

Thaire Life Assurance Public Company Limited
Review report and interim financial statements
31 March 2018

Independent Auditor's Report on Review of Interim Financial Information

To the Shareholders of Thaire Life Assurance Public Company Limited

I have reviewed the accompanying statement of financial position, in which the equity method is applied, of Thaire Life Assurance Public Company Limited as at 31 March 2018, the statements of income, comprehensive income, changes in owners' equity and cash flows, in which the equity method is applied, for the three-month period then ended, as well as the condensed notes to the financial statements. I have also reviewed the separate financial information of Thaire Life Assurance Public Company Limited for the same period. Management is responsible for the preparation and presentation of this interim financial information in accordance with Thai Accounting Standard 34 Interim Financial Reporting. My responsibility is to express a conclusion on this interim financial information based on my review.

Scope of Review

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

Conclusion

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

Narissara Chaisuwan

Certified Public Accountant (Thailand) No. 4812

EY Office Limited

Bangkok: 8 May 2018

Thaire Life Assurance Public Company Limited

Statement of financial position

As at 31 March 2018

(Unit: Baht)

	Note	Financial statements		Separate financial statements	
		in which the equity method is applied			
		31 March 2018	31 December 2017	31 March 2018	31 December 2017
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
Assets					
Cash and cash equivalents	3	342,954,002	212,087,690	342,954,002	212,087,690
Accrued investment income		8,943,582	9,242,150	8,943,582	9,242,150
Reinsurance assets	4	3,568,802	4,015,200	3,568,802	4,015,200
Reinsurance receivables	5	239,085,788	212,172,855	239,085,788	212,172,855
Investment assets					
Investments in securities - net	6	1,730,330,311	1,756,626,673	1,730,330,311	1,756,626,673
Loans	7	76,291	120,379	76,291	120,379
Investments in associates	8.1	17,117,061	18,586,214	21,684,234	21,684,234
Premises and equipment - net	9	46,185,482	46,319,442	46,185,482	46,319,442
Intangible assets - net	10	40,968,108	40,278,981	40,968,108	40,278,981
Deferred tax assets	11.1	34,936,645	28,150,584	34,936,645	28,150,584
Other assets					
Deferred commission expenses - net		61,834,262	65,652,194	61,834,262	65,652,194
Others		20,148,167	3,812,535	20,148,167	3,812,535
Total assets		2,546,148,501	2,397,064,897	2,550,715,674	2,400,162,917
Liabilities and owners' equity					
Liabilities					
Insurance contract liabilities	12	566,324,810	578,361,292	566,324,810	578,361,292
Due to reinsurers	13	254,901,353	181,944,707	254,901,353	181,944,707
Income tax payable		94,204,608	71,439,987	94,204,608	71,439,987
Employee benefit obligations		10,158,460	9,087,919	10,158,460	9,087,919
Other liabilities					
Accrued expenses		3,222,176	2,529,686	3,222,176	2,529,686
Deferred commission income - net		53,532	60,249	53,532	60,249
Others		6,622,555	10,176,891	6,622,555	10,176,891
Total liabilities		935,487,494	853,600,731	935,487,494	853,600,731
Owners' equity					
Share capital					
Registered, issued and paid-up					
600,000,000 ordinary shares of Baht 1 each		600,000,000	600,000,000	600,000,000	600,000,000
Share premium		79,162,825	79,162,825	79,162,825	79,162,825
Retained earnings					
Appropriated - statutory reserve		60,000,000	60,000,000	60,000,000	60,000,000
Unappropriated		829,351,361	761,494,365	832,153,757	763,441,126
Other component of owners' equity		42,146,821	42,806,976	43,911,598	43,958,235
Total owners' equity		1,610,661,007	1,543,464,166	1,615,228,180	1,546,562,186
Total liabilities and owners' equity		2,546,148,501	2,397,064,897	2,550,715,674	2,400,162,917
		-	-	-	-

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

Directors

(Unaudited but reviewed)

Thaire Life Assurance Public Company Limited**Statement of income****For the three-month period ended 31 March 2018**

(Unit: Baht)

	Note	Financial statements		Separate financial statements	
		in which the equity method is applied		2018	2017
		2018	2017	2018	2017
Revenues					
Reinsurance premium written		548,220,323	464,247,820	548,220,323	464,247,820
Less: Reinsurance premium ceded		(5,135,821)	(5,468,222)	(5,135,821)	(5,468,222)
Net reinsurance premium written		543,084,502	458,779,598	543,084,502	458,779,598
Add: Unearned premium reserves					
decreased from prior period		14,038,129	18,076,449	14,038,129	18,076,449
Earned premium		557,122,631	476,856,047	557,122,631	476,856,047
Commission income		964,129	91,369	964,129	91,369
Share of profit (loss) from investments in associates,					
accounted for under the equity method	8.3	(855,635)	1,949,518	-	-
Net investment revenue		8,673,530	7,970,244	8,673,530	7,970,244
Gains on investments		9,319,287	103,693	9,319,287	103,693
Fair value gain (loss)		(2,343,649)	1,923,300	(2,343,649)	1,923,300
Other income		1,436,963	579,402	1,436,963	579,402
Total revenues		574,317,256	489,473,573	575,172,891	487,524,055
Expenses					
Long-term insurance policy reserves increased (decreased)					
from prior period		19,582,584	(1,671,224)	19,582,584	(1,671,224)
Gross benefits and claims		305,185,195	211,663,587	305,185,195	211,663,587
Less: claims recovered from reinsurers		(1,030,574)	(1,218,495)	(1,030,574)	(1,218,495)
Commission expenses		141,638,155	112,981,885	141,638,155	112,981,885
Other underwriting expenses		5,933,371	5,313,182	5,933,371	5,313,182
Operating expenses		18,313,707	16,204,930	18,313,707	16,204,930
Total expenses		489,622,438	343,273,865	489,622,438	343,273,865
Profit before income tax expenses		84,694,818	146,199,708	85,550,453	144,250,190
Income tax expenses	11.2	(16,159,739)	(28,010,565)	(16,159,739)	(28,010,565)
Profit for the period		68,535,079	118,189,143	69,390,714	116,239,625
Earnings per share					
15					
Basic earnings per share					
Profits for the period		0.11	0.20	0.12	0.19

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

(Unaudited but reviewed)

Thaire Life Assurance Public Company Limited**Statement of comprehensive income****For the three-month period ended 31 March 2018**

(Unit: Baht)

	Financial statements		Separate financial statements	
	in which the equity method is applied			
	2018	2017	2018	2017
Profit for the period	68,535,079	118,189,143	69,390,714	116,239,625
Other comprehensive income				
Items to be recognised in statement of income in subsequent periods:				
Share of other comprehensive income from associates				
- Exchange differences on translation of financial statements in foreign currency	(613,518)	-	-	-
- Gains on revaluation of available-for-sale investments	-	8,045	-	-
Gain (loss) on revaluation of available-for-sale investments	(58,296)	24,815,284	(58,296)	24,815,284
Add (less): Income tax expenses	11,659	(4,963,057)	11,659	(4,963,057)
Items to be recognised in statement of income in subsequent periods - net of income taxes	(660,155)	19,860,272	(46,637)	19,852,227
Items not to be recognised in statement of income in subsequent periods:				
Share of other comprehensive income from an associate - actuarial losses	-	(44,467)	-	-
Actuarial losses	(847,604)	(3,282,753)	(847,604)	(3,282,753)
Add: Income tax	169,521	656,551	169,521	656,551
Items not to be recognised in statement of income in subsequent periods - net of income taxes	(678,083)	(2,670,669)	(678,083)	(2,626,202)
Other comprehensive income (loss) for the period	(1,338,238)	17,189,603	(724,720)	17,226,025
Total comprehensive income for the period	67,196,841	135,378,746	68,665,994	133,465,650

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

(Unaudited but reviewed)

Thaire Life Assurance Public Company Limited

Statement of cash flows

For the three-month period ended 31 March 2018

(Unit: Baht)

	Financial statements			
	in which the equity method is applied		Separate financial statements	
	2018	2017	2018	2017
Cash flows from (used in) operating activities				
Cash received from reinsurance	124,769,995	141,307,302	124,769,995	141,307,302
Interest income	4,504,572	7,288,588	4,504,572	7,288,588
Dividend income	5,753,932	3,922,282	5,753,932	3,922,282
Other income (expense)	8,286,212	(44,125)	8,286,212	(44,125)
Other underwriting expenses	(5,841,562)	(5,505,509)	(5,841,562)	(5,505,509)
Operating expenses	(22,037,117)	(14,137,190)	(22,037,117)	(14,137,190)
Income tax expenses	(208,577)	(703,581)	(208,577)	(703,581)
Investments in securities	17,431,622	(151,841,835)	17,431,622	(151,841,835)
Loans	44,088	42,594	44,088	42,594
Purchase of investments in an associate	-	(11,195,880)	-	(11,195,880)
Net cash from (used in) operating activities	132,703,165	(30,867,354)	132,703,165	(30,867,354)
Cash flows from (used in) investing activities				
Disposals of equipment	1,110,000	-	1,110,000	-
Purchases of equipment	(1,171,427)	(589,249)	(1,171,427)	(589,249)
Purchases of intangible assets	(1,775,426)	(973,559)	(1,775,426)	(973,559)
Net cash used in investing activities	(1,836,853)	(1,562,808)	(1,836,853)	(1,562,808)
Net increase (decrease) in cash and cash equivalents	130,866,312	(32,430,162)	130,866,312	(32,430,162)
Cash and cash equivalents at beginning of the period	212,087,690	181,912,145	212,087,690	181,912,145
Cash and cash equivalents at end of the period	342,954,002	149,481,983	342,954,002	149,481,983

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

(Unaudited but reviewed)

Thaire Life Assurance Public Company Limited
Statement of changes in owners' equity
For the three-month period ended 31 March 2018

(Unit: Baht)

	Financial statements in which the equity method is applied							
	Issued and paid-up share capital	Share premium	Retained earnings		Other component of owners' equity			Total owners' equity
			Appropriated - statutory reserve	Unappropriated	Exchange differences on translation of financial statements in foreign currency	Revaluation surplus on available-for-sale investments - net of income taxes	Total other component of owners' equity	
Balance as at 1 January 2017	600,000,000	79,162,825	60,000,000	569,482,472	-	4,369,813	4,369,813	1,313,015,110
Profit for the period	-	-	-	118,189,143	-	-	-	118,189,143
Other comprehensive income (loss) for the period	-	-	-	(2,670,669)	-	19,860,272	19,860,272	17,189,603
Balance as at 31 March 2017	<u>600,000,000</u>	<u>79,162,825</u>	<u>60,000,000</u>	<u>685,000,946</u>	<u>-</u>	<u>24,230,085</u>	<u>24,230,085</u>	<u>1,448,393,856</u>
Balance as at 1 January 2018	600,000,000	79,162,825	60,000,000	761,494,365	(1,121,566)	43,928,542	42,806,976	1,543,464,166
Profit for the period	-	-	-	68,535,079	-	-	-	68,535,079
Other comprehensive loss for the period	-	-	-	(678,083)	(613,518)	(46,637)	(660,155)	(1,338,238)
Balance as at 31 March 2018	<u>600,000,000</u>	<u>79,162,825</u>	<u>60,000,000</u>	<u>829,351,361</u>	<u>(1,735,084)</u>	<u>43,881,905</u>	<u>42,146,821</u>	<u>1,610,661,007</u>

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

(Unaudited but reviewed)

Thaire Life Assurance Public Company Limited
Statement of changes in owners' equity (continued)
For the three-month period ended 31 March 2018

(Unit: Baht)

	Separate financial statements					
	Issued and paid-up share capital	Share permium	Retained earnings		Other component of owners' equity	Total owners' equity
			Appropriated - statutory reserve	Unappropriated	Revaluation surplus on available-for-sale investments - net of income taxes	
Balance as at 1 January 2017	600,000,000	79,162,825	60,000,000	552,491,098	4,440,786	1,296,094,709
Profit for the period	-	-	-	116,239,625	-	116,239,625
Other comprehensive income (loss) for the period	-	-	-	(2,626,202)	19,852,227	17,226,025
Balance as at 31 March 2017	<u>600,000,000</u>	<u>79,162,825</u>	<u>60,000,000</u>	<u>666,104,521</u>	<u>24,293,013</u>	<u>1,429,560,359</u>
Balance as at 1 January 2018	600,000,000	79,162,825	60,000,000	763,441,126	43,958,235	1,546,562,186
Profit for the period	-	-	-	69,390,714	-	69,390,714
Other comprehensive loss for the period	-	-	-	(678,083)	(46,637)	(724,720)
Balance as at 31 March 2018	<u>600,000,000</u>	<u>79,162,825</u>	<u>60,000,000</u>	<u>832,153,757</u>	<u>43,911,598</u>	<u>1,615,228,180</u>

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

Thaire Life Assurance Public Company Limited
Notes to interim financial statements
For the three-month period ended 31 March 2018

1. Corporate information

Thaire Life Assurance Public Company Limited (“the Company”) is a public company, incorporated under Thai laws, domiciled in Thailand and listed on the Stock Exchange of Thailand since 9 October 2013. Its major shareholder is Thai Reinsurance Public Company Limited, a public company incorporated under Thai laws, domiciled in Thailand and listed on the Stock Exchange of Thailand. As at 31 March 2018 and 31 December 2017, the major shareholder held 14.82% and 15.53%, respectively, of the issued and paid-up share capital of the Company. The Company is principally engaged in the provision of life reinsurance. The registered office of the Company is located at No. 48/15 Soi Ratchadapisek 20, Ratchadapisek Road, Samsennok Sub-district, Huaykwang District, Bangkok.

2. Basis for preparation of interim financial statements

These interim financial statements are prepared in accordance with Thai Accounting Standard No. 34 Interim Financial Reporting, and in accordance with the format of financial statements specified in the Notification of the Office of Insurance Commission (“OIC”) regarding criteria, procedures, terms and conditions for preparation and submission of financial statements and operating performance reports of life insurance companies B.E. 2559 dated 4 March 2016, whereby the Company choose to present condensed interim financial statements. However, the Company presented each line items in the statements of financial position, income, comprehensive income, changes in owners’ equity and cash flows in the same format as that used in it’s annual financial statements.

These interim financial statements are intended to provide information additional to that included in the latest annual financial statements. Accordingly, they focus on new activities, events and circumstances so as not to duplicate information previously reported. These interim financial statements should therefore be read in conjunction with the latest annual financial statements.

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

2.1 The financial statements in which the equity method is applied

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

2.2 Separate financial statements

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

2.3 New financial reporting standards

(a) Financial reporting standards that became effective in the current year

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

(b) Financial reporting standard that will become effective in the future

During the period, the Federation of Accounting Professions issued the financial reporting standard TFRS 15 Revenue from Contracts with Customers, which is effective for fiscal years beginning on or after 1 January 2019. Key principles of this standard are summarized below.

TFRS 15 Revenue from Contracts with Customers

TFRS 15 supersedes TAS 11 Construction Contracts and TAS 18 Revenue, together with related Interpretations. Entities are to apply this standard to all contracts with customers unless those contracts fall within the scope of other standards. The standard establishes a five-step model to account for revenue arising from contracts with customers, with revenue being recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model.

At present, the management of the Company is evaluating the impact of this standard to the financial statements in the year when it is adopted.

2.4 Significant accounting policies

The interim financial statements are prepared using the same accounting policies and methods of computation as were used for the financial statements for the year ended 31 December 2017.

3. Cash and cash equivalents

(Unit: Baht)

	Financial statements in which the equity method is applied and Separate financial statements	
	31 March 2018	31 December 2017
Cash	1,789	1,034
Deposits at banks with no fixed maturity date	15,868,668	69,033,204
Deposits at banks with fixed maturity date	110,000,000	-
Deposits at other financial institutions	5,523,519	43,791,232
Short-term investments in money market mutual fund	211,560,026	99,262,220
Total cash and cash equivalents	<u>342,954,002</u>	<u>212,087,690</u>

As at 31 March 2018 and 31 December 2017, saving deposits, fixed deposits and deposits at other financial institutions carried interests between 0.10 and 1.25 percent per annum and 0.1 and 1.0 percent per annum, respectively.

4. Reinsurance assets

(Unit: Baht)

	Financial statements in which the equity method is applied and Separate financial statements	
	31 March 2018	31 December 2017
Insurance reserves refundable from reinsurers		
Long-term insurance policy reserves	3,564,723	4,005,634
Unearned premium reserves	4,079	9,566
Total reinsurance assets	<u>3,568,802</u>	<u>4,015,200</u>

5. Reinsurance receivables

(Unit: Baht)

	Financial statements in which the equity method is applied and Separate financial statements	
	31 March 2018	31 December 2017
Amounts deposited on reinsurance	54,347,378	53,976,701
Amounts due from reinsurers	184,738,410	158,196,154
Total reinsurance receivables	239,085,788	212,172,855

6. Investments in securities

6.1 Classified by types of investments

(Unit: Baht)

	Financial statements in which the equity method is applied and Separate financial statements			
	31 March 2018		31 December 2017	
	Cost/ Amortised cost	Fair value	Cost/ Amortised cost	Fair value
Trading investments				
Equity securities	89,115,537	86,761,470	6,223,658	6,213,240
Less: Unrealised losses	(2,354,067)	-	(10,418)	-
Trading investments - net	86,761,470	86,761,470	6,213,240	6,213,240
Available-for-sale investments				
Equity securities	718,147,519	773,037,016	653,587,368	708,535,161
Add: Unrealised gains	54,889,497	-	54,947,793	-
Available-for-sale investments - net	773,037,016	773,037,016	708,535,161	708,535,161
Held-to-maturity investments				
Government and state enterprise securities	687,381,357		768,672,536	
Private enterprise debt securities	76,044,748		76,100,016	
Deposits at financial institutions which mature over 3 months	105,000,000		195,000,000	
Total held-to-maturity investments	868,426,105		1,039,772,552	
General investments				
Equity securities	2,105,720		2,105,720	
Total general investments	2,105,720		2,105,720	
Investments in securities - net	1,730,330,311		1,756,626,673	

6.2 Revaluation surplus on available-for-sale investments

(Unit: Baht)

	Financial statements			
	in which the equity method is applied		Separate financial statements	
	For the	For the	For the	For the
	three-month	year ended	three-month	year ended
	period ended	year ended	period ended	year ended
	31 March 2018	31 December 2017	31 March 2018	31 December 2017
Revaluation surplus on available-for-sale investments - net of income taxes				
- beginning of the period	43,928,542	4,369,813	43,958,235	4,440,786
Gains on revaluation during the period	9,065,213	37,591,463	9,065,213	37,539,863
(Gains) losses transferred to be recognised in statement of income	(9,123,509)	11,856,948	(9,123,509)	11,856,948
Total	(58,296)	49,448,411	(58,296)	49,396,811
Add (less): Income taxes	11,659	(9,889,682)	11,659	(9,879,362)
Other comprehensive income (loss) for the periods - net of income taxes	(46,637)	39,558,729	(46,637)	39,517,449
Revaluation surplus on available-for-sale investments - net of income taxes				
- end of the period	43,881,905	43,928,542	43,911,598	43,958,235

6.3 Investments subject to restriction

As at 31 March 2018 and 31 December 2017, the Company placed some investments as a security with the Registrar and had some investments placed to guarantee for electricity consumption as described in Notes 17 and 18 to the interim financial statements.

7. Loans

As at 31 March 2018 and 31 December 2017, the balances of loans are classified by overdue periods of principal as follows:

(Unit: Baht)

Outstanding periods	Financial statements in which the equity method is applied and Separate financial statement	
	Personal guarantee loans	
	31 March 2018	31 December 2017
Not yet due	76,291	120,379
Total loans	76,291	120,379

The above are outstanding loans to employees provided in accordance with the employee welfare plan at the interest rate of not lower than 1.00% per annum and not higher than MLR-3% per annum. The MLR is reference to that announced by commercial banks. However, no interest is receivable on such loans at the end of the reporting periods.

8. Investment in an associate

8.1 Details of an associate

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

(Unit: Thousand Baht)

Company's name	Financial statements			
	in which the equity method is applied		Separate financial statements	
	Investment value under equity method		Investment value under cost method as	
	31 March 2018	31 December 2017	31 March 2018	31 December 2017
TKI Life Insurance Company Limited	17,117	18,586	21,684	21,684

8.2 Financial information of the associate

Summarised information about financial position

(Unit: Thousand Baht)

	TKI Life Insurance Company Limited	
	31 March 2018	31 December 2017
Total assets	52,685	58,884
Total liabilities	(17)	(1,696)
Net assets	52,668	57,188
Shareholding percentage (%)	32.50	32.50
Carrying amount of the associates based on equity method	17,117	18,586

Summarised information of statement of comprehensive income

(Unit: Thousand Baht)

	TKI Life Insurance Company Limited		EMCS Thai Co., Ltd
	For the three-month periods ended 31 March		For the three-month period ended 31 March
	2018	2017 ⁽¹⁾	2017
Revenue	529	-	30,528
Profit (loss) for the period	(2,633)	-	9,747
Other comprehensive loss for the period	(1,888)	-	(182)
Total comprehensive income (loss) for the period	(4,520)	-	9,565

(1) There is no operation.

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

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

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

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

(Unit: Thousand Baht)

Associate	Financial statements in which the equity method is applied				Separate financial statements	
	Share of profit (loss) from investments in associates for the three-month periods ended 31 March		Share of other comprehensive loss from investments in associates for the three-month periods ended 31 March		Dividends received during the three-month periods ended 31 March	
	2018	2017	2018	2017	2018	2017
EMCS Thai Co., Ltd.	-	1,950	-	(36)	-	-
TKI Life Insurance Company Limited	(856)	-	(614)	-	-	-
Total	(856)	1,950	(614)	(36)	-	-

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

9. Premises and equipment

(Unit: Baht)

	Financial statements in which the equity method is applied and Separate financial statements					
	For the three-month period ended 31 March 2018					
	Land	Building	Furniture, fixtures and equipment	Computers	Motor vehicles	Total
Net book value as at						
1 January 2018	17,640,000	23,916,572	2,655,351	1,857,519	250,000	46,319,442
Addition during the period - at cost	-	603,023	297,181	271,223	-	1,171,427
Disposal during the period - net book value	-	-	(259,088)	-	(250,000)	(509,088)
Depreciation charges for the period	-	(417,862)	(190,389)	(188,048)	-	(796,299)
Net book value as at 31 March 2018	<u>17,640,000</u>	<u>24,101,733</u>	<u>2,503,055</u>	<u>1,940,694</u>	<u>-</u>	<u>46,185,482</u>

10. Intangible assets

	(Unit: Baht)
	Financial statements in which the equity method is applied and Separate financial statements
	For the three-month period ended 31 March 2018
	Computer software
Net book value as at 1 January 2018	40,278,981
Addition during the period - at cost	1,775,426
Amortisation for the period	(1,086,299)
Net book value as at 31 March 2018	<u>40,968,108</u>

11. Deferred tax assets and income tax expenses

11.1 Deferred tax assets

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

	Financial statements		Changes in deferred	
	in which the equity method is applied and Separate financial statements		tax assets and liabilities for the three- month periods ended 31 March	
	31 March 2018	31 December 2017	2018	2017
Deferred tax assets arose from:				
Premium reserves	2,249	-	2,249	3,176
Loss reserves	3,563	6,990	(3,427)	(2,100)
Commission payable on reinsurance	49,359	42,403	6,956	3,054
Differences between premium/discount on debt securities recognised at effective interest rates and interest actually incurred	(186)	(206)	20	(130)
Unrealised gains on available-for-sale investments	(10,978)	(10,990)	12	(4,963)
Net deferred commission	(12,356)	(13,118)	762	1,324
Others	3,286	3,072	214	707
Deferred tax assets	<u>34,937</u>	<u>28,151</u>		
Total changes			<u>6,786</u>	<u>1,068</u>
Changes recognised in:				
- Statement of income			6,605	5,374
- Statement of comprehensive income			181	(4,306)
			<u>6,786</u>	<u>1,068</u>

11.2 Income tax expenses

Income tax expenses for the three-month periods ended 31 March 2018 and 2017 are made up as follows:

	(Unit: Thousand Baht)	
	Financial statements in which the equity method is applied and Separate financial statements	
	For the three-month periods ended 31 March	
	2018	2017
Current income taxes:		
Corporate income tax charge for the period	(22,765)	(33,385)
Deferred income taxes:		
Relating to origination and reversal of temporary differences	6,605	5,374
Income tax expenses reported in the statement of income	<u>(16,160)</u>	<u>(28,011)</u>

Reconciliations between income tax expenses and the product of accounting profits for the three-month periods ended 31 March 2018 and 2017 and the applicable tax rate are as follows:

	(Unit: Thousand Baht)			
	Financial statements in which the equity method is applied		Separate financial statements	
	For the three-month periods ended 31 March		For the three-month periods ended 31 March	
	2018	2017	2018	2017
Accounting profits before income tax expenses	84,695	146,200	85,550	144,250
Applicable tax rate	20%	20%	20%	20%
Income taxes at the applicable tax rate	(16,939)	(29,240)	(17,110)	(28,850)
Tax effects of:				
Non-taxable revenues	621	1,174	792	784
Exempted expenses	(10)	(43)	(10)	(43)
Additional tax-deductible expenses allowed	168	94	168	94
Others	-	4	-	4
Total	779	1,229	950	839
Income tax expenses reported in statement of income	<u>(16,160)</u>	<u>(28,011)</u>	<u>(16,160)</u>	<u>(28,011)</u>

12. Insurance contract liabilities

(Unit: Baht)

	Financial statements in which the equity method is applied and Separate financial statements		
	31 March 2018		
	Insurance contract liabilities	Liabilities on reinsurance	Net
Long term insurance policy reserves	340,425,240	(3,564,723)	336,860,517
Loss reserves			
Claims incurred and reported	4,134,282	-	4,134,282
Claims incurred but not yet reported	13,680,609	-	13,680,609
Premium reserves			
Unearned premium reserves	208,084,679	(4,079)	208,080,600
Total	<u>566,324,810</u>	<u>(3,568,802)</u>	<u>562,756,008</u>

(Unit: Baht)

	Financial statements in which the equity method is applied and Separate financial statements		
	31 December 2017		
	Insurance contract liabilities	Liabilities on reinsurance	Net
Long term insurance policy reserves	321,283,566	(4,005,634)	317,277,932
Loss reserves			
Claims incurred and reported	4,340,244	-	4,340,244
Claims incurred but not yet reported	30,609,187	-	30,609,187
Premium reserves			
Unearned premium reserves	222,128,295	(9,566)	222,118,729
Total	<u>578,361,292</u>	<u>(4,015,200)</u>	<u>574,346,092</u>

12.1 Long term insurance policy reserves

(Unit: Baht)

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

	For the three-month period ended 31 March 2018	For the year ended 31 December 2017
Beginning balances	321,283,566	285,412,354
Reserves increased from new policies and enforced policies	170,958,409	321,283,566
Decreases in policy reserves	(151,816,735)	(285,412,354)
Ending balances	<u>340,425,240</u>	<u>321,283,566</u>

12.2 Loss reserves

(Unit: Baht)

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

	For the three-month period ended 31 March 2018	For the year ended 31 December 2017
Beginning balance	34,949,431	49,650,247
Claims incurred for the period	321,706,676	932,079,248
Changes in loss reserve	(16,929,040)	79,219,351
Changes in assumptions for calculating loss reserves	-	(93,888,416)
Claims paid during the period	(321,912,176)	(932,110,999)
Ending balance	<u>17,814,891</u>	<u>34,949,431</u>

12.3 Unearned premium reserves

(Unit: Baht)

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

	For the three-month period ended 31 March 2018	For the year ended 31 December 2017
Beginning balance	222,128,295	182,092,051
Premium written for the period	266,902,294	940,110,057
Premium earned during the period	(280,945,910)	(900,073,813)
Ending balance	<u>208,084,679</u>	<u>222,128,295</u>

13. Due to reinsurers

(Unit: Baht)

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

	31 March 2018	31 December 2017
Amounts due to reinsurers	<u>254,901,353</u>	<u>181,944,707</u>
Total due to reinsurers	<u>254,901,353</u>	<u>181,944,707</u>

14. Segment information

The Company is organised into business units based on its insurance products. During the current period, there was no change in the organisational structure of its reportable segments.

14.1 Segment information reporting

Operating segment information for the three-month period ended 31 March 2018 and 2017 can be classified by type of products as follows:

(Unit: Baht)

	Financial statements in which the equity method is applied		
	For the three-month period ended 31 March 2018		
	Conventional products	Non-conventional products	Total
Underwriting revenues			
Reinsurance premium written	334,959,495	213,260,828	548,220,323
Less: Reinsurance premium ceded	(4,913,345)	(222,476)	(5,135,821)
Net reinsurance premium written	330,046,150	213,038,352	543,084,502
Add (less): Unearned premium reserves (increased) decreased from prior period	(10,369,763)	24,407,892	14,038,129
Earned premium	319,676,387	237,446,244	557,122,631
Underwriting expenses			
Long-term insurance policy reserves increased (decreased) from prior period	(637,922)	20,220,506	19,582,584
Net benefits and claims	155,683,987	148,470,634	304,154,621
Commissions and brokerages expenses - net	105,562,951	35,111,075	140,674,026
Other underwriting expenses	3,625,256	2,308,115	5,933,371
Total underwriting expenses	264,234,272	206,110,330	470,344,602
Profit from underwriting	55,442,115	31,335,914	86,778,029
Operating expenses			(18,313,707)
Profit from operation			68,464,322
Share of loss from investments in associates			(855,635)
Net investment revenue			15,649,168
Other income			1,436,963
Profit before income tax expenses			84,694,818
Income tax expenses			(16,159,739)
Profit for the period			68,535,079

(Unit: Baht)

	Financial statements in which the equity method is applied		
	For the three-month period ended 31 March 2017		
	Conventional	Non-conventional	Total
	products	products	
Underwriting revenues			
Reinsurance premium written	281,059,961	183,187,859	464,247,820
Less: Reinsurance premium ceded	(5,213,173)	(255,049)	(5,468,222)
Net reinsurance premium written	275,846,788	182,932,810	458,779,598
Add: Unearned premium reserves	13,904,298	4,172,151	18,076,449
Earned premium	289,751,086	187,104,961	476,856,047
Underwriting expenses			
Life policy reserves increased (decreased) from prior period	(4,713,532)	3,042,308	(1,671,224)
Benefits paid and net claims	123,431,015	87,014,077	210,445,092
Net commissions expenses	86,160,589	26,729,927	112,890,516
Other underwriting expenses	3,216,650	2,096,532	5,313,182
Total underwriting expenses	208,094,722	118,882,844	326,977,566
Profit from underwriting	81,656,364	68,222,117	149,878,481
Operating expenses			(16,204,930)
Profit from operation			133,673,551
Share of profit from investments in associates			1,949,518
Net investment revenue			9,997,237
Other income			579,402
Profit before income tax expenses			146,199,708
Income tax expenses			(28,010,565)
Profit for the period			118,189,143

14.2 Geographic information

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

14.3 Major customers

During the three-month periods ended 31 March 2018 and 2017, the Company had net reinsurance premium written from 3 major life insurance companies as follows:

	(Unit: Million Baht)	
	Financial statements in which the equity method is applied	
	For the three-month periods ended 31 March	
	2018	2017
Reinsurance premium written from 3 major companies ⁽¹⁾	323	300

(1) Presented total amounts of reinsurance premiums written from the first 3 major customers in each period.

15. Earnings per share

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

16. Related party transactions

16.1 Nature of relationship

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

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

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

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

16.2 Significant related party transactions

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

(Unit: Thousand Baht)

	For the three-month periods ended 31 March		Pricing policy
	2018	2017	
Transactions with related parties			
Revenues			
Reinsurance premium written	49,656	56,547	Normal commercial terms for reinsurance
Commission and brokerage income	195	16	Normal commercial terms for reinsurance
Claims refundable	210	221	Normal commercial terms for underwriting
Service revenues	208	580	Contract rate
Expenses			
Reinsurance premium ceded	624	592	Normal commercial terms for reinsurance
Claim expenses	67,758	42,272	Normal commercial terms for underwriting
Commission and brokerage expenses	(1,985)	2,135	Normal commercial terms for reinsurance
Service fee expenses ⁽¹⁾	2,160	4,872	Contract rate

⁽¹⁾ Including in "Operating expenses" in statement of income

16.3 Outstanding balances

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

(Unit: Thousand Baht)

	31 March 2018	31 December 2017
Related parties		
Insurance reserves refundable from reinsurers ⁽¹⁾	719	796
Amounts due from reinsurers ⁽²⁾	24,029	34,566
Amounts deposited on reinsurance ⁽²⁾	-	3,254
Deferred commissions expenses	6,797	12,703
Loss reserves ⁽³⁾	1,635	18,886
Amounts due to reinsurers ⁽⁴⁾	21,353	19,020
Deferred commissions income	11	12
Accrued expenses ⁽⁵⁾	-	67

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

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

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

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

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

16.4 Directors' and key management's remuneration

During the three-month periods ended 31 March 2018 and 2017, the Company had salaries, bonuses, meeting allowances and post-employment benefits of its directors and key management personnel recognised as expenses, are as follows:

(Unit: Thousand Baht)

For the three-month periods
ended 31 March

	2018	2017
Short-term benefits	6,210	5,137
post-employment benefits	618	4,403
Total	6,828	9,540

17. Assets placed and reserved with the Registrar

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

(Unit: Million Baht)

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

	31 March 2018		31 December 2017	
	Cost	Fair value	Cost	Fair value
Assets placed				
Government bonds	21.0	21.0	21.0	21.1
Assets reserved as insurance reserves				
Government and state enterprise bonds	179.0	182.5	179.0	182.7

18. Other assets subject to restrictions

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

(Unit: Million Baht)

	31 March 2018	31 December 2017
Guarantee for electricity consumption		
Government bonds	0.1	0.1

19. Commitments and contingent liabilities

19.1 Service commitments

As at 31 March 2018 and 31 December 2017, the Company had outstanding service commitments and future minimum service fees amounting to Baht 3.0 million and Baht 4.2 million, respectively.

20. Fair value of financial instruments

As of 31 March 2018 and 31 December 2017, the Company had the following financial assets that were measured at fair value using different levels of inputs as follows:

(Unit: Baht)

	31 March 2018			31 December 2017		
	Level 1	Level 2	Total	Level 1	Level 2	Total
Cash and cash equivalents						
Investment in money market mutual fund	-	211,560,026	211,560,026	-	99,262,220	99,262,220
Investment in securities						
Trading - Equity securities	86,761,470	-	86,761,470	6,213,240	-	6,213,240
Available-for-sale - Equity securities	499,172,372	273,864,644	773,037,016	518,402,696	190,132,465	708,535,161

The Company determined fair value of financial instruments by the following method.

- (a) Investments in debts securities are presented at fair values based on market prices or prices determined using the yield curve as announced by the Thai Bond Market Association.
- (b) Investments in equity securities are presented at fair values is based on market prices. In case of investment units, which are not listed securities, their fair values are the net asset value per unit as announced by the fund manager.

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

21. Events after the reporting period

On 25 April 2018, the Annual General Meeting of the Company's shareholders resolved to approve the payment of dividend from 2017 operating results at Baht 0.50 per share. The Company already distributed interim dividend at Baht 0.20 per share, remaining a dividend of Baht 0.30 per share or a total of Baht 300 million to be paid to the Company's shareholders, and is awaiting approval by the Office of Insurance Commission.

22. Approval of interim financial statements

These interim financial statements were authorised for issue by the Company's Audit Committee on 8 May 2018.