

Nam Seng Insurance Public Company Limited
Review report and interim financial statements
For the three-month and nine-month periods ended
30 September 2012 and 2011

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 30 September 2012, the related statements of comprehensive income for the three-month and nine-month periods ended 30 September 2012, the statements of changes in equity and cash flows for the nine-month period ended 30 September 2012, 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 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 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 auditing standards 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 Accounting Standard 34 Interim Financial Reporting.

Emphasis of matter

I draw attention to Notes 1.3 to the financial statements, regarding the impact of the severe flooding. Although the Company set aside loss reserves based on best estimates, there are inherent uncertainties in the assumptions used by management in preparing the loss reserves, which could affect the amount of claim reserve refundable from reinsurers. Actual results could significantly differ from the estimates. My conclusion is not qualified in respect of this matter.

The statements of financial position as at 31 December 2011 and 1 January 2011 for comparative purposes

The financial statements of Nam Seng Insurance Public Company Limited for the year ended 31 December 2011 were audited in accordance with generally accepted auditing standards by another auditor who expressed an unqualified opinion on those statements, under his report dated 24 February 2012. The statements of financial position as at 31 December 2011 and 1 January 2011, as presented herein for comparative purposes, formed an integral part and a brought forward of those financial statements, respectively. As described in Note 21 to the financial statements, during the current period, the Company has reclassified items in the financial statements as at 31 December 2011 and 1 January 2011 and presented herein for comparative purposes. In my opinion, the reclassifications made have been appropriately presented.

The interim financial information for the three-month and nine-month periods ended 30 September 2011 for comparative purposes

The statement of comprehensive income for the three-month and nine-month periods ended 30 September 2011, the statements of changes in equity and cash flows for the nine-month period ended 30 September 2011 of Nam Seng Insurance Public Company Limited, as presented herein for comparative purposes, formed an integral part of the interim financial information which was reviewed by the aforementioned auditor who reported, under his report dated 11 November 2011 that nothing had come to his attention that caused him to believe that those financial statements were not presented fairly, in all material respects, in accordance with generally accepted accounting principles.

Nonglak Pumnoi

Certified Public Accountant (Thailand) No. 4172

Ernst & Young Office Limited

Bangkok: 9 November 2012

Nam Seng Insurance Public Company Limited

Statements of financial position

As at 30 September 2012 and 31 December 2011 and 1 January 2011

		(Unit: Baht)		
	Note	30 September 2012	31 December 2011	1 January 2011
		(Unaudited but reviewed)	(Audited) (Reclassified)	(Audited) (Reclassified)
Assets				
Cash and cash equivalents	2	52,324,093	46,644,783	34,737,649
Accrued investment income		12,433,835	11,828,259	9,229,901
Premium receivables, net	3	146,893,007	151,185,920	148,168,661
Reinsurance assets	4	623,549,741	728,115,139	174,228,905
Investment assets				
Investments in securities				
Trading investments	5	64,772,642	49,996,692	-
Available-for-sale investments	5	370,293,360	362,796,916	461,476,862
Held-to-maturity investments	5	1,271,605,691	1,195,078,779	1,024,302,540
Other investments	5	2,223,020	2,223,020	2,223,020
Loans, net	6	6,980,312	6,662,845	13,885,057
Properties foreclosed, net		20,839,255	24,887,004	38,956,936
Property and equipment, net	7	162,606,256	167,556,737	160,788,354
Other assets	8	53,287,286	44,705,086	34,381,563
Total assets		2,787,808,498	2,791,681,180	2,102,379,448

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

Nam Seng Insurance Public Company Limited

Statements of financial position (continued)

As at 30 September 2012 and 31 December 2011 and 1 January 2011

(Unit: Baht)

	Note	30 September 2012	31 December 2011	1 January 2011
		(Unaudited but reviewed)	(Audited) (Reclassified)	(Audited) (Reclassified)
Liabilities and equity				
Liabilities				
Income tax payable		3,912,575	-	5,079,017
Due to reinsurers	9	110,315,709	67,928,775	80,786,347
Insurance contract liabilities				
Loss reserves and outstanding claims	10	935,272,905	1,130,886,876	526,347,827
Premium reserve	11	682,357,058	559,554,156	553,960,860
Employee benefit obligations		35,990,092	39,216,280	38,989,984
Accrued commissions		34,153,504	33,075,070	30,335,975
Premium received in advance		19,381,121	13,726,670	18,133,794
Other liabilities	12	48,892,011	47,716,668	51,538,979
Total liabilities		1,870,274,975	1,892,104,495	1,305,172,783
Equity				
Share capital				
Registered				
20,000,000 ordinary shares of Baht 10 each		200,000,000	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	139,000,000
Premium on share capital		594,436,835	594,436,835	594,436,835
Retained earnings				
Appropriated				
Legal reserve		24,848,787	24,848,787	24,848,787
Others		6,163,850	6,163,850	6,163,850
Unappropriated		126,822,823	116,914,094	(355,594)
Other components of equity		26,261,228	18,213,119	33,112,787
Total equity		917,533,523	899,576,685	797,206,665
Total liabilities and equity		2,787,808,498	2,791,681,180	2,102,379,448
		-	-	-

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

(Unaudited but reviewed)

Nam Seng Insurance Public Company Limited

Statements of comprehensive income

For the three-month periods ended 30 September 2012 and 2011

		(Unit: Baht)	
	Note	2012	2011
Income			
Net earned premium	13	295,696,217	276,387,651
Fee and commission income	13	7,103,531	6,124,633
Total income		302,799,748	282,512,284
Expenses			
Underwriting			
Claims expenses			
Claims and losses adjustment expenses	13	165,473,633	164,018,633
Commission and brokerage expenses	13	59,029,330	47,741,858
Other underwriting expenses	13	9,825,916	5,930,559
Contribution to Road Accident Victims Protection			
Company Limited	13	3,985,634	3,060,175
Operating expenses	13, 14	68,829,743	50,282,728
Total underwriting expenses		307,144,256	271,033,953
Profit (loss) from underwriting		(4,344,508)	11,478,331
Net investment income		15,902,518	13,192,738
Gains on investments		4,296,508	822,681
Fair value gains		10,097,033	-
Other income			
Gain on sale of assets		416,489	410
Others		494,044	713,736
Profit from operations		26,862,084	26,207,896
Contribution to the Office of Insurance Commission		(1,048,366)	(810,307)
Contribution to the General Insurance Fund		(883,796)	(675,256)
Contribution to the Victims Compensation Fund		(311,684)	(249,810)
Profit before income tax		24,618,238	24,472,523
Less: Income tax		(8,487,450)	(733,320)
Profit for the period		16,130,788	23,739,203

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

(Unaudited but reviewed)

Nam Seng Insurance Public Company Limited

Statements of comprehensive income (continued)

For the three-month periods ended 30 September 2012 and 2011

	(Unit: Baht)	
	2012	2011
Other comprehensive income		
Gains (losses) on changes in values of available-for-sale investments	7,168,136	(10,817,835)
Other comprehensive income for the period	<u>7,168,136</u>	<u>(10,817,835)</u>
Total comprehensive income for the period	<u><u>23,298,924</u></u>	<u><u>12,921,368</u></u>

Earnings per share

Basic earnings per share

Profit for the period	<u>1.16</u>	<u>1.71</u>
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The accompanying notes are an integral part of the financial statements.

(Unaudited but reviewed)

Nam Seng Insurance Public Company Limited

Statements of comprehensive income

For the nine-month periods ended 30 September 2012 and 2011

		(Unit: Baht)	
	Note	2012	2011
Income			
Net earned premium	13	848,171,614	821,857,696
Fee and commission income	13	17,365,312	18,834,922
Total income		865,536,926	840,692,618
Expenses			
Underwriting			
Claims expenses			
Claims and losses adjustment expenses	13	521,440,168	507,394,873
Commission and brokerage expenses	13	172,920,205	151,427,424
Other underwriting expenses	13	23,419,804	21,223,071
Contribution to Road Accident Victims Protection			
Company Limited	13	11,941,362	12,714,335
Operating expenses	13, 14	176,181,114	164,728,227
Total underwriting expenses		905,902,653	857,487,930
Loss from underwriting		(40,365,727)	(16,795,312)
Net investment income		64,359,125	46,970,599
Gains on investments		15,387,146	1,513,852
Fair value gains		9,838,253	-
Other income			
Gain on sale of assets		2,078,384	119,711,871
Others		1,616,283	4,362,647
Profit from operations		52,913,464	155,763,657
Contribution to the Office of Insurance Commission		(3,060,941)	(2,665,068)
Contribution to the General Insurance Fund		(2,560,942)	(1,911,763)
Contribution to the Victims Compensation Fund		(974,805)	(1,037,905)
Profit before income tax		46,316,776	150,148,921
Less: income tax		(22,522,747)	(57,845,078)
Profit for the period		23,794,029	92,303,843

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

(Unaudited but reviewed)

Nam Seng Insurance Public Company Limited

Statements of changes in equity

For the nine-month periods ended 30 September 2012 and 2011

(Unit: Baht)

	Issued and paid-up share capital	Premium on share capital	Retained earnings			Unappropriated	Total
			Appropriated		Unappropriated		
			legal reserve	Others			
Balance as at 1 January 2011	139,000,000	594,436,835	24,848,787	6,163,850	(355,594)	797,206,665	
Total comprehensive income for the period	-	-	-	-	92,303,843	71,038,911	
Balance as at 30 September 2011	139,000,000	594,436,835	24,848,787	6,163,850	91,948,249	868,245,576	
Balance as at 1 January 2012	139,000,000	594,436,835	24,848,787	6,163,850	116,914,094	899,576,685	
Dividend paid (Note 19)	-	-	-	-	(13,885,300)	(13,885,300)	
Total comprehensive income for the period	-	-	-	-	23,794,029	31,842,138	
Balance as at 30 September 2012	139,000,000	594,436,835	24,848,787	6,163,850	126,822,823	917,533,523	

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

(Unaudited but reviewed)

Nam Seng Insurance Public Company Limited

Statements of cash flows

For the nine-month periods ended 30 September 2012 and 2011

	(Unit: Baht)	
	2012	2011
Cash flows from operating activities		
Direct premium written	1,035,429,653	913,097,565
Cash received (paid) for reinsurance	(11,030,725)	60,432,722
Losses incurred of direct insurance	(563,701,571)	(532,445,321)
Losses adjustment expenses of direct insurance	(41,887,564)	(55,371,414)
Commissions and brokerages of direct insurance	(169,502,286)	(146,888,596)
Other underwriting expenses	(35,361,166)	(33,937,407)
Interest income	32,585,290	30,059,006
Dividend income	31,168,259	17,917,258
Other investment income (expenses)	9,152,806	(1,523,645)
Other income	3,694,666	124,074,517
Operating expenses	(164,795,816)	(174,246,063)
Other expenses	(18,610,172)	(63,185,363)
Income tax	(1,694,977)	(9,876,979)
Net cash from operating activities	105,446,397	128,106,280
Cash flows from investing activities		
Cash flows from		
Investments in securities	1,187,819,568	554,855,342
Loans	1,929,024	3,802,959
Property and equipment	975,725	22,705
Net cash from investing activities	1,190,724,317	558,681,006
Cash flows used in		
Investments in securities	(1,270,546,282)	(679,761,152)
Loans	(2,246,490)	(1,873,688)
Property and equipment	(3,813,332)	(17,665,028)
Net cash used in investing activities	(1,276,606,104)	(699,299,868)
Net cash used in investing activities	(85,881,787)	(140,618,862)

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

(Unaudited but reviewed)

Nam Seng Insurance Public Company Limited

Statements of cash flows (continued)

For the nine-month periods ended 30 September 2012 and 2011

	(Unit: Baht)	
	2012	2011
Cash flows from financing activities		
Dividend paid (Note 19)	(13,885,300)	-
Net cash used in financing activities	<u>(13,885,300)</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	5,679,310	(12,512,582)
Cash and cash equivalents at beginning of period	46,644,783	34,737,649
Cash and cash equivalents at end of period (Note 2)	<u><u>52,324,093</u></u>	<u><u>22,225,067</u></u>
Supplemental cash flows information		
Non-cash item		
Gains (losses) on changes in values of available-for-sale investments	8,048,109	(21,264,932)

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

Nam Seng Insurance Public Company Limited

Notes to interim financial statements

For the three-month and nine-month periods ended 30 September 2012 and 2011

1. General information

1.1 Corporate information

Nam Seng Insurance Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. The Company is principally engaged in the provision of non-life insurance and has 27 branches all over the country. The Company’s registered office is located at 767 Krungthep-Nonthaburi Road, Bangsue, Bangkok.

1.2 Basis for the preparation of interim financial statements

These interim financial statements are prepared in accordance with Thai Accounting Standard No. 34 (revised 2009) “Interim Financial Reporting” and the Declaration of the Office of Insurance Commission dated 27 May 2010, with the Company choosing to present condensed interim financial statements. However, the Company has presented the statements of financial position, comprehensive income, changes in equity and cash flows in the same format as that used for the 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.

1.3 The impact from the severe flooding

In the fourth quarter of 2011, there was severe flooding in Thailand, with many economic areas and industrial zones inundated. The floods materially affected the financial statements of the Company, with the financial impact of the floods reflected in the financial statements as follows:

(Unaudited but reviewed)

The financial statements as at 30 September 2012 and for the nine-month period then ended.

(Unit: Million Baht)

	Gross claims	Claims refundable from reinsurers	Net claims
Loss reserves and outstanding claims	474	(421)	53
Claims paid	88	(66)	22
Total	562	(487)	75
Claim reserve refundable from reinsurance under Excess of Loss contracts			(35)
Net claims expense - statement of comprehensive income			40
Less: Net claims expense - statement of comprehensive income - 2011			(30)
Less: Net claims expense - statement of comprehensive income - the first quarter of 2012			(5)
Less: Net claims expense - statement of comprehensive income - the second quarter of 2012			(3)
Net claims expense - statement of comprehensive income - the third quarter of 2012			2

The Company set up loss reserve based on a best estimate, taking into account the current situation and the latest surveyor reports, as well as various appropriate assumptions and, for claims refundable from reinsurers, with reference to the related reinsurance contracts. However, there are inherent uncertainties in the assumptions used by the management in estimating the loss reserves, which could affect the amount of claims refundable from reinsurers. Actual results could significantly differ from the estimates.

1.4 New accounting standards issued during the period not yet effective

During the period, the Federation of Accounting Professions issued Thai Financial Reporting Standard No. 8 "Operating Segments" that is effective for fiscal years beginning on or after 1 January 2013.

The Company's management believes that the above financial reporting standard will not have any significant impact on the financial statements when it is initially applied.

1.5 Significant accounting policies

The interim financial statements have been prepared using the same accounting policies and methods of computation as were used for the financial statements for the year ended 31 December 2011.

2. Cash and cash equivalents

	(Unit: Baht)	
	30 September 2012	31 December 2011
Cash on hand	173,832	178,637
Deposits at banks with no fixed maturity date	52,150,261	46,466,146
Deposits at banks with fixed maturity date	565,145,381	372,000,000
Total cash and deposits at financial institutions	617,469,474	418,644,783
Less: Deposits at banks which amount maturing in over		
3 months	(565,145,381)	(372,000,000)
Cash and cash equivalents	52,324,093	46,644,783

3. Premium receivables

The balances as at 30 September 2012 and 31 December 2011 of premium receivables are classified by aging from the maturity date under the stipulated law of the premium collection as follows:

	(Unit: Baht)			
	30 September 2012			
	Due from insured	Due from agents and brokers	Due from reinsurers	Total
Not yet due	43,184	26,032,474	-	26,075,658
Not over 30 days	311,239	103,192,227	4,208	103,507,674
Over 30 days to 60 days	303,434	24,625,669	2,428	24,931,531
Over 60 days to 90 days	6,748	6,087,396	-	6,094,144
Over 90 days to 1 year	311,781	6,318,365	27,678	6,657,824
Over 1 year	-	13,056,862	-	13,056,862
Total premium receivables	976,386	179,312,993	34,314	180,323,693
Less: Allowance for doubtful accounts	(318,529)	(33,112,157)	-	(33,430,686)
Premium receivables, net	657,857	146,200,836	34,314	146,893,007

	(Unit: Baht)			
	31 December 2011			
	Due from insured	Due from agents and brokers	Due from reinsurers	Total
Not yet due	-	20,875,558	-	20,875,558
Not over 30 days	53,510	95,262,746	-	95,316,256
Over 30 days to 60 days	837,938	23,916,429	-	24,754,367
Over 60 days to 90 days	-	8,969,134	173,903	9,143,037
Over 90 days to 1 year	-	5,338,566	2,357	5,340,923
Over 1 year	-	16,035,586	-	16,035,586
Total premium receivables	891,448	170,398,019	176,260	171,465,727
Less: Allowance for doubtful accounts	-	(20,279,807)	-	(20,279,807)
Premium receivables, net	891,448	150,118,212	176,260	151,185,920

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.

4. Reinsurance assets

	(Unit: Baht)	
	30 September 2012	31 December 2011
Amounts deposit on reinsurance	2,929	2,929
Amounts due from reinsurers	120,629,739	61,712,286
Insurance reserve refundable from reinsurers	502,917,073	666,399,924
Reinsurance assets	<u>623,549,741</u>	<u>728,115,139</u>

Insurance reserve refundable from reinsurers as at 30 September 2012 includes insurance reserve refundable from reinsurers from flooding loss amounting to Baht 456 million as described in Note 1.3 to the financial statements (31 December 2011: Baht 640 million).

The balances as at 30 September 2012 and 31 December 2011 of amounts due from reinsurers are classified by aging as follows:

	(Unit: Baht)	
	30 September 2012	31 December 2011
Not over 12 months	120,629,352	61,711,796
Over 1 year to 2 years	-	490
Over 2 years	387	-
Total amounts due from reinsurers	<u>120,629,739</u>	<u>61,712,286</u>

5. Investments in securities

(Unit: Baht)

	30 September 2012		31 December 2011	
	Cost/ Amortised cost	Fair value	Cost/ Amortised cost	Fair value
Trading investments				
Equity securities	42,932,380	53,767,364	10,385,350	11,428,962
Unit trusts	10,905,969	11,005,278	38,515,302	38,567,730
Total	53,838,349	64,772,642	48,900,652	49,996,692
Add: Unrealised gains	10,934,293	-	1,096,040	-
Total trading investments	64,772,642	64,772,642	49,996,692	49,996,692
Available-for-sale investments				
Equity securities	29,612,113	43,750,774	33,052,256	45,934,138
Unit trusts	314,420,019	326,542,586	311,531,540	316,862,778
Total	344,032,132	370,293,360	344,583,796	362,796,916
Add: Unrealised gains	26,261,228	-	18,213,120	-
Total available-for-sale investments	370,293,360	370,293,360	362,796,916	362,796,916
Held-to-maturity investments				
Government and state enterprise securities	515,352,779		594,381,710	
Private enterprise debt securities	191,107,531		228,697,069	
Deposits at commercial banks	565,145,381		372,000,000	
Total held-to-maturity investments	1,271,605,691		1,195,078,779	
Other investments				
Equity securities	2,223,020		2,223,020	
Total other investments	2,223,020		2,223,020	

Investments in debt securities as at 30 September 2012 and 31 December 2011 will be matured redemption as follows:

(Unit: Baht)

	30 September 2012				31 December 2011			
	Period to maturity			Total	Period to maturity			Total
	Within 1 year	1 - 5 years	Over 5 years		Within 1 year	1 - 5 years	Over 5 years	
Held to maturity investments								
Government and state enterprise securities	232,344,967	273,007,812	10,000,000	515,352,779	206,531,213	357,934,176	29,916,321	594,381,710
Private enterprise debt securities	33,107,531	123,000,000	35,000,000	191,107,531	90,501,963	103,195,106	35,000,000	228,697,069
Deposits at commercial banks	490,145,381	75,000,000	-	565,145,381	372,000,000	-	-	372,000,000
Total investments in debt securities	755,597,879	471,007,812	45,000,000	1,271,605,691	669,033,176	461,129,282	64,916,321	1,195,078,779

As at 30 September 2012 and 31 December 2011, certain bonds have been pledged with the Registrar of the Office of Insurance Commission and have been placed as a security in the normal course of business as discussed in Notes 16, 17 and 18.

6. Loans and accrued interest

As at 30 September 2012 and 31 December 2011, loans and accrued interest aged by principal and accrued interest are as follows:

(Unit: Baht)

Outstanding period	30 September 2012						
	Mortgage loans		Other loans		Total		
	Principal	Accrued interest	Principal	Accrued interest	Principal	Accrued interest	Total
Current	5,905,536	6,527	1,074,776	-	6,980,312	6,527	6,986,839
Overdue							
More than 12 months	-	-	518,373	-	518,373	-	518,373
Total	5,905,536	6,527	1,593,149	-	7,498,685	6,527	7,505,212
Less: Allowance for doubtful accounts	-	-	(518,373)	-	(518,373)	-	(518,373)
Loans and accrued interest, net	<u>5,905,536</u>	<u>6,527</u>	<u>1,074,776</u>	<u>-</u>	<u>6,980,312</u>	<u>6,527</u>	<u>6,986,839</u>

(Unit: Baht)

Outstanding period	31 December 2011						
	Mortgage loans		Other loans		Total		
	Principal	Accrued interest	Principal	Accrued interest	Principal	Accrued interest	Total
Current	5,819,819	8,986	843,026	-	6,662,845	8,986	6,671,831
Overdue							
More than 12 months	-	-	518,373	-	518,373	-	518,373
Total	5,819,819	8,986	1,361,399	-	7,181,218	8,986	7,190,204
Less: Allowance for doubtful accounts	-	-	(518,373)	-	(518,373)	-	(518,373)
Loans and accrued interest, net	<u>5,819,819</u>	<u>8,986</u>	<u>843,026</u>	<u>-</u>	<u>6,662,845</u>	<u>8,986</u>	<u>6,671,831</u>

The credit limit on employee loans that are secured by personal guarantees is set at 20 times the employee's monthly salary, and may not exceed Baht 500,000. If loans are secured by the mortgage of property, the credit limit is 90% of the assessed value of the property. Also taken into account is the purpose of the loan, ability to settle the debt, while the interest rate may be set higher or lower than MLR of a commercial bank.

7. Property and equipment

The movement of property and equipment for the nine-month period ended 30 September 2012 are as follows:

(Unit: Baht)

	Land	Building	Furniture and office equipment	Vehicles	Construction in progress	Total
Net book value as at 1 January 2012	103,472,866	31,007,363	14,190,562	4,565,555	14,320,391	167,556,737
Acquisitions during the period - at cost	-	-	3,813,332	-	729,112	4,542,444
Disposals during the period - net book value	-	-	(17,348)	(2)	(201,612)	(218,962)
Depreciation for the period	-	(3,606,904)	(4,657,103)	(1,009,956)	-	(9,273,963)
Net book value as at 30 September 2012	<u>103,472,866</u>	<u>27,400,459</u>	<u>13,329,443</u>	<u>3,555,597</u>	<u>14,847,891</u>	<u>162,606,256</u>

8. Other assets

(Unit: Baht)

	30 September 2012	31 December 2011
Advances	5,904,525	6,559,600
Prepaid expenses	21,706,109	8,333,048
Undue input tax	6,284,277	9,091,551
Account receivable - Revenue Department	-	3,461,199
Claim receivable from litigants	3,169,350	2,694,284
Notes receivable	10,766,838	9,058,540
Others	5,456,187	5,506,864
Total other assets	<u>53,287,286</u>	<u>44,705,086</u>

9. Due to reinsurers

(Unit: Baht)

	30 September 2012	31 December 2011
Outward premium payable	90,085,036	47,576,794
Amounts withheld on reinsurance	20,230,673	20,351,981
Total due to reinsurers	<u>110,315,709</u>	<u>67,928,775</u>

10. Loss reserves and outstanding claims

	(Unit: Baht)	
	30 September 2012	31 December 2011
Beginning Balance	1,130,886,876	526,347,827
Claims and losses adjustment expenses for the period	521,440,168	1,208,189,178
Claims and losses adjustment expenses paid during the period	(717,054,139)	(603,650,129)
Ending balance	<u>935,272,905</u>	<u>1,130,886,876</u>

As at 30 September 2012 and 31 December 2011 the Company, which is reinsurer under the reinsurance contracts, has loss reserve and outstanding claims under such contracts of Baht 2.0 million and Baht 22.4 million, respectively.

Loss reserves and outstanding claims as at 30 September 2012 include loss reserves and outstanding claims from flooding claim amounting to Baht 474 million as described in Note 1.3 to the financial statements (31 December 2011: Baht 666 million).

11. Premium reserve**11.1 Unearned premium reserves**

	(Unit: Baht)	
	30 September 2012	31 December 2011
Beginning balance	559,554,156	553,960,860
Premium written for the period	1,030,853,433	351,188,475
Premium earned for the current period	(908,050,531)	(345,595,179)
Ending balance	<u>682,357,058</u>	<u>559,554,156</u>

11.2 Unexpired risk reserves

	(Unit: Baht)
	30 September 2012
Beginning balance	460,476,446
Estimated claims for the period	705,223,113
Risk expired during the period	(613,148,485)
Ending balance	<u>552,551,074</u>

12. Other liabilities

	(Unit: Baht)	
	30 September 2012	31 December 2011
Account payable - Revenue Department	4,506,972	4,312,356
Withholding tax payable	1,415,325	1,190,203
Undue output tax	10,043,167	12,528,301
Accrued expenses	14,081,765	14,336,849
Deposits from brokers	8,865,852	6,706,010
Others	9,978,930	8,642,949
Total other liabilities	48,892,011	47,716,668

13. Underwriting information reported by insurance categories

Underwriting information classified by insurance categories for the three-month period ended 30 September 2012 is as follows:

	(Unit: Baht)					
	Fire	Marine and transportation	Motor	Personal accident	Miscellaneous	Total
Underwriting income						
Premium written	10,621,914	4,922,168	307,635,671	22,071,224	11,277,493	356,528,470
Less: Premium ceded	(7,464,267)	(3,823,233)	(3,069,458)	(6,095,212)	(5,552,085)	(26,004,255)
Net premium written	3,157,647	1,098,935	304,566,213	15,976,012	5,725,408	330,524,215
Add (less): Unearned premium reserve	38,905	(575,093)	(29,528,839)	(3,705,541)	(1,057,430)	(34,827,998)
Earned premium	3,196,552	523,842	275,037,374	12,270,471	4,667,978	295,696,217
Fee and commission income	2,595,176	1,293,272	26,276	1,869,666	1,319,141	7,103,531
Total underwriting income	5,791,728	1,817,114	275,063,650	14,140,137	5,987,119	302,799,748
Underwriting expenses						
Claims and losses adjustment expenses	(1,384,087)	26,850	158,840,273	(6,776,835)	14,767,432	165,473,633
Commission and brokerage expenses	2,463,136	623,827	49,681,365	4,569,655	1,691,347	59,029,330
Other underwriting income	334,706	261,738	7,596,844	897,712	734,916	9,825,916
Contribution to Road Accident Victims Protection Co., Ltd.	-	-	3,985,634	-	-	3,985,634
Total underwriting expenses before operating expenses	1,413,755	912,415	220,104,116	(1,309,468)	17,193,695	238,314,513
Operating expenses						68,829,743
Total underwriting expenses						307,144,256

(Unaudited but reviewed)

Underwriting information classified by insurance categories for the three-month period ended 30 September 2011 is as follows:

(Unit: Baht)

	Fire	Marine and transportation	Motor	Personal accident	Miscellaneous	Total
Underwriting income						
Premium written	8,874,003	4,905,716	234,640,845	16,577,697	9,240,684	274,238,945
Less: Premium ceded	(4,467,006)	(3,112,785)	-	(4,409,249)	(5,009,579)	(16,998,619)
Net premium written	4,406,997	1,792,931	234,640,845	12,168,448	4,231,105	257,240,326
Add (less): Unearned premium reserve	(359,880)	(479,806)	19,852,105	(2,099,689)	2,234,595	19,147,325
Earned premium	4,047,117	1,313,125	254,492,950	10,068,759	6,465,700	276,387,651
Fee and commission income	2,273,652	1,155,322	-	1,360,043	1,335,616	6,124,633
Total underwriting income	6,320,769	2,468,447	254,492,950	11,428,802	7,801,316	282,512,284
Underwriting expenses						
Claims and losses adjustment expenses	36,271	3,711,152	163,557,670	4,593,694	(7,880,154)	164,018,633
Commission and brokerage expenses	3,118,772	670,798	39,942,258	2,921,228	1,088,802	47,741,858
Other underwriting income	264,843	127,992	4,807,174	474,822	255,728	5,930,559
Contribution to Road Accident Victims Protection Co., Ltd.	-	-	3,060,175	-	-	3,060,175
Total underwriting expenses before operating expenses	3,419,886	4,509,942	211,367,277	7,989,744	(6,535,624)	220,751,225
Operating expenses						50,282,728
Total underwriting expenses						271,033,953

Underwriting information classified by insurance categories for the nine-month period ended 30 September 2012 is as follows:

(Unit: Baht)

	Fire	Marine and transportation	Motor	Personal accident	Miscellaneous	Total
Underwriting income						
Premium written	25,086,504	14,963,041	914,750,775	52,771,460	23,281,653	1,030,853,433
Less: Premium ceded	(17,816,947)	(11,564,761)	(9,567,184)	(14,301,653)	(10,259,507)	(63,510,052)
Net premium written	7,269,557	3,398,280	905,183,591	38,469,807	13,022,146	967,343,381
Add (less): Unearned premium reserve	3,299,702	(90,455)	(122,212,132)	(3,802,515)	3,633,633	(119,171,767)
Earned premium	10,569,259	3,307,825	782,971,459	34,667,292	16,655,779	848,171,614
Fee and commission income	6,456,241	3,973,105	26,276	4,394,189	2,515,501	17,365,312
Total underwriting income	17,025,500	7,280,930	782,997,735	39,061,481	19,171,280	865,536,926
Underwriting expenses						
Claims and losses adjustment expenses	2,141,988	3,153,663	506,780,760	1,433,062	7,930,695	521,440,168
Commission and brokerage expenses	5,897,918	1,975,686	151,874,106	10,160,211	3,012,284	172,920,205
Other underwriting income	890,983	631,110	17,986,525	2,158,629	1,752,557	23,419,804
Contribution to Road Accident Victims Protection Co., Ltd.	-	-	11,941,362	-	-	11,941,362
Total underwriting expenses before operating expenses	8,930,889	5,760,459	688,582,753	13,751,902	12,695,536	729,721,539
Operating expenses						176,181,114
Total underwriting expenses						905,902,653

(Unaudited but reviewed)

Underwriting information classified by insurance categories for the nine-month period ended 30 September 2011 is as follows:

	(Unit: Baht)					
	Fire	Marine and transportation	Motor	Personal accident	Miscellaneous	Total
Underwriting income						
Premium written	26,283,129	13,614,163	774,657,418	44,062,901	39,465,420	898,083,031
Less: Premium ceded	(16,070,992)	(9,124,610)	(1,817,200)	(11,524,794)	(14,483,754)	(53,021,350)
Net premium written	10,212,137	4,489,553	772,840,218	32,538,107	24,981,666	845,061,681
Add (less): Unearned premium reserve	1,917,883	(664,136)	(11,834,851)	(2,330,784)	(10,292,097)	(23,203,985)
Earned premium	12,130,020	3,825,417	761,005,367	30,207,323	14,689,569	821,857,696
Fee and commission income	7,784,833	3,410,499	-	3,583,233	4,056,357	18,834,922
Total underwriting income	<u>19,914,853</u>	<u>7,235,916</u>	<u>761,005,367</u>	<u>33,790,556</u>	<u>18,745,926</u>	<u>840,692,618</u>
Underwriting expenses						
Claims and losses adjustment expenses	1,578,900	5,876,155	509,870,047	13,432,424	(23,362,653)	507,394,873
Commission and brokerage expenses	8,381,189	1,856,531	129,606,454	6,926,906	4,656,344	151,427,424
Other underwriting income	1,267,474	593,075	16,011,978	2,189,825	1,160,719	21,223,071
Contribution to Road Accident Victims Protection Co., Ltd.	-	-	12,714,335	-	-	12,714,335
Total underwriting expenses before operating expenses	<u>11,227,563</u>	<u>8,325,761</u>	<u>668,202,814</u>	<u>22,549,155</u>	<u>(17,545,590)</u>	<u>692,759,703</u>
Operating expenses						164,728,227
Total underwriting expenses						<u>857,487,930</u>

14. Operating expenses

	(Unit: Baht)			
	For the three-month periods ended 30 September		For the nine-month periods ended 30 September	
	2012	2011	2012	2011
Personal expenses which are not expenses underwriting and claims	15,296,628	23,335,090	53,416,328	54,855,715
Property and equipment expenses which are not expenses for underwriting	15,799,959	15,469,590	48,600,909	45,488,489
Taxes and duties	99,643	118,933	514,329	522,639
Bad debts and doubtful accounts (Reversal)	13,844,198	(4,427,353)	13,183,325	14,259,365
Other operating expenses	23,789,315	15,786,468	60,466,223	49,602,019
Total operating expenses	<u>68,829,743</u>	<u>50,282,728</u>	<u>176,181,114</u>	<u>164,728,227</u>

15. 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 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 and shareholding

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: Baht)			
	For the three-month periods ended		For the nine-month periods ended	
	30 September		30 September	
	2012	2011	2012	2011
Premium written				
Dung Seng Insurance Broker Co., Ltd.*	228,438,239	197,756,584	728,391,010	692,101,749
Asia Hotel Plc.	628,814	6,787	667,037	388,023
Asia Pattaya Hotel Co., Ltd.	557,261	19,006	561,383	270,027
Zeer Property Plc.	1,544,351	102,250	1,594,562	1,006,995
Asia Airport Hotel Co., Ltd.	529,771	-	539,295	284,672
Commission paid				
Dung Seng Insurance Broker Co., Ltd.	39,774,965	36,754,972	126,710,202	125,002,985
Rental of building space				
N.S.B. Co., Ltd.	323,722	279,766	959,572	844,647
Service fee of building space				
N.S.B. Co., Ltd.	4,542,936	4,487,148	13,409,291	13,512,178

* Premium written from non-life insurance brokers

	Transfer pricing policy
Premium written	Normal commercial terms for underwriting
Commission paid	Consistent with those paid to other brokers and not exceed the rate stipulated by the Office of Insurance Commission
Rental of building space	Contract price
Service fee of building space	Contract price

As at 30 September 2012 and 31 December 2011, the balances of the accounts between the Company and those related companies are as follows:

	(Unit: Baht)	
	30 September 2012	31 December 2011
Premium receivables (net of notes receivable from agent)		
Dung Seng Insurance Broker Co., Ltd.	128,026,393	140,522,464
Prepaid rental and service fee of building space		
N.S.B. Co., Ltd.	21,030,032	7,996,828
Accrued commissions		
Dung Seng Insurance Broker Co., Ltd.	21,841,930	23,606,655

Directors and management's remuneration

In the nine-month periods ended 30 September 2012 and 2011, the Company had salaries, bonus, meeting allowances, gratuities and post-employment benefits of its directors and management recognised as expenses totaling Baht 11.7 million and Baht 16.7 million, respectively.

16. Securities placed with the Registrar

As at 30 September 2012 and 31 December 2011, the Company has pledged its securities with the Registrar in accordance with the Non-life Insurance Act as follows:

	(Unit: Baht)			
	30 September 2012		31 December 2011	
	Cost	Fair value	Cost	Fair value
Government bonds	14,000,000	14,076,188	14,000,000	14,193,022

17. Assets reserved with the Registrar

As at 30 September 2012 and 31 December 2011, the Company has pledged its securities as non-life insurance reserve with the Registrar in accordance with the Non-life Insurance Act as follows:

	(Unit: Baht)			
	30 September 2012		31 December 2011	
	Cost	Fair value	Cost	Fair value
Government bonds	147,000,000	148,503,835	117,000,000	119,770,163

18. Collateralised assets

As at 30 September 2012 and 31 December 2011, the Company has collateralised assets as follows:

		(Unit: Baht)	
		30 September 2012	31 December 2011
Government bonds	- As collateral for bail bonds	11,850,000	14,840,000
	- As collateral for electrical usage	300,000	230,000
	- As collateral for bank overdrafts	10,000,000	10,000,000
Total		22,150,000	25,070,000

19. Dividend paid

Dividend declared during the periods consists of the following:

	Approved by	Total dividends (Million Baht)	Dividend
			per share (Baht)
Final dividends for 2011	Annual General Meeting of the shareholders on 26 April 2012	13.9	1.0

20. Commitments and contingent liabilities**20.1 Capital commitments**

As at 30 September 2012, the Company had capital commitments of approximately Baht 2.1 million relating to the construction of office building.

20.2 Operating lease commitments

The Company has entered into several lease agreements in respect of the lease of office building space. The terms of the agreements are generally between 3 and 20 years.

As at 30 September 2012, future minimum lease payments required under these non-cancellable operating leases contracts were as follows:

	<u>Million Baht</u>
Payable:	
Within 1 year	22.8
Over 1 to 5 years	26.1

20.3 Litigation

As at 30 September 2012, the Company, as an insurer, has been sued for damaged amounting to approximately Baht 407 million. The total sum insured covered by insurance policies is Baht 56 million. The outcomes of these cases have not yet been finalised. However, the Company has set aside reserve for its losses totaling Baht 54 million in the financial statements.

21. Reclassification

To comply with the Declaration of the Insurance Commission relating to the financial statement presentation as described in Note 1.2, certain amounts in the financial statements for the year ended 31 December 2011 have been reclassified to conform to the current period's classification, without any effect to the previously reported profit or equity.

22. Approval of the interim financial statements

These interim financial statements were authorised for issue by the Company's authorised director on 9 November 2012.