,304						
- Next six years		209,473,930	299,768,519							
- Next seven years		209,473,930								
Cumulative claim estimates		209,473,930	299,768,519	349,070,304	429,520,630	392,782,278	476,702,303	685,189,024	621,131,521	
Cumulative payments to date		(209,473,930)	(299,768,519)	(349,070,304)	(429,520,630)	(392,782,278)	(476,702,303)	(685,189,024)	(599,429,112)	
Total loss reserves		-	-	-	-	-	-	-	21,702,409	21,702,409

b. Net claim table

(Unit: Baht)

Underwriting year/Reporting year	Prior to 2011	2011	2012	2013	2014	2015	2016	2017	2018	Total
Outstanding claim provision:										
- as at underwriting year /										
Reporting year		131,578,954	177,388,453	226,113,053	288,608,228	294,603,119	358,551,964	363,689,673	621,131,521	
- Next one year		204,403,156	301,936,463	339,691,796	426,244,997	390,862,969	476,858,625	685,189,024		
- Next two years		206,853,930	298,878,147	343,030,869	429,289,768	392,782,278	476,702,303			
- Next three years		209,473,930	299,764,147	349,070,304	429,520,630	392,782,278				
- Next four years		209,473,930	299,768,519	349,070,304	429,520,630					
- Next five years		209,473,930	299,768,519	349,070,304						
- Next six years		209,473,930	299,768,519							
- Next seven years		209,473,930								
Cumulative claim estimates		209,473,930	299,768,519	349,070,304	429,520,630	392,782,278	476,702,303	685,189,024	621,131,521	
Cumulative payments to date		(209,473,930)	(299,768,519)	(349,070,304)	(429,520,630)	(392,782,278)	(476,702,303)	(685,189,024)	(599,429,112)	
Total loss reserves		-	-	-	-	-	-	-	21,702,409	21,702,409

15.4 Key assumptions

The key assumptions used in the calculation of long-term insurance policy reserves under gross premium valuation method for liabilities adequacy test are determined as follows:

a. Mortality rate

The Company uses the Thai mortality table as a basis and adjusts it based on the Company's experience.

b. Lapse rates

The Company determines the assumptions based on actual historical lapse rates of the Company.

c. Discount rate

The Company used zero coupon government bond yield curve as a baseline, adjusted for the credit spread between these and A-rated corporate debt securities with 5 years to maturity in order to expiate the illiquidity risk premium.

Key actuarial assumptions in IBNR calculation is the ultimate loss ratio, The ultimate loss ratio is calculated by dividing estimated ultimate losses by estimated ultimate premiums.

15.5 Unearned premium reserves

(Unit: Baht)

	Financial statements in which the equity method is applied and Separate financial statements	
	For the years ended 31 December	
	2018	2017
Beginning balances	222,128,295	182,092,051
Premium written for the year	1,322,323,819	940,110,057
Premium earned during the year	(1,289,028,608)	(900,073,813)
Ending balances	<u>255,423,506</u>	<u>222,128,295</u>

16. Due to reinsurers

(Unit: Baht)

	Financial statements in which the equity method is applied and Separate financial statements	
	31 December	
	2018	2017
Amounts due to reinsurers	184,571,501	181,944,707
Total due to reinsurers	184,571,501	181,944,707

17. Employee benefit obligations

The movements employee benefit obligations for the years ended 31 December 2018 and 2017 were as follows:

(Unit: Baht)

	Financial statements in which the equity method is applied and Separate financial statements	
	For the years ended 31 December	
	2018	2017
Defined benefit obligation at beginning of the year	9,087,919	4,197,790
Included in statements of income:		
Current service costs	765,915	233,864
Interest costs	125,831	121,307
Included in statements of comprehensive income:		
Actuarial (gains) losses due to		
- Demographic assumptions changes	(135,863)	(2,348,029)
- Financial assumptions changes	(351,014)	887,533
- Experience adjustments	1,379,089	5,995,454
Total actuarial losses	892,212	4,534,958
Defined benefit obligation at end of the year	10,871,877	9,087,919

As at 31 December 2018 and 2017, the Company expected that no long-term employee benefits payable during the next year.

As at 31 December 2018 and 2017, the weighted average durations of the liabilities for long-term employee benefit were approximately 10.0 years and 8.0 years, respectively.

The significant assumptions used in calculation of the defined benefit plan were summarised below.

	(Unit: % per annum)	
	For the years ended 31 December	
	2018	2017
Discount rate	2.6	2.3
Salary incremental rate	6.5	6.5
Staff turnover rates	10.0 - 22.5	11.5 - 20.0

The impact from sensitivity analysis on significant assumptions that affect employee benefit obligations as at 31 December 2018 and 2017 are summarised below.

Financial statements in which the equity method is applied and Separate financial statements				
	Assumption increase	Increase (decrease) in employee benefit obligations as at 31 December 2018	Assumption decrease	Increase (decrease) in employee benefit obligations as at 31 December 2018
	% per annum	Baht	% per annum	Baht
Discount rate	1.0	(592,373)	1.0	697,563
Salary increasing rate	1.0	837,411	1.0	(732,019)
Staff turnover rate	10.0 ⁽¹⁾	(499,082)	10.0 ⁽¹⁾	577,397

Financial statements in which the equity method is applied and Separate financial statements				
	Assumption increase	Increase (decrease) in employee benefit obligations as at 31 December 2017	Assumption decrease	Increase (decrease) in employee benefit obligations as at 31 December 2017
	% per annum	Baht	% per annum	Baht
Discount rate	1.0	(402,968)	1.0	472,449
Salary increasing rate	1.0	592,528	1.0	(522,878)
Staff turnover rate	10.0 ⁽¹⁾	(375,745)	10.0 ⁽¹⁾	443,900

⁽¹⁾ 10% of actual staff turnover rate.

On 13 December 2018, The National Legislative Assembly passed a resolution approving the draft of a new Labour Protection Act, which is in the process being published in the Royal Gazette. The new Labour 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 at a rate of not less than that of the last 400 days. This change is considered a post-employment benefits plan amendment and the Company has additional liabilities for long-term employee benefits of Baht 1.4 million. The Company will reflect the effect of the change by recognising past services costs as expenses in the income statement of the period in which the law is effective.

18. Share capital

As at 31 December 2018 and 2017, the Company's has the registered, issued and paid-up share capital consists of about 600 million shares with par value of Baht 1 per share.

19. Statutory reserve

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside a statutory reserve at least 5% of its net income after deducting accumulated deficit brought forward (if any), until the reserve reaches 10% of the registered capital. The statutory reserve is not available for dividend distribution.

20. Segment information

20.1 Operating segment information reporting

Operating segment information is reported in a manner consistent with the internal reports that are regularly reviewed by the Chief Operating Decision Maker in order to make decisions about the allocation of resources to the segment and assess its performance. The Chief Operating Decision Maker has been identified as President.

For management purposes, the Company is organised into business units based on its products and services and have two reportable segments are “conventional products” and “non-conventional products”. Segments are differentiated based on the design of the product, and specifically whether they are a traditional product line available in the current market or a new type of product in expectation of market demand and the Company can continuously service.

No operating segments have been aggregated to form the above reportable operating segments.

The Chief Operating Decision Maker has reviewed the operating results of the operating segments separately for the purpose of making decisions and assessing performance. Segment performance is measured based on operating profit or loss and on a basis consistent with that used to measure operating profit or loss in the financial statements. However, in the part of assets and liabilities, segment performance is measured based on the same basis applied to the financial statements whereby operating segments were not separately measured.

The basis of accounting for any transactions between reportable segments is consistent with that for third party transactions.

Operating segment information for the years ended 31 December 2018 and 2017 can be classified by type of products as follows:

(Unit: Baht)

	Financial statements in which the equity method is applied		
	For the year ended 31 December 2018		
	Conventional products	Non-conventional products	Total
Underwriting revenues			
Reinsurance premium written	1,351,339,445	1,048,958,466	2,400,297,911
Less: Reinsurance premium ceded	(18,585,235)	(952,913)	(19,538,148)
Net reinsurance premium written	1,332,754,210	1,048,005,553	2,380,759,763
Less: Unearned premium reserves increased from prior year	(25,988,933)	(7,308,429)	(33,297,362)
Earned premium	1,306,765,277	1,040,697,124	2,347,462,401
Underwriting expenses			
Long-term insurance policy reserves increased (decreased) from prior year	(6,362,832)	92,953,381	86,590,549
Net benefits and claims	733,374,470	637,086,516	1,370,460,986
Commissions and brokerages expenses - net	330,223,226	215,442,210	545,665,436
Other underwriting expenses	14,200,994	11,023,325	25,224,319
Total underwriting expenses	1,071,435,858	956,505,432	2,027,941,290
Profit from underwriting	235,329,419	84,191,692	319,521,111
Operating expenses			(85,419,003)
Profit from operations			234,102,108
Share of loss from investments in associates			(2,006,781)
Net investment revenue			76,116,824
Other revenue			1,809,535
Profit before income tax expenses			310,021,686
Income tax expenses			(56,555,171)
Profit for the year			253,466,515

(Unit: Baht)

Financial statements in which the equity method is applied			
For the year ended 31 December 2017			
	Conventional products	Non-conventional products	Total
Underwriting revenues			
Reinsurance premium written	1,201,262,081	956,165,696	2,157,427,777
Less: Reinsurance premium ceded	(19,744,872)	(1,102,712)	(20,847,584)
Net reinsurance premium written	1,181,517,209	955,062,984	2,136,580,193
Less: Unearned premium reserves increased from prior year	(32,061,230)	(7,974,361)	(40,035,591)
Earned premium	1,149,455,979	947,088,623	2,096,544,602
Underwriting expenses			
Long-term insurance policy reserves increased (decreased) from prior year	(32,365,354)	67,895,860	35,530,506
Net benefits and claims	494,304,850	420,953,717	915,258,567
Commissions and brokerages expenses - net	396,705,320	193,199,756	589,905,076
Other underwriting expenses	13,454,145	10,709,064	24,163,209
Total underwriting expenses	872,098,961	692,758,397	1,564,857,358
Profit from underwriting	277,357,018	254,330,226	531,687,244
Operating expenses			(75,723,075)
Profit from operations			455,964,169
Share of profit from investments in associates			6,159,496
Net investment revenue			76,195,718
Other income			3,913,847
Profit before income tax expenses			542,233,230
Income tax expenses			(106,548,984)
Profit for the year			435,684,246

20.2 Geographic information

The Company operates in Thailand only. As a result, all the revenues and assets as reflected in these financial statements pertain exclusively to this geographical reportable segment.

20.3 Major customers

During the years ended 31 December 2018 and 2017, the Company had net reinsurance premium written from the most 3 major life insurance companies in each year totaling Baht 1,452 million and Baht 1,418 million, respectively.

21. Operating expenses

(Unit: Baht)

Financial statements
in which the equity method is applied
and Separate financial statements

For the years ended 31 December

	2018	2017
Personnel expenses	41,533,002	29,074,509
Premises and equipment expenses	17,894,686	20,890,990
Taxes and duties	200,961	196,288
Other operating expenses	25,790,354	25,561,288
Total operating expenses	<u>85,419,003</u>	<u>75,723,075</u>

22. Expenses by nature

(Unit: Baht)

Financial statements
in which the equity method is applied
and Separate financial statements

For the years ended 31 December

	2018	2017
Long-term insurance policy reserves increased	86,590,549	35,530,506
Net benefits and claims	1,368,268,133	913,664,672
Commission expenses	548,594,785	593,430,549
Other underwriting expenses	6,077,734	4,680,753
Personnel expenses	61,606,758	52,600,071
Premises and equipment expenses	17,894,686	20,890,990
Other expenses	27,256,997	27,171,180

23. Provident fund

The Company and its employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. The fund is contributed to by both the employees and the Company on a monthly basis, at rates ranging from 5% to 10% of the employees' basic salaries, based on the length of employment. The fund is managed by Krungsri Fund Management Company Limited and will be paid to employees upon termination in accordance with the fund rules. During the years 2018 and 2017, the Company contributed Baht 3.4 million and Bath 2.4 million, respectively, to the fund.

24. Earnings per share

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

25. Dividends paid

Dividends declared during the years ended 31 December 2018 and 2017 consisted of the following:

	Approved by	Total dividend (Million Baht)	Dividend per share (Baht)
Annual dividend from 2017 net income	Annual General Meeting of the shareholders on 25 April 2018	180.0	0.30
Interim dividend for 2018	Board of Director meeting on 21 August 2018	120.0	0.20
Total dividend paid during 2018		<u>300.0</u>	<u>0.50</u>
Annual dividend from 2016 net income	Annual General Meeting of the shareholders on 21 April 2017	120.0	0.20
Interim dividend for 2017	Board of Director meeting on 30 August 2017	120.0	0.20
Total dividend paid during 2017		<u>240.0</u>	<u>0.40</u>

26. Related party transactions

26.1 Nature of relationship

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

The relationship between the Company and its related parties are summarised below:

Name of related parties	Relationship with the Company
TKI Life Insurance Company Limited	An associate whereby the Company holds 32.5% of such company shares
EMCS Thai Co., Ltd. ⁽¹⁾	An associate whereby the Company holds 20.00% of such company's shares
Thai Reinsurance Plc.	Related by way of shareholding
Bangkok Life Assurance Plc.	Related by way of having common directors and shareholding
The Navakij Insurance Plc.	Related by way of having common directors and shareholding
Thaire Services Co., Ltd.	Related by way of having common directors and shareholder
Thai Life Insurance Plc.	Related by way of having common directors
Thaire Actuarial Consulting Co., Ltd.	Related by way of having common shareholder

⁽¹⁾ This entity had been considered an associate until the date of sold the investment in an associate (6 November 2017) and ceased to be a related company due to no having common directors.

26.2 Significant related party transactions

During the years ended 31 December 2018 and 2017, the Company had significant business transactions with its related parties. Such transactions, which have been concluded on commercial terms and bases agreed upon in the ordinary course of business between the Company and those related parties are as follows:

(Unit: Thousand Baht)

	For the years ended		Pricing policy
	31 December		
	2018	2017	
<u>Transaction with associates</u>			
<i>Revenues</i>			
Dividend income ⁽¹⁾	-	5,040	As declared
Service revenues	276	1,050	Contract rates
<u>Transactions with related parties</u>			
<i>Revenues</i>			
Reinsurance premium written	480,317	427,814	Normal commercial terms for reinsurance
Commission income	662	684	Normal commercial terms for reinsurance
Claims refundable	860	727	Normal commercial terms for underwriting
Service revenues	208	1,995	Contract rate
<i>Expenses</i>			
Reinsurance premium ceded	2,436	2,232	Normal commercial terms for reinsurance
Claim expenses	301,493	232,359	Normal commercial terms for underwriting
Commission expenses	118,331	103,705	Normal commercial terms for reinsurance
Service fee expenses ⁽²⁾	8,915	17,964	Contract rate
<i>Owner's equity</i>			
Dividend paid	49,761	41,912	As declared

⁽¹⁾ Including in "Net investment income" in statements of income

⁽²⁾ Including in "Operating expenses" in statements of income

26.3 Outstanding balances

As at 31 December 2018 and 2017, the Company had the outstanding balances with its related parties as follows:

	(Unit: Thousand Baht)	
	31 December	
	2018	2017
Related parties		
Insurance reserves refundable from reinsurers ⁽¹⁾	694	796
Amounts due from reinsurers ⁽²⁾	17,765	34,566
Amounts deposited on reinsurance ⁽²⁾	753	3,254
Deferred commissions expenses	17,508	12,703
Loss reserves ⁽³⁾	4,326	18,886
Amounts due to reinsurers ⁽⁴⁾	16,735	19,020
Deferred commissions income	10	12
Accrued expenses ⁽⁵⁾	-	67

(1) Including in "Reinsurance assets" in statements of financial position

(2) Including in "Reinsurance receivables" in statements of financial position

(3) Including in "Insurance contract liabilities" in statements of financial position

(4) Including in "Due to reinsurers" in statements of financial position

(5) Including in "Other liabilities" in statements of financial position

26.4 Directors' and key management's remuneration

During the years ended 31 December 2018 and 2017, the Company had salaries, bonuses, meeting allowances and post-employment benefits incurred in respect of its directors and key management personnel as follows:

	(Unit: Thousand Baht)	
	For the years ended 31 December	
	2018	2017
Short-term benefits	34,654	23,647
Post employment benefits	2,960	5,627
Total	37,614	29,274

27. Assets placed and reserved with the Registrar

As at 31 December 2018 and 2017, the Company had the following assets placed and reserved with the Registrar of the Office of Insurance Commission in accordance with the Life Insurance Act.

(Unit: Million Baht)

	Financial statements in which the equity method is applied and Separate financial statements			
	31 December			
	2018		2017	
	Cost	Fair value	Cost	Fair value
Assets placed				
Government bonds	21.0	20.8	21.0	21.1
Assets reserved as insurance reserves				
Government and state enterprise bonds	214.0	215.3	179.0	182.7

28. Other assets subject to restrictions

As at 31 December 2018 and 2017, the Company had pledged the following assets as collateral.

(Unit: Million Baht)

	Financial statements in which the equity method is applied and Separate financial statements	
	31 December	
	2018	2017
Guarantee for electricity consumption		
Government bonds	0.1	0.1

29. Commitments

29.1 Operating lease commitments

The Company entered into a lease agreement in respect of the lease of vehicle. The term of the agreement is 5 years. As at 31 December 2018, the Company had future minimum lease payments required under such non-cancellable operating lease contract was as follows.

(Unit: Million Baht)

Payable	31 December 2018
Within 1 year	0.8
Over 1 year and not over 5 years	2.4

29.2 Capital Commitments

As at 31 December 2018 and 2017, the Company had outstanding capital commitments contracted for building renovation amounting to Baht 0.9 million and Baht 1.0 million, respectively.

29.3 Service commitments

As at 31 December 2018 and 2017, the Company had outstanding service commitments and future minimum service fees amounting to Baht 1.2 million and Baht 4.2 million, respectively.

30. Risks and risk management

30.1 Life insurance risk

Life Insurance risks arising from the conduct of reinsurance activities are managed as follows:

a. Product design and development and pricing

The Company has established a Product Development Committee to consider significant issues that would affect the Company's financial position. Furthermore, after new products are launched the Company monitors underwriting results, such as deviations between premium pricing assumptions and actual experience, so that they can be used to improve the products.

b. Underwriting of reinsurance

The Company modifies its underwriting guidelines to keep them up to date, based on technical knowledge and statistical information. Moreover, training is conducted to engender staff's application of knowledge and discipline when making underwriting decisions and reviews of whether underwriting practices correspond to the guidelines are performed to ensure that the risk retention is consistent with the Company's identified risk limits.

c. Claim management

The Company has established a standardised claims management process and claims management guidelines are consistently updated, with due consideration given to risk management. Moreover, the Company arranges training to impart knowledge to staff, and working practices are reviewed to ensure they are in accordance with the guidelines.

d. Retrocession

An excess of loss retrocession program has been implemented as a risk management tool. The Company buys retrocession coverage for excess of loss in order to limit the maximum loss per event and regularly performs adequacy tests of reinsurance protection in the event of major loss events. In addition, the Company has a policy to retrocede its business only to retrocessionaires that have credit ratings of at least "A-."

e. Reserve estimates

The Company's loss reserves are examined and certified by independent actuarial fellows. Moreover, the Company periodically analyses and monitors deviations between the reserve calculation assumptions and actual experience to ensure reserves adequately cover the Company's obligations.

f. Reinsurance concentration risk

Reinsurance concentration risk is the risk arising from a concentration of business written within a particular type of contracts. Reinsurance contracts can be divided into short-term and long-term, which have different obligations. Long-term reinsurance contract obliges the Company to provide ongoing coverage without changing premiums or benefits or canceling the contract whereas short-term contract obliges the Company on a yearly basis and enables the Company to adjust reinsurance conditions when renewal is made.

Hence, in order to prevent any volatility to the Company's financial position, the Company has the policy to balance the portfolio mix of long-term and short-term contracts. The proportion of insurance liabilities from long-term and short-term contracts in as at 31 December 2018 and 2017 are as follows;

(Unit: Percent)

	31December	
	2018	2017
Long-term reinsurance contracts	59	56
Short-term reinsurance contracts	41	44
Total	100	100

g. Sensitivity analysis

Sensitivity analysis is performed to analyse the risk that insurance contract liabilities will increase or decrease as a result of changes in the assumptions used in calculating, gross and net reserves, profits before taxes, and owner's equity. The risk may occur because the frequency of claims, value of claims, or loss adjustment expenses may not be as expected.

(1) Sensitivity analysis on long-term insurance policy reserves

As at 31 December 2018 and 2017, impacts from changes in assumptions on long-term insurance policy reserves are shown below:

(Unit: Baht)

31 December 2018					
		Increase (decrease) in long-term policy reserves before retrocession	Increase (decrease) in long-term policy reserves after retrocession	Increase (decrease) in profits before income taxes	Increase (decrease) in owner's equity
	Change in Assumption				
Mortality rate	+5 %	36,547,056	36,547,056	(36,547,056)	(29,237,645)
Mortality rate	-5 %	(37,226,912)	(37,226,912)	37,226,912	29,781,530
Lapse rate	+5 %	(4,307,122)	(4,307,122)	4,307,122	3,445,698
Lapse rate	-5 %	4,414,260	4,414,260	(4,414,260)	(3,531,408)
Discount rate	+5 %	(7,002,988)	(7,002,988)	7,002,988	5,602,390
Discount rate	-5 %	7,170,581	7,170,581	(7,170,581)	(5,736,465)

(Unit: Baht)

31 December 2017					
		Increase (decrease) in long-term policy reserves before retrocession	Increase (decrease) in long-term policy reserves after retrocession	Increase (decrease) in profits before income taxes	Increase (decrease) in owner's equity
	Change in Assumption				
Mortality rate	+5 %	46,848,066	46,848,066	(46,848,066)	(37,478,453)
Mortality rate	-5 %	(48,021,688)	(48,021,688)	48,021,688	38,417,350
Lapse rate	+5 %	(3,894,028)	(3,894,028)	3,894,028	3,115,222
Lapse rate	-5 %	3,966,072	3,966,072	(3,966,072)	(3,172,858)
Discount rate	+5 %	(8,433,651)	(8,433,651)	8,433,651	(6,746,921)
Discount rate	-5 %	8,783,112	8,783,112	(8,783,112)	(7,026,490)

(2) Sensitivity analysis on short-term insurance policy reserves

As at 31 December 2018 and 2017, impacts from changes in assumptions on loss reserves are shown below:

(Unit: Baht)					
31 December 2018					
	Change in Assumption	Increase (decrease) in loss reserves before retrocession	Increase (decrease) in loss reserves after retrocession	Increase (decrease) in profits before income taxes	Increase (decrease) in owner's equity
Ultimate loss ratio	+5 %	36,187,012	36,187,012	(36,187,012)	(28,949,610)
Ultimate loss ratio	-5 %	(6,619,270)	(6,619,270)	6,619,270	5,295,416
(Unit: Baht)					
31 December 2017					
	Change in Assumption	Increase (decrease) in loss reserves before retrocession	Increase (decrease) in loss reserves after retrocession	Increase (decrease) in profits before income taxes	Increase (decrease) in owner's equity
Ultimate loss ratio	+5 %	40,629,866	40,629,866	(40,629,866)	(32,503,893)
Ultimate loss ratio	-5 %	(13,650,128)	(13,650,128)	13,650,128	10,920,102

30.2 Financial risks

a. Credit risk

The Company is exposed to credit risk primarily with respect to reinsurance receivables and investments in debt securities. The Company manages the risk by regularly evaluating credit quality of its retrocessionaires and issuers of securities and assessing the ability to pay debt as it comes due, through periodical analysis and monitoring of their financial positions. The Company has a strict policy to retrocede its business to foreign retrocessionaires and buy securities from issuers that have credit ratings of at least A-. Therefore, the Company does not expect to incur material financial losses. The maximum exposure to credit risk is limited to the carrying amount of reinsurance receivables and investments in debt securities as presented in the statement of financial position.

b. Market risk

Market risk is the risk that change in interest rates, foreign exchange rates and securities prices may have an effect on the Company's financial position. The Company had no significant financial assets denominated in foreign currencies; market risk is therefore confined only to interest rate risk and equity position risk.

(1) Interest rate risk

The Company's exposure to interest rate risk relates primarily to its cash at banks and investments in debt securities.

The Company has managed interest rate risk by closely monitoring interest rate movement and incorporating it into investment allocation decision making.

Significant assets and liabilities classified by type of interest rate are summarised in the table below, with those assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date.

(Unit: Thousand Baht)

Financial statements in which the equity method is applied and Separate financial statements							
31 December 2018							
	Fixed interest rates			Floating interest rate	Non-interest bearing	Total	Effective interest rate (% per annum)
	Within 1 year	1-5 years	Over 5 years				
Financial assets							
Cash and cash equivalents	-	-	-	55,098	9	55,107	0.10 - 1.00
Investments in securities							
Government and state enterprise securities	411,085	69,940	-	65,343	-	546,368	1.69
Private enterprise debt securities	120,000	60,000	-	-	-	180,000	2.06
Equity securities	-	-	-	-	1,023,953	1,023,953	-
Deposits at financial institutions	130,000	-	-	-	-	130,000	1.80
Loans	-	-	-	1,351	-	1,351	3.25
Assets under insurance contracts							
Reinsurance assets							
- long-term insurance policy reserves	-	-	-	-	2,883	2,883	-
Reinsurance receivables	-	-	-	-	195,504	195,504	-
Liabilities under insurance contracts							
Insurance contract liabilities							
- long-term insurance policy reserves	-	-	-	-	406,752	406,752	-
- loss reserves	-	-	-	-	21,702	21,702	-
Due to reinsurers	-	-	-	-	184,572	184,572	-

(Unit: Thousand Baht)

Financial statements in which the equity method is applied and Separate financial statements

31 December 2017

	Fixed interest rates			Floating interest rate	Non- interest bearing	Total	Effective interest rate (% per annum)
	Within 1 year	1-5 years	Over 5 years				
Financial assets							
Cash and cash equivalents	-	-	-	212,087	1	212,088	0.10 - 1.00
Investments in securities							
Government and state enterprise securities	528,326	154,969	20,000	65,378	-	768,673	1.32
Private enterprise debt securities	36,129	39,971	-	-	-	76,100	1.65
Equity securities	-	-	-	-	716,854	716,854	-
Deposits at financial institutions	195,000	-	-	-	-	195,000	1.49
Loans	120	-	-	-	-	120	3.50
Assets under insurance contracts							
Reinsurance assets							
- long-term insurance policy reserves	-	-	-	-	4,006	4,006	-
Reinsurance receivables	-	-	-	-	212,173	212,173	-
Liabilities under insurance contracts							
Insurance contract liabilities							
- long-term insurance policy reserves	-	-	-	-	321,284	321,284	-
- loss reserves	-	-	-	-	34,949	34,949	-
Due to reinsurers	-	-	-	-	181,945	181,945	-

(2) Securities price risk

Securities price risk is the risk that change in the market prices of securities will result in fluctuations in revenues and in the value of assets.

The Company manages the price risk by continually analyzing and monitoring changes in any factors that might lead to adverse movement in the market price of the invested securities. The Company has adopted a prudent investment policy and avoids speculative investments that would jeopardize its capital. The Company invests in high quality securities that are expected to generate reasonable and consistent returns.

As at 31 December 2018 and 2017, the Company has risk from its investments in securities of which the price will change with reference to market conditions.

c. Liquidity risk

Liquidity risk is the risk that the Company will be unable to liquidate its financial assets and/or procure sufficient funds to discharge its obligations in a timely manner, resulting in the occurrence of a financial loss.

The Company manages its liquidity position through prudent investment decisions, cash flow matching of assets and liabilities, and diversification of assets and liabilities to ensure that adequate cash is available when needed. Moreover, the Company sets its liquidity position at a higher than that required by the Office of Insurance Commission.

Counting from the financial position date, the periods to maturity of assets and liabilities held as at 31 December 2018 and 2017 are as follows:

(Unit: Baht)

	Financial statements in which the equity method is applied and Separate financial statements					
	31 December 2018					
	At call	Within 1 year	1 - 5 years	Over 5 years	Unspecified	Total
Financial assets						
Cash and cash equivalents	55,098,716	-	-	-	8,783	55,107,499
Investments in securities	1,021,846,970	661,084,711	129,940,372	65,342,643	2,105,720	1,880,320,416
Loans	-	320,885	1,029,647	-	-	1,350,532
Assets under insurance contracts						
Reinsurance receivables	-	195,294,534	209,791	-	-	195,504,325
Liabilities under insurance contracts						
Due to reinsurers	-	183,958,754	612,747	-	-	184,571,501

(Unit: Baht)

	Financial statements in which the equity method is applied and Separate financial statements					
	31 December 2017					
	At call	Within 1 year	1 - 5 years	Over 5 years	Unspecified	Total
Financial assets						
Cash and cash equivalents	212,086,656	-	-	-	1,034	212,087,690
Investments in securities	714,748,401	759,454,469	194,940,559	85,377,524	2,105,720	1,756,626,673
Loans	-	120,379	-	-	-	120,379
Assets under insurance contracts						
Reinsurance receivables	-	212,172,855	-	-	-	212,172,855
Liabilities under insurance contracts						
Due to reinsurers	-	181,944,707	-	-	-	181,944,707

Reinsurance contracts generate annually net reinsurance premium after underwriting expense throughout term of contracts. Time to maturity of liability from reinsurance contract as of 31 December 2018 and 2017 are shown below:

Time to Maturity	(Unit: Percent)	
	31 December 2018	31 December 2017
1 year	16.8	14.0
1 year to 5 years	36.0	33.9
Over 5 years	47.2	52.1
Total	100.0	100.0

31. Fair value of financial instruments

As of 31 December 2018 and 2017, the Company had the following financial assets that were measured at fair value, and had financial assets and liabilities that were measured at cost but has to disclose fair value, using different levels of inputs as follows:

	31 December 2018				Book value
	Fair value				
	Level 1	Level 2	Level 3	Total	
Assets measured at fair value					
Trading investments	78,514,664	-	-	78,514,664	78,514,664
Available-for-sale investments	584,809,424	358,522,882	-	943,332,306	943,332,306
Assets for which fair value are disclosed					
Cash and cash equivalents	55,107,499	-	-	55,107,499	55,107,499
Held-to-maturity investments					
Government and state enterprise securities					
	-	549,282,590	-	549,282,590	546,367,877
Private enterprise debt securities					
	-	180,282,632	-	180,282,632	179,999,849
Deposits at financial institutions					
	-	130,000,000	-	130,000,000	130,000,000
Other investments	-	-	3,929,274	3,929,274	2,105,720
Loans	-	-	1,350,532	1,350,532	1,350,532

(Unit: Baht)

	31 December 2017				Book value
	Fair value				
	Level 1	Level 2	Level 3	Total	
Assets measured at fair value					
Cash and cash equivalents					
Investment in money market fund	-	99,262,220	-	99,262,220	99,262,220
Trading investments	6,213,240	-	-	6,213,240	6,213,240
Available-for-sale investments	518,402,696	190,132,465	-	708,535,161	708,535,161
Assets for which fair value are disclosed					
Cash and cash equivalents					
Cash, saving, current accounts and deposits at other financial institutions	112,825,470	-	-	112,825,470	112,825,470
Held-to-maturity investments					
Government and state enterprise securities	-	775,465,347	-	775,465,347	768,672,536
Private enterprise debt securities	-	76,765,431	-	76,765,431	76,100,016
Deposits at bank	-	195,000,000	-	195,000,000	195,000,000
Other investments	-	-	5,089,525	5,089,525	2,105,720
Loans	-	-	120,379	120,379	120,379

The fair value hierarchy of financial assets presents according to Note 4.18 to financial statements.

As at 31 December 2018 and 2017, fair value of financial assets was not significant difference from their book value.

The methods and assumptions used by the Company in estimating the fair value of financial instruments are as follows:

- (a) Financial assets and liabilities having short-term maturity periods as cash and cash equivalents, and deposits at banks with an original maturity period within 1 year are presented at fair values, which approximate their carrying amounts in the statement of financial position.
- (b) Investments in debts securities are presented at fair values based on market prices or prices determined using the yield curve as announced by the Thai Bond Market Association.

- (c) Investments in equity securities are presented at fair values is based on market prices. In case of non-marketable equity securities, the fair values are determined approximately using the price to book value ratio, except for investment units, which are not listed securities, their fair values are the net asset value per unit as announced by the fund manager.
- (d) Loans are presented at fair value, which are estimated by discounting expected future cash flow by the current market interest rate.

During the current year, there were no transfers within the fair value hierarchy.

32. Capital management for life insurance companies

The primary objectives of the Company's capital management are to ensure that it has ability to continue its business as a going concern and to maintain risk-based capital in accordance with the requirements of the Office of the insurance Commission.

33. Events after the reporting period

On 20 February 2019, the Board of Directors' Meeting passed a resolution to be proposed for approval of dividends in respect of the second half-year operating results of 2018 at Baht 0.15 per share, amounting to a total dividend of Baht 90 million by the Annual General Meeting of the Shareholders to be held in April 2019.

34. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 20 February 2019.