

Nam Seng Insurance Public Company Limited
Review report and interim financial statements
30 June 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 30 June 2016, the related statements of comprehensive income for the three-month and six-month periods ended 30 June 2016, and the statements of changes in equity and cash flows for the six-month period then ended, as well as the condensed notes to the financial statements. Management is responsible for the preparation and presentation of this interim financial information in accordance with Thai Accounting Standard 34 Interim Financial Reporting. My responsibility is to express a conclusion on this interim financial information based on my review.

Scope of review

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

Conclusion

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

Emphasis of matters

I draw attention to the matters as described in Notes 2 and 3 to the interim financial statements that during the current period, the Company reclassified transactions in accordance with the new format as specified in the Notification of the Office of Insurance Commission dated 4 March 2016, which became effective as from 1 January 2016, and the Company adopted revised and new accounting standards as issued by the Federation of Accounting Professions. My conclusion is not qualified in respect of these matters.

Nonglak Pumnoi
Certified Public Accountant (Thailand) No. 4172

EY Office Limited
Bangkok: 9 August 2016

Nam Seng Insurance Public Company Limited**Statements of financial position****As at 30 June 2016**

(Unit: Baht)

	Note	30 June 2016 (Unaudited but reviewed)	31 December 2015 (Audited and restated)	1 January 2015
Assets				
Cash and cash equivalents	5	168,901,818	77,148,715	111,246,000
Premium receivables, net	6, 21.3	192,111,099	202,753,438	147,298,372
Accrued investment income		7,787,332	9,177,031	18,376,093
Reinsurance assets, net	7, 15	309,121,239	307,087,710	197,079,584
Reinsurance receivables, net	8	100,671,570	59,613,892	43,800,891
Investment assets				
Investments in securities, net	9.1	2,240,942,209	2,336,153,154	2,163,241,010
Loans, net	10	6,426,960	6,676,020	8,344,815
Properties foreclosed, net		-	1,030,613	7,314,613
Property, buildings and equipment, net	11	176,218,311	165,304,789	147,045,418
Intangible assets, net	12	421,631	399,535	1,056,435
Deferred tax assets	13.1	121,652,914	105,244,966	90,136,850
Other assets	14	36,467,972	32,641,953	46,640,488
Total assets		3,360,723,055	3,303,231,816	2,981,580,569

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 June 2016

(Unit: Baht)

	Note	30 June 2016 (Unaudited but reviewed)	31 December 2015 (Audited and restated)	1 January 2015
Liabilities and equity				
Liabilities				
Insurance contract liabilities	15	1,805,326,873	1,673,576,475	1,453,823,333
Reinsurance payables	16	126,016,724	121,729,874	110,417,997
Income tax payable		24,602,605	311,170	9,118,199
Employee benefit obligations		39,764,641	38,761,353	34,330,679
Accrued commissions	21.3	30,273,314	36,826,890	32,871,014
Other liabilities	17, 21.3	116,394,023	137,739,184	92,768,588
Total liabilities		2,142,378,180	2,008,944,946	1,733,329,810
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				
Statutory reserve		24,848,787	24,848,787	24,848,787
General reserve		6,163,850	6,163,850	6,163,850
Unappropriated		454,181,129	548,794,476	489,436,011
Other components of equity - unrealised losses on				
change in value of available-for-sale investments	9.2	(285,726)	(18,957,078)	(5,634,724)
Total equity		1,218,344,875	1,294,286,870	1,248,250,759
Total liabilities and equity		3,360,723,055	3,303,231,816	2,981,580,569

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 30 June 2016

	Note	2016	(Unit: Baht) 2015 (Restated)
Income			
Gross premium written	21.2	502,960,502	482,011,293
Less: Premium ceded to reinsurers		(47,308,882)	(68,881,060)
Net premium written		455,651,620	413,130,233
Less: Unearned premium reserves increased from prior period		(17,457,022)	(21,206,907)
Net earned premium		438,194,598	391,923,326
Fee and commission income		15,199,711	22,845,061
Net investment income		17,334,509	18,040,315
Losses on investments		(584,163)	(4,782,544)
Fair value gains (losses)		(551,326)	594,796
Other income	21.2	3,458,468	3,167,960
Total income		473,051,797	431,788,914
Expenses			
Claim expenses		322,534,169	261,343,233
Less: Claim recoverable from reinsurers		(44,387,514)	(31,123,475)
Claim expenses - net		278,146,655	230,219,758
Commission and brokerage expenses	21.2	66,998,235	70,755,173
Other underwriting expenses		43,968,927	36,083,958
Operating expenses	19, 21.2	65,134,783	70,528,537
Total expenses		454,248,600	407,587,426
Profit before income tax		18,803,197	24,201,488
Less: Income tax	13.2	(3,398,155)	(4,187,487)
Profit for the period		15,405,042	20,014,001

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 30 June 2016

	Note	2016	(Unit: Baht) 2015 (Restated)
Other comprehensive income:			
Other comprehensive income to be reclassified to profit or loss in subsequent periods			
Gains on change in value of available-for-sale investments		12,982,544	6,581,707
Less: Income tax effect	13.2	<u>(2,596,509)</u>	<u>(1,316,341)</u>
Other comprehensive income to be reclassified to profit or loss in subsequent periods - net of income tax		<u>10,386,035</u>	<u>5,265,366</u>
Other comprehensive income for the period		<u>10,386,035</u>	<u>5,265,366</u>
Total comprehensive income for the period		<u><u>25,791,077</u></u>	<u><u>25,279,367</u></u>
Earnings per share			
Basic earnings per share	20	<u>1.11</u>	<u>1.44</u>

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 six-month period ended 30 June 2016

	Note	2016	(Unit: Baht) 2015 (Restated)
Income			
Gross premium written	21.2	1,061,335,305	974,586,612
Less: Premium ceded to reinsurers		(108,907,320)	(117,542,792)
Net premium written		952,427,985	857,043,820
Less: Unearned premium reserves increased from prior period		(87,563,810)	(76,915,221)
Net earned premium		864,864,175	780,128,599
Fee and commission income		35,195,292	42,566,907
Net investment income		32,960,800	36,420,574
Gains (losses) on investments		(7,993,012)	2,945,539
Fair value gains (losses)		6,809,974	(2,431,967)
Other income	21.2	6,398,142	7,662,909
Total income		938,235,371	867,292,561
Expenses			
Claim expenses		614,432,429	490,388,767
Less: Claim recoverable from reinsurers		(89,791,566)	(56,552,042)
Claim expenses - net		524,640,863	433,836,725
Commission and brokerage expenses	21.2	144,403,836	144,008,940
Other underwriting expenses		84,379,404	64,622,638
Operating expenses	19, 21.2	147,691,254	122,548,856
Total expenses		901,115,357	765,017,159
Profit before income tax		37,120,014	102,275,402
Less: Income tax	13.2	(6,633,361)	(19,337,365)
Profit for the period		30,486,653	82,938,037

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 six-month period ended 30 June 2016

	Note	2016	(Unit: Baht) 2015 (Restated)
Other comprehensive income:			
Other comprehensive income to be reclassified to profit or loss in subsequent periods			
Gains on change in value of available-for-sale investments		23,339,190	4,384,066
Less: Income tax effect	13.2	<u>(4,667,838)</u>	<u>(876,813)</u>
Other comprehensive income to be reclassified to profit or loss in subsequent periods - net of income tax		<u>18,671,352</u>	<u>3,507,253</u>
Other comprehensive income for the period		<u>18,671,352</u>	<u>3,507,253</u>
Total comprehensive income for the period		<u><u>49,158,005</u></u>	<u><u>86,445,290</u></u>
Earnings per share			
Basic earnings per share	20	<u>2.19</u>	<u>5.97</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 six-month period ended 30 June 2016

	Note	2016	(Unit: Baht) 2015 (Restated)
Cash flows from operating activities			
Direct premium written		1,077,660,809	917,735,761
Cash paid on reinsurance		(47,177,967)	(35,939,250)
Interest income		27,351,903	36,072,426
Dividend income		6,998,597	6,722,417
Other income		6,389,197	7,417,332
Claim incurred on direct insurance		(545,789,841)	(447,386,078)
Commission and brokerage expenses on direct insurance		(150,612,970)	(140,653,118)
Other underwriting expenses		(84,379,404)	(58,170,996)
Operating expenses		(171,910,862)	(119,627,821)
Income tax		(3,417,714)	(15,898,783)
Investments in securities		117,960,372	(61,848,942)
Loans		249,061	646,622
Net cash from operating activities		<u>233,321,181</u>	<u>89,069,570</u>
Cash flows from investing activities			
Cash flows from			
Property, buildings and equipment		20,769	259,471
Net cash from investing activities		<u>20,769</u>	<u>259,471</u>
Cash flows used in			
Property, buildings and equipment		(16,361,047)	(19,653,449)
Intangible assets		(127,800)	(115,385)
Net cash used in investing activities		<u>(16,488,847)</u>	<u>(19,768,834)</u>
Net cash used in investing activities		<u>(16,468,078)</u>	<u>(19,509,363)</u>
Cash flow from financing activities			
Dividend paid	26	(125,100,000)	(83,400,000)
Net cash use in financing activities		<u>(125,100,000)</u>	<u>(83,400,000)</u>
Net increase (decrease) in cash and cash equivalents		91,753,103	(13,839,793)
Cash and cash equivalents at beginning of period		77,148,715	111,246,000
Cash and cash equivalents at end of period	5	<u>168,901,818</u>	<u>97,406,207</u>

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 six-month period ended 30 June 2016

(Unit: Baht)

	Issued and paid-up share capital	Premium on share capital	Retained earnings			Other components of equity Unrealised gains (losses) on changes in values of available-for-sale investments	Total
			Appropriated		Unappropriated		
			Statutory reserve	General reserve			
Balance as at 1 January 2015	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	-	-	-	-	82,938,037	-	82,938,037
Other comprehensive income for the period	-	-	-	-	-	3,507,253	3,507,253
Total comprehensive income for the period	-	-	-	-	82,938,037	3,507,253	86,445,290
Dividend paid (Note 26)	-	-	-	-	(83,400,000)	-	(83,400,000)
Balance as at 30 June 2015	<u>139,000,000</u>	<u>594,436,835</u>	<u>24,848,787</u>	<u>6,163,850</u>	<u>488,974,048</u>	<u>(2,127,471)</u>	<u>1,251,296,049</u>
Balance as at 1 January 2016	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	-	-	-	-	30,486,653	-	30,486,653
Other comprehensive income for the period	-	-	-	-	-	18,671,352	18,671,352
Total comprehensive income for the period	-	-	-	-	30,486,653	18,671,352	49,158,005
Dividend paid (Note 26)	-	-	-	-	(125,100,000)	-	(125,100,000)
Balance as at 30 June 2016	<u>139,000,000</u>	<u>594,436,835</u>	<u>24,848,787</u>	<u>6,163,850</u>	<u>454,181,129</u>	<u>(285,726)</u>	<u>1,218,344,875</u>
	-	-	-	-	-	-	-

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 six-month periods ended 30 June 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 and has 28 sub-branches located in provinces. 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 has presented line items in the statement of financial position, comprehensive income, changes in equity and cash flows in the same format as that used for annual financial statements and 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 B.E. 2559 dated 4 March 2016, which became effective as from 1 January 2016. The format of the above financial statements has been changed and as a result items in the statements of financial position, comprehensive income, changes in equity and cash flows of the prior period, presented as comparative information, have needed reclassified to be consistent with the current period's classifications. In addition, the statement of financial position as at 1 January 2015 has been presented as comparative information.

These interim financial statements are intended to provide information additional to that included in the latest annual financial statements. Accordingly, the interim financial statements 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 interim financial statements.

3. New financial reporting standards

During the period, the Company has adopted the revised and new financial reporting standards and accounting treatment guidance issued by the Federation of Accounting Professions, which became effective for fiscal year beginning on or after 1 January 2016. 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. Financial reporting standards with significant changes that are directly relevant to the Company are 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 issued by any entity (including reinsurance contracts) and the reinsurance contracts held by an entity, and to make limited improvements to accounting for insurance contracts until the second phase of the project on 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. In addition, it requires insurers to test for the adequacy of recognised insurance liabilities and perform an impairment test for reinsurance assets, and require insurers to keep insurance liabilities in the statement of financial position until they are discharged or cancelled, or expire, and to present insurance liabilities without offsetting them against related reinsurance assets. 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 financial reporting standard also deals with the nature of insurance contracts. It states that an insurance contract is a contract under which the insurer accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event adversely affects the policyholder. Determination of whether a significant insurance risk has been accepted is based on comparison of the amount of benefit payable under the contract if an insured event occurs with the payment obligation if the insured event does not occur.

Initial 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 concluded that all of its insurance contracts meet the definition of insurance contracts under this standard. Furthermore, the stipulations on recording of claim reserves, liability adequacy testing for recognised insurance liabilities, impairment testing for reinsurance assets and recording insurance contract liabilities have no impact on the Company since it had already implemented these before this standard became effective. However, the financial reporting standard requires the disclosure of additional information for insurance contracts related to the assets, liabilities, revenue and expenses recognised in the financial statements and the nature and scope of the insurance risk arising from insurance contracts in the financial statements for the year. The Company will present this 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 were applied in the financial statements for the year ended 31 December 2015, except the adoption of TFRS 4 as discussed in Note 3 to the interim financial statements.

5. Cash and cash equivalents

	(Unit: Baht)	
	30 June 2016	31 December 2015
Cash on hand	183,627	143,224
Deposits at banks with no fixed maturity date	168,718,191	77,005,491
Total cash and cash equivalents	<u>168,901,818</u>	<u>77,148,715</u>

As at 30 June 2016, saving deposits and fixed deposits carried interests at the rates between 0.00 and 4.00 percent per annum (31 December 2015: between 0.00 and 4.00 per annum).

6. Premium receivables

The balances as at 30 June 2016 and 31 December 2015 of premium receivables from direct insurance are classified by aging from the maturity date under the stipulated law of the premium collection as follows:

	(Unit: Baht)	
	30 June 2016	31 December 2015
Not yet due	157,668,865	157,542,520
Overdue not longer than 30 days	28,572,044	30,877,276
Overdue 31 days to 60 days	8,114,360	13,004,379
Overdue 61 days to 90 days	2,808,570	3,913,613
Overdue 91 days to 1 year	6,566,044	9,577,688
Overdue longer than 1 year	7,156,884	7,446,084
Total	210,886,767	222,361,560
Less: Allowance for doubtful accounts	(18,775,668)	(19,608,122)
Premium receivables, net	192,111,099	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)	
	30 June 2016	31 December 2015
Insurance reserves refundable from reinsurers		
- Loss reserves	154,163,462	127,891,529
- Unearned premium reserves	159,936,121	184,122,757
Less: Allowance for doubtful accounts	(4,978,344)	(4,926,576)
Reinsurance assets, net	309,121,239	307,087,710

8. Reinsurance receivables

	(Unit: Baht)	
	30 June 2016	31 December 2015
Amounts deposited on reinsurance	2,929	2,929
Amounts due from reinsurers	101,143,678	60,078,215
Total	101,146,607	60,081,144
Less: Allowance for doubtful accounts	(475,037)	(467,252)
Reinsurance receivables, net	100,671,570	59,613,892

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

(Unit: Baht)

	30 June 2016		31 December 2015	
	Cost/ Amortised cost	Fair value	Cost/ Amortised cost	Fair value
Trading investments				
Equity securities	60,914,678	59,791,828	92,389,643	84,187,505
Unit trusts	16,127,525	16,166,614	7,225,832	7,261,371
Warrant	-	-	-	272,864
Total	77,042,203	75,958,442	99,615,475	91,721,740
Less: Unrealised losses	(1,083,761)	-	(7,893,735)	-
Total trading investments	75,958,442	75,958,442	91,721,740	91,721,740
Available-for-sale investments				
Equity securities	27,217,494	29,741,153	20,446,128	22,724,367
Unit trusts	441,781,612	435,504,283	507,322,284	479,676,957
Debentures	70,025,357	73,421,870	40,030,784	41,701,525
Total	539,024,463	538,667,306	567,799,196	544,102,849
Less: Unrealised losses	(357,157)	-	(23,696,347)	-
Less: Allowance for impairment	(5,080,600)	(5,080,600)	(2,280,600)	(2,280,600)
Total available-for-sale investments	533,586,706	533,586,706	541,822,249	541,822,249
Held-to-maturity investments				
Government and state enterprise securities	506,022,212		512,314,180	
Private enterprise debt securities	413,326,829		268,246,965	
Deposits at financial institutions which matured over 3 months	710,000,000		920,000,000	
Total held-to-maturity investments	1,629,349,041		1,700,561,145	
Other investments				
Equity securities	2,048,020		2,048,020	
Total other investments	2,048,020		2,048,020	
Investment in securities, net	2,240,942,209		2,336,153,154	

9.2 Other components of equity - Unrealised gain (loss) on change in value of available-for-sale investments

(Unit: Baht)

	For the six-month	
	period ended 30 June 2016	For the year ended 31 December 2015
Balance - beginning of the period	(18,957,078)	(5,634,724)
Change during the period		
Unrealised gain (loss) during the period	19,087,005	(19,571,474)
Realised gain included in profit or loss	4,252,185	2,918,532
Other comprehensive income (loss)	23,339,190	(16,652,942)
Related income tax	(4,667,838)	3,330,588
Net comprehensive income for the period (loss)	18,671,352	(13,322,354)
Balance - end of the period	(285,726)	(18,957,078)

9.3 Investments subject to restriction

As at 30 June 2016 and 31 December 2015, certain bonds has 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 and 23.

As at 30 June 2016, bond, saving lottery and deposits at financial institutions which matured over 3 months amounting to Baht 18.4 million (31 December 2015: Baht 20.3 million) have been restricted in respect of normal course of business.

10. Loans

As at 30 June 2016 and 31 December 2015, loans and accrued interest aged by principal and accrued interest are as follows:

(Unit: Baht)

Outstanding period	30 June 2016						
	Mortgage loans		Others		Total		
	Principal	Accrued interest	Principal	Accrued interest	Principal	Accrued interest	Total
Not yet due	6,173,508	1,861	253,452	-	6,426,960	1,861	6,428,821
Overdue more than 12 months	-	-	314,526	203,847	314,526	203,847	518,373
Total	6,173,508	1,861	567,978	203,847	6,741,486	205,708	6,947,194
Less: Allowance for doubtful accounts	-	-	(314,526)	(203,847)	(314,526)	(203,847)	(518,373)
Loans and accrued interest - net	6,173,508	1,861	253,452	-	6,426,960	1,861	6,428,821

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

(Unaudited but reviewed)

(Unit: Baht)

31 December 2015							
Outstanding period	Mortgage loans		Other loans		Total		Total
	Principal	Accrued interest	Principal	Accrued interest	Principal	Accrued interest	
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 ⁽¹⁾	6,677,429

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

The credit limits on employee loans that are secured by personal guarantees is set at 20 times of the employee's monthly salary, and 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 six-month period ended 30 June 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	9,240,000	4,760,000	2,146,016	-	215,031	16,361,047
Transfer in/(out)	-	-	197,031	-	(197,031)	-
Disposals - net book value	-	-	(11,824)	-	-	(11,824)
Depreciation charge for the period	-	(2,013,517)	(2,909,262)	(512,922)	-	(5,435,701)
Net book value as at 30 June 2016	116,902,866	37,963,949	18,127,859	2,889,637	334,000	176,218,311

12. Intangible assets

The movement of computer software for the six-month period ended 30 June 2016 are as follows:

	(Unit: Baht)
	Computer software
Net book values as at 1 January 2016	399,535
Addition - at cost	127,800
Amortisation charge for the period	(105,704)

Net book value as at 30 June 2016

421,631**13. Income tax****13.1 Deferred tax assets**

As at 30 June 2016 and 31 December 2015, the components of deferred tax assets arose from the following temporary differences:

	(Unit: Baht)	
	30 June 2016	31 December 2015
Allowance for doubtful accounts	6,017,291	5,757,184
Premium reserves	52,376,223	42,494,194
Loss reserves of claims incurred but not yet reported	17,950,933	16,879,257
Loss reserves of claims incurred and reported	37,067,356	25,944,753
Employee benefits obligations	7,952,928	7,752,271
Unrealised losses on changes in values of available-for-sale investments	71,431	4,739,269
Unrealised losses on changes in values of trading investments	216,752	1,678,038
Total deferred tax assets	<u>121,652,914</u>	<u>105,244,966</u>

13.2 Income tax

Income tax for the three-month and six-month periods ended 30 June 2016 and 2015 are made up as follows:

	(Unit: Baht)			
	For the three-month periods ended 30 June		For the six-month periods ended 30 June	
	2016	2015	2016	2015
Current income tax:				
Current income tax change for the period	15,695	11,712,134	27,709,147	40,952,762
Deferred tax:				
Relating to origination and reversal of temporary differences	3,382,460	(7,524,647)	(21,075,786)	(21,615,397)
Income tax reported in the statements of comprehensive income	<u>3,398,155</u>	<u>4,187,487</u>	<u>6,633,361</u>	<u>19,337,365</u>

The amounts of income taxes relating to each component of other comprehensive income for the three-month and six-month periods ended 30 June 2016 and 2015 are as follows:

	(Unit: Baht)			
	For the three-month periods ended 30 June		For the six-month periods ended 30 June	
	2016	2015	2016	2015
Deferred income taxes relating to:				
Revaluation (increase) decrease on investments during the periods	2,560,127	547,619	3,817,401	115,943
Gains (losses) on sales of available-for-sale investments during the periods transferred to be recognised in profit or loss	36,382	768,722	850,437	760,870
Income tax reported in other comprehensive income	2,596,509	1,316,341	4,667,838	876,813

Reconciliation between accounting profits and income tax for the three-month and six-month periods ended 30 June 2016 and 2015 are as follows:

	(Unit: Baht)			
	For the three-month periods ended 30 June		For the six-month periods ended 30 June	
	2016	2015	2016	2015
Accounting profits before income tax	18,803,197	24,201,488	37,120,014	102,275,402
Applicable tax rate	20%	20%	20%	20%
Accounting profit before tax multiplied by applicable tax rate	3,760,639	4,840,298	7,424,003	20,455,081
Net tax effects of non-deductible expenses and exempted income	(362,484)	(652,811)	(790,642)	(1,117,716)
Income tax reported in the statements of comprehensive income	3,398,155	4,187,487	6,633,361	19,337,365

14. Other assets

	(Unit: Baht)	
	30 June 2016	31 December 2015
Advances	2,979,121	1,509,660
Prepaid expenses	581,238	740,579
Undue input tax	2,660,643	3,594,113
Claim receivable from litigants	3,101,815	3,099,100
Postdate cheque	9,483,969	5,600,761
Receivable from disposals of securities	4,119,327	2,001,832
Others	13,541,859	16,095,908
Total other assets	<u>36,467,972</u>	<u>32,641,953</u>

15. Insurance contract liabilities

	(Unit: Baht)		
	30 June 2016		
	Insurance contract liabilities	Reinsurance on liabilities	Net
Loss reserves			
- Claims incurred and reported	539,804,558	(122,581,316)	417,223,242
- Claims incurred but not reported	116,358,465	(26,603,802)	89,754,663
Unearned premium reserves	1,149,163,850	(159,936,121)	989,227,729
Total	<u>1,805,326,873</u>	<u>(309,121,239)</u>	<u>1,496,205,634</u>

	(Unit: Baht)		
	31 December 2015		
	Insurance contract liabilities	Reinsurance on liabilities	Net
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
Unearned premium reserves	1,085,786,676	(184,122,757)	901,663,919
Total	<u>1,673,576,475</u>	<u>(307,087,710)</u>	<u>1,366,488,765</u>

15.1 Loss reserves

	(Unit: Baht)	
	For the six-month period ended 30 June 2016	For the year ended 31 December 2015
Balance - beginning of the period	587,789,799	589,582,528
Claim expenses for the period	616,521,148	1,022,075,952
Changes in loss reserves and assumption	(15,287,522)	(61,667,469)
Claim expenses paid during the period	(532,860,402)	(962,201,212)
Balance - end of the period	<u>656,163,023</u>	<u>587,789,799</u>

As at 30 June 2016, the Company has loss reserves and outstanding claims under reinsurance contracts of Baht 0.26 million (31 December 2015: Baht 0.04 million).

15.2 Unearned premium reserves

	(Unit: Baht)	
	For the six-month period ended 30 June 2016	For the year ended 31 December 2015
Balance - beginning of the period	1,085,786,676	864,240,805
Premium written for the period	1,061,335,305	2,015,186,692
Premium earned for the current period	(997,958,131)	(1,793,640,821)
Balance - end of the period	<u>1,149,163,850</u>	<u>1,085,786,676</u>

16. Reinsurance payables

	(Unit: Baht)	
	30 June 2016	31 December 2015
Amounts withheld on reinsurance	58,633,907	33,666,698
Amounts due to reinsurers	67,382,817	88,063,176
Total reinsurance payables	<u>126,016,724</u>	<u>121,729,874</u>

17. Other liabilities

	(Unit: Baht)	
	30 June 2016	31 December 2015
Account payable - Revenue Department	8,345,581	6,823,477
Withholding tax payable	2,331,685	2,157,958
Undue output tax	9,541,735	12,073,271
Accrued employee benefit expenses	16,337,070	28,743,928
Accrued expenses	10,752,680	16,707,296
Deposits from brokers	31,458,233	44,669,564
Others	37,627,039	26,563,690
Total other liabilities	<u>116,394,023</u>	<u>137,739,184</u>

18. Segment information

The Company is organised into business units based on non-life insurance and has two reportable segments which are motor insurance and others insurance.

Segment profit or loss for the three-month and six-month periods ended 30 June 2016 and 2015 are as follows:

(Unit: Baht)

	For the three-month periods ended 30 June					
	Motor insurance		Others insurance		Total	
	2016	2015	2016	2015	2016	2015
	(Restated)		(Restated)		(Restated)	
Underwriting income						
Gross premium written	376,676,220	360,964,343	126,284,282	121,046,950	502,960,502	482,011,293
Less: Premium ceded to reinsurers	(1,987,254)	(1,907,059)	(45,321,628)	(66,974,001)	(47,308,882)	(68,881,060)
Net premium written	374,688,966	359,057,284	80,962,654	54,072,949	455,651,620	413,130,233
Add (less): Unearned premium reserves						
(increased) decreased from prior period	9,444,979	2,869,009	(26,902,001)	(24,075,916)	(17,457,022)	(21,206,907)
Net earned premium	384,133,945	361,926,293	54,060,653	29,997,033	438,194,598	391,923,326
Fee and commission income	-	-	15,199,711	22,845,061	15,199,711	22,845,061
Total underwriting income	384,133,945	361,926,293	69,260,364	52,842,094	453,394,309	414,768,387
Underwriting expenses						
Claim expenses	219,744,030	206,244,388	102,790,139	55,098,845	322,534,169	261,343,233
Less: Claim recoverable from reinsurers	-	-	(44,387,514)	(31,123,475)	(44,387,514)	(31,123,475)
Commission and brokerage expenses	57,677,187	58,003,491	9,321,048	12,751,682	66,998,235	70,755,173
Other underwriting expenses	31,192,678	30,623,818	12,776,249	5,460,140	43,968,927	36,083,958
Operating expenses	64,839,172	70,365,757	295,611	162,780	65,134,783	70,528,537
Total underwriting expenses	373,453,067	365,237,454	80,795,533	42,349,972	454,248,600	407,587,426
Profit (loss) from underwriting	10,680,878	(3,311,161)	(11,535,169)	10,492,122	(854,291)	7,180,961
Net investment income					17,334,509	18,040,315
Losses on investments					(584,163)	(4,782,544)
Fair value gains (losses)					(551,326)	594,796
Other income					3,458,468	3,167,960
Profit before income tax					18,803,197	24,201,488
Income tax					(3,398,155)	(4,187,487)
Profit for the period					15,405,042	20,014,001

(Unaudited but reviewed)

(Unit: Baht)

For the six-month periods ended 30 June

	Motor insurance		Others insurance		Total	
	2016	2015 (Restated)	2016	2015 (Restated)	2016	2015 (Restated)
Underwriting income						
Gross premium written	805,211,116	770,231,198	256,124,189	204,355,414	1,061,335,305	974,586,612
Less: Premium ceded to reinsurers	(3,974,508)	(3,883,779)	(104,932,812)	(113,659,013)	(108,907,320)	(117,542,792)
Net premium written	801,236,608	766,347,419	151,191,377	90,696,401	952,427,985	857,043,820
Less: Unearned premium reserves increased from prior period	(38,539,179)	(44,047,132)	(49,024,631)	(32,868,089)	(87,563,810)	(76,915,221)
Net earned premium	762,697,429	722,300,287	102,166,746	57,828,312	864,864,175	780,128,599
Fee and commission income	-	-	35,195,292	42,566,907	35,195,292	42,566,907
Total underwriting income	762,697,429	722,300,287	137,362,038	100,395,219	900,059,467	822,695,506
Underwriting expenses						
Claim expenses	433,172,170	398,247,048	181,260,259	92,141,719	614,432,429	490,388,767
Less: Claim recoverable from reinsurers	-	-	(89,791,566)	(56,552,042)	(89,791,566)	(56,552,042)
Commission and brokerage expenses	126,229,024	122,419,634	18,174,812	21,589,306	144,403,836	144,008,940
Other underwriting expenses	57,471,481	56,048,414	26,907,923	8,574,224	84,379,404	64,622,638
Operating expenses (reversal)	147,087,730	123,539,758	603,524	(990,902)	147,691,254	122,548,856
Total underwriting expenses	763,960,405	700,254,854	137,154,952	64,762,305	901,115,357	765,017,159
Profit (loss) from underwriting	(1,262,976)	22,045,433	207,086	35,632,914	(1,055,890)	57,678,347
Net investment income					32,960,800	36,420,574
Gains (losses) on investments					(7,993,012)	2,945,539
Fair value gains (losses)					6,809,974	(2,431,967)
Other income					6,398,142	7,662,909
Profit before income tax					37,120,014	102,275,402
Income tax					(6,633,361)	(19,337,365)
Profit for the period					30,486,653	82,938,037

Segments assets and liabilities as at 30 June 2016 and 31 December 2015 are as follows:

(Unit: Baht)

	Motor	Others	Unallocated	Total
			assets/liabilities	
Assets				
30 June 2016	155,432,650	446,471,258	2,758,819,147	3,360,723,055
31 December 2015	177,515,184	391,939,855	2,733,776,777	3,303,231,816
Liabilities				
30 June 2016	1,259,504,582	711,687,625	171,185,973	2,142,378,180
31 December 2015	1,218,351,360	617,388,705	173,204,881	2,008,944,946

For the three-month and six-month periods ended 30 June 2016, the Company has premium income from one major broker amounting to Baht 193.7 million and Baht 442.7 million, respectively, arising from the motor segment. (2015: Baht 216.4 million and Baht 461.1 million, respectively).

19. Operating expenses

	(Unit: Baht)			
	For the three-month periods		For the six-month periods	
	ended 30 June		ended 30 June	
	2016	2015	2016	2015
Employee expenses	25,386,070	23,215,894	52,102,626	46,559,277
Property and equipment expenses	15,726,237	15,747,663	31,999,515	32,342,041
Taxes and duties	196,732	139,744	899,627	782,802
Bad debts and doubtful accounts (reversal)	(11,634,168)	(919,771)	(1,447,697)	(12,012,003)
Other operating expenses	35,459,912	32,345,007	64,137,183	54,876,739
Total operating expenses	<u>65,134,783</u>	<u>70,528,537</u>	<u>147,691,254</u>	<u>122,548,856</u>

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		For the six-month periods	
	ended 30 June		ended 30 June	
	2016	2015	2016	2015
Transaction with related parties				
Premium written⁽²⁾				
Dung Seng Insurance Broker Co., Ltd. ⁽¹⁾	193,720,177	216,421,941	442,698,459	461,115,187
Asia Hotel Plc.	144,108	2,999	144,108	4,676
Zeer Property Plc.	390,425	4,904,718	391,025	4,904,718
Asia Airport Hotel Co., Ltd.	95,343	3,485,000	95,343	3,485,000
Asia Pattaya Hotel Co., Ltd.	57,567	2,699	58,167	3,299
Commission and brokerage expenses				
Dung Seng Insurance Broker Co., Ltd.	32,742,051	37,063,269	75,668,352	79,914,683
Service fee of building space⁽³⁾				
N.S.B. Co., Ltd.	2,955,723	2,955,723	5,911,446	5,911,446
Cost of the rental⁽⁴⁾				
N.S.B. Co., Ltd.	2,053,977	2,700,333	4,107,954	4,780,714

⁽¹⁾ Premium written from non-life insurance brokers

⁽²⁾ Present in "Gross premium written" in statements of comprehensive income

⁽³⁾ Present in "Operating Expenses" in statements of comprehensive income

⁽⁴⁾ Recognised as a deduction item in "Other income" in statements of comprehensive income

Transaction with related parties	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
Service fee of building space	Contract price
Cost of the rental	Contract price

21.3 Outstanding balances

As at 30 June 2016 and 31 December 2015, the balances of the accounts between the Company and those related companies are as follows:

	(Unit: Baht)	
	30 June 2016	31 December 2015
Premium receivables		
Dung Seng Insurance Broker Co., Ltd.	114,465,643	141,515,627
Accrued commissions		
Dung Seng Insurance Broker Co., Ltd.	19,217,918	23,966,820
Other liabilities		
N.S.B. Co., Ltd.	1,669,900	1,669,900

21.4 Directors' and management's benefits

During the three-month and six-month periods ended 30 June 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 30 June		For the six-month periods ended 30 June	
	2016	2015	2016	2015
Short-term employee benefits	5.6	4.8	11.1	9.6
Long-term employee benefits	0.3	0.1	0.4	0.3
Total	5.9	4.9	11.5	9.9

22. Securities placed with the Registrar

As at 30 June 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)			
	30 June 2016		31 December 2015	
	Cost	Fair value	Cost	Fair value
Stated enterprise bonds	14,000,000	14,727,939	14,000,000	14,432,513

23. Assets reserved with the Registrar

As at 30 June 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)			
	30 June 2016		31 December 2015	
	Cost	Fair value	Cost	Fair value
Government and state enterprise bonds	185,000,000	194,237,771	180,000,000	189,747,258

24. Commitments and contingent liabilities**24.1 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 30 June 2016 and 31 December 2015, future minimum lease payments required under these non-cancellable operating leases contracts were as follows:

	(Unit: Million Baht)	
	30 June 2016	31 December 2015
Payable:		
In up to 1 year	12.3	22.1
In over 1 and up to 3 years	1.3	1.4

24.2 Litigation

As at 30 June 2016, 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 537.9 million (31 December 2015: Baht 492.1 million). However, the Company has set aside reserve for its losses totaling Baht 52.6 million (31 December 2015: Baht 52.7 million) in the financial statements.

25. Fair value of financial instruments

As of 30 June 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)

	30 June 2016			31 December 2015		
	Level 1	Level 2	Total	Level 1	Level 2	Total
Trading investments						
Equity securities	59,791,828	-	59,791,828	84,187,505	-	84,187,505
Unit trusts	-	16,166,614	16,166,614	-	7,261,371	7,261,371
Warrant	-	-	-	272,864	-	272,864
Available-for-sale investments						
Equity securities	29,741,153	-	29,741,153	22,724,367	-	22,724,367
Unit trusts	81,188,544	349,235,139	430,423,683	73,777,080	403,619,277	477,396,357
Debentures	-	73,421,870	73,421,870	-	41,701,525	41,701,525

Valuation techniques and inputs for Level 2 valuations

- 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.
- 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.

26. Dividend paid

Detail of dividend declared in 2016 and 2015 are as follows:

	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

27. Reclassification

The Company has presented the current period financial statements to conform to new Notification of the OIC. Therefore, the Company reclassified certain items in prior period's financial statements for comparative purposes to consistent with current period's classifications. The reclassification does not have impact to profit or owner's equity as previously reported. The reclassification are summarised below.

(Unit: Baht)

	31 December 2015		1 January 2015	
	As reclassified	As previously reported	As reclassified	Previous brought forward balances
Statements of financial position				
Assets:				
Premium receivables, net	202,753,438	202,783,168	147,298,372	147,471,614
Reinsurance assets, net	307,087,710	366,671,872	197,079,584	240,707,233
Reinsurance receivables, net	59,613,892	-	43,800,891	-
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
Total	2,905,608,194	2,905,608,194	2,551,419,857	2,551,419,857
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	137,739,184	108,995,256	92,768,588	70,778,498
Total	1,850,077,012	1,850,077,012	1,580,922,600	1,580,922,600

(Unaudited but reviewed)

(Unit: Baht)

	For the three-month period		For the six-month period	
	ended 30 June 2015		ended 30 June 2015	
	As reclassified	As previously reported	As reclassified	As previously reported
Statements of comprehensive income				
Revenues:				
Gross premium written	482,011,293	-	974,586,612	-
Premium ceded to reinsurers	(68,881,060)	-	(117,542,792)	-
Unearned premium reserves increased from prior period	(21,206,907)	-	(76,915,221)	-
Total net earned premium	<u>391,923,326</u>	<u>391,923,326</u>	<u>780,128,599</u>	<u>780,128,599</u>
Expenses:				
Claim expenses	261,343,233	-	490,388,767	-
Claim recoverable from reinsurers	(31,123,475)	-	(56,552,042)	-
Claims expenses - net	230,219,758	230,219,758	433,836,725	433,836,725
Other underwriting expenses	36,083,958	25,361,501	64,622,638	44,816,981
Contributions to Road Accident Victims Protection Company Limited	-	7,459,428	-	13,354,015
Contributions to the Office of Insurance Commission	-	1,433,228	-	2,910,013
Contributions to the General Insurance Fund	-	1,194,357	-	2,424,994
Contributions to the Victims Compensation	-	635,444	-	1,116,635
Total	<u>266,303,716</u>	<u>266,303,716</u>	<u>498,459,363</u>	<u>498,459,363</u>

28. Approval of the interim financial statements

These interim financial statements were authorised for issue by the Audit Committee on 9 August 2016.