###### **The Navakij Insurance Public Company Limited**

**Notes to interim financial statements**

**For the three-month period ended 31 March 2019**

**1. General information**

The Navakij Insurance Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. The Company is principally engaged in the non-life insurance and has 25 branches located in provinces. The registered office of the Company, which is the head office, is at 100/47-55, and 90/3-6, North Sathorn Road, Silom, Bangrak, Bangkok.

**2. Basis for preparation of the financial statements**

**2.1 Basis for preparation of the interim financial statements**

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

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

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

**2.2 Financial statements in which the equity method is applied**

The Company prepares the financial statements, in which equity method is applied, by presented investment in associates under the equity method.

**2.3 Separate financial statements**

The separate financial statements have been prepared, which presented investments in associates under the cost method.

**2.4 New financial reporting standards**

**a. Financial reporting standards that became effective in the current period**

During the period, the Company has adopted the revised (revised 2018) and new financial reporting standards and interpretations which are effective for fiscal period beginning on or after 1 January 2019. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards. The adoption of these financial reporting standards does not have any significant impact on the Company’s financial statements. However, the new standard involves changes to key principles, which are 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.

This standard does not have any significant impact on the Company’s financial statements.

**TFRS 4 (revised 2018) Insurance contracts**

This standard provides an option to insurers that meet certain criteria stipulated in the standard, whereby they can be temporarily exempted from adoption of certain measures under TFRS 9 Financial Instruments and TFRS 7 Financial Instruments: Disclosures, which applicable for the financial reporting period beginning in or after 1 January 2020, and can instead adopt the Thai Accounting Guidance applicable for insurance business related to financial instruments and disclosures for the financial reporting period beginning before 1 January 2022 or before the effective date of TFRS 17 Insurance Contracts (when issued).

This standard does not have any significant impact on the current period’s financial statements and the Company’s management is currently considering the option as discussed above.

**b. Financial reporting standards that became effective for fiscal years beginning on or after 1 January 2020**

The Federation of Accounting Professions issued a number of new financial reporting standards, interpretations and accounting guidance, which are effective for fiscal periods beginning on or after 1 January 2020. These new standards involve changes to key principles, which are summarised below.

**Financial reporting standards related to financial instruments**

A set of TFRSs related to financial instruments 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.

**Thai Accounting Guidance related to financial instruments and disclosures applicable to insurance businesses**

This accounting guidance allows to use a temporary exemption from adoption of certain measures under TFRS 9 Financial Instruments and TFRS 7 Financial Instruments: Disclosures which effective in 2020. This accounting guidance has some differences from TFRS 9, with the significant differences being as described below.

* Classification and measurement of financial assets: These are to be classified as trading securities, available-for-sale securities, held to maturity debt securities, and loans and receivables, with no requirement to take into account the assessment of the Company’s business model and the characteristics of the contractual cash flows.
* Losses on impairment, gains or losses on derecognition, and gains and losses on fair value hedges for available-for-sale equity securities items are to be recognised in profit or loss.
* The derivatives embedded in financial assets that are hybrid contracts are to be separated from host contract if they meet all criteria for separation.

In addition, the accounting guidance has some differences from TFRS 7 with respect to disclosures.

The Company’s management is currently evaluating the impact of the financial reporting standards related to financial instruments on the financial statements in the year when they are adopted and considering the alternatives allowed under the accounting guidance.

**TFRS 16 Leases**

TFRS 16 supersedes TAS 17 Leases together with related Interpretations. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases, and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is low value.

Accounting by lessors under TFRS 16 is substantially unchanged from TAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles to those used under TAS 17.

The management of the Company is currently evaluating the impact of this standard on the financial statements in the year when it is adopted.

**2.5 Significant accounting policies**

The interim financial statements are prepared using the same accounting policies and methods of computation as those were used for the financial statements for the year ended 31 December 2018.

**3. Cash and cash equivalents**

(Unit: Baht)

|  |  |  |
| --- | --- | --- |
|  | 31 March 2019 | 31 December 2018 |
| Cash on hand | 312,000 | 312,000 |
| Deposits at banks with no fixed maturity date | 97,131,223 | 119,131,830 |
| Cash and cash equivalents | 97,443,223 | 119,443,830 |

As at 31 March 2019, bank deposits in saving account and fixed deposits carried interest between 0.13 and 2.30 percent per annum (31 December 2018: between 0.13 and 2.30 percent per annum).

**4. Premium receivables**

As at 31 March 2019 and 31 December 2018, the balances of premium receivables from direct insurance are classified by aging from the maturity date under the stipulated law of the premium collection as follows:

(Unit: Baht)

|  |  |  |
| --- | --- | --- |
|  | 31 March 2019 | 31 December 2018 |
| Not yet due | 226,107,366 | 365,126,489 |
| Not over 30 days | 61,231,919 | 54,626,429 |
| Over 31 days to 60 days | 23,098,382 | 11,265,304 |
| Over 61 days to 90 days | 6,296,862 | 2,685,869 |
| Over 91 days to 1 year | 4,792,050 | 8,346,282 |
| Over 1 year | 4,238,778 | 4,478,688 |
| Total premium receivables | 325,765,357 | 446,529,061 |
| Less: Allowance for doubtful accounts | (4,672,067) | (5,236,870) |
| Total premium receivables, net | 321,093,290 | 441,292,191 |

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

**5. Reinsurance assets**

(Unit: Baht)

|  |  |  |
| --- | --- | --- |
|  | 31 March 2019 | 31 December 2018 |
| Insurance reserve refundable from reinsurers |  |  |
| Claims reserve | 115,228,225 | 113,339,539 |
| Unearned premium reserve | 316,989,785 | 338,579,409 |
| Reinsurance assets | 432,218,010 | 451,918,948 |

**6. Reinsurance receivables**

(Unit: Baht)

|  |  |  |
| --- | --- | --- |
|  | 31 March 2019 | 31 December 2018 |
| Amounts deposit on reinsurance | 27,112 | 28,003 |
| Amounts due from reinsurers | 760,973,752 | 579,090,994 |
| Total | 761,000,864 | 579,118,997 |

As at 31 March 2019 and 31 December 2018, the balances of amounts due from reinsurers are classified by aging as follows:

(Unit: Baht)

|  |  |  |
| --- | --- | --- |
|  | 31 March 2019 | 31 December 2018 |
| Not yet due | 504,181,454 | 404,581,921 |
| Not over 1 year | 211,090,648 | 173,087,457 |
| Over 1 year to 2 years | 45,561,084 | 1,290,503 |
| Over 2 years | 140,566 | 131,113 |
| Total amounts due from reinsurers | 760,973,752 | 579,090,994 |

**7. Investments in securities**

**7.1 Classified by type of investments**

(Unit: Baht)

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | Financial statements in which the equity method is applied | | | |
|  | 31 March 2019 | | 31 December 2018 | |
|  | Cost/ |  | Cost/ |  |
|  | Amortised cost | Fair value | Amortised cost | Fair value |
| **Available-for-sale investments** |  |  |  |  |
| Government and state enterprise securities | 663,943,094 | 655,043,936 | 423,921,108 | 414,038,221 |
| Private debt securities | 744,466,755 | 745,466,439 | 724,356,810 | 724,147,933 |
| Equity securities | 1,027,355,625 | 992,171,496 | 1,016,129,394 | 950,531,873 |
| Total | 2,435,765,474 | 2,392,681,871 | 2,164,407,312 | 2,088,718,027 |
| Add (less): Unrealised gain (loss) | 17,858,621 |  | (19,747,061) |  |
| Less: Allowance for impairment | (60,942,224) |  | (55,942,224) |  |
| **Total available-for-sale investments** | 2,392,681,871 |  | 2,088,718,027 |  |

(Unit: Baht)

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | Financial statements in which the equity method is applied | | | |
|  | 31 March 2019 | | 31 December 2018 | |
|  | Cost/ |  | Cost/ |  |
|  | Amortised cost | Fair value | Amortised cost | Fair value |
| **Held-to-maturity investments** |  |  |  |  |
| Government and state enterprise securities | 10,000,000 |  | 10,000,000 |  |
| Deposits and certificate of deposits at financial institutions which matured over 3 months | 505,000,000 |  | 580,000,000 |  |
| **Total held-to-maturity investments** | 515,000,000 |  | 590,000,000 |  |
| **Other investments** |  |  |  |  |
| Equity securities | 144,673,295 |  | 144,673,295 |  |
| Less: Allowance for impairment | (2,567,500) |  | (2,567,500) |  |
| **Total other investments** | 142,105,795 |  | 142,105,795 |  |
|  |  |  |  |  |
| **Total investments in securities** | 3,049,787,666 |  | 2,820,823,822 |  |

(Unit: Baht)

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | Separate financial statements | | | |
|  | 31 March 2019 | | 31 December 2018 | |
|  | Cost/ |  | Cost/ |  |
|  | Amortised cost | Fair value | Amortised cost | Fair value |
| **Available-for-sale investments** |  |  |  |  |
| Government and state enterprise securities | 663,943,094 | 655,043,936 | 423,921,108 | 414,038,221 |
| Private debt securities | 744,466,755 | 745,466,439 | 724,356,810 | 724,147,933 |
| Equity securities | 1,027,355,625 | 992,171,496 | 1,016,129,394 | 950,531,873 |
| Total | 2,435,765,474 | 2,392,681,871 | 2,164,407,312 | 2,088,718,027 |
| Add (less): Unrealised gain (loss) | 17,858,621 |  | (19,747,061) |  |
| Less: Allowance for impairment | (60,942,224) |  | (55,942,224) |  |
| **Total available-for-sale investments** | 2,392,681,871 |  | 2,088,718,027 |  |

(Unit: Baht)

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | Separate financial statements | | | |
|  | 31 March 2019 | | 31 December 2018 | |
|  | Cost/ |  | Cost/ |  |
|  | Amortised cost | Fair value | Amortised cost | Fair value |
| **Held-to-maturity investments** |  |  |  |  |
| Government and state enterprise securities | 10,000,000 |  | 10,000,000 |  |
| Deposits and certificate of deposits at financial institutions which matured over 3 months | 505,000,000 |  | 580,000,000 |  |
| **Total held-to-maturity investments** | 515,000,000 |  | 590,000,000 |  |
| **Other investments** |  |  |  |  |
| Equity securities | 89,448,700 |  | 89,448,700 |  |
| Less: Allowance for impairment | (2,567,500) |  | (2,567,500) |  |
| **Total other investments** | 86,881,200 |  | 86,881,200 |  |
|  |  |  |  |  |
| **Total investments in securities** | 2,994,563,071 |  | 2,765,599,227 |  |

As at 31 March 2019 and 31 December 2018, equity securities in other investments caption included investments in a foreign company of USD 1.1 million, or Baht 37.2 million.

**7.2 Other components of equity - surplus (deficit) on changes in value of available-for-sale investments**

(Unit: Baht)

|  |  |  |
| --- | --- | --- |
|  | Financial statements in which the equity method is applied and separate financial statements | |
|  | For the three-month period ended 31 March 2019 | For the years ended 31 December 2018 |
| Balance - beginning of the period | (15,797,649) | 85,677,135 |
| Changes during the period |  |  |
| Unrealised gain (loss) during the period | 38,096,260 | (115,419,232) |
| Realised gain that included in statement of income | (490,577) | (11,424,248) |
|  | 37,605,683 | (126,843,480) |
| Relating income tax | (7,521,137) | 25,368,696 |
| Net comprehensive income for the period (loss) | 30,084,546 | (101,474,784) |
| Balance - end of the period | 14,286,897 | (15,797,649) |

**7.3 Investments subject to restriction**

As at 31 March 2019 and 31 December 2018, the Company placed some investments as a security with the Registrar and pledged some investments as bail bond in cases where insured drivers have been charged with criminal offence as described in Note 19 and 20 to the financial statements.

**7.4 Net investment income**

During the three-month periods ended 31 March 2019 and 2018, the Company has investment income as follows:

(Unit: Baht)

|  |  |  |
| --- | --- | --- |
|  | Financial statements in which the equity method is applied and separate financial statements | |
|  | For the three-month periods ended 31 March | |
|  | 2019 | 2018 |
| Interest income from debt securities | 8,208,683 | 7,496,500 |
| Dividends received from equity securities | 6,485,999 | 5,756,360 |
| Investment income | 14,694,682 | 13,252,860 |

**8. Loans**

As at 31 March 2019 and 31 December 2018, the balances of loans are aged by principal as follows:

(Unit: Baht)

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | 31 March 2019 | | | 31 December 2018 | | |
| Outstanding year | Mortgage loans | Other loans | Total | Mortgage loans | Other loans | Total |
| Not yet due | 238,175 | 510,727 | 748,902 | 247,337 | 344,739 | 592,076 |
| Total loans | 238,175 | 510,727 | 748,902 | 247,337 | 344,739 | 592,076 |

These are loans provided to employees in accordance with the employee welfare scheme, with a credit line of Baht 50,000 for loans secured by personal guarantees, and the credit line is not to exceed 50 times the employee’s monthly salary for secured loans. Interest on these loans is charged at rate of 7.0% and 6.5% per annum, respectively.

**9. Investments in associates**

**9.1 Details of associates**

As at 31 March 2019 and 31 December 2018, the Company has investments in TKI General Insurance Company Limited and TKI Life Insurance Company Limited, which are incorporated in Laos, as detailed below:

(Unit: Baht)

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | Nature of |  | | Financial statements in which the equity method is applied | | Separate financial statements | |
| Company’s name | business | Shareholding percentage | | Book value | | Cost/Book value | |
|  |  | 31 March 2019 | 31 December 2018 | 31 March 2019 | 31 December 2018 | 31 March 2019 | 31 December 2018 |
|  |  | (%) | (%) |  |  |  |  |
| TKI General Insurance Company Limited | Non-life insurance | 32.50 | 32.50 | 15,535,446 | 16,364,725 | 21,628,040 | 21,628,040 |
| TKI Life Insurance Company Limited | Life insurance | 32.50 | 32.50 | 15,236,062 | 16,102,054 | 21,628,039 | 21,628,039 |
|  |  |  |  | 30,771,508 | 32,466,779 | 43,256,079 | 43,256,079 |

**9.2 Financial information of associates**

**Summarised information about financial position**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | (Unit: Baht) | | | |
|  | 31 March 2019 | | 31 December 2018 | |
|  | TKI General Insurance Company Limited | TKI Life Insurance Company Limited | TKI General Insurance Company Limited | TKI Life Insurance Company Limited |
| Total assets | 56,151,034 | 48,039,973 | 58,747,967 | 50,540,877 |
| Total liabilities | (8,349,662) | (1,159,781) | (8,394,968) | (996,094) |
| Net assets | 47,801,372 | 46,880,192 | 50,352,999 | 49,544,783 |
| Shareholding percentage (%) | 32.50 | 32.50 | 32.50 | 32.50 |
| Book value of the associates based on equity method | 15,535,446 | 15,236,062 | 16,364,725 | 16,102,054 |

**Summarised information of comprehensive income**

(Unit: Baht)

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | For the three-month periods ended 31 March | | | |
|  | 2019 | | 2018 | |
|  | TKI General Insurance Company Limited | TKI Life Insurance Company Limited | TKI General Insurance Company Limited | TKI Life Insurance Company Limited |
| Revenues | 1,394,522 | 1,018,777 | 315,178 | 528,604 |
|  |  |  |  |  |
| Loss for the period | (1,265,554) | (1,147,659) | (2,259,582) | (1,874,492) |
| Other comprehensive income - exchange differences on translation of financial statements in foreign currency | (1,286,073) | (1,516,932) | (1,921,279) | (1,887,640) |
| Total comprehensive income (loss) | (2,551,627) | (2,664,591) | (4,180,861) | (3,762,132) |

The financial information of associate companies as the above tables were prepared by the management of such company.

**9.3 Shares of loss and dividend received**

During the three-month periods ended 31 March 2019 and 2018, the Company recognised its share of loss from investments in an associate company in the financial statements, in which the equity method is applied, and recognised dividend income in the separate financial statements as follows:

(Unit: Baht)

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | Financial statements in which the equity method is applied | | | | Separate financial statements | |
| Associated company | Share of loss from profit and loss | | Exchange differences on translation from other comprehensive income | | Dividend received | |
|  | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| TKI General Insurance Company Limited | (411,305) | (734,364) | (417,974) | (624,416) | - | - |
| TKI Life Insurance Company Limited | (372,989) | (609,210) | (493,003) | (613,483) | - | - |
|  | (784,294) | (1,343,574) | (910,977) | (1,237,899) | - | - |

**10. Property, building and equipment**

Movement of property, building and equipment for the three-month period ended 31 March 2019 is summarised below:

(Unit: Baht)

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | Land | Buildings | Condominium | Building improvements | Furniture, fixture and equipment | Motor vehicles | Assets under construction | Total |
| Net book value as at 1 January 2019 | 5,385,371 | 14,264,502 | 117,840,958 | 72,967,331 | 27,606,192 | 19,974,506 | 315,365 | 258,354,225 |
| Additions during period - cost | - | - | - | - | 120,223 | - | 210,243 | 330,466 |
| Disposals during period - net book value | - | - | - | (1) | (370) | - | - | (371) |
| Transfer in (out) during period - cost | - | - | - | 525,608 | - | - | (525,608) | - |
| Depreciation for the period | - | (172,801) | (747,215) | (1,117,589) | (3,303,320) | (1,595,200) | - | (6,936,125) |
| Net book value as at 31 March 2019 | 5,385,371 | 14,091,701 | 117,093,743 | 72,375,349 | 24,422,725 | 18,379,306 | - | 251,748,195 |

**11. Intangible assets**

Movement of computer software for the three-month period ended 31 March 2019 is summarised below:

|  |  |  |  |
| --- | --- | --- | --- |
|  |  |  | (Unit: Baht) |
|  | Computer Software | Computer software under improvement | Total |
| Net book value as at 1 January 2019 | 25,169,813 | 32,251,100 | 57,420,913 |
| Amortisation for the period | (1,083,265) | - | (1,083,265) |
| Net book value as at 31 March 2019 | 24,086,548 | 32,251,100 | 56,337,648 |

**12. Deferred tax assets and income tax expenses**

**12.1 Deferred tax assets**

The components of deferred tax assets and liabilities as at 31 March 2019 and 31 December 2018 are as follows:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  | | (Unit: Baht) | |
|  | Financial statements in which the equity method is applied | | | |
|  | Balance as at | | Changes in deferred tax assets and liabilities recognised in statements of income for the | |
|  | 31 March | 31 December | three-month periods ended  31 March | |
|  | 2019 | 2018 | 2019 | 2018 |
| **Deferred tax assets** |  |  |  |  |
| Unearned premium reserve | 54,112,609 | 67,167,246 | (13,054,637) | (3,310,870) |
| Allowance for loss on impairment of investments | 12,701,945 | 11,701,945 | 1,000,000 | - |
| Allowance for doubtful accounts | 31,954,623 | 30,232,537 | 1,722,086 | 1,436,309 |
| Loss reserves | 42,155,422 | 38,117,274 | 4,038,148 | (8,454,676) |
| Provision for loss incurred but not reported (IBNR) | 7,594,504 | 6,735,653 | 858,851 | (1,483,474) |
| Employee benefit obligations | 12,713,723 | 20,515,299 | (7,801,576) | 2,018,997 |
| Unutilised tax loss | 7,799,623 | - | 7,799,623 | (1,105,013) |
| Share of loss from investments in associates | 2,496,914 | 2,157,860 | 156,859 | - |
| Unrealised loss on changes in value of available-for-sale securities | - | 3,949,412 | - | - |
| Others | 2,978,818 | 2,241,620 | 737,198 | 1,033,915 |
| Total | 174,508,181 | 182,818,846 |  |  |
| **Deferred tax liabilities** |  |  |  |  |
| Unrealised gain on changes in value of available-for-sale securities | 3,571,724 | - |  |  |
| Others | - | 1,562,416 | (1,562,416) | - |
| Total | 3,571,724 | 1,562,416 |  |  |
| Deferred tax assets - net | 170,936,457 | 181,256,430 |  |  |
| Total change |  |  | (2,981,032) | (9,864,812) |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  | | (Unit: Baht) | |
|  | Separate financial statements | | | |
|  | Balance as at | | Changes in deferred tax assets and liabilities recognised in statements of income for the | |
|  | 31 March | 31 December | three-month periods ended  31 March | |
|  | 2019 | 2018 | 2019 | 2018 |
| **Deferred tax assets** |  |  |  |  |
| Unearned premium reserve | 54,112,609 | 67,167,246 | (13,054,637) | (3,310,870) |
| Allowance for loss on impairment of investments | 12,701,945 | 11,701,945 | 1,000,000 | - |
| Allowance for doubtful accounts | 31,954,623 | 30,232,537 | 1,722,086 | 1,436,309 |
| Loss reserves | 42,155,422 | 38,117,274 | 4,038,148 | (8,454,676) |
| Provision for loss incurred but not reported (IBNR) | 7,594,504 | 6,735,653 | 858,851 | (1,483,474) |
| Employee benefit obligations | 12,713,723 | 20,515,299 | (7,801,576) | 2,018,997 |
| Unutilised tax loss | 7,799,623 | - | 7,799,623 | (1,105,013) |
| Unrealised loss on changes in value of available-for-sale securities | - | 3,949,412 | - | - |
| Others | 2,978,818 | 2,241,620 | 737,198 | 1,033,915 |
| Total | 172,011,267 | 180,660,986 |  |  |
| **Deferred tax liabilities** |  |  |  |  |
| Unrealised gain on changes in value of available-for-sale securities | 3,571,724 | - |  |  |
| Others | - | 1,562,416 | (1,562,416) | - |
| Total | 3,571,724 | 1,562,416 |  |  |
| Deferred tax assets - net | 168,439,543 | 179,098,570 |  |  |
| Total change |  |  | (3,137,891) | (9,864,812) |

**12.2 Income tax expenses**

Income tax expenses for the three-month periods ended 31 March 2019 and 2018 are made up as follows:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | (Unit: Baht) | | | |
|  | Financial statements in which the equity method is applied | | Separate financial statements | |
|  | 2019 | 2018 | 2019 | 2018 |
| **Current income tax:** |  |  |  |  |
| Current income tax charge for the period | - | - | - | - |
| **Deferred tax:** |  |  |  |  |
| Relating to origination and reversal of temporary differences | 2,981,032 | 9,864,812 | 3,137,891 | 9,864,812 |
| **Income tax expenses reported in statements of income** | 2,981,032 | 9,864,812 | 3,137,891 | 9,864,812 |

Reconciliation between income tax expenses and the product of accounting profit multiplied by the applicable tax rate for the three-month periods ended 31 March 2019 and 2018 are as follows:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  | | (Unit: Baht) | |
|  | Financial statements in which the equity method is applied | | Separate financial statements | |
|  | 2019 | 2018 | 2019 | 2018 |
| Accounting profit (loss) before tax | (6,231,657) | 35,160,923 | (5,447,363) | 36,504,497 |
| Applicable tax rate | 20% | 20% | 20% | 20% |
| Tax expenses at the applicable tax rate | (1,246,332) | 7,032,185 | (1,089,473) | 7,300,899 |
| Effects of: |  |  |  |  |
| Exempted expenses | 4,828,390 | 4,627,096 | 4,828,390 | 4,627,096 |
| Allowed additional expense deductions | (601,026) | (1,447,294) | (601,026) | (1,447,294) |
| Others | - | (347,175) | - | (615,889) |
| Income tax expenses reported in statements of income | 2,981,032 | 9,864,812 | 3,137,891 | 9,864,812 |

**13. Claims receivable from litigants**

Claims receivable from litigants classified by the year of the claims incurred are as follows:

(Unit: Baht)

|  |  |  |
| --- | --- | --- |
|  | 31 March 2019 | 31 December 2018 |
| **Claim years** |  |  |
| Year 2019 | 41,473,099 | - |
| Year 2018 | 65,933,637 | 83,822,782 |
| Year 2017 | 40,606,738 | 44,475,373 |
| Year 2016 | 39,139,217 | 41,501,799 |
| Year 2015 | 29,564,793 | 30,195,124 |
| Prior to 2015 | 67,742,542 | 67,678,573 |
| Total claims receivable from litigants | 284,460,026 | 267,673,651 |
| Less: Allowance for doubtful accounts | (159,328,711) | (150,263,817) |
| Claims receivable from litigants, net | 125,131,315 | 117,409,834 |

**14. Insurance contract liabilities**

|  |  |  |  |
| --- | --- | --- | --- |
| (Unit: Baht) | | | |
|  | 31 March 2019 | | |
|  | Insurance contract liabilities | Reinsurance assets | Net |
| Claim reserves and outstanding claims |  |  |  |
| Claim incurred and reported | 602,717,022 | (76,160,998) | 526,556,024 |
| Claim incurred but not reported | 77,039,748 | (39,067,227) | 37,972,521 |
| Premium reserves |  |  |  |
| Unearned premium reserves | 1,458,246,416 | (316,989,785) | 1,141,256,631 |
| Total | 2,138,003,186 | (432,218,010) | 1,705,785,176 |

|  |  |  |  |
| --- | --- | --- | --- |
| (Unit: Baht) | | | |
|  | 31 December 2018 | | |
|  | Insurance contract liabilities | Reinsurance assets | Net |
| Claim reserves and outstanding claims |  |  |  |
| Claim incurred and reported | 575,263,180 | (77,347,542) | 497,915,638 |
| Claim incurred but not reported | 69,670,264 | (35,991,997) | 33,678,267 |
| Premium reserves |  |  |  |
| Unearned premium reserves | 1,551,386,936 | (338,579,409) | 1,212,807,527 |
| Total | 2,196,320,380 | (451,918,948) | 1,744,401,432 |

**14.1 Claim reserves and outstanding claims**

(Unit: Baht)

|  |  |  |
| --- | --- | --- |
|  | For the three-month period ended 31 March 2019 | For the year ended 31 December 2018 |
| Beginning balance | 644,933,444 | 709,416,742 |
| Claim expenses for the period | 444,406,579 | 1,808,398,264 |
| Change in claim reserves and outstanding claims from the prior period | (12,333,315) | (56,865,078) |
| Change in assumption for calculating claim reserves | 7,369,484 | (15,868,930) |
| Claim paid during the period | (404,619,422) | (1,800,147,554) |
| Ending balance | 679,756,770 | 644,933,444 |

As at 31 March 2019, the Company has claim reserves and outstanding claims under reinsurance contracts at Baht 8.2 million (31 December 2018: Baht 8.3 million).

**14.2 Unearned premium reserves**

(Unit: Baht)

|  |  |  |
| --- | --- | --- |
|  | For the three-month period ended 31 March 2019 | For the year ended 31 December 2018 |
| Beginning balance | 1,551,386,936 | 1,430,673,668 |
| Premium written for the period | 634,758,817 | 2,892,615,189 |
| Premium earned for the current period | (727,899,337) | (2,771,901,921) |
| Ending balance | 1,458,246,416 | 1,551,386,936 |

**15. Due to reinsurers**

|  |  |  |
| --- | --- | --- |
|  |  | (Unit: Baht) |
|  | 31 March 2019 | 31 December 2018 |
| Amounts withheld on reinsurance | 249,127,654 | 241,495,346 |
| Amounts due to reinsurers | 730,579,388 | 432,936,215 |
| Total due to reinsurers | 979,707,042 | 674,431,561 |

**16. Segment information**

The Company summarised its business units based on its insurance products including fire, marine and transportation, motor and miscellaneous. During the current periods, there were no changes in the organisation structure of its reportable segments.

Operating segment information for the three-month periods ended 31 March 2019 and 2018 can be classified by type of insurance products as follows:

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  |  |  |  |  | (Unit: Baht) |
|  | Financial statements in which the equity method is applied | | | | |
|  | For the three-month period ended 31 March 2019 | | | | |
|  | Fire | Marine and transportation | Motor | Miscellaneous | Total |
| **Underwriting income** |  |  |  |  |  |
| Gross premium written | 126,399,627 | 14,219,297 | 398,801,398 | 95,338,495 | 634,758,817 |
| Less: Premiums ceded to reinsurers | (80,530,413) | (6,280,916) | (4,084,422) | (71,919,834) | (162,815,585) |
| Net premium written | 45,869,214 | 7,938,381 | 394,716,976 | 23,418,661 | 471,943,232 |
| Add: Unearned premium reserves decrease from prior period | 31,280,547 | 2,926,941 | 23,739,826 | 13,603,583 | 71,550,897 |
| Net earned premium | 77,149,761 | 10,865,322 | 418,456,802 | 37,022,244 | 543,494,129 |
| Fee and commission income | 17,456,116 | 1,819,266 | 466,056 | 17,069,966 | 36,811,404 |
| **Total underwriting income** | 94,605,877 | 12,684,588 | 418,922,858 | 54,092,210 | 580,305,533 |
| **Underwriting expenses** |  |  |  |  |  |
| Claim and loss adjustment expenses - net | 23,506,255 | 3,116,461 | 295,888,158 | 21,717,543 | 344,228,417 |
| Commission and brokerage expenses | 29,649,216 | 1,803,313 | 55,962,111 | 9,863,976 | 97,278,616 |
| Other underwriting expenses | 13,540,666 | 1,632,327 | 36,894,726 | 11,631,580 | 63,699,299 |
| **Total underwriting expenses**  **before operating expenses** | 66,696,137 | 6,552,101 | 388,744,995 | 43,213,099 | 505,206,332 |
| **Profit from underwriting before operating expenses** | 27,909,740 | 6,132,487 | 30,177,863 | 10,879,111 | 75,099,201 |
| Operating expenses |  |  |  |  | (96,274,519) |
| **Loss from underwriting** |  |  |  |  | (21,175,318) |
| Share of loss from investments in associates |  |  |  |  | (784,294) |
| Investment income |  |  |  |  | 14,694,682 |
| Profit on investments |  |  |  |  | 490,577 |
| Other income |  |  |  |  | 542,696 |
| **Loss before income tax expenses** |  |  |  |  | (6,231,657) |
| Income tax expenses |  |  |  |  | (2,981,032) |
| **Loss for the period** |  |  |  |  | (9,212,689) |
|  |  |  |  |  | (Unit: Baht) |
|  | Financial statements in which the equity method is applied | | | | |
|  | For the three-month period ended 31 March 2018 | | | | |
|  | Fire | Marine and transportation | Motor | Miscellaneous | Total |
| **Underwriting income** |  |  |  |  |  |
| Gross premium written | 117,386,733 | 18,317,952 | 412,926,765 | 118,461,906 | 667,093,356 |
| Less: Premiums ceded to reinsurers | (75,907,674) | (9,196,542) | (4,234,604) | (90,117,016) | (179,455,836) |
| Net premium written | 41,479,059 | 9,121,410 | 408,692,161 | 28,344,890 | 487,637,520 |
| Add (less): Unearned premium reserves (increase) decrease from prior period | 31,156,366 | 1,264,549 | (24,304,259) | 2,685,776 | 10,802,432 |
| Net earned premium | 72,635,425 | 10,385,959 | 384,387,902 | 31,030,666 | 498,439,952 |
| Fee and commission income | 14,396,828 | 2,811,671 | 499,503 | 21,870,683 | 39,578,685 |
| **Total underwriting income** | 87,032,253 | 13,197,630 | 384,887,405 | 52,901,349 | 538,018,637 |
| **Underwriting expenses** |  |  |  |  |  |
| Claim and loss adjustment expenses - net | 4,748,487 | 2,842,230 | 249,646,421 | 23,202,778 | 280,439,916 |
| Commission and brokerage expenses | 27,567,164 | 2,489,032 | 57,056,546 | 13,107,088 | 100,219,830 |
| Other underwriting expenses | 8,999,862 | 1,402,903 | 30,563,417 | 13,112,935 | 54,079,117 |
| **Total underwriting expenses**  **before operating expenses** | 41,315,513 | 6,734,165 | 337,266,384 | 49,422,801 | 434,738,863 |
| **Profit from underwriting before operating expenses** | 45,716,740 | 6,463,465 | 47,621,021 | 3,478,548 | 103,279,774 |
| Operating expenses |  |  |  |  | (92,956,223) |
| **Profit from underwriting** |  |  |  |  | 10,323,551 |
| Share of loss from investments in associates |  |  |  |  | (1,343,574) |
| Investment income |  |  |  |  | 13,252,860 |
| Profit on investments |  |  |  |  | 11,799,566 |
| Other income |  |  |  |  | 1,128,520 |
| **Profit before income tax expenses** |  |  |  |  | 35,160,923 |
| Income tax expenses |  |  |  |  | (9,864,812) |
| **Profit for the period** |  |  |  |  | 25,296,111 |

Segment assets and liabilities of the Company’s operating segments as at 31 March 2019 and 31 December 2018 are as follows:

(Unit: Baht)

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | Financial statements in which the equity method is applied | | | | | | |
|  | Fire | Marine and transportation | Motor | Miscellaneous | Total segments | Unallocated | Total |
| **Assets** |  |  |  |  |  |  |  |
| As at 31 March 2019 | 287,698,343 | 24,232,622 | 181,879,729 | 259,500,606 | 753,311,300 | 4,718,959,229 | 5,472,270,529 |
| As at 31 December 2018 | 320,240,588 | 32,612,682 | 221,502,993 | 318,854,876 | 893,211,139 | 4,334,784,132 | 5,227,995,271 |
| **Liabilities** |  |  |  |  |  |  |  |
| As at 31 March 2019 | 453,843,663 | 31,334,609 | 1,374,328,558 | 278,496,356 | 2,138,003,186 | 1,206,949,526 | 3,344,952,712 |
| As at 31 December 2018 | 459,777,493 | 36,661,931 | 1,373,411,492 | 326,469,464 | 2,196,320,380 | 924,500,149 | 3,120,820,529 |

**Geographic information**

The Company is operated its business in Thailand only, as a result, all of the revenues and assets as reflected in these financial statements pertain to the aforementioned geographical reportable.

**Major customer’s information**

During the three-month periods ended 31 March 2019 and 2018, the Company had gross premium written from major customers as follows:

|  |  |  |
| --- | --- | --- |
| (Unit: Million Baht) | | |
|  | Financial statements in which the equity method is applied | |
|  | For the three-month periods ended 31 March | |
|  | 2019 | 2018 |
| Gross premium written *(1)* | 140 | 244 |

*(1)  Presented total amounts of gross premiums written from major customer who has premium written more than 10 percent.*

**17. Earnings (loss) per share**

Basic earnings (loss) per share is calculated by dividing profit (loss) for the period (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the periods, after adjusting the number of ordinary shares as a result of the increase in share capital arising from the issue of stock dividend.

On 25 April 2019, the 2019 Annual General Meeting of shareholders approved to pay a cash dividend of Baht 1.50 per share, and stock dividend of 1 million shares to the existing shareholders. For the purpose of calculating earnings (loss) per share, the Company adjusted the number of ordinary shares used to calculate the earnings (loss) per share, as though it had issued the stock dividend at the beginning of the reporting periods.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | Financial statements in which the equity method is applied | | Separate financial statements | |
|  | For the three-month period ended 31 March | | For the three-month period ended 31 March | |
|  | 2019 | 2018 | 2019 | 2018 |
|  |  | (Restated) |  | (Restated) |
| Number of ordinary shares issued during the period (Shares) | 35,000,000 | 34,000,000 | 35,000,000 | 34,000,000 |
| Number of stock dividend additional issue in 2019 (Shares) | - | 1,000,000 | - | 1,000,000 |
| Total (Shares) | 35,000,000 | 35,000,000 | 35,000,000 | 35,000,000 |
| Profit (loss) for the period (Baht) | (9,212,689) | 25,296,111 | (8,585,254) | 26,639,685 |
| Earnings (loss) per share (Baht per share) | (0.26) | 0.72 | (0.25) | 0.76 |

**18. Related party transactions**

**18.1 Nature of relationship**

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

The relationships between the Company and its related parties are summarised below.

|  |  |
| --- | --- |
| Name of related parties | Nature of relationship |
| TKI General Insurance Company Limited | Associated company |
| TKI Life Insurance Company Limited | Associated company |
| The United Indemnity Co., Ltd. | 7.11% of shares held in the Company |
| Thanasorn Sombat (Thai) Company Limited | 5.06% of shares held in the Company and common directors |
| The Falcon Insurance Plc. | 12.00% of shares held by the Company |
| Thai Metal Drum Manufacturing Plc. | Common directors and through shareholding |
| Varopakorn Plc. | Common directors and through shareholding |
| Rangsit Plaza Co., Ltd. | Common directors and through shareholding |
| Sathorn Thani Co., Ltd. | Common directors and through shareholding |
| Siam Motors Co., Ltd. | Common directors and through shareholding |
| Wanglee Co., Ltd. | Common directors and through shareholding |
| The Siam Cement Plc. | Common directors and through shareholding |
| Thaire Life Assurance Plc. | Common directors and through shareholding |
| Rangsit Ruam Patana Co., Ltd. | Common directors and through shareholding |
| Poon Phol Co., Ltd. | Common directors and through shareholding |
| Pipatanasin Co., Ltd. | Common directors and through shareholding |
| Thaicom Plc. *(1)* | Common directors |
| Dusit Thani Plc. | Common directors |
| Serm Suk Plc. | Common directors |
| Chaitip Co., Ltd. | Common directors |
| Alinkij Siam Co., Ltd | Common directors |
| Siam Calsonic Co., Ltd. | Common directors |
| Siam Riken Industrial Co., Ltd. | Common directors |
| Siam International Corp., Ltd. | Common directors |
| The Pet Co., Ltd. | Common directors |
| Toyota Petchaboon Toyota’s Dealer Co., Ltd. | Common directors |
| Thai Pechaboon Co., Ltd. | Common directors |
| BTS Group Holdings Plc. | Common directors |
| C.E.S. Co., Ltd. | Common directors |
| Sittinan Co., Ltd. | A related person of the Company’s director is a major shareholder |
| PIA Interior Co., Ltd. | A related person of the Company’s director is a major shareholder |

*(1) Since March 2018, not related parties*

**18.2 Significant related party transactions**

During the three-month periods ended 31 March 2019 and 2018, the Company had significant business transactions with related parties. Such transactions, which are summarised below, arose in the ordinary course of business and were concluded on commercial terms and bases agreed upon between the Company and those related parties.

(Unit: Baht)

|  |  |  |  |
| --- | --- | --- | --- |
|  | Financial statements in which the equity method is applied and the separate financial statements | |  |
|  | For the three-month periods ended 31 March | |  |
|  | 2019 | 2018 | Pricing policy |
| **Transactions with associated companies** |  |  |  |
| Reinsurance premium written | 187,265 | - | Ceded rates as specified based on the type of reinsurance and the reinsurance contracts |
| Commission paid to reinsurance | 29,062 | - | Ceded rates as specified based on the type of reinsurance and the reinsurance contracts |
| **Transactions with related companies** |  |  |  |
| Direct premium written | 9,476,300 | 8,777,741 | Rates as specified in insurance contracts |
| Reinsurance premium written | 40,899 | 2,866,241 | Ceded rates as specified based on the type of reinsurance and the reinsurance contracts |
| Premium ceded | 2,307,023 | 4,990,208 | Ceded rates as specified based on the type of reinsurance and the reinsurance contracts |
| Claim expenses | 1,769,834 | 2,041,598 | Actual incurred |
| Commission paid to reinsurance | 6,135 | 971,273 | Ceded rates as specified based on the type of reinsurance and the reinsurance contracts |
| Commission received | 830,832 | 1,450,608 | Ceded rates as specified based on the type of reinsurance and the reinsurance contracts |
| Dividend income | 1,190,000 | 1,155,000 | As declared |
| Rental and service fee for branch office expenses | 112,981 | 108,323 | Contract price |
| Rental income | 106,500 | 104,120 | Contract price |

**18.3 Outstanding balances**

The balances of the accounts between the Company and those related companies as at 31 March 2019 and 31 December 2018 are as follows:

|  |  |  |
| --- | --- | --- |
|  | (Unit: Baht) | |
|  | 31 March 2019 | 31 December 2018 |
| **Reinsurance receivables - amounts due from reinsurers** |  |  |
| The Falcon Insurance Plc. | 6,765,067 | 30,486,318 |
| TKI General Insurance Co., Ltd. | 268,714 | 207,700 |
| Total | 7,033,781 | 30,694,018 |
| **Investments in securities - equity securities** |  |  |
| Thai Metal Drum Manufacturing Plc. | 251,754,720 | 242,473,440 |
| BTS Group Holdings Plc. | 66,000,000 | 66,850,000 |
| Thaire Life Assurance Plc. | 42,375,000 | 48,375,000 |
| The Siam Cement Plc. | 28,800,000 | 26,040,000 |
| The Falcon Insurance Plc. | 18,846,960 | 18,846,960 |
| Sathorn Thani Co., Ltd. | 12,780,000 | 12,780,000 |
| Rangsit Plaza Co., Ltd. | 6,560,000 | 6,560,000 |
| Varopakorn Plc. | 1,835,054 | 1,738,472 |
| Total | 428,951,734 | 423,663,872 |
| **Due to reinsurers - Amounts due to reinsurers** |  |  |
| The Falcon Insurance Plc. | 12,609,538 | 14,233,124 |
| TKI General Insurance Co., Ltd. | 49,014 | 34,669 |
| Total | 12,658,552 | 14,267,793 |

**18.4 Directors and management’s benefits**

During the three-month periods ended 31 March 2019 and 2018, the Company had employment benefits expenses payable to their directors and management as below.

(Unit: Baht)

|  |  |  |
| --- | --- | --- |
|  | For the three-month periods ended 31 March | |
|  | 2019 | 2018 |
| Short-term benefits | 15,521,150 | 14,527,192 |
| Post-employment benefits | 167,016 | 154,596 |
| Total | 15,688,166 | 14,681,788 |

# **19. Assets pledged and reserved with the Registrar**

As at 31 March 2019 and 31 December 2018, the Company had the following assets pledged with the Registrar of the Office of Insurance Commission in accordance with the Non-life Insurance Act.

(Unit: Baht)

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | 31 March 2019 | | 31 December 2018 | |
|  | Cost | Fair value | Cost | Fair value |
| **Assets pledged** |  |  |  |  |
| Government bonds | 15,000,000 | 15,145,448 | 15,000,000 | 15,177,520 |
| **Assets reserve as non-life insurance reserve** |  |  |  |  |
| Deposits and certificate of deposits at financial institutions | 250,000,000 | 250,000,000 | 245,000,000 | 245,000,000 |
| Government bonds | 10,000,000 | 9,989,427 | - | - |

# **20. Other assets with restrictions and commitments**

As at 31 March 2019 and 31 December 2018, the Company had pledged the following assets as collateral.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| (Unit: Baht) | | | | |
|  | 31 March 2019 | | 31 December 2018 | |
|  | Cost | Fair value | Cost | Fair value |
| **Pledged as bail bond in cases where insured drivers have been charged with criminal offense** |  |  |  |  |
| Government bonds | 190,000 | 190,970 | 440,000 | 440,000 |

# **21. Commitments and contingent liabilities**

**21.1 Capital commitments**

As at 31 March 2019, the Company had capital commitments of approximately Baht 61.2 million (31 December 2018: Baht 61.4 million), relating to program computer.

**21.2 Operating lease commitments**

The Company has entered into several lease agreements in respect of the lease of office building space. The terms of the agreements are generally between 1 year and 3 years.

As at 31 March 2019, future minimum lease payments required under these non-cancellable operating leases contracts were as follows.

|  |  |
| --- | --- |
| Payable within: | (Unit: Baht) |
| Within 1 year | 6,444,770 |
| Over 1 to 5 years | 4,279,457 |

**21.3 Letter of Guarantees**

As at 31 March 2019, there were bank guarantees amounting to Baht 2.8 million, and a certificate issued in the Company’s name amounting to Baht 5.6 million, as required in the normal course of the Company’s business (31 December 2018: Baht 2.9 million and Baht 6.0 million, respectively).

**21.4 Litigation**

As at 31 March 2019, the Company has been sued for damages totaling approximately Baht 41.3 million as insurer. The cases have not yet been finalised. However, the Company’s obligations in respect of these lawsuits do not exceed the maximum sum insured per the relevant policies, which is Baht 16.6 million, and the Company has set aside reserves for contingent loss amounting to Baht 16.3 million in the financial statements (31 December 2018: Baht 157.7 million, Baht 14.8 million and Baht 14.6 million, respectively).

**22. Fair value measurement for financial assets**

As at 31 March 2019 and 31 December 2018, the Company had the following financial assets that were measured at fair value using different levels of inputs as follows:

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| (Unit: Baht) | | | | | | | | |
|  | 31 March 2019 | | | | 31 December 2018 | | | |
|  | Fair value | | |  | Fair value | | |  |
|  | Level 1 | Level 2 | Total | Book value | Level 1 | Level 2 | Total | Book value |
| **Investment in available-for-sale securities** |  |  |  |  |  |  |  |  |
| Government and state enterprise securities | 23,113,375 | 631,930,561 | 655,043,936 | 655,043,936 | 18,225,851 | 395,812,370 | 414,038,221 | 414,038,221 |
| Private debt securities | - | 745,466,439 | 745,466,439 | 745,466,439 | - | 724,147,933 | 724,147,933 | 724,147,933 |
| Equity securities | 938,741,871 | 53,429,625 | 992,171,496 | 992,171,496 | 898,895,627 | 51,636,246 | 950,531,873 | 950,531,873 |

The Company had valuation techniques for financial assets as follows:

1. The fair value of investments in debt securities is generally derived from quoted market prices or determined by using the yield curve as announced by the Thai Bond Market Association.
2. Investments in marketable equity securities has been presented at fair value by using market price. Investments in non-listed unit trusts is determined by using the net asset value as announced by asset management company.

**23. Event after the reporting period**

**23.1 Amendments to the law relating to the legal severance pay rates**

On 5 April 2019, The Labor Protection Act (No. 7) B.E. 2562 was announced in the Royal Gazette. This stipulates additional legal severance pay rates for employees who have worked for an uninterrupted period of twenty years or more, with such employees entitled to receive not less than 400 days’ compensation at the latest wage rate. The law is effective from 5 May 2019. This change is considered a post-employment benefits plan amendment and the Company has additional long-term employee benefit liabilities of Baht 11 million as a result. The Company will reflect the effect of the change by recognising past service costs as expenses in the income statement of the period in which the law is effective, which is the second quarter of 2019.

**23.2 Dividend payment**

On 25 April 2019, the 2019 Annual General Meeting of shareholders passed the following resolutions:

1. Approved an increase of the Company’s registered capital from Baht 340 million to be Baht 350 million to be divided into 35 million shares with the par value at Baht 10 per share, by newly issue the ordinary shares in amount of 1 million shares with the par value at Baht 10 to support the stock dividend payment.

2. Approved the allocation of profits for cash dividend and stock dividend payment approximately Baht 61 million, as follows:

2.1 Cash dividend will be paid at the rate of Baht 1.50 per share for the 34 million existing shares, totaling Baht 51 million. Payment is scheduled to be made on 21 May 2019.

2.2 Stock dividend will be paid at the ratio of 34 existing shares per 1 stock dividend, totaling of the stock dividend payment at 1 million shares, at par value Baht 10, totaling Baht 10 million or equivalent to Baht 0.29 per share. In case that any shareholders hold the indivisible share remaining after such allocated, cash will be paid instead of the stock dividend at the rate of Baht 0.29 per share.

2.3 Approved to allocate indivisible share remaining after such allocated the stock dividend to the registered Navakij Insurance Provident Fund.

**24. Approval of financial statements**

These interim financial statements were authorised for issue by the Company’s Board of Directors on 14 May 2019.