

Nam Seng Insurance Public Company Limited  
Review report and interim financial statements  
31 March 2019

## **Independent Auditor's Report on Review of Interim Financial Information**

To the Shareholders of Nam Seng Insurance Public Company Limited

I have reviewed the accompanying statement of financial position of Nam Seng Insurance Public Company Limited as at 31 March 2019, the related statements of comprehensive income, changes in owners' equity and cash flows for the three-month period then ended, as well as the condensed notes to the financial statements. Management is responsible for the preparation and presentation of this interim financial information in accordance with Thai Accounting Standard 34: Interim Financial Reporting. My responsibility is to express a conclusion on this interim financial information based on my review.

### **Scope of review**

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

### **Conclusion**

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

Narissara Chaisuwan

Certified Public Accountant (Thailand) No. 4812

EY Office Limited

Bangkok: 8 May 2019

**Nam Seng Insurance Public Company Limited****Statement of financial position****As at 31 March 2019**

		(Unit: Baht)	
	Note	31 March 2019	31 December 2018
		(Unaudited but reviewed)	(Audited)
<b>Assets</b>			
Cash and cash equivalents	3	389,774,339	166,469,806
Premium receivables - net	4, 19	219,673,065	241,914,515
Accrued investment income		13,152,903	11,908,780
Reinsurance assets - net	5	147,253,166	156,870,803
Reinsurance receivables - net	6	175,923,769	167,910,157
Investment assets			
Investments in securities - net	7	2,350,421,964	2,461,613,166
Loans - net	8	8,702,620	8,604,828
Premises and equipment - net	9	181,227,821	183,389,712
Intangible assets - net	10	1,771,681	1,986,829
Deferred tax assets	11.1	171,516,412	161,500,240
Other assets	12	76,329,944	50,542,585
<b>Total assets</b>		<b>3,735,747,684</b>	<b>3,612,711,421</b>

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

**Nam Seng Insurance Public Company Limited**  
**Statement of financial position (continued)**  
**As at 31 March 2019**

		(Unit: Baht)	
	Note	31 March 2019	31 December 2018
		(Unaudited but reviewed)	(Audited)
<b>Liabilities and owners' equity</b>			
<b>Liabilities</b>			
Insurance contract liabilities	13	1,846,955,101	1,783,126,234
Amounts due to reinsurers	14	282,733,379	260,203,228
Income tax payable		46,647,724	32,460,678
Employee benefit obligations		42,130,652	40,365,959
Accrued commissions	19	34,998,411	33,648,885
Other liabilities	15	159,442,673	142,737,077
<b>Total liabilities</b>		<b>2,412,907,940</b>	<b>2,292,542,061</b>
<b>Equity</b>			
Share capital			
Registered			
20,000,000 ordinary shares of Baht 10 each		200,000,000	200,000,000
Issued and paid-up			
13,900,000 ordinary shares of Baht 10 each		139,000,000	139,000,000
Premium on share capital		594,436,835	594,436,835
Retained earnings			
Appropriated			
Statutory reserve		24,848,787	24,848,787
General reserve		6,163,850	6,163,850
Unappropriated		560,051,918	571,416,714
Other component of owners' equity			
Revaluation deficit on available-for-sale			
investments - net of income taxes	7.2	(1,661,646)	(15,696,826)
<b>Total owners' equity</b>		<b>1,322,839,744</b>	<b>1,320,169,360</b>
<b>Total liabilities and owners' equity</b>		<b>3,735,747,684</b>	<b>3,612,711,421</b>
		-	-

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

Directors

(Unaudited but reviewed)

**Nam Seng Insurance Public Company Limited**

**Statement of comprehensive income**

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

		(Unit: Baht)	
	Note	2019	2018
			(Reclassified)
<b>Profit or loss:</b>			
<b>Revenues</b>			
Gross premium written	19.2	581,025,522	465,250,752
Less: Premium ceded to reinsurers		(74,000,056)	(35,134,238)
Net premium written		507,025,466	430,116,514
Less: Unearned premium reserves (increased) decreased from prior period		(55,838,983)	3,636,482
Net earned premium		451,186,483	433,752,996
Commission and brokerage income from reinsurers		15,522,322	12,558,628
Net investment revenues		19,547,009	26,618,127
Gain (loss) on investments		(425,894)	6,337,042
Fair value gain (loss)		3,410,397	(2,734,290)
Other income		3,903,017	4,432,894
<b>Total revenues</b>		<b>493,143,334</b>	<b>480,965,397</b>
<b>Expenses</b>			
Long-term insurance policy reserve increased		4,430,058	2,325,197
Gross claims		285,361,887	271,993,131
Less: Claim recovery from reinsurers		(28,244,726)	(21,795,222)
Commission and brokerage expenses	19.2	86,762,042	72,599,102
Other underwriting expenses		53,481,881	43,305,766
Operating expenses	17	73,501,372	69,938,354
<b>Total expenses</b>		<b>475,292,514</b>	<b>438,366,328</b>
<b>Profits before income tax expenses</b>		<b>17,850,820</b>	<b>42,599,069</b>
Less: Income tax expenses	11.2	(2,110,616)	(5,390,556)
<b>Profits for the period</b>		<b>15,740,204</b>	<b>37,208,513</b>

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

(Unaudited but reviewed)

**Nam Seng Insurance Public Company Limited**  
**Statement of comprehensive income (continued)**  
**For the three-month period ended 31 March 2019**

		(Unit: Baht)
Note	2019	2018
		(Reclassified)
<b>Other comprehensive income:</b>		
Items to be recognised in profit or loss in subsequent periods:		
Gain (loss) on revaluation of available-for-sale investments	17,543,976	(15,283,267)
Add (less): Benefit (expense) taxes	11.2 (3,508,796)	3,056,653
Items to be recognised in profit or loss in subsequent periods		
- net of income taxes	14,035,180	(12,226,614)
<b>Other comprehensive income for the period (loss)</b>	<b>14,035,180</b>	<b>(12,226,614)</b>
<b>Total comprehensive income for the period</b>	<b>29,775,384</b>	<b>24,981,899</b>
<b>Earnings per share</b>		
Basic earnings per share		
Profits for the period	18 1.13	2.68

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

(Unaudited but reviewed)

**Nam Seng Insurance Public Company Limited**

**Statement of cash flows**

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

	(Unit: Baht)	
	2019	2018
<b>Cash flows from (used in) operating activities</b>		
Direct premium written	603,631,428	558,192,995
Cash received (paid) on reinsurance	(13,136,011)	75,837,055
Interest income	13,990,016	11,100,947
Dividend income	4,312,869	14,131,074
Other income	3,902,915	4,021,173
Losses paid on direct insurance	(274,552,732)	(453,767,047)
Commissions and brokerages expenses on direct insurance	(85,399,649)	(73,522,408)
Other underwriting expenses	(54,435,169)	(44,708,479)
Operating expenses	(105,025,561)	(88,190,422)
Income taxes	(1,448,538)	(1,567,694)
Investments in securities	132,109,449	179,113,948
Loans	(97,792)	595,405
<b>Net cash provided by operating activities</b>	<b>223,851,225</b>	<b>181,236,547</b>
<b>Cash flows from (used in) investing activities</b>		
Cash received from disposals of premises and equipment	280	419,611
Cash paid for purchase of premises and equipment	(456,972)	(1,448,727)
Cash paid for purchase of intangible assets	(90,000)	(18,159)
<b>Net cash used in investing activities</b>	<b>(546,692)</b>	<b>(1,047,275)</b>
<b>Net increase in cash and cash equivalents</b>	<b>223,304,533</b>	<b>180,189,272</b>
Cash and cash equivalents at beginning of the period	166,469,806	66,390,903
<b>Cash and cash equivalents at end of the period</b>	<b>389,774,339</b>	<b>246,580,175</b>

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

(Unaudited but reviewed)

**Nam Seng Insurance Public Company Limited**  
**Statement of changes in owners' equity**  
**For the three-month period ended 31 March 2019**

(Unit: Baht)

	Note	Issued and paid-up share capital	Premium on share capital	Retained earnings			Other component of owners' equity	Total
				Appropriated		Unappropriated	Revaluation surplus (deficit) on available-for-sale investments	
				Statutory reserve	General reserve		- net of income taxes	
<b>Balance as at 1 January 2018</b>		139,000,000	594,436,835	24,848,787	6,163,850	530,142,623	27,426,415	1,322,018,510
Profit for the period		-	-	-	-	37,208,513	-	37,208,513
Other comprehensive income (loss) for the period		-	-	-	-	-	(12,226,614)	(12,226,614)
Total comprehensive income (loss) for the period		-	-	-	-	37,208,513	(12,226,614)	24,981,899
Dividends paid	23	-	-	-	-	(24,325,000)	-	(24,325,000)
<b>Balance as at 31 March 2018</b>		<u>139,000,000</u>	<u>594,436,835</u>	<u>24,848,787</u>	<u>6,163,850</u>	<u>543,026,136</u>	<u>15,199,801</u>	<u>1,322,675,409</u>
<b>Balance as at 1 January 2019</b>		139,000,000	594,436,835	24,848,787	6,163,850	571,416,714	(15,696,826)	1,320,169,360
Profit for the period		-	-	-	-	15,740,204	-	15,740,204
Other comprehensive income for the period		-	-	-	-	-	14,035,180	14,035,180
Total comprehensive income for the period		-	-	-	-	15,740,204	14,035,180	29,775,384
Dividends paid	23	-	-	-	-	(27,105,000)	-	(27,105,000)
<b>Balance as at 31 March 2019</b>		<u>139,000,000</u>	<u>594,436,835</u>	<u>24,848,787</u>	<u>6,163,850</u>	<u>560,051,918</u>	<u>(1,661,646)</u>	<u>1,322,839,744</u>

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



# Nam Seng Insurance Public Company Limited

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For the three-month period ended 31 March 2019

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**Nam Seng Insurance Public Company Limited**

**Notes to interim financial statements**

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

**1. Corporate information**

Nam Seng Insurance Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. The Company’s major shareholder is N.S. Alliance Co., Ltd., which was incorporated in Thailand whereby as at 31 March 2019 and 31 December 2018, such major shareholder held 28.75% of the issued and paid-up share capital of the Company. The Company is principally engaged in the provision of non-life insurance while its head office is located in Bangkok and has 27 sub-branches located in provinces. The Company’s registered office is located at No. 767 Krungthep-Nonthaburi Road, Bangsue Sub-district, Bangsue District, Bangkok.

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

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

These interim financial statements are prepared in accordance with Thai Accounting Standard 34: Interim Financial Reporting and the format of financial statements specified in the Notification of the Office of Insurance Commission (“OIC”) regarding criteria, procedures, conditions and terms for preparation and submission of financial statements and operating performance reports of non-life insurance companies B.E. 2559 dated 4 March 2016 whereby the Company has chosen to present condensed interim financial statements. However, the Company has presented each line item in the statements of financial position, comprehensive income, changes in owners’ equity and cash flows in the same full format as that used for its annual financial statements.

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

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

## 2.2 New financial reporting standards

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

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

#### **IFRS 15 Revenue from Contracts with Customers**

IFRS 15 supersedes the following accounting standards together with related interpretations.

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

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

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

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

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

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

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

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

##### **Financial reporting standards related to financial instruments**

A set of TFRSs related to financial instruments consists of five accounting standards and interpretations, as follows:

Financial reporting standards:

TFRS 7	Financial Instruments: Disclosures
TFRS 9	Financial Instruments

Accounting standard:

TAS 32	Financial Instruments: Presentation
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Financial Reporting Standard Interpretations:

TFRIC 16	Hedges of a Net Investment in a Foreign Operation
TFRIC 19	Extinguishing Financial Liabilities with Equity Instruments

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

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

### **TFRS 16 Leases**

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

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

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

## **2.3 Significant accounting policies**

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

## **3. Cash and cash equivalents**

	(Unit: Baht)	
	31 March 2019	31 December 2018
Cash on hand	132,274	283,776
Deposits at banks with no fixed maturity date	339,642,065	66,186,030
Deposits at banks with fixed maturity date	50,000,000	100,000,000
Total cash and cash equivalents	389,774,339	166,469,806

As at 31 March 2019, bank deposits in saving accounts and fixed accounts carried interest at the rates between 0.00 - 1.50 percent per annum (31 December 2018: between 0.00 - 1.45 percent per annum).

**4. Premium receivables**

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

	(Unit: Baht)	
	31 March 2019	31 December 2018
Not yet due	162,479,225	196,738,091
Overdue not longer than 30 days	30,771,479	32,313,538
Overdue 31 days to 60 days	32,570,849	19,101,894
Overdue 61 days to 90 days	8,816,856	3,250,505
Overdue 91 days to 1 year	4,604,702	3,081,735
Overdue longer than 1 year	6,811,792	6,757,934
Total	246,054,903	261,243,697
Less: Allowance for doubtful accounts	(26,381,838)	(19,329,182)
Premium receivables - net	<u>219,673,065</u>	<u>241,914,515</u>

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

**5. Reinsurance assets**

	(Unit: Baht)	
	31 March 2019	31 December 2018
Insurance reserves refundable from reinsurers		
- Long-term insurance policy reserves	17,256,448	19,539,668
- Loss reserves	32,797,535	35,382,409
- Unearned premium reserves	97,199,183	101,948,726
Reinsurance assets - net	<u>147,253,166</u>	<u>156,870,803</u>

**6. Reinsurance receivables**

	(Unit: Baht)	
	31 March 2019	31 December 2018
Amounts deposited on reinsurance	3,074	3,074
Amounts due from reinsurers	176,491,316	168,475,237
Total	176,494,390	168,478,311
Less: Allowance for doubtful accounts	(570,621)	(568,154)
Reinsurance receivables - net	<u>175,923,769</u>	<u>167,910,157</u>

**7. Investments in securities****7.1 Classified by type of investment**

(Unit: Baht)

	31 March 2019		31 December 2018	
	Cost/ Amortised cost	Fair value	Cost/ Amortised cost	Fair value
<b>Trading investments</b>				
Equity securities	71,644,853	66,561,986	68,741,818	60,252,435
Unit trusts	3,330,472	3,352,577	5,819,420	5,837,643
Total	74,975,325	69,914,563	74,561,238	66,090,078
Less: Unrealised losses	(5,060,762)	-	(8,471,160)	-
Total trading investments	69,914,563	69,914,563	66,090,078	66,090,078
<b>Available-for-sale investments</b>				
Equity securities	28,588,255	29,998,213	36,819,031	35,928,209
Unit trusts	366,600,248	362,828,105	405,353,739	385,953,159
Debentures	60,000,000	60,285,128	60,000,000	60,670,369
Total	455,188,503	453,111,446	502,172,770	482,551,737
Less: Unrealised losses	(2,077,057)	-	(19,621,033)	-
Less: Allowance for impairment	(6,365,870)	(6,365,870)	(6,496,990)	(6,496,990)
Available-for-sale investments - net	446,745,576	446,745,576	476,054,747	476,054,747
<b>Held-to-maturity investments</b>				
Government and state enterprise securities	614,647,512		615,287,633	
Saving lottery	23,550,000		23,550,000	
Private enterprise debt securities	659,945,844		710,046,321	
Foreign debt securities	69,470,449		49,436,367	
Deposits at financial institutions which matured over 3 months	464,000,000		519,000,000	
Total held-to-maturity investments	1,831,613,805		1,917,320,321	
<b>Other investments</b>				
Equity securities	2,148,020		2,148,020	
Total other investments	2,148,020		2,148,020	
<b>Investment in securities - net</b>	<b>2,350,421,964</b>		<b>2,461,613,166</b>	

**7.2 Revaluation deficit on available-for-sale investments**

(Unit: Baht)

	For the three-month	
	period ended 31 March 2019	For the year ended 31 December 2018
Balances - beginning of the period	(15,696,826)	27,426,415
Gain (loss) on revaluation of available-for-sale investments during the periods	16,632,431	(44,847,453)
(Gain) loss on sales of available-for-sale investments during the periods transferred to be recognised in profit or loss	911,545	(9,056,598)
Total gain (loss) on revaluation of available-for-sale investments	17,543,976	(53,904,051)
Add (less): Benefits tax (expense)	(3,508,796)	10,780,810
Gain (loss) on revaluation of available-for-sale investments - net of income taxes	14,035,180	(43,123,241)
Balances - end of the period	(1,661,646)	(15,696,826)

**7.3 Investments subject to restriction**

As at 31 March 2019 and 31 December 2018, the Company placed its some bonds, saving lottery and deposits at financial institutions with maturity periods of longer than 3 months with the Registrar of the Office of Insurance Commission and pledged some investments to secure performance obligations as required in normal course of business of the Company, as described in Note 20 to the financial statements.

**8. Loans**

As at 31 March 2019 and 31 December 2018, the outstanding balances of loans and interest receivable are classified according to their overdue periods as follows:

(Unit: Baht)

Overdue period	31 March 2019						
	Mortgage loans		Others		Total		
	Principal	Interest receivable	Principal	Interest receivable	Principal	Interest receivable	Total
Not yet due	6,668,278	1,591	2,034,342	168	8,702,620	1,759	8,704,379
Loans and interest receivable - net	6,668,278	1,591	2,034,342	168	8,702,620	1,759 <sup>(1)</sup>	8,704,379

<sup>(1)</sup> Included as a part of "Accrued investment income" in statement of financial position



(Unit: Baht)

31 December 2018							
Overdue period	Mortgage loans		Others		Total		
	Principal	Interest	Principal	Interest	Principal	Interest	
		receivable		receivable		receivable	Total
Not yet due	6,383,098	9,449	2,221,730	362	8,604,828	9,811	8,614,639
Loans and interest receivables - net	<u>6,383,098</u>	<u>9,449</u>	<u>2,221,730</u>	<u>362</u>	<u>8,604,828</u>	<u>9,811<sup>(1)</sup></u>	<u>8,614,639</u>

<sup>(1)</sup> Included as a part of "Accrued investment income" in statement of financial position

The maximum credit limit on employee loans that are secured by personal guarantee is set at 20 times of an employee's monthly salary but not exceeding Baht 500,000. The maximum credit limit on mortgage loan is set at 90% of the appraisal value of the underlying immovable properties and will be taken into accounts the purpose of borrowings and their ability to repay. Interest rate may be set higher or lower than minimum lending rates (MLR) of commercial banks.

## 9. Premises and equipment

The movement of premises and equipment for the three-month period ended 31 March 2019 is as follows:

	(Unit: Baht)					
	Land	Buildings and building improvements	Furniture, fixtures and office equipment	Vehicles	Construction in progress	Total
Net book value as at 1 January 2019	124,402,866	34,303,204	21,104,998	3,573,544	5,100	183,389,712
Additions - at cost	-	-	239,832	-	217,140	456,972
Disposals - net book value	-	-	(178)	-	-	(178)
Depreciation charge for the period	-	(778,338)	(1,684,746)	(155,601)	-	(2,618,685)
Net book value as at 31 March 2019	<u>124,402,866</u>	<u>33,524,866</u>	<u>19,659,906</u>	<u>3,417,943</u>	<u>222,240</u>	<u>181,227,821</u>

**10. Intangible assets**

The movement of computer softwares and computer softwares under development for the three-month period ended 31 March 2019 is as follows:

	(Unit: Baht)		
	Computer softwares	Computer softwares under development	Total
Net book values as at 1 January 2019	1,986,829	-	1,986,829
Addition - at cost	-	90,000	90,000
Amortisation charge for the period	(305,148)	-	(305,148)
Net book value as at 31 March 2019	<u>1,681,681</u>	<u>90,000</u>	<u>1,771,681</u>

**11. Deferred tax assets/Income taxes****11.1 Deferred tax assets**

As at 31 March 2019 and 31 December 2018, the components of deferred tax assets (liabilities) arose from the following temporary differences:

	(Unit: Baht)	
	31 March 2019	31 December 2018
<b>Deferred tax assets (liabilities) arose from:</b>		
Allowance for doubtful accounts	6,300,812	4,936,259
Allowance for impairment on investments in securities	1,273,174	1,299,398
Premium reserves	91,602,169	85,701,077
Loss reserves on claims incurred and reported	46,326,497	39,490,699
Loss reserves on claims incurred but not yet reported	16,160,065	16,381,176
Employee benefits obligations	8,426,131	8,073,192
Unrealised loss on revaluation of		
Trading investments	1,012,153	1,694,232
Available-for-sale investments	415,411	3,924,207
Deferred tax assets	<u>171,516,412</u>	<u>161,500,240</u>

**11.2 Income tax**

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

	(Unit: Baht)	
	For the three-month periods ended 31 March	
	2019	2018
<b>Current income taxes:</b>		
Interim corporate income tax charge	(15,765,564)	(15,716,414)
<b>Deferred tax:</b>		
Relating to origination and reversal of temporary differences	13,654,948	10,325,858
Income tax expenses reported in profit or loss	<u>(2,110,616)</u>	<u>(5,390,556)</u>

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

	(Unit: Baht)	
	For the three-month periods ended 31 March	
	2019	2018
Accounting profits before income tax expenses	<u>17,850,820</u>	<u>42,599,069</u>
Applicable tax rate	20%	20%
Accounting profits before income tax expenses multiplied by the applicable tax rate	(3,570,164)	(8,519,814)
Net tax effect on revenues or expenses that are not taxable or not deductible in determining taxable profits	<u>1,459,548</u>	<u>3,129,258</u>
Income tax expenses reported in profit or loss	<u>(2,110,616)</u>	<u>(5,390,556)</u>

(Unaudited but reviewed)

The amounts of income taxes relating to each component of other comprehensive income for the three-month periods ended 31 March 2019 and 2018 are as follows:

	(Unit: Baht)	
	For the three-month periods ended 31 March	
	2019	2018
Deferred income taxes relating to:		
Revaluation (increase) decrease on investments during the periods	(3,326,486)	2,509,989
(Gain) loss on sales of available-for-sale investments during the periods transferred to be recognised in profit or loss	(182,310)	546,664
Income taxes as reported in other comprehensive income (loss)	<u>(3,508,796)</u>	<u>3,056,653</u>

## 12. Other assets

	(Unit: Baht)	
	31 March 2019	31 December 2018
Advances payment	8,081,200	7,852,504
Deposits on rice field insurance scheme	13,386,899	17,853,071
Prepaid expenses	694,544	1,068,702
Undue input value added taxes	1,552,590	2,069,851
Claim receivables from litigants	1,885,583	2,059,913
Postdated cheques received	31,471,897	6,511,703
Receivable from sales of securities	876,399	1,264,235
Accrued income	1,841,190	1,841,190
Others	16,539,642	10,021,416
Total other assets	<u>76,329,944</u>	<u>50,542,585</u>

(Unaudited but reviewed)

**13. Insurance contract liabilities**

(Unit: Baht)

	31 March 2019		
	Insurance contract liabilities	Reinsurance on liabilities	Net
Long-term insurance policy reserves	328,525,001	(17,256,448)	311,268,553
Loss reserves			
- Claims incurred and reported	430,401,026	(24,341,393)	406,059,633
- Claims incurred but not yet reported	89,256,466	(8,456,142)	80,800,324
Unearned premium reserves	998,772,608	(97,199,183)	901,573,425
Total	<u>1,846,955,101</u>	<u>(147,253,166)</u>	<u>1,699,701,935</u>

(Unit: Baht)

	31 December 2018		
	Insurance contract liabilities	Reinsurance on liabilities	Net
Long-term insurance policy reserves	326,378,163	(19,539,668)	306,838,495
Loss reserves			
- Claims incurred and reported	417,606,841	(25,830,227)	391,776,614
- Claims incurred but not yet reported	91,458,063	(9,552,182)	81,905,881
Unearned premium reserves	947,683,167	(101,948,726)	845,734,441
Total	<u>1,783,126,234</u>	<u>(156,870,803)</u>	<u>1,626,255,431</u>

(Unaudited but reviewed)

### 13.1 Long-term insurance policy reserves

(Unit: Baht)

	For the three-month period ended 31 March 2019	For the year ended 31 December 2018
Balances - beginning of the period	326,378,163	242,704,899
Reserves increased from net of new policies and enforced policies	2,653,811	91,269,199
Reserves decreased from insurance policies	(506,973)	(7,595,935)
Balance - end of the period	<u>328,525,001</u>	<u>326,378,163</u>

### 13.2 Loss reserves

(Unit: Baht)

	For the three-month period ended 31 March 2019	For the year ended 31 December 2018
Balances - beginning of the period	509,064,904	719,345,081
Claims incurred during the period	310,074,655	1,159,911,822
Changes in loss reserves of prior periods' claims	(22,511,172)	(29,281,319)
Changes in assumptions in calculation of loss reserves	(2,201,596)	(32,989,226)
Claims paid during the period	(274,769,299)	(1,307,921,454)
Balances - end of the period	<u>519,657,492</u>	<u>509,064,904</u>

**13.3 Unearned premium reserves**

	(Unit: Baht)	
	For the three-month period ended 31 March 2019	For the year ended 31 December 2018
Balances - beginning of the period	947,683,167	976,234,697
Premium written for the period	549,422,888	1,856,726,049
Decrease in policy reserves	(498,333,447)	(1,885,277,579)
Balances - end of the period	<u>998,772,608</u>	<u>947,683,167</u>

**14. Amounts due to reinsurers**

	(Unit: Baht)	
	31 March 2019	31 December 2018
Amounts withheld on reinsurance	142,745,608	205,943,223
Other reinsurance payables	139,987,771	54,260,005
Total amounts due to reinsurers	<u>282,733,379</u>	<u>260,203,228</u>

**15. Other liabilities**

	(Unit: Baht)	
	31 March 2019	31 December 2018
Account payable - Revenue Department	10,884,596	3,634,397
Withholding income tax payable	2,601,471	2,425,518
Undue output value added taxes	10,597,202	10,595,206
Short-term employee benefit payable	9,051,163	28,246,693
Accrued expenses	9,482,066	14,078,741
Deposits from brokers	70,940,840	63,440,068
Payables of securities purchased	27,105,000	-
Others	18,780,335	20,316,454
Total other liabilities	<u>159,442,673</u>	<u>142,737,077</u>

## 16. Operating segment information

The Company is organised into two non-life insurance business segments, which are motor insurance and other insurance whereby the segmental profit or loss for the three-month periods ended 31 March 2019 and 2018 can be presented as follows:

	(Unit: Baht)					
	Motor		Others		Total	
	For the three-month periods ended 31 March		For the three-month periods ended 31 March		For the three-month periods ended 31 March	
	2019	2018	2019	2018 (Reclassified)	2019	2018 (Reclassified)
<b>Underwriting revenues</b>						
Gross premium written	425,013,124	369,368,255	156,012,398	95,882,497	581,025,522	465,250,752
Less: Premium ceded to reinsurers	(1,739,220)	(1,804,820)	(72,260,836)	(33,329,418)	(74,000,056)	(35,134,238)
Net premium written	423,273,904	367,563,435	83,751,562	62,553,079	507,025,466	430,116,514
Add (less): Unearned premium reserves (increased) decreased from prior periods	(63,956,087)	(10,300,027)	8,117,104	13,936,509	(55,838,983)	3,636,482
Net earned premium	359,317,817	357,263,408	91,868,666	76,489,588	451,186,483	433,752,996
Commission and brokerage income from reinsurers	-	-	15,522,322	12,558,628	15,522,322	12,558,628
<b>Total underwriting revenues</b>	<b>359,317,817</b>	<b>357,263,408</b>	<b>107,390,988</b>	<b>89,048,216</b>	<b>466,708,805</b>	<b>446,311,624</b>
<b>Underwriting expenses</b>						
Long-term insurance policy reserve increased	-	-	4,430,058	2,325,197	4,430,058	2,325,197
Gross claims	219,341,907	226,235,228	66,019,980	45,757,903	285,361,887	271,993,131
Less: Claim recovery from reinsurers	-	-	(28,244,726)	(21,795,222)	(28,244,726)	(21,795,222)
Commission and brokerage expenses	70,197,976	61,937,414	16,564,066	10,661,688	86,762,042	72,599,102
Other underwriting expenses	25,986,537	23,172,963	27,495,344	20,132,803	53,481,881	43,305,766
<b>Total underwriting expenses before operating expenses</b>	<b>315,526,420</b>	<b>311,345,605</b>	<b>86,264,722</b>	<b>57,082,369</b>	<b>401,791,142</b>	<b>368,427,974</b>
<b>Gross profits from underwriting</b>	<b>43,791,397</b>	<b>45,917,803</b>	<b>21,126,266</b>	<b>31,965,847</b>	<b>64,917,663</b>	<b>77,883,650</b>
Operating expenses					(73,501,372)	(69,938,354)
<b>Profit (loss) from underwriting</b>					<b>(8,583,709)</b>	<b>7,945,296</b>
Net investment revenues					19,547,009	26,618,127
Gain (loss) on investments					(425,894)	6,337,042
Fair value gain (loss)					3,410,397	(2,734,290)
Other income					3,903,017	4,432,894
<b>Profits before income tax expenses</b>					<b>17,850,820</b>	<b>42,599,069</b>
Income tax expenses					(2,110,616)	(5,390,556)
<b>Profits for the period</b>					<b>15,740,204</b>	<b>37,208,513</b>



(Unaudited but reviewed)

For the three-month periods ended 31 March 2019 and 2018, the Company has premium written from a major broker (having gross premium written from the broker more than 10% of total gross premium written in each period), which is its related party, amounting to Baht 89 million and Baht 98 million, respectively, from the motor segment, contributing 15% and 21%, respectively, of total premium written.

Segment assets and liabilities as at 31 March 2019 and 31 December 2018 are as follows:

(Unit: Baht)

	Motor	Others	Unallocated assets/liabilities	Total
<b>Assets</b>				
31 March 2019	172,000,464	370,849,536	3,192,897,684	3,735,747,684
31 December 2018	171,633,186	395,062,290	3,046,015,945	3,612,711,421
<b>Liabilities</b>				
31 March 2019	1,261,544,423	909,429,145	241,934,372	2,412,907,940
31 December 2018	1,184,572,522	898,359,202	209,610,337	2,292,542,061

## 17. Operating expenses

(Unit: Baht)

	For the three-month periods ended 31 March	
	2019	2018
Personnel expenses	25,396,469	26,103,033
Premises and equipment expenses	16,250,486	15,985,689
Taxes and duties	901,307	933,325
Bad debts and doubtful accounts	6,822,765	2,363,186
Other operating expenses	24,130,345	24,553,121
Total operating expenses	<u>73,501,372</u>	<u>69,938,354</u>

## 18. Earning per shares

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

## 19. Related party transactions

### 19.1 Nature of relationship

In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form. The relationships between the Company and its related parties are summarised below.

Name of related parties	Relationship with the Company
Dung Seng Insurance Broker Co., Ltd.	Related by way of common shareholder
Asia Hotel Plc.	Related by way of common directors
Asia Pattaya Hotel Co., Ltd.	Related by way of common directors
Zeer Property Plc.	Related by way of common directors
Asia Airport Hotel Co., Ltd.	Related by way of common directors
N.S.B. Co., Ltd.	Related by way of common directors

### 19.2 Related party transactions

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

	(Unit: Million Baht)	
	For the three-month periods	
	ended 31 March	
	2019	2018
<b>Gross premium written</b>		
Dung Seng Insurance Broker Co., Ltd. <sup>(1)</sup>	89.0	98.5
<b>Commission and brokerage expenses</b>		
Dung Seng Insurance Broker Co., Ltd.	15.3	16.6

<sup>(1)</sup> Premium written from non-life insurance brokers

Transaction with related parties	Transfer pricing policy
Gross premium written	Normal commercial terms for underwriting
Commission and brokerage expenses	Normal commercial terms for non-life insurance broker

**19.3 Outstanding balances**

As at 31 March 2019 and 31 December 2018, the outstanding balances of transactions between the Company and those related parties are as follows:

	(Unit: Million Baht)	
	31 March 2019	31 December 2018
<b>Premium receivables</b>		
Dung Seng Insurance Broker Co., Ltd.	65.5	136.0
<b>Accrued commissions</b>		
Dung Seng Insurance Broker Co., Ltd.	11.1	23.7

**19.4 Directors' and key management's benefits**

During the three-month periods ended 31 March 2019 and 2018, the Company had employee benefit expenses incurred on directors and key management as below.

	(Unit: Million Baht)	
	For the three-month periods ended 31 March	
	2019	2018
Short-term employee benefits	4.9	6.2
Long-term employee benefits	0.4	0.2
Total	<u>5.3</u>	<u>6.4</u>

**20. Assets subject to commitments**

As at 31 March 2019 and 31 December 2018, the Company had the following assets placed with the Registrar as securities and insurance reserves in accordance with the Non-life Insurance Act and place with court and other units to secure against performance obligations as required in normal course of business.

(Unit: Million Baht)

	31 March 2019		31 December 2018	
	Cost	Fair value	Cost	Fair value
<b>Placed as securities with the Registrar</b>				
Stated enterprise bonds	14.0	14.4	14.0	14.4
<b>Placed as insurance reserves with the Registrar</b>				
Government and state enterprise bonds	275.0	285.5	225.0	228.4
<b>Placed as securities with the Court</b>				
Deposits with financial institutions	0.8	0.8	0.6	0.6
<b>Placed to secure against performance obligations</b>				
Government and state enterprise bond	12.1	12.3	12.1	12.3
Saving lottery	2.6	2.6	2.6	2.6
	14.7	14.9	14.7	14.9

**21. Commitments and contingent liabilities****21.1 Operating lease commitments**

The Company has entered into several lease agreements in respect of the lease and service fee of office building space. The terms of the agreements are 1 - 3 years.

As at 31 March 2019 and 31 December 2018, future minimum lease payments required under these non-cancellable operating lease contracts were as follows:

(Unit: Million Baht)

Payable within	31 March 2019	31 December 2018
1 year	7.7	8.4
1 - 3 years	0.8	0.8

## 21.2 Litigation

As at 31 March 2019 and 31 December 2018, the Company had been sued as insurer, with the total sum insured per relevant policies totaling Baht 216.6 million and Baht 196.7 million, respectively. The outcomes of the cases have not yet been finalised. However, the Company considered the estimated losses that might be incurred and already recognised as loss reserves of Baht 40.3 and Baht 37.0 million, respectively, in the financial statements.

## 22. Fair value of financial instruments

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

	(Unit: Million Baht)					
	31 March 2019			31 December 2018		
	Level 1	Level 2	Total	Level 1	Level 2	Total
Trading investments						
Equity securities	66.6	-	66.6	60.3	-	60.3
Unit trusts	-	3.4	3.4	-	5.8	5.8
Available-for-sale investments						
Equity securities	30.0	-	30.0	35.9	-	35.9
Unit trusts	133.4	229.4	362.8	125.3	260.7	386.0
Debentures	-	60.3	60.3	-	60.7	60.7

The Company determined fair values of financial instruments by the following methods:

- (a) The fair value of investments in debt securities is determined by using the yield curve as announced by the Thai Bond Market Association.
- (b) The fair value of investment in equity securities which are traded on the Stock Exchange of Thailand presented as market price. The fair value of investments in investment units, which are not listed on the Stock Exchange of Thailand, is determined by using the net asset value per unit as announced by the fund management company.

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

**23. Dividends paid**

Dividends declared during the three-month periods ended 31 March 2019 and 2018 were as follows:

	Approved by	Total dividends	Dividend per share
		(Million Baht)	(Baht)
Final dividends for 2018	Meeting of Board of Directors on 29 March 2019	27.11	1.95
Final dividends for 2017	Annual General Meeting of the shareholders on 30 March 2018	24.33	1.75

**24. Event after reporting period**

Amendments to the law relating to the legal severance pay rates

On 5 April 2019, The Labor Protection Act (No. 7) B.E. 2562 was announced in the Royal Gazette. This stipulates additional legal severance pay rates for employees who have worked for an uninterrupted period of twenty years or more, with such employees entitled to receive not less than 400 days' compensation at the latest wage rate. The law is effective from 5 May 2019. This change is considered a post-employment benefits plan amendment and the Company have additional long-term employee benefit liabilities of Baht 10.6 million as a result. The Company will reflect the effect of the change by recognising past service costs as expenses in the income statement of the period in which the law is effective, which is the second quarter of 2019.

**25. Reclassification**

The Company reclassified the following transactions to conform to the current period's classification and the Notification of the Office of Insurance Commission. The reclassified transactions have no effect to the previously reported profit or equity.

	(Unit: Baht)	
	For the three-month period ended 31 March 2018	
	As reclassified	As previously reported
<b><u>Statement of comprehensive income</u></b>		
<b>Profit or loss</b>		
Unearned premium reserves decreased from prior periods	3,636,482	1,311,285
Long-term insurance policy reserve increased	2,325,197	-

**26. Approval of the interim financial statements**

These interim financial statements were authorised for issue by the Audit Committee on 8 May 2019.