

***BANGKOK LIFE ASSURANCE PUBLIC
COMPANY LIMITED AND SUBSIDIARIES***

Financial Statements

Year ended December 31, 2018

REPORT OF THE INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

TO THE SHAREHOLDERS AND BOARD OF DIRECTORS BANGKOK LIFE ASSURANCE PUBLIC COMPANY LIMITED

Opinion

We have audited the consolidated financial statements of Bangkok Life Assurance Public Company Limited and its subsidiaries (the “Group”) and the separate financial statements of Bangkok Life Assurance 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 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 Bangkok Life Assurance Public Company Limited and its subsidiaries and of Bangkok Life Assurance 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.

Emphasis of Matter

We draw attention to Note 13, on June 15, 2018, the Extraordinary Meeting of Shareholder of Bangkok Life Assurance (Cambodia) Public Limited Company which is a subsidiary of the Company has passed a resolution to cease its operation and proceed with the voluntary liquidation. The Company classified net loss from Bangkok Life Assurance (Cambodia) Public Limited Company as net loss from discontinued operation in the consolidated statements of profit or loss and other comprehensive income for the years ended December 31, 2018 and 2017. Our opinion is not qualified in respect of this matter.

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	Key Audit Procedures
<p>Revenue recognition - Gross written premium</p> <p>The Group offers life insurance service to a large number of policyholders through various type, number of policies and channels. The Group recognizes premiums as revenue since the effective date of the policies. The Group has underwriting process which the date of policy approval may differ from the date of policy effective.</p> <p>Key audit matters is whether the recognition of gross written premium is accurately recognized in the correct accounting period in accordance with Thai Financial Reporting Standards.</p> <p>The accounting policies of revenue recognition and detail of revenue from written premium were disclosed in Notes 4.2 and 28 to the financial statements, respectively.</p>	<p>Our key audit procedures were as follows:</p> <ul style="list-style-type: none"> • Understanding the revenue recognition - gross written premium process and related internal control procedures. • Performing the design and implementation of internal control procedures related to gross written premium recognition. • Performing the operating effectiveness testing over the internal control procedures around revenue recognition process including related information and technology system. • Performing the substantive testing as follows: <ul style="list-style-type: none"> - Examining the supporting documents for the gross written premium including the gross written premium before and after the reporting period with the policy effective date in the policies issued to policyholders whether it has been recognized in an appropriate accounting period. - Examining the documents that are made through the General Journal Entries (Journal Entries), especially in relation to the recognition of gross written premium. - Performing analytical procedures on financial information relating to gross written premium.

Key Audit Matters	Key Audit Procedures
<p>Reserve for long-term insurance contracts</p> <p>As at December 31, 2018, the Group had reserves for long-term insurance contracts of Baht 273,908 million, representing 95.75% of its total liabilities. These reserves are accumulated for policies in force, from the inception of insurance policies to the end of the reporting period. They are calculated based on the net level premium valuation (NPV), which is an actuarial method using locked-in assumptions, plus 4% of NPV to buffer the risk of actual assumptions being different from actual circumstances. In addition, the Group conducts a liability adequacy test (LAT) on the reserve at the end of every reporting period, and if the liability reserve is not sufficient, the Company recognized the shortfall as additional expense in the statements of income and the statement of comprehensive income. The liability adequacy test (LAT) on the reserve is performed based on the Gross Premium Valuation (GPV), which uses the current best estimate assumption of the contractual obligations. The assumptions include mortality rate, discount rate, lapse or surrender rates and rate of selling and administration expenses, etc.</p> <p>Changes to assumptions could significantly affect the reserves for long-term insurance contracts. Key audit matters is whether the measurement of reserve for long-term insurance contracts is in accordance with the Thai Financial Reporting Standards.</p> <p>The accounting policies of reserve for long-term insurance contract, detail of reserve for long-term insurance contract and key assumptions used in the measurement of insurance reserve for long-term insurance contract were disclosed in Notes 4.14.1, 21.1 and 21.5.1 to the financial statements, respectively.</p>	<p>Our key audit procedures were as follows:</p> <ul style="list-style-type: none"> • Understanding the reserve for long-term insurance contract process and related internal control procedures. • Performing the design and implementation of internal control procedures related to recognition of reserve for long-term insurance contracts. • Performing the operating effectiveness testing over the internal control procedures around long-term insurance contract process including related information and technology system. • Performing the substantive testing as follows: <ul style="list-style-type: none"> - The auditor's actuary expert assessed key data and assumptions and financial models using the Gross Premium Valuation method (GPV), which was applied by the management for the liability adequacy test by testing the data used in estimating the reserve for long-term insurance contracts against its sources, evaluating assumptions underlying the selected financial models and methods used for reserve for long-term insurance contracts estimation by performing analytical procedures on the Company's application of the experience analysis method, the methods used in determining past assumptions, and benchmarking of the management's assumptions to the data on the life insurance industry overall. For economic assumptions, performing analytical procedures on the assumptions with the financial and economic data, testing the selected financial models and assessing whether the method used in the reserve for long-term insurance contracts calculation was consistent with an actuarial approach and in accordance with the notification of the Office of Insurance Commission. In addition, analyzing and reviewing reserve for long-term insurance contracts movements. - Examining the documents that are made through the General Journal Entries (Journal Entries), especially in relation to the reserve for long-term insurance contracts. - Performing analytical procedures on financial information relating to reserve for long-term insurance contracts.

Other Information

Management is responsible for the other information. The other information comprises information in the annual report, we have received such other information in the annual report that has been prepared for issuance before the date of this auditors' 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 have read other information that has been prepared for issuance, we did not find any material inconsistency therein which we have to report.

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 Group or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the 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 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.

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 auditors' 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.



Chavala Tienpasertkij

Certified Public Accountant (Thailand)

Registration No.4301

BANGKOK

February 26, 2019

DELOITTE TOUCHE TOHMATSU JAIYOS AUDIT CO., LTD.

BANGKOK LIFE ASSURANCE PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF FINANCIAL POSITION

AS AT DECEMBER 31, 2018

(UNIT : THOUSAND BAHT)

	Notes	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
ASSETS					
Cash and cash equivalents	6	9,825,592	3,975,792	9,745,784	3,877,092
Premium receivables	7	1,910,397	1,910,413	1,910,397	1,910,413
Accrued investment income		2,690,939	2,457,620	2,690,939	2,457,620
Reinsurance assets	8, 21	539,180	404,713	539,180	404,713
Amount due from reinsurance	9	703,965	928,466	703,965	928,466
Derivative assets	10	274,887	349,447	274,887	349,447
Investment assets					
Investments in securities					
Held-for-trading investments	11	33,497	87,957	33,497	87,957
Available-for-sale investments	11	75,171,941	77,121,935	75,171,941	77,121,935
Held-to-maturity investments	11, 35, 36	217,424,076	208,373,406	217,424,076	208,373,406
General investments	11	30,302	29,588	30,302	29,588
Investments in subsidiaries	12	-	-	98,437	151,117
Loans	14	11,561,541	9,404,604	11,561,541	9,404,604
Investment property	15	17,752	18,817	17,752	18,817
Premises and equipment	16	1,333,668	1,314,554	1,331,795	1,311,776
Goodwill	17	4,955	4,955	-	-
Intangible assets	18	3,745	11,252	3,615	10,880
Deferred tax assets	19	2,154,027	1,511,620	2,154,027	1,511,620
Other assets	20	897,385	824,049	861,097	779,458
TOTAL ASSETS		324,577,849	308,729,188	324,553,232	308,728,909

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

BANGKOK LIFE ASSURANCE PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF FINANCIAL POSITION (CONTINUED)

AS AT DECEMBER 31, 2018

(UNIT : THOUSAND BAHT)

	Notes	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
LIABILITIES AND EQUITY					
LIABILITIES					
Insurance contract liabilities	21	283,237,767	265,978,194	283,237,675	265,978,189
Amount due to reinsurance	22	585,436	1,003,195	585,436	1,003,195
Derivative liabilities	10	644,294	765,613	644,294	765,613
Income tax payable		7,537	-	7,537	-
Employee benefit obligations	23	178,637	228,827	177,112	227,097
Other liabilities	24	1,416,022	1,988,600	1,405,448	1,968,515
Total liabilities		<u>286,069,693</u>	<u>269,964,429</u>	<u>286,057,502</u>	<u>269,942,609</u>
Equity					
Share capital					
Authorized share capital					
1,708,000,000 ordinary shares of					
Baht 1 each					
		<u>1,708,000</u>	<u>1,708,000</u>	<u>1,708,000</u>	<u>1,708,000</u>
Issued and paid-up shares capital					
1,707,566,000 ordinary shares of					
Baht 1 each, fully paid-up					
		1,707,566	1,707,566	1,707,566	1,707,566
Premium on share capital	25	3,360,993	3,360,993	3,360,993	3,360,993
Retained earnings					
Appropriated					
Statutory reserve					
	27	170,800	170,800	170,800	170,800
General reserve					
		400,000	400,000	400,000	400,000
Unappropriated					
		27,908,092	23,841,906	27,894,514	23,872,300
Other component of owners' equity					
Revaluation surplus on available-for-sale					
investments - net of income taxes					
		4,961,857	9,274,641	4,961,857	9,274,641
Foreign exchange differences on					
translation of financial statements in					
foreign currency					
		(4,700)	(4,441)	-	-
Equity attributable to equity holders of					
the Company					
		38,504,608	38,751,465	38,495,730	38,786,300
Non-controlling interests of the subsidiary					
		3,548	13,294	-	-
Total equity		<u>38,508,156</u>	<u>38,764,759</u>	<u>38,495,730</u>	<u>38,786,300</u>
TOTAL LIABILITIES AND EQUITY		<u>324,577,849</u>	<u>308,729,188</u>	<u>324,553,232</u>	<u>308,728,909</u>

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

BANGKOK LIFE ASSURANCE PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2018

(UNIT : THOUSAND BAHT)

	Notes	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
Continuing operations					
Revenues					
Gross written premium	28, 34	40,891,995	44,039,156	40,892,094	44,039,210
<u>Less</u> Premium ceded to reinsurers	28, 34	<u>(1,303,543)</u>	<u>(1,096,809)</u>	<u>(1,303,543)</u>	<u>(1,096,809)</u>
Net premium written		39,588,452	42,942,347	39,588,551	42,942,401
<u>Less</u> Unearned premium reserves increased form prior year	28	<u>(34,237)</u>	<u>(27,578)</u>	<u>(34,237)</u>	<u>(27,578)</u>
Net earned premium	47	39,554,215	42,914,769	39,554,314	42,914,823
Fee and commission income	28	374,928	268,146	374,928	268,146
Net investment income	34, 47	12,255,040	11,552,138	12,202,360	11,552,138
Gain on investment	11	1,486,223	1,361,743	1,486,223	1,361,743
Gain on revaluation	32	61,976	101,404	61,976	101,404
Other income	34, 47	137,944	131,645	120,029	116,213
Total revenues		<u>53,870,326</u>	<u>56,329,845</u>	<u>53,799,830</u>	<u>56,314,467</u>
Expenses					
Life policy reserves increased from prior year	28, 47	17,313,055	23,182,754	17,313,055	23,182,754
Benefit payments under life policies and claims	28, 34	25,562,448	23,504,750	25,562,448	23,504,750
<u>Less</u> Benefit payments under life policies and claims refundable from reinsurance	28	<u>(891,203)</u>	<u>(680,401)</u>	<u>(891,203)</u>	<u>(680,401)</u>
Commissions and brokerages expenses	28, 34, 47	3,465,084	3,507,593	3,455,234	3,498,850
Other underwriting expenses	28, 47	857,176	982,527	857,157	982,443
Operating expenses	29, 47	1,770,547	1,672,359	1,763,969	1,665,091
Total expenses		<u>48,077,107</u>	<u>52,169,582</u>	<u>48,060,660</u>	<u>52,153,487</u>
Profits before income tax expense		<u>5,793,219</u>	<u>4,160,263</u>	<u>5,739,170</u>	<u>4,160,980</u>
Income tax expense	19	<u>(813,149)</u>	<u>(515,739)</u>	<u>(813,149)</u>	<u>(515,739)</u>
Profit for the years from continuing operations		<u>4,980,070</u>	<u>3,644,524</u>	<u>4,926,021</u>	<u>3,645,241</u>
Discontinued operation					
Loss for the years from discontinued operation - net of tax income	13	<u>(19,840)</u>	<u>(17,583)</u>	<u>-</u>	<u>-</u>
Profit for the years		<u>4,960,230</u>	<u>3,626,941</u>	<u>4,926,021</u>	<u>3,645,241</u>
Profit for the years attributable to					
Equity holders of the Company					
From continuing operations		4,980,056	3,644,531	4,926,021	3,645,241
From discontinued operation		<u>(10,317)</u>	<u>(9,143)</u>		
		<u>4,969,739</u>	<u>3,635,388</u>		
Non-controlling interests of the subsidiaries					
From continuing operations		14	(7)		
From discontinued operation		<u>(9,523)</u>	<u>(8,440)</u>		
		<u>(9,509)</u>	<u>(8,447)</u>		
		<u>4,960,230</u>	<u>3,626,941</u>		

BANGKOK LIFE ASSURANCE PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2018

(UNIT : THOUSAND BAHT)

	Notes	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
Profit for the years		<u>4,960,230</u>	<u>3,626,941</u>	<u>4,926,021</u>	<u>3,645,241</u>
Other comprehensive income					
Other comprehensive income to reclassified to profit or loss in subsequent periods					
Gains (losses) on remeasuring available-for-sale investments	33	(3,871,715)	4,971,167	(3,871,715)	4,971,167
Reversal of gain realised on the disposal of available-for-sale investments	33	(1,519,265)	(1,153,351)	(1,519,265)	(1,153,351)
Foreign exchange differences on translation of financial statements in foreign currency	33	(496)	(9,115)	-	-
Income taxes relating to other comprehensive income	19, 33	<u>1,078,196</u>	<u>(763,563)</u>	<u>1,078,196</u>	<u>(763,563)</u>
Total other comprehensive income to reclassified to be profit or loss in subsequent periods - net of income taxes		<u>(4,313,280)</u>	<u>3,045,138</u>	<u>(4,312,784)</u>	<u>3,054,253</u>
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:					
Actuarial gain (loss)	33	21,187	(2,447)	20,933	(2,110)
Income taxes relating to other comprehensive income	19, 33	<u>(4,187)</u>	<u>422</u>	<u>(4,187)</u>	<u>422</u>
Other comprehensive income not to be reclassified to profit or loss in subsequent periods - net of income tax		<u>17,000</u>	<u>(2,025)</u>	<u>16,746</u>	<u>(1,688)</u>
Other comprehensive income for the years - net of income taxes		<u>(4,296,280)</u>	<u>3,043,113</u>	<u>(4,296,038)</u>	<u>3,052,565</u>
Total comprehensive income for the years		<u><u>663,950</u></u>	<u><u>6,670,054</u></u>	<u><u>629,983</u></u>	<u><u>6,697,806</u></u>
Total comprehensive income for the periods attributable to					
Equity holders of the Company		<u>673,696</u>	<u>6,682,876</u>	<u><u>629,983</u></u>	<u><u>6,697,806</u></u>
Non-controlling interests of the subsidiaries		<u>(9,746)</u>	<u>(12,822)</u>		
		<u><u>663,950</u></u>	<u><u>6,670,054</u></u>		
Earnings (losses) per share	38				
Basic earnings (losses) per share					
From continuing operations		2.916	2.134		
From discontinued operation	13	<u>(0.006)</u>	<u>(0.005)</u>		
Profit for the years		<u><u>2.910</u></u>	<u><u>2.129</u></u>	<u><u>2.885</u></u>	<u><u>2.135</u></u>
Diluted earnings (losses) per share					
From continuing operations		2.916	2.134		
From discontinued operation	13	<u>(0.006)</u>	<u>(0.005)</u>		
Profit for the years		<u><u>2.910</u></u>	<u><u>2.129</u></u>	<u><u>2.885</u></u>	<u><u>2.135</u></u>

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

BANGKOK LIFE ASSURANCE PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2018

(UNIT : THOUSAND BAHT)

	Consolidated financial statement											
	Equity attributable to equity holders of the Company					Other component of equity						
	Issued and paid-up share capital	Premium on share capital	Capital reserve for share-based payment transactions	Subscriptions received in advance from exercise of warrants	Retained earnings	Statutory reserve	General reserve	Unappropriated	Surplus on remeasuring available-for-sale investments - net of income taxes	Exchange differences on translation of financial statements in foreign currency	Total equity attributable to equity holders of the Company	Equity attributable to non-controlling interests of the subsidiaries
Balance as at January 1, 2017	1,705,953	3,309,857	11,323	20,300	170,800	400,000	21,482,015	6,220,388	299	33,320,935	8,140	33,329,075
Share-based payments	-	-	1,103	-	-	-	-	-	-	1,103	-	1,103
Increase in share capital as a result of warrant exercise	1,613	38,710	-	(20,300)	-	-	-	-	-	20,023	-	20,023
Transfer of capital reserve for share-based payment transactions to premium on share capital as a result of warrant No.2 exercise	-	12,426	(12,426)	-	-	-	-	-	-	-	-	-
Dividend paid	-	-	-	-	-	-	(1,273,472)	-	-	(1,273,472)	-	(1,273,472)
Acquisition of non-controlling interests without a change in control	-	-	-	-	-	-	-	-	-	-	17,976	17,976
Profits (loss) for the year	-	-	-	-	-	-	3,635,388	-	-	3,635,388	(8,447)	3,626,941
Other comprehensive income	-	-	-	-	-	-	-	-	-	-	-	-
Gains on remeasuring of available-for-sale investments - net of income taxes	-	-	-	-	-	-	(2,025)	3,054,253	-	3,054,253	-	3,054,253
Actual gain - net of income taxes	-	-	-	-	-	-	-	-	-	-	-	-
Exchange differences on translation of financial statements in foreign currency	-	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive income (loss) for the year	-	-	-	-	-	-	3,633,363	3,054,253	(4,740)	6,682,876	(12,822)	6,670,054
Balance as at December 31, 2017	1,707,566	3,360,993	-	-	170,800	400,000	23,841,906	9,274,641	(4,441)	38,751,465	13,294	38,764,759

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

BANGKOK LIFE ASSURANCE PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENTS OF CHANGES IN EQUITY (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2018

(UNIT : THOUSAND BAHT)

		Consolidated financial statement									
		Equity attributable to equity holders of the Company					Other component of equity				
Notes	Issued and paid-up share capital	Premium on share capital	Retained earnings		Unappropriated	Surplus on remeasuring available-for-sale investments - net of income taxes	Exchange differences on translation of financial statements in foreign currency	Total equity attributable to equity holders of the Company	Equity attributable to non-controlling interests of the subsidiaries	Total	
			Statutory reserve	General reserve							
	1,707,566	3,360,993	170,800	400,000	23,841,906	9,274,641	(4,441)	38,751,465	13,294	38,764,759	
39	-	-	-	-	(920,553)	-	-	(920,553)	-	(920,553)	
Dividend paid	-	-	-	-	4,969,739	-	-	4,969,739	(9,509)	4,960,230	
Profits (loss) for the year	-	-	-	-	-	(4,312,784)	-	(4,312,784)	-	(4,312,784)	
Other comprehensive income	-	-	-	-	17,000	-	-	17,000	-	17,000	
Gains on remeasuring of available-for-sale investments - net of income taxes	-	-	-	-	-	-	-	-	-	-	
Actuarial gain - net of income taxes	-	-	-	-	-	-	-	-	-	-	
Exchange differences on translation of financial statements in foreign currency	-	-	-	-	-	-	(259)	(259)	(237)	(496)	
Total comprehensive income (loss) for the year	-	-	-	-	4,986,739	(4,312,784)	(259)	673,696	(9,746)	663,950	
Balance as at December 31, 2018	1,707,566	3,360,993	170,800	400,000	27,908,092	4,961,857	(4,700)	38,504,608	3,548	38,508,156	

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

BANGKOK LIFE ASSURANCE PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENTS OF CHANGES IN EQUITY (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2018

(UNIT : THOUSAND BAHT)

	Separate financial statement							Total		
	Notes	Issued and paid-up share capital	Premium on share capital	Capital reserve for share-based payment transactions	Subscriptions received in advance from exercise of warrants	Retained earnings			Unappropriated	Other component of equity - Surplus on remeasuring of available-for-sale investments - net of income taxes
						Statutory reserve	General reserve			
Balance as at January 1, 2017		1,705,953	3,309,857	11,323	20,300	170,800	400,000	21,502,219	6,220,388	33,340,840
Share-based payments	25, 26	-	-	1,103	-	-	-	-	-	1,103
Increase in share capital as a result of warrant exercise	25	1,613	38,710	-	(20,300)	-	-	-	-	20,023
Transfer of capital reserve for share-based payment transactions to premium on share capital as a result of warrant No.2 exercise	25	-	12,426	(12,426)	-	-	-	-	-	-
Dividend paid	39	-	-	-	-	-	-	(1,273,472)	-	(1,273,472)
Profits for the years		-	-	-	-	-	-	3,645,241	-	3,645,241
Other comprehensive income		-	-	-	-	-	-	-	-	-
Gains on remeasuring of available-for-sale investments - net of income taxes		-	-	-	-	-	-	-	3,054,253	3,054,253
Actuarial gain - net of income taxes		-	-	-	-	-	-	(1,688)	-	(1,688)
Total comprehensive income for the year		-	-	-	-	-	-	3,643,553	3,054,253	6,697,806
Balance as at December 31, 2017		1,707,566	3,360,993	-	-	170,800	400,000	23,872,300	9,274,641	38,786,300

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

BANGKOK LIFE ASSURANCE PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENTS OF CHANGES IN EQUITY (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2018

(UNIT : THOUSAND BAHT)

	Separate financial statement							Total
	Notes	Issued and paid-up share capital	Premium on share capital	Retained earnings		Unappropriated	Other component of equity - Surplus on remeasuring of available-for-sale investments - net of income taxes	
				Statutory reserve	Appropriated			
Balance as at January 1, 2018		1,707,566	3,360,993	170,800	400,000	23,872,300	9,274,641	38,786,300
Dividend paid	39	-	-	-	-	(920,553)	-	(920,553)
Profits for the years		-	-	-	-	4,926,021	-	4,926,021
Other comprehensive income		-	-	-	-	-	(4,312,784)	(4,312,784)
Gains on remeasuring of available-for-sale investments - net of income taxes		-	-	-	-	-	-	16,746
Actuarial gain - net of income taxes		-	-	-	-	-	-	-
Total comprehensive income for the year		-	-	-	-	4,942,767	(4,312,784)	629,983
Balance as at December 31, 2018		1,707,566	3,360,993	170,800	400,000	27,894,514	4,961,857	38,495,730

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

BANGKOK LIFE ASSURANCE PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2018

(UNIT : THOUSAND BAHT)

	Note	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
Cash flows provided by (used in) operating activities					
Gross premium		40,667,069	43,815,785	40,667,132	43,815,648
Cash payments from reinsurance		(1,239,061)	(425,734)	(1,239,061)	(425,734)
Interest income		10,027,840	9,560,655	9,975,117	9,560,614
Dividend income		2,003,420	1,599,719	2,003,420	1,599,719
Gain on investment		1,421,096	1,817,252	1,421,096	1,817,252
Other income		137,614	139,434	119,695	124,005
Benefit payments under life policies and loss incurred on direct insurance		(24,736,172)	(23,272,230)	(24,736,172)	(23,272,230)
Commissions and brokerages on direct insurance		(3,569,327)	(3,436,488)	(3,567,121)	(3,429,084)
Other underwriting expenses		(674,592)	(691,318)	(674,592)	(691,318)
Operating expenses		(2,170,163)	(1,612,224)	(2,145,577)	(1,604,077)
Corporate income taxes		(369,823)	(511,742)	(369,823)	(511,742)
Investments in securities		(17,911,763)	(32,975,901)	(17,859,083)	(32,994,487)
Loans		(2,053,350)	(1,336,557)	(2,053,350)	(1,336,557)
Other investments		5,356,272	(278,345)	5,356,272	(278,344)
Net cash provided by (used in) operating activities		6,889,060	(7,607,694)	6,897,953	(7,626,335)
Cash flows used in investing activities					
Net cash flows for purchases and disposals of premises and equipment		(108,708)	(246,329)	(108,708)	(246,329)
Cash paid for purchase of investment in subsidiary		-	(18,587)	-	(18,587)
Net cash used in investing activities		(108,708)	(264,916)	(108,708)	(264,916)
Cash flows provided by (used in) financing activities					
Proceeds from share capital increase as a result of warrant exercise		-	21,125	-	21,125
Dividend paid		(920,553)	(1,273,471)	(920,553)	(1,273,471)
Net cash used in financing activities		(920,553)	(1,252,346)	(920,553)	(1,252,346)
Exchange differences on translation of financial statements in foreign currency		(9,999)	(8,324)	-	-
Net increase (decrease) in cash and cash equivalents		5,849,800	(9,133,280)	5,868,692	(9,143,597)
Cash and cash equivalents at beginning of years		3,975,792	13,109,072	3,877,092	13,020,689
Cash and cash equivalents at end of years	6	9,825,592	3,975,792	9,745,784	3,877,092

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

BANGKOK LIFE ASSURANCE PUBLIC COMPANY LIMITED AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

1. GENERAL INFORMATION AND THE COMPANY'S OPERATIONS

Bangkok Life Assurance Public Company Limited (the "Company") is a public company incorporated and domiciled in Thailand. Its major shareholder is Nippon Life Insurance Company, which was incorporated in Japan. The Company is principally engaged provision of life insurance services. The registered office of the Company is at No. 23/115-121, Soi Sun Wichai, Rama 9 Road, Bangkapi Sub-district, Huaykwang District, Bangkok.

2. BASIS FOR PREPARATION AND PRESENTATION OF THE FINANCIAL STATEMENTS

2.1 Basis for preparation and presentation of financial statements

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 accounting practices generally accepted in Thailand.

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, 2017 onward and in accordance with Thai accounting practices related to insurance and the accounting and reporting guidelines prescribed by the Office of Insurance Commission ("OIC"), and in accordance with the format of financial statements specified in the Notification of the OIC regarding criteria, procedures, terms and conditions for preparation and submission of financial statements and operating performance reports of life insurance companies dated 4 March 2016, which has been effective since January 1, 2016 onwards.

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

The financial statements have been prepared under the historical cost convention except as disclosed in the significant accounting policies.

2.2 Basis for preparation of consolidated financial statement

The consolidated financial statements include the financial statements of Bangkok Life Assurance Public Company Limited and the following subsidiaries:

Company's name	Nature of business	Country of incorporation	Percentage of shareholding as at December 31,	
			2018	2017
			%	%
BLA Insurance Broker Company Limited	Insurance broker	Thailand	99	99
Bangkok Life Assurance (Cambodia) Public Limited Company ⁽¹⁾	Life Insurance	Cambodia	52	52

⁽¹⁾ On June 15, 2018, the Extraordinary Meeting of Shareholder of Bangkok Life Assurance (Cambodia) Public Limited Company which is a subsidiary of the Company has passed a resolution to cease its operation and proceed with the voluntary liquidation (see Note 13).

The Company is deemed to have control over an investee or subsidiary if it has rights, or is exposed, to variable returns from its involvement with the investee, and it has the ability to direct the activities that affect the amount of its returns.

Subsidiaries are fully consolidated, being the date on the Company obtains control, and continued to be consolidated until the date when such control ceases.

The financial statements of the subsidiaries are prepared using the same significant accounting policies as the Company.

Material balances and transactions between the Company and its subsidiaries have been eliminated from the consolidated financial statements.

Non-controlling interests represent the portion of profit or loss and net assets of the subsidiaries that are not held by the Company and are presented separately in the consolidated profit or loss and within equity in the consolidated statements of financial position.

2.3 Separate financial statements

The separate financial statements present investments in subsidiaries under the cost method.

2.4 Thai Financial Reporting Standards affecting the presentation and disclosure in the current year financial statements

During the period, the Group has adopted the revised and new financial reporting standards and guidelines on accounting 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.

3. THAI FINANCIAL REPORTING STANDARDS ANNOUNCED IN THE ROYAL GAZETTE BUT NOT YET EFFECTIVE.

3.1 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 as follows:

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”. An entity can elect to exempt from Thai Financial Reporting Standard No. 9 “Financial Instruments” for annual periods beginning before January 1, 2022 or before Thai Financial Reporting Standard No. 17 “Insurance Contracts” is effective.

3.2 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 it becomes 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.

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 Product classification

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

The Group and the Company classifies contracts based on assessment of the significance of the insurance risk at inception of contract, for each contract. Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its lifetime. A contract classified as an investment contract at inception can be reclassified as an insurance contract after inception if the insurance risk becomes significant.

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

The Group and the Company classifies and measures insurance risk by comparing death benefits with surrender value in each year and set significant insurance risk level at least 5%.

4.2 Revenue recognition

(1) Premium income

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

(2) Ceded premium

Ceded premium is recognised as a deduction from premium income when the insurance risk is transferred to another reinsurer.

(3) Investment income

Interest and dividend income on investments

Interest income is recognised as revenue on an accrual basis based on the effective interest rate. Dividends are recognised as revenue when the right to receive the dividend is established.

(4) Interest income on loans

Interest income is recognised as revenue over the term of the loans based on the amount of principal outstanding, except for interest income portion that has been past due over six months, it is recognised on a cash basis.

(5) Gains (losses) on investments

Gains (losses) on investments are recognised as revenues or expenses when incurred.

4.3 Expenses recognition

(1) Benefit payments under life policies and claims

Benefit payments under life policies

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

Claims and losses adjustment expenses

Claims and losses adjustment expenses consist of claims and losses adjustment expenses of insurance, and include the amounts of the claims, related expenses, and loss adjustments of the current and prior period incurred during the year, and less claims refundable from reinsurers.

Claims and losses adjustment expenses of 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 to exceed the sum-insured under the relevant policy.

(2) Commissions and brokerages

Commission and brokerage fees are expended when incurred.

(3) Other underwriting and operating expenses

Other underwriting and operating expenses are recognised in profit or loss as expenses on an accrual basis.

4.4 Cash and cash equivalents

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

4.5 Premium receivables and allowance for doubtful accounts

Premium receivables are stated at the net realisable value. Allowance for doubtful accounts is provided for the estimated losses that may be incurred in collection of premium receivables. The allowance is generally based on collection experiences and a review of current status of the premium receivables as at the end of reporting period.

For individual policies whose cash value is greater than the amount of premium receivable and that is overdue longer than the grace period granted by the Company, the premium receivables will be settled by granting automatic premium loans.

4.6 Reinsurance assets

Reinsurance assets are stated at the outstanding balance of insurance reserves refundable from reinsurers, which are estimated, based on the related reinsurance contracts, on loss reserve and outstanding claims in accordance with the law regarding insurance reserves calculations.

The Group and the Company set up an allowance for doubtful amount when it has clear evidence as a result of events occurring after the initial recognition of reinsurance assets and the Group and the Company may not be paid. This amount can be measured reliably. Increase (decrease) in allowance for doubtful accounts is recognised as expenses in profit or loss.

4.7 Reinsurance receivables and payables

- (1) Reinsurance receivables are stated at the outstanding balance of amounts due from reinsurers.

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

- (2) Reinsurance payables are stated at the amount payable to reinsurers.

The amount payables to reinsurers consist of reinsurance premiums and other items payable to reinsurers, excluding claim reserves for claims incurred but not yet reported.

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

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

4.8 Derivatives

Forward exchange contracts

Receivables and payables arising from forward exchange contracts are translated into Baht at the rates of exchange ruling at the end of reporting period. Unrealized gains and losses from the translation are included in profit or loss. Premium or discounts on forward exchange contracts are amortised on a straight-line basis over the contract periods.

Cross currency swap contracts

Payables and receivables arising from cross currency swap contracts are translated into Baht at the rates of exchange ruling at the end of reporting period. Unrealized gains and losses from the translation are recognised in profit or loss.

4.9 Investments assets

4.9.1 Investments in securities

The Group and the Company and its subsidiaries measures investments in securities according to classification of investments as follows:

- (1) Held-for-trading investments are stated at fair value. Changes in the fair value of these investments are recorded in profit or loss.
- (2) Available-for-sale investments are stated at fair value. Changes in the fair value of these investments are recorded in other comprehensive income, and will be transferred to be recognised in profit or loss when investments are sold.
- (3) Investments in held-to-maturity debt securities are recorded at amortised cost. The premium/discount on debt securities is amortised/accreted by the effective rate method with the amortised/accreted amount presented as an adjustment to the interest income. The investments in debt securities are classified as held-to-maturity debt securities when the Company has the positive intention and ability to hold them to maturity.
- (4) Investments in non-marketable equity securities are classified as general investments, and are stated at cost net of allowance for impairment (if any).
- (5) Investments in subsidiaries are accounted for in the separate financial statements using the cost method.

The fair value of marketable security is based on the latest bid price of the last working day of the year as quoted on the Stock Exchange of Thailand. The fair value of debt instrument is determined based on the yield rate quoted by the Thai Bond Market Association. The fair value of unit trust is determined from its net asset value.

Purchases and sales of investments are recorded on the transaction dates for equity instruments, and recorded on the settlement date for debt instruments.

In the event the Company reclassifies investments from one type to another, such investments will be readjusted to their fair value as at the reclassification date. The difference between the carrying amount of the investments and the fair value on the date of reclassification are recorded in the statement of income or recorded as revaluation surplus or deficit on available-for-sale investment in other components of owners' equity, depending on the type of investment that is reclassified.

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

4.9.2 Loans and allowance for doubtful accounts

Loans are stated at net realisable value. The Group and the Company set up an allowance for doubtful accounts based on the estimated loss that may be incurred in collection of receivables, on the basis of collection experiences, analysis of debt aging and the appraisal value of the collateral of each debt. Increase (decrease) in allowance for doubtful accounts is recognised as expenses in profit or loss.

4.9.3 Investment property

Investment property is initially recorded at cost, including transaction costs. Subsequent to initial recognition, investment property is stated at cost less accumulated depreciation and allowance for impairment (if any).

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of 20 years. Depreciation of the investment property is charged as expense to profit or loss.

On disposal of investment property, the difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period when the asset is derecognised.

4.10 Premises and equipment and depreciation

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

Depreciation of buildings and equipment are calculated by reference to their costs on a straight-line basis over the following estimated useful lives, or the period of the lease as follows:

Buildings	20 years
Condominium units	20 years
Building improvements	5 years
Leasehold improvements	Period of lease
Furniture and fixtures and office equipment	3 years and 5 years
Motor vehicles	5 years

Depreciation is included in profit or loss.

No depreciation is provided for land and construction in progress.

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

4.11 Goodwill

Goodwill is initially recorded at cost, which equals to the excess of cost of business combination over the fair value of the net assets acquired. If the fair value of the net assets acquired exceeds the cost of business combination, the excess is immediately recognised as gain in profit or loss.

Goodwill is carried at cost less any accumulated for impairment losses. Goodwill is tested for impairment annually or when circumstances indicate that the carrying value may be impaired.

An impairment loss is recognised in profit or loss. Impairment losses relating to goodwill cannot be reversed in future periods.

4.12 Intangible assets and amortisation

Intangible assets are carried at cost less any accumulated amortisation and accumulated impairment loss (if any).

Intangible assets with finite lives are amortised on a systematic basis over their economic useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method of such intangible assets are reviewed at least at each financial year end. The amortisation amount is charged as expenses to profit or loss.

The useful lives of intangible assets with finite useful lives which are computer software are expected to generate economic benefit within 3 years, 5 years and 10 years.

4.13 Impairment of assets

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

An impairment loss is recognised in profit or loss.

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

4.14 Insurance contract liabilities

4.14.1 Reserves for long-term insurance contracts

Reserves for long-term insurance contracts represent the accumulated total liabilities for policies in force as at the end of the reporting period. Such reserves are set aside for estimated future claims and benefits payment under all life insurance policies in force. The Group and the Company calculates reserve under long-term policies with reference to net level premium reserve (“NPV”), which is an actuarial method, plus Provision for Adverse Deviation (PAD), which is 4% of NPV. The main assumptions used relating to mortality rate, morbidity rate adjusted by the management’s experience, longevity and discount rates.

At the end of each reporting period, The Company perform liabilities adequacy test by gross premium valuation method Group and the (GPV). The significant assumptions are mortality rate adjusted by the management’s experience, lapse or surrender rate, selling and administration expenses rate, which are the best estimate assumptions, and discount rate, which is comply with the solution from the working team that support and study the effect of low market interest rate as follows:

Discount rate under bottom-up approach = Risk-free rate + illiquidity premium

- 1) The risk-free rate is determined in accordance with the criteria for the calculation of liabilities under insurance contracts under the risk-based capital framework, whereby it is calculated based on the weighted average yield of risk-free government bonds over the preceding eight quarters, weighting the yield rate of the latest quarter at 51 percent, and the rates of the other seven quarters at 7 percent each.
- 2) The illiquidity premium is a rate added to the risk-free rate to reflect the nature of liabilities under insurance contracts that have low liquidity. It is calculated at 40 percent of the spread of corporate bonds with a credit rating of A.

In case of insurance contract liabilities under liabilities adequacy test are higher than the amount presented in financial statement, the differences are recognised in profit and loss.

4.14.2 Loss reserves and outstanding claims

Outstanding claims are recorded for the estimated cost of all claims notified but not settled at end of the reporting period, using the information available at the time. In addition, a loss reserve is also made for the cost of claims incurred but not reported (IBNR) as at end of the reporting period, which is based on actuarial estimates. The maximum value of claims estimated is not, however, to exceed the sum-insured under the relevant policy.

Outstanding claim provision are calculated using an actuarial method based on a best estimate of claims which are expected to be paid in respect of losses occurring before or as at the end of the reporting periods for both reported and not reported losses including loss adjustment expense. The different of the calculated outstanding claim provision which are higher than the loss reserve that recognised into financial statement, the Company has additionally provided reserves for claims incurred but not yet reported (IBNR).

4.14.3 Premium reserves

Premium reserves consist of unearned premium reserves and unexpired risks reserves.

(a) Unearned premium reserves

At the end of the reporting period, the Group and the Company records unearned premium reserves for short-term riders and group insurance, based on the amount calculated on net premium written for the year, using the monthly average basis (the one-twenty fourth basis).

(b) Unexpired risk reserves

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

As at the end of reporting period, the Group and the Company compares the amount of unexpired risk reserve with unearned premium reserve, and if unexpired risk reserve is higher than unearned premium reserve, the difference is recognised as unexpired risk reserve in the financial statements.

4.14.4 Unpaid policy benefits

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

4.15 Employee benefits

Short-term employee benefits

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

Post-employment benefits and other long-term employee benefits.

Defined contribution plans

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

Defined benefit plans and other long-term employee benefits

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

The obligations under the defined benefit plan and other long-term employee benefit plans are determined based on actuarial techniques, using the projected unit credit method.

Actuarial gains and losses arising from post-employment benefits are recognised immediately in other comprehensive income.

Actuarial gains and losses arising from other long-term benefits are recognised immediately in profit or loss.

Share-based payment transactions

The scheme to issue warrants to employee of the Group and the Company will be recognised since the grant date based on the fair value of the issued securities as at the grant date. The Group and the Company will recognise them as expenses in profit or loss over the vesting period with a corresponding increase in "Capital reserve on share-based payments" in owners' equity. The Group and the Company will transfer "Capital reserve on share-based payments" to be recognised as "Share premium" proportionately based on the number of warrants exercised when there is an exercise of warrant.

4.16 Provisions

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

4.17 Long-term leases

Leases of property, buildings or equipment, which transfer substantially all the risks and rewards of ownership to lessees are classified as finance leases. Finance leases are capitalised at the lower of the fair value of the leased assets and the present value of the minimum lease payments. The outstanding rental obligations, net of finance charges, are included in other long-term payables, while the interest element is charged to profit or loss over the lease period. The asset acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease period.

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

4.18 Foreign currencies

The consolidated and separate financial statements are presented in Baht, which is also the Company's functional currency. Items of each company included in the consolidated financial statements are measured using the functional currency of that Company.

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of the Group and the Company at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rate at the reporting date.

Foreign currency differences are generally recognised in profit or loss.

Foreign operations

The asset and liabilities of foreign operations are translated to Thai Baht at the exchange rates at the reporting date.

The revenues and expenses of foreign operations are translated to Thai Baht at rates approximating the exchange rates at the dates of the transactions.

Foreign exchange differences are recognised in other comprehensive income and accumulated in the translation reserve until sales of investment, except to extent that the translation difference is allocated to non-controlling interests.

4.19 Income tax

Income tax expenses

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

Current income taxes

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

Deferred income taxes

Deferred income taxes are provided on temporary differences between the tax bases of assets and liabilities and their carrying amounts at the end of each reporting period, based on tax rates that have been enacted or substantively enacted on the end of the reporting period.

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

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

The Group and the Company record deferred income taxes directly to owners' equity if the taxes relate to items that are recorded directly to owners' equity.

4.20 Fair value measurement

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

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

Level 1 - Use of quoted market prices in an observable active market for such assets or liabilities

Level 2 - Use of other observable inputs for such assets or liabilities, whether directly or indirectly

Level 3 - Use of unobservable inputs such as estimates of future cash flows

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

4.21 Related party transactions

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

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

4.22 The consolidated and separate financial statements have been prepared based on the basis, accounting policies and method of computation consistent with those used in the financial statements for the year ended December 31, 2017 except for the accounting policy for discontinued operation which the Company classifies profit or loss, net of tax from discontinued operation in the separate line in the statements of profit or loss and other comprehensive income.

5. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

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

5.1 Leases

In determining whether a lease is to be classified as an operating lease or finance lease, the management is required to use judgment regarding whether significant risk and rewards of ownership of the leased asset has been transferred, taking into consideration terms and conditions of the arrangement.

5.2 Allowance for doubtful accounts on receivables/loans/premium receivables

In determining an allowance for doubtful accounts on receivables, loans and premium receivables, the management judgment and estimates based upon, among other things, past collection history, aging profile of outstanding debts and the prevailing economic condition.

5.3 Fair value of financial instruments

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

5.4 Impairment of investments in equity securities

The Group and the Company treat available-for-sale investment and general investment as impaired when impaired when there has been a significant or prolonged decline in the fair value below its cost or where other objective evidence of impairment exists. The determination of what is “significant” or “prolonged” requires judgment of the management.

5.5 Premises and equipment and depreciation

In determining depreciation of buildings and equipment, the management of is required to make estimates of the useful lives and residual values of the buildings and equipment and to reviews estimated useful lives and residual values when there are any changes.

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

5.6 Deferred tax assets

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

5.7 Reserves for long-term insurance contracts

Reserves for long-term insurance contracts are calculated using the actuarial method, based on the current assumptions or on assumptions established at inception of the contract which reflect the best estimate at the time increased with a margin for risk and adverse deviation. The main assumptions used relate to mortality, morbidity, longevity, and discount rates.

Estimating the reserve requires the management to exercise judgment, with reference to the best estimates available at the time.

5.8 Loss reserves and outstanding claims

At the end of each reporting period, the Group and the Company has to estimate loss reserves and outstanding claims taking into account two factors. These are the claims incurred and reported, and the claims incurred but not reported (IBNR), the losses on which are estimated using international standard actuarial techniques. The major assumptions used under these techniques consist of historical data, including the development of claims estimates, paid, average costs per claim and claim numbers etc. Nevertheless, such estimates are forecasts of future outcomes, and actual results could differ.

5.9 Unexpired risk reserves

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

5.10 Post-employment benefits under defined benefit plans and other long-term employee benefits

The obligations under the defined benefit plan and other long-term employee benefit plan are determined based on actuarial techniques. Such determination is made based on various assumptions, such as discount rate, future salary increase rate, mortality rate and staff turnover rate etc.

6. CASH AND CASH EQUIVALENTS

As at December 31, 2018 and 2017, the Group and the Company have cash and cash equivalent as follows:

	Consolidated financial statements		(Unit : Thousand Baht) Separate financial statements	
	December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017
Cash on hand	11,044	5,687	11,043	5,686
Deposits at banks with no fixed maturity date	2,599,619	1,701,447	2,519,812	1,602,748
Short-term investments in promissory notes	7,214,929	2,268,658	7,214,929	2,268,658
Cash and cash equivalents	<u>9,825,592</u>	<u>3,975,792</u>	<u>9,745,784</u>	<u>3,877,092</u>

As at December 31, 2018, interest rates on saving accounts, fixed deposits and promissory notes are in the range of 0.38% - 1.63% per annum (as at December 31, 2017: 0.38% - 1.50% per annum).

7. PREMIUM RECEIVABLES

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

	(Unit : Thousand Baht)	
	Consolidated and separate financial statements	
	December 31, 2018	December 31, 2017
Not yet due	1,864,857	1,893,022
Not over 30 days	22,305	10,471
Over 30 days to 60 days	18,701	3,122
Over 60 days to 90 days	2,347	1,577
Over 90 days	2,187	2,221
Total premium receivables	<u>1,910,397</u>	<u>1,910,413</u>

For premium receivables due from agents and brokers, the Group and the Company has determined criteria in collections from those debtors. For overdue premium receivables, the Group and the Company has taken legal process with agents and brokers on a case by case basis.

For individual policies which have cash value and premium receivables over the grace period, the premium receivables will be settled by granting an automatic premium loan where the policy has a cash surrender value.

8. REINSURANCE ASSETS

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

	(Unit : Thousand Baht)	
	Consolidated and separate financial statements	
	December 31, 2018	December 31, 2017
Reserves recordable from reinsurances		
Claim reserves	153,422	127,385
Premium reserves		
Unearned premium reserves	385,758	277,328
Total reinsurance assets	<u>539,180</u>	<u>404,713</u>

9. AMOUNT DUE FROM REINSURANCE

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

	(Unit : Thousand Baht)	
	Consolidated and separate financial statements	
	December 31, 2018	December 31, 2017
Amounts due from reinsurers	<u>703,965</u>	<u>928,466</u>
Total amounts due from reinsurance	<u>703,965</u>	<u>928,466</u>

As at December 31, 2018 and 2017, the outstanding balances of amounts due from reinsurance, classified by overdue period, are as follows:

	(Unit : Thousand Baht)	
	Consolidated and separate financial statements	
	December 31, 2018	December 31, 2017
Not yet due	703,965	928,466
Total amounts due from reinsurance	<u>703,965</u>	<u>928,466</u>

10. DERIVATIVE ASSETS AND LIABILITIES

As at December 31, 2018 and 2017, derivatives classified by objective are as follows:

	(Unit : Thousand Baht)			
	Consolidated and separate financial statements			
	December 31, 2018		December 31, 2017	
	Fair value		Fair value	
	Assets	Liabilities	Assets	Liabilities
Derivatives for hedging risks				
Cash flow hedge	551,362	143,304	701,820	132,206
Hedge of net investment in foreign entities	125,015	713	36,670	937
Total derivatives	<u>676,377</u>	<u>144,017</u>	<u>738,490</u>	<u>133,143</u>

As at December 31, 2018 and 2017, derivatives assets and liabilities consisted of the following:

	Consolidated and separate financial statements		
	December 31, 2018		
	Notional amount (Thousand Unit)	Assets (Thousand Baht)	Liabilities (Thousand Baht)
Cross currency swap contracts			
US dollar	593,800	223,363	630,372
Euro	10,000	7,816	-
Forward exchange contracts			
Yen	1,340,910	1,140	2,980
US dollar	92,200	6,948	1,362
Singapore dollar	83,256	4,682	9,580
Euro	29,110	30,938	-
Total derivatives	<u>2,149,276</u>	<u>274,887</u>	<u>644,294</u>

	Consolidated and separate financial statements		
	December 31, 2017		
	Notional amount (Thousand Unit)	Assets (Thousand Baht)	Liabilities (Thousand Baht)
Cross currency swap contracts			
US dollar	670,190	341,168	738,011
Forward exchange contracts			
Yen	1,240,910	5,250	401
US dollar	36,353	1,587	9,031
Singapore dollar	38,711	38	11,980
Euro	23,820	1,404	6,190
Total derivatives	<u>2,009,984</u>	<u>349,447</u>	<u>765,613</u>

The Company makes use of cross currency swap contracts and forward exchange contracts to manage the exchange rate risk arising from investment.

11. INVESTMENTS IN SECURITIES

11.1 Held-for-trading investments

As at December 31, 2018 and 2017, held-for-trading investments consisted of following:

	(Unit : Thousand Baht)			
	Consolidated and separate financial statements			
	December 31, 2018		December 31, 2017	
	Cost	Fair value	Cost	Fair value
Held-for-trading investments				
Equity securities	63,593	33,497	93,945	87,957
Total	<u>63,593</u>	<u>33,497</u>	<u>93,945</u>	<u>87,957</u>
<u>Less</u> Unrealised losses	(30,096)	-	(5,988)	-
Total held-for-trading investments	<u>33,497</u>	<u>33,497</u>	<u>87,957</u>	<u>87,957</u>

11.2 Available-for-sale investments

As at December 31, 2018 and 2017, available-for-sale investments consisted of following:

	(Unit : Thousand Baht)			
	Consolidated and separate financial statements			
	December 31, 2018		December 31, 2017	
	Cost/ Amortised cost	Fair value	Cost/ Amortised cost	Fair value
Available-for-sale investments				
Government and state enterprise securities	2,000,869	2,298,545	4,535,380	5,474,506
Private enterprises debt securities	25,591,351	27,181,186	24,317,183	26,159,147
Equity securities	31,143,932	35,841,798	27,271,423	35,035,436
Foreign debt securities	1,403,323	1,251,495	2,736,998	2,533,144
Foreign equity securities	8,777,100	8,598,917	6,726,696	7,919,702
Total	<u>68,916,575</u>	<u>75,171,941</u>	<u>65,587,680</u>	<u>77,121,935</u>
<u>Add</u> Unrealised gains	6,255,366	-	11,534,255	-
Total available-for-sale investments	<u>75,171,941</u>	<u>75,171,941</u>	<u>77,121,935</u>	<u>77,121,935</u>

11.3 Held-to-maturity investments

As at December 31, 2018 and 2017, held-to-maturity investments consisted of the following:

	(Unit : Thousand Baht)	
	Consolidated and separate financial statements	
	December 31, 2018	December 31, 2017
	Cost/Amortised cost	Cost/Amortised cost
Held-to-maturity investments		
Government and state enterprise securities	139,536,444	142,116,574
Private enterprises debt securities	67,767,742	56,171,062
Foreign debt securities	6,719,890	6,275,770
Deposits at financial institutions with an original maturity of longer than 3 months	<u>3,400,000</u>	<u>3,810,000</u>
Total held-to-maturity investments	<u>217,424,076</u>	<u>208,373,406</u>

11.4 General investments

As at December 31, 2018 and 2017, general investments consisted of the following:

	(Unit : Thousand Baht)	
	Consolidated and separate financial statements	
	December 31, 2018	December 31, 2017
	Cost	Cost
General investments		
Equity securities	30,302	29,588
Total general investments	<u>30,302</u>	<u>29,588</u>

11.5 Remaining periods to maturity of debt securities

	(Unit : Thousand Baht)			
	Consolidated and separate financial statements			
	December 31, 2018			
	Period to maturity			
	Within 1 year	1 - 5 years	Over 5 years	Total
Available-for-sale investment				
Government and state enterprise securities	620,332	-	450,000	1,070,332
Private enterprises securities	300,000	6,288,272	19,003,079	25,591,351
Foreign investments	-	1,403,323	-	1,403,323
<u>Add Unrealised gains</u>	6,954	100,773	1,382,109	1,489,836
Total available-for-sale investments	<u>927,286</u>	<u>7,792,368</u>	<u>20,835,188</u>	<u>29,554,842</u>
Held-to-maturity investment				
Government and state enterprise securities	7,239,925	16,298,787	115,997,732	139,536,444
Private enterprises securities	1,550,000	26,861,549	39,356,193	67,767,742
Foreign investments	160,000	1,816,803	4,743,087	6,719,890
Deposit at financial institutions with maturity period of longer than 3 months	3,400,000	-	-	3,400,000
Total held-to-maturity investments	<u>12,349,925</u>	<u>44,977,139</u>	<u>160,097,012</u>	<u>217,424,076</u>

(Unit : Thousand Baht)

Consolidated and separate financial statements				
December 31, 2017				
Period to maturity				
	Within 1 year	1 - 5 years	Over 5 years	Total
Available-for-sale investment				
Government and state				
enterprise securities	-	621,158	2,950,000	3,571,158
Private enterprises securities	521,936	5,359,856	18,435,391	24,317,183
Foreign investments	105,883	-	2,631,115	2,736,998
<u>Add Unrealised gains (losses)</u>	<u>(16,235)</u>	<u>443,081</u>	<u>1,642,549</u>	<u>2,069,395</u>
Total available-for-sale investments	<u>611,584</u>	<u>6,424,095</u>	<u>25,659,055</u>	<u>32,694,734</u>
Held-to-maturity investment				
Government and state				
enterprise securities	13,178,297	10,596,497	118,341,780	142,116,574
Private enterprises securities	1,521,932	16,486,983	38,162,147	56,171,062
Foreign investments	455,914	1,410,000	4,409,856	6,275,770
Deposit at financial institutions				
with maturity period of longer				
than 3 months	2,410,000	1,400,000	-	3,810,000
Total held-to-maturity investments	<u>17,566,143</u>	<u>29,893,480</u>	<u>160,913,783</u>	<u>208,373,406</u>

11.6 Investments in structured notes

Investments in structured notes, which are classified as held-to-maturity investments, consisted of the following:

- (a) As at December 31, 2018 and 2017, the Company has investments of Baht 600 million and Baht 600 million, respectively, in promissory notes and bills of exchange, which were issued by local banks and branches of foreign commercial banks, having remaining lives of 2 - 10 years and 2 - 11 years, respectively, and contain conditions whereby the issuer has call option or has rights to call for additional deposits and bearing interest rate referring to the yield rate on government bond (CMT Index).
- (b) As at December 31, 2018 and 2017, the Company has investments of Baht 2,600 million and Baht 2,600 million, respectively, in promissory notes and bills of exchange, which were issued by branches of foreign commercial banks, having remaining lives of 2 - 4 years and 2 - 5 years, respectively, and bearing interest rate referring to the yield rate government bond (CMT Index).
- (c) As at December 31, 2018 and 2017, the Company has investments of Baht 3,524 million and Baht 3,438 million, respectively, in promissory notes and bills of exchange, which were issued by branches of foreign commercial banks, having remaining lives of 2 - 10 years and 2 - 11 years, respectively, and the notes and the bills contain conditions whereby the notes redemption of the notes and the bills is based on the credit event of the notes and the reference assets.

- (d) As at December 31, 2018 and 2017, the Company has investments of Baht 933 million and Baht 886 million, respectively, in promissory notes and bills of exchange, which were issued by branches of foreign commercial banks, having remaining maturity periods of 15 years and 16 years, respectively. The bank has placed government bonds equivalent to 70% - 80% of the face values of the issued promissory notes and bills of exchange as collateral and such notes and bills contain conditions whereby the redemption of the notes and bills is based on the credit event of the reference assets.
- (e) As at December 31, 2018 and 2017, the Company has investments of Baht 448 million and Baht 430 million, respectively, in bills of exchange, which were issued by branches of foreign commercial banks, having remaining maturity periods of 13 years and 14 years, respectively. The bills contain conditions whereby the redemption of the bills is based on the credit event of the reference assets.
- (f) As at December 31, 2018 and 2017, the Company has investments of Baht 1,577 million and Baht 1,589 million, respectively, in bills of exchange, which were issued by branches of foreign commercial banks, having remaining maturity periods of 7 - 8 years and 8 - 9 years, respectively. The bills contain conditions whereby the redemption of the bills is based on the credit event of the reference assets.

11.7 Investments subject to restriction

As at December 31, 2018 and 2017, the Group and the Company has placed government and state enterprise bonds with cost or amortised cost of Baht 63,357 million and Baht 58,124 million, respectively, with the Registrar as securities and reserves as described in Notes 35 and 36.

11.8 Gains on investments

Gains on investments for the years ended December 31, 2018 and 2017 consisted of the following:

	(Unit : Thousand Baht)	
	Consolidated and separate financial statements	
	for the years ended December 31,	
	2018	2017
Gains (losses) on sales of held-for-trading investments	(6,907)	6,867
Gains on sales of available-for-sale investments	1,493,159	1,318,002
Gains (losses) on sales of held-to-maturity investments	(29)	36,874
Total gains on investments	<u>1,486,223</u>	<u>1,361,743</u>

11.9 Revaluation surplus on available-for-sale investments

Revaluation surplus on available for sale investment for the years ended December 31, 2018 and 2017 consisted of the following:

	(Unit : Thousand Baht)	
	Consolidated and separate financial statements	
	For the years ended December 31,	
	2018	2017
Revaluation surplus on available-for-sale investments - beginning of the years	11,593,302	7,775,486
Gains (losses) on revaluation of available-for-sale Investments	(3,871,715)	4,971,167
Gains on sales of available-for-sale investments during the years transferred to be recognised in profit or loss	<u>(1,519,265)</u>	<u>(1,153,351)</u>
Revaluation surplus on available-for-sale investments - end of the years	6,202,322	11,593,302
<u>Less</u> Income taxes	<u>(1,240,465)</u>	<u>(2,318,661)</u>
Revaluation surplus on available-for-sale investments - net of taxes	<u>4,961,857</u>	<u>9,274,641</u>

12. INVESTMENTS IN SUBSIDIARIES

As at December 31, 2018 and 2017, detail of investments in subsidiaries, as presented in the separate financial statements, is as follows:

Company's name	Type of business	Country of incorporation	Issued and paid-up capital		Shareholding percentage		(Unit : Thousand Baht)	
			December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017	Cost	
					%	%	December 31, 2018	December 31, 2017
BLA Insurance Broker Company Limited	Insurance broker	Thailand	24,000	24,000	99	99	23,760	23,760
Bangkok Life Assurance (Cambodia) Public Limited Company	Life insurance	Cambodia	153,598	153,598	52 ⁽²⁾	52 ⁽²⁾	127,357	127,357
<u>Less</u> Allowance for doubtful accounts ⁽¹⁾			<u>-</u>	<u>-</u>			<u>(52,680)</u>	<u>-</u>
Total investments in subsidiaries			<u>177,598</u>	<u>177,598</u>			<u>98,437</u>	<u>151,117</u>

⁽¹⁾ On June 15, 2018, the Extraordinary Meeting of Shareholder of Bangkok Life Assurance (Cambodia) Public Limited Company which is a subsidiary of the Company has passed a resolution to cease its operation and proceed with the voluntary liquidation (see Note 13).

⁽²⁾ As stated in "Memorandum and Article of Company"

13. DISCONTINUED OPERATION

On June 15, 2018, the Extraordinary Meeting of Shareholder of Bangkok Life Assurance (Cambodia) Public Limited Company which is a subsidiary of the Company has passed a resolution to cease its operation and proceed with the voluntary liquidation. The Company classified net loss from Bangkok Life Assurance (Cambodia) Public Limited Company as net loss from discontinued operation.

The consolidated statement of financial position as at December 31, 2018 includes assets from discontinued operation in total amount of Baht 97 million in which most of balances are cash and cash equivalents and deposit.

The consolidated statements of profit or loss and other comprehensive income for the years ended December 31, 2018 and 2017 for discontinued operations are as follows:

	(Unit : Thousand Baht) Consolidated financial statements	
	2018	2017
For years ended December 31, Discontinued operation		
Revenue	81	229
Expenses	(19,921)	(17,812)
Loss before income tax expense	(19,840)	(17,583)
Income tax expense	-	-
Loss for the years from discontinued operation, net of income tax	(19,840)	(17,583)
Losses per share*		
Basic losses per share (Baht)	(0.006)	(0.005)

* Losses per share from discontinued operation for equity holders of the Company

14. LOANS AND ACCRUED INTEREST RECEIVABLES

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

Overdue periods	(Unit : Thousand Baht)								
	Consolidated and separate financial statements								
	December 31, 2018								
	Loans								
	Policy loans		Mortgage loans		Other loans		Total		Total
	Principal	Accrued Interest ⁽¹⁾	Principal	Accrued Interest ⁽¹⁾	Principal	Accrued Interest ⁽¹⁾	Principal	Accrued Interest ⁽¹⁾	
Not yet due	7,798,115	856,740	3,666,960	4,938	1,425	1	11,466,500	861,679	12,328,179
Overdue:									
Less than 3 months	-	-	56,496	342	-	-	56,496	342	56,838
3 - 6 months	-	-	21,850	224	-	-	21,850	224	22,074
6 - 12 months	-	-	5,792	296	-	-	5,792	296	6,088
Over 12 months	-	-	19,290	713	53	2	19,343	715	20,058
Total	7,798,115	856,740	3,770,388	6,513	1,478	3	11,569,981	863,256	12,433,237
Less Allowance for doubtful accounts	-	-	(8,440)	(1,071)	-	-	(8,440)	(1,071)	(9,511)
Loans and accrued interest receivables - net	7,798,115	856,740	3,761,948	5,442	1,478	3	11,561,541	862,185	12,423,726

⁽¹⁾ This amount included as a part of "Accrued investment income" in the statements of financial position.

(Unit : Thousand Baht)

Consolidated and separate financial statements
December 31, 2017

Overdue periods	Loans								Total
	Policy loans		Mortgage loans		Other loans		Total		
	Principal	Accrued Interest ⁽¹⁾	Principal	Accrued Interest ⁽¹⁾	Principal	Accrued Interest ⁽¹⁾	Principal	Accrued Interest ⁽¹⁾	
Not yet due	7,104,797	710,107	2,249,943	1,720	6,911	8	9,361,651	711,835	10,073,486
Overdue:									
Less than 3 months	-	-	29,107	208	-	-	29,107	208	29,315
3 - 6 months	-	-	2,948	59	-	-	2,948	59	3,007
6 - 12 months	-	-	-	-	-	-	-	-	-
Over 12 months	-	-	15,477	545	53	2	15,530	547	16,077
Total	7,104,797	710,107	2,297,475	2,532	6,964	10	9,409,236	712,649	10,121,885
Less Allowance for doubtful accounts	-	-	(4,632)	(507)	-	-	(4,632)	(507)	(5,139)
Loans and accrued interest receivables - net	7,104,797	710,107	2,292,843	2,025	6,964	10	9,404,604	712,142	10,116,746

⁽¹⁾ This amount included as a part of "Accrued investment income" in the statements of financial position.

Policy loans represent loans granted to the policyholders in an amount not exceeding the cash value of the policy. The loans carry interest at 4.00% - 8.00% per annum, as approved by the Office of Insurance Commission.

Loans to employees under the employee welfare scheme are set for credit limit of Baht 0.1 million for personal guarantee loans. The interest rate charged is at the rates of 6.00% per annum. As at December 31, 2018 and 2017, loans to employees amounted to Baht 1.50 million and Baht 7.00 million, respectively.

Loans to employees under the mortgage loans are not to exceed 50 times the employee's monthly salary to each employee for secured loans. The loans carry interest of 5.00% - 6.00% per annum. As at December 31, 2018 and 2017, loans to employees under the mortgage loans amounted to Baht 27 million and Baht 44 million, respectively.

15. INVESTMENT PROPERTY

The net carrying value of investment property as at December 31, 2018 and 2017 are as follows:

	(Unit : Thousand Baht)	
	Consolidated and separate financial statements	
	December 31, 2018	December 31, 2017
Office building for rent		
Cost	21,303	21,303
<u>Less</u> Accumulated depreciation	(3,551)	(2,486)
Net carrying value	<u>17,752</u>	<u>18,817</u>

A reconciliation of the net carrying value of investment property for the years ended December 31, 2018 and 2017 is presented below:

	(Unit : Thousand Baht)	
	Consolidated and separate financial statements	
	For the years ended December 31,	
	2018	2017
Net carrying value - beginning of years	18,817	19,882
Depreciation for years	(1,065)	(1,065)
Net carrying value - end of years	<u>17,752</u>	<u>18,817</u>

The fair value of the investment property as at December 31, 2018 and 2017 stated below:

	(Unit : Thousand Baht)	
	Consolidated and separate financial statements	
	December 31, 2018	December 31, 2017
Office building for rent	<u>23,127</u>	<u>22,660</u>

The fair value of the above investment property has been determined based on valuation performed by an independent appraiser. The fair value of the office building held for rent has been determined using the cost approach. The approach was estimated current replacement cost less accumulated depreciation and add with fair value of land.

For the year ended December 31, 2018, the Group and the Company has revenue from rental of investment property amounted to Baht 0.83 million (2017: Baht 0.78 million).

16. PROPERTY, PLANT AND EQUIPMENT

Movement of property, plant and equipment for the years ended December 31, 2018 and 2017 are as follows:

(Unit : Thousand Baht)

	Consolidated financial statements						Total
	Land	Buildings and buildings improvements and leasehold building	Condominium	Office furniture, fixture and equipment	Motor vehicles	Construction in progress	
Cost:							
January 1, 2017	794,249	448,001	36,633	577,623	23,502	117,999	1,998,007
Additions	-	11,999	-	36,865	-	199,002	247,866
Disposals	-	-	-	(10,808)	(3,594)	-	(14,402)
Adjust	(3)	-	-	-	-	(9,200)	(9,203)
Exchange differences on translation of financial statements in foreign currency	-	(342)	-	(54)	-	-	(396)
Transfer in (out)	-	251,418	-	46,575	-	(297,993)	-
December 31, 2017	<u>794,246</u>	<u>711,076</u>	<u>36,633</u>	<u>650,201</u>	<u>19,908</u>	<u>9,808</u>	<u>2,221,872</u>
Additions	-	697	-	21,543	20,955	66,351	109,546
Disposals	-	(220)	-	(18,649)	-	-	(18,869)
Adjust	-	-	-	-	-	(406)	(406)
Exchange differences on translation of financial statements in foreign currency	-	(15)	-	4	-	-	(11)
Transfer in (out)	-	44,795	-	8,962	-	(53,757)	-
December 31, 2018	<u>794,246</u>	<u>756,333</u>	<u>36,633</u>	<u>662,061</u>	<u>40,863</u>	<u>21,996</u>	<u>2,312,132</u>
Accumulated depreciation:							
January 1, 2017	-	327,229	24,118	474,025	15,071	-	840,443
Depreciation on disposals	-	-	-	(10,700)	(3,594)	-	(14,294)
Depreciation for the year	-	30,568	1,832	44,822	3,947	-	81,169
December 31, 2017	-	<u>357,797</u>	<u>25,950</u>	<u>508,147</u>	<u>15,424</u>	-	<u>907,318</u>
Depreciation on disposals	-	(220)	-	(18,562)	-	-	(18,782)
Adjust	-	1	-	(1)	-	-	-
Depreciation for the year	-	32,186	1,831	51,448	4,463	-	89,928
December 31, 2018	-	<u>389,764</u>	<u>27,781</u>	<u>541,032</u>	<u>19,887</u>	-	<u>978,464</u>
Net carrying value:							
December 31, 2017	<u>794,246</u>	<u>353,279</u>	<u>10,683</u>	<u>142,054</u>	<u>4,484</u>	<u>9,808</u>	<u>1,314,554</u>
December 31, 2018	<u>794,246</u>	<u>366,569</u>	<u>8,852</u>	<u>121,029</u>	<u>20,976</u>	<u>21,996</u>	<u>1,333,668</u>

Depreciation for the years ended December 31,

2017	Thousand Baht	<u>81,169</u>
2018	Thousand Baht	<u>89,928</u>

(Unit : Thousand Baht)

	Separate financial statements						Total
	Land	Buildings and buildings improvements and leasehold building	Condominium	Office furniture, fixture and equipment	Motor vehicles	Construction in progress	
Cost:							
January 1, 2017	794,249	444,937	36,633	575,959	23,502	117,999	1,993,279
Additions	-	11,999	-	36,847	-	199,002	247,848
Disposals	-	-	-	(10,808)	(3,594)	-	(14,402)
Adjust	(3)	-	-	-	-	(9,200)	(9,203)
Transfer in (out)	-	251,418	-	46,575	-	(297,993)	-
December 31, 2017	<u>794,246</u>	<u>708,354</u>	<u>36,633</u>	<u>648,573</u>	<u>19,908</u>	<u>9,808</u>	<u>2,217,522</u>
Additions	-	697	-	21,534	20,955	66,351	109,537
Disposals	-	(220)	-	(18,649)	-	-	(18,869)
Adjust	-	-	-	-	-	(406)	(406)
Transfer in (out)	-	44,795	-	8,962	-	(53,757)	-
December 31, 2018	<u>794,246</u>	<u>753,626</u>	<u>36,633</u>	<u>660,420</u>	<u>40,863</u>	<u>21,996</u>	<u>2,307,784</u>
Accumulated depreciation:							
January 1, 2017	-	326,912	24,118	473,655	15,071	-	839,756
Depreciation on disposals	-	-	-	(10,700)	(3,594)	-	(14,294)
Depreciation for the year	-	30,021	1,832	44,484	3,947	-	80,284
December 31, 2017	-	<u>356,933</u>	<u>25,950</u>	<u>507,439</u>	<u>15,424</u>	-	<u>905,746</u>
Depreciation on disposals	-	(220)	-	(18,562)	-	-	(18,782)
Adjust	-	1	-	(1)	-	-	-
Depreciation for the year	-	<u>31,658</u>	<u>1,833</u>	<u>51,070</u>	<u>4,464</u>	-	<u>89,025</u>
December 31, 2018	-	<u>388,372</u>	<u>27,783</u>	<u>539,946</u>	<u>19,888</u>	-	<u>975,989</u>
Net carrying value:							
December 31, 2017	<u>794,246</u>	<u>351,421</u>	<u>10,683</u>	<u>141,134</u>	<u>4,484</u>	<u>9,808</u>	<u>1,311,776</u>
December 31, 2018	<u>794,246</u>	<u>365,254</u>	<u>8,850</u>	<u>120,474</u>	<u>20,975</u>	<u>21,996</u>	<u>1,331,795</u>

Depreciation for the years ended December 31,

2017

Thousand Baht

80,284

2018

Thousand Baht

89,025

As at December 31, 2018 and 2017, certain items of buildings and equipment of the Company have been fully depreciated but are still in use. The cost before deducting accumulated depreciation of those assets in the consolidated financial statements amounted to Baht 598 million and Baht 551 million, respectively. (The separate financial statements only: Baht 598 million and Baht 551 million, respectively).

As at December 31, 2018 and 2017, the Company has land and building that did not use and was not in condition properties foreclosed, cost before deducting accumulated depreciation as follows:

(Unit : Thousand Baht)

	Consolidated and separate financial statements	
	December 31, 2018	December 31, 2017
Land	580	580
Building	1,928	1,928
Building improvement	10,426	9,931
Office equipment	2,203	3,883
Computer	111	332
Office furniture ,fixture and equipment	5,347	-
Total	<u>20,595</u>	<u>16,654</u>

17. GOODWILL

On July 7, 2014, the Company obtained control of BLA Insurance Broker Company Limited (“Subsidiary”), by acquiring of the shares and voting interests in the Subsidiary and net assets from business combination was lower than consideration part resulting in goodwill from purchase of business.

As at December 31, 2018 and 2017, the consolidated financial statements have goodwill amounted to Baht 5 million and Baht 5 million, respectively.

18. INTANGIBLE ASSETS

The net carrying value of intangible assets as at December 31, 2018 and 2017 are as follows:

	(Unit : Thousand Baht)		
	Consolidated financial statements		
	Computer software	Computer Software under development	Total
Cost:			
January 1, 2017	110,786	-	110,786
Increase	2,486	65	2,551
Exchange differences on translation of financial statements in foreign currency	(60)	-	(60)
December 31, 2017	113,212	65	113,277
Increase	1,227	-	1,227
Exchange differences on translation of financial statements in foreign currency	(2)	-	(2)
Transfer in (out)	65	(65)	-
December 31, 2018	114,502	-	114,502
Accumulated amortisation:			
January 1, 2017	91,229	-	91,229
Amortisation for the year	10,796	-	10,796
December 31, 2017	102,025	-	102,025
Amortisation for the year	8,732	-	8,732
December 31, 2018	110,757	-	110,757
Net carrying value:			
December 31, 2017	11,187	65	11,252
December 31, 2018	3,745	-	3,745
Amortization for the years ended December 31,			
2017		Thousand Baht	10,796
2018		Thousand Baht	8,732

	(Unit : Thousand Baht)		
	Separate financial statements		
	Computer software	Computer Software under development	Total
Cost:			
January 1, 2017	110,038	-	110,038
Increase	2,428	65	2,493
December 31, 2017	<u>112,466</u>	<u>65</u>	<u>112,531</u>
Increase	1,227	-	1,227
Transfer in (out)	65	(65)	-
December 31, 2018	<u>113,758</u>	<u>-</u>	<u>113,758</u>
Accumulated amortisation:			
January 1, 2017	91,088	-	91,088
Amortisation for the year	10,563	-	10,563
December 31, 2017	<u>101,651</u>	<u>-</u>	<u>101,651</u>
Amortisation for the year	8,492	-	8,492
December 31, 2018	<u>110,143</u>	<u>-</u>	<u>110,143</u>
Net carrying value			
December 31, 2017	<u>10,815</u>	<u>65</u>	<u>10,880</u>
December 31, 2018	<u>3,615</u>	<u>-</u>	<u>3,615</u>
Amortisation for the years ended December 31,			
2017		Thousand Baht	<u>10,563</u>
2018		Thousand Baht	<u>8,492</u>

As at December 31, 2018 and 2017, certain computer software items were fully amortised but are still in use. The original costs, before deducting accumulated amortisation, of those assets in the consolidated financial statements amounted to approximately Baht 91 million and Baht 71 million, respectively (the separate financial statements: Baht 91 million and Baht 71 million, respectively).

19. DEFERRED TAX ASETS/LIABILITIES AND INCOME TAX EXPENSE

19.1 Deferred tax assets/liabilities

Deferred tax assets and liabilities consisted of tax effects as shown below.

(Unit : Thousand Baht)

	Consolidated and separate financial statements					
			Change in deferred tax assets/liabilities reported profit or loss in the for the year ended		Change in deferred tax assets/liabilities reported in the statements of comprehensive income for the year ended	
	December 31, 2018	December 31, 2017	December 31,		December 31,	
	2018	2017	2018	2017	2018	2017
Deferred tax assets						
Reserves for long-term insurance contracts	2,757,470	3,051,790	(294,320)	(272,169)	-	-
Claim reserves and outstanding claims	18,633	18,273	360	6,377	-	-
Provisions for long-term employee benefits	28,224	45,419	(13,008)	4,914	(4,187)	422
Others	15,853	1,554	14,299	910	-	-
Total deferred tax assets	<u>2,820,180</u>	<u>3,117,036</u>	<u>(292,669)</u>	<u>(259,968)</u>	<u>(4,187)</u>	<u>422</u>
Deferred tax liabilities						
Available-for-sale investments	666,153	1,602,880	141,469	285,979	(1,078,196)	763,563
Others	-	2,536	(2,536)	(2,110)	-	-
Total deferred tax liabilities	<u>666,153</u>	<u>1,605,416</u>	<u>138,933</u>	<u>283,869</u>	<u>(1,078,196)</u>	<u>763,563</u>
Deferred tax assets/liabilities - net	<u>2,154,027</u>	<u>1,511,620</u>	<u>(431,602)</u>	<u>(543,837)</u>	<u>1,074,009</u>	<u>(763,141)</u>

19.2 Income tax expenses

Income tax expenses for the years ended December 31, 2018 and 2017 are made up as follows:

(Unit : Thousand Baht)

	Consolidated and separate financial statements	
	For the years ended December 31, 2018	2017
Current income tax:		
Corporate income tax charge	380,089	(33,587)
Adjustment in respect of income tax of previous year	1,458	5,489
Deferred tax:		
Relating to origination and reversal of temporary differences	431,602	543,837
Income tax expenses reported in profits or losses	<u>813,149</u>	<u>515,739</u>

Reconciliation between accounting profits and income tax expense for the years ended December 31, 2018 and 2017 are as follows:

	Consolidated financial statements For the years ended December 31,		(Unit : Thousand Baht) Separate financial statements For the years ended December 31,	
	2018	2017	2018	2017
Accounting profit before income tax expenses	<u>5,793,219</u>	<u>4,160,263</u>	<u>5,739,170</u>	<u>4,160,980</u>
Corporate income tax rates	15%, 20%	15%, 20%	20%	20%
Income tax expenses at the applicable tax rates	1,147,834	832,196	1,147,834	832,196
Adjustment in respect of income tax of previous year	1,458	5,489	1,458	5,489
Net tax effect on income or expenses that are not taxable or not deductible in determining taxable profits	<u>(336,143)</u>	<u>(321,946)</u>	<u>(336,143)</u>	<u>(321,946)</u>
Income tax expenses recognised in profits or losses	<u>813,149</u>	<u>515,739</u>	<u>813,149</u>	<u>515,739</u>

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

	(Unit : Thousand Baht) Consolidated and separate financial statements For the years ended December 31,	
	2018	2017
Income taxes relating to:		
(Gains) losses on revaluation of available-for-sale investments	774,343	(994,233)
Gains on sales of available-for-sale investment transferred to be recognised in profit or loss	303,853	230,670
Actuarial (gain) loss	<u>(4,187)</u>	<u>422</u>
Income taxes (revenues) expenses as reported in statements of comprehensive income	<u>1,074,009</u>	<u>(763,141)</u>

20. OTHER ASSETS

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

	(Unit : Thousand Baht)			
	Consolidated financial statements For the years ended December 31,		Separate financial statements For the years ended December 31,	
	2018	2017	2018	2017
Derivative collateral	49,500	45,000	49,500	45,000
Prepaid income tax	100,917	135,785	100,917	135,785
Prepaid rental expenses	22,617	34,411	22,617	34,411
Deposits	51,099	45,130	27,822	21,776
Receivable from sales of investments	555,220	473,018	555,220	473,018
<u>Less</u> Allowance for doubtful accounts - receivable from sales of investments	(17,074)	-	(17,074)	-
Prepaid expenses	18,585	11,621	18,503	11,443
Others	116,521	79,084	103,592	58,025
Total other assets	<u>897,385</u>	<u>824,049</u>	<u>861,097</u>	<u>779,458</u>

21. INSURANCE CONTRACT LIABILITIES

As at December 31, 2018 and 2017, insurance contract liabilities consisted of the follows:

	(Unit : Thousand Baht)					
	Consolidated financial statements					
	December 31, 2018			December 31, 2017		
	Insurance contract liabilities	Reinsurance of liabilities	Net	Insurance contract liabilities	Reinsurance of liabilities	Net
Reserves for long-term insurance contracts	273,908,194	-	273,908,194	256,595,053	-	256,595,053
Claim reserves						
Reserves for reported claims	172,489	(153,422)	19,067	276,597	(127,385)	149,212
Reserves for claims incurred but not yet reported	93,163	-	93,163	91,365	-	91,365
Premium reserves						
Unearned premium reserves	1,322,760	(385,758)	937,002	1,180,093	(277,328)	902,765
Unpaid policy benefits	188,062	-	188,062	168,390	-	168,390
Other insurance liabilities	7,553,099	-	7,553,099	7,666,696	-	7,666,696
Total insurance contract liabilities	<u>283,237,767</u>	<u>(539,180)</u>	<u>282,698,587</u>	<u>265,978,194</u>	<u>(404,713)</u>	<u>265,573,481</u>

	(Unit : Thousand Baht)					
	Separate financial statements					
	December 31, 2018			December 31, 2017		
	Insurance contract liabilities	Reinsurance of liabilities	Net	Insurance contract liabilities	Reinsurance of liabilities	Net
Reserves for long-term insurance contracts	273,908,102	-	273,908,102	256,595,048	-	256,595,048
Claims reserves						
Reserves for reported claims	172,489	(153,422)	19,067	276,597	(127,385)	149,212
Reserves for claims incurred but not yet reported	93,163	-	93,163	91,365	-	91,365
Premium reserves						
Unearned premium reserves	1,322,760	(385,758)	937,002	1,180,093	(277,328)	902,765
Unpaid policy benefits	188,062	-	188,062	168,390	-	168,390
Other insurance liabilities	7,553,099	-	7,553,099	7,666,696	-	7,666,696
Total insurance contract liabilities	<u>283,237,675</u>	<u>(539,180)</u>	<u>282,698,495</u>	<u>265,978,189</u>	<u>(404,713)</u>	<u>265,573,476</u>

During the years 2018 and 2017, the Group and the Company management has entered into reinsurance contracts in order to manage insurance risk. The management manages this risk by considering obligations on net losses insurance, and disclosing the liabilities under insurance contracts, both in terms of gross insurance and net insurance.

21.1 Reserves for long-term insurance contracts

As at December 31, 2018 and 2017, reserves for long-term insurance contracts of the follows:

	Consolidated financial statements		(Unit : Thousand Baht) Separate financial statements	
	For the years ended December 31,		For the years ended December 31,	
	2018	2017	2018	2017
Balances - beginning of the year	256,595,053	233,412,294	256,595,048	233,412,294
Reserved increased for new businesses and inforce policies	26,432,388	30,075,220	26,432,301	30,075,215
Reserve decreased for death, maturities, benefits, claims, lapses and surrender	(8,459,595)	(7,552,113)	(8,459,595)	(7,552,113)
Reserve decreased (increase) for testing the adequacy of liabilities	(659,652)	659,652	(659,652)	659,652
Balances - end of the year	<u>273,908,194</u>	<u>256,595,053</u>	<u>273,908,102</u>	<u>256,595,048</u>

21.2 Claim reserves

As at December 31, 2018 and 2017, claim reserves consisted of the following:

	(Unit : Thousand Baht) Consolidated and separate financial statements	
	For the years ended December 31, 2018	2017
Balances - beginning of the year	367,962	233,740
Claims incurred in the current year	2,061,319	2,080,116
Claims paid during the year	(2,163,629)	(1,945,894)
Balances - end of the year	<u>265,652</u>	<u>367,962</u>

21.3 Unearned premium reserves

As at December 31, 2018 and 2017, claim reserves consisted of the following:

	(Unit : Thousand Baht) Consolidated and separate financial statements	
	For the years ended December 31, 2018	2017
Balances - beginning of the year	1,180,093	1,134,217
Premium written for the year	3,592,546	3,331,744
Premium earned for the year	(3,449,879)	(3,285,868)
Balances - end of the year	<u>1,322,760</u>	<u>1,180,093</u>

21.4 Claims development table

21.4.1 Claims development table - gross of reinsurance

As at December 31, 2018

(Unit : Thousand Baht)

Accident year	Consolidated and separate financial statements							Total
	Before 2013	2013	2014	2015	2016	2017	2018	
Estimate of Claims incurred:								
At end of accident year	1,649,630	1,550,013	1,609,003	1,662,369	1,786,230	1,788,556	1,968,053	-
One year later	1,744,596	1,647,789	1,659,839	1,737,751	1,853,353	1,871,946	-	-
Two year later	1,745,957	1,651,663	1,662,355	1,738,510	1,857,917	-	-	-
Three year later	1,745,957	1,651,663	1,662,355	1,738,510	-	-	-	-
Four year later	1,745,957	1,651,663	1,662,355	-	-	-	-	-
Five year later	1,745,957	1,651,663	-	-	-	-	-	-
Estimate of cumulative claims incurred	1,745,957	1,651,663	1,662,355	1,738,510	1,857,917	1,875,618	2,057,545	12,589,565
Cumulative payments to date	(1,730,441)	(1,650,860)	(1,660,975)	(1,736,598)	(1,857,095)	(1,871,379)	(1,816,565)	(12,323,913)
Total claims provision - gross of reinsurance	15,516	803	1,380	1,912	822	4,239	240,980	265,652

As at December 31, 2017

(Unit : Thousand Baht)

Accident year	Consolidated and separate financial statements						Total	
	Before 2012	2012	2013	2014	2015	2016		2017
Estimate of Claims incurred:								
At end of accident year	1,663,757	1,649,630	1,550,013	1,609,003	1,662,384	1,782,947	1,943,380	-
One year later	1,773,694	1,744,596	1,647,789	1,659,839	1,737,766	1,849,582	-	-
Two year later	1,774,857	1,745,957	1,651,663	1,662,355	1,738,526	-	-	-
Three year later	1,774,857	1,745,957	1,651,663	1,662,355	-	-	-	-
Four year later	1,774,857	1,745,957	1,651,663	-	-	-	-	-
Five year later	1,774,857	1,745,957	-	-	-	-	-	-
Estimate of cumulative claims incurred	1,774,857	1,745,957	1,651,663	1,662,355	1,738,526	1,852,048	2,032,279	12,457,685
Cumulative payments to date	(1,758,221)	(1,745,013)	(1,650,560)	(1,659,892)	(1,735,648)	(1,847,667)	(1,692,722)	(12,089,723)
Total claims provision - gross of reinsurance	16,636	944	1,103	2,463	2,878	4,381	339,557	367,962

21.4.2 Claims development table - net of reinsurance

As at December 31, 2018

(Unit : Thousand Baht)

Accident year	Consolidated and separate financial statements						Total	
	Before 2013	2013	2014	2015	2016	2017		2018
Estimate of Claims incurred:								
At end of accident year	1,649,630	1,550,013	1,609,003	1,662,369	1,786,230	1,788,556	1,968,053	-
One year later	1,744,596	1,647,789	1,659,839	1,737,751	1,853,353	1,871,946	-	-
Two year later	1,745,957	1,651,663	1,662,355	1,738,510	1,857,917	-	-	-
Three year later	1,745,957	1,651,663	1,662,355	1,738,510	-	-	-	-
Four year later	1,745,957	1,651,663	1,662,355	-	-	-	-	-
Five year later	1,745,957	1,651,663	-	-	-	-	-	-
Estimate of cumulative claims incurred	1,745,882	1,651,538	1,662,248	1,738,455	1,857,866	1,875,604	1,904,550	12,436,143
Cumulative payments to date	(1,730,441)	(1,650,860)	(1,660,975)	(1,736,598)	(1,857,095)	(1,871,379)	(1,816,565)	(12,323,913)
Total claims provision - gross of reinsurance	15,441	678	1,273	1,857	771	4,225	87,985	112,230

As at December 31, 2017

Accident year	Consolidated and separate financial statements						(Unit : Thousand Baht)	
	Before 2012	2012	2013	2014	2015	2016	2017	Total
Estimate of Claims incurred:								
At end of accident year	1,663,757	1,649,630	1,550,013	1,609,003	1,662,384	1,782,947	1,943,380	-
One year later	1,773,694	1,744,596	1,647,789	1,659,839	1,737,766	1,849,582	-	-
Two year later	1,774,857	1,745,957	1,651,663	1,662,355	1,738,526	-	-	-
Three year later	1,774,857	1,745,957	1,651,663	1,662,355	-	-	-	-
Four year later	1,774,857	1,745,957	1,651,663	-	-	-	-	-
Five year later	1,774,857	1,745,957	-	-	-	-	-	-
Estimate of cumulative claims incurred	1,774,884	1,745,980	1,651,634	1,662,113	1,737,411	1,850,863	1,907,415	12,330,300
Cumulative payments to date	(1,758,221)	(1,745,013)	(1,650,560)	(1,659,892)	(1,735,648)	(1,847,667)	(1,692,722)	(12,089,723)
Total claims provision - gross of reinsurance	16,663	967	1,074	2,221	1,763	3,196	214,693	240,577

21.5 Key assumptions

21.5.1 Assumptions used in the measurement of insurance reserves for long-term insurance contracts.

The Group and the Company measures insurance contract with Net Premium Valuation method by using cash flows estimation from premiums and benefits payment. The Group and the Company estimates premiums by actuarial methods and use assumptions such as discount rate, mortality rate, and disability rate by plus margin for administration expenses. This method excludes persistency rate.

The key assumptions in the actuarial method was summarised as follows:

(A) Mortality rates, morbidity rates and longevity rates

According to Thailand mortality tables on industry type and Thailand pensions table that were announced by the OIC.

(B) Discount rate

The discount rate in calculating the reserve was not higher than the interest rate that determine premium rates and not more than 6 percent per year.

21.5.2 Assumptions used in claims incurred but not reported.

The Group and the Company estimated claims for short-term contracts by considering their claims incurred but not reported. The assumptions used in the calculation as at the date of the latest report, which estimated from data collected in the past and judgment of the Group and the Company actuary.

21.6 Unpaid policy benefits

As at December 31, 2018 and 2017, unpaid policy benefits consisted of the following:

	(Unit : Thousand Baht)	
	Consolidated and separate financial statements	
	December 31, 2018	December 31, 2017
Death benefit	136,552	125,662
Maturity payment	49,548	40,444
Surrender	1,962	2,284
Total unpaid policy benefits	<u>188,062</u>	<u>168,390</u>

21.7 Other insurance liabilities

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

	(Unit : Thousand Baht)	
	Consolidated and separate financial statements	
	December 31, 2018	December 31, 2017
Deposit from insurance contracts	7,053,376	7,126,814
Premiums received in advance	421,000	462,377
Payable to policyholders on exempted premiums	78,723	77,505
Total other insurance liabilities	<u>7,553,099</u>	<u>7,666,696</u>

22. AMOUNT DUE TO REINSURANCE

As at December 31, 2018 and 2017, amount due to reinsurance consisted of the following:

	(Unit : Thousand Baht)	
	Consolidated and separate financial statements	
	December 31, 2018	December 31, 2017
Amount due to reinsurances	<u>585,436</u>	<u>1,003,195</u>
Total amount due to reinsurance	<u>585,436</u>	<u>1,003,195</u>

23. EMPLOYEE BENEFIT OBLIGATIONS

As at December 31, 2018 and 2017, employee benefit obligations consisted of the following:

	Consolidated		(Unit : Thousand Baht)	
	financial statements		Separate	
	December 31,	December 31,	December 31,	December 31,
	2018	2017	2018	2017
Post-employment benefit obligations for severance pay (see Note 23.1)	155,259	193,385	153,803	191,781
Other employment benefit obligation for long service awards (see Note 23.2)	23,378	35,442	23,309	35,316
Total employee benefit obligations	<u>178,637</u>	<u>228,827</u>	<u>177,112</u>	<u>227,097</u>

23.1 Post-employment benefit obligations for severance pay

Movement in post-employment benefit obligations for severance pay during the years ended December 31, consist of the following:

	Consolidated		(Unit : Thousand Baht)	
	financial statements		Separate	
	December 31,	December 31,	December 31,	December 31,
	2018	2017	2018	2017
Beginning balance as at January 1	193,385	168,955	191,781	167,700
Increases (decreases) during the year	<u>(38,126)</u>	<u>24,430</u>	<u>(37,978)</u>	<u>24,081</u>
Ending balance as at December 31	<u>155,259</u>	<u>193,385</u>	<u>153,803</u>	<u>191,781</u>

Under the Labor Protection Act and the Company's employment policy, all employees are entitled to receive the severance pay in accordance with the terms of labor laws, in the event that the employee reaches the retirement age of 60.

23.2 Other employment benefit obligations for long service awards

Movement in other employment benefit obligations for long service awards during the years ended December 31, consist of the following:

	Consolidated		(Unit : Thousand Baht)	
	financial statements		Separate	
	December 31,	December 31,	December 31,	December 31,
	2018	2017	2018	2017
Beginning balance as at January 1	35,442	32,851	35,316	32,715
Increases (decreases) during the year	<u>(12,064)</u>	<u>2,591</u>	<u>(12,007)</u>	<u>2,601</u>
Ending balance as at December 31	<u>23,378</u>	<u>35,442</u>	<u>23,309</u>	<u>35,316</u>

Provision for long-term employee benefits, which represents compensation payable to employees after they retire, and other long-term benefits for the years ended December 31, 2018 and 2017 were as follows:

	Consolidated financial statements For the years ended December 31,		(Unit : Thousand Baht) Separate financial statements For the years ended December 31,	
	2018	2017	2018	2017
Provision for long-term employee benefits at beginning of years	228,827	201,806	227,097	200,415
Included in profit or loss:				
Current service cost	28,904	26,925	28,996	26,652
Interest cost	7,437	7,063	7,381	7,014
Past service cost	35,749	-	35,585	-
Actuarial (gain) loss arising from				
Demographic assumptions changes	(3,499)	219	(3,492)	219
Financial assumptions changes	(6,923)	(2,303)	(6,908)	(2,009)
Experience adjustments	(4,402)	2,345	(4,386)	2,331
Included in other comprehensive income:				
Actuarial (gain) loss arising from				
Demographic assumptions changes	(35,790)	4,398	(35,604)	4,366
Financial assumptions changes	(4,939)	5,392	(4,915)	5,071
Experience adjustments	19,542	(7,343)	19,586	(7,327)
Benefits paid during the year	(86,269)	(9,675)	(86,228)	(9,635)
Provision for long-term employee benefits at end of years	178,637	228,827	177,112	227,097

The Group and the Company expect to pay Baht 9 million of long-term employee benefits during the next year (The Company only: Baht 8 million) (2017: Baht 16 million, the Company only : Baht 16 million).

As at December 31, 2018 and 2017, the weighted average duration of the liabilities for long-term employee benefit of the Group and the Company are 22 years and 21 years, respectively (The Company only: 22 years and 21 years, respectively).

Significant actuarial assumptions are summarised below:

	Consolidated financial statements		(Unit : Thousand Baht) Separate financial statements	
	2018 (% per annum)	2017 (% per annum)	2018 (% per annum)	2017 (% per annum)
Discount rate for defined benefit plans	3.52%	3.25%	3.52%	3.25%
Discount rate for other long-term employee benefits	3.52%	3.25%	3.52%	3.25%
Inflation rate for gold price	3.00%	5.00%	3.00%	5.00%
Salary increase rate	6.00%	6.00%	6.00%	6.00%
Turnover rate (depending on age of employee)	5.40%, 10.70%	3.20%, 9.30%	5.40%, 10.70%	3.20%, 9.30%
Gold per weight of Baht 1 (Baht)	20,200	20,500	20,200	20,500

* The mortality rate is based on the mortality table of 2017 which has not been included in the allowance.

The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at December 31, 2018 are summarised below:

	Assumptions increase (decrease) % per annum	(Unit : Thousand Baht)	
		Consolidated financial statements Amount increase (decrease)	Separate financial statements Amount increase (decrease)
Discount rate	0.25%	(4,386)	(4,364)
Discount rate	(0.25%)	4,556	4,533
Inflation rate of gold price	1.00%	1,664	1,660
Inflation rate of gold price	(1.00%)	(1,516)	(1,513)
Salary increase rate	0.25%	4,031	4,010
Salary increase rate	(0.25%)	(3,897)	(3,877)
Turnover rate	10.00%	(10,360)	(10,308)
Turnover rate	(10.00%)	11,233	11,178
Gold per weight of 1 Baht	10.00%	2,338	2,331
Gold per weight of 1 Baht	(10.00%)	(2,338)	(2,331)

The sensitivity analysis presented above may not be representative of the actual change in 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.

On December 13, 2018, the National Legislative Assembly passed a resolution approving the draft of a new Labour Protection Act, which is in the process being published in the Royal Gazette. The new Labour Protection Act stipulates additional legal severance pay rates for employees who have worked for an uninterrupted period of twenty years or more. Such employees are entitled to receive compensation of not less than that of the last 400 days, based on the final wage rate. This change is considered a post-employment benefits plan amendment and the Company and its subsidiaries have additional liabilities for long-term employee benefits. The Company and its subsidiaries have recorded the effect of the change by recognising past service costs as expenses immediately in the income statement. The Company will pay the additional compensation when the new Labour Protection Act becomes effective.

24. OTHER LIABILITIES

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

	Consolidated		(Unit : Thousand Baht)	
	financial statements		Separate	
	December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017
Accrued commission expenses	640,822	753,494	639,660	751,547
Accrued expenses	234,006	409,977	233,148	409,497
Premium received for policies not yet approved	93,021	159,514	93,021	159,514
Amounts received awaiting transfer	74,345	89,083	74,345	89,083
Specific Business Tax payable	140,295	130,798	140,295	130,798
Payable from purchases of investments	39,127	171,926	39,127	171,926
Withholding tax payable	63,673	59,730	63,559	59,550
Short-term employee benefit payables	61,753	141,699	61,753	140,566
Others	68,980	72,379	60,540	56,034
Total other liabilities	<u>1,416,022</u>	<u>1,988,600</u>	<u>1,405,448</u>	<u>1,968,515</u>

25. ISSUED AND PAID-UP SHARE CAPITAL AND PREMIUM ON SHARE CAPITAL

Reconciliation for the years ended December 31, 2018 and 2017 is as follows:

	Consolidated and separate financial statements					Capital
	Registered Capital		Issued and paid-up share capital		Share premium	reserve on share-based payments
	Number of shares (Thousand shares)	Thousand Baht	Number of shares (Thousand shares)	Thousand Baht	Thousand Baht	Thousand Baht
Balances as at January 1, 2017	1,708,000	1,708,000	1,705,953	1,705,953	3,309,857	11,323
Expenses in respect of share-based payments (Note 26)	-	-	1,613	1,613	38,710	1,103
Transfer capital reserve for share-based payment transactions to premium on share capital as a result of warrant No. 2 exercise	-	-	-	-	12,426	(12,426)
Balances as at December 31, 2017	<u>1,708,000</u>	<u>1,708,000</u>	<u>1,707,566</u>	<u>1,707,566</u>	<u>3,360,993</u>	<u>-</u>
Balances as at December 31, 2018	<u>1,708,000</u>	<u>1,708,000</u>	<u>1,707,566</u>	<u>1,707,566</u>	<u>3,360,993</u>	<u>-</u>

26. SHARE-BASED PAYMENT - WARRANTS

On November 23, 2007, the Extraordinary General Meeting No. 2 of the Company's shareholders passed a resolution approving the issuance of 20 million units of registered and non-transferrable warrants (Warrant No. 1) to be allotted to employees. The Company already allocated 12.85 million units of Warrant No. 1 to employees, leaving 7.15 million units unallocated. On April 26, 2011, the Annual General Meeting of shareholders of the Company passed a resolution approving the cancellation of the unallocated 7.15 million units of Warrant No. 1 and the issuance of 7.15 million units of registered and non-transferrable warrants (Warrant No. 2) in place of the cancelled Warrant No. 1, which were already allocated to employee and/or managements and the grant date is stipulated to be April 1, 2012.

The allocations of warrants to employees can be summarised as follows:

Approved by the Executive Board of Directors of the Company	(Unit : Thousand Baht) Number of units of warrants		
	Warrant No. 1	Warrant No. 2	Total
on May 29, 2008	11,500	-	11,500
on August 11, 2009	1,350	-	1,350
on February 22, 2012	-	7,150	7,150
Total	<u>12,850</u>	<u>7,150</u>	<u>20,000</u>

These warrants expire the earlier of 5 years from the issue date and the termination date of employment. The exercise ratio is 1 unit of warrant to 1 new ordinary share and the exercise price is equal to Baht 13.50 per share for Warrant No. 1 and Baht 35.00 per share for Warrant No. 2. The first exercise date is 3 years from the grant date.

The Company's Board of Director's meeting No. 5/2014, held on August 8, 2014, passed a resolution to revise the exercise ratios of the warrants allotted to employees, as a result of the grant of a stock dividend. The exercise ratios were revised from 1 unit of warrant to 1 new ordinary share to 1 unit of warrant to 1.40 new ordinary shares and the exercise prices were adjusted from Baht 13.50 per share and Baht 35.00 per share to Baht 9.64 per share and Baht 25.00 per share, for Warrant No. 1 and Warrant No. 2, respectively.

The issue of Warrant No. 2 was approved by the Annual General Meeting of shareholders held after January 1, 2011, during which Thai Financial Reporting Standard No. 2 "Share-Based Payment" (TFRS 2) became effective. The Company therefore calculated the average fair value of the warrants at the grant date, which is Baht 20.45 per unit, in order to record expenses in respect of share-based payments in accordance with such accounting standard.

The following information is used to determine fair value of the warrants.

Expected dividend yield	- 1.5%
Expected stock price volatility	- 39.9% (estimated with reference to historical price information of the Company)
Risk-free interest rate	- 3.51% - 3.64%
Expected life of warrants	- Not more than 5 years from the date of issuance or upon termination of an employee
Model used	- Black Schole - continuous model

Employee expenses in respect of share-based payments (Warrant No. 2) recognised for the years ended December 31, 2017, amounting to Baht 1.1 million, as described in Notes 25.

Movements of warrants during the year ended December 31, 2017 are summarised below:

	(Unit : Thousand units) For the year ended December 31, 2017 Warrant No. 2
Number of unexercised warrants as at January 1, 2017	612
Exercised during the period	(572)
Warrants expire	(40)
Number of unexercised warrants as at December 31, 2017	<u> </u> <u> </u> -

During the year ended December 31, 2016, the Warrant No. 2 holders exercised rights 1.8 million units of warrants at an exercise price of Baht 25.00 each, or for a total of Baht 63.2 million.

During the year ended December 31, 2017, the Company transferred subscriptions received in advance from the eighth exercise of warrants No. 2 amounting to Baht 20.30 million to issued and paid-up share capital and share premium. In addition, the holders of warrant No. 2 exercised the ninth right of 0.57 million units of warrants at an exercise price of Baht 25.00 each, amounting to Baht 20.02 million. Details of movement are summarised as follows:

(Unit : Thousand Baht)

	Consolidated and separate financial statements For the year ended December 31, 2017						Share capital increase registration date	Listing date
	Units of warrants (Thousand units)	Exercise price per share (Baht)	Proceeds from exercise (Thousand Baht)	Issued and paid-up share capital (Thousand Baht)	Share premium (Thousand Baht)	Subscriptions received in advance from exercises of warrants (Thousand Baht)		
Warrant No. 2								
Beginning balance the eighth	580	25.00	20,300	-	-	20,300		
Transactions during the period								
The eighth								
Transfer during the period	-	-	-	812	19,488	(20,300)	January 19, 2017	January 26, 2017
The ninth								
Exercise and transfer during the period	572	25.00	20,023	801	19,222	-	April 24, 2017	April 10, 2017
Total				<u>1,613</u>	<u>38,710</u>	<u>-</u>		

27. STATUTORY RESERVE

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

28. OPERATING SEGMENT

The Group and the Company presented operating segment information in the same manner as that reported to the Office of Insurance Commission ("OIC") on the report of underwriting information reported by insurance categories since the management considered that The Group and the Company is operating its core business in a single segment (i.e. life insurance business) and in a single geographic area that is Thailand with Operation in Cambodia which is insignificant. Hence, all items as presented in this segment information are consistent to The Group and the Company internal reports that are regularly reviewed by the chief operating decision maker in order to make decision about allocation of resources to the segment and evaluate its performance. The chief operating decision maker has been identified as the Chief Executive Officer.

Underwriting information classified by insurance categories for the years ended December 31, 2018 and 2017 is as follows:

(Unit : Thousand Baht)

Consolidated financial statements					
For the year ended December 31, 2018					
	Traditional products - no participating dividend	Life annuity products - no participating dividend	Personal accident	Others	Total
Underwriting income					
Premium written	39,812,506	1,038,184	41,305	-	40,891,995
<u>Less</u> Premium ceded	(1,303,543)	-	-	-	(1,303,543)
Net premium written	38,508,963	1,038,184	41,305	-	39,588,452
<u>Less</u> Unearned premium reserve increased from prior year	(33,780)	-	(457)	-	(34,237)
Net earned premium	38,475,183	1,038,184	40,848	-	39,554,215
Fee and commission income	374,928	-	-	-	374,928
Total underwriting income	38,850,111	1,038,184	40,848	-	39,929,143
Underwriting expenses					
Life policy reserves increased from prior years	16,631,705	681,350	-	-	17,313,055
Benefit payments under life policies and claims net refundable from reinsurance	24,496,828	167,563	6,854	-	24,671,245
Commissions and brokerage expenses	3,342,867	111,575	792	9,850	3,465,084
Other underwriting expenses	839,443	17,043	671	19	857,176
Total underwriting expenses	45,310,843	977,531	8,317	9,869	46,306,560

(Unit : Thousand Baht)

Consolidated financial statements					
For the year ended December 31, 2017					
	Traditional products - no participating dividend	Life annuity products - no participating dividend	Personal accident	Others	Total
Underwriting income					
Premium written	42,804,070	1,194,363	40,723	-	44,039,156
<u>Less</u> Premium ceded	(1,096,809)	-	-	-	(1,096,809)
Net premium written	41,707,261	1,194,363	40,723	-	42,942,347
<u>Less</u> Unearned premium reserve increased from prior years	(26,712)	-	(866)	-	(27,578)
Net earned premium	41,680,549	1,194,363	39,857	-	42,914,769
Fee and commission income	268,146	-	-	-	268,146
Total underwriting income	41,948,695	1,194,363	39,857	-	43,182,915
Underwriting expenses					
Life policy reserves increased from prior years	22,483,736	699,018	-	-	23,182,754
Benefit payments under life policies and claims net refundable from reinsurance	22,727,313	91,934	5,102	-	22,824,349
Commissions and brokerage expenses	3,378,696	119,352	803	8,742	3,507,593
Other underwriting expenses	959,804	21,908	731	84	982,527
Total underwriting expenses	49,549,549	932,212	6,636	8,826	50,497,223

29. OPERATING EXPENSES

For the years ended December 31, 2018 and 2017, operating expenses consisted of the following:

	Consolidated		(Unit : Thousand Baht)	
	financial statements		Separate	
	For the years ended		financial statements	
	December 31,		For the years ended	
	2018	2017	2018	2017
Personnel expenses	1,048,121	923,362	1,042,617	916,734
Premises and equipment expenses	177,927	170,597	177,478	170,121
Taxes and duties	5,320	5,895	5,320	5,895
Other operating expenses	539,179	572,505	538,554	572,341
Total operating expenses	<u>1,770,547</u>	<u>1,672,359</u>	<u>1,763,969</u>	<u>1,665,091</u>

30. EXPENSES BY NATURE

For the years ended December 31, 2018 and 2017, expenses by nature consisted of the following:

	Consolidated		(Unit : Thousand Baht)	
	financial statements		Separate	
	For the years ended		financial statements	
	December 31,		For the years ended	
	2018	2017	2018	2017
Employee related expenses				
Included in benefit payments under life policies and claims	35,989	33,707	35,989	33,707
Included in other underwriting expenses	23,526	19,487	23,526	19,487
Included in operating expenses	1,048,121	923,362	1,042,617	916,734
Total	<u>1,107,636</u>	<u>976,556</u>	<u>1,102,132</u>	<u>969,928</u>
Premises and equipment expenses				
Included in operating expenses	177,927	170,597	177,478	170,121
Total	<u>177,927</u>	<u>170,597</u>	<u>177,478</u>	<u>170,121</u>

31. PROVIDENT FUND

The Group and its employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Both employees and the Group contribute to the fund monthly at the rate of 5 percent to 15 percent of basic salary. The fund, which is managed by a license fund manager, will be paid to employees upon termination in accordance with the fund rules. During the years 2018 and 2017, the Group and the Company contributed to the fund by Baht 40 million and Baht 40 million, respectively (The Company only: Baht 40 million and Baht 40 million, respectively).

32. GAINS ON REVALUATION

For the years ended December 31, 2018 and 2017, gains on revaluation consisted of the following:

	(Unit : Thousand Baht)	
	Consolidated and separate financial statements	
	For the years ended December 31,	
	2018	2017
Unrealised losses from held-for-trading investments	(15,580)	(15,272)
Unrealised gains on foreign exchange contracts	59,522	53,830
Gains on exchange rate	18,034	62,846
Total fair value gains	<u>61,976</u>	<u>101,404</u>

33. EFFECTED TAX OF OTHER COMPREHENSIVE INCOME

For the years ended December 31, 2018 and 2017, effected tax of other comprehensive income consisted of the following:

	(Unit : Thousand Baht)					
	Consolidated financial statements					
	For the years ended December 31,					
	2018			2017		
	Amount before taxes	Income (expense) taxes	Amount after taxes	Amount before taxes	Income (expense) taxes	Amount after taxes
Gains (losses) on remeasuring available-for-sale investments	(3,871,715)	774,343	(3,097,372)	4,971,167	(994,233)	3,976,934
Reversal of gain realised on the disposal of available-for-sale investments	(1,519,265)	303,853	(1,215,412)	(1,153,351)	230,670	(922,681)
Foreign exchange differences on translation of financial statements in foreign currency	(496)	-	(496)	(9,115)	-	(9,115)
Actuarial gain (loss)	21,187	(4,187)	17,000	(2,447)	422	(2,025)
Total	<u>(5,370,289)</u>	<u>1,074,009</u>	<u>(4,296,280)</u>	<u>3,806,254</u>	<u>(763,141)</u>	<u>3,043,113</u>

	(Unit : Thousand Baht)					
	Separate financial statements					
	For the years ended December 31,					
	2018			2017		
	Amount before taxes	Income (expense) taxes	Amount after taxes	Amount before taxes	Income (expense) taxes	Amount after taxes
Gains (losses) on remeasuring available-for-sale investments	(3,871,715)	774,343	(3,097,372)	4,971,167	(994,233)	3,976,934
Reversal of (gain) losses realised on the disposal of available-for-sale investments	(1,519,265)	303,853	(1,215,412)	(1,153,351)	230,670	(922,681)
Actuarial gain (loss)	20,933	(4,187)	16,746	(2,110)	422	(1,688)
Total	<u>(5,370,047)</u>	<u>1,074,009</u>	<u>(4,296,038)</u>	<u>3,815,706</u>	<u>(763,141)</u>	<u>3,052,565</u>

34. RELATED PARTY TRANSACTIONS

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

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

Name of related parties	Type of business	Relationship with the Company
Bangkok Bank Pcl.	Banking	Related by way of common shareholders
Bangkok Insurance Pcl.	Insurance	Shareholding and related by way of common directors
Sorachai Vivatn Co., Ltd.	Property development	Related by way of common shareholders
Thaire Life Assurance Pcl.	Life assurance	Related by way of common directors
Bumrungrad Hospital Pcl.	Health care services	Related by way of common shareholders
Rajburi Sugar Co., Ltd.	Industry	Related by way of common directors
Narai Ruamphiphat Co., Ltd.	Property development	Shareholding by an individual related to the major shareholder of the Company
Bangkok Business Building (1987) Co., Ltd.	Rental of assets	Related by way of common shareholders
Tris Corporation Ltd.	Services	Related by way of common directors
Union Textile Industries Pcl.	Industry	Related by way of common shareholders
Charoen Pokphand Foods Pcl. ⁽²⁾	Agriculture	Related by way of common directors
TICON Industrial Connection Pcl.	Property development	Holding by an individual related to the major shareholder of the Company
Indorama Ventures Public Company Limited	Petrochemical	Related by way of common directors
Asia warehouse Co., Ltd.	Rental of assets	Shareholding by the major shareholder of the Company
Ek-Chai Distribution System Co., Ltd.	Commercial	Related by way of common directors
BBL Asset Management Co., Ltd. ⁽¹⁾	Asset management	Shareholding and related by way of common directors
Bualuang Securities Pcl.	Securities	Subsidiary of the major shareholder of the Company
BLA Insurance Broker Co., Ltd	Insurance broker	Subsidiary
Bangpain Golf Co., Ltd	Services	Related by way of common shareholders
Bangkok Mitsubishi UFJ Lease Co., Ltd.	Services	Related by way of common shareholders
Samitivij Pcl. ⁽³⁾	Health care service	Related by way of common directors
TM Design Co., Ltd.	Services	Holding by an individual related to the major shareholder of the Company
I-Direct Insurance Broker Co., Ltd.	Life Insurance broker	Related by way of common shareholders
Bangkok Life Assurance (Cambodia) Public Limited Company	Life insurance	Subsidiary

⁽¹⁾ It had been considered a related party until November 29, 2016 because the Company and its subsidiaries have no common directors with BBL Asset Management Co., Ltd. since then and have common directors once again with BBL Asset Management Co., Ltd. since March 23, 2017 and had been considered a related party until May 5, 2018 because the Company and its subsidiaries have no common directors with BBL Asset Management Co., Ltd. since then. However, since November 2, 2018, the Company and its subsidiaries have common directors once again with BBL Asset Management Co., Ltd.

⁽²⁾ It had been considered a related party unit April 25, 2017 because the Company and its subsidiaries have no common directors with Charoen Pokphand Foods Pcl. since then.

⁽³⁾ It had been considered a related party unit May 1, 2018 because the Company and its subsidiaries have no common directors with Samitivij Pcl. since then.

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

(Unit : Thousand Baht)

	Consolidated financial statements For the years ended December 31,		Pricing policy
	2018	2017	
Related parties			
Premium written	7,089	5,769	Normal commercial terms for underwriting
Premium ceded to reinsurers	314,024	279,148	Normal commercial terms for underwriting
Interest income - deposits at banks, promissory notes and debentures	426,266	456,515	Same rates as those offered by financial institutions and related companies to general customers
Interest income - mortgage loans	3,954	5,591	Same rates as the Company charged to general borrowers who mortgage assets as collateral
Dividend income	288,319	450,450	The declared amount
Rental and service income	11,838	33,183	Rate on agreements those charged by rental and service fees per square meter per month
Brokerage income from securities trading	38,166	72,323	Normal commercial terms for securities brokerage
Gain (loss) on forward and swap foreign exchange contracts	91,137	(267,709)	Normal commercial terms on contracts
Commission and brokerage	1,704,705	1,836,480	At a mutually agreed percentage of premium written
Claim refundable from reinsurance	297,030	231,957	Normal commercial terms for underwriting
Claim payment and diagnose charge	19,433	75,144	Normal commercial terms for underwriting
Bank charges	157,059	156,283	Same rates as those charged by financial institutions and related companies to general customers
Insurance premium	2,499	1,966	Normal commercial terms for underwriting
Building space rental and services	71,847	68,550	Head office building: Rental fee of approximately Baht 90 per square meter per month and service fee of Baht 29 per square meter per month for long-term agreement and approximately Baht 44, Baht 138 per square meter per month and service fees approximately Baht 91 and Baht 307 per square meter per month. Branch office buildings: Rental fees of approximately Baht 100, Baht 150, Baht 188 and Baht 315 per square meter per month and service fees of approximately Baht 342 and Baht 200 per square meter per month.
Other services	12,582	17,499	Normal commercial terms for services

(Unit : Thousand Baht)

	Separate financial statements For the years ended December 31,		Pricing policy
	2018	2017	
Transactions with related companies			
Subsidiaries			
Rental and service income	569	616	Rate on agreements as those charged by rental and service fees per square meter per month
Related parties			
Written premium	7,089	5,769	Normal commercial terms for underwriting
Premium ceded to reinsurers	314,024	279,148	Normal commercial terms for underwriting
Interest income - deposits at banks, promissory notes and debentures	426,245	456,489	Same rates as those offered by financial institutions and related companies to general customers
Interest income - mortgage loans	3,954	5,591	Same rates as the Company charged to general borrowers who mortgage assets as collateral
Dividend income	288,319	450,450	The declared amount
Brokerage income from securities trading	38,166	72,323	Normal commercial terms for securities brokerage
Gain (loss) on forward and swap foreign exchange contracts	91,137	(267,709)	Normal commercial terms on contracts
Commission and brokerage	1,704,705	1,836,480	At a mutually agreed percentage of premium written
Claim refundable from reinsurance	297,030	231,957	Normal commercial terms for underwriting
Claim payment and diagnose charge	19,433	75,144	Normal commercial terms for underwriting
Bank charges	156,969	156,166	Same rates as those charged by financial institutions and related companies to general customers
Insurance premium	2,493	1,960	Normal commercial terms for underwriting
Building space rental and services	71,847	68,550	Head office building: Rental fee of approximately Baht 90 per square meter per month and service fee of Baht 29 per square meter per month for long-term agreement and approximately Baht 44, Baht 138 per square meter per month and service fees approximately Baht 91 and Baht 307 per square meter per month. Branch office buildings: Rental fees of approximately Baht 100, Baht 150, Baht 188 and Baht 315 per square meter per month and service fees of approximately Baht 342 and Baht 200 per square meter per month.
Other services	6,277	17,499	Normal commercial terms for services

Net premium written from the Bancassurance distribution channel represented approximately 61.46% and 64.15% of total net premium written, respectively.

As at December 31, 2018 and 2017, the balance of the accounts between the Company and those related companies are as follows:

	Consolidated		(Unit : Thousand Baht)	
	financial statements		Separate	
	December 31,	December 31,	December 31,	December 31,
	2018	2017	2018	2017
Subsidiaries				
Other liabilities				
Deposits income	-	-	66	66
Total other liabilities	-	-	66	66
Related parties				
Deposit at financial institution (included in cash and cash equivalents)	578,555	1,051,281	570,847	1,043,223
Investments assets				
Available-for-sale investments - cost				
Domestic equity securities	2,185,247	2,221,635	2,185,247	2,221,635
Domestic units trust	3,462,177	3,337,446	3,462,177	3,337,446
Total available-for-sale investment - cost	5,647,424	5,559,081	5,647,424	5,559,081
Add Unrealised gains	2,007,586	2,030,324	2,007,586	2,030,324
Total available-for-sale investments - fair value	7,655,010	7,589,405	7,655,010	7,589,405
Held-to-maturity investments - cost/amortised cost				
Private enterprise debt securities	2,945,000	2,745,000	2,945,000	2,745,000
Foreign debt securities	5,729,391	6,316,261	5,729,391	6,316,261
Total held-to-maturity investment - cost/amortised cost	8,674,391	9,061,261	8,674,391	9,061,261
General investments - foreign equity securities	11,167	11,167	11,167	11,167
Loans	47,614	73,060	47,614	73,060
Total investments assets	16,388,182	16,734,893	16,388,182	16,734,893
Amount due from reinsurance	222,375	230,784	222,375	230,784
Forward and swap foreign exchange contract receivables	8,139,953	5,585,475	8,139,953	5,585,475
Other assets				
Accrued income	5,867	6,641	-	-
Prepaid rental expenses	22,617	34,411	22,617	34,411
Prepaid expense	15	208	15	208
Total other assets	28,499	41,260	22,632	34,619
Amount due to reinsurance	145,082	187,294	145,082	187,294
Outstanding claims	1,626	10,468	1,626	10,468
Forward and swap foreign exchange contract payables	8,155,733	5,622,022	8,155,733	5,622,022
Other liabilities				
Accrued commission	268,975	366,786	268,975	366,786
Accrued Premium	8,439	16,410	-	-
Accrued rental and service expense	60	128	60	128
Total other liabilities	277,474	383,324	269,035	366,914

Directors and key management's benefits

During the years ended December 31, 2018 and 2017, the Group and the Company had employee benefit expenses payable to their directors and key management as below:

	Consolidated financial statements For the years ended December 31,		(Unit : Thousand Baht) Separate financial statements For the years ended December 31,	
	2018	2017	2018	2017
Short-term employee benefits	71,439	55,481	71,439	55,481
Long-term employee benefits	2,688	1,842	2,688	1,842
Share-based payment transactions (Note 26)	-	360	-	360
Total directors and management's benefits	<u>74,127</u>	<u>57,683</u>	<u>74,127</u>	<u>57,683</u>

The details of the warrants which allocated to the Company's employees are presented in Note 26 to the financial statements.

35. ASSETS PLACED WITH THE REGISTRAR

As at December 31, 2018 and 2017, the following assets have been placed as securities with the Registrar in accordance with the Life Insurance Act.

	(Unit : Thousand Baht)			
	Consolidated and separate financial statements December 31, 2018		December 31, 2017	
	Cost/ Amortised cost	Fair value	Cost/ Amortised cost	Fair value
State enterprise bonds	<u>23,127</u>	<u>24,881</u>	<u>23,200</u>	<u>25,605</u>

36. ASSETS RESERVED WITH THE REGISTRAR

As at December 31, 2018 and 2017, the following securities have been placed as reserves with the Registrar in accordance with the Life Insurance Act.

	(Unit : Thousand Baht)			
	Consolidated and separate financial statements December 31, 2018		December 31, 2017	
	Cost/ Amortised cost	Fair value	Cost/ Amortised cost	Fair value
Government bonds	58,433,626	65,717,481	52,400,828	61,274,166
State enterprise bonds	<u>4,899,967</u>	<u>5,359,018</u>	<u>5,699,921</u>	<u>6,375,488</u>
Total	<u>63,333,593</u>	<u>71,076,499</u>	<u>58,100,749</u>	<u>67,649,654</u>

37. CONTRIBUTION TO LIFE INSURANCE FUND

For the years ended December 31, 2018 and 2017, contribution to life insurance fund consisted of the following:

	(Unit : Thousand Baht)	
	Consolidated and separate financial statements	
	For the years ended December 31,	
	2018	2017
Life insurance fund at the beginning of the years	343,828	299,789
Contribution during the years	40,892	44,039
Life insurance fund at the end of the years	<u>384,720</u>	<u>343,828</u>

38. EARNINGS PER SHARE

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

Diluted earnings per share is calculated by dividing profit for the year attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the year 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 the conversion took place either at the beginning of the period or on the date the potential ordinary shares were issued.

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

	Consolidated financial statements					
	Profits (losses) for the years (Thousand Baht)		Weighted average number of shares (Thousand shares)		Earnings per share (Baht)	
	2018	2017	2018	2017	2018	2017
Basic earnings (losses) per share						
Profits (losses) attributable to ordinary shareholders of the Company						
- From continuing operations	4,980,056	3,644,531			2.916	2.134
- From discontinued operations	<u>(10,317)</u>	<u>(9,143)</u>			<u>(0.006)</u>	<u>(0.005)</u>
Profit attributable to ordinary shareholders of the Company	<u>4,969,739</u>	<u>3,635,388</u>	<u>1,707,566</u>	<u>1,707,566</u>	<u>2.910</u>	<u>2.129</u>
Diluted earnings per share	<u>4,969,739</u>	<u>3,635,388</u>	<u>1,707,566</u>	<u>1,707,566</u>	<u>2.910</u>	<u>2.129</u>

	Separate financial statements					
	Profits for the years (Thousand Baht)		Weighted average number of shares (Thousand shares)		Earnings per share (Baht)	
	2018	2017	2018	2017	2018	2017
Basic earnings per share						
Profits attributable to ordinary shareholders of the Company	4,926,021	3,645,241	1,707,566	1,707,566	2.885	2.135
Diluted earnings per share	4,926,021	3,645,241	1,707,566	1,707,566	2.885	2.135

39. DIVIDENDS PAID

Dividends declared during the years ended December 31, 2018 and 2017 consisted of the following:

	Approved by	Total dividend (Million Baht)	Dividend per share (Baht)
Annual dividend for 2017	Annual General Meeting of the Shareholders on April 27, 2018 and the OIC on April 18, 2018	375	0.22
Interim dividend from operations for six-month period ended June 30, 2018	Meeting of Board of Directors on August 9, 2018 and the OIC on September 5, 2018	546	0.32
Total dividend for the year 2018		<u>921</u>	<u>0.54</u>
Annual dividend for 2016	Annual General Meeting of the Shareholders on April 27, 2017 and the OIC on May 8, 2017	730	0.43
Interim dividend from operations for six-month period ended June 30, 2017	Meeting of Board of Directors on August 10, 2017 and the OIC on September 13, 2017	543	0.32
Total dividend for the year 2017		<u>1,273</u>	<u>0.75</u>

40. COMMITMENTS

- 40.1 As at December 31, 2018 and 2017, the Company entered into construction building agreement with local companies totaling of Baht 122.56 million and Baht 228.06 million, respectively. The Company had commitment according to the agreements amounting to Baht 54.19 million and Baht 44.73 million, respectively.
- 40.2 The Group and the Company have entered into several lease agreements in respect of the lease of office building space, motor vehicles and equipment. The terms of the agreements are generally between 1 and 5 years for leases of building space and are generally between 1 and 5 years for leases of motor vehicles and equipment. Such agreements are non-cancellable.

As at December 31, 2018 and 2017, future minimum lease payments required under these non-cancellable operating lease contracts were as follows:

(Unit : Million Baht)			
Consolidated financial statement			
December 31, 2018			
	1 year	Pay within 1 - 5 years	Total
Operating lease agreements			
- Related parties	26.92	9.69	36.61
Operating lease agreements			
- Other parties	17.67	15.02	32.69
Service agreements	0.23	0.02	0.25
Total	44.82	24.73	69.55

(Unit : Million Baht)			
Consolidated financial statement			
December 31, 2017			
	1 year	Pay within 1 - 5 years	Total
Operating lease agreements			
- Related parties	27.61	28.91	56.52
Operating lease agreements			
- Other parties	22.08	18.26	40.34
Service agreements	0.23	0.03	0.26
Total	49.92	47.20	97.12

(Unit : Million Baht)			
Separate financial statement			
December 31, 2018			
	1 year	Pay within 1 - 5 years	Total
Operating lease agreements			
- Related parties	26.92	9.69	36.61
Operating lease agreements			
- Other parties	17.52	14.96	32.48
Service agreements	0.21	-	0.21
Total	44.65	24.65	69.30

(Unit : Million Baht)			
Separate financial statement			
December 31, 2017			
	1 year	Pay within 1 - 5 years	Total
Operating lease agreements			
- Related parties	27.61	28.91	56.52
Operating lease agreements			
- Other parties	21.92	18.04	39.96
Service agreements	0.21	-	0.21
Total	49.74	46.95	96.69

The Group and the Company recognized rental expense derived from the operating leases for the year ended December 31, 2018 amounting to Baht 51.04 million (December 31, 2017 amounting to Baht 54.16 million).

- 40.3 As at December 31, 2018 and 2017, the Group and the Company may need to deposit additional amounts in the future under the investment conditions as described in Note 11.6 (a) to the interim financial statements, as summarised below.

Payable within	(Unit : Thousand Baht)	
	Consolidated and separate financial statements December 31, 2018	December 31, 2017
1 year	1,200,000	1,200,000
2 - 5 years	-	300,000

- 40.4 As at December 31, 2018 and 2017, the Company had bank guarantee issued by banks Baht 2.2 million and Baht 1.5 million, respectively.

41. LITIGATION

As at December 31, 2018 and 2017, the Group and the Company has been sued in litigation cases of compensation of claims totaling approximately Baht 12 million and Baht 18 million, respectively, for being the insurer and the cases have yet been finalised. The Company has yet provided for any provision for loss on such cases since there are still uncertainty with respect to the outcome of the cases.

42. FAIR VALUE OF FINANCIAL INSTRUMENTS

The Group and the Company use the market approach to measure their assets that are required to be measured at fair value by relevant financial reporting standards, except that the cost approach or income approach is used when there is no active market or when a quoted market price is not available.

Fair value hierarchy

In applying the above-mentioned valuation techniques, the Company and its subsidiaries endeavor to use relevant observable inputs as much as possible.

TFRS 13 "Fair Value Measurement" establishes a fair value hierarchy categorising such inputs into three levels as follows:

Level 1 - Use of quoted market prices in an observable active market for such assets

Level 2 - Use of other observable inputs for such assets whether directly or indirectly

Level 3 - Use of unobservable inputs such as estimates of future cash flows

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

	(Unit : Thousand Baht)			
	Consolidated and separated financial statements			
	December 31, 2018			
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Held-for-trading investments				
Equity instruments	33,497	-		33,497
Available-for-sale investments				
Equity instruments	39,533,401	6,083,698	-	45,617,099
Debt instruments	-	29,554,842	-	29,554,842
Assets for which fair value are disclosed				
Held-to-maturity investments				
Debt instruments	-	220,003,790	13,565,293	233,569,083
Investment property	-	-	23,127	23,127
Derivatives				
Cross currency swap contracts	-	551,362	-	551,362
Forward exchange contracts	-	125,015	-	125,015
Loans				
Policy loans	-	-	8,588,670	8,588,670
Mortgage loans	-	-	3,767,208	3,767,208
Liabilities for which fair value are disclosed				
Derivatives				
Cross currency swap contracts	-	143,304	-	143,304
Forward exchange contracts	-	713	-	713
(Unit : Thousand Baht)				
	Consolidated and separated financial statements			
	December 31, 2017			
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Held-for-trading investments				
Equity instruments	87,957	-	-	87,957
Available-for-sale investments				
Equity instruments	38,200,799	6,226,402	-	44,427,201
Debt instruments	-	32,694,734	-	32,694,734
Assets for which fair value are disclosed				
Held-to-maturity investments				
Debt instruments	-	215,456,259	13,636,723	229,092,982
Investment property	-	-	22,660	22,660
Derivatives				
Cross currency swap contracts	-	701,820	-	701,820
Forward exchange contracts	-	36,670	-	36,670
Loans				
Policy loans	-	-	7,865,321	7,865,321
Mortgage loans	-	-	2,295,883	2,295,883
Liabilities for which fair value are disclosed				
Derivatives				
Cross currency swap contracts	-	132,206	-	132,206
Forward exchange contracts	-	937	-	937

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

43. LIFE INSURANCE COMPANY RISK

The Group and the Company recognises the importance of risk management across the entity. To comply with the Group and the Company risk management policy, which requires the Group and the Company to identify risks area and risk management to minimise the impact this may have happened in terms of the financial position and the Group and the Company reputation.

Insurance risk

Insurance risk may cause from mortality risk, mobility rate, persistency rate or actual expenses ratio which may differ from estimated expenses ratio which may cause negative impact to the Group and the Company operating results. Insurance risk management start from product development stage which the Group and the Company set up product development team to create idea and develop product to meet target group's desirable and support the Group and the Company operating strategy under the Group and the Company risk management policy.

Moreover, the Group and the Company set up clear underwriting policy standard for each product plan, age and sex. Underwriting process consider the mortality risk, persistency rate or premium payment ability of the policyholder. After issued policy, the Group and the Company need to evaluate the adequacy of insurance contract liabilities and capital adequacy ratio (CAR) to meet and greater than the minimum level required by regulation to ensure that the Group and the Company is able to support the risks that may arise in the future.

The Group and the Company usually reviews assumptions used in product development, liabilities adequacy test and capital adequacy ratio (CAR) to ensure that the assumptions are up to date. The Group and the Company main insurance risks consist of

(a) Interest rate

Interest rate risk is the fluctuations in interest rates. The Group and the Company manages this risk by establishing Risk Committee to monitor and report Key Risk Indicators (KRI) closely and also performing Asset and Liability Management (ALM) by duration matching to reduce the effect of volatility of interest rates both assets and liabilities sides. The Company performs stress test under current and future scenario for proper Asset and Liability Management on consistent basis.

(b) Product development risk

Product development risk is the risk from error in product development process. Bancassurance channel was the Group and the Company main channel. Therefore, the Group and the Company manage this risk by develop product to expand other channel i.e. agent, group, telemarketing and new channel, new channel, online channel together with product development and applying technology to support customer's requirement, along with a review of the pricing factors and new product design and other factors of new product, improving product before getting approvals from product design working team.

The sensitivity of insurance risk

Reserves for long-term insurance contracts

The Group and the Company calculates reserves for long-term insurance contracts using a net level premium valuation (“NPV”) method with lock-in assumptions, meaning that reserves for long-term insurance contracts are not affected by changes in mortality rates, morbidity rates and discount rates. However, liabilities adequacy tests are performed at the end of each reporting period by comparing the NPV reserve with the reserve calculated using the gross premiums valuation (“GPV”) method, using current assumptions and since most of the Group and the Company products are benefit guaranteed products, the factor that has the greatest impact on the calculation of reserves for long-term insurance contracts under GPV method is the discount rate, which is the risk-free rate plus an illiquidity premium. An increase in the risk-free rate will therefore cause the GPV reserve to decrease and to be lower than the NPV reserve, and the Group and the Company does not need to recognize the additional expense in the statement of profit and loss. On the contrary, a decrease in the risk-free rate will cause the GPV reserve to increase and in the event that the GPV reserve exceeds the NPV reserve, the Group and the Company has to recognize the difference as an additional expense in profit and loss due to liabilities adequacy test. As at December 31, 2018, the Group and the Company has no additional LAT reserve because the Group and the Company reserves for long-term insurance contracts prepared under the NPV method are adequate, and in the event of a 0.25% decrease in the interest rate the Group and the Company would have no additional obligations.

Loss reserves

Loss reserve is set aside for the costs of claims incurred but not reported (IBNR) as at end of the reporting period, based on an actuarial method. The key assumption affecting this reserve is the expected inflation rate of future healthcare services, which may cause estimated losses to be lower than the estimated loss in the future. However, comparison of the loss reserve to the life policy reserve shows its proportion lower than 1%. Changes in the loss reserve assumptions will not materially affect profit or loss. The Company therefore did not perform sensitivity testing for the risk associated with the loss reserve.

Concentration risk

Concentration risk is the risk that the Group and the Company may be affected significantly by any single event. The Group and the Company manages concentration risk by distributing its life insurance products among a wide range of customer groups throughout Thailand. Events that may affect the Group and the Company due to concentration of its products include:

1. Changes in the mortality rate trend of the population as modern medical technology increases the lifespan of the population, resulting in higher benefit payments for pension products.
2. Changes in financial market factors, such as a significant decrease in interest rates may negatively affect products that offer guaranteed benefits.

The following table shows the concentration of insurance contract liabilities by types of contracts.

(Unit : Thousand Baht)

	Consolidated financial statements							
	Insurance contract liabilities - Gross of reinsurance							
	December 31, 2018				December 31, 2017			
	Traditional products - no participating dividend	Life annuity products - no participating dividend	Group insurance and riders	Total	Traditional products - no participating dividend	Life annuity products - no participating dividend	Group insurance and riders	Total
Reserves for long-term insurance contracts	270,387,265	3,520,929	-	273,908,194	253,755,474	2,839,579	-	256,595,053
Claim reserves	-	-	265,652	265,652	-	-	367,962	367,962
Total	270,387,265	3,520,929	265,652	274,173,846	253,755,474	2,839,579	367,962	256,963,015

(Unit : Thousand Baht)

	Consolidated financial statements							
	Insurance contract liabilities - Net of reinsurance							
	December 31, 2018				December 31, 2017			
	Traditional products - no participating dividend	Life annuity products - no participating dividend	Group insurance and riders	Total	Traditional products - no participating dividend	Life annuity products - no participating dividend	Group insurance and riders	Total
Reserves for long-term insurance contracts	270,387,265	3,520,929	-	273,908,194	253,755,474	2,839,579	-	256,595,053
Claim reserves	-	-	112,230	112,230	-	-	240,577	240,577
Total	270,387,265	3,520,929	112,230	274,020,424	253,755,474	2,839,579	240,577	256,835,630

(Unit : Thousand Baht)

	Separate financial statements							
	Insurance contract liabilities - Gross of reinsurance							
	December 31, 2018				December 31, 2017			
	Traditional products - no participating dividend	Life annuity products - no participating dividend	Group insurance and riders	Total	Traditional products - no participating dividend	Life annuity products - no participating dividend	Group insurance and riders	Total
Reserves for long-term insurance contracts	270,387,173	3,520,929	-	273,908,102	253,755,469	2,839,579	-	256,595,048
Claim reserves	-	-	265,652	265,652	-	-	367,962	367,962
Total	270,387,173	3,520,929	265,652	274,173,754	253,755,469	2,839,579	367,962	256,963,010

(Unit : Thousand Baht)

	Separate financial statements							
	Insurance contract liabilities - Net of reinsurance							
	December 31, 2018				December 31, 2017			
	Traditional products - no participating dividend	Life annuity products - no participating dividend	Group insurance and riders	Total	Traditional products - no participating dividend	Life annuity products - no participating dividend	Group insurance and riders	Total
Reserves for long-term insurance contracts	270,387,173	3,520,929	-	273,908,102	253,755,469	2,839,579	-	256,595,048
Claim reserves	-	-	112,230	112,230	-	-	240,577	240,577
Total	270,387,173	3,520,929	112,230	274,020,332	253,755,469	2,839,579	240,577	256,835,625

Liquidity risk

Liquidity risk is the risk of loss as a result of the Group and the Company inability to liquidate financial assets and/or procure sufficient funds to discharge its obligations in a timely manner. The Group and the Company manage liquidity risk by maintaining sufficient levels of cash and cash equivalents to fund their operations.

(Unit : Thousand Baht)

Consolidated and separate financial statements
December 31, 2018

	Over			Total
	0 - 5 years	5 - 10 years	10 years	
Assets				
Reinsurance assets	539,180	-	-	539,180
Investment in securities ⁽¹⁾	148,629,756	92,617,315	138,984,706	380,231,777
Total assets	<u>149,168,936</u>	<u>92,617,315</u>	<u>138,984,706</u>	<u>380,770,957</u>
Liabilities				
Reserves for long-term insurance contracts ⁽²⁾	97,495,121	125,294,167	165,041,664	387,830,952
Claim reserves	265,652	-	-	265,652
Total liabilities	<u>97,760,773</u>	<u>125,294,167</u>	<u>165,041,664</u>	<u>388,096,604</u>

(1) Total principal amount and interest

(2) Amount before discount

(Unit : Thousand Baht)

Consolidated and separate financial statements
December 31, 2017

	Over			Total
	0 - 5 years	5 - 10 years	10 years	
Assets				
Reinsurance assets	404,713	-	-	404,713
Investment in securities ⁽¹⁾	122,321,790	105,530,260	140,644,040	368,496,090
Total assets	<u>122,726,503</u>	<u>105,530,260</u>	<u>140,644,040</u>	<u>368,900,803</u>
Liabilities				
Reserves for long-term insurance contracts ⁽²⁾	72,787,715	147,730,220	143,156,710	363,674,645
Claim reserves	367,962	-	-	367,962
Total liabilities	<u>73,155,677</u>	<u>147,730,220</u>	<u>143,156,710</u>	<u>364,042,607</u>

(1) Total principal amount and interest

(2) Amount before discount

44. FINANCIAL INSTRUMENTS

44.1 Financial risk management

The Group and the Company financial instruments, as defined under Thai Accounting Standard No.107 “Financial Instruments: Disclosure and Presentations”, principally comprise cash and cash equivalents, premiums receivable, reinsurance assets/liabilities, loans, and investments. The financial risks associated with these financial instruments and how they are managed is described below.

Credit risk

Concentrations of the credit risk with respect to loans and premium receivables are expected to be low due to the large number of customers and borrowers and their dispersion across different industries and geographic regions in Thailand. The maximum exposure to credit risk is the carrying value of such assets as presented in statement of financial position.

There is insignificant risk from policy loans since the sum that the Company has lent to insured parties is less than cash value of their policies with the Group and the Company. The maximum value of the risk arising from secured loans is the amount of the loan less the value which the Group and the Company is able to derive from the assets placed as collateral.

Market risk

Market risk is the risk that change in interest rates, foreign exchange rates and securities prices may have an effect on the Group and the Company financial position.

Interest rate risk

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates.

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

As at December 31, 2018 and 2017, financial assets classified by type of interest rate are summarised in the table below:

	(Unit : Thousand Baht)		
	Consolidated financial statements		
	December 31, 2018		
	No interest	Floating interest rate	Fixed interest rate
Cash equivalents	858,148	1,752,515	7,214,929
Investments in securities			
Government and state enterprise securities	-	-	140,658,605
Private enterprise debt securities	-	2,600,000	92,348,928
Foreign debt securities	-	-	7,971,385
Deposit at financial institutions with maturity period of longer than 3 months	-	-	3,400,000
Loans			
Policy loans	-	-	7,798,115
Mortgage loans	-	-	3,761,948
Other loans	-	-	1,478
Total	858,148	4,352,515	263,155,388

	(Unit : Thousand Baht)		
	Consolidated financial statements		
	December 31, 2017		
	No interest	Floating interest rate	Fixed interest rate
Cash equivalents	985,007	722,127	2,268,658
Investments in securities			
Government and state enterprise securities	-	-	146,119,017
Private enterprise debt securities	-	2,600,000	79,730,209
Foreign debt securities	-	-	8,808,914
Deposit at financial institutions with maturity period of longer than 3 months	-	-	3,810,000
Loans			
Policy loans	-	-	7,104,797
Mortgage loans	-	-	2,292,843
Other loans	-	-	6,964
Total	985,007	3,322,127	250,141,402

(Unit : Thousand Baht)			
Separate financial statements			
December 31, 2018			
	No interest	Floating interest rate	Fixed interest rate
Cash equivalents	781,406	1,749,449	7,214,929
Investments in securities			
Government and state enterprise securities	-	-	140,658,605
Private enterprise debt securities	-	2,600,000	92,348,928
Foreign debt securities	-	-	7,971,385
Deposit at financial institutions with maturity period of longer than 3 months	-	-	3,400,000
Loans			
Policy loans	-	-	7,798,115
Mortgage loans	-	-	3,761,948
Other loans	-	-	1,478
Total	781,406	4,349,449	263,155,388

(Unit : Thousand Baht)			
Separate financial statements			
December 31, 2017			
	No interest	Floating interest rate	Fixed interest rate
Cash equivalents	890,593	717,841	2,268,658
Investments in securities			
Government and state enterprise securities	-	-	146,119,017
Private enterprise debt securities	-	2,600,000	79,730,209
Foreign debt securities	-	-	8,808,914
Deposit at financial institutions with maturity period of longer than 3 months	-	-	3,810,000
Loans			
Policy loans	-	-	7,104,797
Mortgage loans	-	-	2,292,843
Other loans	-	-	6,964
Total	890,593	3,317,841	250,141,402

As at December 31, 2018 and 2017, the financial assets that carry fixed interest rates further classified based on the maturity date, or the repricing date (if this occurs before the maturity date) as follows:

(Unit : Thousand Baht)					
Consolidated and separate financial statements					
December 31, 2018p					
	Within 1 year	1 - 5 years	Over 5 years	Total	Average interest rate (% p.a.)
Cash equivalents	7,214,929	-	-	7,214,929	1.47
Investments in securities					
Government and state enterprise securities	7,868,911	16,298,787	116,490,907	140,658,605	4.02
Private enterprises debt securities	1,848,300	30,802,422	59,698,206	92,348,928	4.26
Foreign debt securities	160,000	3,068,298	4,743,087	7,971,385	4.45
Deposit at financial institutions which amounts maturing in over 3 months	3,400,000	-	-	3,400,000	2.82
Loans					
Mortgage loans	945,654	1,217,542	1,598,752	3,761,948	5.73
Other loans	1,425	-	53	1,478	6.00
Total	21,439,219	51,387,049	182,531,005	255,357,273	

(Unit : Thousand Baht)					
Consolidated and separate financial statements					
December 31, 2017					
	Within 1 year	1 - 5 years	Over 5 years	Total	Average interest rate (% p.a.)
Cash equivalents	2,268,658	-	-	2,268,658	1.07
Investments in securities					
Government and state enterprise securities	13,178,297	11,251,329	121,689,391	146,119,017	3.96
Private enterprises debt securities	2,036,029	19,656,246	58,037,934	79,730,209	4.35
Foreign debt securities	553,402	1,410,000	6,845,512	8,808,914	4.46
Deposit at financial institutions which amounts maturing in over 3 months	2,410,000	1,400,000	-	3,810,000	2.67
Loans					
Mortgage loans	143,502	1,344,913	804,428	2,292,843	6.44
Other loans	6,910	-	54	6,964	6.00
Total	20,596,798	35,062,488	187,377,319	243,036,605	

Foreign currency risk

The Group and the Company significant exposure to foreign currency risk is in respect of its investments in bonds and unit trusts which are denominated in foreign currencies. The Group and the Company utilises forward exchange and cross currency swap contracts to manage the risk.

As at December 31, 2018 and 2017, the balances of financial assets denominated in foreign currencies are summarised below:

Foreign currency	Financial assets as at December 31,		Financial liabilities as at December 31,		Average exchange rate as at December 31,	
	2018	2017	2018	2017	2018	2017
	(Million units)		(Million units)		(Baht per 1 foreign currency unit)	
US dollar	739.1	801.0	686.0	706.5	32.31	33.94
Yen	475.3	350.0	1,340.9	1,240.9	0.29	0.30
Euro	47.7	30.4	39.1	23.8	38.15	38.28
LAK	40,824.0	40,824.0	-	-	0.0038	0.0041
Singapore	89.6	38.6	83.3	38.7	23.96	24.58

As at December 31, 2018 and 2017 foreign exchange contracts outstanding are summarised below.

Foreign currency	Long position as at December 31,		Contractual exchange rates		Maturity date	
	2018	2017	2018	2017	2018	2017
	(Million units)		(Baht per 1 foreign currency unit)		(Baht per 1 foreign currency unit)	
US dollar	686.0	706.5	29.25 - 36.30	29.25 - 36.30	Jan. 2019 - Oct. 2026	Jan. 2018 - Oct. 2026
Yen	1,340.9	1,240.9	0.2909 - 0.3062	0.2914 - 0.3142	Jan. 2019 - Dec. 2019	Jan. 2018 - Dec. 2018
Euro	39.1	23.8	37.518 - 39.92	38.50 - 39.85	Jan. 2019 - Sep. 2028	Jan. 2018 - Sep. 2018
Singapore	83.3	38.7	23.57 - 24.47	24.145 - 24.80	Jan. 2019 - Jun 2019	Jan. 2018 - Oct. 2018

44.2 Fair value of financial instruments

The estimated fair value of significant financial instruments, in comparison with the related amounts carried in the statement of financial position, is as follows:

(Unit : Thousand Baht)

	Consolidated financial statements			
	As at December 31, 2018		As at December 31, 2017	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets at fair value				
Cash and cash equivalents	9,825,592	9,825,592	3,975,792	3,975,792
Investments in securities				
Held-for-trading investments	33,497	33,497	87,957	87,957
Available-for-sale investments	75,171,941	75,171,941	77,121,935	77,121,935
Assets for which fair value are disclosed				
Investments in securities				
Held-to-maturity investments	217,424,076	233,569,083	208,373,406	229,092,982
Derivative				
Cross currency swap contracts	231,179	551,362	341,168	701,820
Forward exchange contracts	43,708	125,015	8,279	36,670
Loans				
Policy loans	7,798,115	8,588,670	7,104,797	7,865,321
Mortgage loans	3,761,948	3,767,208	2,292,843	2,295,883
Investment property	17,752	23,127	18,817	22,660
Liabilities for which fair value are disclosed				
Derivative				
Cross currency swap contracts	630,372	143,304	738,011	132,206
Forward exchange contracts	13,922	713	27,602	937

(Unit : Thousand Baht)

	Separate financial statements			
	As at December 31, 2018		As at December 31, 2017	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets at fair value				
Cash and cash equivalents	9,745,784	9,745,784	3,877,092	3,877,092
Investments in securities				
Held-for-trading investments	33,497	33,497	87,957	87,957
Available-for-sale investments	75,171,941	75,171,941	77,121,935	77,121,935
Assets for which fair value are disclosed				
Investments in securities				
Held-to-maturity investments	217,424,076	233,569,083	208,373,406	229,092,982
Derivative				
Cross currency swap contracts	231,179	551,362	341,168	701,820
Forward exchange contracts	43,708	125,015	8,279	36,670
Loans				
Policy loans	7,798,115	8,588,670	7,104,797	7,865,321
Mortgage loans	3,761,948	3,767,208	2,292,843	2,292,883
Investment property	17,752	23,127	18,817	22,660
Liabilities for which fair value are disclosed				
Derivative				
Cross currency swap contracts	630,372	143,304	738,011	132,206
Forward exchange contracts	13,922	713	27,602	937

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

- a) For financial assets and liabilities which have short-term maturity, including cash and cash equivalents, their carrying amounts in the statement of financial position approximate their fair value.
- b) For debts securities, their fair values are generally derived from quoted market prices or determined by using the yield curve as announced by the Thai Bond Market Association or by other relevant bodies.
- c) For equity securities, their fair values are generally derived from quoted market prices.
- d) For policy loans, their fair values are estimated by discounting expected future cash flow by the interest-free bonds.
- e) For mortgage loans, their fair values are estimated by discounting expected future cash flow by the current market interest rate of the loans with similar terms and conditions. Thus, carrying value presented in the financial statements is closely to fair value.
- f) For derivatives, their fair values have been determined by using fair values obtained from its counterparties, who are banks.

45. CAPITAL MANAGEMENT

The primary objective of the Company's capital management are to ensure that it has an appropriate financial structure, to preserves the Company's ability to continue its business as a going concern and to maintain risk-based capital in accordance with Declarations of the OIC.

46. EVENT AFTER THE REPORTING PERIOD

At the Company's Board of Directors' meeting held on February 26, 2019, the Board of Directors passed a resolution to approve a dividend payment of Baht 0.40 per share. However, the payment of dividend must be approved by the resolution of the Annual General Meeting of shareholders of the Company and the Office of Insurance Commission.

47. RECLASSIFICATIONS

47.1 Reclassification has been made to the consolidated and separate statement of profit or loss and other comprehensive income for the year ended December 31, 2018 to conform to the classification used in the consolidated and separate statement of profit or loss and other comprehensive income for the year ended December 31, 2018 as follows:

(Unit: Thousand Baht)

Transactions	Consolidated and separate financial statements		
	Amount	Previous presentation	Current presentation
Investment expenses	50,796	Operating expenses	Net with net investment income

The consolidated and separate statements of cash flows for the year ended December 31, 2017 have been reclassified to conform to the above reclassifications.

47.2 The reclassifications to conform to presentation of discontinued operation

(Unit : Thousand Baht)

	Consolidated financial statements For the year ended December 31, 2018			
	Reclassifications for discontinued operation			
	Before reclassifications	Reclassification in Note 47.1	for discontinued operation	After reclassifications
Statement of profit or loss and other comprehensive income				
Net earned premium	42,914,960	-	191	42,914,769
Net investment income	11,602,975	50,796	41	11,552,138
Other income	131,642	-	(3)	131,645
Total revenues	54,649,577	50,796	229	54,598,552
Life policy reserves increased from prior year	23,182,760	-	6	23,182,754
Commissions and brokerages	3,507,630	-	37	3,507,593
Other underwriting expenses	986,213	-	3,686	982,527
Operating expenses	1,737,238	50,796	14,083	1,672,359
Total expenses	29,413,841	50,796	17,812	29,345,233
Profit (loss) before income tax expense	4,142,680	-	(17,583)	4,160,263
Income tax expense	(515,739)	-	-	(515,739)
Profit (loss) for the year	3,626,941	-	(17,583)	3,644,524

48. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were authorised for issue by the Board of Directors on February 26, 2019.