

Nam Seng Insurance Public Company Limited  
Review report and interim financial statements  
31 March 2016

## **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 2016, 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 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 the matter as described in Notes 2 and 28 to the interim financial statements that during the current period, the Company reclassified line items in accordance with the new format of financial statements as determined in the Notification of the Office of Insurance Commission dated 4 March 2016, which has become effective as from 1 January 2016 and the Company also adopted revised and new accounting standards as issued by the Federation of Accounting Professions. My conclusion is not qualified in respect of this matter.

Nonglak Pumnoi  
Certified Public Accountant (Thailand) No. 4172

EY Office Limited  
Bangkok: 11 May 2016

**Nam Seng Insurance Public Company Limited**

**Statements of financial position**

**As at 31 March 2016**

(Unit: Baht)

	Note	31 March 2016 (Unaudited but reviewed)	31 December 2015 (Audited and restated)	1 January 2015
<b>Assets</b>				
Cash and cash equivalents	5	374,149,216	77,148,715	111,246,000
Premium receivables - net	6, 21.3	185,242,091	202,753,438	147,298,373
Accrued investment income		10,519,995	9,177,031	18,376,093
Reinsurance assets - net	7	318,335,607	307,087,710	197,079,584
Reinsurance receivables - net	8	85,912,154	59,613,892	43,800,890
Investment assets				
Investments in securities - net	9.1	2,029,317,504	2,336,153,154	2,163,241,010
Loans - net	10	6,044,363	6,676,020	8,344,815
Properties foreclosed - net		1,030,613	1,030,613	7,314,613
Property, buildings and equipment - net	11	163,893,344	165,304,789	147,045,418
Intangible assets - net	12	354,492	399,535	1,056,435
Deferred tax assets	13.1	127,631,883	105,244,966	90,136,850
Other assets	14	124,244,713	32,641,953	46,640,488
<b>Total assets</b>		<b>3,426,675,975</b>	<b>3,303,231,816</b>	<b>2,981,580,569</b>

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

**Nam Seng Insurance Public Company Limited**  
**Statements of financial position (continued)**  
**As at 31 March 2016**

(Unit: Baht)

	Note	31 March 2016 (Unaudited but reviewed)	31 December 2015 (Audited and restated)	1 January 2015
<b>Liabilities and equity</b>				
<b>Liabilities</b>				
Insurance contract liabilities	15	1,769,078,327	1,673,576,475	1,453,823,333
Reinsurance payables	16	131,331,924	121,729,874	110,417,997
Income tax payable		26,479,384	311,170	9,118,199
Employee benefit obligations		38,894,290	38,761,353	34,330,679
Accrued commissions	21.3	35,219,033	36,826,890	32,871,014
Other liabilities	17, 21.3	233,119,219	137,739,184	92,768,588
<b>Total liabilities</b>		<u>2,234,122,177</u>	<u>2,008,944,946</u>	<u>1,733,329,810</u>
<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
General reserve		6,163,850	6,163,850	6,163,850
Unappropriated		438,776,087	548,794,476	489,436,011
Other components of equity				
Unrealised losses on change in valuation of				
available-for-sale investments - net of income taxes	9.2	(10,671,761)	(18,957,078)	(5,634,724)
<b>Total equity</b>		<u>1,192,553,798</u>	<u>1,294,286,870</u>	<u>1,248,250,759</u>
<b>Total liabilities and equity</b>		<u>3,426,675,975</u>	<u>3,303,231,816</u>	<u>2,981,580,569</u>
		-	-	-

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 2016**

	Note	2016	(Unit: Baht) 2015 (Restated)
<b>Income</b>			
Gross premium written	21.2	558,374,803	492,575,319
Less: Premium ceded to reinsurers		(61,598,438)	(48,661,732)
Net premium written		496,776,365	443,913,587
Less: Net change in unearned premium reserves		(70,106,788)	(55,708,314)
Net earned premium		426,669,577	388,205,273
Fee and commission income		19,995,581	19,721,846
Net investment income		15,626,291	18,380,259
Gains (losses) on investments		(7,408,849)	7,728,083
Fair value gains (losses)		7,361,300	(3,026,763)
Other income	21.2	2,939,674	4,494,949
<b>Total income</b>		<b>465,183,574</b>	<b>435,503,647</b>
<b>Expenses</b>			
Gross claims		291,898,260	229,045,534
Less: Claim recovery from reinsurers		(45,404,052)	(25,428,567)
Commission and brokerage expenses	21.2	77,405,601	73,253,767
Other underwriting expenses		40,410,477	28,538,680
Operating expenses	19, 21.2	82,556,471	52,020,319
<b>Total expenses</b>		<b>446,866,757</b>	<b>357,429,733</b>
<b>Profit before income tax expenses</b>		<b>18,316,817</b>	<b>78,073,914</b>
Income tax expenses	13.2	(3,235,206)	(15,149,878)
<b>Profit for the period</b>		<b>15,081,611</b>	<b>62,924,036</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 2016**

	Note	2016	(Unit: Baht) 2015 (Restated)
<b>Other comprehensive income (loss):</b>			
Other comprehensive income to be reclassified			
to profit or loss in subsequent periods:			
Gains (loss) on revaluation of			
available-for-sale investments			
		10,356,646	(2,197,641)
Add (less):	13.2	(2,071,329)	439,528
Other comprehensive income to be reclassified			
to profit or loss in subsequent periods			
- net of income tax			
		8,285,317	(1,758,113)
<b>Other comprehensive income (losses) for the period</b>		<b>8,285,317</b>	<b>(1,758,113)</b>
<b>Total comprehensive income for the periods</b>		<b>23,366,928</b>	<b>61,165,923</b>
<b>Earnings per share</b>			
Basic earnings per share			
Profit for the period	20	1.09	4.53

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 2016**

(Unit: Baht)

	Issued and paid-up share capital	Premium on share capital	Retained earnings			Other components of equity	Total
			Appropriated		Unappropriated	Unrealised gains (losses) on	
			Statutory reserve	Other		changes in values of available- for-sale investments	
<b>Balance as at 1 January 2015</b>	139,000,000	594,436,835	24,848,787	6,163,850	489,436,011	(5,634,724)	1,248,250,759
Profit for the period	-	-	-	-	62,924,036	-	62,924,036
Other comprehensive losses for the period	-	-	-	-	-	(1,758,113)	(1,758,113)
Total comprehensive income for the period	-	-	-	-	62,924,036	(1,758,113)	61,165,923
<b>Balance as at 31 March 2015</b>	<u>139,000,000</u>	<u>594,436,835</u>	<u>24,848,787</u>	<u>6,163,850</u>	<u>552,360,047</u>	<u>(7,392,837)</u>	<u>1,309,416,682</u>
<b>Balance as at 1 January 2016</b>	139,000,000	594,436,835	24,848,787	6,163,850	548,794,476	(18,957,078)	1,294,286,870
Profit for the period	-	-	-	-	15,081,611	-	15,081,611
Other comprehensive income for the period	-	-	-	-	-	8,285,317	8,285,317
Total comprehensive income for the period	-	-	-	-	15,081,611	8,285,317	23,366,928
Dividend paid (Note 27)	-	-	-	-	(125,100,000)	-	(125,100,000)
<b>Balance as at 31 March 2016</b>	<u>139,000,000</u>	<u>594,436,835</u>	<u>24,848,787</u>	<u>6,163,850</u>	<u>438,776,087</u>	<u>(10,671,761)</u>	<u>1,192,553,798</u>
	-	-	-	-	-	-	-

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 2016**

	2016	(Unit: Baht) 2015 (Restated)
<b>Cash flows from operating activities</b>		
Direct premium written	576,532,223	462,206,803
Cash paid on reinsurance	(28,470,271)	(13,255,466)
Interest income	12,716,081	18,690,554
Dividend income	1,567,245	2,399,122
Other income	2,936,203	4,250,627
Losses incurred on direct insurance	(261,261,579)	(215,225,314)
Commissions and brokerages on direct insurance	(78,997,951)	(73,450,598)
Other underwriting expenses	(36,572,068)	(25,350,067)
Operating expenses	(164,873,853)	(83,184,114)
Income tax	(1,525,240)	(1,606,453)
Investments in securities	275,637,182	(30,900,028)
Loans	631,658	672,605
<b>Net cash from operating activities</b>	<b>298,319,630</b>	<b>45,247,671</b>
<b>Cash flows from investing activities</b>		
Cash flows from		
Property, buildings and equipment	9,975	258,213
Net cash from investing activities	9,975	258,213
Cash flows used in		
Property, buildings and equipment	(1,329,104)	(8,684,914)
Net cash used in investing activities	(1,329,104)	(8,684,914)
<b>Net cash used in investing activities</b>	<b>(1,319,129)</b>	<b>(8,426,701)</b>
<b>Net increase in cash and cash equivalents</b>	<b>297,000,501</b>	<b>36,820,970</b>
Cash and cash equivalents at beginning of period	77,148,715	111,246,000
<b>Cash and cash equivalents at end of period</b>	<b>374,149,216</b>	<b>148,066,970</b>

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 2016**

**1. Corporate information**

Nam Seng Insurance Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. The major shareholder is N.S. Alliance Co., Ltd., which was incorporated in Thailand. The Company is principally engaged in the provision of non-life insurance. The Company’s registered office is located at 767 Krungthep-Nonthaburi Road, Bangsue, Bangkok.

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

These interim financial statements are prepared in accordance with Thai Accounting Standard No. 34 (revised 2015) “Interim Financial Reporting”, with the Company choosing to present condensed interim financial statements. However, the Company presented line items in the statements of financial position, comprehensive income, changes in owners’ equity and cash flows in accordance with the format of financial statements specified in the Notification of the Office of Insurance Commission (“OIC”) regarding criteria, procedures, terms and conditions for preparation and submission of financial statements and operating performance reports of non-life insurance companies dated 4 March 2016, which has been effective as from 1 January 2016. Such format of financial statements has been changed from that of the former Notification and as a result, reclassification of certain line items in the prior period’s statements of financial position, comprehensive income, and cash flows, presented as comparative information, is required to conform to the current period’s classification and the statement of financial position as at 1 January 2015 is also presented as comparative information.

These 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 financial statements in Thai language.

### **3. Revised and new financial reporting standards**

During the period, the Company adopted the revised and new financial reporting standards and accounting treatment guidance issued by the Federation of Accounting Professions, which became effective for fiscal years beginning on or after 1 January 2016 onwards. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards. The adoption of these financial reporting standards does not have any significant impact on the Company's financial statements. However, the financial reporting standard with changes in key principles that is directly relevant to the Company's business is as follows:

#### **TFRS 4 (Revised 2015) Insurance Contracts**

The objective of Thai Financial Reporting Standard No. 4 (TFRS 4) is to specify the financial reporting for insurance contracts (including reinsurance contracts) issued by any entity and the reinsurance contracts held by an entity, and to provide limited amendments in accounting for insurance contracts until the second phase of the project on the financial reporting standard regarding insurance contracts is completed. In particular, this standard requires disclosure that identifies and explains the amounts in an insurer's financial statements arising from insurance contracts and prohibits provisions for possible claims under contracts that are not in existence at the end of the reporting period. It also requires insurers to test for the adequacy of recognised insurance contract liabilities and perform an impairment test for reinsurance assets, including determination for the insurers to maintain insurance contract liabilities in their financial statements until their obligations under insurance contracts are discharged, cancelled, or expired, and to present insurance contract liabilities without offsetting them against related reinsurance assets. Moreover, this standard temporarily exempts insurers from some requirements of other standards, including the requirement to consider the framework in selecting accounting policies for insurance contracts.

In addition to stipulating the treatment of insurance contracts, this standard also stipulates consideration of characteristic of insurance contracts whereby an insurance contract is a contract under which the insurer accepts significant insurance risk from another party (the insured) by agreeing to compensate the insured if a specified uncertain future event adversely affects the insured. Determination of whether or not a significant insurance risk has been accepted is based on comparison of the amount of benefits payable to the insured under the contract if an insured event occurs with the amount of obligation to the insured if the insured event does not occur.

The first time adoption of this standard has no significant impact on the Company's interim financial statements since the Company's management has already considered and reviewed the classification of insurance contracts (including reinsurance contracts) and reinsurance contracts held by the Company and can be concluded that all of its insurance contracts meet the definition of insurance contracts under this standard. Furthermore, the recognition of loss reserves, the liability adequacy test of recognised insurance contract liabilities, the impairment test for reinsurance assets and the recognition of insurance contract liabilities have no impact on the Company's financial statements since the Company has always implemented the similar treatment before this standard became effective. However, this standard also requires the disclosure of additional information for insurance contracts related to the assets, liabilities, revenues and expenses recognised in the financial statements and the nature and extent of the insurance risk arising from insurance contracts in the annual financial statements and therefore the Company will present such additional information in its annual financial statements.

#### 4. Significant accounting policies

The interim financial statements are prepared using the same accounting policies and methods of computation as those were used for the financial statements for the year ended 31 December 2015, except for the adoption of revised and new financial reporting standards, as described in Note 3 to the interim financial statements.

#### 5. Cash and cash equivalents

	(Unit: Baht)	
	31 March 2016	31 December 2015
Cash on hand	664,376	143,224
Deposits at banks with no fixed maturity date	373,484,840	77,005,491
Total cash and cash equivalents	374,149,216	77,148,715

As at 31 March 2016 and 31 December 2015, saving deposits and fixed deposits carried interests at the rates between 0.00 and 4.00 percent per annum.

**6. Premium receivables**

The balances as at 31 March 2016 and 31 December 2015 of premium receivables are classified by aging from the maturity date under the stipulated law of the premium collection as follows:

	(Unit: Baht)	
	From direct insurance	
	31 March 2016	31 December 2015
		(Restated)
Not yet due	145,660,069	157,542,520
Overdue not longer than 30 days	25,883,140	30,877,276
Overdue 31 days to 60 days	16,451,700	13,004,379
Overdue 61 days to 90 days	12,549,103	3,913,613
Overdue 91 days to 1 year	7,704,474	9,577,688
Overdue longer than 1 year	7,215,655	7,446,084
Total	215,464,141	222,361,560
Less: Allowance for doubtful accounts	(30,222,050)	(19,608,122)
Premium receivables - net	185,242,091	202,753,438

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.

**7. Reinsurance assets**

	(Unit: Baht)	
	31 March 2016	31 December 2015
		(Restated)
<b>Insurance reserves refundable from reinsurers</b>		
Loss reserves claims	143,543,787	127,891,529
Unearned premium reserves	179,718,395	184,122,757
Total	323,262,182	312,014,286
Less: Allowance for doubtful accounts	(4,926,575)	(4,926,576)
Reinsurance assets - net	318,335,607	307,087,710

**8. Reinsurance receivables**

	(Unit: Baht)	
	31 March 2016	31 December 2015
		(Restated)
Amounts deposited on reinsurance	2,929	2,929
Amounts due from reinsurers	86,376,477	60,078,215
Total	86,379,406	60,081,144
Less: Allowance for doubtful accounts	(467,252)	(467,252)
Reinsurance receivables - net	85,912,154	59,613,892

**9. Investments in securities****9.1 Classified by type of investment**

	(Unit: Baht)			
	31 March 2016		31 December 2015	
	Cost/ Amortised cost	Fair value	Cost/ Amortised cost	Fair value
<b>Trading investments</b>				
Equity securities	68,972,689	68,141,970	92,389,643	84,187,505
Unit trusts	1,063,264	1,070,558	7,225,832	7,261,371
Warrant	-	290,989	-	272,864
Total	70,035,953	69,503,517	99,615,475	91,721,740
Less: Unrealised losses	(532,436)	-	(7,893,735)	-
Total trading investments	69,503,517	69,503,517	91,721,740	91,721,740
<b>Available-for-sale investments</b>				
Equity securities	24,107,767	26,746,608	20,446,128	22,724,367
Unit trusts	324,059,349	305,971,138	507,322,284	479,676,957
Debentures	70,028,074	72,137,743	40,030,784	41,701,525
Total	418,195,190	404,855,489	567,799,196	544,102,849
Less: Unrealised losses	(13,339,701)	-	(23,696,347)	-
Less: Allowance for impairment	(2,300,600)	(2,300,600)	(2,280,600)	(2,280,600)
Total available-for-sale investments	402,554,889	402,554,889	541,822,249	541,822,249
<b>Held-to-maturity investments</b>				
Government and state enterprise securities	511,844,550		512,314,180	
Private enterprise debt securities	373,366,528		268,246,965	
Deposits at commercial banks	670,000,000		920,000,000	
Total held-to-maturity investments	1,555,211,078		1,700,561,145	
<b>Other investments</b>				
Equity securities	2,048,020		2,048,020	
Total other investments	2,048,020		2,048,020	

(Unaudited but reviewed)

Investment in securities - net	<u>2,029,317,504</u>	<u>2,336,153,154</u>
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**9.2 Unrealised losses on available-for-sale investments**

(Unit: Baht)

	For the three-month	
	period ended	For the year ended
	<u>31 March 2016</u>	<u>31 December 2015</u>
Unrealised losses on available-for-sale investments - beginning of the periods	(23,696,347)	(7,043,405)
Gains (losses) on revaluation during the periods	6,286,368	(19,571,474)
Losses on sales of available-for-sale investments during the periods transferred to be recognised in profit or loss	<u>4,070,278</u>	<u>2,918,532</u>
Unrealised losses on available-for-sale investments - end of the periods	(13,339,701)	(23,696,347)
Add: Income taxes	<u>2,667,940</u>	<u>4,739,269</u>
Unrealised losses on available-for-sale investments - net of income taxes	<u><u>(10,671,761)</u></u>	<u><u>(18,957,078)</u></u>

**9.3 Investments subject to restriction**

As at 31 March 2016 and 31 December 2015, 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 22, 23 and 24.

**10. Loans**

As at 31 March 2016 and 31 December 2015, loans and accrued interest aged by principal and accrued interest are as follows:

(Unit: Baht)

Outstanding period	31 March 2016						
	Mortgage loans		Others		Total		
	Principal	Accrued interest	Principal	Accrued interest	Principal	Accrued interest	Total
Not yet due	5,728,893	747	315,470	-	6,044,363	747	6,045,110
Overdue more than 12 months	-	-	314,526	203,847	314,526	203,847	518,373
Total	<u>5,728,893</u>	<u>747</u>	<u>629,996</u>	<u>203,847</u>	<u>6,358,889</u>	<u>204,594</u>	<u>6,563,483</u>
Less: Allowance for doubtful accounts	-	-	(314,526)	(203,847)	(314,526)	(203,847)	(518,373)
Loans and accrued interest - net	<u>5,728,893</u>	<u>747</u>	<u>315,470</u>	<u>-</u>	<u>6,044,363</u>	<u>747<sup>(1)</sup></u>	<u>6,045,110</u>

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

(Unaudited but reviewed)

(Unit: Baht)

31 December 2015							
Outstanding period	Mortgage loans		Other loans		Total		
	Principal	Accrued interest	Principal	Accrued interest	Principal	Accrued interest	Total
Not yet due	6,300,255	1,409	375,765	-	6,676,020	1,409	6,677,429
Overdue more than 12 months	-	-	314,526	203,847	314,526	203,847	518,373
Total	6,300,255	1,409	690,291	203,847	6,990,546	205,256	7,195,802
Less: Allowance for doubtful accounts	-	-	(314,526)	(203,847)	(314,526)	(203,847)	(518,373)
Loans and accrued interest - net	6,300,255	1,409	375,765	-	6,676,020	1,409 <sup>(1)</sup>	6,677,429

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

The credit limit on employee loans that are secured by personal guarantees is set at 20 times of 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.

## 11. Property, buildings and equipment

The movement of property, buildings and equipment for the three-month period ended 31 March 2016 are as follows:

	(Unit: Baht)					
	Land	Buildings	Furniture, fixtures and office equipment	Vehicles	Construction in progress	Total
Net book value as at						
1 January 2016	107,662,866	35,217,466	18,705,898	3,402,559	316,000	165,304,789
Additions - at cost	-	-	1,274,774	-	46,531	1,321,305
Transfer in (out)	-	-	28,531	-	(28,531)	-
Disposals - net book value	-	-	(6,504)	-	-	(6,504)
Depreciation charge for the period	-	(995,530)	(1,474,255)	(256,461)	-	(2,726,246)
Net book value as at						
31 March 2016	107,662,866	34,221,936	18,528,444	3,146,098	334,000	163,893,344



**12. Intangible assets**

	(Unit: Baht)
	<u>Computer software</u>
Net book values as at 1 January 2016	399,535
Addition	7,800
Amortisation charge for the period	(52,843)
Net book value as at 31 March 2016	<u>354,492</u>

**13. Income tax****13.1 Deferred tax assets**

Deferred tax assets arose from the following temporary differences:

	(Unit: Baht)	
	31 March	31 December
	2016	2015
	<u>          </u>	<u>          </u>
<b>Deferred tax assets</b>		
Allowance for doubtful debts	7,798,478	5,757,184
Premium reserves	52,286,529	42,494,194
Losses reserves of claims incurred but not yet reported	14,836,103	16,879,257
Loss reserves of claims incurred and reported	41,937,070	25,944,753
Provision for long-term employee benefits	7,999,276	7,752,271
Unrealised losses on changes in values of available-for-sale investments	2,667,940	4,739,269
Unrealised losses on changes in values of trading investments	106,487	1,678,038
Total deferred tax assets	<u>127,631,883</u>	<u>105,244,966</u>

**13.2 Income tax expenses**

Income tax expenses for the three-month periods ended 31 March 2016 and 2015 are made up as follows:

	(Unit: Baht)	
	For the three-month periods ended 31 March	
	2016	2015
<b>Current income tax:</b>		
Interim income tax charge	(27,693,452)	(29,240,628)
<b>Deferred tax:</b>		
Relating to origination and reversal of temporary differences	24,458,246	14,090,750
Income tax expenses reported in the statements of comprehensive income	<u>(3,235,206)</u>	<u>(15,149,878)</u>

Reconciliation between accounting profits and income tax expenses for the three-month periods ended 31 March 2016 and 2015:

	(Unit: Baht)	
	For the three-month periods ended 31 March	
	2016	2015
Accounting profits before tax	<u>18,316,817</u>	<u>78,073,914</u>
Applicable tax rate	20%	20%
Accounting profit before tax multiplied by applicable tax rate	(3,663,363)	(15,614,783)
Net tax effect on income or expenses that are not taxable or not deductible in determining taxable profits	<u>428,157</u>	<u>464,905</u>
Income tax expenses reported in the statements of comprehensive income	<u>(3,235,206)</u>	<u>(15,149,878)</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 2016 and 2015 are as follows:

	(Unit: Baht)	
	Separate financial statements	
	For the three-month periods ended 31 March	
	2016	2015
Deferred income taxes relating to:		
Revaluation (increase) decrease on investments during the periods	(1,257,274)	431,675
Gains (losses) on sales of available-for-sale investments during the periods transferred to be recognised in profit or loss	(814,055)	7,853
Income taxes as reported in other comprehensive income (losses)	(2,071,329)	439,528

**14. Other assets**

	(Unit: Baht)	
	31 March 2016	31 December 2015
Advances	4,400,858	1,509,660
Prepaid expenses	703,245	740,579
Undue input tax	3,320,178	3,594,113
Claim receivable from litigants	2,233,538	3,099,100
Notes receivable	37,981,794	5,600,761
Receivable on sales securities	46,658,000	2,001,832
Advance on purchases securities	12,000,000	-
Others	16,947,100	16,095,908
Total other assets	124,244,713	32,641,953

**15. Insurance contract liabilities**

(Unit: Baht)

	31 March 2016		
	Insurance contract liabilities	Reinsurance on liabilities	Net
Loss reserves			
Claims incurred and reported	516,540,596	(111,749,096)	404,791,500
Claims incurred but not reported	101,048,629	(26,868,116)	74,180,513
Premium reserves			
Unearned premium reserves	1,151,489,102	(179,718,395)	971,770,707
<b>Total</b>	<b>1,769,078,327</b>	<b>(318,335,607)</b>	<b>1,450,742,720</b>

(Unit: Baht)

	31 December 2015		
	Insurance contract liabilities	Reinsurance on liabilities	Net
	(Restated)	(Restated)	(Restated)
Loss reserves and outstanding claims			
Claims incurred and reported	486,136,957	(105,708,399)	380,428,558
Claims incurred but not reported	101,652,842	(17,256,554)	84,396,288
Premium reserves			
Unearned premium reserves	1,085,786,676	(184,122,757)	901,663,919
<b>Total</b>	<b>1,673,576,475</b>	<b>(307,087,710)</b>	<b>1,366,488,765</b>

**15.1 Loss reserves**

	(Unit: Baht)	
	For the three-month period ended	For the year ended
	31 March 2016	31 December 2015
Beginning balances	587,789,799	589,582,528
Claim expenses for the periods	298,940,360	1,022,075,952
Changes in loss reserves of claims incurred in prior periods	(15,871,338)	(61,667,469)
Claims paid during the periods	(253,269,596)	(962,201,212)
Ending balances	<u>617,589,225</u>	<u>587,789,799</u>

As at 31 March 2016 and 31 December 2015 the Company, which is reinsurer under the reinsurance contracts, has loss reserve and outstanding claims under such contracts of Baht 0.24 million and 0.04 million, respectively.

**15.2 Unearned premium reserves**

	(Unit: Baht)	
	For the three-month period ended	For the year ended
	31 March 2016	31 December 2015
Beginning balance	1,085,786,676	864,240,805
Premium written for the periods	558,374,804	2,015,186,692
Premium earned for the current periods	(492,672,378)	(1,793,640,821)
Ending balance	<u>1,151,489,102</u>	<u>1,085,786,676</u>

**16. Reinsurance payables**

	(Unit: Baht)	
	<u>31 March 2016</u>	<u>31 December 2015</u>
Amounts withheld on reinsurance	33,698,543	33,666,698
Amounts due to reinsurers	<u>97,633,381</u>	<u>88,063,176</u>
Total reinsurance payables	<u><u>131,331,924</u></u>	<u><u>121,729,874</u></u>

**17. Other liabilities**

	(Unit: Baht)	
	<u>31 March 2016</u>	<u>31 December 2015</u>
		(Restated)
Account payable - Revenue Department	9,478,201	6,823,477
Withholding tax payable	2,475,315	2,157,958
Undue output tax	11,306,973	12,073,271
Accrued employee benefit expenses	9,968,535	28,743,928
Accrued expenses	10,486,996	16,707,296
Deposits from brokers	33,317,032	44,669,564
Dividend payables	125,100,000	-
Others	<u>30,986,167</u>	<u>26,563,690</u>
Total other liabilities	<u><u>233,119,219</u></u>	<u><u>137,739,184</u></u>

## 18. Segment information

For management purposes, the Company is organised into business units based on non-life insurance and has two reportable segments which are motor insurance and others insurance.

The following tables present revenue and profit regarding the Company's operating segments for the three-month periods ended 31 March 2016 and 2015, respectively.

	(Unit: Baht)					
	Motor		Others		Total	
	2016	2015	2016	2015	2016	2015
<b>Underwriting income</b>						
Gross premium written	428,534,896	409,266,855	129,839,907	83,308,464	558,374,803	492,575,319
Less: Premium ceded to reinsurers	(1,987,254)	(1,976,720)	(59,611,184)	(46,685,012)	(61,598,438)	(48,661,732)
Net premium written	426,547,642	407,290,135	70,228,723	36,623,452	496,776,365	443,913,587
Less: net change in unearned premium reserves	(47,984,158)	(46,916,141)	(22,122,630)	(8,792,173)	(70,106,788)	(55,708,314)
Net earned premium	378,563,484	360,373,994	48,106,093	27,831,279	426,669,577	388,205,273
Fee and commission income	-	-	19,995,581	19,721,846	19,995,581	19,721,846
<b>Total underwriting income</b>	<b>378,563,484</b>	<b>360,373,994</b>	<b>68,101,674</b>	<b>47,553,125</b>	<b>446,665,158</b>	<b>407,927,119</b>
<b>Underwriting expenses</b>						
Gross claims	213,428,140	192,002,660	78,470,120	37,042,874	291,898,260	229,045,534
Less: Claim recovery from reinsurers	-	-	(45,404,052)	(25,428,567)	(45,404,052)	(25,428,567)
Commission and brokerage expenses	68,551,837	64,416,143	8,853,764	8,837,624	77,405,601	73,253,767
Other underwriting expenses	26,278,803	25,424,596	14,131,674	3,114,084	40,410,477	28,538,680
Operating expenses (Reversal)	82,248,558	53,174,001	307,913	(1,153,682)	82,556,471	52,020,319
<b>Total underwriting expenses</b>	<b>390,507,338</b>	<b>335,017,400</b>	<b>56,359,419</b>	<b>22,412,333</b>	<b>446,866,757</b>	<b>357,429,733</b>
<b>Profit (loss) from underwriting</b>	<b>(11,943,854)</b>	<b>25,356,594</b>	<b>11,742,255</b>	<b>25,140,792</b>	<b>(201,599)</b>	<b>50,497,386</b>
Net investment income					15,626,291	18,380,259
Gains (losses) on investments					(7,408,849)	7,728,083
Fair value gains (losses)					7,361,300	(3,026,763)
Other income					2,939,674	4,494,949
<b>Profit before income tax expenses</b>					<b>18,316,817</b>	<b>78,073,914</b>
Income tax expenses					(3,235,206)	(15,149,878)
<b>Profit for the period</b>					<b>15,081,611</b>	<b>62,924,036</b>

Segments assets and liabilities as at 31 March 2016 and 31 December 2015 are as follows:

	(Unit: Baht)			
	Motor	Others	Unallocated assets/liabilities	Total
<b>Assets</b>				
31 March 2016	166,038,784	423,441,833	2,837,195,358	3,426,675,975
31 December 2015 (Restated)	177,515,184	391,939,855	2,733,776,777	3,303,231,816
<b>Liabilities</b>				
31 March 2016	1,263,386,112	676,204,995	294,531,070	2,234,122,177

(Unaudited but reviewed)

31 December 2015 (Restated) 1,218,351,360 617,388,705 173,204,881 2,008,944,946

For the three-month periods ended 31 March 2016 and 2015, the Company has revenue from one major broker in amount of Baht 249.0 million and Baht 232.8 million, respectively, arising from the motor segment.

## 19. Operating expenses

(Unit: Baht)

	For the three-month periods ended 31 March	
	2016	2015
Personnel expenses	26,716,556	23,343,383
Property and equipment expenses	16,273,278	16,594,378
Taxes and duties	702,895	643,058
Bad debts and doubtful accounts (reversal)	10,186,471	(11,092,232)
Other operating expenses	28,677,271	22,531,732
Total operating expenses	82,556,471	52,020,319

## 20. Earning per shares

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

## 21. Related party transactions

### 21.1 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



## 21.2 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: Baht)	
	For the three-month periods ended 31 March	
	2016	2015
<b>Gross premium written</b>		
Dung Seng Insurance Broker Co., Ltd. <sup>(1)</sup>	248,978,282	244,693,246
Asia Hotel Plc.	-	1,677
Asia Pattaya Hotel Co., Ltd.	600	600
Zeer Property Plc.	600	-
<b>Commission and brokerage expenses</b>		
Dung Seng Insurance Broker Co., Ltd.	42,926,301	42,851,414
<b>Rental of building space<sup>(2)</sup></b>		
N.S.B. Co., Ltd.	-	-
<b>Service fee of building space<sup>(2)</sup></b>		
N.S.B. Co., Ltd.	2,955,723	2,955,723
<b>Cost of the rental<sup>(3)</sup></b>		
N.S.B. Co., Ltd.	2,053,977	2,080,381

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

<sup>(2)</sup> Present in "Operating Expenses" in statements of comprehensive income

<sup>(3)</sup> Recognised as a deduction item in "Other income" in statements of comprehensive income

	Transfer pricing policy
Premium written	Normal commercial terms for underwriting
Commission and brokerage expenses	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
Cost of the rental	Contract price

### 21.3 Outstanding balances

As at 31 March 2016 and 31 December 2015, the balances of the accounts between the Company and those related companies are as follows:

	(Unit: Baht)	
	31 March	31 December
	2016	2015
<b>Premium receivables</b>		
Dung Seng Insurance Broker Co., Ltd.	136,114,450	141,515,627
<b>Accrued commissions</b>		
Dung Seng Insurance Broker Co., Ltd.	23,204,447	23,966,820
<b>Accrued cost of the rental (including in other liabilities)</b>		
N.S.B. Co., Ltd.	985,241	985,241
<b>Accrued service fee of building space (including in other liabilities)</b>		
N.S.B. Co., Ltd.	684,659	684,659

### 21.4 Directors' and key management's benefits

During the three-month periods ended 31 March 2016 and 2015, 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	
	2016	2015
Short-term employee benefits	5.5	4.8
Long-term employee benefits	0.1	0.2
Total	5.6	5.0

### 22. Securities placed with the Registrar

As at 31 March 2016 and 31 December 2015, the Company has pledged its securities with the Registrar in accordance with the Non-life Insurance Act as follows:

	(Unit: Baht)			
	31 March 2016		31 December 2015	
	Cost	Fair value	Cost	Fair value
Government bonds	14,000,000	15,011,857	14,000,000	14,432,513

**23. Assets reserved with the Registrar**

As at 31 March 2016 and 31 December 2015, 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)			
	31 March 2016		31 December 2015	
	Cost	Fair value	Cost	Fair value
Government bonds	185,000,000	196,224,556	180,000,000	189,747,258

**24. Collateralised assets**

As at 31 March 2016 and 31 December 2015, the Company has collateralised assets as follows:

		(Unit: Baht)	
		31 March	31 December
		2016	2015
Government bonds	- As collateral for bail bonds	1,850,000	1,850,000
	- As collateral for electrical usage	1,650,000	1,650,000
	- As collateral for bank overdrafts	10,000,000	10,000,000
	- As collateral for maintenance contracts	500,000	500,000
Government saving bank lottery	- As collateral for Bank for Agriculture and Agricultural Cooperatives	2,550,000	2,550,000
Fixed deposit	- As collateral for drives guarantee	2,700,000	400,000
	- As collateral for bail bonds	-	3,300,000
Total		19,250,000	20,250,000

## 25. Commitments and contingent liabilities

### 25.1 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 2016 and 31 December 2015, future minimum lease payments required under these non-cancellable operating leases contracts were as follows:

	(Unit: Million Baht)	
	31 March 2016	31 December 2015
Payable:		
In up to 1 year	17.5	22.1
In over 1 and up to 5 years	1.7	1.4

### 25.2 Litigation

As at 31 March 2016 and 31 December 2015, the Company had litigation claims as an insurer. The outcomes of the cases have not yet been finalised whereby the maximum responsibility of the sum sued totalling Baht 496.8 million and Baht 492.1 million, respectively. However, the Company has set aside reserve for its losses totaling Baht 48.5 million and Baht 52.7 million, respectively in the financial statements.

## 26. Fair value of financial instruments

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

### Fair value hierarchy

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

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

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

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

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

(Unaudited but reviewed)

As of 31 March 2016 and 31 December 2015, the Company had the following assets that were measured at fair value using different levels of inputs as follows:

(Unit: Baht)

	31 March 2016			Total
	Level 1	Level 2	Level 3	
<b>Financial assets measured at fair value</b>				
Trading investments				
Equity securities	68,141,970	-	-	68,141,970
Unit trusts	-	1,070,558	-	1,070,558
Warrant	290,989	-	-	290,989
Total trading investments	68,432,959	1,070,558	-	69,503,517
Available-for-sale investments				
Equity securities	26,746,608	-	-	26,746,608
Unit trusts	75,794,790	227,875,748	-	303,670,538
Debentures	-	72,137,743	-	72,137,743
Total available-for-sale investments	102,541,398	300,013,491	-	402,554,889

(Unit: Baht)

	31 December 2015			Total
	Level 1	Level 2	Level 3	
<b>Financial assets measured at fair value</b>				
Trading investments				
Equity securities	84,187,505	-	-	84,187,505
Unit trusts	-	7,261,371	-	7,261,371
Warrant	272,864	-	-	272,864
Total trading investments	84,460,369	7,261,371	-	91,721,740
Available-for-sale investments				
Equity securities	22,724,367	-	-	22,724,367
Unit trusts	73,777,080	403,619,277	-	477,396,357
Debentures	-	41,701,525	-	41,701,525
Total available-for-sale investments	96,501,447	445,320,802	-	541,822,249

Valuation techniques and inputs for Level 2 valuations

- (a) The fair value of investments in debt securities is determined by using the yield curve as announced by the Thai Bond Market Association or by other relevant bodies.
- (b) The fair value of investments in investment units which are not listed on the Stock Exchange of Thailand, is determined by using the net assets value per unit as announced by the fund managers.

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

**27. Dividend paid**

Dividend declared during the period consists of the following:

	Approved by	Total dividends	Dividend per share
		(Million Baht)	(Baht)
Final dividends for 2015	Annual General Meeting of the shareholders on 28 March 2016	125.1	9.0
Final dividends for 2014	Annual General Meeting of the shareholders on 29 April 2015	83.4	6.0

**28. Reclassification**

The Company reclassified certain line items in the prior period's financial statements, presented as comparative information to conform to the current period's classification as already described in Note 2 to the interim financial statements. The reclassification does not have any impact on previously reported profit or owner's equity.

	31 December 2015		1 January 2015	
	As reclassified	As previously reported	As reclassified	Previous brought forward balances
(Unit: Baht)				
<b>Statements of financial position</b>				
Assets:				
Premium receivables - net	202,753,438	202,783,168	147,298,373	147,471,614
Reinsurance assets - net	307,087,710	366,671,872	197,079,584	240,707,233
Receivables on reinsurance contracts - net	59,613,892	-	43,800,890	-
Investment assets - net	2,336,153,154	-	2,163,241,010	-
Trading investments	-	91,721,740	-	80,578,902
Available-for-sale investments	-	541,822,249	-	328,166,988
Held-to-maturity investments	-	1,700,561,145	-	1,752,447,100
Other investments	-	2,048,020	-	2,048,020
<b>Total</b>	<b>2,905,608,194</b>	<b>2,905,608,194</b>	<b>2,551,419,857</b>	<b>2,551,419,857</b>
Liabilities:				
Insurance contract liabilities	1,673,576,475	-	1,453,823,333	-
Loss reserves and outstanding claims	-	587,789,799	-	589,582,528
Premium reserves	-	1,085,786,676	-	864,240,805
Employee benefit obligations	38,761,353	67,505,281	34,330,679	56,320,769
Other liabilities				
Accrued employee benefit expenses	28,743,928	-	21,990,090	-
Accrued expenses	16,707,296	27,276,206	14,506,789	21,961,099
others	26,563,690	15,994,780	17,347,018	9,892,708
<b>Total</b>	<b>1,784,352,742</b>	<b>1,784,352,742</b>	<b>1,541,997,909</b>	<b>1,541,997,909</b>

(Unaudited but reviewed)

Net 1,121,255,452 1,121,255,452 1,009,421,948 1,009,421,948

(Unit: Baht)

For the three-month  
periods ended 31 March 2015

	As reclassified	As previously reported
<b>Statements of comprehensive income</b>		
<b>Revenues</b>		
Gross premium written	492,575,319	-
Less: Premium ceded to reinsurers	(48,661,733)	-
Less: Net change in unearned premium reserves	(55,708,313)	-
Net earned premium	-	388,205,273
Total	388,205,273	388,205,273
<b>Expenses</b>		
Gross claims	229,045,534	-
Less: Claim recovery from reinsurers	(25,428,567)	-
Claims and losses adjustment expenses	-	203,616,967
Other underwriting expenses	28,538,680	19,455,480
Contributions to Road Accident Victims Protection Company Limited	-	5,894,587
Contributions to the Office of Insurance Commission	-	1,476,785
Contributions to the General Insurance Fund	-	1,230,637
Contributions to the Victims Compensation Fund	-	481,191
Total	232,155,647	232,155,647
Net	156,049,626	156,049,626

## 29. Approval of the interim financial statements

These interim financial statements were authorised for issue by the Audit Committee on 11 May 2016.