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REPORT OF THE INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

TO THE BOARD OF DIRECTORS
PACIFIC CROSS HEALTH INSURANCE PUBLIC COMPANY LIMITED

Opinion

We have audited the financial statements of Pacific Cross Health Insurance Public Company Limited (the "Company"), which comprise the statement of financial position as at December 31, 2017, and the related statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Pacific Cross Health Insurance Public Company Limited as at December 31, 2017, and its financial performance and its cash flows for the year then ended in accordance with Thai Financial Reporting Standards ("TFRSs").

Basis for Opinion

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

Emphasis of matter

We draw attention to Note 3 to the financial statements, which described correction of accounting errors and reclassifications of the statement of financial position as at December 31, 2016 and the beginning balance as at January 1, 2016, and the statements of profit or loss and other comprehension income, and the statements of changes in equity and cash flows for year ended December 31, 2016 which the Company adjusted in the prior period financial statements, presented herein as comparative information. We have audited such retroactively restated. Our conclusion is not modified in respect of this matter.

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Other matter

The financial statements of Pacific Cross Health Insurance Public Company Limited for the year ended December 31, 2016 before correction of accounting errors and reclassifications were audited by other auditor, whose report thereon dated April 7, 2017, expressed and unmodified opinion. The statement of financial position of Pacific Cross Health Insurance Public Company Limited as at January 1, 2016 before correction of accounting errors and reclassifications were audited by other auditor, whose report thereon dated March 17, 2016, expressed and unmodified opinion.

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Wonlop.V.

Wonlop Vilaivaravit
Certified Public Accountant (Thailand)
Registration No. 6797
DELOITTE TOUCHE TOHMATSU JAIYOS AUDIT CO., LTD.

BANGKOK
April 25, 2018

PACIFIC CROSS HEALTH INSURANCE PUBLIC COMPANY LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2017

UNIT : BAHT

	Notes	As at December 31, 2017	"Restated" As at December 31, 2016	"Restated" As at January 1, 2016
ASSETS				
Cash and cash equivalents	5	91,120,215	66,986,399	16,210,146
Premium receivables	6	35,667,003	27,427,171	75,939,716
Accrued investment income		752,460	-	-
Reinsurance assets	7	37,375,455	49,277,183	8,665,057
Due from reinsurers	8	10,620,303	13,965,396	-
Investments in securities	9	166,260,344	123,947,022	150,276,808
Equipment	10	4,235,816	6,319,261	7,876,915
Intangible asset	11	250,531	636,521	1,069,888
Other assets	12	3,357,894	4,194,032	4,657,957
TOTAL ASSETS		349,640,021	292,752,985	264,696,487

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

Mr.Thomas Prentice Thomson

Mr.Thanachat Kaewjaipetch

PACIFIC CROSS HEALTH INSURANCE PUBLIC COMPANY LIMITED

STATEMENT OF FINANCIAL POSITION (CONTINUED)

AS AT DECEMBER 31, 2017

UNIT : BAHT

	Notes	As at December 31, 2017	"Restated" As at December 31, 2016	"Restated" As at January 1, 2016
LIABILITIES AND EQUITY				
LIABILITIES				
Insurance contract liabilities	13	163,641,612	162,675,251	163,532,617
Due to reinsurers	14	33,880,921	27,612,356	5,245,601
Employee benefit obligations	15	792,507	345,376	523,932
Other liabilities	16	20,871,623	15,912,551	30,515,323
TOTAL LIABILITIES		219,186,663	206,545,534	199,817,473
EQUITY				
SHARE CAPITAL	17			
Authorized share capital				
20,000,000 ordinary shares of Baht 25 each		500,000,000		
18,080,000 ordinary shares of Baht 25 each			452,000,000	
16,000,000 ordinary shares of Baht 25 each				400,000,000
Issued and paid-up share capital				
20,000,000 ordinary shares of Baht 25 each		500,000,000		
18,080,000 ordinary shares of Baht 25 each			452,000,000	
16,000,000 ordinary shares of Baht 25 each				400,000,000
ACCUMULATED DEFICIT				
Unappropriated (deficit)		(369,546,642)	(365,792,549)	(335,120,986)
TOTAL EQUITY		130,453,358	86,207,451	64,879,014
TOTAL LIABILITIES AND EQUITY		349,640,021	292,752,985	264,696,487

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

Mr.Thomas Prentice Thomson

Mr.Thanachat Kaewjaipetch

PACIFIC CROSS HEALTH INSURANCE PUBLIC COMPANY LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31, 2017

UNIT : BAHT

	Notes	2017	"Restated" 2016
Revenues			
Gross premium written		287,657,918	246,233,771
Less Premium ceded		(43,328,879)	(88,995,967)
Net premium written		244,329,039	157,237,804
Less Unearned premium reserve increase (decrease) from previous year		(30,766,466)	52,108,308
Net premium earned		213,562,573	209,346,112
Fee and commission income		16,585,070	35,594,255
Net investment income		4,141,752	2,580,131
Other income		4,556,439	3,699,058
Total revenues		238,845,834	251,219,556
Expenses			
Claims incurred		133,361,165	208,791,588
Less Claim recovered from reinsurers		(23,401,910)	(42,730,147)
Commissions and brokerage expenses		38,174,550	31,372,850
Other underwriting expenses		29,549,765	27,164,582
Operating expenses	19	62,651,738	55,616,601
Finance cost		1,956,824	1,349,478
Total expenses		242,292,132	281,564,952
Loss before income tax expense		(3,446,298)	(30,345,396)
Other comprehensive loss			
Components of other comprehensive income that will not subsequently be reclassified to profit or loss			
Losses on remeasurements of defined benefit plans, net		(307,795)	(326,167)
Other comprehensive loss for the year, net of tax		(307,795)	(326,167)
Net loss for the year		(3,754,093)	(30,671,563)
Loss per share			
Basic loss per share	23	(0.18)	(1.76)

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

Mr.Thomas Prentice Thomson

Mr.Thanachat Kaewjaipetch

PACIFIC CROSS HEALTH INSURANCE PUBLIC COMPANY LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2017

UNIT : BAHT

	Notes	Issued and paid-up share capital	Accumulated deficit Unappropriated (Deficit)	Total equity
"Restated"				
Beginning balance as at January 1, 2016				
as previously reported		400,000,000	(335,307,868)	64,692,132
Cumulative effects for correction of accounting errors	3	-	186,882	186,882
Beginning balance as at January 1, 2016 as restated		400,000,000	(335,120,986)	64,879,014
Shares capital increased	17	52,000,000	-	52,000,000
Comprehensive loss as restated		-	(30,671,563)	(30,671,563)
Ending balance as at December 31, 2016 as restated		452,000,000	(365,792,549)	86,207,451
Beginning balance as at January 1, 2017				
as previously reported		452,000,000	(382,414,509)	69,585,491
Cumulative effects for correction of accounting errors	3	-	16,621,960	16,621,960
Beginning balance as at January 1, 2017 as restated		452,000,000	(365,792,549)	86,207,451
Shares capital increased	17	48,000,000	-	48,000,000
Comprehensive loss		-	(3,754,093)	(3,754,093)
Ending balance as at December 31, 2017		500,000,000	(369,546,642)	130,453,358

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

Mr.Thomas Prentice Thomson

Mr.Thanachat Kaewjaipetch

PACIFIC CROSS HEALTH INSURANCE PUBLIC COMPANY LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2017

UNIT : BAHT

	2017	"Restated" 2016
CASH FLOWS PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Direct premium written	272,239,859	291,313,363
Cash received (paid) from reinsurance	22,942,732	(13,863,645)
Other investment income	3,414,653	2,554,770
Other income	4,556,439	3,700,568
Claims incurred from direct insurance	(159,976,919)	(188,196,148)
Commissions and brokerage paid from direct insurance	(36,583,912)	(34,213,068)
Other underwriting expenses	(29,690,625)	(27,041,829)
Operating expenses	(58,305,962)	(61,232,133)
Investment in securities	(42,313,322)	26,329,786
Net cash used in operating activities	(23,717,057)	(648,336)
CASH FLOWS USED IN INVESTING ACTIVITIES		
Cash paid for purchases of equipment	(89,127)	(575,411)
Cash paid for purchases of intangible assets	(60,000)	-
Net cash used in investing activities	(149,127)	(575,411)
CASH FLOWS PROVIDED BY FINANCING ACTIVITIES		
Cash received from the capital increase	48,000,000	52,000,000
Net cash provided by financing activities	48,000,000	52,000,000
Net increase in cash and cash equivalents	24,133,816	50,776,253
Cash and cash equivalents as at January 1,	66,986,399	16,210,146
Cash and cash equivalents as at December 31,	91,120,215	66,986,399

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

Mr.Thomas Prentice Thomson

Mr.Thanachat Kaewjaipetch

PACIFIC CROSS HEALTH INSURANCE PUBLIC COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

1. GENERAL INFORMATION AND THE COMPANY'S OPERATION

Pacific Cross Health Insurance Public Company Limited (the "Company") was incorporated as a limited company under the Thai Civil and Commercial Code on June 13, 1977 and became a public limited company on January 17, 2013. The principal business of the Company is the provision of non-life insurance in Thailand. The Company head office is located at 152 Chartered Square Building, 21st Floor, North Sathorn Road, Silom, Bangrak, Bangkok, Thailand.

The major shareholder company is Med-Sure Services Limited which was incorporated in Thailand, holding 69.15% of the Company's share capital.

2. BASIS FOR PREPARATION AND PRESENTATION OF THE FINANCIAL STATEMENTS

2.1 The Company maintains its accounting records in Thai Baht and prepares its statutory financial statements in the Thai language in conformity with Thai Financial Reporting Standards and accounting practices generally accepted in Thailand.

2.2 The Company's financial statements have been prepared in accordance with the Thai Accounting Standard (TAS) No. 1 (Revised 2016) "Presentation of Financial Statements", which was effective for financial periods beginning on or after January 1, 2017 onward 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 OIC regarding criteria, procedures, terms and conditions for preparation and submission of financial statements and operating performance reports of non-life insurance companies dated March 4, 2016, which has been effective since January 1, 2016 onwards.

2.3 The financial statements have been prepared under the historical cost convention except as disclosed in the significant accounting policies.

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

During the year, the Company has adopted the revised and new financial reporting standards issued by the Federation of Accounting Professions which become effective for fiscal years beginning on or after January 1, 2017. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards. The adoption of these financial reporting standards does not have any significant impact on the Company financial statements.

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

The Federation of Accounting Professions has issued the Notification regarding 56 Thai Financial Reporting Standards (TFRSs) that will be effective for the financial statements for the period beginning on or after January 1, 2018 onwards, which has been announced in the Royal Gazette on September 26, 2017. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards.

The Company's management will adopt such TFRSs in the preparation of the Company's financial statements when it becomes effective. The Company's management has assessed the impact of these TFRSs and considered that the adoption of these financial reporting standards does not have any significant impact on the financial statements of the Company in the period of initial application.

In addition, the Federation of Accounting Professions has issued the Notification regarding Thai Financial Reporting Standard No.15 "Revenue from Contracts with Customers" which has been announced in the Royal Gazette on March 14, 2018 and will be effective for the financial statements for the period beginning on or after January 1, 2019 onwards.

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

3. CORRECTION OF PRIOR PERIODS ERRORS AND RECLASSIFICATIONS

3.1 During the year ended December 31, 2017, the Company discovered the accounting errors occurred in December 31, 2016 in respect of under recognition of reinsurance assets and over recognition of other assets, insurance contract liabilities and retained earnings. As at January 1, 2016, the Company under recorded of reinsurance assets and over recorded retained earnings.

For the year ended December 31, 2016, the Company under recorded of unearned premium reserve increase from previous year, claims recoverable from reinsurers and insurance claim and over recorded of insurance claim.

3.2 During the year ended December 31, 2017, the Company has reclassified certain transactions in the financial statements for year ended December 31, 2016 and the beginning balance as at January 1, 2016 to conform to classifications used in the financial statements for year ended December 31, 2017.

The Company has corrected above accounting errors and reclassifications by adjusting in the prior period financial statements, presented herein as comparative information, as if the accounting errors have been corrected in previous accounting periods in which they occur.

The effects of the correction of accounting errors and reclassifications to the corresponding figures are as follows:

Unit : Baht

	As previously reported	Adjustments	Amount as restated	Reclassifications	Amount as restated
Statement of financial position					
As at January 1, 2016					
Assets					
Cash and cash equivalents	9,075,428	-	9,075,428	7,134,718	16,210,146
Premium receivables	76,334,450	-	76,334,450	(394,734)	75,939,716
Reinsurance assets	8,478,175	186,882	8,665,057	-	8,665,057
Investment in securities	160,542,625	-	160,542,625	(10,265,817)	150,276,808
Other assets	5,909,929	-	5,909,929	(1,251,972)	4,657,957
	260,340,607	186,882	260,527,489	(4,777,805)	255,749,684
Liabilities					
Insurance contract liabilities	(164,413,338)	-	(164,413,338)	880,721	(163,532,617)
Other liabilities	(34,412,407)	-	(34,412,407)	3,897,084	(30,515,323)
	(198,825,745)	-	(198,825,745)	4,777,805	(194,047,940)
Shareholders' Equity					
Accumulated deficit -					
Unappropriated	335,307,868	(186,882)	335,120,986	-	335,120,986
	335,307,868	(186,882)	335,120,986	-	335,120,986
	136,482,123	(186,882)	136,295,241	4,777,805	141,073,046
Statement of financial position					
As at December 31, 2016					
Assets					
Cash and cash equivalents	9,177,139	-	9,177,139	57,809,260	66,986,399
Premium receivables	29,074,176	-	29,074,176	(1,647,005)	27,427,171
Reinsurance assets	32,432,223	16,844,960	49,277,183	-	49,277,183
Due from reinsurers	3,032,622	-	3,032,622	10,932,774	13,965,396
Investment in securities	182,947,022	-	182,947,022	(59,000,000)	123,947,022
Other assets	4,951,722	(357,430)	4,594,292	(400,260)	4,194,032
	261,614,904	16,487,530	278,102,434	7,694,769	285,797,203
Liabilities					
Insurance contract liabilities	(162,574,021)	134,430	(162,439,591)	(235,660)	(162,675,251)
Due to reinsurers	(16,744,719)	-	(16,744,719)	(10,867,637)	(27,612,356)
Other liabilities	(19,321,079)	-	(19,321,079)	3,408,528	(15,912,551)
	(198,639,819)	134,430	(198,505,389)	(7,694,769)	(206,200,158)
Shareholders' Equity					
Accumulated deficit -					
Unappropriated	382,414,509	(16,621,960)	365,792,549	-	365,792,549
	382,414,509	(16,621,960)	365,792,549	-	365,792,549
	183,774,690	(16,487,530)	167,287,160	(7,694,769)	159,592,391

Unit : Baht

Statements of profit or loss and other comprehensive income **For the year ended December 31, 2016**					
Unearned premium reserve increase from previous year	(51,838,175)	(270,133)	(52,108,308)	-	(52,108,308)
Claim incurred	205,668,210	(2,548,122)	203,120,088	5,671,500	208,791,588
Claim recovered from reinsurers	(28,755,894)	(13,974,253)	(42,730,147)	-	(42,730,147)
Other underwriting expenses	28,250,409	-	28,250,409	(1,085,827)	27,164,582
Operating expenses	59,904,099	357,430	60,261,529	(4,644,928)	55,616,601
Finance cost	1,616,390	-	1,616,390	(266,912)	1,349,478
Losses on remeasurements of defined benefit plans, net	-	-	-	326,167	326,167
	214,845,039	(16,435,078)	198,409,961	-	198,409,961
Basic loss per share (Baht per share)	(2.73)	0.95	(1.78)	0.02	(1.76)

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 Insurance contract classification

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

4.2 Recognition of revenues and expenses

Premium written

For insurance policies with coverage period for one year, premium income is recognized on the effective date of the insurance policy after deducting premium ceded and premium cancelled and refunded.

Reinsurance premium

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

Commissions and brokerages income

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

Investment income

Investment income consists of interest income. Interest income is recognized as income on an accrual basis.

Income from rental

Income from rental consists of rental income and service income which are recognized as income on an accrual basis. Rental income is recognized as income using the straight-line method over the lease term. The proceeds received from lessees before recognition of income are recorded as unearned revenue.

Commissions and brokerages and other expenses

Commissions and brokerages and other expenses are recognized as expenses on an accrual basis.

Other income

Other income is recognized as income on an accrual basis.

4.3 Cash and cash equivalents

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

4.4 Premium receivable and allowance for doubtful debt

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

4.5 Reinsurance assets

Reinsurance assets are stated at insurance reserve refundable from reinsurers which are estimated based on the related premium reserve in accordance with law regarding insurance reserve calculations and unearned reinsurance premium reserve.

4.6 Amount due to and due from reinsurers

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

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

4.7 Investment in securities

Investments in securities are stated at cost which consist of deposits at banks having terms to maturity over 3 months from the date of acquisition are stated at cost.

4.8 Equipment

Equipment is stated at cost less accumulated depreciation, and allowance for impairment, if any.

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

Furniture and fixtures	5 years
Office equipment	5 years

4.9 Intangible assets

Intangible assets with definite useful life are stated at cost less accumulated amortization and allowance for impairment, if any.

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

Computer software	3 years

4.10 Insurance liabilities

4.10.1 Unearned premium reserve

Unearned premium reserve is set aside in compliance with the Notification of the Office of Insurance Commission governing the principle, methodology and condition of unearned premium reserves, loss reserves and other reserves of non-life insurance companies.

4.10.2 Claim reserve and outstanding claims

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

4.10.3 Unexpired risks reserve

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

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

4.11 Employee benefit

4.11.1 Provident fund

The Company sets provident fund which is contributory by the employee and the Company matching the individuals' contributions. The provident funds have been registered in accordance with the Provident Fund Act B.E. 2530 (1987). The Company's contributions are recorded as expense for the year by an accrual basis.

4.11.2 Post-employment benefit obligation

The Company provides post-employment benefit obligation, payable to employees under the Thai Labor Protection Act. The liability in respect of employee benefits is calculated by an actuary using the projected unit credit cost method. The present value of the defined benefits obligation is determined by discounting estimated future cash outflows using yields on the government bonds which have terms to maturity approximating the terms of related liability. The estimated future cash outflows shall reflect employee salaries, turnover rate, length of service and other factors. Actuarial gains (losses) are recognized in other comprehensive income.

The costs associated with providing these benefits are charged to the statement of profit or loss and other comprehensive income so as to spread the cost over the employment period.

4.12 Long-term lease

Where the Company is the lessee

Leases in which substantial risks and rewards of ownership of assets remained with the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on the straight-line method over the term of lease.

Where the Company is a lessor

Leases in which substantial risks and rewards of ownership of assets remained with the Company are accounted for as operating leases. Rental income is recognized as described in Note 4.2.

4.13 Income tax

Income tax expense

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

Current tax

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

Deferred tax

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

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

4.14 Basic loss per share

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

Diluted loss per share is calculated by dividing net loss by the weighted average number of ordinary shares issued during the year and the weighted average number of ordinary shares which would need to be issued to convert all dilutive potential ordinary shares into ordinary shares. The calculation assumes that the conversion took place either at the beginning of the period or on the date the potential ordinary shares were issued.

4.15 Use of management's judgments and key sources of estimation uncertainty

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

Key sources of estimation uncertainty

Loss reserves

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

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

5. CASH AND CASH EQUIVALENTS

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

Unit : Baht

	2017	**2016 ("Restated")**
Cash on hands	26,355	28,655
Deposits at bank - at call	50,062,056	39,000,000
Deposits at bank - maturity not over 3 months	41,031,804	27,957,744
Cash and cash equivalents	91,120,215	66,986,399

6. PREMIUM RECEIVABLES

Premium receivables as at December 31, consisted of the following:

	2017	Unit : Baht 2016 ("Restated")
Within credit terms	12,108,431	5,912,010
Less than 30 days	11,860,984	8,389,289
31 - 60 days	6,828,475	6,156,723
61 - 90 days	3,032,782	4,709,097
Over 90 days	2,363,005	2,260,052
Total	36,193,677	27,427,171
Less Allowance for doubtful accounts	526,674	-
Premium receivables	35,667,003	27,427,171

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

7. REINSURANCE ASSETS

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

	2017	Unit : Baht 2016 ("Restated")
Insurance reserve refundable from reinsurers		
Claim reserves	3,440,091	16,574,827
Unearned premium reserve		
- Unearned reinsurance premium reserve	33,935,364	32,702,356
Total reinsurance assets (see Note 13)	37,375,455	49,277,183

8. DUE FROM REINSURERS

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

	2017	Unit : Baht 2016 ("Restated")
Due from reinsurers	10,620,303	13,965,396

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

Unit : Baht

	2017	2016 ("Restated")
Within credit terms	10,620,303	13,965,396
Total due from reinsures	10,620,303	13,965,396

9. INVESTMENT IN SECURITIES

Investment in securities as at December 31, consisted of the following:

	Interest rate		Cost method	
	2017	2016	2017	2016 ("Restated")
	% p.a.	% p.a.	Baht	Baht
Held-to-maturity securities				
Deposits at bank with maturity over 3 months	0.75 - 2.38	0.95 - 2.05	166,260,344	123,947,022
Total investment in securities			166,260,344	123,947,022

As at December 31, 2017 and 2016, investments in securities at carrying value of Baht 79.86 million and Baht 63.75 million, respectively, are deposited as collateral with the Registrar and assets reserved with the Registrar (see Note 26).

10. EQUIPMENT

Equipment as at December 31, consisted of the following:

Unit : Baht

	Cost				Accumulated depreciation					
	As at January 1, 2017	Increase	Disposal / Write off	As at December 31, 2017	As at January 1, 2017	Depreciation	Disposal / Write off	As at December 31, 2017	Equipment - net as at January 1, 2017	Equipment - net as at December 31, 2017
Furniture and fixtures	6,723,207	-	-	6,723,207	(3,028,805)	(1,344,642)	-	(4,373,447)	3,694,402	2,349,760
Office equipment	5,433,187	89,127	(105,275)	5,417,039	(2,808,328)	(827,918)	105,263	(3,530,983)	2,624,859	1,886,056
Total	12,156,394	89,127	(105,275)	12,140,246	(5,837,133)	(2,172,560)	105,263	(7,904,430)	6,319,261	4,235,816

Unit : Baht

	Cost				Accumulated depreciation					
	As at January 1, 2016	Increase	Disposal / Write off	As at December 31, 2016	As at January 1, 2016	Depreciation	Disposal / Write off	As at December 31, 2016	Equipment - net as at January 1, 2016	Equipment - net as at December 31, 2016
Furniture and fixtures	6,718,707	4,500	-	6,723,207	(1,680,514)	(1,348,291)	-	(3,028,805)	5,038,193	3,694,402
Office equipment	4,862,276	570,911	-	5,433,187	(2,023,554)	(784,774)	-	(2,808,328)	2,838,722	2,624,859
Total	11,580,983	575,411	-	12,156,394	(3,704,068)	(2,133,065)	-	(5,837,133)	7,876,915	6,319,261

Depreciation for the years ended of December 31, 2017 and 2016 amount of Baht 2.17 million and Baht 2.13 million, respectively, were included in operating expenses.

As at December 31, 2017 and 2016, certain equipment at cost of Baht 1.27 million and Baht 1.37 million, respectively, were fully depreciated but still in use.

11. INTANGILE ASSETS

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

Unit : Baht

	Cost				Accumulated depreciation					
	As at January 1, 2017	Increase	Disposal / Write off	As at December 31, 2017	As at January 1, 2017	Amortization	Disposal / Write off	As at December 31, 2017	Intangible assets- net as at January 1, 2017	Intangible assets - net as at December 31, 2017
Computer software	2,052,733	60,000	-	2,112,733	(1,416,212)	(445,990)	-	(1,862,202)	636,521	250,531
Total	2,052,733	60,000	-	2,112,733	(1,416,212)	(445,990)	-	(1,862,202)	636,521	250,531

Unit : Baht

	Cost				Accumulated depreciation					
	As at January 1, 2016	Increase	Disposal / Write off	As at December 31, 2016	As at January 1, 2016	Amortization	Disposal / Write off	As at December 31, 2016	Intangible assets- net as at January 1, 2016	Intangible assets - net as at December 31, 2016
Computer software	2,052,733	-	-	2,052,733	(982,845)	(433,367)	-	(1,416,212)	1,069,888	636,521
Total	2,052,733	-	-	2,052,733	(982,845)	(433,367)	-	(1,416,212)	1,069,888	636,521

Amortization for the years ended of December 31, 2017 and 2016 amount of Baht 0.45 million and Baht 0.43 million, respectively, were included in operating expenses.

As at December 31, 2017 and 2016, certain intangible assets at cost of Baht 0.76 million, were fully amortized but still in use.

12. OTHER ASSETS

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

Unit : Baht

	2017	2016 ("Restated")
Prepaid expenses	352,030	624,340
Deposits	1,271,117	1,501,630
Others	1,734,747	2,068,062
Total other assets	3,357,894	4,194,032

13. INSURANCE CONTRACT LIABILITIES

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

Unit : Baht

	As at December 31, 2017		
	Insurance contract liabilities	Reinsurance liabilities (see Note 7)	Net
Claim reserves			
Claim incurred and agreed	15,398,846	(4,252,646)	11,146,200
Claim incurred but not reported	8,757,622	812,555	9,570,177
Premium reserve			
Unearned Premium reserve	139,485,144	(33,935,364)	105,549,780
Total	163,641,612	(37,375,455)	126,266,157

Unit : Baht

	As at December 31, 2016 ("Restated")		
	Insurance contract Liabilities	Reinsurance liabilities (see Note 7)	Net
Claim reserves			
Claim incurred and agreed	41,750,294	(13,974,254)	27,776,040
Claim incurred but not reported	13,439,287	(2,600,573)	10,838,714
Premium reserve			
Unearned Premium reserve	107,485,670	(32,702,356)	74,783,314
Total	162,675,251	(49,277,183)	113,398,068

13.1 Insurance reserve for short term insurance contract

13.1.1 Claim reserves

Claim reserves as at December 31, consisted of the following:

Unit : Baht

	2017	2016 ("Restated")
Balance as at beginning of years	55,189,581	31,296,400
Claim incurred during the years	138,893,929	209,408,161
Changing in estimated claim and assumptions used in calculating claim reserve	(11,147,426)	1,723,364
Claim paid during the years	(158,779,626)	(187,238,344)
Balance as at ending of years	24,156,458	55,189,581

13.1.2 Unearned premium reserve

Unit : Baht

	2017	2016 ("Restated")
Balance as at beginning of years	107,485,670	135,367,316
Premium written for the years	287,657,918	246,233,771
Earned premium for the years	(255,658,444)	(274,115,417)
Balance as at ending of years	139,485,144	107,485,670

13.1.3 Unexpired risk reserve

As at December 31, 2017 and 2016, no additional reserve for unexpired risk reserve has been established as the unexpired risk reserve estimated by the Company amounting to Baht 91.72 million and Baht 103.90 million, respectively, is lower than the unearned premium reserve.

13.1.4 Claims development tables

As at December 31, 2017

Unit: Baht

Accident year/ reported year	2013	2014	2015	2016	2017	Total
Estimate of ultimates:						
- End of accident year			109,835,816	202,097,346	135,247,450	
- One year later		1,164,439	114,474,740	194,724,087		
- Two year later	3,283,641	1,164,439	114,639,456			
- Three year later	3,283,641	1,164,439				
- Four year later	3,283,641					
Absolute estimated loss	3,283,641	1,164,439	114,639,456	194,724,087	135,247,450	449,059,073
reserve and outstanding claim	3,283,641	1,164,439	114,630,804	194,545,019	113,277,309	426,901,212
Accumulative claim paid	-	-	8,652	179,068	21,970,141	22,157,861
Adjustment case reserve - accounting						187,121
Reinsurance						1,488,799
Accumulative claim paid						23,833,781
Unallocated loss adjustment expense						322,687
						24,156,468

As at December 31, 2016

Unit: Baht

Accident year/ reported year	2012	2013	2014	2015	2016	Total
Estimate of ultimates:						
- End of accident year			2,412,661	109,835,816	202,097,346	
- One year later		3,313,749	1,164,439	114,474,740		
- Two year later	3,832,281	3,283,641	1,164,439			
- Three year later	3,832,281	3,283,641				
- Four year later	3,832,281					
Absolute estimated loss	3,832,281	3,283,641	1,164,439	114,474,740	202,097,346	324,852,447
reserve and outstanding claim	3,832,281	3,283,641	1,164,439	114,474,740	149,653,521	272,408,622
Accumulative claim paid	-	-	-	-	52,443,825	52,443,825
Allocated loss adjustment expense						256,858
Unallocated loss adjustment expense						2,236,036
The effects of the restatement						252,862
						55,189,581

14. DUE TO REINSURERS

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

Unit : Baht

	2017	2016 ("Restated")
Amount withheld on reinsurance	12,996,750	26,691,157
Reinsurance payables	20,884,171	921,199
Total due to reinsurers	33,880,921	27,612,356

15. EMPLOYEE BENEFIT OBLIGATIONS

The Company has retirement benefits plan in accordance with Labour Protection Act, which is the unfunded defined benefit plans.

Amounts recognized in the statement of profit of loss and other comprehensive income for the years ended December 31, are as follows:

		Unit : Baht
	2017	2016 ("Restated")
Current service cost	127,731	91,104
Interest on obligations	11,605	20,173
	139,336	111,277

Movements in the present value of the defined benefit obligations for the years ended December 31, 2017 and 2016 are as follows:

		Unit : Baht
	2017	2016
Defined benefit obligations brought forward	345,376	523,932
Included in profit or loss:		
Current service cost	127,731	91,104
Interest cost	11,605	20,173
Included in other comprehensive income:		
Actuarial (gain) loss arising from		
Financial assumptions changes	(130,487)	19,326
Demographic assumptions changes	355,332	(1,239)
Experience adjustments	82,950	308,080
Benefits paid during the year	-	(616,000)
Defined benefit obligations carried forward	792,507	345,376

The principal assumptions used for the purpose of the actuarial valuations for calculation of defined benefit obligations as at December 31, 2017 and 2016 are as follows:

	2017	2016
Retirement age	60 years	60 years
Mortality rate	Thai Mortality Table 2017	Thai Mortality Table 2008
Personnel turnover rate	10% - 30% p.a.	18% - 30% p.a.
Discount rate	3.06% p.a.	3.36% p.a.
Expected salary incremental rate	1% - 5% p.a.	5% p.a.

Significant actuarial assumptions for the determination of the defined benefit obligations are expected salary incremental rate, personnel turnover rate and discount rate. The sensitivity analysis below has been determined based on reasonably possible changes of the respective assumption occurring, while holding all other assumptions constant which reflects increasing (decreasing) in the obligations if the assumptions change by 1% as at December 31, are as follows:

Unit : Baht

	2017	2016
Salary incremental rate - 1% increase	50,440	22,443
Salary incremental rate - 1% decrease	(46,391)	(20,712)
Personnel turnover rate - 1% increase	(55,452)	(27,246)
Personnel turnover rate - 1% decrease	61,393	30,184
Discount rate - 1% increase	(47,357)	(21,611)
Discount rate - 1% decrease	52,506	23,886

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

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

16. OTHER LIABILITIES

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

Unit : Baht

	2017	2016 ("Restated")
Commissions and brokerages payables	5,708,049	5,065,450
Other accrued expenses	11,007,663	7,010,118
Premium received in advance	1,834,914	2,168,398
Others	2,320,997	1,668,585
Total other liabilities	20,871,623	15,912,551

17. SHARE CAPITAL

On March 16, 2016, the Extraordinary General Meeting of Shareholders approved the increase in the authorized share capital of the Company from 400,000,000 Baht to 435,000,000 Baht by issuing new 1,400,000 ordinary shares at Baht 25.00 per shares in the amount of Baht 35,000,000. The Company called and received subscriptions in full amount and registered share capital increase with the Department of Business Development, the Ministry of Commerce on March 31, 2016.

On September 20, 2016, the Extraordinary General Meeting of Shareholders approved the increase in the authorized share capital of the Company from 435,000,000 Baht to 452,000,000 Baht by issuing new 680,000 ordinary shares at Baht 25.00 per shares in the amount of Baht 17,000,000. The Company called and received subscriptions in full amount and registered share capital increase with the Department of Business Development, the Ministry of Commerce on September 27, 2016.

On February 20, 2017, the Extraordinary General Meeting of Shareholders approved the increase in the authorized share capital of the Company from 452,000,000 Baht to 470,000,000 Baht by issuing new 720,000 ordinary shares at Baht 25.00 per shares in the amount of Baht 18,000,000. The Company called and received subscriptions in full amount and registered share capital increase with the Department of Business Development, the Ministry of Commerce on March 22, 2017.

On May 22, 2017, the Extraordinary General Meeting of Shareholders approved the increase in the authorized share capital of the Company from 470,000,000 Baht to 485,000,000 Baht by issuing new 600,000 ordinary shares at Baht 25.00 per shares in the amount of Baht 15,000,000. The Company called and received subscriptions in full amount and registered share capital increase with the Department of Business Development, the Ministry of Commerce on June 15, 2017.

On November 22, 2017, the Extraordinary General Meeting of Shareholders approved the increase in the authorized share capital of the Company from 485,000,000 Baht to 500,000,000 Baht by issuing new 600,000 ordinary shares at Baht 25.00 per shares in the amount of Baht 15,000,000. The Company called and received subscriptions in full amount and registered share capital increase with the Department of Business Development, the Ministry of Commerce on December 19, 2017.

18. FINANCIAL INFORMATION BY SEGMENT

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

The Company's operation is non-life insurance which is only operated and managed in a single geographic area, namely in Thailand. Therefore, no operational and geographical segment information is presented.

For the year end December 31, 2017 and 2016, there are no underwriting income with a single external customer contributed 10% or more to the Company's total revenue.

19. OPERATING EXPENSE

Operating expense for the years ended December 31, consisted of the following:

	Unit : Baht	
	2017	2016 ("Restated")
Employee expenses	35,105,349	29,871,745
Rental of equipment, building and service expenses	4,825,033	4,794,036
Tax and duties	173,630	79,908
Depreciation and amortization	2,618,550	2,566,225
Doubtful debt expense	526,674	-
Profession fees	3,370,000	1,775,000
Other operating expenses	16,032,502	16,529,687
Total Operating expenses	62,651,738	55,616,601

20. EXPENSE BY NATURE

Expense by nature for the years ended December 31, 2017 and 2016 consisted of the following:

	Unit : Baht	
	2017	2016 ("Restated")
Employee expenses		
Salary and wages	35,786,285	30,076,981
Employee benefit expenses	139,336	111,277
Provident fund	800,623	807,533
Other benefits	784,796	594,486
Total employee expenses	37,511,040	31,590,277

21. PROVIDENT FUND

The Company and its employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Both employees and the Company contribute to the fund monthly at the rate of 5 percent to 15 percent of basic salary, based on year of services of employees. The fund, which is managed by a license fund manager, approved by the Ministry of Finance will be paid to employees upon termination in accordance with the fund rules. For the years ended December 31, 2017 and 2016, the Company's contributions recorded as expenses in the statements of profit or loss were Baht 0.80 million and Baht 0.81 million, respectively.

22. INCOME TAX EXPENSES

The Company used tax rate of 20% for corporate income tax calculation for the years ended December 31, 2017 and 2016. Income tax expenses are calculated from net profit (loss) after deducting tax loss carry forward not over 5 previous accounting periods and adjusting non-taxable revenues and expenses under the Revenue Code. However, for the years ended December 31, 2017 and 2016, the Company had no income tax to be paid due to net loss before income tax expenses as presented in the statements of profit or loss and other comprehensive income.

As at December 31, 2017 and 2016, the Company have unused tax losses as follows:

		Unit : Baht
	2017	**2016**
Unused tax losses	138,735,122	149,445,729

However, the Company did not record deferred tax assets for temporary difference from unused tax losses since the Company's management considered that there is uncertainty to utilize such unused tax losses in the future. As at December 31, 2017, unused tax losses will be expired starting from 2018.

23. BASIC LOSS PER SHARE

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

	2017	**2016 ("Restated")**
Net loss (Baht)	3,446,298	30,345,396
Weight average number of share capital (share)	18,992,329	17,237,479
Basic loss per share (Baht)	0.18	1.76

The weighted average number of ordinary shares for calculation of basic loss per share for the years ended December 31, were as follows:

	2017	**2016**
Number of ordinary shares outstanding at the beginning of the periods	18,080,000	16,000,000
Average number of ordinary shares in issue during the periods		
(1,400,000 shares x 276 days/365 days)	-	1,058,603
(680,000 shares x 96 days/365 days)	-	178,849
(720,000 shares x 285 day/365 days)	562,192	-
(600,000 shares x 200 day/365 days)	328,767	-
(600,000 shares x 13 day/365 days)	21,370	-
Weight average number of ordinary shares issued outstanding at the end of the periods	18,992,329	17,237,479

As at December 31, 2017 and 2016, the Company does not have any common share equivalents outstanding which would have had a dilutive effect on loss per share.

24. TRANSACTIONS WITH RELATED PARTIES

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

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

Companies	Relationship	Type of Business
Med-Sure Services Limited	Major shareholder	Medical services
Legal Concept Company Limited	Some common directors	Legal services

Balances with related parties as at December 31, are as follows:

		Unit :Baht
	2017	2016 ("Restated")
Accrued rental and service income		
Major shareholder	299,600	-
Underwriting and loss adjustment payable		
Major shareholder	2,982,422	1,937,487

Significant transactions with related parties for the years ended December 31, are as follows:

		Unit :Baht
	2017	2016 ("Restated")
Rental and service income		
Major shareholder	3,360,000	3,360,000
Underwriting and loss adjustment expense		
Major shareholder	23,256,559	21,685,029
Legal consulting fee		
Related party	88,430	906,610

The Company paid underwriting and loss adjustment expense as specified in the agreement made between the Company and such related party. The commission rates were in compliance with the Office of Insurance Commission criteria and the same basis of the commission rate that the Company has offered to other companies.

The Company has service agreements with related parties for a term of 3 years. Service fee and conditions are contractually agreed prices.

The Company has legal consulting agreement with the related party. Legal consulting fee and conditions are contractually agreed prices.

25. DIRECTORS AND KEY MANAGEMENT PERSONNEL'S REMUNERATION

During the years ended December 31, 2017 and 2016, the Company had salaries, bonuses, directors allowances and other benefits of its directors and key management personnel recognized as expenses as follows:

Unit :Baht

	2017	2016 ("Restated")
Directors and key managements personnel's remuneration		
Short-term benefits	11,173,129	11,260,644
Directors remuneration	600,000	600,000
Post-employment benefits	242,397	86,414
	12,015,526	11,947,058

26. SECURITIES PLEDGED AND ASSETS RESERVED WITH THE REGISTRAR

As at December 31, 2017 and 2016, certain investment in securities of the Company were deposited with the Registrar (see Note 9) in accordance with the Insurance Act and the Notification of the Office of Insurance Commission regarding "Rates, Rules and Procedures for pledge of unearned premium reserve of Non-Life Insurance Company B.E. 2557" as follows:

Unit :Baht

	2017	2016
Investment in securities used to secure the facilities collateral with the Office of Insurance Commission		
Securities pledged with the registrar		
Deposits at bank with maturity over 3 months	3,500,000	3,500,000
Assets reserved with the registrar		
Deposits at bank with maturity over 3 months	76,359,462	60,247,937
Total investment in securities of pledged	79,859,462	63,747,937

27. CONTRIBUTION TO NON-LIFE GUARANTEE FUND

As at December 31, 2017 and 2016, the Company has accumulated funding amount which was paid into contribution to non-life guarantee fund amounting to Baht 0.70 million and Baht 0.61 million, respectively.

28. LONG-TERM LEASES AND SERVICE AGREEMENTS

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

Where the Company is the lessee

Unit :Baht

Type of lease	Remaining periods		Total rental payment for the remaining periods
	Within 1 year	Over 1 year to 5 years	
As at December 31, 2017			
Rental building and service	5,164,948	5,955,696	11,120,644
	5,164,948	5,955,696	11,120,644
As at December 31, 2016			
Rental building and service	1,502,540	368,430	1,870,970
	1,502,540	368,430	1,870,970

For the years ended December 31, 2017 and 2016, the Company recorded the rental and service under operating agreements as expense in the statements of profit or loss and other comprehensive income amounting to Baht 5.29 million and Baht 5.03 million, respectively.

Where the Company is the lessor

Unit :Baht

Type of lease	Remaining periods		Total rental payment for the remaining periods
	Within 1 year	Over 1 year to 5 years	
As at December 31, 2017			
Rental building and service - related party	3,360,000	2,240,000	5,600,000
	3,360,000	2,240,000	5,600,000
As at December 31, 2016			
Rental building and service - related party	2,240,000	-	2,240,000
	2,240,000	-	2,240,000

For the years ended December 31, 2017 and 2016, the Company recorded the rental and service - related party under operating agreements as income in the statements of profit or loss and other comprehensive income amounting to Baht 3.36 million.

29. INSURANCE AND FINANCIAL RISK MANAGEMENT

29.1 Insurance risk

29.1.1 Insurance risk management policy

Insurance risk may cause from mortality risk, mobility rate, persistency rate or actual expenses ratio which may differ from estimated expenses ratio which may cause negative impact to the Company operating results. The Company sets up product development team to create idea and develop product to meet target group's desirable and support the Company operating strategy under the Company risk management policy.

Moreover, the Company sets up clear underwriting policy standard for each product plan, age and gender. In underwriting process, the Company considers other factors or premium payment ability of the policyholder. The Company need to evaluate the adequacy of insurance contract liabilities and capital adequacy ratio (CAR) to meet and greater than the minimum level required by regulation to ensure that the Company is able to support the risks that may arise in the future.

29.1.2 Sensitivity analysis

The sensitivity analysis is performed on the net loss reserve and outstanding claims, based on changes in assumptions that may affect the level of liabilities. Effect of risk that changes in assumptions as at December 31, 2017 and 2016 is as follows:

Impact on general insurance liabilities to upward changes in key assumptions on gross and net insurance liabilities at 75% confidence level.

Unit : Thousand Baht

As at December 31, 2017	Change in Assumptions	Impact on Gross Liabilities	Impact on Net Liabilities	Impact on Profit Before Tax	Impact on Equity
Ultimate loss ratio in latest accident year	+5% multiplicative	8,464	7,268	(7,268)	(5,814)
Unallocated loss adjustment expense ratio	+20% multiplicative	74	74	(74)	(59)

Unit : Thousand Baht

As at December 31, 2016	Change in Assumptions	Impact on Gross Liabilities	Impact on Net Liabilities	Impact on Profit Before Tax	Impact on Equity
Ultimate loss ratio in latest accident year	+5% multiplicative	15,268	11,708	(11,708)	(9,367)
Unallocated loss adjustment expense ratio	+20% multiplicative	1,727	1,727	(1,727)	(1,382)
Maintenance expenses	+20% multiplicative	2,074	2,074	(2,074)	(1,659)

Impact on general insurance liabilities to downward changes in key assumptions on gross and net insurance liabilities at 75% confidence level.

Unit : Thousand Baht

As at December 31, 2017	Change in Assumptions	Impact on Gross Liabilities	Impact on Net Liabilities	Impact on Profit Before Tax	Impact on Equity
Ultimate loss ratio in latest accident year	-5% multiplicative	(4,793)	(4,117)	4,117	3,294
Unallocated loss adjustment expense ratio	-20% multiplicative	(74)	(74)	74	59

Unit : Thousand Baht

As at December 31, 2016	Change in Assumptions	Impact on Gross Liabilities	Impact on Net Liabilities	Impact on Profit Before Tax	Impact on Equity
Ultimate loss ratio in latest accident year	-5% multiplicative	(9,217)	(7,083)	7,083	5,666
Unallocated loss adjustment expense ratio	-20% multiplicative	(1,727)	(1,727)	1,727	1,382
Maintenance expenses	-20% multiplicative	(2,074)	(2,074)	2,074	1,659

29.1.3 Concentration of insurance risks

Concentration risk is a risk arising from the concentration of reinsuring to one company or concentrating on only one type of insurance in the large and inappropriate amount. The Company managed reinsurance to reduce the concentration risks, the process of selection of the reinsurance company is prioritized where the credit rating will be considered in order to get only quality reinsurance companies. Moreover, the importance of monitoring and assessing the financial stability and diversification of reinsurers are also taken into account.

29.2 Financial instrument risk

29.2.1 Accounting policies

Details of significant accounting policies and methods adopted, including criteria for recognition of revenues and expenses relating to financial assets and financial liabilities are disclosed in Note 4.

For the year ended December 31, 2017 and 2016, the Company has no policy to execute off balance sheet derivative on financial instruments for speculation or commercial purpose.

29.2.2 Liquidity risk

Liquidity risk is a risk arising from lack of ability to pay debt or perform other obligations when such debts or obligations are due.

The Company manages, controls and monitors the liquidity ratio closely to provide sufficient supporting the debt arising from the insurance contract and demanding the money in each time interval. The Company's financial assets mainly comprise cash and deposit at financial institutions which is highly liquid.

29.2.3 Credit risk

Concentrations of the credit risk with respect to premium receivable are insignificant because the Company's customers diverse across different industries and geographic regions in Thailand. The maximum exposure to credit risk is limited to the carrying value of such premium receivable after deduction of allowance for doubtful debts as stated in the statements of financial position.

29.2.4 Interest rate risk

Interest rate risk arises from changes in interest rates which affect the interest income from investments. The Company's investments are include short-term investments with fixed interest rates. The Company manages the risk by considering the risk of investments together with appropriateness of return on such investments.

29.2.5 Fair value measurements

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

Financial assets or financial liabilities not measured at fair value

Cash and cash equivalents, Premium receivable, Accrued investment income, Reinsurance assets, Amount due from reinsurers, Other assets, Held-to-maturity securities, Insurance liabilities, Amount due to reinsurers and Other liabilities; the fair values approximate their carrying values due to the relatively short period to maturity.

29.2.6 Capital management

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

Monitoring the capital level of the Company to be comply with the requirement under the Notifications of the Office of Insurance Commission is conducted.

As at December 31, 2017 and 2016, the Company maintains capital level in compliance with such requirement.

30. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved for issuance by the Company's authorized executive director on April 25, 2018.

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Mr.Thomas Prentice Thomson

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Mr.Thanachat Kaewjaipetch