

Nam Seng Insurance Public Company Limited  
Review report and interim financial statements  
For the three-month period ended 31 March 2013

## **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 2013, the related statements of comprehensive income, changes in 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 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 Thai Accounting Standard 34 Interim Financial Reporting.

**Emphasis of matter**

I draw attention to Note 3 to the financial statements regarding the change in accounting policy as the result of adoption of Thai Accounting Standard 12 Income Taxes. My conclusion is not qualified in respect of this matter.

Nonglak Pumnoi

Certified Public Accountant (Thailand) No. 4172

Ernst & Young Office Limited

Bangkok: 14 May 2013

**Nam Seng Insurance Public Company Limited**

**Statement of financial position**

**As at 31 March 2013**

		(Unit: Baht)		
	Note	31 March 2013	31 December 2012	1 January 2012
		(Unaudited but reviewed)	(Audited) (Restated)	(Audited) (Restated)
<b>Assets</b>				
Cash and cash equivalents	4	102,544,998	66,386,951	46,644,783
Accrued investment income		16,347,415	14,574,521	11,828,259
Premium receivables	5	177,930,216	168,256,923	151,185,920
Reinsurance assets	6	485,873,886	622,120,357	728,115,139
Investment assets				
Investments in securities				
Trading investments	7	67,749,826	49,321,565	49,996,692
Available-for-sale investments	7	257,557,373	289,383,607	362,796,916
Held-to-maturity investments	7	1,527,332,860	1,401,640,051	1,195,078,779
Other investments	7	2,223,020	2,223,020	2,223,020
Loans	8	6,222,870	6,782,891	6,662,845
Properties foreclosed		20,839,255	20,839,255	24,887,004
Property, building and equipment	9	160,445,082	162,665,517	167,415,951
Intangible assets	10	2,325,735	2,533,154	140,786
Deferred tax assets	3, 11	100,195,435	89,307,599	81,738,073
Other assets	12	67,888,409	54,636,358	44,705,086
<b>Total assets</b>		<b>2,995,476,380</b>	<b>2,950,671,769</b>	<b>2,873,419,253</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 2013**

(Unit: Baht)

	Note	31 March 2013 (Unaudited but reviewed)	31 December 2012 (Audited) (Restated)	1 January 2012 (Audited) (Restated)
<b>Liabilities and equity</b>				
<b>Liabilities</b>				
Income tax payable		11,387,820	-	-
Due to reinsurers	13	176,687,108	153,805,569	67,928,775
Insurance contract liabilities				
Loss reserves and outstanding claims	14	748,391,055	882,432,492	1,130,886,876
Premium reserves	15.1	808,827,348	703,776,210	559,554,156
Employee benefit obligations		29,233,583	42,569,943	39,216,280
Accrued commissions		42,321,017	40,202,380	33,075,070
Premium received in advance		20,473,263	25,074,466	13,726,670
Deferred tax liabilities	3, 11	11,278,892	10,725,811	3,861,832
Other liabilities	16	52,341,255	50,185,241	47,716,668
<b>Total liabilities</b>		<b>1,900,941,341</b>	<b>1,908,772,112</b>	<b>1,895,966,327</b>
<b>Equity</b>				
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		304,982,950	247,765,755	198,432,959
Other components of equity		25,102,617	29,684,430	14,570,495
<b>Total equity</b>		<b>1,094,535,039</b>	<b>1,041,899,657</b>	<b>977,452,926</b>
<b>Total liabilities and equity</b>		<b>2,995,476,380</b>	<b>2,950,671,769</b>	<b>2,873,419,253</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**

**For the three-month period ended 31 March 2013**

	Note	2013	2012 (Restated)
<b>Income</b>			
Net earned premium	17	334,035,879	273,064,500
Fee and commission income	17	6,703,962	5,252,044
<b>Total income</b>		<b>340,739,841</b>	<b>278,316,544</b>
<b>Expenses</b>			
Underwriting			
Claims expenses			
Claims and losses adjustment expenses	17	193,177,065	205,392,395
Commission and brokerage expenses	17	79,787,054	60,562,212
Other underwriting expenses	17	9,059,704	6,940,225
Contribution to Road Accident Victims Protection			
Company Limited	17	4,946,979	3,594,374
Operating expenses	17, 18	61,234,107	46,765,837
<b>Total underwriting expenses</b>		<b>348,204,909</b>	<b>323,255,043</b>
<b>Losses from underwriting</b>		<b>(7,465,068)</b>	<b>(44,938,499)</b>
Net investment income		44,338,292	12,747,601
Gains on investments		21,687,005	6,362,332
Fair value gains		8,492,673	2,266,908
Other income		495,819	1,040,906
<b>Profit (loss) from operations</b>		<b>67,548,721</b>	<b>(22,520,752)</b>
Contribution to the Office of Insurance Commission		(1,389,247)	(1,068,142)
Contribution to the General Insurance Fund		(1,157,705)	(890,118)
Contribution to the Victims Compensation Fund		(403,835)	(293,418)
<b>Profit (loss) before income tax expenses</b>		<b>64,597,934</b>	<b>(24,772,430)</b>
Income tax expenses	11	(7,380,739)	2,365,740
<b>Profit (loss) for the period</b>		<b>57,217,195</b>	<b>(22,406,690)</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 2013**

	Note	2013	2012 (Restated)
<b>Other comprehensive income</b>			
Gains (losses) on changes in values of available-for-sale investments		(5,727,266)	25,664,842
Income tax relating to components of other comprehensive income	3, 11	1,145,453	(5,132,969)
Other comprehensive income for the period - net of tax		(4,581,813)	20,531,873
<b>Total comprehensive income for the period</b>		<b>52,635,382</b>	<b>(1,874,817)</b>
<b>Earning (loss) per share</b>			
Basic earning (loss) per share			
Profit (loss) for the period		4.12	(1.61)

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

(Unaudited but reviewed)

**Nam Seng Insurance Public Company Limited**

**Statement of changes in equity**

**For the three-month period ended 31 March 2013**

	Issued and paid-up share capital	Premium on share capital	Retained earnings		Unappropriated	Other components of equity	Total
			statutory reserve	Other		Other comprehensive income	
						Surplus (deficit) on changes in values of available- for-sale investments	
<b>Balance as at 1 January 2012 - as previously reported</b>	139,000,000	594,436,835	24,848,787	6,163,850	116,914,094	18,213,120	899,576,686
Cumulative effect of change in accounting policy for income tax (Note 3)	-	-	-	-	81,518,865	(3,642,625)	77,876,240
<b>Balance as at 1 January 2012 - as restated</b>	139,000,000	594,436,835	24,848,787	6,163,850	198,432,959	14,570,495	977,452,926
Total comprehensive income for the period - restated	-	-	-	-	(22,406,690)	20,531,873	(1,874,817)
<b>Balance as at 31 March 2012</b>	139,000,000	594,436,835	24,848,787	6,163,850	176,026,269	35,102,368	975,578,109
<b>Balance as at 1 January 2013 - as previously reported</b>	139,000,000	594,436,835	24,848,787	6,163,850	161,762,859	37,105,538	963,317,869
Cumulative effect of change in accounting policy for income tax (Note 3)	-	-	-	-	86,002,896	(7,421,108)	78,581,788
<b>Balance as at 1 January 2013 - as restated</b>	139,000,000	594,436,835	24,848,787	6,163,850	247,765,755	29,684,430	1,041,899,657
Total comprehensive income for the period	-	-	-	-	57,217,195	(4,581,813)	52,635,382
<b>Balance as at 31 March 2013</b>	139,000,000	594,436,835	24,848,787	6,163,850	304,982,950	25,102,617	1,094,535,039

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 2013**

	(Unit: Baht)	
	2013	2012
<b>Cash flows from operating activities</b>		
Direct premium written	448,838,744	311,986,199
Cash received (paid) for reinsurance	26,286,188	(134,918,804)
Losses incurred of direct insurance	(193,114,234)	(22,612,682)
Losses adjustment expenses of direct insurance	(21,705,696)	(18,875,506)
Commissions and brokerages of direct insurance	(75,429,894)	(51,298,168)
Other underwriting expenses	(14,006,683)	(10,534,599)
Interest income	12,987,141	17,990,212
Dividend income	29,578,257	1,853,961
Other investment income	(323,033)	(8,819,451)
Other income	495,818	1,040,906
Operating expenses	(68,854,543)	(49,249,561)
Other expenses	(5,182,220)	(4,446,290)
Income tax	(15,805,212)	(18,140,002)
<b>Net cash from operating activities</b>	<b>123,764,633</b>	<b>13,976,215</b>
<b>Cash flows from investing activities</b>		
Cash flows from		
Investments in securities	485,800,808	170,207,510
Loans	729,966	664,039
Property, building and equipment	28,598	549,828
<b>Net cash from investing activities</b>	<b>486,559,372</b>	<b>171,421,377</b>
Cash flows used in		
Investments in securities	(573,320,198)	(181,543,631)
Loans	(169,945)	(198,110)
Property, building and equipment	(675,815)	(918,627)
<b>Net cash used in investing activities</b>	<b>(574,165,958)</b>	<b>(182,660,368)</b>
<b>Net cash used in investing activities</b>	<b>(87,606,586)</b>	<b>(11,238,991)</b>
<b>Net increase in cash and cash equivalents</b>	<b>36,158,047</b>	<b>2,737,224</b>
Cash and cash equivalents at beginning of period	66,386,951	46,644,783
<b>Cash and cash equivalents at end of period (Note 4)</b>	<b>102,544,998</b>	<b>49,382,007</b>

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

(Unaudited but reviewed)

**Nam Seng Insurance Public Company Limited**

**Statement of cash flows (continued)**

**For the three-month period ended 31 March 2013**

	2013	2012
(Unit: Baht)		
<b>Supplemental cash flows information</b>		
Non-cash item		
Gains (losses) on changes in values of available-for-sale investments - net of tax	(4,581,813)	20,531,873

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 period ended 31 March 2013**

**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. The registered office of the Company is 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 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 Severe flood situation

In the fourth quarter of 2011, there was severe flooding in Thailand. The floods materially affected the financial statements of the Company, with the financial impact of the floods reflected in the financial statements until 31 March 2013 are as follows:

(Unit: Million Baht)

	Gross claims	Claims refundable		Net claims
		from reinsurers		
		Agreed	Reserve	
Loss reserves and outstanding claims	305	-	(247)	58
Claims paid	122	(112)	-	10
Total	427	(112)	(247)	68
Claim reserve refundable from reinsurance under Excess of Loss contracts				(14)
Claim refundable under Excess of Loss contracts received				(20)
Net claims expense - statement of comprehensive income				34
Less: Net claims expense - statement of comprehensive income - 2011				(31)
Less: Net claims expense - statement of comprehensive income - 2012				(7)
Net claims expense - statement of comprehensive income - the first quarter of 2013				(4)

The Company currently set aside loss reserves and claims refundable from reinsurances based on best estimates, with reference to supporting documentation and surveyors' reports.

### 1.4 Application of new accounting standards during the period

The Federation of Accounting Professions issued the following accounting standards, financial reporting standard, accounting standard interpretations and accounting treatment guidance, all of which are effective for fiscal years beginning on or after 1 January 2013.

Accounting standards:

TAS 12	Income Taxes
TAS 20 (revised 2009)	Accounting for Government Grants and Disclosure of Government Assistance
TAS 21 (revised 2009)	The Effects of Changes in Foreign Exchange Rates

Financial Reporting Standard:

TFRS 8	Operating Segments
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Accounting Standard Interpretations:

SIC 10 Government Assistance - No Specific Relation to Operating Activities

SIC 21 Income Taxes - Recovery of Revalued Non-Depreciable Assets

SIC 25 Income Taxes - Changes in the Tax Status of an Entity or its Shareholders

Accounting Treatment Guidance for Transfers of Financial Assets

These accounting standards, financial reporting standard, accounting standard interpretations and accounting treatment guidance do not have any significant impact on the financial statements, except for the following accounting standard.

**TAS 12 Income Taxes**

This accounting standard requires an entity to identify temporary differences between the carrying amount of an asset or liability in the statement of financial position and its tax base and recognise the tax effects as deferred tax assets or liabilities subjecting to certain recognition criteria. The Company has changed this accounting policy in this current quarter and restated the prior year's financial statements, presented as comparative information, as though the Company had initially recognised the tax effects as deferred tax assets or liabilities. The cumulative effect of this change in accounting policy has been presented in Note 3 to the financial statements.

**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 2012, except for the change in the accounting policies due to the adoption of TAS 12 Income Taxes as follows:

**Income tax**

Income tax expense represents the sum of corporate income tax currently payable and deferred tax.

**Current tax**

Current income tax is 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 tax**

Deferred income tax is provided on temporary differences between the tax bases of assets and liabilities and its carrying amounts at the end of each reporting period, using the tax rates enacted at the end of the reporting period.

The Company recognises deferred tax liabilities for all taxable temporary differences while they recognise 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 period, the Company reviews and reduces 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 Company records deferred tax directly to equity if the tax relates to items that are recorded directly to equity.

**2. New accounting standards issued during the period and not yet effective**

The Federation of Accounting Professions has issued notification which have been published in the Royal Gazette during the current period, mandating the use of financial reporting standard, accounting standard interpretation and financial reporting standard interpretations as follows:

	<u>Effective date</u>
Financial Reporting Standard:	
TFRS 4 Insurance Contracts	1 January 2016
Accounting Standard Interpretation:	
TSIC 29 Service Concession Arrangements: Disclosures	1 January 2014
Financial Reporting Standard Interpretations:	
TFRIC 1 Changes in Existing Decommissioning, Restoration and Similar Liabilities	1 January 2014
TFRIC 4 Determining whether an Arrangement contains a Lease	1 January 2014
TFRIC 5 Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds	1 January 2014

		<u>Effective date</u>
TFRIC 7	Applying the Restatement Approach under TAS 29 Financial Reporting in Hyperinflationary Economies	1 January 2014
TFRIC 10	Interim Financial Reporting and Impairment	1 January 2014
TFRIC 12	Service Concession Arrangements	1 January 2014
TFRIC 13	Customer Loyalty Programmes	1 January 2014

The management of the Company has assessed the effect of the above financial reporting standard, accounting standard interpretation and financial reporting standard interpretations and believes that they are not relevant to the business of the Company, except TFRS 4, for which the management is still evaluating the first-year impact to the financial statements and has yet to reach a conclusion.

### 3. Cumulative effect of the change in accounting policies due to the adoption of new accounting standard

During the current period, the Company made the change described in Note 1.5 to the financial statements to its significant accounting policies, as a result of the adoption of TAS 12 Income Taxes. The cumulative effect of the change in the accounting policies has been separately presented in the statements of changes in equity.

The amounts of adjustments affecting the statements of financial position and the statements of comprehensive income are summarised below.

	31 March 2013	31 December 2012	1 January 2012
(Unit: Baht)			
<b>Statements of financial position</b>			
Increase in deferred tax assets	101,195,435	89,307,599	81,738,073
Increase in deferred tax liabilities	11,278,892	10,725,811	3,861,832
Decrease in unappropriated retained earnings	(95,192,197)	(86,002,896)	(81,518,865)
Decrease in unappropriated of equity	(6,275,654)	(7,421,108)	(3,642,624)
			(Unit: Baht)
		For the three-month periods ended	
		31 March 2013	31 March 2012
<b>Statements of comprehensive income</b>			
<b>Profit or loss:</b>			
Decrease in income tax		(9,189,301)	(23,362,495)
Increase in profit for the period		9,189,301	23,362,495
Increase in basic earnings per share		0.66	1.68
<b>Other comprehensive income:</b>			
Increase (decrease) in income tax relating to gain (loss) on changes in value of available-for-sale investments		1,145,453	(5,132,969)

**4. Cash and cash equivalents**

	(Unit: Baht)	
	31 March 2013	31 December 2012
Cash on hand	202,176	180,297
Deposits at banks with no fixed maturity date	102,342,822	66,206,654
Deposits at banks with fixed maturity date	883,282,028	658,203,255
Total cash and deposits at financial institutions	985,827,026	724,590,206
Less: Deposits at banks which amount maturing in over 3 months	(883,282,028)	(658,203,255)
Cash and cash equivalents	<u>102,544,998</u>	<u>66,386,951</u>

**5. Premium receivables**

The balances as at 31 March 2013 and 31 December 2012 of premium receivables are classified by aging from the maturity date under the stipulated law of the premium collection as follows:

	(Unit: Baht)			
	31 March 2013			
	Due from insured	Due from agents and brokers	Due from reinsurers	Total
Not yet due	2,709,078	31,651,142	-	34,360,220
Not over 30 days	1,138,689	126,218,538	2,516	127,359,743
Over 30 days to 60 days	279,485	23,068,443	21,136	23,369,064
Over 60 days to 90 days	5,854,274	5,565,191	456	11,419,921
Over 90 days to 1 year	208,577	1,565,891	44,341	1,818,809
Over 1 year	-	12,670,430	-	12,670,430
Total premium receivables	10,190,103	200,739,635	68,449	210,998,187
Less: Allowance for doubtful accounts	(6,090,714)	(26,977,257)	-	(33,067,971)
Premium receivables, net	<u>4,099,389</u>	<u>173,762,378</u>	<u>68,449</u>	<u>177,930,216</u>



(Unaudited but reviewed)

(Unit: Baht)

	31 December 2012			
	Due from insured	Due from agents and brokers	Due from reinsurers	Total
Not yet due	3,788,508	32,122,092	-	35,910,600
Not over 30 days	572,919	111,838,629	169,131	112,580,679
Over 30 days to 60 days	342,135	25,406,660	4,853	25,753,648
Over 60 days to 90 days	212,275	9,000,596	7,029	9,219,900
Over 90 days to 1 year	-	3,845,277	28,790	3,874,067
Over 1 year	3,013	12,710,284	-	12,713,297
Total premium receivables	4,918,850	194,923,538	209,803	200,052,191
Less: Allowance for doubtful accounts	(215,288)	(31,579,980)	-	(31,795,268)
Premium receivables, net	4,703,562	163,343,558	209,803	168,256,923

For premium receivables due form 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.

## 6. Reinsurance assets

(Unit: Baht)

	31 March 2013	31 December 2012
Amounts deposit on reinsurance	2,929	2,929
Amounts due from reinsurers, net	177,819,361	167,524,496
Insurance reserve refundable from reinsurers	308,051,596	454,592,932
Reinsurance assets	485,873,886	622,120,357

Insurance reserve refundable from reinsurers as at 31 March 2013 includes insurance reserve refundable from reinsurers from flooding loss amounting to Baht 261 million as described in Note 1.3 to the financial statements (31 December 2012: Baht 406 million).

The balances as at 31 March 2013 and 31 December 2012 of amounts due from reinsurers are classified by aging as follows:

	(Unit: Baht)	
	31 March 2013	31 December 2012
Not over 12 months	179,859,076	165,906,295
Over 1 year to 2 years	3,629,870	1,617,786
Over 2 years	415	415
Total amounts due from reinsurers	183,489,361	167,524,496
Less: Allowance for doubtful accounts	(5,670,000)	-
Amounts due from reinsurers, net	177,819,361	167,524,496

## 7. Investments in securities

	(Unit: Baht)			
	31 March 2013		31 December 2012	
	Cost/ Amortised cost	Fair value	Cost/ Amortised cost	Fair value
<b>Trading investments</b>				
Equity securities	38,203,316	63,211,603	23,073,586	39,525,896
Unit trusts	4,530,320	4,538,223	9,724,463	9,795,669
Total	42,733,636	67,749,826	32,798,049	49,321,565
Add: Unrealised gains	25,016,190	-	16,523,516	-
<b>Total trading investments</b>	67,749,826	67,749,826	49,321,565	49,321,565
<b>Available-for-sale investments</b>				
Equity securities	21,194,049	33,689,285	25,450,303	41,363,536
Unit trusts	204,985,052	223,868,088	226,827,765	248,020,071
Total	226,179,101	257,557,373	252,278,068	289,383,607
Add: Unrealised gains	31,378,272	-	37,105,539	-
<b>Total available-for-sale investments</b>	257,557,373	257,557,373	289,383,607	289,383,607
<b>Held-to-maturity investments</b>				
Government and state enterprise securities	456,022,461		552,374,333	
Private enterprise debt securities	188,028,371		178,062,463	
Deposits at commercial banks	883,282,028		671,203,255	
<b>Total held-to-maturity investments</b>	1,527,332,860		1,401,640,051	
<b>Other investments</b>				
Equity securities	2,223,020		2,223,020	
<b>Total other investments</b>	2,223,020		2,223,020	

(Unaudited but reviewed)

Investments in debt securities as at 31 March 2013 and 31 December 2012 will be matured redemption as follows:

(Unit: Baht)

	31 March 2013				31 December 2012			
	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	
<b>Held to maturity investments</b>								
Government and state								
enterprise securities	152,339,551	273,390,840	30,292,070	456,022,461	220,965,770	321,408,563	10,000,000	552,374,333
Private enterprise debt securities	35,028,371	113,000,000	40,000,000	188,028,371	40,062,463	103,000,000	35,000,000	178,062,463
Deposits at commercial banks	833,282,028	50,000,000	-	883,282,028	586,203,255	85,000,000	-	671,203,255
<b>Total investments in debt securities</b>	<b>1,020,649,950</b>	<b>436,390,840</b>	<b>70,292,070</b>	<b>1,527,332,860</b>	<b>847,231,488</b>	<b>509,408,563</b>	<b>45,000,000</b>	<b>1,401,640,051</b>

As at 31 March 2013 and 31 December 2012, 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 20, 21 and 22.

## 8. Loans and accrued interest

As at 31 March 2013 and 31 December 2012, loans and accrued interest aged by principal and accrued interest are as follows:

(Unit: Baht)

Outstanding period	31 March 2013						
	Mortgage loans		Other loans		Total		
	Principal	Accrued interest	Principal	Accrued interest	Principal	Accrued interest	Total
Current	5,432,325	5,743	790,545	20	6,222,870	5,763	6,228,633
Overdue							
More than 12 months	-	-	518,373	-	518,373	-	518,373
Total	5,432,325	5,743	1,308,918	20	6,741,243	5,763	6,747,006
Less: Allowance for doubtful accounts	-	-	(518,373)	-	(518,373)	-	(518,373)
Loans and accrued interest, net	5,432,325	5,743	790,545	20	6,222,870	5,763	6,228,633

(Unit: Baht)

31 December 2012							
Outstanding period	Mortgage loans		Other loans		Total		
	Principal	Accrued interest	Principal	Accrued interest	Principal	Accrued interest	Total
Not yet due	5,872,343	10,961	910,548	-	6,782,891	10,961	6,793,852
Overdue							
More than 12 months	-	-	518,373	-	518,373	-	518,373
Total	5,872,343	10,961	1,428,921	-	7,301,264	10,961	7,312,225
Less: Allowance for doubtful accounts	-	-	(518,373)	-	(518,373)	-	(518,373)
Loans and accrued interest, net	5,872,343	10,961	910,548	-	6,782,891	10,961	6,793,852

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.

## 9. Property, building and equipment

The movement of property, building and equipment for the three-month period ended 31 March 2013 are as follows:

	(Unit: Baht)					
	Land	Building	Furniture and office equipment	Vehicles	Construction in progress	Total
Net book value as at 1 January 2013	103,472,866	26,205,786	12,656,559	4,906,306	15,424,000	162,665,517
Additions - at cost	-	-	539,095	-	124,000	663,095
Disposals - net book value	-	-	(13,203)	-	(48,000)	(61,203)
Depreciation charges for the period	-	(1,140,291)	(1,378,689)	(303,347)	-	(2,822,327)
Net book value as at 31 March 2013	103,472,866	25,065,495	11,803,762	4,602,959	15,500,000	160,445,082

## 10. Intangible assets

	(Unit: Baht)
	Computer software
Net book value at 1 January 2013	2,533,154
Additions - at cost	12,720
Amortisation charges for the period	(220,139)
Net book value as at 31 March 2013	2,325,735

**11. Income tax**

Interim income tax was calculated on profit before income tax for the period, using the estimated effective tax rate for the period.

Income tax expenses for the three-month periods ended 31 March 2013 and 2012 are made up as follows:

	(Unit: Baht)	
	For the three-month periods ended	
	31 March	
	2013	2012
		(Restated)
<b>Current income tax:</b>		
Interim income tax charge	16,570,040	20,996,755
<b>Deferred tax:</b>		
Relating to origination and reversal of tempo differences	(9,189,301)	(23,362,495)
<b>Income tax expense reported in the statements of comprehensive income</b>	<u>7,380,739</u>	<u>2,365,740</u>

The amounts of income tax relating to each component of other comprehensive income for the three-month periods ended 31 March 2013 and 2012 are as follows:

	(Unit: Baht)	
	For the three-month periods ended	
	31 March	
	2013	2012
		(Restated)
Deferred tax relating to gain (loss) on changes in value of available-for-sale investments	<u>1,145,453</u>	<u>(5,132,969)</u>

(Unaudited but reviewed)

## 12. Other assets

	(Unit: Baht)	
	31 March 2013	31 December 2012
Advances	6,030,130	5,554,500
Prepaid expenses	10,576,437	15,938,147
Undue input tax	4,479,457	4,582,634
Account receivable - Revenue Department	-	7,263,147
Claim recovery	3,574,871	2,520,031
Note receivable	33,289,039	11,355,107
Others	9,938,475	7,422,792
Total other assets	<u>67,888,409</u>	<u>54,636,358</u>

## 13. Due to reinsurers

	(Unit: Baht)	
	31 March 2013	31 December 2012
Outward premium payable	149,705,319	129,758,104
Amounts withheld on reinsurance	26,981,789	24,047,465
Total due to reinsurers	<u>176,687,108</u>	<u>153,805,569</u>

## 14. Loss reserves and outstanding claims

	(Unit: Baht)	
	31 March 2013	31 December 2012
Beginning Balance	882,432,492	1,130,886,876
Claims and losses adjustment expenses for the period	205,160,018	727,675,172
Change in claims and losses adjustment expenses paid of prior period	(124,381,525)	(124,628,222)
Claims and losses adjustment expenses paid during the period	(214,819,930)	(851,501,334)
Ending balance	<u>748,391,055</u>	<u>882,432,492</u>

As at 31 March 2013 and 31 December 2012 the Company, which is reinsurer under the reinsurance contracts, has loss reserve and outstanding claims under such contracts of Baht 28.3 million and Baht 28.8 million, respectively.

Loss reserves and outstanding claims as at 31 March 2013 include loss reserves and outstanding claims from flooding claim amounting to Baht 305 million as described in Note 1.3 to the financial statements (31 December 2012: Baht 421 million).

**15. Premium reserves****15.1 Unearned premium reserves**

	(Unit: Baht)	
	31 March 2013	31 December 2012
Beginning balance	703,776,210	559,554,156
Premium written for the period	467,128,723	1,389,446,373
Premium earned for the current period	(362,077,585)	(1,245,224,319)
Ending balance	<u>808,827,348</u>	<u>703,776,210</u>

**15.2 Unexpired risk reserves**

	(Unit: Baht)	
	31 March 2013	31 December 2012
Beginning balance	529,248,679	449,767,652
Estimated claims for the period	309,499,442	425,023,551
Risk expired during the period	(226,762,011)	(345,542,524)
Ending balance	<u>611,986,110</u>	<u>529,248,679</u>

**16. Other liabilities**

	(Unit: Baht)	
	31 March 2013	31 December 2012
Account payable - Revenue Department	9,462,788	4,037,288
Withholding tax payable	2,000,259	1,831,945
Undue output tax	11,254,011	11,047,490
Accrued expenses	13,477,860	13,667,969
Deposit from brokers	6,785,160	10,393,162
Others	9,361,177	9,207,387
Total other liabilities	<u>52,341,255</u>	<u>50,185,241</u>

**17. Underwriting information reported by insurance categories**

Underwriting information classified by insurance categories for the three-month period ended 31 March 2013 is as follows:

	Fire	Marine and transportation	Motor	Personal accident	Miscellaneous	Total
<b>Underwriting income</b>						
Premium written	11,689,581	5,145,958	427,009,880	18,252,684	5,030,620	467,128,723
Less: Premium ceded	(6,952,804)	(4,118,199)	(9,857,531)	(5,307,389)	(2,232,710)	(28,468,633)
Net premium written	4,736,777	1,027,759	417,152,349	12,945,295	2,797,910	438,660,090
Add (less): Unearned premium reserve	(2,051,280)	354,085	(104,890,431)	709,749	1,253,666	(104,624,211)
Earned premium	2,685,497	1,381,844	312,261,918	13,655,044	4,051,576	334,035,879
Fee and commission income	3,313,591	1,335,840	-	1,504,418	550,113	6,703,962
<b>Total underwriting income</b>	<b>5,999,088</b>	<b>2,717,684</b>	<b>312,261,918</b>	<b>15,159,462</b>	<b>4,601,689</b>	<b>340,739,841</b>
<b>Underwriting expenses</b>						
Claims and losses adjustment expenses	694,562	(545,790)	181,716,584	12,623,692	(1,311,983)	193,177,065
Commission and brokerage expenses	3,789,826	686,132	71,412,173	3,299,232	599,691	79,787,054
Other underwriting income	257,104	268,820	7,180,240	965,068	388,472	9,059,704
Contribution to Road Accident Victims Protection Co., Ltd.	-	-	4,946,979	-	-	4,946,979
<b>Total underwriting expenses before operating expenses</b>	<b>4,741,492</b>	<b>409,162</b>	<b>265,255,976</b>	<b>16,887,992</b>	<b>(323,820)</b>	<b>286,970,802</b>
Operating expenses						61,234,107
<b>Total underwriting expenses</b>						<b>348,204,909</b>



Underwriting information classified by insurance categories for the three-month period ended 31 March 2012 is as follows:

	Fire	Marine and transportation	Motor	Personal accident	Miscellaneous	Total
<b>Underwriting income</b>						
Premium written	7,686,637	6,025,775	327,014,104	13,566,982	3,783,058	358,076,556
Less: Premium ceded	(5,530,902)	(4,700,526)	(3,248,863)	(3,625,610)	(948,413)	(18,054,314)
Net premium written	2,155,735	1,325,249	323,765,241	9,941,372	2,834,645	340,022,242
Add (less): Unearned premium reserve	1,674,137	125,550	(73,925,724)	1,181,051	3,987,244	(66,957,742)
Earned premium	3,829,872	1,450,799	249,839,517	11,122,423	6,821,889	273,064,500
Fee and commission income	2,290,735	1,625,146	-	1,111,357	224,806	5,252,044
<b>Total underwriting income</b>	<b>6,120,607</b>	<b>3,075,945</b>	<b>249,839,517</b>	<b>12,233,780</b>	<b>7,046,695</b>	<b>278,316,544</b>
<b>Underwriting expenses</b>						
Claims and losses adjustment expenses	500,166	1,335,058	172,438,649	19,441,021	11,677,501	205,392,395
Commission and brokerage expenses	1,936,064	807,442	54,918,739	2,475,310	424,657	60,562,212
Other underwriting income	275,269	176,824	5,397,201	603,429	487,502	6,940,225
Contribution to Road Accident Victims Protection Co., Ltd.	-	-	3,594,374	-	-	3,594,374
<b>Total underwriting expenses before operating expenses</b>	<b>2,711,499</b>	<b>2,319,324</b>	<b>236,348,963</b>	<b>22,519,760</b>	<b>12,589,660</b>	<b>276,489,206</b>
Operating expenses						46,765,837
<b>Total underwriting expenses</b>						<b>323,255,043</b>

**18. Operating expenses**

(Unit: Baht)

	For the three-month periods ended	
	31 March	
	2013	2012
Personal expenses which are not expenses for underwriting and claims	14,740,952	18,969,012
Property and equipment expenses which are not expenses for underwriting	16,742,237	17,373,689
Taxes and duties	256,319	278,066
Bad debts and doubtful accounts (Reversal)	6,942,703	(2,975,384)
Other operating expenses	22,551,896	13,120,454
Total operating expenses	<u>61,234,107</u>	<u>46,765,837</u>

**19. 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.

(Unaudited but reviewed)

(Unit: Baht)

For the three-month periods ended  
31 March

	2013	2012
<b>Premium written</b>		
Dung Seng Insurance Broker Co., Ltd.*	302,210,797	276,302,899
Asia Hotel Plc.	5,611	3,793
Zeer Property Plc.	3,664	12,771
Asia Airport Hotel Co., Ltd.	-	8,308
Asia Pattaya Hotel Co., Ltd.	600	-
<b>Commission paid</b>		
Dung Seng Insurance Broker Co., Ltd.	52,948,647	51,574,904
<b>Rental of building space</b>		
N.S.B. Co., Ltd.	316,476	310,860
<b>Service fee of building space</b>		
N.S.B. Co., Ltd.	5,030,362	4,438,325

\* 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 31 March 2013 and 31 December 2012, the balances of the accounts between the Company and those related companies are as follows:

	31 March 2013	31 December 2012
<b>Premium receivables (net of notes receivable from agent)</b>		
Dung Seng Insurance Broker Co., Ltd.	132,200,528	137,382,593
<b>Prepaid rental and service fee of building space</b>		
N.S.B. Co., Ltd.	10,576,437	15,735,592
<b>Accrued commissions</b>		
Dung Seng Insurance Broker Co., Ltd.	22,380,079	23,179,044