

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

Independent Auditor's Report

To the Shareholders of Phillip Life Assurance Public Company Limited

Opinion

I have audited the accompanying consolidated financial statements of Phillip Life Assurance Public Company Limited and its subsidiary ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2018, and the related statements of comprehensive income, changes in owners' equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and have also audited the separate financial statements of Phillip Life Assurance Public Company Limited for the same period.

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

Basis for Opinion

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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



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- 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 Group'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 Group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group's 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

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

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

Nonglak Pumnoi

Certified Public Accountant (Thailand) No. 4172

EY Office Limited

Bangkok: 15 March 2019

Phillip Life Assurance Public Company Limited and its subsidiary

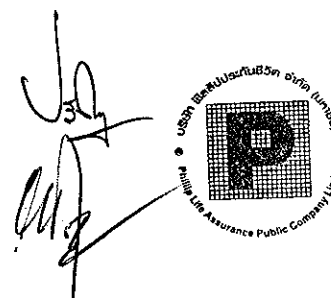
Statements of financial position

As at 31 December 2018 and 2017

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		31 December 2018	31 December 2017	31 December 2018	31 December 2017
Assets					
Cash and cash equivalents	6	236,188,519	655,466,393	231,189,606	650,466,393
Premium receivables - net	7	94,898,717	72,015,522	94,898,717	72,015,522
Accrued investment income - net	10	65,912,306	77,220,597	65,912,306	77,220,597
Reinsurance assets	8	917,416	8,150,097	917,416	8,150,097
Reinsurance receivables	9	360,601	32,854	360,601	32,854
Investment assets					
Investments in securities - net	10, 31	8,069,482,168	7,691,871,918	8,069,482,168	7,691,871,918
Loans - net	11	1,125,885,294	1,107,015,832	1,125,885,294	1,107,015,832
Investments in a subsidiary	12	-	-	4,915,376	4,967,675
Premises and equipment - net	13	254,228,306	100,860,307	254,228,306	100,860,307
Intangible asset	14	16,684,069	5,388,056	16,684,069	5,388,056
Other assets - net	15	59,608,538	73,436,367	59,686,169	73,462,724
Total assets		9,924,165,934	9,791,457,943	9,924,160,028	9,791,451,975

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




Phillip Life Assurance Public Company Limited and its subsidiary
 Statements of financial position (Continued)
 As at 31 December 2018 and 2017

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		31 December 2018	31 December 2017	31 December 2018	31 December 2017
Liabilities and owners' equity					
Liabilities					
Insurance contract liabilities	16	8,021,322,365	7,793,554,094	8,021,322,365	7,793,554,094
Reinsurance payables	17	5,108,736	4,643,182	5,108,736	4,643,182
Employee benefit obligations	18	38,764,995	39,053,096	38,764,995	39,053,096
Deferred tax liabilities	19	52,138,358	150,491,816	52,138,358	150,491,816
Other liabilities	20	233,634,768	125,036,903	233,634,767	125,036,903
Total liabilities		8,350,969,222	8,112,779,091	8,350,969,221	8,112,779,091
Owners' equity					
Share capital					
Registered					
640,000,000 ordinary shares of Baht 6.25 each	21	4,000,000,000	3,034,375,000	4,000,000,000	3,034,375,000
(31 December 2017: 485,500,000 ordinary shares of Baht 6.25 each)					
Issued and paid-up					
501,500,000 ordinary shares of Baht 6.25 each	21	3,134,375,000	2,834,375,000	3,134,375,000	2,834,375,000
(31 December 2017: 453,500,000 ordinary shares of Baht 6.25 each)					
Share subscription receivable	22	(1,128,406)	(1,128,406)	(1,128,406)	(1,128,406)
Issued and paid-up		3,133,246,594	2,833,246,594	3,133,246,594	2,833,246,594
Share subscription receivable	22	(71,089,769)	(71,089,769)	(71,089,769)	(71,089,769)
Deficits		(1,697,519,451)	(1,685,451,204)	(1,697,519,451)	(1,685,451,204)
Other component of owners' equity					
Revaluation surplus on available-for-sale investments					
- net of income taxes	10.4	208,553,433	601,967,263	208,553,433	601,967,263
Equity attributable to equity holders of the Company		1,573,190,807	1,678,672,884	1,573,190,807	1,678,672,884
Non-controlling interests of the subsidiary		5,905	5,968	-	-
Total owners' equity		1,573,196,712	1,678,678,852	1,573,190,807	1,678,672,884
Total liabilities and owners' equity		9,924,165,934	9,791,457,943	9,924,160,028	9,791,451,975

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



Directors



Phillip Life Assurance Public Company Limited and its subsidiary
 Statements of comprehensive income
 For the years ended 31 December 2018 and 2017

(Unit: Baht)

Note	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Profit or loss:				
Revenues				
Premium written	1,434,526,454	1,092,945,326	1,434,526,454	1,092,945,326
Less: Premium ceded to reinsurers	(10,153,372)	(10,157,389)	(10,153,372)	(10,157,389)
Net premium written	1,424,373,082	1,082,787,937	1,424,373,082	1,082,787,937
Less: Unearned premium reserves increased				
from prior period	(25,468,300)	(18,588,962)	(25,468,300)	(18,588,962)
Earned premium after reinsurance	24 1,398,904,782	1,064,198,975	1,398,904,782	1,064,198,975
Net investment revenues	371,482,927	408,282,879	371,482,927	408,282,879
Gains (losses) on investments	13,542,643	40,028,493	13,542,643	40,028,493
Fair value losses	(12,788,634)	(5,430,688)	(12,788,634)	(5,430,688)
Share of loss from investment in a subsidiary under equity method	-	-	(52,298)	(26,325)
Other income	796,260	4,509,594	796,260	4,509,594
Total revenues	1,771,937,978	1,511,589,253	1,771,885,680	1,511,562,928
Expenses				
Long-term life insurance policy reserves increased				
from prior period	193,329,522	388,124,563	193,329,522	388,124,563
Benefit payments under life policies and gross claims	788,524,700	835,721,145	788,524,700	835,721,145
Less: Benefit payments under life policies and				
claims refundable from reinsurance	6,610,765	257,113	6,610,765	257,113
Commission and brokerage expenses	412,876,451	186,064,558	412,876,451	186,064,558
Other underwriting expenses	14,286,360	12,410,475	14,286,360	12,410,475
Operating expenses	25 302,522,893	278,047,950	302,470,532	278,021,593
Other expenses	65,855,597	1,715,977	65,855,597	1,715,977
Total expenses	26 1,784,006,288	1,702,341,781	1,783,953,927	1,702,315,424
Loss before income tax expenses	(12,068,310)	(190,752,528)	(12,068,247)	(190,752,496)
Income tax expenses	19.2 -	-	-	-
Loss for the years	(12,068,310)	(190,752,528)	(12,068,247)	(190,752,496)

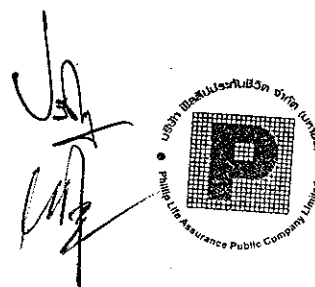
The accompanying notes are an integral part of the financial statements.

Handwritten signature and official stamp of Phillip Life Assurance Public Company Limited.

Phillip Life Assurance Public Company Limited and its subsidiary
Statements of comprehensive income (Continued)
For the years ended 31 December 2018 and 2017

		(Unit: Baht)			
		Consolidated financial statements		Separate financial statements	
	Note	2018	2017	2018	2017
Other comprehensive income (loss):					
Items to be recognised in profit or loss in subsequent periods:					
Gains (losses) on valuation of available-for-sale investments		(491,767,287)	297,882,217	(491,767,287)	297,882,217
Less: Income taxes	19.2	98,353,457	(59,576,443)	98,353,457	(59,576,443)
Items to be recognised in profit or loss					
in subsequent periods - net of income taxes	28	(393,413,830)	238,305,774	(393,413,830)	238,305,774
Items not to be recognised in profit or loss in subsequent periods:					
Actuarial losses on the defined benefit plan		-	(8,657,289)	-	(8,657,289)
Items not to be recognised in profit or loss					
in subsequent periods - net of income taxes	28	-	(8,657,289)	-	(8,657,289)
Other comprehensive income (loss) for the years		(393,413,830)	229,648,485	(393,413,830)	229,648,485
Total comprehensive income for the years		(405,482,140)	38,895,957	(405,482,077)	38,895,989
Profit for the periods attributable to:					
Equity holders of the Company		(12,068,247)	(190,752,496)	(12,068,247)	(190,752,496)
Non-controlling interests of the subsidiary		(63)	(32)		
		(12,068,310)	(190,752,528)		
Total comprehensive income for the periods attributable to:					
Equity holders of the Company		(405,482,077)	38,895,989	(405,482,077)	38,895,989
Non-controlling interests of the subsidiary		(63)	(32)		
		(405,482,140)	38,895,957		
Earnings per share	29				
Basic earnings per share					
Loss for the years		(0.02)	(0.42)	(0.02)	(0.42)

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



Phillip Life Assurance Public Company Limited and its subsidiary

Statements of changes in owners' equity

For the years ended 31 December 2018 and 2017

(Unit: Baht)

Consolidated financial statement									
	Equity attributable to equity holders of the Company					Equity attributable to non-controlling interests of the subsidiary			
	Note	Issued and paid-up share capital	Share subscription receivable	Deficits	Other component of equity Revaluation surplus on available-for-sale investments - net of income taxes	Total equity attributable to equity holders of the Company	Equity attributable to non-controlling interests of the subsidiary	Total	
Balance as at 1 January 2017		2,833,246,594	(71,089,769)	(1,486,041,419)	363,661,489	1,639,776,895	-	1,639,776,895	
Capital of non-controlling interests of the subsidiary		-	-	-	-	-	6,000	6,000	
Loss for the year		-	-	(190,752,496)	-	(190,752,496)	(32)	(190,752,528)	
Other comprehensive income for the year		-	-	(8,657,289)	238,305,774	229,648,485	-	229,648,485	
Total comprehensive income (loss) for the year		-	-	(199,409,785)	238,305,774	38,895,989	(32)	38,895,957	
Balance as at 31 December 2017		2,833,246,594	(71,089,769)	(1,685,451,204)	601,967,263	1,678,672,884	5,968	1,678,678,852	
Balance as at 1 January 2018		2,833,246,594	(71,089,769)	(1,685,451,204)	601,967,263	1,678,672,884	5,968	1,678,678,852	
Loss for the year		-	-	(12,068,247)	-	(12,068,247)	(63)	(12,068,310)	
Other comprehensive loss for the year		-	-	-	(393,413,830)	(393,413,830)	-	(393,413,830)	
Total comprehensive income (loss) for the year		-	-	(12,068,247)	(393,413,830)	(405,482,077)	(63)	(405,482,140)	
Issuance of additional ordinary shares	21	300,000,000	-	-	-	300,000,000	-	300,000,000	
Balance as at 31 December 2018		3,133,246,594	(71,089,769)	(1,697,519,451)	208,553,433	1,573,190,807	5,905	1,573,196,712	

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



Phillip Life Assurance Public Company Limited and its subsidiary

Statements of changes in owners' equity (Continued)

For the years ended 31 December 2018 and 2017

(Unit: Baht)

Separate financial statements

	Note	Issued and paid-up share capital	Share subscription receivable	Deficits	Other component of equity		Total
					Revaluation surplus on available-for-sale investments - net of income taxes		
Balance as at 1 January 2017		2,833,246,594	(71,089,769)	(1,486,041,419)	363,661,489		1,639,776,895
Loss for the year		-	-	(190,752,496)	-	(190,752,496)	
Other comprehensive income (loss) for the year		-	-	(8,657,289)	238,305,774	229,648,485	
Total comprehensive income (loss) for the year		-	-	(199,409,785)	238,305,774	38,895,989	
Balance as at 31 December 2017		2,833,246,594	(71,089,769)	(1,685,451,204)	601,967,263	1,678,672,884	
Balance as at 1 January 2018		2,833,246,594	(71,089,769)	(1,685,451,204)	601,967,263	1,678,672,884	
Profit for the year		-	-	(12,068,247)	-	(12,068,247)	
Other comprehensive loss for the year		-	-	-	(393,413,830)	(393,413,830)	
Total comprehensive income (loss) for the year		-	-	(12,068,247)	(393,413,830)	(405,482,077)	
Issuance of additional ordinary shares	21	300,000,000	-	-	-	300,000,000	
Balance as at 31 December 2018		3,133,246,594	(71,089,769)	(1,697,519,451)	208,553,433	1,573,190,807	

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



Phillip Life Assurance Public Company Limited and its subsidiary

Statements of cash flows

For the years ended 31 December 2018 and 2017

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Cash flows from (used in) operating activities				
Gross premium from direct insurance	1,411,814,213	1,077,224,385	1,411,814,213	1,077,224,385
Cash paid from reinsurance	(8,907,578)	(3,623,221)	(8,907,578)	(3,623,221)
Interest income	242,265,463	281,121,875	242,265,463	281,121,875
Dividend income	163,336,399	130,403,312	163,336,399	130,403,312
Other income	772,150	4,501,946	772,150	4,501,946
Benefit payments under life policies and gross claims				
from direct insurance	(780,040,321)	(847,231,115)	(780,040,321)	(847,231,115)
Commission and brokerage expenses on direct insurance	(346,932,657)	(186,506,930)	(346,932,657)	(186,506,930)
Other underwriting expenses	(13,619,268)	(12,333,312)	(13,619,268)	(12,333,312)
Operating expenses	(257,413,371)	(219,790,427)	(257,413,371)	(219,796,427)
Other expenses	(65,849,662)	(1,572,306)	(65,849,662)	(1,572,306)
Investments in securities	(894,264,682)	(211,052,293)	(894,264,682)	(211,052,293)
Deposits at financial institutions	-	97,756,670	-	97,756,670
Loans	19,546,435	-	19,546,435	-
Net cash provided by (used in) operating activities	(529,292,879)	108,898,584	(529,292,879)	108,892,584
Cash flows used in investing activities				
Building and equipment	(189,983,908)	(7,509,470)	(189,983,908)	(7,509,470)
Issued capital	-	-	-	(4,994,000)
Net cash used in investing activities	(189,983,908)	(7,509,470)	(189,983,908)	(12,503,470)
Cash flows from financial activities				
Proceeds from issuance of additional shares	300,000,000	-	300,000,000	-
Net cash used in financing activities	300,000,000	-	300,000,000	-
Net increase (decrease) in cash and cash equivalents	(419,276,787)	101,389,114	(419,276,787)	96,389,114
Cash and cash equivalents at beginning of the years	655,465,306	554,077,279	650,466,393	554,077,279
Cash and cash equivalents at end of the years	236,188,519	655,466,393	231,189,606	650,466,393

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



Phillip Life Assurance Public Company Limited
Notes to financial statements
For the years ended 31 December 2018 and 2017

1. Corporate information

Phillip Life Assurance Public Company Limited (the "Company") was established as a limited company under Thai laws and domiciled in Thailand whereby on 13 March 2014, the Company registered the change of its status to be a public company. As at 31 December 2018 and 2017, its major shareholder is Phillip Life Company Limited, which was incorporated in Singapore, holding 98.87% and 98.75%, respectively, of the issued and paid-up share capital of the Company.

The Company is principally engaged in the provision of life insurance services. The registered office of the Company is located at No. 849, Vorawat Building, Silom Road, Silom Sub-district Bangrak District, Bangkok. As of 31 December 2018 and 2017, the Company had altogether 27 branches, and 23 branches, respectively.

2. Basis of preparation of financial statements

2.1 Basis of preparation of financial statements

The financial statements have been prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Profession Act B.E. 2547, and in accordance with Thai accounting practices related to life insurance and the accounting and reporting guidelines prescribed by the Office of Insurance Commission ("OIC"), and their presentation has been 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 life insurance companies dated 4 March 2016.

These financial statements have been prepared on a historical cost basis except where otherwise disclosed in Note 4 to the financial statements regarding a summary of significant accounting policies.

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

2.2 Basis of consolidation

- (a) The consolidated financial statements include the financial statements of Phillip Life Assurance Public Company Limited ("the Company") and the following subsidiary (collectively called "the Group").

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			31 December 2018	31 December 2017
			(Percent)	(Percent)
Phillip Insurance Broker Company Limited	Non-life insurance broker	Thailand	99.88	99.88

- (b) Subsidiary is fully consolidated, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.
- (c) The financial statements of the subsidiary is prepared using the same significant accounting policies as the Company.
- (d) Material balances and transactions between the Company and its subsidiary have been eliminated from the consolidated financial statements.
- (e) Non-controlling interests represent the portion of profit or loss and net assets of the subsidiary that are not held by the Company and are presented separately in the consolidated profit or loss and within equity in the consolidated statement of financial position.

2.3 Separate financial statements

The Company has prepared its separate financial statements, which have presented investment in a subsidiary under the equity method.

3. New financial reporting standard

3.1 Financial reporting standards that became effective in the current year

During the year, the Group 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 Group's financial statements.

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

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

TFRS 15 Revenue from Contracts with Customers

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

TAS 11 (revised 2017)	Construction contracts
TAS 18 (revised 2017)	Revenue
TSIC 31 (revised 2017)	Revenue - Barter Transactions Involving Advertising Services
TFRIC 13 (revised 2017)	Customer Loyalty Programmes
TFRIC 15 (revised 2017)	Agreements for the Construction of Real Estate
TFRIC 18 (revised 2017)	Transfers of Assets from Customers

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

The Group's management already assessed and believe that this standard will not have any significant impact on the financial statements when it is initially applied.

TFRS 4 (revised 2018) Insurance contracts

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

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

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

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

Financial reporting standards:

TFRS 7 Financial Instruments: Disclosures

TFRS 9 Financial Instruments

Accounting standard:

TAS 32 Financial Instruments: Presentation

Financial Reporting Standard Interpretations:

TFRIC 16 Hedges of a Net Investment in a Foreign Operation

TFRIC 19 Extinguishing Financial Liabilities with Equity Instruments

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

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

4. Summary of significant accounting policies

4.1 Product classification

The Company classifies an insurance contract and a reinsurance contract based on the nature of an insurance contract. Insurance contracts are those contracts where the insurer has accepted significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder. To determine whether a significant insurance risk has been accepted, the insurer compares the benefits payable after an insured event with the benefits payable if the insured event does not occur. If the above criteria are not met, the Company classifies the insurance contract as an investment contract. An investment contract is the contract that has the legal form of an insurance contract and transfers financial risk to the insurer, but not a significant level of insurance risk. Financial risk is, for example, interest rate risk, exchange rate risk, or price risk.

The Company classifies contracts based on an assessment of a significant level of the insurance risk at an inception of a contract on a contract-by-contract basis. Once a contract is classified as an insurance contract, it will continue to be an insurance contract until its rights and obligations are terminated or expire. If any contract is classified as an investment contract at an inception of the contract, it can later be reclassified to be an insurance contract if the insurance risk becomes significant.

Insurance and investment contracts may contain a feature of either with or without a discretionary participation feature ("DPF"). DPF is a contractual right to receive, as a supplement to guaranteed benefits, additional benefits that are likely to be a significant portion of the total contractual benefits, the amount or timing of which is contractually at the discretion of the insurance contract issuer, with the benefits based on the performance of a specified pool of contracts, or realised and/or unrealised investment returns on a specified pool of assets held by the issuer, or the profit or loss of a company, a fund or other entity that issues the contract.

4.2 Revenue recognition

(a) Premium written

For the first year policies, premium written after net of premium ceded and refund, is recognised as revenue on the effective date of the insurance policies. For renewal policies, it is recognised as revenue when the premium is due and the policy is still in force at the end of reporting periods.

(b) Net investment revenue

Net investment revenue are investment revenues net of investment expenses. Investment expenses consist of management fee and relevant bank charges.

Investment revenues consist of interest and dividend income.

Interest income

Interest income on investments is recognised as revenue on an accrual basis based on the effective interest rate. Interest income on loans is recognised as revenue over the term of the loans based on the amount of outstanding principal. No accrual is made for loans with interest default over six continuous months. Interest income on deposits is recognised as revenue over the term of deposits on an accrual basis.

Dividend income

Dividends on investments are recognised as revenues when the right to receive the dividends is established.

(c) Gains (losses) on investments

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

4.3 Expense recognition

(a) Premium ceded to reinsurers

Premium ceded to reinsurers recognised as expenses when the insurance risk is transferred to another reinsurer.

(b) Benefit payments under life policies

Benefit payments under life policies are recorded when notices of claims have been received or when benefits are due in accordance with conditions in policies.

(c) Gross claims

Gross claims consist of insurance claims and losses adjustment expenses for incurred claims whether reported or not, which represent the claim amount and related expenses, and loss adjustments of the current and prior years incurred during the years, and are deducted by relevant claims refundable from reinsurers.

Gross claims are recognised 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 to exceed the sum insured under the relevant policy.

(d) Commission and brokerage expenses

Commissions and brokerages are expended when incurred.

(e) Other underwriting and operating expenses

Other underwriting and operating expenses are recognised as expenses on an accrual basis.

4.4 Cash and cash equivalents

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

4.5 Premium receivables

Premium receivables are stated at the net realisable value. The Company sets up an allowance for doubtful accounts based on the estimated loss that may incur in collection of the premium receivables. The allowance is generally based on collection experience and a review of current status of the premium receivables as at the end of the reporting periods.

For ordinary policies, the grace period is 45 days after the due date. In case of policies having overdue periods after the grace period allowed and their cash value being in excess of overdue premium receivables, such overdue premium receivables will be settled under the conditions of the automatic policy loans.

4.6 Reinsurance assets

Reinsurance assets are stated at the amounts of insurance reserves refundable from reinsurers, which consist of (a) loss reserves and (b) unearned premium reserves that are estimated based on related reinsurance contracts in accordance with insurance reserve calculation law.

The Company sets up an allowance for impairment, of reinsurance assets based on losses that may be incurred due to irrecoverable, taking into account collection experience, aged of balance, and the status of receivables from reinsurers as at the end of the reporting periods. Increase (decrease) in an allowance for impairment is recorded as an increase (a decrease) to expenses during the years in profit or loss.

4.7 Reinsurance receivables and payables

(a) Reinsurance receivables

Reinsurance receivables are stated at the outstanding balances of amounts due from reinsurers net of allowance for doubtful accounts (if any).

Amounts due from reinsurers consist of accrued commission and brokerage income, claims and various other items receivable from reinsurers, excluding reinsurance premium receivables, less allowance for doubtful accounts. The Company records allowance for doubtful accounts for the estimated losses that may be incurred due to inability to make collection, taking into account collection experience and the status of receivables from reinsurers as at the end of the reporting periods.

(b) Reinsurance payables

Reinsurance payables are stated at the outstanding balances of payables due to reinsurers.

Reinsurance payables consist of reinsurance premiums payable and other items payable to reinsurers, excluding accruals and reserves relating to claims.

The Company presents net of reinsurance receivable and payable of the same entity (amounts due from or to reinsurers) when the following criteria for offsetting are met.

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

4.8 Investment assets

(a) Investments in securities

The Company measures its investments in securities according to investment classification as follows:

Investments held for trading are stated at fair value. Change in the fair value of these investments are recorded in profit or loss.

Available-for-sale investments are stated at fair value. Changes in the fair value of these investments are recorded in other comprehensive income, and will be recorded in profit or loss when the investments are disposed of.

Held-to-maturity investments are recorded at amortised cost. The premium/discount on debt securities is amortised/accreted by the effective rate method with the amortised/accreted amount presented as an adjustment to the interest income. The investments in debt securities are classified as held-to-maturity debt securities when the Company has the positive intention and abilities to hold them to maturity.

Investments in non-marketable securities, which the Company classifies as general investments, are stated at cost net of allowance for impairment (if any).

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

In the event the Company reclassifies an investment from one type to another, such investment will be readjusted to its fair value as at the reclassification date. The difference between the carrying amount of the investment and the fair value on the date of reclassification is recorded in profit or loss or recorded as revaluation surplus or deficit on investments in owners' equity, depending on the type of investment that is reclassified.

Purchase and sales of investments are recorded on the trading dates.

On disposal of an investment, the difference between net disposal proceed and the cost of investment is recognised as revenue or expense in profit or loss. The Company uses the weighted average method for computation of the cost of investment.

(b) Loans

Loans are stated at net realisable value. The Company sets up an allowance for doubtful accounts based on the estimated loss that may incur in collection of receivables, on the basis of analysis of payment histories, future expectations of customer payments, the aging of the amount receivable and appraisal value of the underlying collateral. The increase (decrease) in allowance for doubtful accounts is recognised as expense in profit or loss.

(c) Investment in a subsidiary

Investments in a subsidiary as presented in the financial statements, in which the equity method is applied, is recorded initially at cost and adjusted to reflect the proportionate share of the subsidiary's operating results and is deducted by dividend income.

4.9 Premises and equipment and depreciation

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

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

Buildings	- 20 years
Building improvements	- 5 years
Furniture, fixtures and office equipment	- 5 years
Computers	- 5 years
Vehicles	- 5 years

Depreciation is recognised in profit or loss and no depreciation is provided on land and assets in progress.

An item of premises and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on disposal of an asset is included in profit or loss from operation when the asset is derecognised.

4.10 Impairment of assets

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

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

4.11 Insurance contract liabilities

(a) Long-term life insurance policy reserves

Long-term life insurance policy reserves represent the accumulated total liability for policies in force as at the end of the reporting periods. The Company calculates these reserves, using an actuarial method as prescribed by the OIC in its 2015 Notification regarding determination of types of capital, together with the guidelines, procedures and conditions for calculating capital of life insurance companies, which indicates that reserves under long-term policies are determined using the gross premium valuation ("GPV") method as referred to in the OIC's 2011 Notification regarding valuation of assets and liabilities of life insurance companies. Key assumptions used are lapse rates or surrender rates, selling and administrative expenses, mortality and morbidity rates, discount rates and non-guaranteed dividend rates, etc.

(b) Loss reserves

Loss reserves consisted of outstanding claims and loss reserves. Outstanding claims are recorded at the amount to be actually paid. Loss reserves are provided upon receipt of claim advices from the insured based on the claims notified by the insured and estimates made by the Company's management. The maximum value of claims estimate is not exceeding the sum insured under the relevant policy.

Loss reserves are calculated using the actuarial method and are the best estimates of claims expected to pay to the insured in the future for losses incurred on or before the reporting dates both reported and not yet reported to the Company and also include loss adjustment expenses. If the then-calculated loss reserves are higher than the amount already recognised in the accounts, such difference is recognised as incurred but not yet reported ("IBNR") loss reserves.

(c) Premium reserves

As at the end of each reporting period, the Company compares the amounts of unexpired risk reserves with unearned premium reserves, and if unexpired risk reserves are higher than unearned premium reserves, the difference is recognised as unexpired risk reserves in the financial statements.

(a) Unearned premium reserves

Unearned premium reserves are set aside on net premium written at the daily average basis over the coverage period of each policy.

(b) Unexpired risk reserves

Unexpired risk reserves are the amounts set aside for claims, which may occur in the future, of the in-force policies. Unexpired risk reserves are determined using an actuarial method. The reserves are determined using the best estimates of the claims, which are expected to occur during the remaining coverage period, with reference to its historical claim data.

(d) Unpaid policy benefits

Unpaid policy benefits are recorded when notices of the claims are received or when conditions in the policy are met.

4.12 Employee benefits

(a) Short-term employee benefits

Salaries, wages, bonuses and contributions to the social security fund are recognised as expenses when incurred.

(b) Post-employment benefits

Defined contribution plans

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

Defined benefit plans and other long-term employee benefits

The Company has obligations in respect of the severance payments they must make to employees upon retirement under labor law and other employee benefit plans. The Company treats these severance payment obligations as a defined benefit plan. In addition, the Company also provides other long-term employee benefit plan, namely long service awards, to its employee.

The obligations under the defined benefit plan and other long-term employee benefit plan are determined by a professionally qualified independent actuary based on actuarial techniques, using the projected unit credit method.

Actuarial gains and losses arising from the defined benefit plan are recognised immediately in other comprehensive income or loss and directly charged against retained earnings.

Actuarial gains and losses arising from other long-term employee benefit plan are recognised immediately in profit and loss.

4.13 Provisions for liabilities

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

4.14 Long-term leases

Leases of premises and equipment, which do not transfer substantially all the risks and rewards of ownership, are classified as operating leases. Operating lease payments are recognised as an expense in profit or loss on a straight line basis over the lease terms.

4.15 Income taxes

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

(a) Current income taxes

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

(b) Deferred income taxes

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

The Group recognises deferred tax liabilities for all taxable temporary differences while they recognise deferred tax assets for all deductible temporary differences and tax losses brought forward to the extent that it is probable that future taxable profit will be available against which such deductible temporary differences and tax losses brought forward can be utilised.

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

The Group records deferred taxes directly to owners' equity if the taxes relate to items that are recorded directly to owners' equity.

4.16 Related party transactions

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

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

4.17 Fair value measurement

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

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

- Level 1 - Use of quoted market prices in an observable active market for such assets or liabilities
- Level 2 - Use of other observable inputs for such assets or liabilities, whether directly or indirectly
- Level 3 - Use of unobservable inputs such as estimates of future cash flows

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

5. Significant accounting judgements and estimates

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

5.1 Fair value of financial instruments

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

5.2 Allowance for doubtful accounts/Allowance for impairment

In determining allowances for doubtful accounts and impairment on premium receivables, reinsurance assets, reinsurance receivables and loans, the management needs to make judgment and estimates based upon, among other things, past collection history, aging profile of outstanding debts and the prevailing economic condition.

5.3 Allowance for impairment on investments in equity securities

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

5.4 Premises and equipment and depreciation

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

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

5.5 Deferred tax assets

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

5.6 Long-term insurance policy reserves

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

5.7 Loss reserves

At each reporting period, the Company is required to estimate loss reserves taking into account two parts. These are the claims incurred and already reported on or before the end of reporting periods and the claims incurred but not yet reported (IBNR) by the end of the reporting periods. The estimation is made using the actuarial techniques and the key assumptions used relate to historical experience, including the development of claims estimates, paid and incurred losses, average costs per claim and claim numbers, etc. Nevertheless, such estimates are forecasts of future outcomes, and actual claims could differ.

5.8 Unexpired risk reserves

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

5.9 Employee benefit obligations

Employee benefit obligations are determined based on actuarial techniques. Such determination is made based on various assumptions, including discount rates, future salary incremental rates, mortality rates, staff turnover rates and so on. However, actual outcome could differ from the estimates.

5.10 Litigation

The Company has contingent liabilities as a result of litigation. The Company's management has used judgment to assess of the results of the litigation and believes that losses incurred will not exceed the recorded amount as at the end of reporting period. However, actual outcome could differ from the estimates.

5.11 Leases

In determining whether a lease is to be classified as an operating lease or finance lease, the management is required to use judgment regarding whether or not significant risk and rewards of ownership of the leased asset has been transferred to the Company, taking into consideration terms and conditions of the arrangement.

6. Cash and cash equivalents

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	31 December 2018	31 December 2017	31 December 2018	31 December 2017
Cash on hand	1,367	1,363	1,367	1,363
Deposits at banks with no fixed maturity date	234,822	64,230	229,823	59,230
Deposits at banks with fixed maturity date	-	1,442	-	1,442
Deposits in money market mutual fund	-	588,431	-	588,431
Cash and cash equivalents	236,189	655,466	231,190	650,466

As at 31 December 2018 and 2017, bank deposits in fixed accounts carried interest at the rates 0.66 percent per annum and 0.70 percent per annum, respectively.

7. Premium receivables

As at 31 December 2018 and 2017, the outstanding balances of premium receivables, classified by overdue periods, counted from the grace-period due dates, were as follows:

	(Unit: Thousand Baht)	
	Consolidated and separate	
	financial statements	
	Direct insurance	
	31 December 2018	31 December 2017
Not yet due	94,881	71,998
Not over 30 days	6	4
Over 31 days to 60 days	2	4
Over 61 days to 90 days	4	4
Overdue longer than 90 days	5,854	6,025
Total premium receivables	100,747	78,035
Less: Allowance for doubtful accounts	(5,848)	(6,019)
Premium receivables - net	94,899	72,016

For insurance policies with individuals, the grace periods are 30 - 60 days after the due dates. For overdue insurance policies having a cash value greater than the amounts of overdue premium receivables, the overdue premium receivables will be automatically settled under the conditions of the automatic policy loans.

8. Reinsurance assets

As at 31 December 2018 and 2017, reinsurance assets consisted of reserves refundable from reinsurers as follows:

	(Unit: Thousand Baht)	
	Consolidated and separate	
	financial statements	
	31 December 2018	31 December 2017
Unearned premium reserves	917	431
Loss reserves for unpaid claims under litigation		
process	-	7,719
Reinsurance assets	917	8,150

9. Reinsurance receivables

As at 31 December 2018 and 2017, reinsurance receivables consisted of the following:

	(Unit: Thousand Baht)	
	Consolidated and separate financial statements	
	31 December 2018	31 December 2017
Amounts due from reinsurers	361	33
Reinsurance receivables	361	33

As at 31 December 2018 and 2017, the balances of amounts due from reinsurers were classified by overdue periods as follows:

	(Unit: Thousand Baht)	
	Consolidated and separate financial statements	
	31 December 2018	31 December 2017
Not yet due	361	33
Total amounts due from reinsurers	361	33

10. Investments in securities

10.1 Classified by investment type

(Unit: Thousand Baht)

	Consolidated and separate financial statements			
	31 December 2018		31 December 2017	
	Cost/ Amortised cost	Fair value	Cost/ Amortised cost	Fair value
Trading investments				
Equity securities	-	-	10,238	9,538
Unit trust	1,489,230	1,484,547	-	-
Total	1,489,230	1,484,547	10,238	9,538
Less: Unrealised loss	(4,683)		(700)	
Trading investments - net	1,484,547		9,538	
Available-for-sale investments				
Government and state enterprise securities	1,852,517	2,011,905	2,177,446	2,380,893
Private sector debt securities	2,182,731	2,312,757	2,001,190	2,161,109
Equity securities	2,332,719	2,258,552	2,787,479	3,109,221
Warrants	9	7	5,945	7,611
Total	6,367,976	6,583,221	6,972,060	7,658,834
Add: Unrealised gains				
from revaluation	323,128		752,459	
from translation of foreign currencies	(45,447)		(32,498)	
Total	277,681		719,961	
Less: Allowance for impairment	(62,436)		(33,187)	
Available-for-sale investments - net	6,583,221		7,658,834	
Held-to-maturity investments				
Deposits at banks that have an original maturity period of longer than 3 months	-		10,000	
Total held-to-maturity investments	-		10,000	
General investment				
Equity securities - ordinary shares	1,714		13,500	
Total general investment	1,714		13,500	
Investments in securities - net	8,069,482		7,691,872	

10.2 Classified by remaining periods of debt securities

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

(Unit: Thousand Baht)

Consolidated and separate financial statements				
31 December 2018				
	Periods to maturity			Total
	1 year	1 - 5 years	Over 5 years	
Available-for-sale investments				
Government and state enterprise securities				
Government bonds	231,623	135,379	894,813	1,261,815
State enterprise bonds	-	340,226	-	340,226
State enterprise debentures	-	90,341	160,135	250,476
Total	231,623	565,946	1,054,948	1,852,517
Add: Unrealised gains	3,670	33,011	122,707	159,388
Total	235,293	598,957	1,177,655	2,011,905
Private sector securities				
Debentures	30,000	1,122,347	1,030,384	2,182,731
Add: Unrealised gains	451	62,599	66,976	130,026
Total	30,451	1,184,946	1,097,360	2,312,757
Total available-for-sale investments	265,744	1,783,903	2,275,015	4,324,662

(Unit: Thousand Baht)

	Consolidated and separate financial statements			
	31 December 2017			
	Periods to maturity			
	1 year	1 - 5 years	Over 5 years	Total
Available-for-sale investments				
Government and state enterprise securities				
Government bonds	310,431	470,507	895,449	1,676,387
State enterprise bonds	-	100,072	240,206	340,278
State enterprise debentures	-	90,511	70,270	160,781
Total	310,431	661,090	1,205,925	2,177,446
Add: Unrealised gains	1,686	37,022	164,739	203,447
Total	312,117	698,112	1,370,664	2,380,893
Private sector securities				
Debentures	35,000	797,350	1,168,840	2,001,190
Add: Unrealised gains	280	56,830	102,809	159,919
Total	35,280	854,180	1,271,649	2,161,109
Total available-for-sale investments	347,397	1,552,292	2,642,313	4,542,002
Held-to-maturity investments				
Deposit at banks with maturity periods				
of longer than 3 months	10,000	-	-	10,000
Total held-to-maturity investments	10,000	-	-	10,000
Total investments in debt securities	357,397	1,552,292	2,642,313	4,552,002

10.3 Investments subject to restrictions

As at 31 December 2018 and 2017, the Company had fixed deposits, government bonds and state enterprise debentures placed as securities as described in Note 31 to the financial statements.

10.4 Revaluation surplus on available-for-sale investments

For the years ended 31 December 2018 and 2017, the Company had movements in revaluation surplus on available-for-sale investments as follows:

	(Unit: Thousand Baht)	
	Consolidated and separate financial statements	
	For the year ended 31 December	
	2018	2017
Revaluation surplus on available-for-sale investments		
- beginning of the years	752,459	454,577
Gains on revaluation of available-for-sale investments	(446,281)	343,390
Reclassification from trading investment to available-for-sale investment	(700)	-
Gains on sales of available-for-sale investments during the years transferred to be recognised in profit or loss	(44,786)	(45,508)
Revaluation surplus on available-for-sale investments		
- end of the years	260,692	752,459
Less: Income taxes	(52,138)	(150,492)
Revaluation surplus on available-for-sale investments		
- net of income taxes	208,554	601,967

On 28 February 2018, the Company reclassified equity securities from trading investment to available-for-sale investment. The Company recorded the difference between the carrying amount and fair value as of the reclassification date, amounting to Baht 0.7 million, as loss on reclassification of investment in the statement of comprehensive income for the year ended 31 December 2018.

11. Loans and interest receivables

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

	(Unit: Thousand Baht)								
	Consolidated and separate financial statements								
	31 December 2018								
	Policy loans		Mortgage loans		Other loans		Total		
Overdue periods	Principal	Interest receivables ⁽¹⁾	Principal	Interest receivables ⁽¹⁾	Principal	Interest receivables ⁽¹⁾	Principal	Interest receivables ⁽¹⁾	Total
Not yet due	522,004	16,016	58,260	1,984	164	-	580,428	18,000	598,428
Past due									
Less than 3 months	-	-	29,067	978	-	-	29,067	978	30,045
3 - 6 months	-	-	125	-	-	-	125	-	125
6 - 12 months	-	-	7,027	155	-	-	7,027	155	7,182
Over 12 months	-	-	590,122	24,182	5,315	314	595,437	24,496	619,933
Total loans and interest receivables	522,004	16,016	684,601	27,299	5,479	314	1,212,084	43,629	1,255,713
Less: Allowance for doubtful accounts	-	-	(80,884)	(17,775)	(5,315)	(314)	(86,199)	(18,089)	(104,288)
Loans and interest receivables - net	522,004	16,016	603,717	9,524	164	-	1,125,885	25,540	1,151,425

⁽¹⁾ Presented as a part of "Accrued investment income - net" in the statements of financial position.

(Unit: Thousand Baht)

Consolidated and separate financial statements									
31 December 2017									
Overdue periods	Policy loans		Mortgage loans		Other loans		Total		
	Principal	Interest receivables ⁽¹⁾	Principal	Interest receivables ⁽¹⁾	Principal	Interest receivables ⁽¹⁾	Principal	Interest receivables ⁽¹⁾	Total
Not yet due	506,225	15,868	36,185	1,441	94	-	542,504	17,309	559,813
Past due									
Less than 3 months	-	-	43,511	1,625	-	-	43,511	1,625	45,136
3 - 6 months	-	-	521	13	-	-	521	13	534
6 - 12 months	-	-	4,311	28	-	-	4,311	28	4,339
Over 12 months	-	-	639,726	27,861	5,315	313	645,041	28,174	673,215
Total loans and interest receivables	506,225	15,868	724,254	30,968	5,409	313	1,235,888	47,149	1,283,037
Less: Allowance for doubtful accounts	-	-	(123,557)	(22,845)	(5,315)	(313)	(128,872)	(23,158)	(152,030)
Loans and interest receivables - net	506,225	15,868	600,697	8,123	94	-	1,107,016	23,991	1,131,007

⁽¹⁾ Presented as a part of "Accrued investment income - net" in the statements of financial position.

As at 31 December 2018 and 2017, mortgage loans were loans provided to agents, employees and external individuals on which interest was charged at the rates between 7 to 10 percent per annum and 7 to 10 percent per annum, respectively. Collateral used to secure such loans comprised land and buildings.

As at 31 December 2018 and 2017, other loans were loans provided to employees and agents, which were guaranteed by personal guarantees or motor vehicles and on which interest was charged at the rates between 7 to 15 percent per annum and 7 to 15 percent per annum, respectively.

12. Investment in a subsidiary

As at 31 December 2018, detail of investment in a subsidiary, as presented in the separate financial statements, was as follows:

(Unit: Thousand Baht)									
Company's name	Type of business	Country of incorporation	Issued and paid-up share capital		Shareholding percentage		Cost		Carrying value under equity method
			31	31	31	31	31	31	
			December	December	December	December	December	December	
			2018	2017	2018	2017	2018	2017	2018 2017
					(%)	(%)			
Phillip Insurance Broker Company Limited	Non-life insurance broker	Thailand	5,000	5,000	99.88	99.88	4,994	4,994	4,915 4,968
Total investment in a subsidiary							4,994	4,994	4,915 4,968

On 29 May 2017, Phillip Insurance Broker Company Limited was incorporated and registered with the Ministry of Commerce to operate non-life insurance brokerage business with the registered share capital of Baht 5 million consisting of 50,000 ordinary shares at a par value of Baht 100 each. The Company already paid Baht 4,994,000 for 49,940 shares, which contributed 99.88% of the issued and paid-up share capital of such Company.

During 2018, the Company recognised share of loss from investment in a subsidiary in its separate statements under the equity method, which was based on the subsidiary's financial statements, prepared by the management but not yet audited by the auditor.

13. Premises and equipment

(Unit: Thousand Baht)

Consolidated and separate financial statements								
	Land	Buildings and building improvements	Furniture, fixtures and office equipment	Computers	Vehicle	Assets in progress	Idle assets	Total
Cost								
1 January 2017	36,714	110,354	59,675	46,953	7,427	886	4,085	266,094
Additions	-	457	1,915	1,721	-	3,425	-	7,518
Disposals/write-off	-	(488)	(919)	(2,214)	-	-	-	(3,621)
Transfer in (out)	-	4,180	131	-	-	(4,311)	-	-
31 December 2017	36,714	114,503	60,802	46,460	7,427	-	4,085	269,991
Additions	-	133,236	7,039	8,823	-	40,916	-	190,014
Disposals/write-off	-	-	(935)	(116)	-	-	-	(1,051)
Transfer in (out)	-	38,186	2,730	-	-	(40,916)	-	-
31 December 2018	36,714	285,925	69,636	55,167	7,427	-	4,085	458,954
Accumulated depreciation								
1 January 2017	-	56,189	48,157	35,175	6,499	-	1,100	147,120
Depreciation for the year	-	17,358	3,983	3,878	268	-	-	25,487
Accumulated depreciation on disposals/write-off	-	(383)	(879)	(2,214)	-	-	-	(3,476)
31 December 2017	-	73,164	51,261	36,839	6,767	-	1,100	169,131
Depreciation for the year	-	27,002	4,862	4,501	269	-	-	36,634
Accumulated depreciation on disposals/write-off	-	-	(929)	(110)	-	-	-	(1,039)
31 December 2018	-	100,166	55,194	41,230	7,036	-	1,100	204,726
Net book value								
31 December 2017	36,714	41,339	9,541	9,621	660	-	2,985	100,860
31 December 2018	36,714	185,759	14,442	13,937	391	-	2,985	254,228
Depreciation included in profit or loss for the years ended								
31 December 2017								25,487
31 December 2018								36,634

As at 31 December 2018 and 2017, certain equipment items were fully depreciated but have been still in use. The original costs, before deducting accumulated depreciation, of those assets amounted to approximately Baht 99 million and Baht 98 million, respectively.

14. Intangible assets

	(Unit: Baht)
	Consolidated and separate financial
	Computer softwares
Cost	
1 January 2017	22,583
Additions	395
31 December 2017	22,978
Additions	15,460
31 December 2018	38,438
Accumulated amortisation	
1 January 2017	15,765
Amortisation for the year	1,825
31 December 2017	17,590
Amortisation for the year	4,164
31 December 2018	21,754
Net book value	
31 December 2017	5,388
31 December 2018	16,684

Reconciliations of the net book value of intangible assets for the years ended 31 December 2018 and 2017 were presented below.

	(Unit: Baht)	
	For the years ended 31 December	
	2018	2017
Net book value at beginning of the years	5,388	22,583
Additions during the years	15,460	395
Amortisation for the years	(4,164)	(17,590)
Net book value at end of the years	16,684	5,388

15. Other assets

As at 31 December 2018 and 2017, other assets consisted of the following items:

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	31 December 2018	31 December 2017	31 December 2018	31 December 2017
Rental deposits	7,293	7,381	7,293	7,381
Other receivable	86,569	86,744	86,569	86,744
Withholding taxes	36,087	29,589	36,087	29,589
Receivables from sales of investments	1,994	10,308	1,994	10,308
Receivable from the Legal Executive Department	4,444	21,066	4,444	21,066
Others	29,595	31,345	29,672	31,372
Total	165,982	186,433	166,059	186,460
Less: Allowance for doubtful accounts	(106,373)	(112,997)	(106,373)	(112,997)
Other assets - net	59,609	73,436	59,686	73,463

16 Insurance contract liabilities

	(Unit: Thousand Baht)					
	Consolidated and separate financial statements					
	31 December 2018			31 December 2017		
	Insurance contract liabilities	Reinsurance of liabilities	Net	Insurance contract liabilities	Reinsurance of liabilities	Net
Long-term insurance policy reserves	7,405,511	-	7,405,511	7,212,182	-	7,212,182
Loss reserves						
Claims incurred and reported	26,452	-	26,452	11,787	-	11,787
Claims incurred but not yet reported	3,400	-	3,400	10,188	-	10,188
Premium reserves						
Unearned premium reserves	126,881	(917)	125,964	100,926	(431)	100,495
Unpaid policy benefits	39,532	-	39,532	64,385	(7,719)	56,666
Other insurance liabilities	419,546	-	419,546	394,086	-	394,086
Total	8,021,322	(917)	8,020,405	7,793,554	(8,150)	7,785,404

16.1 Long-term insurance policy reserves

	(Unit: Thousand Baht)	
	Consolidated and separate	
	financial statements	
	For the year ended 31 December	
	2018	2017
Balances - beginning of the years	7,212,182	6,824,057
Insurance policy reserves increased for new businesses and inforce policies	750,047	593,737
Insurance policy reserves released from death, benefit paid, lapse and surrender	(420,914)	(474,215)
Change in insurance policy reserves as a result of assumption changes	(136,617)	268,831
Changes in insurance policy reserves as a result of experience adjustments	813	(228)
Balances - end of the years	7,405,511	7,212,182

16.2 Short-term insurance policy reserves

(a) Loss reserves

	(Unit: Thousand Baht)	
	Consolidated and separate	
	financial statements	
	For the year ended 31 December	
	2018	2017
Balances - beginning of the years	21,975	17,652
Claims incurred in the current years	175,852	154,856
Changes in estimation and assumptions	(10,500)	(4,169)
Claims paid during the years	(157,475)	(146,364)
Balances - end of the years	29,852	21,975

(b) Unearned premium reserves

(Unit: Thousand Baht)

Consolidated and separate
financial statements

	For the year ended 31 December	
	2018	2017
Balances - beginning of the years	100,926	82,498
Premium written during the years	277,365	253,648
Premium earned during the years	(251,410)	(235,220)
Balances - end of the years	126,881	100,926

(c) Claims development table

(Unit: Thousand Baht)

	Before									
	2011	2011	2012	2013	2014	2015	2016	2017	2018	Total
Accident year/Reporting year										
Loss estimates:										
- End of the accident year		63,169	53,130	49,183	45,122	48,266	81,953	143,288	169,373	
- One year later		65,782	55,743	51,614	47,506	51,122	82,252	144,501		
- Two years later		65,828	55,770	51,635	47,647	51,126	82,264			
- Three years later		65,842	55,774	51,640	47,538	51,132				
- Four years later		65,842	55,780	51,631	47,541					
- Five years later		65,850	55,815	51,631						
- Six years later		65,850	55,782							
- Seven years later		65,850								
Ultimate loss estimates	121	65,850	55,782	51,631	47,541	51,139	82,291	144,573	175,852	674,780
Cumulative losses paid	-	(65,850)	(55,782)	(51,631)	(47,541)	(51,132)	(82,243)	(144,501)	(146,248)	(644,928)
Total loss reserves	121	-	-	-	-	7	48	72	29,604	29,852

16.3 Significant assumptions

(a) Long-term insurance policy reserves

The Company uses the Gross Premium Valuation ("GPV") method to value total obligated liabilities for long-term insurance contracts. The GPV method is an actuarial valuation method, which determines the present value of cash flows expected to receive from insurance premiums and expected to pay on benefits committed under insurance policies, including related expenses expected to be incurred in the future. However, key assumptions used are based on the Company's historical experiences and the Insurance Industry's historical experiences, the regulator's requirements, forecasts of related expenses, and so on. Key assumptions used in the GPV calculation are summarised as below:-

Mortality and morbidity rates

The Company sets mortality and morbidity rate assumptions with reference to the rates announced in the Thai Mortality Ordinary Table, the Thai Mortality Industry Table and the Thai Annuitant Table, which are also widely used in the business sector, as required by the office of Insurance Commission, the Company's historical experiences and expert judgement of actuaries.

Lapse rates

The Company sets lapse rate assumptions with reference to its historical experiences, separated by product types, lives of policies and expert judgement of actuaries.

Discount rates

The Company sets discount rate assumptions with reference to zero coupon government bonds, which are in accordance with criteria laid down by the office of Insurance Commission in valuation of liabilities of life insurance companies and the bond yields for each duration used will correspond to the durations of the expected cash flows.

Operational expenses

The Company sets operating expense assumptions with reference to actual operating expenses on in-force policies incurred in the past, trend of operating expenses in the future and expert judgement of actuaries.

(b) IBNR loss reserves

The Company estimates IBNR loss reserves using the Chain Ladder method, which is an international standard actuarial technique. The key assumptions used are claim development rates, which are derived from historical latest 5-years claim experiences available to the Company and expert judgement of actuaries.

16.4 Unpaid policy benefits

	(Unit: Thousand Baht)	
	Consolidated and separate	
	financial statements	
	31 December 2018	31 December 2017
Death benefits	1,881	10,472
Maturity payments	22,365	26,715
Surrender	479	737
Benefit payments under policies	1,740	2,148
Others	13,067	24,313
Total unpaid policy benefits	39,532	64,385

16.5 Other insurance liabilities

	(Unit: Thousand Baht)	
	Consolidated and separate	
	financial statements	
	31 December 2018	31 December 2017
Deposits of the insured	405,184	375,719
Others	14,362	18,367
Total other insurance liabilities	419,546	394,086

17. Reinsurance payables

As at 31 December 2018 and 2017, the Company had reinsurance payables classified by type of liabilities as follows:

	(Unit: Thousand Baht)	
	Consolidated and separate financial statements	
	31 December 2018	31 December 2017
Outward premium payables	5,109	4,643
Total due to reinsurers	5,109	4,643

18. Employee benefit obligations

For the years ended 31 December 2018 and 2017, employee benefit obligations were presented as follows:

	(Unit: Thousand Baht)	
	Consolidated and separate financial statements	
	For the years ended 31 December	
	2018	2017
Employee benefit obligations at beginning of the years	39,053	29,747
Recognised in profit or loss:		
Current service costs	3,360	2,282
Interest costs	835	696
Past service costs	-	-
Total	4,195	2,978
Recognised in other comprehensive income or loss:		
Actuarial (gains) losses arose from:		
Demographic assumption changes	-	3,246
Financial assumption changes	-	679
Experience adjustments	-	4,732
Total	-	8,657
Less: Benefits paid during the years	(4,483)	(2,329)
Employee benefit obligations at end of the years	38,765	39,053

As at 31 December 2018 and 2017, the Company expected to pay Baht 3.7 million and Baht 4 million, respectively, on employee benefit obligations during the next 1-year period.

As at 31 December 2018 and 2017, the weighted average payment durations of employee benefit obligations were 11 years and 11 years, respectively.

Significant actuarial assumptions at the valuation dates were as follows:

	Consolidated and separate financial statements	
	2018	2017
	(% per annum)	(% per annum)
Average discount rate	2.16	2.16
Future salary incremental rate	5.00	5.00
Staff turnover rates (depending on service years of each employee)	4.00 - 24.00	4.00 - 24.00

The impact of sensitivity analysis for significant actuarial assumptions on employee benefit obligations as at 31 December 2018 and 2017 was summarised below:

(Unit: Thousand Baht)				
	Consolidated and separate financial statements			
	31 December 2018		31 December 2017	
	Increase (decrease) in employee benefit obligations		Increase (decrease) in employee benefit obligations	
	Change in assumptions (% per annum)		Change in assumptions (% per annum)	
Discount rate	+ 0.5%	(1,409)	+ 0.5%	(1,443)
Discount rate	- 0.5%	1,499	- 0.5%	1,537
Future salary incremental rate	+ 0.5%	1,490	+ 0.5%	1,333
Future salary incremental rate	- 0.5%	(1,413)	- 0.5%	(1,266)
Turnover rate	+ 10.0%	(1,477)	+ 10.0%	(1,278)
Turnover rate	- 10.0%	1,564	- 10.0%	1,348

On 13 December 2018, the National Legislative Assembly passed a resolution approving the draft of a new Labour Protection Act, which is in the process of being published in the Royal Gazette. The new Labour Protection Act stipulates additional legal severance pay rates for employees who have worked for an uninterrupted period of twenty years or more. Such employees are entitled to receive compensation of not less than that of the last 400 days, based on the final wage rate. This change is considered a post-employment benefit plan amendment and resulted in the Group having additional employee benefit obligations and payables of Baht 12 million. The Group will recognise such past services costs as expenses in the statement of income for the period in which the law becomes effective.

19. Deferred tax liabilities and income tax expenses

19.1 Deferred tax liabilities

As at 31 December 2018 and 2017, deferred tax liabilities consisted of tax effects arose from the following temporary difference items:

		(Unit: Thousand Baht)	
		Consolidated and separate financial statements	
		Changes in deferred tax liabilities reported in the statements of comprehensive income for the years ended 31 December	
31 December	31 December	2018	2017
2018	2017		
Deferred tax liabilities arose from:			
Gains on revaluation of available-			
for-sale investments	52,138	150,492	(98,353) (59,577)
Total deferred tax liabilities	52,138	150,492	

As at 31 December 2018 and 2017, the Company had tax-deductible temporary differences for which the Company did not record deferred tax assets since the management has already assessed and believes that it will not have sufficient taxable profit in the future to utilise such deductible temporary differences before they expire. Those tax-deductible temporary difference items are as bellows:

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	31 December 2018	31 December 2017	31 December 2018	31 December 2017
Allowance for impairment	168,810	146,184	168,810	146,184
Employee benefit obligations	38,765	39,053	38,765	39,053
Allowance for doubtful accounts	110,136	158,049	110,136	158,049
Tax losses brought forward no longer than five fiscal years	772,814	694,302	722,761	694,276

19.2 Income tax expenses

Reconciliations between income tax expenses and the product of accounting profit (loss) for the years ended 31 December 2018 and 2017 and the applicable tax rate were as follows:

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	For the years ended 31 December		For the years ended 31 December	
	2018	2017	2018	2017
Accounting profit (loss) before income tax expenses	(12,068)	(190,753)	(12,068)	(190,752)
Applicable tax rate	20%	20%	20%	20%
Amount of income taxes at the applicable tax rate	2,414	38,151	2,414	38,150
Net tax effect on revenues or expenses that are not taxable or not deductible in determining taxable profits	13,283	6,076	12,387	6,076
Deferred income taxes on losses for the years, which are expected not to be able to utilise	(15,697)	(44,227)	(14,801)	(44,226)
Income tax expenses recognised in profit or loss	-	-	-	-

The amounts of income taxes relating to each component of other comprehensive income (loss) for years ended 31 December 2018 and 2017 are as follows:

	(Unit: Thousand Baht)	
	Consolidated and separate	
	financial statements	
	For the years ended 31 December	
	2018	2017
Income taxes relating to:		
Gains on revaluation of available-for-sale investments	89,256	(68,678)
Transfer of loss from reclassification of investment type which trading to available-for-sale	140	-
Gains on sales of available-for-sale investments during the years transferred to be recognised in profit or loss	8,957	9,101
Income taxes reported in other comprehensive income or loss	98,353	(59,577)

20. Other liabilities

As at 31 December 2018 and 2017, other liabilities consisted of the following items:

	(Unit: Thousand Baht)	
	Consolidated and separate	
	financial statements	
	31 December 2018	31 December 2017
Accrued commission and brokerage expenses	116,690	50,747
Deposits from agents	45,974	32,088
Accrued operating expenses	55,244	20,306
Payables on purchases of investments	-	16,216
Others	15,727	5,680
Total other liabilities	233,635	125,037

21. Share capital

By the resolution of the Annual General Meeting of the Company's shareholders held on 25 April 2018, it is resolved to approve the decrease in the registered share capital of the Company from Baht 3,034,375,000 to Baht 2,834,375,000 by the decrease of unissued 32 million ordinary shares at a par value of Baht 6.25 each, or total of Baht 200 million. In addition, it is resolved to approve the increase in the registered share capital of the Company from Baht 2,834,375,000 to Baht 4,000,000,000 by the increase of 186.5 million ordinary shares at a par value of Baht 6.25 each, or a total of Baht 1,165.62 million. The Company registered the decrease and increase in the registered share capital with the Ministry of Commerce on 18 June 2018.

By the resolution of the Meeting No. 6/2018 of the Executive Committee held on 27 November 2018, it is resolved to approve the issuance of the Company's additional 48 million ordinary shares at a par value of Baht 6.25 each, or a total of Baht 300 million to existing shareholders in the ratio of 1 existing share to 0.1058434 new ordinary shares for the purpose of meeting the Capital Adequacy Requirement as required by the Office of Insurance Commission. On 18 December 2018, the Company received payments for such additional ordinary shares and registered the issued and paid-up share capital with the Ministry of Commerce on 28 December 2018.

Reconciliation of the registered, issued and paid-up share capital of the Company during the years ended 31 December 2018 and 2017 were as follows:

(Unit: Baht)					
	Par value per share	For the year ended 31 December 2018		For the year ended 31 December 2017	
		No. of shares	Amount	No. of shares	Amount
Registered share capital:					
Balance as at 1 January	6.25	485,500,000	3,034,375,000	485,500,000	3,034,375,000
Registered the increased share capital during the years	6.25	154,500,000	965,625,000	-	-
Balance as at 31 December	6.25	<u>640,000,000</u>	<u>4,000,000,000</u>	<u>485,500,000</u>	<u>3,034,375,000</u>
Issued and paid-up share capital:					
Balance as at 1 January	6.25	453,500,000	2,834,375,000	453,500,000	2,834,375,000
Issued additional shares during the years	6.25	48,000,000	300,000,000	-	-
Balance as at 31 December	6.25	<u>501,500,000</u>	<u>3,134,375,000</u>	<u>453,500,000</u>	<u>2,834,375,000</u>

22. Share subscription receivable

On 8 September 2004, the Company had issued and paid-up share capital of Baht 2,100 million, consisting of 21,000,000 ordinary shares at a par value of Baht 100 each. The Company did not receive payment of Baht 72,218,175 for 722,182 ordinary shares held by a shareholder. Such unsettled amount has been recorded as "Share subscription receivable", which has been presented as a deduction item in owners' equity since the beginning.

In the year 2009, the Company decreased its issued and paid-up share capital for three times by ways of reducing a par value per share and combining 4 existing shares into 1 new share. These caused the issued and paid-up share capital to be decreased from Baht 2,200 million to Baht 34.375 million by decreasing the share capital of Baht 2,165.625 million and decreasing the share premium of Baht 172.33 million to offset against deficit of Baht 2,337.955 million. After such capital decreases, the Company's issued and paid-up share capital was Baht 34.375 million, consisting of 5,500,000 ordinary shares at a par value of Baht 6.25 each. The number of ordinary shares held by the shareholder, who still owes to the Company on the unsettled shares as mentioned above, is also reduced to 180,545 shares at a par value of Baht 6.25 each after such capital decreases whereby the outstanding unsettled balance from such shareholder still remains at Baht 72,218,175. Legal action was taken against this shareholder whereby the outcome of the case was finalised and the executing officer already seized the unsettled shares awaiting further auction process.

Reconciliations of the issued and paid-up share capital as described above are detailed as below.

Year	Description	Par value per share (Baht)	Number of shares (Shares)	Issued and paid- up share capital (Thousand Baht)	Share subscription receivable (Thousand Baht)
Year 2004		100	21,000,000	2,100,000	72,218
Year 2008	Issuance of additional ordinary shares	100	1,000,000	100,000	-
		100	22,000,000	2,200,000	72,218
No.1 - Year 2009	Decrease share capital by reduction of a par value per share		-	(1,650,000)	(54,163)
		25	22,000,000	550,000	18,055
No.2 - Year 2009	Decrease share capital by reduction of a par value per share		-	(412,500)	(13,541)
		6.25	22,000,000	137,500	4,514
No.3 - Year 2009	Decrease share capital by combining 4 existing shares into 1 new share		(16,500,000)	(103,125)	(3,386)
		6.25	5,500,000	34,375	1,128

On 26 June 2015, the Civil Court had a judgment to order F&V Alliance Company Limited to pay to the Company for a total of Baht 95,689,080 including interest determined until the suing date. However, according to the 2015 financial position information of F&V Alliance Company Limited, it showed a significant amount of liabilities and a capital deficit. It is therefore unable to pay to the Company according to the Court's judgement and entered into a compromise agreement with the Company allowing the Company to proceed for the capital decrease. As for the capital decrease process, the Company determined 2 approaches, that is to get an approval from the OIC to reduce the 3,626,571 registered and paid-up shares in the Shareholders Registrar or to sell these shares at auction through the Legal Execution Department.

On 27 April 2017, it was resolved in the 2017 Annual General Meeting of the Company's shareholders to approve the decrease in the registered share capital by 3,626,571 shares amounting to Baht 22,666,068.75 held by a shareholder, namely F&V Alliance Company Limited for the Share Certificate No. 1096644 to No. 4723214 because F&V Alliance Company Limited did not pay such shares.

On 30 May 2017, the Company sent the letter to the OIC requesting for approval of the capital decrease. However, the Company was informed that the OIC cannot approved such capital decrease due to the fact that the Life Insurance Act did not have any clauses specifying that the Registrar can approve the capital decrease due to such reason. Therefore, the Company will proceed to sell those shares through auction, another approach as approved in the Annual General Meeting of the Company's shareholders.

On 8 November 2017, the Company requested the executing officer to seize assets of F&V Alliance Company Limited to settle the balance according to the Court's judgement dated 26 June 2015.

On 7 March 2018, the executing officer sent a letter to the Company informing that they already seized the unsettled shares of the Company held by F&V Alliance Company Limited.

23. Statutory reserve

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

24. Net investment revenues

(Unit: Thousand Baht)		
Consolidated and separate		
financial statements		
For the years ended 31 December		
	2018	2017
Investment revenues:		
Interest income	226,891	274,107
Dividend income	152,901	141,123
Less: Investment expenses	(8,309)	(6,947)
Net investment revenues	371,483	408,283

25. Operating expenses

(Unit: Thousand Baht)				
	Consolidated		Separate	
	financial statements		financial statements	
	For the years ended 31 December		For the years ended 31 December	
	2018	2017	2018	2017
Personnel expenses	180,174	148,069	180,174	148,069
Premises and equipment expenses	89,660	74,487	89,660	74,487
Taxes and duties	8,015	9,225	8,015	9,225
Reversal of bad debts and doubtful accounts	(51,124)	(5,484)	(51,124)	(5,484)
Other operating expenses	75,798	51,751	75,746	51,725
Total operating expenses	302,523	278,048	302,471	278,022

26. Expenses by nature

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	For the years ended 31 December		For the years ended 31 December	
	2018	2017	2018	2017
Reserves for long-term insurance				
contracts increased from prior years	193,330	388,125	193,330	388,125
Benefit payments under life policies	677,816	738,340	677,816	738,340
Claims	110,709	97,381	110,709	97,381
Commission and brokerages expenses	412,876	186,065	412,876	186,065
Employee expenses	192,599	159,884	192,599	159,884
Other underwriting expenses	14,286	12,410	14,286	12,410
Premises and equipment expenses	92,184	76,910	92,184	76,910
Reversal of bad debts and doubtful				
accounts	(51,124)	(5,484)	(51,124)	(5,484)
Others	141,330	48,711	141,278	48,684
Total expenses	1,784,006	1,702,342	1,783,954	1,702,315

27. Provident fund

The Company and its employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. The Company contributes to the fund monthly at the rate of 5 - 10 percent of basic salary and employees contribute 5 - 15 percent of their basic salary. The fund, which is managed by CIMB-Principal Asset Management Company Limited, will be paid to employees upon termination in accordance with the fund rules. During the years ended 2017 and 2016, the Company contributed Baht 9 million and Baht 8 million, respectively, to the fund.

28. Components of other comprehensive income (loss)

(Unit: Thousand Baht)

	Consolidated and separate financial statements					
	For the year ended 31 December 2018			For the year ended 31 December 2017		
	Amounts		Amounts net of taxes	Amounts		Amounts net of taxes
	before taxes	Tax expenses		before taxes	Tax expenses	
Gains on revaluation of available-for-sale investments	(491,767)	98,353	(393,414)	297,882	(59,577)	238,305
Actuarial losses on the defined benefit plan	-	-	-	(8,657)	-	(8,657)
Total	491,767	98,353	(393,414)	289,225	(59,577)	229,648

29. Earnings per share

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

Basic earnings per share for the years ended 31 December 2018 and 2017 were determined as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	For the years ended		For the years ended	
	31 December		31 December	
	2018	2017	2018	2017
Profit (loss) for the years (Thousand Baht)	(12,068)	(190,753)	(12,068)	(190,752)
Weighted average number of ordinary share (Thousand shares)	501,319	453,319	501,319	453,319
Basis earning per share				
Profit (loss) for the years (Baht/share)	(0.02)	(0.42)	(0.02)	(0.42)

30. Related party transactions

30.1 Type of relationship

The relationship between the Company and its related parties, who have significant business transactions with the Company, are summarized below.

Name of related parties	Type of relationship
Phillip Life Company Limited	Parent company
Phillip Insurance Broker Company Limited	Subsidiary
Phillip Securities (Thailand) Public Company Limited	Having common directors
Key management personnel	Persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of the Company.

30.2 Significant business transactions with related parties

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 parties, were as follows:

(Unit: Thousand Baht)

	Consolidated and separate financial statements		
	For the years ended 31 December		Pricing policy
	2018	2017	
Expenses			
<i>Securities management fee</i>			
Phillip Securities (Thailand) Public Company Limited	7,486	7,608	As stipulated in the agreement, which approximates those charged to general customers

30.3 Outstanding balances with related parties

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

	(Unit: Thousand Baht)	
	Consolidated and separate	
	financial statements	
	31 December 2018	31 December 2017
Related parties		
Other liabilities		
<i>Accrued securities management fee</i>		
Phillip Securities (Thailand) Public Company Limited	1,825	2,028

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	31 December		31 December	
	2018	2017	2018	2017
Subsidiary				
Other assets				
<i>Other assets - others</i>				
Phillip Insurance Broker Company Limited	-	-	38	26

30.4 Directors' and key management's remunerations

The Company had employee benefit expenses incurred in relation to its directors and key management as below.

	(Unit: Thousand Baht)	
	Consolidated and separate	
	financial statements	
	For the years ended 31 December	
	2018	2017
Short-term employee benefits	3,039	3,473
Long-term employee benefits	265	209
Total	3,304	3,682

31. Securities placed with the Life Assurance Registrar and commercial bank

As at 31 December 2018 and 2017, the Company had the following securities placed with the Registrar in accordance with the Life Assurance Act and commercial bank.

(Unit: Thousand Baht)

	Consolidated and separate financial statements			
	31 December 2018		31 December 2017	
	Amortised cost	Fair value	Amortised cost	Fair value
Placed with the Life Assurance Registrar:				
As securities				
Government bonds	20,145	20,460	20,370	21,301
As life insurance reserves				
Government bonds	1,535,240	1,683,120	1,949,081	2,137,763
State enterprise debentures	355,559	392,985	35,000	35,280
Total	1,890,799	2,076,105	1,984,081	2,173,043
Placed with commercial bank:				
As securities				
Fixed deposits	-	-	10,000	10,000

32. Contributions to the Life Insurance Fund

(Unit: Thousand Baht)

	Consolidated and separate financial statements	
	For the years ended 31 December	
	2018	2017
Accumulated contributions at beginning of the years	10,724	9,621
Contributions during the years	1,434	1,103
Accumulated contributions at end of the years	12,158	10,724

33. Operating lease commitments

The Company has entered into several operating lease agreements in respect of the lease of office building. The terms of the agreements are generally between 1 year and 3 years. As at 31 December 2018 and 2017, future minimum lease payments required under these non-cancellable operating leases contracts were as follows.

Payable within	(Unit: Thousand Baht)	
	Consolidated and separate	
	financial statements	
	31 December 2018	31 December 2017
Within 1 year	28,497	28,300
1 to 5 years	18,071	37,669
Total	46,568	65,969

34. Contingent liabilities

As at 31 December 2018 and 2017, the Company had litigation cases, for which the Company has been sued for being an insurer with the prosecution amounts totaling Baht 0.1 million and Baht 18 million, respectively (including interest). The Company already recorded such contingent liabilities in full under the account of "unpaid policy benefits".

35. Life insurance company's risk

The Company recognises the importance of risk management within the organization. Risk Management is an important tool in organisational management according to the Risk Management Policy. It is required under the Notification of the Office of Insurance Commission that the Company's Risk Management Policy must be identified and reviewed by the Risk Management Committee and approved by the Company's Board of Directors. The Company proceeds according to the Risk Management Process, which covers key risk area as follows:

35.1 Life insurance risk

Life insurance risk is a risk that is caused by the volatility of frequency, severity and timing of occurrence that is deviated from assumptions used in pricing, calculation of reserves and underwriting consideration.

The Company sets up standard underwriting guidelines standard for each product plan, age and gender for selection of life insurance target group, taking into consideration various factors such as mortality rates, persistency rates, and soon. The Company assesses the adequacy of insurance reserves and capital adequacy ratio to meet the regulatory requirements in order to be assured that the Company is able to accept the risks that may arise in the future.

In addition, The Company has reinsurance policies to diversify those risks to the reinsurers for huge damage or disaster events.

The sensitivity analysis on the insurance contract liabilities is a tool to help analysing impact from volatility of assumptions used in calculation of insurance contract liabilities both before and after reinsurance. The risks may be caused by the frequency and severity of damages and loss adjustment expenses are not as expected.

(a) The sensitivity analysis on long-term insurance policy reserves

(Unit: Thousand Baht)

Consolidated and separate financial statements						
31 December 2018						
		Increase (decrease) in long-term insurance reserves - both	Increase (decrease) in long-term insurance reserves - both		Increase (decrease) in long-term insurance reserves - both	Increase (decrease) in long-term insurance reserves - both
Assumptions	increase	gross and net of reinsurance	(decrease) in owners' equity	Assumptions	gross and net of reinsurance	(decrease) in owners' equity
Mortality rate	+ 15%	71,380	(71,380)	- 15%	(75,618)	75,618
Lapse rate	+ 20%	(59,703)	59,703	- 20%	64,161	(64,161)
Discount rate	+ 0.50%	(411,816)	411,816	- 0.50%	460,524	(460,524)
Related expenses	+ 5%	50,113	(50,113)	- 5%	(50,113)	50,113

(Unit: Thousand Baht)

Consolidated and separate financial statements						
31 December 2017						
		Increase (decrease) in long-term insurance reserves - both gross and net of reinsurance	Increase (decrease) in owners' equity		Increase (decrease) in long-term insurance reserves - both gross and net of reinsurance	Increase (decrease) in owners' equity
Assumptions	increase			Assumptions	decrease	
Mortality rate	+ 15%	61,194	(61,194)	- 15%	(64,574)	64,574
Lapse rate	+ 20%	(77,589)	77,589	- 20%	88,347	(88,347)
Discount rate	+ 0.50%	(383,799)	383,799	- 0.50%	425,918	(425,918)
Related expenses	+ 5%	46,980	(46,980)	- 5%	(46,980)	46,980

(b) The sensitivity analysis on loss reserves

(Unit: Thousand Baht)

Consolidated and separate financial statements				
Loss Development Factor (LDF)	31 December 2018		31 December 2017	
	Increase (decrease) in loss reserves	Increase (decrease) in owners' equity	Increase (decrease) in loss-reserves	Increase (decrease) in owners' equity
+ 10%	69,395	(69,395)	55,890	(55,890)
- 10%	(1,299)	1,299	(3,454)	3,454

35.2 Concentrations of life insurance risk

The Company manages concentration risk by distributing a variety of life insurance products in order to meet customers' needs of each customer segment. Circumstances that may affect the concentration of its products include:

1. Changes in market interest rate and the significant down trend of interests rates on deposits may have a negative impact on the Company's endowment and whole-life products.
2. Changes in mortality rate, which has an upward trend of average longevity age, may have a negative impact on the Company's pension products.

As at 31 December 2018 and 2017, concentration risk on insurance contract liabilities, classified by types of insurance products, were shown below.

(Unit: Thousand Baht)

Consolidated and separate financial statements					
31 December 2018			31 December 2017		
	Gross long-term insurance reserves	Reinsurance	Net long-term insurance reserves	Gross long-term insurance reserves	Reinsurance
					Net long-term insurance reserves
Endowment	4,257,202	-	4,257,202	4,109,863	-
Whole Life	2,655,117	-	2,655,117	2,619,267	-
Term Insurance					
& Mortgage	8,963	-	8,963	10,258	-
Annuity	5,777	-	5,777	5,004	-
Reduce Paid up	292,258	-	292,258	300,345	-
Extended Term					
Insurance	144,597	-	144,597	149,668	-
Long Term Rider	41,597	-	41,597	17,777	-
Total	7,405,511	-	7,405,511	7,212,182	-

(Unit: Thousand Baht)

Consolidated and separate financial statements					
31 December 2018			31 December 2017		
	Gross loss reserves	Reinsurance	Net loss reserves	Gross loss reserves	Reinsurance
					Net loss reserves
Personal					
Accidence	1,781	-	1,781	677	-
Accidental Rider	620	-	620	865	-
Health Rider	21,979	-	21,979	12,061	-
Group Insurance	5,472	-	5,472	8,372	-
Total	29,852	-	29,852	21,975	-

35.3 Insurance contract assets and liabilities

As at 31 December 2018 and 2017, insurance contract assets and liabilities, classified by remaining maturity periods as from the reporting dates, were summarised below:

(Unit: Thousand Baht)

	Consolidated and separate financial statements			
	31 December 2018			
	Within 1 year	1 - 5 years	Over 5 years	Total
<u>Insurance contract assets</u>				
Premium receivables - net	94,899	-	-	94,899
Reinsurance assets	917	-	-	917
Reinsurance receivables	361	-	-	361
<u>Insurance contract liabilities</u>				
Long-term insurance reserves	197,139	1,974,078	9,269,256	11,440,473
Loss reserves	28,360	1,492	-	29,852
Reinsurance payables	5,109	-	-	5,109

(Unit: Thousand Baht)

	Consolidated and separate financial statements			
	31 December 2017			
	Within 1 year	1 - 5 years	Over 5 years	Total
<u>Insurance contract assets</u>				
Premium receivables - net	72,016	-	-	72,016
Reinsurance assets	431	-	7,719	8,150
Reinsurance receivables	33	-	-	33
<u>Insurance contract liabilities</u>				
Long-term insurance reserves	188,469	2,154,164	7,963,227	10,305,860
Loss reserves	20,877	1,098	-	21,975
Reinsurance payables	4,643	-	-	4,643

36. Financial instruments

36.1 Financial risk management

The Company's financial instruments, as defined under Thai Accounting Standard No. 107 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, investments in securities, and loans. The financial risks associated with these financial instruments and how they are managed is described below.

(a) Credit risk

Credit risk occurs when the counter party is unable to honor an agreement made with the company including a chance that the credit rating of the counter party may be adjusted credit down.

Key areas that the Company is exposed to credit risk are cash positions, premium receivables, policy loans, mortgaged loans and investments in debt securities.

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all policyholders, borrowers and debt securities on an ongoing basis. At the reporting date, there were no significant credit risk. The maximum exposure to credit risk is represented by the carrying value of each financial asset in the statements of financial position.

Concentrations of the credit risk with respect to loans and premium receivables are low due to the large number of borrowers and customers in the Company's customer base and their dispersion across different industries and geographic regions in Thailand. The maximum exposure to credit risk is the carrying value of these assets as presented in the statements of financial position.

The Company expects no risk on policy loans since the sum that the Company has lent to the insured parties is less than the cash values of their policies with the Company and the maximum value of the risk arising from mortgage loans is the amount of the loan less the value at which the Company is able to derive from the mortgaged assets.

(b) Interest rate risk

Interest rate risk means the risk that occurs from the fluctuations in interest rates due to changes in market interest rates.

The Company manages this risk by performing sensitivity test in the condition of market interest rate's changing to show the impact on the changing in Capital Adequacy Ratio under the changing in market interest rate and will find out the solution to control that impact.

The Company's exposure to interest rate risk relates primarily to its deposits at financial institutions, investments in securities and loans.

As at 31 December 2018 and 2017, significant financial assets classified by type of interest rates are summarised in the table below, with those financial assets that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date.

(Unit: Thousand Baht)

Consolidated financial statements							
31 December 2018							
Fixed interest rates							
Remaining periods to repricing dates or maturity dates							
	Within 1 year	1 - 5 years	Over 5 years	Floating interest rate	No interest	Total	Interest rate (% p.a.)
Financial Assets							
Cash and cash equivalents	-	-	-	208,855	27,334	236,189	0.05 - 0.07
Investments in securities							
Government and state							
enterprise securities	235,292	598,957	1,177,656	-	-	2,011,905	3.58 - 6.40
Private sector debt							
securities	30,451	1,184,946	1,097,360	-	-	2,312,757	3.68 - 5.50
Policy loans	522,004	-	-	-	-	522,004	5.00 - 10.00
Mortgage and other loans - net	7,290	235,083	20,206	-	341,302	603,881	6.00 - 19.00
Total	795,037	2,018,986	2,295,222	208,855	368,636	5,686,736	

(Unit: Thousand Baht)

Consolidated financial statements

31 December 2017

	Fixed interest rates			Floating interest rate	No interest	Total	Interest rate (% p.a.)
	Remaining periods to repricing dates or maturity dates						
	Within	1 - 5 years	Over 5 years				
	1 year						
Financial Assets							
Cash and cash equivalents	1,442	-	-	82,035	571,989	655,466	0.05 - 0.70
Investments in securities							
Government and state							
enterprise securities	312,117	698,112	1,370,664	-	-	2,380,893	3.58 - 6.40
Private sector debt							
securities	35,280	854,180	1,271,649	-	-	2,161,109	3.68 - 5.50
Deposits at banks with an original maturity period of longer 3 months	10,000	-	-	-	-	10,000	1.56
Policy loans	506,225	-	-	-	-	506,225	5.00 - 10.00
Mortgage and other loans - net	27,496	174,236	97,350	-	301,709	600,791	7.00 - 15.00
Total	892,560	1,726,528	2,739,663	82,035	873,698	6,314,484	

(Unit: Thousand Baht)

Separate financial statements

31 December 2018

	Fixed interest rates			Floating interest rate	No interest	Total	Interest rate (% p.a.)
	Remaining periods to repricing dates or maturity dates						
	Within	1 - 5 years	Over 5 years				
	1 year						
Financial Assets							
Cash and cash equivalents	-	-	-	203,855	27,335	231,190	0.05 - 0.07
Investments in securities							
Government and state							
enterprise securities	235,292	598,957	1,177,656	-	-	2,011,905	3.58 - 6.4
Private sector debt							
securities	30,451	1,184,946	1,097,360	-	-	2,312,757	3.68 - 5.50
Policy loans	522,004	-	-	-	-	522,004	5.00 - 10.00
Mortgage and other loans - net	7,290	235,083	20,206	-	341,302	603,881	6.00 - 19.00
Total	795,037	2,018,986	2,295,222	203,855	368,637	5,681,737	

Separate financial statements

31 December 2017

	Fixed interest rates						
	Remaining periods to repricing dates or maturity dates						
	Within			Floating	No		
	1 year	1 - 5 years	Over 5 years	interest rate	interest	Total	Interest rate
							(% p.a.)
Financial Assets							
Cash and cash equivalents	1,442	-	-	77,035	571,989	650,466	0.50 - 0.70
Investments in securities							
Government and state							
enterprise securities	312,117	698,112	1,370,664	-	-	2,380,893	3.58 - 6.40
Private sector debt							
securities	35,280	854,180	1,271,649	-	-	2,161,109	3.68 - 5.50
Deposits at banks with an							
original maturity period of							
longer 3 months	10,000	-	-	-	-	10,000	1.56
Policy loans	506,225	-	-	-	-	506,225	5.00 - 10.00
Mortgage and other loans - net	27,496	174,236	97,350	-	301,709	600,791	7.00 - 15.00
Total	892,560	1,726,528	2,739,663	77,035	873,698	6,309,484	

(c) Liquidity risk

Liquidity risk is the risk that the Company will be unable to liquidate financial assets and/or procure sufficient funds to discharge obligations in a timely manner or able to make payment at a cost higher than acceptable level, resulting in a financial loss. The Company manage liquidity risk by maintaining a level of cash and cash equivalents appropriate to their operations to reduce the effects of fluctuations in cash flows.

In addition, the Company prepares risk monitoring reports on Key Risk Indicators (KRIs) and Capital Adequacy Ratio required by regulation.

(Unit: Thousand Baht)

Consolidated financial statements						
Outstanding balances of financial instruments as at 31 December 2018						
	At call	Less than 6 months	6 months - 1 year	1 - 3 years	Over 3 years	Total
Financial Assets						
Cash and cash equivalents	236,189	-	-	-	-	236,189
Investments in securities						
Government and state enterprise securities	-	-	235,292	241,395	1,535,218	2,011,905
Private enterprise debt securities			30,451	558,395	1,723,911	2,312,757
Policy loans	522,004	-	-	-	-	522,004
Mortgage and other loans - net	341,303	6,880	410	116,973	138,315	603,881
Total	1,099,496	6,880	266,153	916,763	3,397,444	5,686,736

(Unit: Thousand Baht)

Consolidated financial statements						
Outstanding balances of financial instruments as at 31 December 2017						
	At call	Less than 6 months	6 months - 1 year	1 - 3 years	Over 3 years	Total
Financial Assets						
Cash and cash equivalents	654,024	1,442	-	-	-	655,466
Investments in securities						
Government and state enterprise securities	-	312,117	-	413,357	1,655,419	2,380,893
Private enterprise debt securities	-	35,280	-	243,423	1,882,406	2,161,109
Deposits at banks with an original maturity period of longer than 3 months	-	10,000	-	-	-	10,000
Policy loans	506,225	-	-	-	-	506,225
Mortgage and other loans - net	301,709	27,430	66	66,641	204,945	600,791
Total	1,461,958	386,269	66	723,421	3,742,770	6,314,484

(Unit: Thousand Baht)

Separate financial statements

	Outstanding balances of financial instruments as at 31 December 2018					
	At call	Less than 6 months	6 months - 1 year	1 - 3 years	Over 3 years	Total
Financial Assets						
Cash and cash equivalents	231,190	-	-	-	-	231,190
Investments in securities						
Government and state enterprise securities	-	-	235,292	241,395	1,535,218	2,011,905
Private enterprise debt securities			30,451	558,395	1,723,911	2,312,757
Policy loans	522,004	-	-	-	-	522,004
Mortgage and other loans - net	341,302	6,880	410	116,973	138,316	603,881
Total	1,094,496	6,880	266,153	916,763	3,397,445	5,681,737

(Unit: Thousand Baht)

Separate financial statements

	Outstanding balances of financial instruments as at 31 December 2017					
	At call	Less than 6 months	6 months - 1 year	1 - 3 years	Over 3 years	Total
Financial Assets						
Cash and cash equivalents	654,024	1,442	-	-	-	655,466
Investments in securities						
Government and state enterprise securities	-	312,117	-	413,357	1,655,419	2,380,893
Private enterprise debt securities		35,280	-	243,423	1,882,406	2,161,109
Deposits at banks with an original maturity period of longer than 3 months	-	10,000	-	-	-	10,000
Policy loans	506,225	-	-	-	-	506,225
Mortgage and other loans - net	301,709	27,430	66	66,641	204,945	600,791
Total	1,461,958	386,269	66	723,421	3,742,770	6,314,484

(d) Foreign currency risk

The Company's significant exposure to foreign currency risk is in respect of its investments in equity securities and unit trusts which are denominated in foreign currencies.

As at 31 December 2018 and 2017, the balances of financial assets denominated in foreign currencies, which were not hedged using financial derivatives, were summarised below.

Consolidated and separate financial statements						
31 December 2018						
	Foreign currency	Cost		Fair value		Exchange rate
		(Thousand units)	(Thousand Baht)	(Thousand units)	(Thousand Baht)	
Available-for-sales investments						
Equity securities	Singapore dollar	17,964	466,103	21,667	507,370	23.4
Investment unit	Singapore dollar	47	1,124	47	1,112	23.4
Consolidated and separate financial statements						
31 December 2017						
	Foreign currency	Cost		Fair value		Exchange rate
		(Thousand units)	(Thousand Baht)	(Thousand units)	(Thousand Baht)	
Available-for-sales investments						
Equity securities	Singapore dollar	16,244	425,151	21,532	520,463	24.17
Investment unit	Singapore dollar	137	3,310	137	3,315	24.17

36.2 Fair values of financial instruments

As at 31 December 2018 and 2017, the Group had assets and liabilities that were measured or disclosed at fair value using different levels of inputs as follows:

(Unit: Thousand Baht)

	Consolidated financial statements				
	31 December 2018				
	Fair value				Carrying value
	Level 1	Level 2	Level 3	Total	
Assets measured at fair values					
Trading investments					
Equity securities	-	1,484,547	-	1,484,547	1,484,547
Available-for-sale investments					
Equity securities	2,258,552	-	-	2,258,552	2,258,552
Debt securities		4,324,662		4,324,662	4,324,662
Warrants	7	-	-	7	7
Assets for which fair values are disclosed					
Cash and cash equivalents	236,189	-	-	236,189	236,189
General investment	-	-	1,714	1,714	1,714
Policy loans	-	-	577,696	577,696	522,004
Mortgaged and other loans - net	-	-	688,682	688,682	603,881

(Unit: Thousand Baht)

	Consolidated financial statements				
	31 December 2017				
	Fair value				Carrying value
	Level 1	Level 2	Level 3	Total	
Assets measured at fair values					
Trading investments					
Equity securities	9,538	-	-	9,538	9,538
Available-for-sale investments					
Equity securities	3,109,221	-	-	3,109,221	3,109,221
Debt securities	-	4,542,002	-	4,542,002	4,542,002
Warrants	7,611	-	-	7,611	7,611
Assets for which fair values are disclosed					
Cash and cash equivalents	67,035	588,431	-	655,466	655,466
Held-to-maturity investments	-	10,000	-	10,000	10,000
General investment	-	-	13,500	13,500	13,500
Policy loans	-	-	563,745	563,745	506,225
Mortgaged and other loans - net	-	-	615,709	615,709	600,791

(Unit: Thousand Baht)

	Separate financial statements				
	31 December 2018				
	Fair value				Carrying
	Level 1	Level 2	Level 3	Total	value
Assets measured at fair values					
Trading investments					
Equity securities	-	1,484,547	-	1,484,547	1,484,547
Available-for-sale investments					
Equity securities	2,258,552	-	-	2,258,552	2,258,552
Debt securities		4,324,662		4,324,662	4,324,662
Warrants	7	-	-	7	7
Assets for which fair values are disclosed					
Cash and cash equivalents	231,190	-	-	231,190	231,190
General investment	-	-	1,714	1,714	1,714
Investments in subsidiary			4,915	4,915	4,915
Policy loans	-	-	577,696	577,696	522,004
Mortgaged and other loans - net	-	-	688,682	688,682	603,881

(Unit: Thousand Baht)

Separate financial statements					
31 December 2017					
	Fair value				Carrying
	Level 1	Level 2	Level 3	Total	value
Assets measured at fair values					
Trading investments					
Equity securities	9,538	-	-	9,538	9,538
Available-for-sale investments					
Equity securities	3,109,221	-	-	3,109,221	3,109,221
Debt securities	-	4,542,002	-	4,542,002	4,542,002
Warrants	7,611	-	-	7,611	7,611
Assets for which fair values are disclosed					
Cash and cash equivalents	62,035	588,431	-	650,466	650,466
Held-to-maturity investments	-	10,000	-	10,000	10,000
General investment	-	-	13,500	13,500	13,500
Investments in subsidiary	-	-	4,968	4,968	4,968
Policy loans	-	-	563,745	563,745	506,225
Mortgaged and other loans - net	-	-	615,709	615,709	600,791

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

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

- (a) The fair values of financial assets having short-term maturity, which are cash and short-term deposits at financial institutes, are estimated to approximate their carrying values.
- (b) Investments in debts securities are determined for fair values using the yield curve as announced by the Thai Bond Market Association.
- (c) Investment in equity securities are determined for fair values according to market prices or using the net asset value per unit as announced by the fund managers. In case of non-marketable equity securities, the fair value is generally determined using generally accepted pricing model or approximated to their net book values if the fair value cannot be reliably estimated.
- (d) The fair value of policy loans is estimated from the present value of cash flows discounted by zero coupon bonds.
- (e) The fair value of mortgaged loans is estimated from the present value of cash flows discounted by an average retail lending rates of 5 commercial banks.

37. Capital management

The primary objectives of the Group's capital management are to ensure that they have appropriate financial structure to preserve the Group's ability to continue their businesses as a going concern and to maintain capital in accordance with Declarations of the Office of Insurance Commission.

38. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of directors on 15 March 2019.