

***PACIFIC CROSS HEALTH INSURANCE
PUBLIC COMPANY LIMITED***

Financial statements

Year ended December 31, 2018

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 Vilaivaravit
Certified Public Accountant (Thailand)
Registration No. 6797

BANGKOK
April 24, 2019

DELOITTE TOUCHE TOHMATSU JAIYOS AUDIT CO., LTD.

PACIFIC CROSS HEALTH INSURANCE PUBLIC COMPANY LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2018

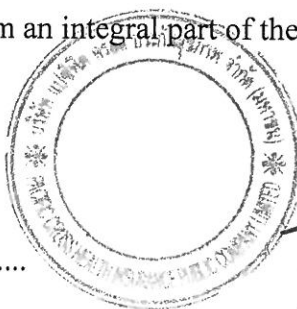
UNIT : BAHT

		As at December 31, 2018	As at December 31, 2017
	Notes		
ASSETS			
Cash and cash equivalents	4	66,102,663	91,120,215
Premium receivables	5	40,859,514	35,667,003
Accrued investment income		1,782,040	752,460
Reinsurance assets	6	101,808,567	37,375,455
Due from reinsurers	7	15,357,475	10,620,303
Investments in securities	8	228,578,133	166,260,344
Equipment	9	2,058,790	4,235,816
Intangible asset	10	422,976	250,531
Other assets	11	3,677,896	3,357,894
TOTAL ASSETS		460,648,054	349,640,021

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, 2018

UNIT : BAHT

	Notes	As at December 31, 2018	As at December 31, 2017
LIABILITIES AND EQUITY			
LIABILITIES			
Insurance contract liabilities	12	216,083,242	163,641,612
Due to reinsurers	13	78,283,765	33,880,921
Employee benefit obligations	14	753,729	792,507
Other liabilities	15	28,979,852	20,871,623
TOTAL LIABILITIES		<u>324,100,588</u>	<u>219,186,663</u>
EQUITY			
SHARE CAPITAL	16		
Authorized share capital			
20,000,000 ordinary shares of Baht 25 each		<u>500,000,000</u>	<u>500,000,000</u>
Issued and paid-up share capital			
20,000,000 ordinary shares of Baht 25 each		500,000,000	500,000,000
ACCUMULATED DEFICIT			
Unappropriated (deficit)		<u>(363,452,534)</u>	<u>(369,546,642)</u>
TOTAL EQUITY		<u>136,547,466</u>	<u>130,453,358</u>
TOTAL LIABILITIES AND EQUITY		<u><u>460,648,054</u></u>	<u><u>349,640,021</u></u>

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, 2018

UNIT : BAHT

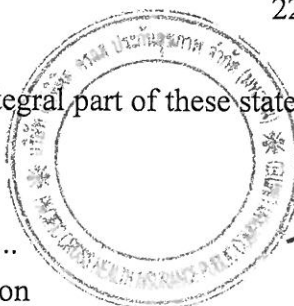
	Notes	2018	2017
Revenues			
Gross premium written		369,612,437	287,657,918
<u>Less</u> Premium ceded		(144,799,451)	(43,328,879)
Net premium written		224,812,986	244,329,039
<u>Less</u> Unearned premium reserve increase			
from previous year		(3,173,981)	(30,766,466)
Net premium earned		221,639,005	213,562,573
Fee and commission income		54,556,551	16,585,070
Net investment income		3,297,261	4,141,752
Other income		5,150,807	4,556,439
Total revenues		284,643,624	238,845,834
Expenses			
Claims incurred		166,744,880	133,361,165
<u>Less</u> Claim recovered from reinsurers		(55,555,871)	(23,401,910)
Commissions and brokerage expenses		51,841,422	38,174,550
Other underwriting expenses		46,241,498	29,549,765
Operating expenses	18	69,675,594	62,651,738
Finance cost		-	1,956,824
Total expenses		278,947,523	242,292,132
Profit (loss) before income tax expense		5,696,101	(3,446,298)
Other comprehensive income (loss)			
Components of other comprehensive income (loss)			
that will not subsequently be reclassified to profit or loss			
Gain (loss) on remeasurements of defined benefit plans, net		398,007	(307,795)
Other comprehensive income (loss) for the year, net of tax		398,007	(307,795)
Net comprehensive income (loss) for the year		6,094,108	(3,754,093)

Earnings (loss) per share

Basic earnings (loss) per share	22	0.28	(0.18)
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Notes to the financial statements form an integral part of these statements

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Mr. Thomas Prentice Thomson



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Mr. Thanachat Kaewjaipetch

PACIFIC CROSS HEALTH INSURANCE PUBLIC COMPANY LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2018

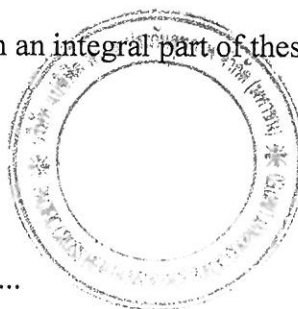
UNIT : BAHT

	Notes	Issued and paid-up share capital	Accumulated deficit Unappropriated (Deficit)	Total equity
Beginning balance as at January 1, 2017		452,000,000	(365,792,549)	86,207,451
Shares capital increased	16	48,000,000	-	48,000,000
Comprehensive loss for the year		-	(3,754,093)	(3,754,093)
Ending balance as at December 31, 2017		<u>500,000,000</u>	<u>(369,546,642)</u>	<u>130,453,358</u>
Beginning balance as at January 1, 2018		500,000,000	(369,546,642)	130,453,358
Comprehensive income for the year		-	6,094,108	6,094,108
Ending balance as at December 31, 2018		<u>500,000,000</u>	<u>(363,452,534)</u>	<u>136,547,466</u>

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, 2018

UNIT : BAHT

	2018	2017
CASH FLOWS USED IN OPERATING ACTIVITIES		
Direct premium written	353,056,303	272,239,859
Cash received from (paid to) reinsurance	(12,987,726)	22,942,732
Other investment income	2,267,682	3,414,653
Other income	5,150,808	4,556,439
Claims incurred from direct insurance	(153,752,263)	(159,976,919)
Commissions and brokerage paid from direct insurance	(48,126,205)	(36,583,912)
Other underwriting expenses	(46,167,578)	(29,690,625)
Operating expenses	(61,623,614)	(58,305,962)
Investment in securities	(62,317,789)	(42,313,322)
Net cash used in operating activities	(24,500,382)	(23,717,057)
CASH FLOWS USED IN INVESTING ACTIVITIES		
Cash paid for purchases of equipment	(1,590)	(89,127)
Cash paid for purchases of intangible assets	(515,580)	(60,000)
Net cash used in investing activities	(517,170)	(149,127)
CASH FLOWS PROVIDED BY FINANCING ACTIVITIES		
Cash received from the capital increase	-	48,000,000
Net cash provided by financing activities	-	48,000,000
Net increase (decrease) in cash and cash equivalents	(25,017,552)	24,133,816
Cash and cash equivalents as at January 1,	91,120,215	66,986,399
Cash and cash equivalents as at December 31,	66,102,663	91,120,215

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, 2018

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.

The Company has extensive transactions and relationships with the related parties. Accordingly, the accompanying financial statements may not necessarily be indicative of the conditions that would have existed or the results of operations that would have occurred if the Company had operated without such affiliation.

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 2017) "Presentation of Financial Statements", which was effective for financial periods beginning on or after January 1, 2018 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, 2018. 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

2.5.1 Thai Financial Reporting Standards which will be effective for the financial statements with fiscal years beginning on or after January 1, 2019

New Thai Financial Reporting Standards and Thai Financial Reporting Standard Interpretation

The Federation of Accounting Professions has issued the Notification regarding Thai Financial Reporting Standards and Thai Financial Reporting Standard Interpretation which have been announced in the Royal Gazette and will be effective for the financial statements for the period beginning on or after January 1, 2019 onwards.

Thai Financial Reporting Standards (“TFRS”)

TFRS 1 First-time Adoption of International Financial Reporting Standards

TFRS 15 Revenue from Contracts with Customers

Thai Financial Reporting Standard Interpretation (“TFRIC”)

TFRIC 22 Foreign Currency Transactions and Advance Consideration

There is the key change to the core principle of Thai Financial Reporting Standard No.15 “Revenue from Contracts with Customers” which introduces a 5-step approach to revenue recognition, as follow:

Step 1: Identify the contract(s) with a customer

Step 2: Identify the performance obligations in the contract.

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation

Under Thai Financial Reporting Standard No. 15, an entity recognizes revenue when (or as) a performance obligation is satisfied. Thai Financial Reporting Standard No.15 will supersede the Standards and Interpretations relating to revenue upon its effective date.

Thai Financial Reporting Standards (TFRSs) Revised 2018

The Federation of Accounting Professions has issued the Notification regarding Thai Financial Reporting Standards (TFRSs) Revised 2018 which have been announced in the Royal Gazette and will be effective for the financial statements for the period beginning on or after January 1, 2019 onwards. 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 reference to other TFRSs except following TFRSs, which there are revision or additional paragraph and accounting guidance.

Thai Accounting Standard No. 28 (Revised 2018) “Investment in Associates and Joint Ventures” clarifies about the election of measurement an investment in an associate or a joint venture at fair value through profit or loss, and clarifies the consideration about the impairment of an investment in an associate or a joint venture. This accounting standard requires retrospective method for such amendment.

Thai Accounting Standard No. 40 (Revised 2018) “Investment Property” clarifies about transfers of investment property to, or from, other accounts when, and only when, there is a change in use. This accounting standard requires prospective method for such amendment.

Thai Financial Reporting Standard No. 2 (Revised 2018) “Share-based Payment” adds the requirements, which require prospective method for the amendment as follows:

- 1) The requirement about treatment of vesting and non-vesting for a cash-settled share-based payment transaction
- 2) The requirement about share-based payment transactions with a net settlement feature for withholding tax obligations
- 3) The requirement about accounting for a modification of a share-based payment transaction that changes its classification from cash-settled to equity-settled

Thai Financial Reporting Standard No. 4 (Revised 2018) “Insurance Contracts” determines the option for insurance industry to temporarily exempt from applying Thai Financial Reporting Standard No.9 “Financial Instruments”. An entity can elect to exempt from Thai Financial Reporting Standard No.9 “Financial Instruments” for annual periods beginning before January 1, 2022 or before Thai Financial Reporting Standard No.17 “Insurance Contracts” is effective.

2.5.2 Thai Financial Reporting Standards which will be effective for the financial statements with fiscal years beginning on or after January 1, 2020

The Federation of Accounting Professions has issued the Notification regarding Thai Accounting Standards, Thai Financial Reporting Standards and Thai Financial Reporting Standard Interpretation which have been announced in the Royal Gazette and will be effective for the financial statements for the period beginning on or after January 1, 2020 onwards, as follows:

Group of Financial Instruments Standards

Thai Accounting Standards (“TAS”)

TAS 32 Financial Instruments :Presentation

Thai Financial Reporting Standards (“TFRS”)

TFRS 7 Financial Instruments :Disclosures

TFRS 9 Financial Instruments

Thai Financial Reporting Standard Interpretations (“TFRIC”)

TFRIC 16 Hedges of a Net Investment in a Foreign Operation

TFRIC 19 Extinguishing Financial Liabilities with Equity Instruments

These group of Standards make stipulations relating to the classification of financial instruments and their measurement at fair value or amortized cost; taking into account the type of instrument, the characteristics of the contractual cash flows and the Company’s business model, the calculation of impairment using the expected credit loss method, and the concept of hedge accounting. These include stipulations regarding the presentation and disclosure of financial instruments. These Standards will supersede the Standards and Interpretations relating to the financial instruments upon its effective date.

Thai Financial Reporting Standards No.16 “Leases”

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

The Company’s management will adopt 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.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 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.

3.2 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.

Fee and commission income

Fee and commission 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.

Other income

Other income is recognized as income on an accrual basis.

Premiums ceded

Premiums ceded is recognized as a deduction from premium income when the insurance risk is transferred to another reinsurer.

Claims and losses adjustment expenses

Claims and losses adjustment expenses consist of claims and losses adjustment expenses of direct insurance and reinsurance of both reported claims and not reported claims, and are stated at the amounts of the claims, related expenses, and claims adjustments of the current and prior period incurred during the year, less residual value and other recoveries, if any, and claim recovery from reinsurers.

Claims and losses adjustment expenses of direct insurance are recognized upon the receipt of the claims advice from the insured, based on the claims notified by the insured and estimates made by the Company's management. The maximum value of claims estimated is not however, to exceed the sum-insured under the relevant policy and claims and losses adjustment expenses of reinsurance are recognized when the reinsurer places the loss advice with the Company.

Claim recovery from reinsurers

Claims recovery from reinsurers is recognized when claims and loss adjustment expenses are recorded. They are estimated as proportion and condition relevant to reinsurance contracts. The Company presents the claims recoverable amount as a deduction from gross claims.

Commissions and brokerages and other expenses

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

3.3 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.

3.4 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.

3.5 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.

3.6 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.

3.7 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.

3.8 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

3.9 Intangible assets

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

Amortization is recognized in the statement of profit or loss and other comprehensive income calculated on the straight-line method based on the estimated useful life of each intangible asset. The estimated useful live is as follow:

Computer software	3 years
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3.10 Insurance liabilities

3.10.1 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.

3.10.2 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.

3.10.3 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.

3.11 Employee benefit

3.11.1 Provident fund

The Company sets provident fund which is contributory by the employee and the Company. 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.

3.11.2 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.

The Company recognized all gains (losses) on remeasurements of defined benefit plans arising from provisions for employee benefit in other comprehensive income and all expenses related to provisions for employee benefit in the statement of profit or loss and other comprehensive income.

Past service cost related to the plan amendment is recognized as an expense in the statement of profit or loss and other comprehensive income when the plan amendment is effective.

3.12 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 3.2

3.13 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.

3.14 Basic earnings (loss) per share

Basic earnings (loss) per share is calculated by dividing net profit (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 earnings (loss) per share is calculated by dividing net profit (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.

3.15 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.

3.16 Fair value measurements

In estimating the fair value of an asset or a liability, The Company takes into account the characteristics of the asset or liability if a producer or supplier of a marketable good would take those characteristics into the consideration the price that would be received to sell an asset or paid to transfer a liability at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. Fair value for disclosure in the financial statements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2 inputs are inputs, other than quoted prices included within Level 1, which are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability.

4. CASH AND CASH EQUIVALENTS

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

	2018	Unit : Baht 2017
Cash on hands	28,695	26,355
Deposits at bank without fixed maturity dates	66,073,968	91,093,860
Total cash and cash equivalents	<u>66,102,663</u>	<u>91,120,215</u>

5. PREMIUM RECEIVABLES

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

	2018	Unit : Baht 2017
Within credit terms	13,586,312	12,108,431
Less than 30 days	12,416,392	11,860,984
31 - 60 days	7,762,729	6,828,475
61 - 90 days	4,197,811	3,032,782
Over 90 days	3,211,614	2,363,005
Total	<u>41,174,858</u>	<u>36,193,677</u>
Less Allowance for doubtful accounts	315,344	526,674
Total premium receivables	<u>40,859,514</u>	<u>35,667,003</u>

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 policies and procedures.

6. REINSURANCE ASSETS

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

	2018	Unit : Baht 2017
Insurance reserve refundable from reinsurers		
Claim reserves	28,056,681	3,440,091
Unearned premium reserve		
- Unearned reinsurance premium reserve	73,751,886	33,935,364
Total reinsurance assets (see Note 12)	<u>101,808,567</u>	<u>37,375,455</u>

7. DUE FROM REINSURERS

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

	2018	Unit : Baht 2017
Due from reinsurers	<u>15,357,475</u>	<u>10,620,303</u>

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

	2018	Unit : Baht 2017
Within credit terms	<u>15,357,475</u>	<u>10,620,303</u>
Total due from reinsures	<u>15,357,475</u>	<u>10,620,303</u>

8. INVESTMENT IN SECURITIES

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

	Interest rate		Cost method	
	2018	2017	2018	2017
	% p.a.	% p.a.	Baht	Baht
Held-to-maturity securities				
Deposits at bank with maturity over 3 months	0.60 - 2.38	0.75 - 2.38	<u>228,578,133</u>	<u>166,260,344</u>
Total investment in securities			<u>228,578,133</u>	<u>166,260,344</u>

As at December 31, 2018 and 2017, investments in securities at carrying value of Baht 78.56 million and Baht 79.86 million, respectively, are deposited as collateral with the Registrar and assets reserved with the Registrar (see Note 25).

9. EQUIPMENT

Equipment as at December 31, consisted of the following:

	Cost			Accumulated depreciation			Unit : Baht	
	As at January 1, 2018	Increase	Disposal / Write off	As at December 31, 2018	Depreciation	Disposal / Write off	Equipment - net as at January 1, 2018	Equipment - net as at December 31, 2018
Furniture and fixtures	6,723,207	-	-	6,723,207	(1,344,641)	-	2,349,760	1,005,119
Office equipment	5,417,039	1,590	(155,657)	5,262,972	(833,961)	155,643	1,886,056	1,053,671
Total	12,140,246	1,590	(155,657)	11,986,179	(2,178,602)	155,643	4,235,816	2,058,790

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

Depreciation for the years ended of December 31, 2018 and 2017 in amount of Baht 2.18 million and Baht 2.17 million, respectively, were included in operating expenses.

As at December 31, 2018 and 2017, certain equipment at cost of Baht 1.11 million and Baht 1.27 million, respectively, were fully depreciated but still in use.

11. OTHER ASSETS

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

	2018	Unit : Baht 2017
Prepaid expenses	501,139	352,030
Deposits	1,548,148	1,271,117
Others	1,628,609	1,734,747
Total other assets	<u>3,677,896</u>	<u>3,357,894</u>

12. INSURANCE CONTRACT LIABILITIES

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

	As at December 31, 2018		Unit : Baht
	Insurance contract liabilities	Reinsurance liabilities (see Note 6)	Net
Claim reserves			
Claim incurred and agreed	22,160,950	(25,217,274)	(3,056,324)
Claim incurred but not reported	11,446,644	(2,839,407)	8,607,237
Premium reserve			
Unearned Premium reserve	182,475,648	(73,751,886)	108,723,762
Total	<u>216,083,242</u>	<u>(101,808,567)</u>	<u>114,274,675</u>

	As at December 31, 2017		Unit : Baht
	Insurance contract Liabilities	Reinsurance liabilities (see Note 6)	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	<u>163,641,612</u>	<u>(37,375,455)</u>	<u>126,266,157</u>

12.1 Insurance reserve for short term insurance contract

12.1.1 Claim reserves

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

	2018	Unit : Baht 2017
Balance as at beginning of years	24,156,468	55,189,581
Claim incurred during the years	171,317,493	138,893,939
Changing in estimated claim and assumptions used in calculating claim reserve	(4,572,613)	(11,147,426)
Claim paid during the years	<u>(157,293,754)</u>	<u>(158,779,626)</u>
Balance as at ending of years	<u>33,607,594</u>	<u>24,156,468</u>

12.1.2 Unearned premium reserve

Unearned premium reserve as at December 31, consisted of the following:

	2018	Unit : Baht 2017
Balance as at beginning of years	139,485,144	107,485,670
Premium written for the years	369,612,437	287,657,918
Earned premium for the years	<u>(326,621,933)</u>	<u>(255,658,444)</u>
Balance as at ending of years	<u>182,475,648</u>	<u>139,485,144</u>

12.1.3 Unexpired risk reserve

As at December 31, 2018 and 2017, no additional reserve for unexpired risk reserve has been established as the unexpired risk reserve estimated by the Company amounting to Baht 112.21 million and Baht 91.72 million, respectively, are lower than the unearned premium reserve.

12.1.4 Claims development tables

As at December 31, 2018

Accident year/ reported year	2014	2015	2016	2017	2018	Unit: Baht Total
Estimate of ultimates:						
- End of accident year			202,097,346	135,247,450	163,511,359	
- One year later		114,474,740	194,724,087	132,741,870		
- Two year later	1,164,439	114,639,456	194,577,769			
- Three year later	1,164,439	114,630,803				
- Four year later	1,164,439					
Absolute estimated loss	1,164,439	114,630,803	194,577,769	132,741,870	163,511,359	606,626,240
reserve and outstanding claim	1,164,439	114,630,803	194,577,769	132,576,794	132,011,494	574,961,299
Accumulative claim paid	-	-	-	165,076	31,499,865	31,664,941
Adjustment case reserve - accounting						217,637
Reinsurance						1,283,308
Accumulative claim paid						33,165,886
Unallocated loss adjustment expense						441,708
						<u>33,607,594</u>

As at December 31, 2017

Accident year/ reported year	2013	2014	2015	2016	2017	Unit: Baht 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
						<u>24,156,468</u>

13. DUE TO REINSURERS

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

	2018	Unit : Baht 2017
Amount withheld on reinsurance	43,295,731	12,996,750
Reinsurance payables	34,988,034	20,884,171
Total due to reinsurers	<u>78,283,765</u>	<u>33,880,921</u>

14. EMPLOYEE BENEFIT OBLIGATIONS

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

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

	2018	Unit : Baht 2017
Current service cost	354,978	127,731
Interest cost	24,251	11,605
	<u>379,229</u>	<u>139,336</u>

Movements in the present value of the employee benefit obligations for the years ended December 31, are as follows:

	2018	Unit : Baht 2017
Employee benefit obligations brought forward	792,507	345,376
Included in profit or loss:		
Current service cost	354,978	127,731
Interest cost	24,251	11,605
Actuarial (gain) loss arising from		
Financial assumptions changes	10,208	(130,487)
Demographic assumptions changes	(223,998)	355,332
Experience adjustments	(184,217)	82,950
Benefits paid during the year	(20,000)	-
Employee benefit obligations carried forward	<u>753,729</u>	<u>792,507</u>

The Labor Protection Act (No. 7) B.E. 2562 has been announced in the Royal Gazette on April 5, 2019, which will be effective after 30 days from the date announced in Royal Gazette. This Labor Protection Act stipulates additional legal severance pay rates for employees who have worked for an uninterrupted period of twenty years or more. Such employees are entitled to receive compensation of not less than 400 days at the employees' latest wage rate. This change is considered an amendment to post-employment benefits plan. The Company will reflect the effect of such change by recognizing past service cost as an expense in the statement of profit or loss and other comprehensive income of the period in which the law is effective (see Note 29).

The principal assumptions used for the purpose of the actuarial valuations for calculation of defined benefit obligations as at December 31, 2018 and 2017 are as follows:

	2018	2017
Retirement age	60 years	60 years
Mortality rate	Thai Mortality Table 2017	Thai Mortality Table 2017
Personnel turnover rate	15% - 40% p.a.	10% - 30% p.a.
Discount rate	2.85% p.a.	3.06% p.a.
Expected salary incremental rate	1% - 5% p.a.	1% - 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:

	2018	Unit : Baht 2017
Salary incremental rate - 1% increase	48,549	50,440
Salary incremental rate - 1% decrease	(44,046)	(46,391)
Personnel turnover rate - 1% increase	(60,153)	(55,452)
Personnel turnover rate - 1% decrease	67,581	61,393
Discount rate - 1% increase	(49,163)	(47,357)
Discount rate - 1% decrease	55,081	52,506

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.

15. OTHER LIABILITIES

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

	2018	Unit : Baht 2017
Commissions and brokerages payables	8,164,490	5,708,049
Other accrued expenses	15,413,311	11,007,663
Premium received in advance	2,930,050	1,834,914
Others	2,472,001	2,320,997
Total other liabilities	<u>28,979,852</u>	<u>20,871,623</u>

16. SHARE CAPITAL

On February 20, 2017, the Extraordinary General Meeting of Shareholders approved the increase in the authorized share capital of the Company from Baht 452,000,000 to Baht 470,000,000 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 Baht 470,000,000 to Baht 485,000,000 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 Baht 485,000,000 to Baht 500,000,000 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.

17. 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 years end December 31, 2018 and 2017, there are no underwriting income with a single external customer contributed 10% or more to the Company's total revenue.

18. OPERATING EXPENSE

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

	2018	Unit : Baht 2017
Employee expenses	36,761,627	35,105,349
Rental of equipment, building and service expenses	4,843,727	4,825,033
Tax and duties	131,807	173,630
Depreciation and amortization expenses	2,521,737	2,618,550
Doubtful debt expenses	(204,537)	526,674
Profession fees	3,000,000	3,370,000
Other operating expenses	22,621,233	16,032,502
Total Operating expenses	<u>69,675,594</u>	<u>62,651,738</u>

19. EXPENSE BY NATURE

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

	2018	Unit : Baht 2017
Employee expenses		
Salary and wages	37,618,963	35,786,285
Employee benefit expenses	228,328	139,336
Provident fund	836,290	800,623
Other benefits	733,074	784,796
Total employee expenses	<u>39,416,655</u>	<u>37,511,040</u>

20. PROVIDENT FUND

The Company and its employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Employees and the Company contribute to the fund monthly at the rate of 2 percent to 15 percent and 4 percent, respectively 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, 2018 and 2017, the Company's contributions recorded as expenses in the statements of profit or loss and other comprehensive income were Baht 0.84 million and Baht 0.80 million, respectively.

21. INCOME TAX EXPENSES

The Company used tax rate of 20% for corporate income tax calculation for the years ended December 31, 2018 and 2017. 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. For the year ended December 31, 2018, the Company had net profit but no income tax expense because the Company had tax loss carried forward which could be used as expense for tax purpose in the calculation of corporate income tax and for the years ended December 31, 2017, 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.

Reconciliation of effective tax rate for the year ended December 31, 2018 are as follows:

	Rate (%)	Unit : Baht 2018
Profit before tax expense		5,696,101
Income tax using the Thai corporation tax rate	20	1,139,220
Current year losses for which no deferred tax asset was recognized		(1,157,181)
Non deduction expenditure - net		17,961
Total	-	-

Deferred tax assets that have not been recognized in the financial statements as at December 31, are as follows:

	2018	Unit : Baht 2017
Losses carry forward	73,294,893	81,204,383
Others	2,355,247	5,467,757
Total	<u>75,650,140</u>	<u>86,672,140</u>

As at December 31, 2017, the Company has not recognized temporary difference as deferred tax assets in respect of loss carry forward expired in 2018 - 2022 and no maturity temporary differences under current tax legalization recognized in respect of these items, because it is not probable that future taxable profit will be available against which the Company can utilize the benefits from them.

As at December 31, 2018, the Company have not recognized temporary difference as deferred tax assets in respect of loss carry forward expired in 2019 - 2023 and no maturity temporary differences under current tax legalization recognized in respect of these items, because it is not probable that future taxable profit will be available against which the Company can utilize the benefits from them.

22. BASIC EARNINGS (LOSS) PER SHARE

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

	2018	2017
Net profit (loss) (Baht)	5,696,101	(3,446,298)
Weight average number of share capital (share)	20,000,000	18,992,329
Basic earnings (loss) per share (Baht)	<u>0.28</u>	<u>(0.18)</u>

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

	2018	2017
Number of ordinary shares outstanding at the beginning of the periods	20,000,000	18,080,000
Average number of ordinary shares in issue during the periods		
(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	<u>20,000,000</u>	<u>18,992,329</u>

As at December 31, 2018 and 2017, the Company does not have any common share equivalents outstanding which would have had a dilutive effect on loss per share.

23. 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	Related company	Legal services

Significant balances with related parties as at December 31, are as follows:

	2018	Unit : Baht 2017
Accrued rental and service income		
Major shareholder	-	299,600
Underwriting and loss adjustment payable		
Major shareholder	4,129,782	2,982,422

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

	2018	Unit :Baht 2017
Rental and service income		
Major shareholder	3,360,000	3,360,000
Underwriting and loss adjustment expense		
Major shareholder	29,684,745	23,256,559
Legal consulting fee		
Related company	55,380	88,430

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

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

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

24. DIRECTORS AND KEY MANAGEMENT PERSONNEL'S REMUNERATION

During the years ended December 31, 2018 and 2017, the Company had salaries, bonuses, directors allowances and other benefits of its directors and key management personnel recognized as expenses as follows:

	2018	Unit :Baht 2017
Directors and key managements personnel's remuneration		
Short-term benefits	13,829,887	11,173,129
Directors remuneration	450,000	600,000
Post-employment benefits	308,434	242,397
Total directors and key managements personnel's remuneration	<u>14,588,321</u>	<u>12,015,526</u>

25. SECURITIES PLEDGED AND ASSETS RESERVED WITH THE REGISTRAR

As at December 31, 2018 and 2017, certain investment in securities of the Company were deposited with the Registrar (see Note 8) 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:

	2018	Unit :Baht 2017
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	75,060,760	76,359,462
Total investment in securities of pledged	<u>78,560,760</u>	<u>79,859,462</u>

26. CONTRIBUTION TO NON-LIFE GUARANTEE FUND

As at December 31, 2018 and 2017, the Company has accumulated contribution amount which was paid into contribution to non-life guarantee fund amounting to Baht 0.89 million and Baht 0.70 million, respectively.

27. LONG-TERM LEASES AND SERVICE AGREEMENTS

Long-term leases and service agreements as at December 31, 2018 and 2017, consisted of the following:

Where the Company is the lessee

Type of lease	Unit :Baht		
	Remaining periods		Total rental
	Within 1 year	Over 1 year to 5 years	payment for the remaining periods
As at December 31, 2018			
Rental building and service	5,265,454	2,093,966	7,359,420
	<u>5,265,454</u>	<u>2,093,966</u>	<u>7,359,420</u>
As at December 31, 2017			
Rental building and service	5,164,948	5,955,696	11,120,644
	<u>5,164,948</u>	<u>5,955,696</u>	<u>11,120,644</u>

For the years ended December 31, 2018 and 2017, 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 5.31 million and Baht 5.29 million, respectively.

Where the Company is the lessor

Type of lease	Unit :Baht		
	Remaining periods Within 1 year	Over 1 year to 5 years	Total rental payment for the remaining periods
As at December 31, 2018			
Rental building and service - related party	2,240,000	-	2,240,000
	<u>2,240,000</u>	<u>-</u>	<u>2,240,000</u>
As at December 31, 2017			
Rental building and service - related party	3,360,000	2,240,000	5,600,000
	<u>3,360,000</u>	<u>2,240,000</u>	<u>5,600,000</u>

For the years ended December 31, 2018 and 2017, 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.

28. INSURANCE AND FINANCIAL RISK MANAGEMENT

28.1 Insurance risk

28.1.1 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.

28.1.2 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, 2018 and 2017 is as follows:

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

As at December 31, 2018	Change in Assumptions	Impact on Gross Liabilities	Impact on Net Liabilities	Unit : Thousand Baht	
				Impact on Profit Before Tax	Impact on Equity
Ultimate loss ratio in latest accident year	+5% multiplicative	9,219	6,430	(6,430)	(5,144)
Unallocated loss adjustment expense ratio	+20% multiplicative	102	102	(102)	(81)

As at December 31, 2017	Change in Assumptions	Impact on Gross Liabilities	Impact on Net Liabilities	Unit : Thousand Baht	
				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)

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

As at December 31, 2018	Change in Assumptions	Impact on Gross Liabilities	Impact on Net Liabilities	Unit : Thousand Baht	
				Impact on Profit Before Tax	Impact on Equity
Ultimate loss ratio in latest accident year	-5% multiplicative	(9,219)	(6,430)	6,430	5,144
Unallocated loss adjustment expense ratio	-20% multiplicative	(102)	(102)	102	81

As at December 31, 2017	Change in Assumptions	Impact on Gross Liabilities	Impact on Net Liabilities	Unit : Thousand Baht	
				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

28.1.3 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.

28.2 Financial instrument risk

28.2.1 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 3.

For the years ended December 31, 2018 and 2017, the Company has no policy to execute off balance sheet derivative on financial instruments for speculation or commercial purpose.

28.2.2 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.

28.2.3 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.

28.2.4 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.

28.2.5 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, Amount due to reinsurers and Other liabilities; the fair values approximate their carrying values due to the relatively short period to maturity.

28.2.6 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, 2018 and 2017, the Company maintains capital level in compliance with such requirement.

29. EVENT AFTER THE REPORTING PERIOD

The Labor Protection Act (No. 7) B.E. 2562 has been announced in the Royal Gazette on April 5, 2019. The Company will additionally recognize past service cost in the financial statements when the law is effective.

30. APPROVAL OF THE FINANCIAL STATEMENTS

These financial statements were approved for issuance by the Company's authorized executive director on April 24, 2019.



Mr. Thomas Prentice Thomson



Mr. Thanachat Kaewjaipetch

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