



*SRI AYUDHYA CAPITAL PUBLIC
COMPANY LIMITED AND SUBSIDIARY*

*Consolidated and
Separate Financial Statements*

Year ended December 31, 2018

REPORT OF THE INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

TO THE SHAREHOLDERS AND BOARD OF DIRECTORS SRI AYUDHYA CAPITAL PUBLIC COMPANY LIMITED

Opinion

We have audited the consolidated financial statements of Sri Ayudhya Capital Public Company Limited and its subsidiary (the “Group”) and the separate financial statements of Sri Ayudhya Capital Public Company Limited (the “Company”), which comprise the consolidated and separate statements of financial position as at December 31, 2018, and the related consolidated and separate statements of profit or loss and other comprehensive income, changes in shareholders’ equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated and separate financial statements present fairly, in all material respects, the financial position of Sri Ayudhya Capital Public Company Limited and its subsidiary and of Sri Ayudhya Capital Public Company Limited as at December 31, 2018, and financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards (“TFRSs”).

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters	Audit Responses
<p>Recognition of premiums written</p> <p>Recognition of premiums written is a significant risk of material misstatement because the Group had a large number of policies which were derived from direct insurance, insurance brokers and reinsurers caused a variety of supporting documents. This may results that the Group records premium written in an accounting period in which the transaction occurred. Key audit matter is whether the Group recognizes premium written in a correct accounting period in which the transactions occurred in accordance with Thai Financial Reporting Standards.</p> <p>The accounting policy for revenue recognition is disclosed in note 3.2 to the financial statements.</p>	<p>Key audit procedures included;</p> <ul style="list-style-type: none"> • Understanding operating procedures and internal control related to recognition of premiums written. • Testing the design and implementation of internal controls. • Testing the operating effectiveness around the recognition of premiums written. • Performing substantive audit procedures consisted of: <ul style="list-style-type: none"> - Testing recording of recognition of policy and endorsement policy by considering the process of approval and other significant supporting documents to determine whether premiums written are recognized in a correct accounting period in which the transaction occurred. - Performing analytical procedures on financial information relating premiums written.

Key Audit Matters	Audit Responses
<p>Loss reserves</p> <p>Loss reserves consists of liabilities from estimated loss incurred and reported and loss incurred but not reported (“IBNR”). Loss reserves are estimated based on the management’s judgement and an actuary using actuarial method which requires a number of key assumptions for estimation. Key audit matter is whether the Group recognizes loss reserves completely and accurately in accordance with Thai Financial Reporting Standards.</p> <p>The accounting policy for loss reserves and details of loss reserves were disclosed in note 3.13.2 and note 16.1.1 to financial statements, respectively.</p>	<p>Key audit procedures included;</p> <ul style="list-style-type: none"> • Understanding the operating procedures and internal control related to recognition of loss reserves and outstanding claims. • Reviewing the design and implementation of internal controls. • Performing the operating effectiveness testing around the recognition of loss reserves and outstanding claims. • Performing substantive audit procedures as follows: <ul style="list-style-type: none"> - Examining the loss reserves by considering the process of transaction approval and other significant supporting documents to determine whether loss reserves are recognized completely and accurately. - Assessing an appropriateness of the calculation method and the key assumptions applied by the management and an actuary in assessing reserve for loss incurred and reported and loss incurred but not reported (“IBNR”), including evaluation of the reasonableness of key assumptions used together with evaluation of the actuary’s competency and independency. - Performing analytical procedures on financial information relating to loss reserves.
<p>Investment in an associated company</p> <p>Investment in an associated company represents 22.65% of the total amount of its asset and is considered to be the key driver of operations and performance results of the Group.</p> <p>We consider the investment in an associated company is a key audit matter due to its materiality in the context of the financial statements as a whole, it is considered to be the area which had the greatest effect on our overall audit strategy and allocation of resources in planning and completing our audit.</p> <p>The accounting policy for investment in an associated company is disclosed in note to the financial statements no. 3.8.</p>	<p>Our audit procedures including a collaboration in performing the audit work with the component auditor. Key audit procedures included;</p> <ul style="list-style-type: none"> • Understood the financial information compilation process and related internal control procedures • Collaboratively performed the work in accordance with Thai Standard on Auditing on the work performed from the planning through the conclusion process • Performed substantive audit procedures related to the share of profit of investment in an associate.

Other Information

Management is responsible for the other information. The other information comprises information in the annual report, which is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and the management of the Company.

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

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

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

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

Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and the separate financial statements, including the disclosures, and whether the consolidated and separate 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. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Nisakorn Songmanee

Nisakorn Songmanee
Certified Public Accountant (Thailand)
Registration No. 5035

BANGKOK
February 22, 2019

DELOITTE TOUCHE TOHMATSU JAIYOS AUDIT CO., LTD.

SRI AYUDHYA CAPITAL PUBLIC COMPANY LIMITED AND SUBSIDIARY
STATEMENTS OF FINANCIAL POSITION
AS AT DECEMBER 31, 2018

BAHT

	Notes	CONSOLIDATED		SEPARATE	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		As at	As at	As at	As at
		December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017
ASSETS					
Cash and cash equivalents	5	1,341,339,977	1,401,892,869	101,355,834	181,094,544
Premium due and uncollected - net	6	271,749,947	238,127,440	-	-
Accrued investment income		4,497,896	6,972,807	429,389	1,823,368
Reinsurance assets	7	1,070,310,191	892,037,914	-	-
Due from reinsurers	8	114,461,388	55,744,894	-	-
Investments					
Investments in securities	9	6,896,384,905	4,655,891,276	4,125,890,014	2,268,613,540
Loans	10	28,723	15,060	-	-
Investment in an associate	11	2,977,370,666	3,355,004,219	1,487,263,618	1,487,263,618
Investment in a subsidiary	11	-	-	1,823,578,981	1,823,578,981
Premises and equipment	12	39,752,046	53,235,506	5,951,318	7,475,741
Intangible assets	13	51,029,363	67,039,753	24	24
Deferred tax assets	14	228,962,877	167,168,301	44,147,684	6,481,717
Deferred commissions expenses		66,858,470	62,324,187	-	-
Other assets	15	82,845,853	99,516,747	23,088,317	7,921,267
TOTAL ASSETS		13,145,592,302	11,054,970,973	7,611,705,179	5,784,252,800

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

SRI AYUDHYA CAPITAL PUBLIC COMPANY LIMITED AND SUBSIDIARY
STATEMENTS OF FINANCIAL POSITION (CONTINUED)
AS AT DECEMBER 31, 2018

BAHT

	Notes	CONSOLIDATED		SEPARATE	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		As at	As at	As at	As at
		December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017
LIABILITIES AND EQUITY					
Insurance contract liabilities	16	2,444,776,162	2,068,995,204	-	-
Due to reinsurers	17	678,331,838	667,858,859	-	-
Income tax payable		53,594,869	3,548,910	128,673	99,186
Employee benefit obligations	18	89,971,578	86,823,217	4,654,996	4,293,904
Premium written received in advance		370,220,202	348,345,708	-	-
Commissions and brokerages payables		54,202,201	46,327,191	-	-
Accrued expenses		75,250,906	50,493,328	21,742,382	13,376,545
Other liabilities	19	111,291,422	88,619,252	1,662,671	15,898,165
TOTAL LIABILITIES		3,877,639,178	3,361,011,669	28,188,722	33,667,800
EQUITY					
Share capital	20				
Authorized share capital					
463,473,361 ordinary shares of Baht 1.00 each		463,473,361		463,473,361	
500,000,000 ordinary shares of Baht 1.00 each			500,000,000		500,000,000
Issued and paid-up share capital					
296,416,925 ordinary shares of Baht 1.00 each		296,416,925		296,416,925	
250,000,000 ordinary shares of Baht 1.00 each			250,000,000		250,000,000
Premium on share capital		5,276,027,100	3,512,183,950	5,276,027,100	3,512,183,950
Retained earnings					
Appropriated					
Legal reserve	22	50,000,000	50,000,000	50,000,000	50,000,000
Unappropriated		3,179,207,243	2,650,796,710	2,152,489,572	1,979,443,194
Other components of equity					
Deficit on available-for-sale securities		(207,771,879)	(39,021,456)	(191,417,140)	(41,042,144)
Share of other comprehensive income in an associate		674,073,735	1,270,000,100	-	-
TOTAL EQUITY		9,267,953,124	7,693,959,304	7,583,516,457	5,750,585,000
TOTAL LIABILITIES AND EQUITY		13,145,592,302	11,054,970,973	7,611,705,179	5,784,252,800

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

SRI AYUDHYA CAPITAL PUBLIC COMPANY LIMITED AND SUBSIDIARY
STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2018

BAHT

	Notes	CONSOLIDATED		SEPARATE	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		2018	2017	2018	2017
Revenues					
Gross premium written		3,396,369,722	2,953,655,613	-	-
<u>Less</u> Premium ceded		1,435,936,031	1,266,311,577	-	-
Net premium written		1,960,433,691	1,687,344,036	-	-
<u>Less</u> Unearned premium reserve increase (decrease) from previous year		191,260,303	32,145,567	-	-
Net premium earned		1,769,173,388	1,655,198,469	-	-
Fee and commission income		490,085,956	368,033,904	-	-
Net investment income		108,264,621	99,199,138	397,926,947	439,779,852
Gain on investment	26	62,175,215	53,869,930	66,057,010	53,869,930
Gain (loss) on fair value adjustment		(29,493,533)	1,104,498	(15,263,967)	-
Share of profit on investment in an associate	11.1	507,683,013	331,678,207	-	-
Other income		2,862,420	3,957,631	16,670,662	25,710,905
Total revenues		2,910,751,080	2,513,041,777	465,390,652	519,360,687
Expenses					
Loss incurred		1,439,765,185	1,388,581,039	-	-
<u>Less</u> Loss refundable from reinsurers		709,126,371	600,004,263	-	-
Commissions and brokerages expenses		468,113,985	415,100,134	-	-
Other underwriting expenses		554,874,985	476,443,777	-	-
Operating expenses	24	359,762,937	347,988,189	71,185,147	83,607,786
Total underwriting expenses		2,113,390,721	2,028,108,876	71,185,147	83,607,786
Income before income tax expense		797,360,359	484,932,901	394,205,505	435,752,901
Income tax expense	14	47,112,056	22,022,756	730,209	1,967,001
Net income		750,248,303	462,910,145	393,475,296	433,785,900

SRI AYUDHYA CAPITAL PUBLIC COMPANY LIMITED AND SUBSIDIARY
STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2018

BAHT

	Notes	CONSOLIDATED		SEPARATE	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		2018	2017	2018	2017
Other comprehensive income (loss)					
Items that will not be reclassified subsequently to profit or loss					
Actuarial loss on defined employee benefit plans	18	-	(4,400,728)	-	(798,545)
Share of other comprehensive loss in an associate	11.1	(1,761,007)	(1,600,947)	-	-
Income tax relating to items that will not be reclassified subsequently		352,161	1,200,335	-	159,709
		<u>(1,408,846)</u>	<u>(4,801,340)</u>	<u>-</u>	<u>(638,836)</u>
Items that will be reclassified subsequently to profit or loss					
Gain (loss) on revaluation of available-for-sale securities		(210,938,029)	61,204,421	(187,968,745)	62,084,223
Share of other comprehensive income (loss) in an associate	11.1	(752,135,576)	735,354,361	-	-
Income tax relating to items that will be reclassified subsequently		198,396,817	(165,521,295)	37,593,749	(12,416,845)
		<u>(764,676,788)</u>	<u>631,037,487</u>	<u>(150,374,996)</u>	<u>49,667,378</u>
Other comprehensive income (loss) for the years, net of income tax		<u>(766,085,634)</u>	<u>626,236,147</u>	<u>(150,374,996)</u>	<u>49,028,542</u>
Total comprehensive income (loss) for the years		<u><u>(15,837,331)</u></u>	<u><u>1,089,146,292</u></u>	<u><u>243,100,300</u></u>	<u><u>482,814,442</u></u>
Earnings per share	28				
Basic earnings per share	Baht	2.75	1.85	1.44	1.74
Weighted average number of ordinary shares (Shares)		272,930,470	250,000,000	272,930,470	250,000,000
Diluted earnings per share	Baht	2.37	1.85	1.25	1.74
Weighted average number of ordinary shares (Shares)		315,989,583	250,000,000	315,989,583	250,000,000

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

SRI AYUDHYA CAPITAL PUBLIC COMPANY LIMITED AND SUBSIDIARY
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2018

BAHT

CONSOLIDATED FINANCIAL STATEMENTS									
Notes	Issued and paid-up share capital	Premium on share capital	Retained earnings		Other components of equity			Total equity	
			Appropriated	Unappropriated	Surplus (deficit) on available-for-sale securities	Share of other comprehensive income in an associate			
			Legal reserve						
	250,000,000	3,512,183,950	50,000,000	2,630,187,905	(87,984,993)	687,926,150		7,042,313,012	
Beginning balance as at January 1, 2017	-	-	-	458,108,805	48,963,537	582,073,950		1,089,146,292	
Comprehensive income	-	-	-	(250,000,000)	-	-		(250,000,000)	
Dividends paid	-	-	-	(187,500,000)	-	-		(187,500,000)	
Interim dividends	250,000,000	3,512,183,950	50,000,000	2,650,796,710	(39,021,456)	1,270,000,100		7,693,959,304	
Ending balance as at December 31, 2017									
	250,000,000	3,512,183,950	50,000,000	2,650,796,710	(39,021,456)	1,270,000,100		7,693,959,304	
Beginning balance as at January 1, 2018	46,416,925	1,763,843,150	-	-	-	-		1,810,260,075	
Increase capital	-	-	-	748,839,457	(168,750,423)	(595,926,365)		(15,837,331)	
Comprehensive income (loss)	-	-	-	(220,428,924)	-	-		(220,428,924)	
Interim dividends	296,416,925	5,276,027,100	50,000,000	3,179,207,243	(207,771,879)	674,073,735		9,267,953,124	
Ending balance as at December 31, 2018									

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

SRI AYUDHYA CAPITAL PUBLIC COMPANY LIMITED AND SUBSIDIARY
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2018

BAHT

		SEPARATE FINANCIAL STATEMENTS						
Notes	Issued and paid-up share capital	Premium on share capital	Retained earnings		Unappropriated	Other components of equity		Total equity
			Appropriated	Leagl reserve		Surplus (deficit) on available-for-sale securities	-	
	250,000,000	3,512,183,950	50,000,000	1,983,796,130	(90,709,522)			5,705,270,558
	-	-	-	433,147,064	49,667,378			482,814,442
31.1	-	-	-	(250,000,000)	-			(250,000,000)
31.2	-	-	-	(187,500,000)	-			(187,500,000)
	250,000,000	3,512,183,950	50,000,000	1,979,443,194	(41,042,144)			5,750,585,000
	250,000,000	3,512,183,950	50,000,000	1,979,443,194	(41,042,144)			5,750,585,000
	46,416,925	1,763,843,150	-	-	-			1,810,260,075
20.3 and 20.5	-	-	-	393,475,296	(150,374,996)			243,100,300
31.3	-	-	-	(220,428,918)	-			(220,428,918)
	296,416,925	5,276,027,100	50,000,000	2,152,489,572	(191,417,140)			7,583,516,457
	296,416,925	5,276,027,100	50,000,000	2,152,489,572	(191,417,140)			7,583,516,457

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

SRI AYUDHYA CAPITAL PUBLIC COMPANY LIMITED AND SUBSIDIARY
STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2018

BAHT

	Notes	CONSOLIDATED		SEPARATE	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		2018	2017	2018	2017
CASH FLOWS PROVIDED BY (USED IN)					
OPERATING ACTIVITIES					
Direct premium received		3,351,799,800	2,911,354,288	-	-
Cash paid from reinsurance		(364,282,290)	(233,507,233)	-	-
Interest income		28,627,820	41,058,817	6,936,340	8,509,457
Dividend income		348,582,102	434,474,978	394,821,308	434,468,754
Other income		1,895,395	1,920,011	20,262,159	35,907,798
Loss incurred from direct insurance		(1,328,445,254)	(1,517,671,414)	-	-
Commission and brokerage paid					
from direct insurance		(458,907,830)	(412,188,453)	-	-
Other underwriting expenses		(531,444,133)	(465,867,271)	-	-
Operating expenses		(246,400,076)	(393,741,071)	(62,294,739)	(101,924,721)
Income tax expense		(16,673,068)	(12,460,923)	(772,940)	(1,843,450)
Investment in securities		(2,410,935,437)	78,034,674	(2,013,031,262)	169,711,863
Deposits at bank with maturity over 3 months					
and deposits used as collateral		(3,517,812)	6,377,908	(186,407)	9,686,734
Loans		(13,663)	114,257	-	7,327
Cash paid from subscriptions payable		(15,242,115)	-	(15,242,115)	-
Net cash provided by (used in) operating activities		<u>(1,644,956,561)</u>	<u>437,898,568</u>	<u>(1,669,507,656)</u>	<u>554,523,762</u>
CASH FLOWS PROVIDED BY (USED IN)					
INVESTING ACTIVITIES					
CASH FLOWS PROVIDED BY					
Premises and equipment		<u>1,444,766</u>	<u>2,671,912</u>	<u>-</u>	<u>1,448,598</u>
Cash provided by investing activities		<u>1,444,766</u>	<u>2,671,912</u>	<u>-</u>	<u>1,448,598</u>
CASH FLOWS USED IN					
Premises and equipment		<u>(6,254,042)</u>	<u>(13,332,887)</u>	<u>(62,211)</u>	<u>(5,822,531)</u>
Intangible assets		<u>(618,206)</u>	<u>(4,894,828)</u>	<u>-</u>	<u>-</u>
Cash used in investing activities		<u>(6,872,248)</u>	<u>(18,227,715)</u>	<u>(62,211)</u>	<u>(5,822,531)</u>
Net cash used in investing activities		<u>(5,427,482)</u>	<u>(15,555,803)</u>	<u>(62,211)</u>	<u>(4,373,933)</u>

SRI AYUDHYA CAPITAL PUBLIC COMPANY LIMITED AND SUBSIDIARY
STATEMENTS OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2018

BAHT

	Notes	CONSOLIDATED		SEPARATE	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		2018	2017	2018	2017
CASH FLOWS USED IN FINANCING ACTIVITIES					
Increase capital		1,810,260,075	-	1,810,260,075	-
Dividends paid	31.3	(220,428,924)	(437,500,000)	(220,428,918)	(437,500,000)
Net cash used in financing activities		<u>1,589,831,151</u>	<u>(437,500,000)</u>	<u>1,589,831,157</u>	<u>(437,500,000)</u>
Net increase (decrease) in cash and cash equivalents		(60,552,892)	(15,157,235)	(79,738,710)	112,649,829
Cash and cash equivalents as at January 1,		<u>1,401,892,869</u>	<u>1,417,050,104</u>	<u>181,094,544</u>	<u>68,444,715</u>
Cash and cash equivalents as at December 31,	5	<u><u>1,341,339,977</u></u>	<u><u>1,401,892,869</u></u>	<u><u>101,355,834</u></u>	<u><u>181,094,544</u></u>

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

**SRI AYUDHYA CAPITAL PUBLIC COMPANY LIMITED AND SUBSIDIARY
NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

1. GENERAL INFORMATION AND OPERATION OF THE COMPANY AND ITS SUBSIDIARY

1.1 The Company

Sri Ayudhya Capital Public Company Limited (“the Company”) was registered in The Stock Exchange of Thailand. The main business is an investment holding company. The head office is located at Ploenchit Tower, 7th floor, 898 Ploenchit Road, Lumpini, Pathumwan, Bangkok.

The Company has a subsidiary company, Sri Ayudhya General Insurance Public Company Limited which operate non-life insurance business, holding by 99.99%.

1.2 The subsidiary

Sri Ayudhya General Insurance Public Company Limited (“subsidiary”) is a limited company incorporated in Thailand on September 21, 1982. The main business is non-life insurance and the Company was awarded its license to operate all classes of non-life insurance on September 24, 1982 and the subsidiary has registered to be Public Company Limited on October 3, 2011. The Company’s office was registered at Ploenchit Tower, 18th floor, 898 Ploenchit Road, Lumpini, Pathumwan, Bangkok.

On November 13, 2018, the Extraordinary General Meeting of the Shareholders of the Company passed the resolutions as follows:

1. Approval for Sri Ayudhya General Insurance Public Company Limited (“SAGI”) to purchase and accept the transfer of the entire business from Allianz General Insurance Public Company Limited (“AZTH”) totaling Baht 748,800,000.
2. Approval for the Company to purchase ordinary shares of Allianz Ayudhya Assurance Public Company Limited (“AZAY”) of 34,810,000 shares at Baht 114 per share, at the par value of Baht 10, or 11.80% of the paid-up capital in AZAY from Allianz SE and CPRN (Thailand) Limited (“CPRNT”), totaling Baht 3,968,599,600.
3. Approval for the allocation of 88,473,361 newly issued ordinary shares, at the par value of Baht 1 each, for the offering for sale to Allianz SE and CPRNT at Baht 53.32 per share, totaling Baht 4,717,399,600, as follows:
 - 3.1. The allocation and offering for sale of 14,043,511 newly issued ordinary shares to CPRNT at Baht 53.32 per share, totaling Baht 748,800,000. In this regard, CPRNT will pay for the newly issued ordinary shares in cash. The Company will use such payment to purchase the newly issued ordinary shares of SAGI, in order to provide SAGI to purchase and accept the transfer of the entire business from AZTH.

- 3.2. The allocation for the offering for sale of 74,429,850 newly issued ordinary shares to Allianz SE and CPRNT at Baht 53.32 per share, totaling Baht 3,968,599,600. In this regard, Allianz SE and CPRNT will transfer 34,810,000 ordinary shares of AZAY to pay for the newly issued ordinary shares in lieu of cash payment.
4. Approval for Allianz SE and/or the Designated Person wish to make a voluntary partial tender offer to purchase 56,930,000 ordinary shares, representing 19.37% of the total issued shares with voting rights of the Company at present in the offering price of Baht 53.32 per share.

2. BASIS FOR PREPARATION OF THE CONSOLIDATED AND THE SEPARATE FINANCIAL STATEMENTS

- 2.1 The Company and its subsidiary (“the Group”) maintains its accounting records in Thai Baht and prepares its statutory financial statements in the Thai language in conformity with Thai Financial Reporting Standards and practices generally accepted in Thailand.
- 2.2 The Group’s financial statements have been prepared in accordance with the Thai Accounting Standard (“TAS”) No. 1 (Revised 2017) “Presentation of Financial Statements”, which was effective for financial periods beginning on or after January 1, 2018 onward, and the Regulation of The Stock Exchange of Thailand (SET) dated October 2, 2017, regarding the preparation and submission of financial statements and reports for the financial position and results of operations of the listed companies B.E. 2560 and the Notification of the Office of Insurance Commission regarding the Rules, Procedures, Conditions and Periods for Preparing and Submitting Financial Statements and Reports on the Operations of the Non-Life Insurance Business B.E. 2559 dated March 4, 2016.
- 2.3 The financial statements have been prepared under the historical cost convention except as disclosed in the significant accounting policies.
- 2.4 These consolidated financial statements include the financial statements of Sri Ayudhya Capital Public Company Limited and Sri Ayudhya General Insurance Public Company Limited which 99.99% owned by the Company (see Note 11). Significant transactions and balances between the Company and the subsidiary have been eliminated.

The accounting period and significant accounting policies used for the financial statements of the subsidiary is the same as those of the Company.

2.5 Thai Financial Reporting Standards affecting the presentation and disclosure in the current period financial statements

During the period, the Group has adopted the revised and new financial reporting standards issued by the Federation of Accounting Professions which become effective for fiscal years beginning on or after January 1, 2018. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards. The adoption of these financial reporting standards does not have any significant impact on the Group's financial statements.

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

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

New Thai Financial Reporting Standards and Thai Financial Reporting Standard Interpretation

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

Thai Financial Reporting Standards (“TFRS”)

TFRS 1	First-time Adoption of International Financial Reporting Standards
TFRS 15	Revenue from Contracts with Customers

Thai Financial Reporting Standard Interpretation (“TFRIC”)

TFRIC 22	Foreign Currency Transactions and Advance Consideration
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There is the key change to the core principle of TFRS 15, which introduces a 5-step approach to revenue recognition, as follow:

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

Step 2: Identify the performance obligations in the contract.

Step 3: Determine the transaction price

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

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

Under TFRS 15, an entity recognizes revenue when (or as) a performance obligation is satisfied. TFRS 15 will supersede the Standards and Interpretations relating to revenue upon its effective date.

Thai Financial Reporting Standards (TFRSs) Revised 2018

The Federation of Accounting Professions has issued the Notification regarding Thai Financial Reporting Standards (TFRSs) Revised 2018 which have been announced in the Royal Gazette and will be effective for the financial statements for the period beginning on or after January 1, 2019 onwards. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes directed towards revision of wording and terminology and reference to other TFRSs except following TFRSs, which there are revision or additional paragraph and accounting guidance.

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

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

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

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

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

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

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

Thai Accounting Standards (“TAS”)

TAS 32 Financial Instruments: Presentation

Thai Financial Reporting Standards (“TFRS”)

TFRS 7 Financial Instruments: Disclosures

TFRS 9 Financial Instruments

Thai Financial Reporting Standard Interpretations (“TFRIC”)

TFRIC 16 Hedges of a Net Investment in a Foreign Operation

TFRIC 19 Extinguishing Financial Liabilities with Equity Instruments

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

The Group’s management will adopt such TFRSs in the preparation of the Group’s financial statements when they become effective. The Group’s management is in the process to assess the impact of these TFRSs on the financial statements of the Group in the period of initial application.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Insurance contract classification

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

3.2 Recognition of revenues and expenses

Premium written

For insurance policies with coverage period for one year, premium income is recognized on the date the insurance policy is effective after deducting premium ceded and premium cancelled and refunded. For long-term insurance policies which coverage periods is longer than one year, related revenues and expenses are recorded as unearned and prepaid items which recognized as income and expenses over the coverage annual.

Reinsurance premium

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

Commissions and brokerages income

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

Interest and dividends income

Interest income is recognized as income on an accrual basis. Dividends income are recognized as income on the declaration date.

Claims and losses adjustment expenses

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

Claims and losses adjustment expenses of direct insurance are 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 however, to exceed the sum-insured under the relevant policy.

Claims and losses adjustment expenses of reinsurance are recognised when the reinsurer places the loss advice with the Company.

Claim recovery from reinsurers

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

Commissions and brokerages and other expenses

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

3.3 Cash and cash equivalents

Cash and cash equivalents include cash on hand and all types of deposits with banks including investment in securities-notes with original maturity within 3 months or less and not subject to withdrawal restrictions.

3.4 Premium due and uncollected and allowance for doubtful debt

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

3.5 Reinsurance assets

Reinsurance assets are stated at net realizable value. The Group records allowance for doubtful accounts for the estimated collection losses on reinsurance assets. Such estimated losses are based on the subsidiary's collection experience and the analysis of aging of each reinsurance assets.

3.6 Due to and due from reinsurers

Due to and due from reinsurers is recognized in the statement of financial position representing reinsurance receivables and payables. The net amount is represented in the statement of financial position when the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

3.7 Investment in securities

Securities classified as available-for-sale are stated at fair value. Gain or loss on the change in fair value is recognized as other components of equity.

Securities classified as general investments are stated at cost.

Debt securities classified as held-to-maturity are stated at amortized cost.

In case of impairment in value of investment has occurred, the resultant loss for all classification of investments is recognized in the statement of profit or loss and other comprehensive income.

Premiums and discounts on debt securities are amortized and accreted to income as adjustments to interest income by using the effective interest rate method.

The costs of securities sold are determined by the weighted average method.

Fair value of marketable securities are based on the latest bid price of the last working day of the year as quoted on the Stock Exchange of Thailand. Fair value of debt instruments is determined based on the price quoted by the Thai Bond Market Association. Fair value of unit trusts is determined from their net asset value.

3.8 Investments in a subsidiary and an associate

Investments in a subsidiary and an associate as presented in the separate financial statements are accounted for under the cost method net of allowance for impairment loss (if any). Investments in an associate as presented in the consolidated financial statements are accounted for under the equity method.

3.9 Loans

Loans are stated at their principal amount less allowance for doubtful accounts, if any. The Company estimates the allowance for doubtful accounts based on an analysis of payment histories, future expectation of each customer payments and the valuation of the assets pledged.

3.10 Premises and equipment

Land is stated at cost. Premises and equipment are stated at cost, net of accumulated depreciation.

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

Building	5 years
Office equipment, furniture and fixtures	5 years
Vehicles	5 years

3.11 Intangible assets

Intangible assets with definite useful life are stated at cost less accumulated amortization and impairment losses (if any).

Amortization is charged to the statement of profit or loss and other comprehensive income on a straight-line basis from the date that intangible assets are available for use over the estimated useful lives of the assets. The estimated useful lives are as follows:

Computer software	5 years
Bancassurance agreement	10 years

3.12 Impairment of assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, the Group makes an estimate of the asset's recoverable amount. Where the carrying amount of the asset exceeds its recoverable amount, the asset is considered to be impaired and is written down to its recoverable amount. Impairment losses are recognized in the statement of profit or loss and other comprehensive income. The recoverable amount is determined as the higher of fair value less costs to sell or the asset value in use.

3.13 Insurance liabilities

3.13.1 Unearned premium reserve

Unearned premium reserve is set aside in compliance with the basis as specified in the Notification of the Office of Insurance Commission as follows:

Fire, Marine (Hull), Motor and Miscellaneous	- Monthly average basis (the one-twenty fourth basis)
Transportation (Cargo), travelling accident with coverage periods of not over six-months	- 100% of premiums as from the effective date of the inforce policies over the insurance coverage period

3.13.2 Loss reserve and outstanding claims

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

3.13.3 Unexpired risks reserve

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

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

3.14 Foreign currency transactions

Transactions during the year denominated in foreign currencies are translated into Baht at the rates of exchange prevailing at the transaction dates. Monetary assets and liabilities at the statement of financial position date denominated in foreign currencies is translated into Baht at the reference exchange rates established by the Bank of Thailand at that date. Gains and losses on exchange arising on settlements and translation are recognized as income or expense when incurred.

3.15 Employee benefits

3.15.1 Provident fund

The Group has provident fund which are contributory by the employee and the Group matching the individuals' contributions. The provident funds have been registered in accordance with the Provident Fund Act B.E. 2530 (1987). The Group's contribution to the Fund are recorded as expense for the year.

3.15.2 Employee benefit obligations

The Group provides employee benefit obligations, payable to employees under the Thai Labor Protection Act. The liability in respect of employee benefits is the present value of the defined benefit obligation which is calculated by an actuary using the projected unit credit cost method. The present value of the defined benefits obligation is determined by discounting estimated future cash flows using yields on the government bonds which have terms to maturity approximating the terms of related liability. The estimated future cash flows shall reflect employee salaries, turnover rate, length of service and other factor. Actuarial gains or losses will be recognized in the statement of profit or loss and other comprehensive income in the period to which they are related. The costs associated with providing these benefits are charged to the statement of profit or loss and other comprehensive income so as to spread the cost over the employment period during which the entitlement to benefits is earned.

Past service cost related to the plan amendment is recognized as an expense in the income statement when the plan amendment is effective.

3.16 Long-term leases

Lease in which substantially all the risks and rewards of ownership of assets remain with the lessor are accounted for as operating lease. Rentals applicable to such operating leases are charged to the statement of profit or loss and other comprehensive income over the lease term.

3.17 Income tax expense

Income tax expense is based on the taxable profit multiplied by the tax rate that has been enacted at the statement of financial position date and adjusted by the effect of deferred income tax accounting.

Deferred income tax is provided on temporary differences arising from differences between the tax base of assets and liabilities and their carrying amounts in the financial statements, using the tax rates enacted or substantively enacted at the statement of financial position date. Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

3.18 Earnings per share

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

Diluted earnings per share is calculated by dividing profit for the period attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the period plus the weighted average number of ordinary shares which would need to be issued to convert all dilutive potential ordinary shares into ordinary shares. The calculation assumes that such conversion took place either at the beginning of the period or on the date the potential ordinary shares were issued.

3.19 Use of management's judgements and key sources of estimation uncertainty

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

Key sources of estimation uncertainty

3.19.1 Loss reserves

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

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

3.19.2 Fair value measurement and valuation processes

Some asset measured at Level 2 of the fair value in the statements of financial position as of the end of reporting period such as Government and State Enterprise and Private Enterprises debt securities will be valued on the basis of quoted values and other data provided by Thai-BMA and first utilize valuation inputs from actively traded securities, such as bid prices when quoted market prices are unavailable, the pricing will be estimated by discounting expected future cash flows using market interest rate and/or prices for a similar instrument from Thai-BMA at the measurement date.

Information about valuation techniques and inputs used in determining the fair value of various assets and liabilities are disclosed in Note 38.2.6.1.

3.20 Fair value measurements

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

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

4. ADDITIONAL INFORMATION FOR CASH FLOWS

4.1 Non-cash items of premises and equipment for the years ended December 31, 2018 and 2017 consisted of the following:

	Consolidated financial statements	
	2018	2017
	Baht	Baht
Other payable - fixed assets as at January 1,	31,431	-
<u>Add</u> Purchases of fixed assets	6,702,400	13,364,318
<u>Less</u> Cash paid for purchase of fixed assets	(6,254,042)	(13,332,887)
Other payable - fixed assets as at December 31,	<u>479,789</u>	<u>31,431</u>

4.2 Non-cash items of intangible assets for the years ended December 31, 2018 and 2017 consisted of the following:

	Consolidated financial statements	
	2018	2017
	Baht	Baht
Other payable - intangible assets as at January 1,	-	20,000
<u>Add</u> Purchases of intangible assets	618,206	4,874,828
<u>Less</u> Cash paid for purchase of intangible assets	(618,206)	(4,894,828)
Other payable - intangible assets as at December 31,	<u>-</u>	<u>-</u>

5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents as at December 31, 2018 and 2017 consisted of the following:

	Consolidated financial statements		Separate financial statements	
	2018 Baht	2017 Baht	2018 Baht	2017 Baht
Cash	290,000	290,000	10,000	10,000
Cheque on hand	11,046,146	6,546,748	-	-
Deposits at bank - at call	361,305,850	436,891,540	101,345,834	151,087,626
Short-term investments	968,697,981	958,164,581	-	29,996,918
Cash and cash equivalents	<u>1,341,339,977</u>	<u>1,401,892,869</u>	<u>101,355,834</u>	<u>181,094,544</u>

6. PREMIUM DUE AND UNCOLLECTED - NET

Premium due and uncollected - net as at December 31, 2018 and 2017 consisted of the following:

	Consolidated financial statements	
	As at December 31, 2018 Baht	As at December 31, 2017 Baht
Within credit terms	218,651,474	181,203,746
Less than 30 days	29,433,750	25,575,689
31 - 60 days	7,308,105	10,480,196
61 - 90 days	9,125,013	3,458,805
Over 90 days	12,882,849	21,860,248
Total premium due and uncollected	<u>277,401,191</u>	<u>242,578,684</u>
<u>Less</u> Allowance for doubtful accounts	<u>(5,651,244)</u>	<u>(4,451,244)</u>
Premium due and uncollected - net	<u>271,749,947</u>	<u>238,127,440</u>

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

7. REINSURANCE ASSETS

Reinsurance assets as at December 31, 2018 and 2017 consisted of the following:

	Consolidated financial statements	
	As at December 31, 2018 Baht	As at December 31, 2017 Baht
Insurance reserve refundable from reinsurers		
Loss reserves	449,046,925	367,077,629
Unearned premium reserve		
- Unearned reinsurance premium reserve	621,263,266	524,960,285
Total reinsurance assets (see Note 16)	<u>1,070,310,191</u>	<u>892,037,914</u>

8. DUE FROM REINSURERS

Due from reinsurers as at December 31, 2018 and 2017 consisted of the following:

	Consolidated financial statements	
	2018 Baht	2017 Baht
Deposit on reinsurance	48,717	94
Due from reinsurers	114,412,671	55,744,800
Total	<u>114,461,388</u>	<u>55,744,894</u>

Aging analyzes for due from reinsurers as at December 31, 2018 and 2017 were as follows:

	Consolidated financial statements	
	2018 Baht	2017 Baht
Within credit terms	100,640,423	38,648,940
Not over 12 months	10,635,160	14,922,154
Over 1 year to 2 years	1,200,850	1,849,325
Over 2 years	1,936,238	324,381
Total due from reinsures	<u>114,412,671</u>	<u>55,744,800</u>

9. INVESTMENTS IN SECURITIES

Investment in securities as at December 31, 2018 and 2017 consisted of the following:

	Consolidated financial statements			
	As at December 31, 2018		As at December 31, 2017	
	Cost/ Amortized cost	Fair value	Cost/ Amortized cost	Fair value
	Baht	Baht	Baht	Baht
Held-for-trading securities				
Equity securities	185,243,536	156,854,501	92,565,357	93,669,855
<u>Add</u> Unrealized gain (loss)	<u>(28,389,035)</u>	<u>-</u>	<u>1,104,498</u>	<u>-</u>
Total held for-trading-securities	<u>156,854,501</u>	<u>156,854,501</u>	<u>93,669,855</u>	<u>93,669,855</u>
Available-for-sale securities				
Government and state enterprise securities	431,691,662	430,891,551	466,421,445	469,328,404
Equity securities	<u>4,344,156,196</u>	<u>4,085,241,459</u>	<u>2,168,388,135</u>	<u>2,116,704,356</u>
Total	4,775,847,858	4,516,133,010	2,634,809,580	2,586,032,760
<u>Less</u> Unrealized loss	<u>(259,714,848)</u>	<u>-</u>	<u>(48,776,820)</u>	<u>-</u>
Total available-for-sale securities	<u>4,516,133,010</u>	<u>4,516,133,010</u>	<u>2,586,032,760</u>	<u>2,586,032,760</u>
Held-to-maturity securities				
Government and state enterprise securities	1,747,212,351		1,493,571,430	
Deposits at bank with maturity over 3 months	207,676,866		190,842,850	
Deposits at bank used as collateral	233,268,345		246,584,549	
Premium saving certificates used as collateral	<u>15,750,000</u>		<u>25,700,000</u>	
Total held-to-maturity securities	<u>2,203,907,562</u>		<u>1,956,698,829</u>	
General investment				
Equity securities	20,996,951		20,996,951	
<u>Less</u> Allowance for impairment	<u>(1,507,119)</u>		<u>(1,507,119)</u>	
Total general investment	<u>19,489,832</u>		<u>19,489,832</u>	
Total investment in securities - net	<u>6,896,384,905</u>		<u>4,655,891,276</u>	
	Separate financial statements			
	As at December 31, 2018		As at December 31, 2017	
	Cost/ Amortized cost	Fair value	Cost/ Amortized cost	Fair value
	Baht	Baht	Baht	Baht
Held-for-trading securities				
Equity securities	95,147,099	79,883,132	-	-
<u>Less</u> Unrealized loss	<u>(15,263,967)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total held for-trading-securities	<u>79,883,132</u>	<u>79,883,132</u>	<u>-</u>	<u>-</u>
Available-for-sale securities				
Government and state enterprise securities	137,118,023	136,518,439	132,144,848	133,031,823
Equity securities	<u>4,073,423,050</u>	<u>3,834,751,209</u>	<u>2,113,220,545</u>	<u>2,061,030,890</u>
Total	4,210,541,073	3,971,269,648	2,245,365,393	2,194,062,713
<u>Less</u> Unrealized loss	<u>(239,271,425)</u>	<u>-</u>	<u>(51,302,680)</u>	<u>-</u>
Total available-for-sale securities	<u>3,971,269,648</u>	<u>3,971,269,648</u>	<u>2,194,062,713</u>	<u>2,194,062,713</u>

	Separate financial statements			
	As at December 31, 2018		As at December 31, 2017	
	Cost/ Amortized cost	Fair value	Cost/ Amortized cost	Fair value
	Baht	Baht	Baht	Baht
Held-to-maturity securities				
Deposits at bank with maturity over 3 months	26,739,072		12,552,665	
Deposits at bank used as collateral	30,000,000		44,000,000	
Total held-to-maturity securities	<u>56,739,072</u>		<u>56,552,665</u>	
General investment				
Equity securities	19,505,281		19,505,281	
<u>Less</u> Allowance for impairment	<u>(1,507,119)</u>		<u>(1,507,119)</u>	
Total general investment	<u>17,998,162</u>		<u>17,998,162</u>	
Total investment in securities - net	<u>4,125,890,014</u>		<u>2,268,613,540</u>	

Debt securities classified by the remaining maturity as at December 31, 2018 were as follows:

	Consolidated financial statements			
	Within 1 year Baht	Maturities		Total Baht
		1 - 5 years Baht	Over 5 years Baht	
Available-for-sale debt securities				
Government and state enterprise securities	43,223,738	388,467,924	-	431,691,662
<u>Add</u> Unrealized gain (loss)	<u>20,173</u>	<u>(820,284)</u>	<u>-</u>	<u>(800,111)</u>
Total	<u>43,243,911</u>	<u>387,647,640</u>	<u>-</u>	<u>430,891,551</u>
Total available-for-sale debt securities	<u>43,243,911</u>	<u>387,647,640</u>	<u>-</u>	<u>430,891,551</u>
Held-to-maturity debt securities				
Government and state enterprise securities	1,747,212,351	-	-	1,747,212,351
Total held-to-maturity debt securities	<u>1,747,212,351</u>	<u>-</u>	<u>-</u>	<u>1,747,212,351</u>
Total debt securities - net	<u>1,790,456,262</u>	<u>387,647,640</u>	<u>-</u>	<u>2,178,103,902</u>

Debt securities classified by the remaining maturity as at December 31, 2017 were as follows:

	Consolidated financial statements			
	Within 1 year Baht	Maturities		Total Baht
		1 - 5 years Baht	Over 5 years Baht	
Available-for-sale debt securities				
Government and state enterprise securities	240,480,652	225,940,793	-	466,421,445
<u>Add</u> Unrealized gain	<u>714,109</u>	<u>2,192,850</u>	<u>-</u>	<u>2,906,959</u>
Total	<u>241,194,761</u>	<u>228,133,643</u>	<u>-</u>	<u>469,328,404</u>
Total available-for-sale debt securities	<u>241,194,761</u>	<u>228,133,643</u>	<u>-</u>	<u>469,328,404</u>
Held-to-maturity debt securities				
Government and state enterprise securities	1,493,571,430	-	-	1,493,571,430
Total held-to-maturity debt securities	<u>1,493,571,430</u>	<u>-</u>	<u>-</u>	<u>1,493,571,430</u>
Total debt securities - net	<u>1,734,766,191</u>	<u>228,133,643</u>	<u>-</u>	<u>1,962,899,834</u>

Debt securities classified by the remaining maturity as at December 31, 2018 were as follows:

	Separate financial statements			Total Baht
	Within 1 year Baht	Maturities 1 - 5 years Baht	Over 5 years Baht	
Available-for-sale debt securities				
Government and state enterprise securities	-	137,118,023	-	137,118,023
<u>Less</u> Unrealized loss	-	(599,584)	-	(599,584)
Total	-	136,518,439	-	136,518,439
Total debt securities - net	-	136,518,439	-	136,518,439

Debt securities classified by the remaining maturity as at December 31, 2017 were as follows:

	Separate financial statements			Total Baht
	Within 1 year Baht	Maturities 1 - 5 years Baht	Over 5 years Baht	
Available-for-sale debt securities				
Government and state enterprise securities	100,339,491	31,805,357	-	132,144,848
<u>Add</u> Unrealized gain	446,256	440,719	-	886,975
Total	100,785,747	32,246,076	-	133,031,823
Total debt securities - net	100,785,747	32,246,076	-	133,031,823

As at December 31, 2018 and 2017, certain investment in securities (certain government and state enterprise securities and certain deposits at bank) of the Group are pledged and used for assets reserved with the Registrar (see Note 33).

As at December 31, 2018 and 2017, premium saving certificates of its subsidiary were used as collateral for insured driver amounting to Baht 4.50 million and Baht 3.55 million, respectively (see Note 34.1) (Company: Nil).

As at December 31, 2018 and 2017, deposits at bank of the Group were pledged as collateral for credit facilities for bank overdrafts and loans in the form of promissory notes amounting to Baht 40 million and Baht 10 million, respectively. (Company: Baht 20 million and Baht 10 million, respectively) (see Note 34.2).

10. LOANS

Loans of the Group were loans to employees with personal collateral in accordance with the welfare policy of the Company and its subsidiary consisted of the following:

Types of loans	Credit line of loans	Interest rate per year
General loans	Not exceed Baht 100,000 per person	3.85

11. INVESTMENT IN A SUBSIDIARY AND AN ASSOCIATE

11.1 Investment in an associate in the consolidated financial statements

As at December 31, 2018 and 2017, the Company had investment in an associated company accounted for under equity method in the consolidated financial statements as follows:

		Consolidated financial statements					
Company name	Nature of business	Percentage of shareholding		Cost		Carrying value under equity method	
		2018 percent	2017 percent	2018 Baht	2017 Baht	2018 Baht	2017 Baht
Associated company							
Allianz Ayudhya Assurance Public Company Limited	Life Insurance	20.17	20.17	1,487,263,618	1,487,263,618	2,977,370,666	3,355,004,219

As at December 31, 2018 and 2017, an associate had total assets and total liabilities as follows:

	As at December 31, 2018	Baht: million As at December 31, 2017
Total assets	189,124.25	177,910.18*
Total liabilities	174,602.51	161,516.15*

* An associated company has reclassified the financial statement for the year ended December, 31 2017, to conform to the presentation in the financial statement for the year ended December 31, 2018.

For the years ended December 31, 2018 and 2017, an associate had total revenues, net income and net of other comprehensive income as follows:

	Baht: million For the years ended December 31,	
	2018	2017
Total revenues	39,131.41	38,001.79*
Net income	2,517.07	1,644.45
Items that will not be reclassified subsequently to profit or loss		
Defined benefit plan actuarial loss	(8.73)	(7.94)
Income tax relating to items that will not be reclassified Subsequently	1.75	1.59
Other comprehensive loss - net of income tax	<u>(6.98)</u>	<u>(6.35)</u>
Items that will be reclassified subsequently to profit or loss		
Gain on cash flow hedges	186.47	24.65
Gain (loss) on revaluation of available-for-sale securities	(3,915.53)	3,621.20
Income tax relating to items that will be reclassified Subsequently	774.48	(759.96)
Other comprehensive income (loss) - net of income tax	<u>(2,954.58)</u>	<u>2,885.89</u>

* An associated company has reclassified the financial statement for the year ended December, 31 2017, to conform to the presentation in the financial statement for the year ended December 31, 2018.

The consolidated statement of profit or loss and other comprehensive income for the years ended December 31, 2018 and 2017 recognized share of profit, resulting from portion of holding of investment in an associate as follows:

	Baht: million	
	For the years ended	
	December 31,	
	2018	2017
Share of profit on investment in an associate	507.68	331.68
Items that will not be reclassified subsequently to profit or loss		
Share of other comprehensive loss in an associate	(1.76)	(1.60)
Income tax relating to items that will not be reclassified subsequently	0.35	0.32
Share of other comprehensive loss in an associate - net of income tax	<u>(1.41)</u>	<u>(1.28)</u>
Items that will be reclassified subsequently to profit or loss		
Share of other comprehensive income (loss) in an associate	(752.14)	735.35
Income tax relating to items that will be reclassified Subsequently	156.21	(153.28)
Share of other comprehensive income (loss) in an associate - net of income tax	<u>(595.93)</u>	<u>582.07</u>

Reconciliation of the above summarized financial information to the carrying amount of the interest in an associate recognized in the consolidated financial statements were as follows:

	Baht: million	
	As at	
	December 31,	
	2018	2017
Net assets of an associate	14,521.74	16,394.03
Proportion of the Group's ownership interest in an associate (%)	20.17	20.17
	<u>2,928.97</u>	<u>3,306.60</u>
Investment amount over net assets at investment date	48.40	48.40
Carrying amount of the Group's interest in an associate	<u>2,977.37</u>	<u>3,355.00</u>

11.2 Investments in a subsidiary and an associate in the separate financial statements

As at December 31, 2018 and 2017, investments in a subsidiary and an associate were as follows:

Company's name	Separate financial statements							
	Paid-up capital		Shareholding percentage		Cost		Dividend	
	2018 Baht	2017 Baht	2018 (%)	2017 (%)	2018 Baht	2017 Baht	2018 Baht	2017 Baht
Associated company								
Allianz Ayudhya Assurance Public Company Limited	2,950,000,000	2,950,000,000	20.17	20.17	1,487,263,618	1,487,263,618	287,981,355	387,941,826
Subsidiary company								
Sri Ayudhya General Insurance Public Company Limited	1,800,000,000	1,800,000,000	99.99	99.99	1,823,578,981	1,823,578,981	53,999,994	-

Ordinary shareholders' meeting of an associate passed a resolution for dividend payment which had been endorsed by the Office of Insurance Commission as follows:

The resolution of ordinary shareholders' meeting for dividend payment			The endorsement of Office of Insurance Commission for dividend payment			Total dividend receive (Baht million)	Received date
Date	Dividend per share (Baht)	Total (Baht million)	Date	Dividend per share (Baht)	Total (Baht million)		
April 9, 2018	5.57	1,643.15	May 23, 2018	4.84	1,427.80	287.98	June 20, 2018
April 20, 2017	6.52	1,923.40	June 29, 2017	6.52	1,923.40	387.94	July 14, 2017

12. PREMISES AND EQUIPMENT

Premises and equipment as at December 31, 2018 and 2017 consisted of the following:

	Consolidated financial statements									
	Cost					Accumulated depreciation				
	As at January 1, 2018	Increase	Disposal / Write off	As at December 31, 2018	As at January 1, 2018	Depreciation	Write off	As at December 31, 2018	Beginning balance of premises and equipment - net as at January 1, 2018	Ending balance of premises and equipment - net as at December 31, 2018
Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	
Land	1,610,500	-	-	1,610,500	-	-	-	-	1,610,500	1,610,500
Building	773,500	-	-	773,500	(773,498)	-	-	(773,498)	2	2
Office equipment	65,412,583	2,785,621	(2,084,174)	66,114,030	(55,360,806)	(5,088,356)	2,084,082	(58,365,080)	10,051,777	7,748,950
Furniture and fixtures	55,508,764	961,779	(457,856)	56,012,687	(34,017,912)	(8,077,140)	422,798	(41,672,254)	21,490,852	14,340,433
Vehicles	39,315,393	2,955,000	(5,232,645)	37,037,748	(19,233,018)	(6,542,623)	4,790,054	(20,985,587)	20,082,375	16,052,161
Total	162,620,740	6,702,400	(7,774,675)	161,548,465	(109,385,234)	(19,708,119)	7,296,934	(121,796,419)	53,235,506	39,752,046
Consolidated financial statements										
	Cost					Accumulated depreciation				
	As at January 1, 2017	Increase	Disposal / Write off	As at December 31, 2017	As at January 1, 2017	Depreciation	Write off	As at December 31, 2017	Beginning balance of premises and equipment - net as at January 1, 2017	Ending balance of premises and equipment - net as at December 31, 2017
	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht
Land	1,610,500	-	-	1,610,500	-	-	-	-	1,610,500	1,610,500
Building	773,500	-	-	773,500	(773,498)	-	-	(773,498)	2	2
Office equipment	69,119,642	2,410,267	(6,117,326)	65,412,583	(55,784,003)	(5,679,216)	6,102,413	(55,360,806)	13,335,639	10,051,777
Furniture and fixtures	52,975,122	2,633,411	(99,769)	55,508,764	(25,654,013)	(8,463,655)	99,756	(34,017,912)	27,321,109	21,490,852
Vehicles	40,782,931	8,320,640	(9,788,178)	39,315,393	(22,516,432)	(5,952,995)	9,236,409	(19,233,018)	18,266,499	20,082,375
Total	165,261,695	13,364,318	(16,005,273)	162,620,740	(104,727,946)	(20,095,866)	15,438,578	(109,385,234)	60,533,749	53,235,506

Separate financial statements

	Cost				Accumulated depreciation				Beginning balance of premises and equipment - net as at		Ending balance of premises and equipment - net as at	
	As at January 1, 2018	Increase	Disposal / Write off	As at December 31, 2018	As at January 1, 2018	Depreciation	Disposal / Write off	As at December 31, 2018	January 1, 2018	Baht	December 31, 2018	Baht
Land	1,610,500	-	-	1,610,500	-	-	-	-	1,610,500	-	1,610,500	-
Building	773,500	-	-	773,500	(773,498)	-	(773,498)	(773,498)	2	2	2	2
Office equipment	2,927,548	62,211	-	2,989,759	(2,679,602)	(196,383)	(2,875,985)	247,946	247,946	113,774	113,774	2
Furniture and fixtures	4,455,947	-	-	4,455,947	(4,246,231)	(207,335)	(4,453,566)	209,716	209,716	2,381	2,381	2,381
Vehicles	8,167,825	-	-	8,167,825	(2,760,248)	(1,182,916)	(3,943,164)	5,407,577	5,407,577	4,224,661	4,224,661	4,224,661
Total	17,935,320	62,211	-	17,997,531	(10,459,579)	(1,586,634)	(12,046,213)	7,475,741	7,475,741	5,951,318	5,951,318	5,951,318

Separate financial statements

	Cost				Accumulated depreciation				Beginning balance of premises and equipment - net as at		Ending balance of premises and equipment - net as at	
	As at January 1, 2017	Increase	Disposal / Write off	As at December 31, 2017	As at January 1, 2017	Depreciation	Disposal / Write off	As at December 31, 2017	January 1, 2017	Baht	December 31, 2017	Baht
Land	1,610,500	-	-	1,610,500	-	-	-	-	1,610,500	-	1,610,500	-
Building	773,500	-	-	773,500	(773,498)	-	(773,498)	(773,498)	2	2	2	2
Office equipment	2,894,208	62,531	(29,191)	2,927,548	(2,494,570)	(214,222)	29,190	(2,679,602)	399,638	399,638	247,946	247,946
Furniture and fixtures	4,455,947	-	-	4,455,947	(3,938,707)	(307,524)	-	(4,246,231)	517,240	517,240	209,716	209,716
Vehicles	8,707,825	5,760,000	(6,300,000)	8,167,825	(8,618,623)	(441,624)	6,299,999	(2,760,248)	89,202	89,202	5,407,577	5,407,577
Total	18,441,980	5,822,531	(6,329,191)	17,935,320	(15,825,398)	(963,370)	6,329,189	(10,459,579)	2,616,582	2,616,582	7,475,741	7,475,741

As at December 31, 2018 and 2017, certain premises and equipment of the Group at cost of Baht 67.29 million and Baht 56.38 million, respectively, were fully depreciated but still in use (Company: Baht 9.91 million and Baht 7.79 million, respectively).

13. INTANGIBLE ASSETS

Intangible assets as at December 31, 2018 and 2017 consisted of the following:

	Consolidated financial statements									
	Cost			Accumulated amortization						
As at January 1, 2018	Increase	Write off	Transfer in/(transfer out)	As at December 31, 2018	As at January 1, 2018	Amortization	Write off	As at December 31, 2018	Beginning balance of intangible assets - net as at January 1, 2018	Ending balance of intangible assets - net as at December 31, 2018
Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht
Purchase/subsequently acquire										
Computer software	71,211,734	583,206	-	18,301,099	90,096,039	(58,233,847)	(6,636,809)	(64,870,656)	12,977,887	25,225,383
Computer software in process	25,646,861	35,000	-	(18,301,099)	7,380,762	-	-	(81,576,782)	25,646,861	7,380,762
Bancassurance agreement	100,000,000	-	-	-	100,000,000	(71,584,995)	(9,991,787)	(146,447,438)	28,415,005	18,423,218
Total	196,858,595	618,206	-	-	197,476,801	(129,818,842)	(16,628,596)	(146,447,438)	67,039,753	51,029,363
Consolidated financial statements										
	Cost						Accumulated amortization			
	As at January 1, 2017	Increase	Write off	Transfer in/(transfer out)	As at December 31, 2017	As at January 1, 2017	Amortization	Write off	As at December 31, 2017	Beginning balance of intangible assets - net as at January 1, 2017
Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht
Purchase/subsequently acquire										
Computer software	74,709,942	433,827	(9,993,080)	6,061,045	71,211,734	(65,224,558)	(3,002,271)	9,992,982	(58,233,847)	9,485,384
Computer software in process	27,266,905	4,441,001	-	(6,061,045)	25,646,861	-	-	-	27,266,905	25,646,861
Bancassurance agreement	100,000,000	-	-	-	100,000,000	(61,593,208)	(9,991,787)	-	(71,584,995)	38,406,792
Total	201,976,847	4,874,828	(9,993,080)	-	196,858,595	(126,817,766)	(12,994,058)	9,992,982	(129,818,842)	75,159,081
Consolidated financial statements										
	Cost						Accumulated amortization			
	As at January 1, 2017	Increase	Write off	Transfer in/(transfer out)	As at December 31, 2017	As at January 1, 2017	Amortization	Write off	As at December 31, 2017	Beginning balance of intangible assets - net as at January 1, 2017
Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht
Purchase/subsequently acquire										
Computer software	74,709,942	433,827	(9,993,080)	6,061,045	71,211,734	(65,224,558)	(3,002,271)	9,992,982	(58,233,847)	9,485,384
Computer software in process	27,266,905	4,441,001	-	(6,061,045)	25,646,861	-	-	-	27,266,905	25,646,861
Bancassurance agreement	100,000,000	-	-	-	100,000,000	(61,593,208)	(9,991,787)	-	(71,584,995)	38,406,792
Total	201,976,847	4,874,828	(9,993,080)	-	196,858,595	(126,817,766)	(12,994,058)	9,992,982	(129,818,842)	75,159,081
Consolidated financial statements										
	Cost						Accumulated amortization			
	As at January 1, 2017	Increase	Write off	Transfer in/(transfer out)	As at December 31, 2017	As at January 1, 2017	Amortization	Write off	As at December 31, 2017	Beginning balance of intangible assets - net as at January 1, 2017
Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht
Purchase/subsequently acquire										
Computer software	74,709,942	433,827	(9,993,080)	6,061,045	71,211,734	(65,224,558)	(3,002,271)	9,992,982	(58,233,847)	9,485,384
Computer software in process	27,266,905	4,441,001	-	(6,061,045)	25,646,861	-	-	-	27,266,905	25,646,861
Bancassurance agreement	100,000,000	-	-	-	100,000,000	(61,593,208)	(9,991,787)	-	(71,584,995)	38,406,792
Total	201,976,847	4,874,828	(9,993,080)	-	196,858,595	(126,817,766)	(12,994,058)	9,992,982	(129,818,842)	75,159,081
Consolidated financial statements										
	Cost						Accumulated amortization			
	As at January 1, 2017	Increase	Write off	Transfer in/(transfer out)	As at December 31, 2017	As at January 1, 2017	Amortization	Write off	As at December 31, 2017	Beginning balance of intangible assets - net as at January 1, 2017
Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht
Purchase/subsequently acquire										
Computer software	74,709,942	433,827	(9,993,080)	6,061,045	71,211,734	(65,224,558)	(3,002,271)	9,992,982	(58,233,847)	9,485,384
Computer software in process	27,266,905	4,441,001	-	(6,061,045)	25,646,861	-	-	-	27,266,905	25,646,861
Bancassurance agreement	100,000,000	-	-	-	100,000,000	(61,593,208)	(9,991,787)	-	(71,584,995)	38,406,792
Total	201,976,847	4,874,828	(9,993,080)	-	196,858,595	(126,817,766)	(12,994,058)	9,992,982	(129,818,842)	75,159,081
Consolidated financial statements										

Separate financial statements

	Cost		Accumulated amortization		Ending balance of intangible assets - net as at December 31, 2018	Beginning balance of intangible assets - net as at January 1, 2018
	As at January 1, 2018	Increase	Transfer in (transfer out)	As at December 31, 2018		
	Baht	Baht	Baht	Baht	Baht	Baht
Purchase/subsequently acquire	40,800	-	-	(40,776)	(40,776)	24
Computer software	40,800	-	-	(40,776)	(40,776)	24
Total						

Separate financial statements

	Cost		Accumulated amortization		Ending balance of intangible assets - net as at December 31, 2017	Beginning balance of intangible assets - net as at January 1, 2017
	As at January 1, 2017	Increase	Transfer in (transfer out)	As at December 31, 2017		
	Baht	Baht	Baht	Baht	Baht	Baht
Purchase/subsequently acquire	40,800	-	-	(40,776)	(40,776)	24
Computer software	40,800	-	-	(40,776)	(40,776)	24
Total						

As at December 31, 2018 and 2017, certain intangible assets of the Group at cost of Baht 53.11 million and Baht 52.83 million, respectively, were fully amortized but still in use (Company : Baht 0.04 million).

14. DEFERRED TAX ASSETS

Deferred tax assets as at December 31, 2018 and 2017 were as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
	Baht	Baht	Baht	Baht
Deferred tax assets	228,962,877	167,168,301	44,147,684	6,481,717

Movements of deferred tax assets for the years ended December 31, 2018 and 2017 consisted of tax effects from the following items:

	Consolidated financial statements			
	As at	Transactions	Transaction	As at
	January 1, 2018	recognized in profit or loss	recognized in other comprehensive income or loss	December 31, 2018
	Baht	Baht	Baht	Baht
Deferred tax assets				
Allowance for doubtful accounts				
- Premium due and uncollected	890,249	240,000	-	1,130,249
Allowance for doubtful accounts				
- Other receivable	566,723	-	-	566,723
Unearned premium reserve	86,045,459	16,404,888	-	102,450,347
Unrealized loss on the change in fair value of investment in available-for-sale securities	10,260,536	-	41,682,434	51,942,970
Loss reserve - net	46,072,365	1,090,907	-	47,163,272
Incurred but not reported claims	15,366,479	370,740	-	15,737,219
Employee benefit obligations	12,677,762	1,052,431	-	13,730,193
Allowance for impairment of general investment	301,424	-	-	301,424
Reinsurance payable	431,500	448,004	-	879,504
	<u>172,612,497</u>	<u>19,606,970</u>	<u>41,682,434</u>	<u>233,901,901</u>
Deferred tax liabilities				
Unrealized gain on the change in value of investment in available-for-sale securities	(505,172)	-	505,172	-
Unrealized gain on transfer of investments	(4,939,024)	-	-	(4,939,024)
	<u>(5,444,196)</u>	<u>-</u>	<u>505,172</u>	<u>(4,939,024)</u>
Deferred tax assets, net	<u>167,168,301</u>	<u>19,606,970</u>	<u>42,187,606</u>	<u>228,962,877</u>

	Consolidated financial statements			
	As at January 1, 2017	Transactions recognized in profit or loss	Transaction recognized in other comprehensive income or loss	As at December 31, 2017
	Baht	Baht	Baht	Baht
Deferred tax assets				
Allowance for doubtful accounts				
- Premium due and uncollected	890,249	-	-	890,249
Allowance for doubtful accounts				
- Other receivable	566,723	-	-	566,723
Unearned premium reserve	79,616,346	6,429,113	-	86,045,459
Unrealized loss on the change in fair value of investment in available-for-sale securities	22,677,381	-	(12,416,845)	10,260,536
Loss reserve - net	56,698,768	(10,626,403)	-	46,072,365
Incurred but not reported claims	15,817,937	(451,458)	-	15,366,479
Employee benefit obligations	10,944,106	853,510	880,146	12,677,762
Allowance for impairment of general investment	301,424	-	-	301,424
Reinsurance payable	4,066,528	(3,635,028)	-	431,500
	<u>191,579,462</u>	<u>(7,430,266)</u>	<u>(11,536,699)</u>	<u>172,612,497</u>
Deferred tax liabilities				
Unrealized gain on the change in value of investment in available-for-sale securities	(681,133)	-	175,961	(505,172)
Unrealized gain on transfer of investments	(4,939,024)	-	-	(4,939,024)
	<u>(5,620,157)</u>	<u>-</u>	<u>175,961</u>	<u>(5,444,196)</u>
Deferred tax assets, net	<u>185,959,305</u>	<u>(7,430,266)</u>	<u>(11,360,738)</u>	<u>167,168,301</u>
	Separate financial statements			
	As at January 1, 2018	Transactions recognized in profit or loss	Transaction recognized in other comprehensive income or loss	As at December 31, 2018
	Baht	Baht	Baht	Baht
Deferred tax assets				
Unrealized loss on the change in fair value of investment in available-for-sale securities	10,260,536	-	37,593,749	47,854,285
Employee benefit obligations	858,781	72,218	-	930,999
Allowance for impairment of general investment	301,424	-	-	301,424
	<u>11,420,741</u>	<u>72,218</u>	<u>37,593,749</u>	<u>49,086,708</u>
Deferred tax liabilities				
Unrealized gain on transfer of investments	(4,939,024)	-	-	(4,939,024)
	<u>(4,939,024)</u>	<u>-</u>	<u>-</u>	<u>(4,939,024)</u>
Deferred tax assets, net	<u>6,481,717</u>	<u>72,218</u>	<u>37,593,749</u>	<u>44,147,684</u>

	Separate financial statements			As at December 31, 2017
	As at January 1, 2017	Transactions recognized in profit or loss	Transaction recognized in other comprehensive income or loss	
	Baht	Baht	Baht	Baht
Deferred tax assets				
Unrealized loss on the change in fair value of investment in available-for-sale securities	22,677,381	-	(12,416,845)	10,260,536
Employee benefit obligations	1,411,536	(712,464)	159,709	858,781
Allowance for impairment of general investment	301,424	-	-	301,424
	<u>24,390,341</u>	<u>(712,464)</u>	<u>(12,257,136)</u>	<u>11,420,741</u>
Deferred tax liabilities				
Unrealized gain on transfer of investments	(4,939,024)	-	-	(4,939,024)
	<u>(4,939,024)</u>	<u>-</u>	<u>-</u>	<u>(4,939,024)</u>
Deferred tax assets, net	<u>19,451,317</u>	<u>(712,464)</u>	<u>(12,257,136)</u>	<u>6,481,717</u>

Income tax expense for the years ended December 31, 2018 and 2017 consisted of the following:

	Consolidated financial statements		Separate financial statements	
	2018 Baht	2017 Baht	2018 Baht	2017 Baht
Income tax expense from taxable income per income tax return	66,719,026	14,592,490	802,427	1,254,537
Deferred tax expenses relating to the origination and reversal of temporary differences	<u>(19,606,970)</u>	<u>7,430,266</u>	<u>(72,218)</u>	<u>712,464</u>
Income tax expense per the statements of profit or loss and other comprehensive income	<u>47,112,056</u>	<u>22,022,756</u>	<u>730,209</u>	<u>1,967,001</u>

Reconciliation of effective tax rate for the years ended December 31, 2018 and 2017 are as follows:

	Consolidated financial statements			
	2018		2017	
	Tax Rate (%)	Amount (Baht)	Tax Rate (%)	Amount (Baht)
Income before income tax expense		797,360,359		484,932,901
Income tax using the corporation tax rate	20.00	159,472,072	20.00	96,986,580
Tax effect of non-deductible expenses (benefits)	(14.09)	(112,360,016)	(15.46)	(74,963,824)
Income tax expense per the statements of profit or loss and other comprehensive income	<u>5.91</u>	<u>47,112,056</u>	<u>4.54</u>	<u>22,022,756</u>

	Separate financial statements			
	2018		2017	
	Tax Rate (%)	Amount Baht	Tax Rate (%)	Amount Baht
Income before income tax expense		394,205,505		435,752,901
Income tax using the corporation tax rate	20.00	78,841,101	20.00	87,150,580
Tax effect of non-deductible expenses (benefits)	(19.81)	(78,110,892)	(19.55)	(85,183,579)
Income tax expense per the statements of profit or loss and other comprehensive income	0.19	730,209	0.45	1,967,001

15. OTHER ASSETS

Other assets as at December 31, 2018 and 2017 consisted of the following:

	Consolidated financial statements		Separate financial statements	
	2018 Baht	2017 Baht	2018 Baht	2017 Baht
Other receivables	12,358,709	17,489,219	-	-
<u>Less Allowance for doubtful accounts</u>	<u>(2,833,615)</u>	<u>(2,833,615)</u>	<u>-</u>	<u>-</u>
	9,525,094	14,655,604	-	-
Revenue Department receivable	8,862,972	30,069,359	1,128,325	575,624
Refundable corporate income tax	13,826,983	13,826,983	-	-
Prepaid expenses	9,985,662	9,000,909	1,147,460	339,606
Due from rice field insurance scheme	10,499,920	20,975,483	-	-
Receivable from sale of securities	19,438,686	-	17,310,381	-
Others	10,706,536	10,988,409	4,002,151	7,006,037
Total other assets	<u>82,845,853</u>	<u>99,516,747</u>	<u>23,588,317</u>	<u>7,921,267</u>

16. INSURANCE CONTRACT LIABILITIES

Insurance contract liabilities as at December 31, 2018 and 2017 consisted of the following:

	Consolidated financial statements		
	As at December 31, 2018		
	Insurance contract liabilities Baht	Reinsurance liabilities (see Note 7) Baht	Net Baht
Loss reserves			
Loss incurred and agreed	650,631,275	(412,976,971)	237,654,304
Loss incurred but not reported	114,756,048	(36,069,954)	78,686,094
	<u>765,387,323</u>	<u>(449,046,925)</u>	<u>316,340,398</u>
Premium reserve			
Unearned Premium reserve	1,679,388,839	(621,263,266)	1,058,125,573
Total	<u>2,444,776,162</u>	<u>(1,070,310,191)</u>	<u>1,374,465,971</u>

	Consolidated financial statements		
	As at December 31, 2017		
	Insurance contract liabilities Baht	Reinsurance liabilities (see Note 7) Baht	Net Baht
Loss reserves			
Loss incurred and agreed	560,141,842	(326,882,217)	233,259,625
Loss incurred but not reported	117,027,807	(40,195,412)	76,832,395
	<u>677,169,649</u>	<u>(367,077,629)</u>	<u>310,092,020</u>
Premium reserve			
Unearned Premium reserve	1,391,825,555	(524,960,285)	866,865,270
Total	<u>2,068,995,204</u>	<u>(892,037,914)</u>	<u>1,176,957,290</u>

16.1 Insurance reserve for short term insurance contract

16.1.1 Loss reserves

Loss reserves as at December 31, 2018 and 2017 consisted of the following:

	Consolidated financial statements		
	2018		
	Gross Baht	Reinsurance Baht	Net Baht
Balance as at beginning year	677,169,649	(367,077,629)	310,092,020
Loss incurred and loss adjustment expenses during the year	1,471,680,175	(739,478,802)	732,201,373
Changing on estimated loss and assumptions used in calculating loss reserve	(31,914,990)	30,352,430	(1,562,560)
Loss paid during the year	(1,351,547,511)	627,157,076	(724,390,435)
Balance as at ending year	<u>765,387,323</u>	<u>(449,046,925)</u>	<u>316,340,398</u>

	Consolidated financial statements		
	2017		
	Gross Baht	Reinsurance Baht	Net Baht
Balance as at beginning year	819,102,719	(454,209,715)	364,893,004
Loss incurred and loss adjustment expenses during the year	1,475,254,921	(685,567,921)	789,687,000
Changing on estimated loss and assumptions used in calculating loss reserve	(86,673,882)	85,563,658	(1,110,224)
Loss paid during the year	(1,530,514,109)	687,136,349	(843,377,760)
Balance as at ending year	<u>677,169,649</u>	<u>(367,077,629)</u>	<u>310,092,020</u>

16.1.2 Unearned premium reserve

	Consolidated financial statements		
	2018		
	Gross Baht	Reinsurance Baht	Net Baht
As at January 1,	1,391,825,555	(524,960,285)	866,865,270
Premium written for the year	3,396,369,722	(1,435,936,031)	1,960,433,691
Earned premium for the year	(3,108,806,438)	1,339,633,050	(1,769,173,388)
As at December 31,	<u>1,679,388,839</u>	<u>(621,263,266)</u>	<u>1,058,125,573</u>

	Consolidated financial statements		
	2017		
	Gross Baht	Reinsurance Baht	Net Baht
As at January 1,	1,430,785,906	(596,066,203)	834,719,703
Premium written for the year	2,953,655,613	(1,266,311,577)	1,687,344,036
Earned premium for the year	(2,992,615,964)	1,337,417,495	(1,655,198,469)
As at December 31,	<u>1,391,825,555</u>	<u>(524,960,285)</u>	<u>866,865,270</u>

16.1.3 Unexpired risk reserve

As at December 31, 2018, no additional reserve for unexpired risk reserve has been established as the unexpired risk reserve estimated by the Group amounting to Baht 800.00 million gross and Baht 614.83 million net of reinsurance (As at December 31, 2017 : Baht 759.41 million and Baht 532.23 million, respectively), is lower than the unearned premium reserve.

16.2 Claims development tables

16.2.1 Analysis of claims development - gross

As at December 31, 2018						Unit: Baht
Accident year/ reported year	2014	2015	2016	2017	2018	Total
Estimate of ultimates :						
- End of accident year	1,212,296,655	1,254,927,855	1,577,788,345	1,475,254,921	1,471,680,175	
- One year later	1,348,431,604	1,354,581,249	1,495,751,219	1,421,699,758		
- Two year later	1,297,549,606	1,345,364,241	1,485,429,012			
- Three year later	1,260,772,359	1,359,655,800				
- Four year later	1,250,171,970					
Absolute estimated loss reserve and outstanding claim	1,250,171,970	1,359,655,800	1,485,429,012	1,421,699,758	1,471,680,175	6,988,636,715
Accumulative claim paid	(1,222,617,736)	(1,269,884,711)	(1,480,765,162)	(1,371,522,402)	(895,903,470)	(6,240,693,481)
Total Loss reserves	<u>27,554,234</u>	<u>89,771,089</u>	<u>4,663,850</u>	<u>50,177,356</u>	<u>575,776,705</u>	<u>747,943,234</u>
Loss reserves before year 2014						<u>17,444,089</u>
Total Loss reserves						<u>765,387,323</u>

As at December 31, 2017

Accident year/ reported year	2013	2014	2015	2016	2017	Unit: Baht
						Total
Estimate of ultimates :						
- End of accident year	1,416,734,959	1,212,296,655	1,254,927,855	1,577,788,345	1,475,254,921	
- One year later	1,497,057,339	1,348,431,604	1,354,581,249	1,495,751,219		
- Two year later	1,462,331,512	1,297,549,606	1,345,364,241			
- Three year later	1,385,429,508	1,260,772,359				
- Four year later	1,385,744,558					
Absolute estimated loss						
reserve and outstanding claim	1,385,744,558	1,260,772,359	1,345,364,241	1,495,751,219	1,475,254,921	6,962,887,298
Accumulative claim paid	(1,378,001,335)	(1,205,581,583)	(1,265,582,357)	(1,453,581,123)	(1,003,060,662)	(6,305,807,060)
Total Loss reserves	7,743,223	55,190,776	79,781,884	42,170,096	472,194,259	657,080,238
Loss reserves before year 2013						20,089,411
Total Loss reserves						677,169,649

16.2.2 Analysis of claims development - net

As at December 31, 2018

Accident year/ reported year	2014	2015	2016	2017	2018	Unit: Baht
						Total
Estimate of ultimates :						
- End of accident year	768,730,145	776,824,943	937,638,433	789,687,000	732,201,373	
- One year later	827,187,455	843,209,923	910,224,015	755,132,564		
- Two year later	802,549,106	839,193,110	903,888,981			
- Three year later	803,571,388	842,613,661				
- Four year later	803,279,080					
Absolute estimated loss						
reserve and outstanding claim	803,279,080	842,613,661	903,888,981	755,132,564	732,201,373	4,037,115,659
Accumulative claim paid	(798,761,562)	(813,318,662)	(901,835,021)	(733,993,717)	(478,186,897)	(3,726,095,859)
Total Loss reserves	4,517,518	29,294,999	2,053,960	21,138,847	254,014,476	311,019,800
Loss reserves before year 2014						5,320,598
Total Loss reserves						316,340,398

As at December 31, 2017

Accident year/ reported year	2013	2014	2015	2016	2017	Unit: Baht
						Total
Estimate of ultimates :						
- End of accident year	831,008,228	768,730,145	776,824,943	937,638,433	789,687,000	
- One year later	915,914,174	827,187,455	843,209,923	910,224,015		
- Two year later	887,549,891	802,549,106	839,193,110			
- Three year later	885,718,931	803,571,388				
- Four year later	886,603,163					
Absolute estimated loss						
reserve and outstanding claim	886,603,163	803,571,388	839,193,110	910,224,015	789,687,000	4,229,278,676
Accumulative claim paid	(884,831,421)	(798,644,921)	(811,308,236)	(890,628,308)	(539,117,940)	(3,924,530,826)
Total Loss reserves	1,771,742	4,926,467	27,884,874	19,595,707	250,569,060	304,747,850
Loss reserves before year 2013						5,344,170
Total Loss reserves						310,092,020

17. DUE TO REINSURERS

Due to reinsurers as at December 31, 2018 and 2017 consisted of the following:

	Consolidated	
	financial statements	
	2018	2017
	Baht	Baht
Premium ceded payables	523,912,151	418,789,363
Amount withheld on reinsurance	154,419,687	249,069,496
Total due to reinsurers	<u>678,331,838</u>	<u>667,858,859</u>

18. EMPLOYEE BENEFIT OBLIGATIONS

The Group operates post-employment benefit plans under the Labor Protection Act, which are considered as unfunded defined benefits plans.

Movements in the present value of the employee benefit obligations as at December 31, 2018 and 2017 were as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
	Baht	Baht	Baht	Baht
Present value of obligation at the beginning of the years	86,823,217	79,070,596	4,293,904	7,057,680
Current service cost of the years	8,693,209	8,683,866	316,153	768,044
Interest cost	2,052,152	1,682,128	96,180	103,036
Actuarial loss	-	4,400,728	-	798,545
Benefit paid during the years	(7,597,000)	(7,014,101)	-	(4,433,401)
Transfer benefit to subsidiary company	-	-	(51,241)	-
Present value of obligation at the ending of the years	<u>89,971,578</u>	<u>86,823,217</u>	<u>4,654,996</u>	<u>4,293,904</u>

The expenses that were recorded in the statement of profit or loss and other comprehensive income for employee benefit obligations for the years ended December 31, 2018 and 2017 consisted of the following:

	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
	Baht	Baht	Baht	Baht
Current service cost	8,693,209	8,683,866	316,153	768,044
Interest cost	2,052,152	1,682,128	96,180	103,036
Actuarial (gain) loss				
- From financial assumptions changes	-	(577,091)	-	(19,005)
- From demographic assumptions changes	-	5,565,075	-	124,508
- From experience adjustments	-	(587,256)	-	693,042
Total employee benefit expenses	<u>10,745,361</u>	<u>14,766,722</u>	<u>412,333</u>	<u>1,669,625</u>

For the years ended December 31, 2018 and 2017, the Group recognized actuarial loss in the consolidated statement of profit or loss and other comprehensive income as follows:

	Consolidated financial statements		Separate financial statements	
	2018 Baht	2017 Baht	2018 Baht	2017 Baht
Actuarial loss	-	4,400,728	-	798,545
Deferred tax	-	(880,146)	-	(159,709)
Actuarial loss on defined employee benefit plans - net of income tax	-	3,520,582	-	638,836

The Group calculated employee benefit obligations by an actuary using the projected unit credit cost method. The assumptions consisted of the following:

	The Company		The subsidiary	
	2018	2017	2018	2017
Financial assumptions				
Discount rate (%)	2.24	2.24	2.37	2.37
Expected rate of salary increase (%)	5	5	5	5
Demographic assumptions				
Turnover rate (%) subject to range of age of employees	3, 10, 17	3, 10, 17	3, 10, 17	3, 10, 17
Retirement age (years)	60	60	60	60

Significant Actuarial Assumptions - Impact on increase (decrease) in Defined Benefit Obligation

	Consolidated financial statements		Separate financial statements	
	2018 Baht	2017 Baht	2018 Baht	2017 Baht
Financial assumptions				
Discount rate - 1 % increase	(8,245,262)	(7,909,920)	(275,891)	(279,892)
Discount rate - 1 % decrease	9,483,336	9,119,845	301,414	307,989
Expected rate of salary - 1% increase	9,995,059	8,678,532	349,924	295,046
Expected rate of salary - 1% decrease	(8,834,791)	(7,700,355)	(325,879)	(273,986)
Demographic assumptions				
Turnover rate - 1% increase	(8,621,672)	(8,273,002)	(285,784)	(290,128)
Turnover rate - 1% decrease	2,476,217	2,493,617	3,975	14,419
Life expectancy - 1 year increase	467,211	444,222	12,488	12,195
Life expectancy - 1 year decrease	(464,368)	(441,501)	(12,452)	(12,195)

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

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

Maturity analysis of the benefit payments of the post-employment benefits obligation as at December 31, 2018 and 2017 were as follows:

	Consolidated financial statements		Separate financial statements	
	2018 Baht	2017 Baht	2018 Baht	2017 Baht
Within 1 year	1,741,223	7,011,376	-	-
Over 1 to 5 years	23,373,365	19,597,426	735,000	700,000
Over 5 years	64,856,990	60,214,415	3,919,996	3,593,904
Total	89,971,578	86,823,217	4,654,996	4,293,904

On December 13, 2018, the National Legislative Assembly passed a resolution approving the draft of a new Labor Protection Act, which is in the process of being announced in the Royal Gazette. The new Labor Protection Act stipulates additional legal severance pay rates for employees who have worked for an uninterrupted period of twenty years or more. Such employees are entitled to receive compensation of not less than that of the last 400 days, based on the final wage rate. This change is considered an amendment to post-employment benefits plan. The Company and its subsidiary will reflect the effect of such change by recognizing past service cost as an expense in the income statement of the period in which the law is effective.

19. OTHER LIABILITIES

Other liabilities as at December 31, 2018 and 2017 consisted of the following:

	Consolidated financial statements		Separate financial statements	
	2018 Baht	2017 Baht	2018 Baht	2017 Baht
Other payables - promotion expense	38,209,288	26,245,481	-	-
Amount received in advance - premium	41,107,006	23,912,531	-	-
Payable from purchase of securities	1,977,333	15,242,115	981,610	15,242,115
Revenue Department payable	8,079,044	6,934,042	681,061	656,050
Undue output VAT	2,107,300	1,797,639	-	-
Others	19,811,451	14,487,444	500,000	-
Total other liabilities	111,291,422	88,619,252	2,162,671	15,898,165

20. SHARE CAPITAL

20.1 On April 20, 2018, the Annual general meeting of Shareholders of the Company passed resolutions to decrease its registered share capital from the amount of Baht 500 million to Baht 250 million by cancelling the registered shares that have not yet been sold, 250 ordinary shares at the par value of Baht 1.00 each. The Company registered the decrease of its share capital with Ministry of Commerce on April 24, 2018.

- 20.2 On April 20, 2018, the Annual general meeting of Shareholders of the Company passed resolutions to increase its registered share capital from the amount of Baht 250 million to Baht 375 million by issuing new 125 million ordinary shares at the par value of Baht 1.00 each, to support the exercise of the AYUD-W1. The Company registered the increase of its share capital with Ministry of Commerce on April 25, 2018.
- 20.3 On June 15, 2018, the Company's issued and fully paid share capital has been increased from Baht 250 million (250 million ordinary shares with a par value of Baht 1 each) to Baht 293.91 million (293.91 million ordinary shares with a par value of Baht 1 each) as a result of the exercises of the warrants (AYUD-W1) to ordinary shares amounting to Baht 43.91 million (43.91 million ordinary shares with a value of Baht 1 each), resulting in an increase in total share premium to Baht 1,668.40 million. The Company registered the corresponding increase in its paid-up capital with the Ministry of Commerce on June 25, 2018.
- 20.4 On November 13, 2018, the Extraordinary general meeting of Shareholders of the Company passed resolutions to increase its registered share capital from the amount of Baht 375 million to Baht 463.47 million by issuing new 88.47 million ordinary shares at the par value of Baht 1.00 each, for the offering for sale to Allianz SE and CPRN (Thailand) Limited, The Company registered the increase of its share capital with Ministry of Commerce on November 23, 2018.
- 20.5 On December 17, 2018, the Company's issued and fully paid share capital has been increased from Baht 293.91 million (293.91 million ordinary shares with a par value of Baht 1 each) to Baht 296.42 million (296.42 million ordinary shares with a par value of Baht 1 each) as a result of the exercises of the warrants (AYUD-W1) to ordinary shares amounting to Baht 2.51 million (2.51 million ordinary shares with a value of Baht 1 each), resulting in an increase in total share premium to Baht 95.44 million. The Company registered the corresponding increase in its paid-up capital with the Ministry of Commerce on December 21, 2018.

21. WARRANTS

The Company allocated and issued warrants to purchase ordinary shares, which is specified warrant's holder and transferable type, of Sri Ayudhya Capital Public Company Limited. Terms of warrants are 2 years from initial issuance date. Exercise ratio is 1 warrant will be entitled to purchase 1 newly issued ordinary share at the determined exercise price (subject to change in case of the adjustment to the terms and conditions) and shall be able to exercise the warrants as identified period. The details of warrants are described as follows:

Warrant Series	Term	Exercise date	Exercise Period	Number of Allocated and Issued warrants (Unit)	Exercise ratio Per 1 warrant	Exercise price (Baht per share)
AYUD-W1	2 Years	April 27, 2018	On June 15 and December 15 every year throughout the term of warrants. The first exercise date is June 15, 2018 and the last exercise date is May 8, 2020.	124,999,807	1:1	39.00

Movements in warrants for the years ended December 31, 2018 and 2017 were as follows:

	2018		2017	
	Number of warrants (Unit)	Weighted average exercise price (Baht per share)	Number of warrants (Unit)	Weighted average exercise price (Baht per share)
Balance as at January 1,	-	-	-	-
Issued warrants	124,999,807	39.00	-	-
Forfeited warrants	-	-	-	-
Exercised warrants	(46,416,925)	39.00	-	-
Balance as at December 31,	78,582,882	39.00	-	-

As at December 31, 2018, the outstanding warrants of AYUD-W1 to purchase ordinary shares of the Company are 78,582,882 units. A weighted average exercise price is Baht 39 per share. A weighted average remaining warrants life is at 1.35 years. (As at December 31, 2017 : Nil)

22. LEGAL RESERVE

Pursuant to the Public Limited Companies Act B.E. 2535, the Group must allocate to a reserve fund from the annual net profit of the year, not less than 5% of the annual net profit deducted by the total accumulated loss brought forward (if any) until the reserve fund reaches an amount of not less than 10% of the authorized capital. Such reserve fund is not available for distribution as dividend.

As at December 31, 2018 and 2017, the Company already had legal reserve of not less than 10% of the authorized capital.

23. FINANCIAL INFORMATION BY SEGMENT

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

The Group have been operating in two principal business segments: (1) Non-life insurance business and (2) Investment business, which are only organized and managed in a single geographic area, namely in Thailand. Therefore, no geographical segment information is presented.

For the years ended December 31, 2018 and 2017, there was no revenue from a single external customer contributed 10% or more to the Group's total revenue.

The financial information of the Group for the years ended December 31, 2018 and 2017 were presented by business segment as follows:

Unit: Baht

	Consolidated financial statements							
	For the years ended December 31,							
	Non-life insurance business		Investment business		Elimination of inter-segment		Total	
	2018	2017	2018	2017	2018	2017	2018	2017
Revenue from external	2,293,467,006	2,071,697,983	448,719,990	493,649,782	(341,981,349)	(387,941,826)	2,400,205,647	2,177,405,939
Share of profit on investment in an associate	-	-	507,683,013	331,678,207	-	-	507,683,013	331,678,207
Other income	3,462,420	2,860,828	16,670,662	25,710,905	(17,270,662)	(24,614,102)	2,862,420	3,957,631
Total revenues	<u>2,296,929,426</u>	<u>2,074,558,811</u>	<u>973,073,665</u>	<u>851,038,894</u>	<u>(359,252,011)</u>	<u>(412,555,928)</u>	<u>2,910,751,080</u>	<u>2,513,041,777</u>
Insurance business expenses	1,753,627,784	1,680,120,687	-	-	-	-	1,753,627,784	1,680,120,687
Directors and key management personnel's remuneration	45,528,715	39,539,812	20,657,523	28,284,081	-	-	66,186,238	67,823,893
Other expenses	260,319,737	249,454,693	50,527,624	55,323,705	(17,270,662)	(24,614,102)	293,576,699	280,164,296
Income tax expense	46,381,847	20,055,755	730,209	1,967,001	-	-	47,112,056	22,022,756
Net income	<u>191,071,343</u>	<u>85,387,864</u>	<u>901,158,309</u>	<u>765,464,107</u>	<u>(341,981,349)</u>	<u>(387,941,826)</u>	<u>750,248,303</u>	<u>462,910,145</u>

Assets and liabilities of the Group as at December 31, 2018 and 2017 were presented by business segment as follows:

Unit: Baht

	Consolidated financial statements							
	As at December 31,							
	Non-life insurance business		Investment business		Elimination of inter-segment		Total	
	2018	2017	2018	2017	2018	2017	2018	2017
Total Assets	<u>5,887,690,338</u>	<u>5,250,479,330</u>	<u>7,278,233,246</u>	<u>5,828,414,420</u>	<u>(20,331,282)</u>	<u>(23,922,777)</u>	<u>13,145,592,302</u>	<u>11,054,970,973</u>
Total Liabilities	<u>3,850,432,481</u>	<u>3,331,917,389</u>	<u>28,188,722</u>	<u>33,667,800</u>	<u>(982,025)</u>	<u>(4,573,520)</u>	<u>3,877,639,178</u>	<u>3,361,011,669</u>

24. OPERATING EXPENSES

Operating expenses for the years ended December 31, 2018 and 2017 consisted of the following:

	Consolidated financial statements		Separate financial statements	
	2018 Baht	2017 Baht	2018 Baht	2017 Baht
Employee benefit expenses, excluded underwriting and loss adjustment expenses	151,022,529	129,155,783	20,838,327	30,092,628
Premises and equipment expense, excluded underwriting expenses	110,441,376	114,649,528	8,643,817	7,884,329
Taxes and duties	1,281,831	1,498,909	30,775	32,355
Bad debt and allowance for doubtful accounts	1,543,819	-	-	-
Directors' remuneration	16,374,346	16,559,355	11,142,767	11,312,880
Marketing and promotion expenses	12,291,793	14,377,742	-	-
Other operating expense	66,807,243	71,746,872	30,529,461	34,285,594
Total operating expenses	<u>359,762,937</u>	<u>347,988,189</u>	<u>71,185,147</u>	<u>83,607,786</u>

25. EMPLOYEE EXPENSES

Employee expenses for the years ended December 31, 2018 and 2017 consisted of the following:

	Consolidated financial statements		Separate financial statements	
	2018 Baht	2017 Baht	2018 Baht	2017 Baht
Salary and wage	212,158,161	199,136,438	15,455,448	17,885,336
Social fund expenses	3,697,727	3,700,929	48,750	65,250
Employee benefit expenses	10,745,361	10,365,994	412,333	871,080
Provident fund (see Note 32)	10,941,886	10,794,335	188,357	607,386
Other benefits	77,144,457	64,688,005	4,733,439	10,663,576
Total employee expenses	<u>314,687,592</u>	<u>288,685,701</u>	<u>20,838,327</u>	<u>30,092,628</u>

26. GAIN ON INVESTMENT

Gain on investment for the years ended December 31, 2018 and 2017 consisted of the following:

	Consolidated financial statements		Separate financial statements	
	2018 Baht	2017 Baht	2018 Baht	2017 Baht
Gain on sale of investment in available-for-sale securities				
- ordinary shares	31,356,565	27,574,014	30,706,052	27,574,014
- unit trusts	37,182,142	26,295,916	37,182,142	26,295,916
Loss on sale of investment in held-for-trading securities				
- ordinary shares	(6,363,492)	-	(1,831,184)	-
Total gain on investment in securities	<u>62,175,215</u>	<u>53,869,930</u>	<u>66,057,010</u>	<u>53,869,930</u>

27. EFFECT FROM INCOME TAX RELATING TO COMPONENTS OF OTHER COMPREHENSIVE INCOME

Effect from income tax relating to components of other comprehensive income for the years ended December 31, 2018 and 2017, are as follows:

	Consolidated financial statements					
	2018			2017		
	Before tax Baht	Benefit (expense) of tax Baht	Net of tax Baht	Before tax Baht	Benefit (expense) of tax Baht	Net of tax Baht
Item that will not be reclassified subsequently to profit or loss						
Actuarial loss on deficit employee benefit plans	-	-	-	(4,400,728)	880,146	(3,520,582)
Share of other comprehensive income (loss) in an associate	(1,761,007)	352,161	(1,408,846)	(1,600,947)	320,189	(1,280,758)
Item that will be reclassified subsequently to profit or loss						
Gain (loss) on revaluation of available-for-sale securities	(210,938,029)	42,187,606	(168,750,423)	61,204,421	(12,240,884)	48,963,537
Share of other comprehensive income (loss) in an associate	(752,135,576)	156,209,211	(595,926,365)	735,354,361	(153,280,411)	582,073,950
Total	<u>(964,834,612)</u>	<u>198,748,978</u>	<u>(766,085,634)</u>	<u>790,557,107</u>	<u>(164,320,960)</u>	<u>626,236,147</u>

	Seperate financial statements					
	2018			2017		
	Before tax	Benefit (expense) of tax	Net of tax	Before tax	Benefit (expense) of tax	Net of tax
Baht	Baht	Baht	Baht	Baht	Baht	
Item that will not be reclassified subsequently to profit or loss						
Actuarial loss on deficit employee benefit plans	-	-	-	(798,545)	159,709	(638,836)
Item that will be reclassified subsequently to profit or loss						
Gain (loss) on revaluation of available-for-sale securities	(187,968,745)	37,593,749	(150,374,996)	62,084,223	(12,416,845)	49,667,378
Total	<u>(187,968,745)</u>	<u>37,593,749</u>	<u>(150,374,996)</u>	<u>61,285,678</u>	<u>(12,257,136)</u>	<u>49,028,542</u>

28. BASIC EARNINGS PER SHARE

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

	Consolidated financial statements					
	For the years ended December 31,					
	Profit		Weighted average number of ordinary shares		Earnings per share	
2018	2017	2018	2017	2018	2017	
Baht	Baht	shares	shares	Baht	Baht	
Basic earnings per share						
Profit attributable to shareholders of the Company	750,248,303	462,910,145	272,930,470	250,000,000	2.75	1.85
Effect of dilutive potential ordinary shares						
Warrants (AYUD-W1)	-	-	43,059,113	-		
Diluted earnings per share						
Profit of ordinary shareholders assuming the conversion of dilutive potential ordinary shares	<u>750,248,303</u>	<u>462,910,145</u>	<u>315,989,583</u>	<u>250,000,000</u>	<u>2.37</u>	<u>1.85</u>
	Separate financial statements					
	For the years ended December 31,					
	Profit		Weighted average number of ordinary shares		Earnings per share	
2018	2017	2018	2017	2018	2017	
Baht	Baht	shares	shares	Baht	Baht	
Basic earnings per share						
Profit attributable to shareholders of the Company	393,475,296	433,785,900	272,930,470	250,000,000	1.44	1.74
Effect of dilutive potential ordinary shares						
Warrants (AYUD-W1)	-	-	43,059,113	-		
Diluted earnings per share						
Profit of ordinary shareholders assuming the conversion of dilutive potential ordinary shares	<u>393,475,296</u>	<u>433,785,900</u>	<u>315,989,583</u>	<u>250,000,000</u>	<u>1.25</u>	<u>1.74</u>

29. TRANSACTIONS WITH RELATED PARTIES

The consolidated and separate financial statements include certain transactions with the subsidiary and related parties. The relationship may be by shareholding or the companies may have the same group of shareholders or directors. The consolidated and separate financial statements reflect the effects of these transactions on the basis determined by the Company, the subsidiary and the related parties which are as follows:

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

Companies	Relationship	Type of Business
Sri Ayudhya General Insurance Plc.	Some common shareholders and directors	Insurance
Bank of Ayudhya Plc.	Some common shareholders and directors	Banking
Krungsri Securities Plc.	Some common shareholders	Finance
Krungsri Asset Management Co., Ltd.	Some common shareholders	Fund Management
Ayudhya Development Leasing Co., Ltd.	Some common shareholders	Hire-purchase and leasing
Siam City Cement Plc.	Some common shareholders and directors	Construction Materials
Bangkok Broadcasting & T.V. Co., Ltd.	Some common shareholders and directors	Television Business
Great Luck Equity Co., Ltd.	Some common shareholders	Advertising
Super Asset Co., Ltd.	Some common shareholders and directors	Investments
BBTV Equity Co., Ltd.	Some common shareholders and directors	Office Space Rental
CKS Holding Co., Ltd.	Some common shareholders and directors	Investments
Allianz Ayudhya Assurance Plc.	Some common shareholders and directors	Life Insurance
Grand Canal Land Plc.	Some common shareholders and directors	Advertising
Krungsri Ayudhya AMC Ltd.	Some common shareholders	Asset Management
Siam Realty and Services Security Co., Ltd.	Some common shareholders	Services
Ayudhya Capital Auto Lease Plc.	Some common shareholders	Hire-purchase and auto leasing
Krungsri Factoring Co., Ltd.	Some common shareholders	Factoring
Krungsriayudhya Card Co., Ltd.	Some common shareholders	Services
Eastern Star Real Estate Plc.	Some common shareholders and directors	Property
Tummy Tech Co., Ltd	Some common directors	Consulting
Khao Kheow Country Club Co., Ltd.	Some common directors	Golf club
Nirvana Co.,Ltd.	Some common directors	Training and Computer Sales

29.1 Investment

As at December 31, 2018

Company	Consolidated financial statements	
	Investment Baht	Dividend Baht
Investment - ordinary shares		
Siam City Cement Plc.	2,040,000	-

Companies	Consolidated and Separate financial statements	
	Investment Baht	Dividend Baht
Investment - unit trusts		
Unit trusts managed by		
Krungsri Asset Management Co., Ltd.		
- Krungsri Star Plus Fund	754,719,011	-
- Krungsri Cash Management Fund	2,128,685,817	-
- Krungsri Star Equity Dividend Fund	20,287,560	5,571,634
- Krungsri Dividend Stock Fund	125,223,979	13,674,920
- Krungsri Flexible Dividend Fund	58,537,367	13,361,590
- Krungsri Financial Focus Dividend Fund	6,461,042	944,576
- Krungsri Global High Payout Fund	19,637,635	-
- Krungsri Europe Equity Fund	14,846,394	-
- Krungsri Global Small-Mid Cap Equity Dividend Fund	7,768,966	246,306
- Krungsri Global Healthcare Equity Dividend Fund	33,893,286	2,309,216
	<u>3,170,061,057</u>	<u>36,108,242</u>

As at December 31, 2017

Company	Consolidated and Separate financial statements	
	Investment Baht	Dividend Baht
Investment - ordinary shares		
Siam City Cement Plc.	-	103,414

Companies	Consolidated and Separate financial statements	
	Investment Baht	Dividend Baht
Investment - unit trusts		
Unit trusts managed by		
Krungsri Asset Management Co., Ltd.		
- Krungsri Star Plus Fund	159,010,866	-
- Krungsri Smart Fixed Income Fund	985,926,171	-
- Krungsri Star Equity Dividend Fund	31,892,634	2,615,535
- Krungsri Dividend Stock Fund	153,961,824	14,358,666
- Krungsri Dynamic Dividend Fund	16,466,280	1,128,000
- Krungsri Flexible Dividend Fund	82,040,964	2,960,352
- Krungsri Financial Focus Dividend Fund	8,370,302	1,538,514
- Krungsri Global High Payout Fund	22,806,502	-
- Krungsri Europe Equity Fund	18,297,686	-
- Krungsri Global Small-Mid Cap Equity Dividend Fund	10,389,557	443,350
- Krungsri Global Healthcare Equity Dividend Fund	37,708,573	2,309,216
	<u>1,526,871,359</u>	<u>25,353,633</u>

29.2 Significant balances and transactions were as follows:

	Consolidated financial statements		Separate financial statements	
	As at December 31,		As at December 31,	
	2018	2017	2018	2017
	Baht	Baht	Baht	Baht
Deposits at financial institution				
Bank of Ayudhya Plc.	566,960,986	643,460,030	145,345,834	195,087,627
Premium due and uncollected				
Bank of Ayudhya Plc.	4,937,668	719,701	-	-
Krungsri Securities Plc.	33,835	-	-	-
Siam City Cement Plc.	611,891	1,497,431	-	-
Krungsri Asset Management Co., Ltd.	35,859	-	-	-
Bangkok Broadcasting & T.V. Co., Ltd.	340,476	100,689	-	-
Allianz Ayudhya Assurance Plc.	51,112	24,718	-	-
Grand Canal Land Plc.	-	241,713	-	-
Siam Realty and Services Security Co., Ltd.	111,408	64,556	-	-
Ayudhya Capital Auto Lease Plc.	655,160	7,144	-	-
Eastern Star Real Estate Plc.	254,769	19,976	-	-
Khao Kheow Country Club Co., Ltd.	8,940	-	-	-
Krungsriayudhya Card Co., Ltd.	131,203	-	-	-
	<u>7,172,321</u>	<u>2,675,928</u>	<u>-</u>	<u>-</u>
Accrued interest income				
Bank of Ayudhya Plc.	1,315,714	1,132,158	197,392	197,392
Krungsri Securities Plc.	5,080	2,849	-	-
Accrued income				
Sri Ayudhya General Insurance Plc.	-	-	982,023	4,573,520
Rental and facilities deposits				
BBTV Equity Co., Ltd.	6,260,089	6,260,089	1,427,293	1,427,293
Bank of Ayudhya Plc.	2,000	2,000	2,000	2,000
	<u>6,262,089</u>	<u>6,262,089</u>	<u>1,429,293</u>	<u>1,429,293</u>
Deposits for purchase of securities				
Krungsri Securities Plc.	1,007,744	1,000,000	-	-
Premium written received in advance				
Bank of Ayudhya Plc.	7,446,848	8,936,218	-	-
Accrued expense - custodian fee				
Bank of Ayudhya Plc.	42,973	40,726	13,987	15,829
Accrued expense - commissions and brokerages				
Bank of Ayudhya Plc.	13,629,079	11,237,215	-	-
Accrued expense - other underwriting expenses				
Bank of Ayudhya Plc.	24,567,240	18,850,646	-	-
Accrued expense				
Krungsri Asset Management Co.,Ltd.	386,512	-	168,555	-

	Consolidated financial statements	
	For the years ended	
	December 31,	
	2018	2017
	Baht	Baht
Premium written		
Bank of Ayudhya Plc.	16,438,790	14,782,782
Krungsri Securities Plc.	31,493	30,462
Krungsri Asset Management Co., Ltd.	1,381,340	1,266,662
Ayudhya Development Leasing Co., Ltd.	9,494	31,880
Siam City Cement Plc.	49,303,983	46,598,032
Bangkok Broadcasting & T.V. Co., Ltd.	9,499,701	10,003,618
Great Luck Equity Co., Ltd.	34,170	40,624
Super Assets Co., Ltd.	84,423	87,853
BBTV Equity Co., Ltd.	1,025,387	875,711
CKS Holding Co., Ltd.	100,673	73,170
Allianz Ayudhya Assurance Plc.	399,573	424,792
Grand Canal Land Plc.	-	225,000
Krungsri Ayudhya AMC Co., Ltd.	359,403	401,429
Siam Realty and Services Security Co., Ltd.	2,097,509	1,974,032
Ayudhya Capital Auto Lease Plc.	918,206	100,246
Krungsriayudhya Card Co., Ltd.	160,056	75,852
Eastern Star Real Estate Plc.	1,481,494	793,295
Tummy Tech Co., Ltd.	13,456	13,925
Khao Kheow Country Club Co., Ltd.	321,510	-
Nirvana Co.,Ltd.	45,613	-
	<u>83,706,274</u>	<u>77,799,365</u>

The subsidiary used the same pricing policy and conditions for the above premiums as it did for other customers and other insurance companies.

	Consolidated financial statements	
	For the years ended	
	December 31,	
	2018	2017
	Baht	Baht
Commissions and brokerages		
Bank of Ayudhya Plc.	173,968,044	154,979,446
Other underwriting expenses		
Bank of Ayudhya Plc.	118,749,497	94,821,037

The subsidiary paid commissions and brokerages and other underwriting expenses as specified in the Bancassurance Agreement made between the subsidiary and such related bank. The commission rates were in compliance with the Office of Insurance Commission criteria and the same basis of the commission rate that the subsidiary has offered to other insurance broker companies.

	Consolidated		Separate	
	financial statements		financial statements	
	For the years ended		For the years ended	
	December 31,		December 31,	
	2018	2017	2018	2017
	Baht	Baht	Baht	Baht
Interest income				
Bank of Ayudhya Plc.	3,654,749	3,088,251	614,197	508,970
Krungsri Securities Plc.	10,053	2,849	-	-
Management fees				
Sri Ayudhya General Insurance Plc.	-	-	16,670,662	24,074,102

Interest was charged at the same interest rates as the related companies has offered to other insurance companies.

The Company enters into a management service agreement with the subsidiary company for providing managerial and administrative services of accounting, payroll and information technology. Services rates are agreed by both parties which are determined based on estimated time spent and cost incurred for the subsidiary company.

	Consolidated		Separate	
	financial statements		financial statements	
	For the years ended		For the years ended	
	December 31,		December 31,	
	2018	2017	2018	2017
	Baht	Baht	Baht	Baht
Custodian fees				
Bank of Ayudhya Plc.	348,951	325,005	67,883	51,007
Brokerage fees				
Krungsri Securities Plc.	1,674,085	392,327	1,058,389	219,021
Management fees				
Krungsri Asset Management Co., Ltd.	471,232	-	253,275	-

Commission, management fees and custodian fees were paid at the same rates and conditions as the related parties charged other customers.

	Consolidated		Separate	
	financial statements		financial statements	
	For the years ended		For the years ended	
	December 31,		December 31,	
	2018	2017	2018	2017
	Baht	Baht	Baht	Baht
Rental and service fees				
BBTV Equity Co., Ltd.	25,127,184	23,811,482	5,796,000	5,506,200
Bank of Ayudhya Plc	3,000	3,000	3,000	3,000
Management fees				
Sri Ayudhya General Insurance Plc.	-	-	600,000	540,000

The Group have office rental, equipment rental and service agreements with related companies for a term of 3 years. Rental rates and conditions are the same as the related parties offer to other companies.

The Company enters into a management service agreement with a subsidiary for receiving about services of personnel, internal audit and information technology. Services rates are agreed by both parties which are determined based on estimated time spent and cost incurred for the Company.

30. DIRECTORS AND KEY MANAGEMENT PERSONNEL'S REMUNERATION

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

	Consolidated financial statements		Separate financial statements	
	2018 Baht	2017 Baht	2018 Baht	2017 Baht
Directors and key management personnel's remuneration				
Short-term benefits	60,745,591	63,661,935	18,175,642	26,160,509
Post-employment benefits	2,691,522	3,037,310	1,004,148	1,410,905
Directors' remuneration	<u>2,749,125</u>	<u>1,124,648</u>	<u>1,477,733</u>	<u>712,667</u>
	<u>66,186,238</u>	<u>67,823,893</u>	<u>20,657,523</u>	<u>28,284,081</u>

Directors' remuneration for the years ended December 31, 2018 and 2017 were approved by the ordinary shareholders' meeting of the Company held on April 20, 2018 and April 24, 2017, respectively.

Furthermore, directors' remuneration of the subsidiary for the years ended December 31, 2018 and 2017 were approved by the ordinary shareholders' meeting of the subsidiary held on April 2, 2018 and April 17, 2017, respectively.

31. DIVIDENDS

- 31.1 On April 24, 2017, the Annual general meeting of Shareholders of the Company passed a resolution to pay the dividend of Baht 2.00 per share from the operating result of 2016 for 250 million shares, totaling Baht 500 million, of which Baht 1.00 per share totaling Baht 250 million was paid as an interim dividend for the first half year of 2016 on September 13, 2016. Consequently, the dividend remained of Baht 1.00 per share, totaling Baht 250 million was paid on May 8, 2017.
- 31.2 On August 11, 2017, the Board of Directors' meeting passed a resolution to pay an interim dividend for the operating result from January 1 to June 30, 2017 of Baht 0.75 per share for 250 million shares, totaling Baht 187.50 million. Such dividend was paid on September 8, 2017.
- 31.3 On August 10, 2018, the Board of Directors' meeting passed a resolution to pay an interim dividend for the operating result from January 1 to January 30, June 2018 of Baht 0.75 Baht per share for 293.91 million shares, totaling Baht 220.43 million. Such dividend was paid on September 7, 2018

32. PROVIDENT FUND

The Group have established a contributory registered provident fund, in accordance with the Provident Fund Act B.E. 2530. Under the plan, employees must contribute their basic salaries, with the Group matching the individuals' contributions as follow;

Year of services	Percentage
Less than 5 years	5
5 years and above	7

A registered provident fund manager has been appointed to manage the fund in compliance with the requirements of the Ministerial Regulations issued under the Provident Fund Act B.E. 2542.

For the years ended December 31, 2018 and 2017, the Group's contributions recorded as expenses were Baht 10.94 million and Baht 10.79 million, respectively (Company: Baht 0.19 million and Baht 0.61 million, respectively) (see Note 25).

33. SECURITIES PLEDGED AND ASSETS RESERVED WITH THE REGISTRAR

As at December 31, 2018 and 2017, certain investment in securities of the Group were pledged and used for assets reserved with the Registrar (see Note 9) in accordance with the Insurance Act and the Notification of the Office of Insurance Commission regarding "Rates, Rules and Procedures for pledge of unearned premium reserve of Non-Life Insurance Company B.E. 2557", respectively as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
	Baht	Baht	Baht	Baht
Investment in securities used to secure the facilities collateral with the Office of Insurance Commission				
Securities pledged with the registrar				
Deposits at banks	14,000,000	28,000,000	-	14,000,000
Assets reserved with the registrar				
Government and state enterprise securities	<u>332,415,709</u>	<u>383,972,882</u>	<u>31,504,255</u>	<u>133,031,823</u>
Total investment in securities of pledged	<u>346,415,709</u>	<u>411,972,882</u>	<u>31,504,255</u>	<u>147,031,823</u>

On January 13, 2012, the Company requested to return deposits with the Registrar from the Notification of the Office of Insurance Commission. According to, the Company surrendered insurance license on December 20, 2011. Subsequently on November 1, 2012, the Notification of the Office of Insurance Commission refused the appeal because the Company has contingent liabilities about insurance policies under considering by court. Such creditors of insurance policies have a preferential right on unearned premium reserve of the Company which deposit placed with the Office of Insurance Commission according to section 26 of Non-life Insurance Act B.E. 2535. Therefore, the Office of Insurance Commission has not yet returned such securities to the Company.

On June 11, 2018, the Company requested to return deposits with the Registrar as amount of Baht 14 million and Government and state enterprise securities with the Registrar as face value amount of Baht 100 million which the Company have already received such securities on June 20, 2018.

34. RESTRICTED ASSETS AND COMMITMENT

34.1 As at December 31, 2018 and 2017, the subsidiary has Premium saving certificates amount of Baht 4.50 million and Baht 3.55 million, respectively were used as collateral in case where the insured driver is an alleged offender (see Note 9).

34.2 As at December 31, 2018 and 2017, the Group has the undrawn committed borrowing facilities which is pledged as collateral by deposit at bank of the Group in the same amount of credit limit as follows:

	Baht: '000			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Overdraft facilities (see Note 9)	40,000	40,000	20,000	20,000
Borrowing facilities (Domestic Bill) (see Note 9)	10,000	10,000	10,000	10,000

35. CONTRIBUTION TO NON-LIFE GUARANTEE FUND

The subsidiary has accumulated funding amount which was paid into contribution to non-life guarantee fund as at December 31, 2018 and 2017 amounting to Baht 56.34 million and Baht 47.93 million, respectively.

36. LONG-TERM LEASES AND SERVICE AGREEMENTS

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

Type of leases	Consolidated financial statements		
	As at December 31, 2018		
	Remaining periods		Total rental
	Within 1 year Baht	Over 1 year to 5 years Baht	payments for the remaining periods Baht
Building			
- related company	7,538,155	1,256,359	8,794,514
- others	8,025,895	6,135,035	14,160,930
Service - related company	7,538,155	1,256,359	8,794,514
Equipment - related company	10,050,874	1,675,146	11,726,020
	<u>33,153,079</u>	<u>10,322,899</u>	<u>43,475,978</u>
Type of leases	Consolidated financial statements		
	As at December 31, 2017		
	Remaining periods		Total rental
	Within 1 year Baht	Over 1 year to 5 years Baht	payments for the remaining periods Baht
Building			
- related company	7,538,155	8,794,514	16,332,669
- others	6,349,892	6,673,817	13,023,709
Service - related company	7,538,155	8,794,514	16,332,669
Equipment - related company	10,050,874	11,726,019	21,776,893
	<u>31,477,076</u>	<u>35,988,864</u>	<u>67,465,940</u>

Type of leases	Separate financial statements		
	As at December 31, 2018		
	Remaining periods Within 1 year Baht	Over 1 year to 5 years Baht	Total rental payments for the remaining periods Baht
Building - related company	1,738,800	289,800	2,028,600
Service - related company	1,738,800	289,800	2,028,600
Equipment - related company	2,318,400	386,400	2,704,800
	<u>5,796,000</u>	<u>966,000</u>	<u>6,762,000</u>

Type of leases	Separate financial statements		
	As at December 31, 2017		
	Remaining periods Within 1 year Baht	Over 1 year to 5 years Baht	Total rental payments for the remaining periods Baht
Building - related company	1,738,800	2,028,600	3,767,400
Service - related company	1,738,800	2,028,600	3,767,400
Equipment - related company	2,318,400	2,704,800	5,023,200
	<u>5,796,000</u>	<u>6,762,000</u>	<u>12,558,000</u>

For the years ended December 31, 2018 and 2017, the Group recorded the rental and service fees under operating agreements as expense in statement of profit or loss and other comprehensive income as follows:

	Consolidated financial statements		Separate financial statements	
	2018 Baht	2017 Baht	2018 Baht	2017 Baht
Rental and service fees	33,793,236	31,980,303	5,796,000	5,506,200

37. CONTINGENT LIABILITIES AND COMMITMENT

37.1 As at December 31, 2018 and 2017, lawsuits have been brought against the subsidiary, as insurer, from which the subsidiary estimates losses totaling Baht 37.00 million and Baht 24.65 million, respectively. The subsidiary's management believes that such estimation is adequate to losses and does not expect the outcome of the litigation to result in losses that differ from the recorded liability by amounts that would be material to the subsidiary's operating results.

37.2 As at December 31, 2018 and 2017, the subsidiary had a capital commitment to pay computer program development expenses in amount of approximately Baht 10.57 million.

38. INSURANCE AND FINANCIAL RISK MANAGEMENT

38.1 Insurance risk

38.1.1 Insurance risk management policy

The Group's managements take a responsibility to make a strategic decisions and pre-planned with clear steps to be taken so that the process of translating strategy into implementation is appropriate actionable, timely reaction to change and situatoin.

Insurance risk means the fluctuation of the frequency, extent of damage, and number of events that is out of the standard assumption used in establishing rate of insurance, calculations for insurance contract liabilities, and underwriting considerations. The Group examines thoroughly the level of risks that is acceptable to take by referring to the insurance underwriting manual and insurance rates included the consideration to ensure that there is no concentrated risk by way of geography or by type of risks. If the risks exceed the defined level, the Group extends the risks to reinsurers by proportional reinsurance.

Risk management is integral to the whole business of the Group. The Group has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The management continually monitors the Group's risk management process to ensure that an appropriate balance between risk and control is achieved.

The key elements of the Group's insurance risk management framework are as below.

Product Design and Development and Price Structure

In developing any new non-life insurance product, considerations are given to the range of coverage as well as applying actuarial science methods to calculate insurance rates. This is to ensure that products are competitive and sufficient in covering for claims. Monitoring procedures and evaluations for each product are regularly conducted in order to make appropriate improvements in coverage and/or pricing.

Underwriting strategy

The underwriting strategy is set out in an annual Company business plan that establishes the classes of business to be written, the business to be written and the industry sectors to be written. This strategy is cascaded by the business units to individual underwriters through detailed underwriting authorities that set out the limits that any one underwriter can write by line size, class of business risk, scope and industry in order to ensure appropriate risk selection within the portfolio.

Reinsurance strategy

The Group has a combination of proportionate and non-proportionate reinsurance treaties. In term of significant exposure loss, reinsurer is responsible for claim as specified in the agreement to limit the net exposure loss to the Group.

The Group sets the minimum security criteria for acceptable reinsurance and monitoring the purchase of reinsurance by the business units against those criteria. The Company's management monitors developments in the reinsurance programme and its ongoing adequacy.

38.1.2 Sensitivity analysis

The sensitivity analysis is performed on the net loss reserve and outstanding claims, based on changes in assumptions that may affect the level of liabilities. Effect of risk that changes in assumptions as at December 31, 2018 and 2017 are as follows:

	Consolidated financial statements	
	2018	
	Increase (decrease) in insurance contract liabilities Baht	Increase (decrease) in profit and equity Baht
Gross		
Loss ratio - 10% increase	154,215,678	(154,215,678)
Loss ratio - 10% decrease	(148,944,399)	148,944,399
Net		
Loss ratio - 10% increase	81,447,496	(81,447,496)
Loss ratio - 10% decrease	(76,176,216)	76,176,216
	Consolidated financial statements	
	2017	
	Increase (decrease) in insurance contract liabilities Baht	Increase (decrease) in profit and equity Baht
Gross		
Loss ratio - 10% increase	151,843,464	(151,843,464)
Loss ratio - 10% decrease	(128,888,448)	128,888,448
Net		
Loss ratio - 10% increase	87,812,749	(87,812,749)
Loss ratio - 10% decrease	(72,032,703)	72,032,703

38.1.3 Concentration of insurance risks

Concentrations of risk may where a particular event or a series of events could impact heavily upon the Group's insurance contract liabilities.

The Group sets out the total aggregate exposure that it is prepared to accept in relation to general insurance risk concentrations. It monitors these exposures both at the time of underwriting a risk and on a monthly basis by reviewing reports which show the key aggregations to which the Group is exposed. A number of additional stress and scenario tests are run during the year to identify risk concentrations.

The following table shows the Company's exposure to concentration of insurance contract liabilities per category of business.

	Consolidated financial statements				
	Fire Baht	Marine Baht	Motor Baht	Miscellaneous Baht	Total Baht
31 December 2018					
Gross	195,784,471	107,586,430	220,022,636	241,993,786	765,387,323
Net of reinsurance	56,970,494	23,300,623	146,553,110	89,516,171	316,340,398
31 December 2017					
Gross	82,741,919	126,127,595	189,490,760	278,809,375	677,169,649
Net of reinsurance	38,869,765	32,255,855	126,368,958	112,597,442	310,092,020

38.2 Financial risk

38.2.1 Accounting policies

Details of significant accounting policies and methods adopted, including criteria for recognition of revenues and expenses relating to financial assets and financial liabilities are disclosed in Note 3.

38.2.2 Liquidity risk

The Group monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by the Management to finance the Company's operations and to mitigate the effects of fluctuations in cash flows.

The analysis of the liquidity risk from insurance contracts which estimate base on an analysis of payment histories.

	Consolidated financial statements				Unit: Baht
	Payment periods				Total
	Less than 1 year	1 - 5 years	5 - 10 years		
31 December 2018					
Insurance contract liabilities					
Loss reserves and outstanding claims	494,024,629	261,887,499	9,475,195		765,387,323
31 December 2017					
Insurance contract liabilities					
Loss reserves and outstanding claims	440,354,325	223,617,869	13,197,455		677,169,649

38.2.3 Credit risk

Credit risk is the potential financial loss resulting from the failure of a customer or counterparty to settle its financial and contractual obligations to the Group, including the opportunity to drop in credit rating of counterparty.

Management determines a credit policy to control credit risk on a regularly basis by consider financial performance of customer. At the end of reporting period, the Group does not have significant credit risk transaction. The highest credit risk of financial assets are disclosed in the statement of financial position at the end of reporting date. However, the Group has many client base, the management does not expect to effect from significant loss by uncollected amount.

The Group has the criteria for acceptable reinsurers by considering the reputation and acknowledgement both international and national, and including selection of reinsurance with strong financial background based on financial rating from reliable credit rating agency.

As at December 31, 2018 and 2017, the Group has receivable from reinsurance contracts of Baht 114.46 million and Baht 55.74 million, respectively, consists of local reinsurers in amount of Baht 19.10 million and Baht 29.96 million, respectively, which maintain Capital Adequacy Ratio according to Office of Insurance Commission criteria. In addition, the 99.77% and 98.95% of Foreign reinsurers in amount of Baht 95.36 million and Baht 25.78 million have financial rating not lower than A.

38.2.4 Interest rate risk

Interest rate risk refers to changes in interest rates will affect the interest income from investments. The Company's and its subsidiary's investments include both short-term and long-term investments that have floating rate and fixed rates. The Company and its subsidiary manage the risk by considering the risk of investments together with the return on such investments.

As at December 31, 2018 and 2017, significant financial assets classified by type of interest rate were as follows:

	Consolidated financial statements			
	Balance as at			
	December 31, 2018		December 31, 2017	
	Variable interest rate Baht	Fixed interest rate Baht	Variable interest rate Baht	Fixed interest rate Baht
Cash and cash equivalents				
Saving accounts	358,772,327	-	421,919,537	-
Short-term investments	-	968,697,981	-	958,164,581
Investment in securities				
Available-for-sale securities				
Government and state enterprise securities	-	430,891,551	-	469,328,404
Private enterprise debt securities				
Held-to-maturity investment				
Government and state enterprise securities	-	1,747,212,351	-	1,493,571,430
Deposits at bank with maturity over 3 months	193,676,866	14,000,000	190,842,850	-
Deposits at bank used as collateral	-	233,268,345	-	246,584,549
Premium saving certificates used as collateral	-	15,750,000	-	25,700,000
Total	<u>552,449,193</u>	<u>3,409,820,228</u>	<u>612,762,387</u>	<u>3,193,348,964</u>

	Separate financial statements			
	Balance as at			
	December 31, 2018		December 31, 2017	
	Variable interest rate Baht	Fixed interest rate Baht	Variable interest rate Baht	Fixed interest rate Baht
Cash and cash equivalents				
Saving accounts	101,432,485	-	152,231,167	-
Short-term investments	-	-	-	29,996,918
Investment in securities				
Available-for-sale securities				
Government and state enterprise securities	-	136,518,439	-	133,031,823
Held-to-maturity investment				
Deposits at bank with maturity over 3 months	12,739,072	14,000,000	12,552,665	-
Deposits at bank used as collateral	-	30,000,000	-	44,000,000
Total	<u>114,171,557</u>	<u>180,518,439</u>	<u>164,783,832</u>	<u>207,028,741</u>

The financial instruments carrying interest at fixed rates were classified below on the basis of the length of time from the statement of financial position date to the date specified for the fixing of a new rate, or to the maturity date (whichever is sooner) as follows:

	Consolidated financial statements				
	As at December 31, 2018				
	Period specified for fixing new interest rate				Average interest rate %
	Within 1 year Baht	1-5 years Baht	Over 5 years Baht	Total Baht	
Cash and cash equivalents					
Short-term investments	968,697,981	-	-	968,697,981	1.19
Investment in securities					
Available-for-sale securities					
Government and state enterprise securities	43,243,912	387,647,639	-	430,891,551	1.94
Held-to-maturity securities					
Government and state enterprise securities	1,747,212,351	-	-	1,747,212,351	1.50
Deposits at bank with maturity over 3 months	14,000,000	-	-	14,000,000	1.10
Deposits at bank used as collateral	219,268,345	14,000,000	-	233,268,345	1.31
Premium saving certificates used as collateral	2,750,000	13,000,000	-	15,750,000	0.60
Total	<u>2,995,172,589</u>	<u>414,647,639</u>	<u>-</u>	<u>3,409,820,228</u>	

	Consolidated financial statements				
	As at December 31, 2017				
	Period specified for fixing new interest rate				Average interest rate %
	Within 1 year Baht	1-5 years Baht	Over 5 years Baht	Total Baht	
Cash and cash equivalents					
Short-term investments	958,164,581	-	-	958,164,581	1.19
Investment in securities					
Available-for-sale securities					
Government and state enterprise securities	241,194,761	228,133,643	-	469,328,404	2.41
Held-to-maturity securities					
Government and state enterprise securities	1,493,571,430	-	-	1,493,571,430	1.22
Deposits at bank used as collateral	246,584,549	-	-	246,584,549	1.31
Premium saving certificates used as collateral	12,700,000	13,000,000	-	25,700,000	0.94
Total	<u>2,952,215,321</u>	<u>241,133,643</u>	<u>-</u>	<u>3,193,348,964</u>	

	Separate financial statements				
	As at December 31, 2018				
	Period specified for fixing new interest rate				Average interest rate %
	Within 1 year Baht	1-5 years Baht	Over 5 years Baht	Total Baht	
Cash and cash equivalents					
Short-term investments					
Investment in securities					
Available-for-sale securities					
Government and state enterprise securities	-	136,518,439	-	136,518,439	1.75
Held-to-maturity securities					
Deposits at bank	14,000,000	-	-	14,000,000	1.10
Deposits at bank used as collateral	30,000,000	-	-	30,000,000	0.80
Total	44,000,000	136,518,439	-	180,518,439	

	Separate financial statements				
	As at December 31, 2017				
	Period specified for fixing new interest rate				Average interest rate %
	Within 1 year Baht	1-5 years Baht	Over 5 years Baht	Total Baht	
Cash and cash equivalents					
Short-term investments	29,996,918	-	-	29,996,918	1.25
Investment in securities					
Available-for-sale securities					
Government and state enterprise securities	100,785,747	32,246,076	-	133,031,823	3.05
Held-to-maturity securities					
Deposits at bank used as collateral	44,000,000	-	-	44,000,000	0.90
Total	174,782,665	32,246,076	-	207,028,741	

38.2.5 Equity risk

The Group manages the capital risk by establishing guideline of investment policy and Investment. The guideline sets the framework and investment direction for the year by specifying the limitation in all types and levels of investments based on targeted rate of returns and liquidity by setting both internal investment limits and compliance to the Office of Insurance Commission.

38.2.6 Fair value measurements

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

38.2.6.1 Financial assets or financial liabilities measured at fair value

Certain financial assets or financial liabilities of the Group are measured at fair value at the end of reporting period. The following table gives information about how the fair values of these financial assets or financial liabilities are determined:

	Consolidated financial statements			Fair value hierarchy	Valuation techniques and key inputs
	Fair Value				
	As at December 31, 2018 Baht	2017 Baht			
<u>Financial assets</u>					
Government and state enterprise securities	430,891,551	469,328,404	Level 2	Discounted cash flow using yield rates of the last working day of the reporting period as quoted by the Thai Bond Market Associate	
Equity securities	951,855,461	524,419,315	Level 1	Latest bid prices of common stock on the last working day of the reporting period as quoted on the Stock Exchange of Thailand	
Equity securities	3,290,240,499	1,685,954,896	Level 2	The unit trust's net asset value of the last working day of the reporting period	
	Separate financial statements			Fair value hierarchy	Valuation techniques and key inputs
	Fair Value				
	As at December 31, 2018 Baht	2017 Baht			
<u>Financial assets</u>					
Government and state enterprise securities	136,518,439	133,031,823	Level 2	Discounted cash flow using yield rates of the last working day of the reporting period as quoted by the Thai Bond Market Associate	
Equity securities	650,751,774	401,164,710	Level 1	Latest bid prices of common stock on the last working day of the reporting period as quoted on the Stock Exchange of Thailand	
Equity securities	3,263,882,567	1,659,866,180	Level 2	The unit trust's net asset value of the last working day of the reporting period	

38.2.6.2 Financial assets or financial liabilities not measured at fair value

Cash and cash equivalents, Accrued investment income, Premium due and uncollected, Reinsurance assets, Loans, Other assets, Insurance contract liabilities, Due to reinsurers, Commissions and brokerages payable payables, Accrued expenses and Other liabilities; the fair values approximate their carrying values due to the relatively short period to maturity.

The transactions disclosed in the following tables, are considered that the carrying amounts recognized in the consolidated and separate financial statements are different from their fair values. Valuation technique is net present value of expected cash inflow as follows:

		Consolidated financial statements			
		As at December 31, 2018		As at December 31, 2017	
Fair value hierarchy		Carrying amount Baht	Fair value Baht	Carrying amount Baht	Fair value Baht
<u>Financial assets</u>					
Held-to-maturity securities	Level 2	2,203,907,562	2,204,389,440	1,956,698,829	1,956,696,999
		Separate financial statements			
		As at December 31, 2018		As at December 31, 2017	
Fair value hierarchy		Carrying amount Baht	Fair value Baht	Carrying amount Baht	Fair value Baht
<u>Financial assets</u>					
Held-to-maturity securities	Level 2	56,739,072	56,739,072	56,552,665	56,552,665

The fair value of general investment which are insignificant value are determined based on their carrying value.

38.3 Capital management

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

Monitoring the capital level of the Company is conducted in accordance with Notifications of the Office of Insurance Commission.

As at December 31, 2018 and 2017, the Company's capital level is maintained according such notifications.

39. EVENTS AFTER THE REPORTING PERIOD

On November 13, 2018, the Extraordinary General Meeting of the Shareholders of the Company passed the resolutions of approval for Sri Ayudhya General Insurance Public Company Limited (the subsidiary) to purchase and accept the transfer of the entire business from Allianz General Insurance Public Company Limited (“AZTH”) totaling Baht 748,800,000. On January 29, 2019, the Office of Insurance Commission has endorsed the subsidiary to purchase and accept the transfer of the entire business from AZTH. The subsidiary will settle the purchase of the entire business transfer from AZTH in cash, by terms or conditions of the entire business transfer as determined by the Office of Insurance Commission.

40. APPROVAL OF THE FINANCIAL STATEMENTS

These financial statements were approved for issuance by the Company’s authorized executive director on February 22, 2019.