

Nam Seng Insurance Public Company Limited
Review report and interim financial statements
30 September 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 September 2016, the related statements of comprehensive income for the three-month and nine-month periods ended 30 September 2016, and the statements of changes in equity and cash flows for the nine-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: 8 November 2016

Nam Seng Insurance Public Company Limited

Statements of financial position

As at 30 September 2016

(Unit: Baht)

	Note	30 September 2016	31 December 2015	1 January 2015
		(Unaudited but reviewed)	(Audited and restated)	
Assets				
Cash and cash equivalents	5	201,328,131	77,148,715	111,246,000
Premium receivables, net	6, 21.3	161,820,445	202,753,438	147,298,372
Accrued investment income		10,064,269	9,177,031	18,376,093
Reinsurance assets, net	7, 15	282,104,300	307,087,710	197,079,584
Reinsurance receivables, net	8	108,155,111	59,613,892	43,800,891
Investment assets				
Investments in securities, net	9.1	2,257,870,838	2,336,153,154	2,163,241,010
Loans, net	10	6,905,781	6,676,020	8,344,815
Properties foreclosed, net		-	1,030,613	7,314,613
Property, buildings and equipment, net	11	190,165,440	165,304,789	147,045,418
Intangible assets, net	12	490,041	399,535	1,056,435
Deferred tax assets	13.1	120,827,633	105,244,966	90,136,850
Other assets	14	28,385,326	32,641,953	46,640,488
Total assets		3,368,117,315	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 September 2016

(Unit: Baht)

	Note	30 September 2016 (Unaudited but reviewed)	31 December 2015 (Audited and restated)	1 January 2015
Liabilities and equity				
Liabilities				
Insurance contract liabilities	15	1,770,728,591	1,673,576,475	1,453,823,333
Reinsurance payables	16	151,218,808	121,729,874	110,417,997
Income tax payable		5,474,651	311,170	9,118,199
Employee benefit obligations		41,456,420	38,761,353	34,330,679
Accrued commissions	21.3	28,817,466	36,826,890	32,871,014
Other liabilities	17, 21.3	146,645,195	137,739,184	92,768,588
Total liabilities		2,144,341,131	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		459,466,899	548,794,476	489,436,011
Other components of equity - unrealised losses on				
change in value of available-for-sale investments	9.2	(140,187)	(18,957,078)	(5,634,724)
Total equity		1,223,776,184	1,294,286,870	1,248,250,759
Total liabilities and equity		3,368,117,315	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 September 2016

		(Unit: Baht)	
	Note	2016	2015
			(Restated)
Income			
Gross premium written	21.2	498,560,815	534,037,105
Less: Premium ceded to reinsurers		(49,020,357)	(100,928,257)
Net premium written		449,540,458	433,108,848
Less: Unearned premium reserves increased from prior period		(5,807,484)	(31,697,557)
Net earned premium		443,732,974	401,411,291
Fee and commission income		15,328,985	29,340,594
Net investment income		21,737,948	16,010,901
Gains (losses) on investments		3,713,690	(5,269,582)
Fair value losses		(2,034,475)	(3,952,948)
Other income	21.2	9,379,206	3,301,146
Total income		491,858,328	440,841,402
Expenses			
Claim expenses		278,147,068	219,960,346
Less: Claim recoverable from reinsurers		(20,249,398)	(16,962,043)
Claim expenses - net		257,897,670	202,998,303
Commission and brokerage expenses	21.2	67,839,330	71,308,391
Other underwriting expenses		42,108,642	41,414,711
Operating expenses	19, 21.2	75,972,655	71,498,362
Total expenses		443,818,297	387,219,767
Profit before income tax		48,040,031	53,621,635
Less: Income tax	13.2	(8,004,261)	(10,223,558)
Profit for the period		40,035,770	43,398,077

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 September 2016

	Note	2016	(Unit: Baht) 2015 (Restated)
Other comprehensive income:			
Other comprehensive income to be reclassified to profit or loss in subsequent periods			
Gains (losses) on change in value of available-for-sale investments		181,924	(21,706,926)
Less: Income tax effect	13.2	<u>(36,385)</u>	<u>4,341,385</u>
Other comprehensive income to be reclassified to profit or loss in subsequent periods - net of income tax		<u>145,539</u>	<u>(17,365,541)</u>
Other comprehensive income for the period		<u>145,539</u>	<u>(17,365,541)</u>
Total comprehensive income for the period		<u><u>40,181,309</u></u>	<u><u>26,032,536</u></u>
Earnings per share			
Basic earnings per share	20	<u><u>2.88</u></u>	<u><u>3.12</u></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 nine-month period ended 30 September 2016

		(Unit: Baht)	
	Note	2016	2015
			(Restated)
Income			
Gross premium written	21.2	1,559,896,120	1,508,623,717
Less: Premium ceded to reinsurers		<u>(157,927,677)</u>	<u>(218,471,049)</u>
Net premium written		1,401,968,443	1,290,152,668
Less: Unearned premium reserves increased from prior period		<u>(93,371,294)</u>	<u>(108,612,778)</u>
Net earned premium		1,308,597,149	1,181,539,890
Fee and commission income		50,524,277	71,907,501
Net investment income		54,698,748	52,431,475
Losses on investments		(4,279,322)	(2,324,043)
Fair value gains (losses)		4,775,499	(6,384,915)
Other income	21.2	<u>15,777,348</u>	<u>10,964,055</u>
Total income		<u>1,430,093,699</u>	<u>1,308,133,963</u>
Expenses			
Claim expenses		892,579,497	710,349,113
Less: Claim recoverable from reinsurers		<u>(110,040,964)</u>	<u>(73,514,085)</u>
Claim expenses - net		782,538,533	636,835,028
Commission and brokerage expenses	21.2	212,243,166	215,317,331
Other underwriting expenses		126,488,046	106,037,349
Operating expenses	19, 21.2	<u>223,663,909</u>	<u>194,047,218</u>
Total expenses		<u>1,344,933,654</u>	<u>1,152,236,926</u>
Profit before income tax		85,160,045	155,897,037
Less: Income tax	13.2	<u>(14,637,622)</u>	<u>(29,560,923)</u>
Profit for the period		<u>70,522,423</u>	<u>126,336,114</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 (continued)
For the nine-month period ended 30 September 2016

	Note	2016	(Unit: Baht) 2015 (Restated)
Other comprehensive income:			
Other comprehensive income to be reclassified to profit or loss in subsequent periods			
Gains (losses) on change in value of available-for-sale investments		23,521,114	(17,322,860)
Less: Income tax effect	13.2	<u>(4,704,223)</u>	<u>3,464,572</u>
Other comprehensive income to be reclassified to profit or loss in subsequent periods - net of income tax		<u>18,816,891</u>	<u>(13,858,288)</u>
Other comprehensive income for the period		<u>18,816,891</u>	<u>(13,858,288)</u>
Total comprehensive income for the period		<u><u>89,339,314</u></u>	<u><u>112,477,826</u></u>
Earnings per share			
Basic earnings per share	20	<u><u>5.07</u></u>	<u><u>9.09</u></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 nine-month period ended 30 September 2016

		(Unit: Baht)	
	Note	2016	2015
			(Restated)
Cash flows from operating activities			
Direct premium written		1,599,261,615	1,462,692,304
Cash paid on reinsurance		(28,491,107)	(72,786,071)
Interest income		38,001,920	51,168,306
Dividend income		15,809,590	9,260,334
Other income		15,798,576	8,877,848
Claim incurred on direct insurance		(849,983,270)	(685,932,138)
Commission and brokerage expenses on direct insurance		(218,259,408)	(210,064,955)
Other underwriting expenses		(126,488,046)	(96,303,098)
Operating expenses		(201,141,386)	(179,723,182)
Income tax		(29,761,033)	(55,811,095)
Investments in securities		102,771,344	(84,871,154)
Loans		(229,761)	1,620,034
Net cash from operating activities		317,289,034	148,127,133
Cash flows from investing activities			
Cash flows from			
Property, buildings and equipment		29,554	263,910
Net cash from investing activities		29,554	263,910
Cash flows used in			
Property, buildings and equipment		(33,026,872)	(24,210,327)
Intangible assets		(262,300)	(251,515)
Net cash used in investing activities		(33,289,172)	(24,461,842)
Net cash used in investing activities		(33,259,618)	(24,197,932)
Cash flow from financing activities			
Dividend paid	26	(159,850,000)	(83,400,000)
Net cash use in financing activities		(159,850,000)	(83,400,000)
Net increase in cash and cash equivalents		124,179,416	40,529,201
Cash and cash equivalents at beginning of period		77,148,715	111,246,000
Cash and cash equivalents at end of period	5	201,328,131	151,775,201

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 nine-month period ended 30 September 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	-	-	-	-	126,336,114	-	126,336,114
Other comprehensive income for the period	-	-	-	-	-	(13,858,288)	(13,858,288)
Total comprehensive income for the period	-	-	-	-	126,336,114	(13,858,288)	112,477,826
Dividend paid (Note 26)	-	-	-	-	(83,400,000)	-	(83,400,000)
Balance as at 30 September 2015	<u>139,000,000</u>	<u>594,436,835</u>	<u>24,848,787</u>	<u>6,163,850</u>	<u>532,372,125</u>	<u>(19,493,012)</u>	<u>1,277,328,585</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	-	-	-	-	70,522,423	-	70,522,423
Other comprehensive income for the period	-	-	-	-	-	18,816,891	18,816,891
Total comprehensive income for the period	-	-	-	-	70,522,423	18,816,891	89,339,314
Dividend paid (Note 26)	-	-	-	-	(159,850,000)	-	(159,850,000)
Balance as at 30 September 2016	<u>139,000,000</u>	<u>594,436,835</u>	<u>24,848,787</u>	<u>6,163,850</u>	<u>459,466,899</u>	<u>(140,187)</u>	<u>1,223,776,184</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 nine-month periods ended 30 September 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 September 2016	31 December 2015
Cash on hand	146,876	143,224
Deposits at banks with no fixed maturity date	201,181,255	77,005,491
Total cash and cash equivalents	<u>201,328,131</u>	<u>77,148,715</u>

As at 30 September 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 September 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 September 2016	31 December 2015
Not yet due	134,971,813	157,542,520
Overdue not longer than 30 days	21,185,093	30,877,276
Overdue 31 days to 60 days	7,744,108	13,004,379
Overdue 61 days to 90 days	2,320,509	3,913,613
Overdue 91 days to 1 year	4,044,645	9,577,688
Overdue longer than 1 year	6,941,034	7,446,084
Total	177,207,202	222,361,560
Less: Allowance for doubtful accounts	(15,386,757)	(19,608,122)
Premium receivables, net	161,820,445	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 September 2016	31 December 2015
Insurance reserves refundable from reinsurers		
- Loss reserves	140,482,659	127,891,529
- Unearned premium reserves	146,599,985	184,122,757
Less: Allowance for doubtful accounts	(4,978,344)	(4,926,576)
Reinsurance assets, net	282,104,300	307,087,710

8. Reinsurance receivables

	(Unit: Baht)	
	30 September 2016	31 December 2015
Amounts deposited on reinsurance	2,929	2,929
Amounts due from reinsurers	108,627,219	60,078,215
Total	108,630,148	60,081,144
Less: Allowance for doubtful accounts	(475,037)	(467,252)
Reinsurance receivables, net	108,155,111	59,613,892

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

(Unit: Baht)

	30 September 2016		31 December 2015	
	Cost/		Cost/	
	Amortised cost	Fair value	Amortised cost	Fair value
Trading investments				
Equity securities	42,508,413	39,292,764	92,389,643	84,187,505
Unit trusts	23,596,098	23,693,511	7,225,832	7,261,371
Warrant	-	-	-	272,864
Total	66,104,511	62,986,275	99,615,475	91,721,740
Less: Unrealised losses	(3,118,236)	-	(7,893,735)	-
Total trading investments	62,986,275	62,986,275	91,721,740	91,721,740
Available-for-sale investments				
Equity securities	29,409,681	31,800,493	20,446,128	22,724,367
Unit trusts	471,083,287	465,670,708	507,322,284	479,676,957
Debentures	80,022,597	82,869,131	40,030,784	41,701,525
Total	580,515,565	580,340,332	567,799,196	544,102,849
Less: Unrealised losses	(175,233)	-	(23,696,347)	-
Less: Allowance for impairment	(5,580,600)	(5,580,600)	(2,280,600)	(2,280,600)
Total available-for-sale investments	574,759,732	574,759,732	541,822,249	541,822,249
Held-to-maturity investments				
Government and state enterprise securities	524,790,081		512,314,180	
Private enterprise debt securities	448,286,730		268,246,965	
Deposits at financial institutions which matured over 3 months	645,000,000		920,000,000	
Total held-to-maturity investments	1,618,076,811		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	2,257,870,838		2,336,153,154	

9.2 Other components of equity - Unrealised losses on change in value of available-for-sale investments

(Unit: Baht)

	For the nine-month	
	period ended	For the year ended
	30 September 2016	31 December 2015
Balance - beginning of the period	(18,957,078)	(5,634,724)
Change during the period		
Unrealised gain (loss) during the period	19,268,929	(19,571,474)
Realised gain included in profit or loss	4,252,185	2,918,532
Other comprehensive income (loss)	23,521,114	(16,652,942)
Related income tax	(4,704,223)	3,330,588
Net comprehensive income for the period (loss)	18,816,891	(13,322,354)
Balance - end of the period	(140,187)	(18,957,078)

9.3 Investments subject to restriction

As at 30 September 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 September 2016, bond, saving lottery and deposits at financial institutions which matured over 3 months amounting to Baht 19.1 million (31 December 2015: Baht 20.3 million) have been restricted in respect of normal course of business.

10. Loans

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

(Unit: Baht)

Outstanding period	30 September 2016						
	Mortgage loans		Others		Total		
	Principal	Accrued interest	Principal	Accrued interest	Principal	Accrued interest	Total
Not yet due	5,843,190	9,467	1,062,591	-	6,905,781	9,467	6,915,248
Overdue more than 12 months	-	-	314,526	203,847	314,526	203,847	518,373
Total	5,843,190	9,467	1,377,117	203,847	7,220,307	213,314	7,433,621
Less: Allowance for doubtful accounts	-	-	(314,526)	(203,847)	(314,526)	(203,847)	(518,373)
Loans and accrued interest - net	5,843,190	9,467	1,062,591	-	6,905,781	9,467 ⁽¹⁾	6,915,248

⁽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		
	Principal	Accrued	Principal	Accrued	Principal	Accrued	Total
		interest		interest		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 nine-month period ended 30 September 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	16,740,000	9,760,000	4,446,651	-	2,080,220	33,026,871
Transfer in/(out)	-	250,630	449,031	-	(699,661)	-
Disposals - net book value	-	-	(50,782)	-	-	(50,782)
Depreciation charge for the period	-	(3,059,129)	(4,357,831)	(698,478)	-	(8,115,438)
Net book value as at						
30 September 2016	124,402,866	42,168,967	19,192,967	2,704,081	1,696,559	190,165,440

12. Intangible assets

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

	(Unit: Baht)
	<u>Computer software</u>
Net book values as at 1 January 2016	399,535
Addition - at cost	262,300
Amortisation charge for the period	<u>(171,794)</u>
Net book value as at 30 September 2016	<u><u>490,041</u></u>

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

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

	(Unit: Baht)	
	<u>30 September 2016</u>	<u>31 December 2015</u>
Allowance for doubtful accounts	5,404,613	5,757,184
Premium reserves	52,223,191	42,494,194
Loss reserves of claims incurred but not yet reported	19,055,575	16,879,257
Loss reserves of claims incurred and reported	35,194,276	25,944,753
Employee benefits obligations	8,291,284	7,752,271
Unrealised losses on changes in values of available-for-sale investments	35,047	4,739,269
Unrealised losses on changes in values of trading investments	623,647	1,678,038
Total deferred tax assets	<u><u>120,827,633</u></u>	<u><u>105,244,966</u></u>

13.2 Income tax

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

	(Unit: Baht)			
	For the three-month periods ended 30 September		For the nine-month periods ended 30 September	
	2016	2015	2016	2015
Current income tax:				
Current income tax change for the period	7,215,364	8,965,083	34,924,512	49,917,845
Deferred tax:				
Relating to origination and reversal of temporary differences	788,897	1,258,475	(20,286,890)	(20,356,922)
Income tax reported in the statements of comprehensive income	<u>8,004,261</u>	<u>10,223,558</u>	<u>14,637,622</u>	<u>29,560,923</u>

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

	(Unit: Baht)			
	For the three-month periods ended 30 September		For the nine-month periods ended 30 September	
	2016	2015	2016	2015
Deferred income taxes relating to:				
Revaluation (increase) decrease on investments during the periods	36,385	(4,341,385)	3,853,786	(4,225,442)
Gains (losses) on sales of available-for-sale investments during the periods transferred to be recognised in profit or loss	-	-	850,437	760,870
Income tax reported in other comprehensive income	<u>36,385</u>	<u>(4,341,385)</u>	<u>4,704,223</u>	<u>(3,464,572)</u>

(Unaudited but reviewed)

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

(Unit: Baht)

	For the three-month periods		For the nine-month periods	
	ended 30 September		ended 30 September	
	2016	2015	2016	2015
Accounting profits before income tax	<u>48,040,031</u>	<u>53,621,635</u>	<u>85,160,045</u>	<u>155,897,037</u>
Applicable tax rate	20%	20%	20%	20%
Accounting profit before tax multiplied by applicable tax rate	9,608,006	10,724,327	17,032,009	31,179,408
Net tax effects of non-deductible expenses and exempted income	<u>(1,603,745)</u>	<u>(500,769)</u>	<u>(2,394,387)</u>	<u>(1,618,485)</u>
Income tax reported in the statements of comprehensive income	<u>8,004,261</u>	<u>10,223,558</u>	<u>14,637,622</u>	<u>29,560,923</u>

14. Other assets

(Unit: Baht)

	30 September 2016	31 December 2015
Advances	3,466,520	1,509,660
Prepaid expenses	546,577	740,579
Undue input tax	3,255,601	3,594,113
Claim receivable from litigants	2,366,329	3,099,100
Postdate cheque	10,363,031	5,600,761
Receivable from disposals of securities	630,175	2,001,832
Others	7,757,093	16,095,908
Total other assets	<u>28,385,326</u>	<u>32,641,953</u>

15. Insurance contract liabilities

(Unit: Baht)

	30 September 2016		
	Insurance contract liabilities	Reinsurance on liabilities	Net
Loss reserves			
- Claims incurred and reported	508,597,466	(110,286,264)	398,311,202
- Claims incurred but not reported	120,495,926	(25,218,051)	95,277,875
Unearned premium reserves	<u>1,141,635,199</u>	<u>(146,599,985)</u>	<u>995,035,214</u>
Total	<u>1,770,728,591</u>	<u>(282,104,300)</u>	<u>1,488,624,291</u>

(Unaudited but reviewed)

(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	1,673,576,475	(307,087,710)	1,366,488,765

15.1 Loss reserves

(Unit: Baht)

	For the nine-month period ended	For the year ended
	30 September 2016	31 December 2015
Balance - beginning of the period	587,789,799	589,582,528
Claim expenses for the period	906,232,220	1,022,075,952
Changes in loss reserves and assumption	(29,066,306)	(61,667,469)
Claim expenses paid during the period	(835,862,321)	(962,201,212)
Balance - end of the period	629,093,392	587,789,799

As at 30 September 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 nine-month period ended	For the year ended
	30 September 2016	31 December 2015
Balance - beginning of the period	1,085,786,676	864,240,805
Premium written for the period	1,559,896,120	2,015,186,692
Premium earned for the current period	(1,504,047,597)	(1,793,640,821)
Balance - end of the period	1,141,635,199	1,085,786,676

(Unaudited but reviewed)

16. Reinsurance payables

(Unit: Baht)

	<u>30 September 2016</u>	<u>31 December 2015</u>
Amounts withheld on reinsurance	70,097,078	33,666,698
Amounts due to reinsurers	81,121,730	88,063,176
Total reinsurance payables	<u>151,218,808</u>	<u>121,729,874</u>

17. Other liabilities

(Unit: Baht)

	<u>30 September 2016</u>	<u>31 December 2015</u>
Account payable - Revenue Department	6,456,775	6,823,477
Withholding tax payable	2,598,549	2,157,958
Undue output tax	9,207,118	12,073,271
Accrued employee benefit expenses	24,505,605	28,743,928
Accrued expenses	9,370,490	16,707,296
Deposits from brokers	32,347,294	44,669,564
Dividend payables	34,750,000	-
Others	27,409,364	26,563,690
Total other liabilities	<u>146,645,195</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 nine-month periods ended 30 September 2016 and 2015 are as follows:

(Unit: Baht)

	For the three-month periods ended 30 September					
	Motor insurance		Others insurance		Total	
	2016	2015	2016	2015	2016	2015
	(Restated)		(Restated)		(Restated)	
Underwriting income						
Gross premium written	367,333,235	364,248,864	131,227,580	169,788,241	498,560,815	534,037,105
Less: Premium ceded to reinsurers	(2,425,137)	(2,207,317)	(46,595,220)	(98,720,940)	(49,020,357)	(100,928,257)
Net premium written	364,908,098	362,041,547	84,632,360	71,067,301	449,540,458	433,108,848
Add (less): Unearned premium reserves						
(increased) decreased from prior period	21,064,650	4,337,643	(26,872,134)	(36,035,200)	(5,807,484)	(31,697,557)
Net earned premium	385,972,748	366,379,190	57,760,226	35,032,101	443,732,974	401,411,291
Fee and commission income	-	-	15,328,985	29,340,594	15,328,985	29,340,594
Total underwriting income	385,972,748	366,379,190	73,089,211	64,372,695	459,061,959	430,751,885
Underwriting expenses						
Claim expenses	226,982,772	188,191,195	51,164,296	31,769,151	278,147,068	219,960,346
Less: Claim recoverable from reinsurers	(100)	-	(20,249,298)	(16,962,043)	(20,249,398)	(16,962,043)
Commission and brokerage expenses	56,928,168	55,498,321	10,911,162	15,810,070	67,839,330	71,308,391
Other underwriting expenses	28,749,884	11,955,614	13,358,758	29,459,097	42,108,642	41,414,711
Total underwriting expenses before operating expenses	312,660,724	255,645,130	55,184,918	60,076,275	367,845,642	315,721,405
Profit from underwriting before operating expenses	73,312,024	110,734,060	17,904,293	4,296,420	91,216,317	115,030,480
Operating expenses					(75,972,655)	(71,498,362)
Profit from underwriting					15,243,662	43,532,118
Net investment income					21,737,948	16,010,901
Gains (losses) on investments					3,713,690	(5,269,582)
Fair value losses					(2,034,475)	(3,952,948)
Other income					9,379,206	3,301,146
Profit before income tax					48,040,031	53,621,635
Income tax					(8,004,261)	(10,223,558)
Profit for the period					40,035,770	43,398,077

(Unaudited but reviewed)

(Unit: Baht)

For the nine-month periods ended 30 September

	Motor insurance		Others insurance		Total	
	2016	2015	2016	2015	2016	2015
		(Restated)		(Restated)		(Restated)
Underwriting income						
Gross premium written	1,172,544,351	1,134,480,062	387,351,769	374,143,655	1,559,896,120	1,508,623,717
Less: Premium ceded to reinsurers	(6,399,645)	(6,091,096)	(151,528,032)	(212,379,953)	(157,927,677)	(218,471,049)
Net premium written	1,166,144,706	1,128,388,966	235,823,737	161,763,702	1,401,968,443	1,290,152,668
Less: Unearned premium reserves increased from prior period	(17,474,529)	(39,709,489)	(75,896,765)	(68,903,289)	(93,371,294)	(108,612,778)
Net earned premium	1,148,670,177	1,088,679,477	159,926,972	92,860,413	1,308,597,149	1,181,539,890
Fee and commission income	-	-	50,524,277	71,907,501	50,524,277	71,907,501
Total underwriting income	1,148,670,177	1,088,679,477	210,451,249	164,767,914	1,359,121,426	1,253,447,391
Underwriting expenses						
Claim expenses	660,154,942	586,438,243	232,424,555	123,910,870	892,579,497	710,349,113
Less: Claim recoverable from reinsurers	(100)	-	(110,040,864)	(73,514,085)	(110,040,964)	(73,514,085)
Commission and brokerage expenses	183,157,192	177,917,955	29,085,974	37,399,376	212,243,166	215,317,331
Other underwriting expenses	86,221,365	68,004,028	40,266,681	38,033,321	126,488,046	106,037,349
Total underwriting expenses before operating expenses	929,533,399	832,360,226	191,736,346	125,829,482	1,121,269,745	958,189,708
Profit from underwriting before operating expenses	219,136,778	256,319,251	18,714,903	38,938,432	237,851,681	295,257,683
Operating expenses					(223,663,909)	(194,047,218)
Profit from underwriting					14,187,772	101,210,465
Net investment income					54,698,748	52,431,475
Losses on investments					(4,279,322)	(2,324,043)
Fair value gains (losses)					4,775,499	(6,384,915)
Other income					15,777,348	10,964,055
Profit before income tax					85,160,045	155,897,037
Income tax					(14,637,622)	(29,560,923)
Profit for the period					70,522,423	126,336,114

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

(Unit: Baht)

	Motor	Others	Unallocated	
			assets/liabilities	Total
Assets				
30 September 2016	141,091,943	410,987,912	2,816,037,460	3,368,117,315
31 December 2015	177,515,184	391,939,855	2,733,776,777	3,303,231,816
Liabilities				
30 September 2016	1,224,327,799	731,040,869	188,972,463	2,144,341,131
31 December 2015	1,218,351,360	617,388,705	173,204,881	2,008,944,946

For the three-month and nine-month periods ended 30 September 2016, the Company has premium income from one major broker amounting to Baht 195.0 million and Baht 637.7 million, respectively, arising from the motor segment. (2015: Baht 204.9 million and Baht 666.4 million, respectively).

19. Operating expenses

(Unit: Baht)

	For the three-month periods		For the nine-month periods	
	ended 30 September		ended 30 September	
	2016	2015	2016	2015
Employee expenses	27,974,477	25,328,951	80,077,103	71,888,228
Property and equipment expenses	17,257,091	18,043,648	49,256,606	50,385,689
Taxes and duties	172,981	246,521	1,072,608	1,029,323
Bad debts and doubtful accounts (reversal)	(3,493,629)	(3,742,203)	(4,941,326)	(15,754,206)
Other operating expenses	34,061,735	31,621,445	98,198,918	86,498,184
Total operating expenses	<u>75,972,655</u>	<u>71,498,362</u>	<u>223,663,909</u>	<u>194,047,218</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 ended 30 September		For the nine-month periods ended 30 September	
	2016	2015	2016	2015
Transactions with related parties				
Premium written⁽²⁾				
Dung Seng Insurance Broker Co., Ltd. ⁽¹⁾	194,996,737	204,923,281	637,695,196	666,038,469
Asia Hotel Plc.	1,681,844	3,372	1,825,952	1,726,678
Zeer Property Plc.	5,073,572	224,155	5,464,597	5,128,873
Asia Airport Hotel Co., Ltd.	1,147,299	8,685	1,242,642	1,106,699
Asia Pattaya Hotel Co., Ltd.	706,420	15,055	764,587	686,710
Commission and brokerage expenses				
Dung Seng Insurance Broker Co., Ltd.	33,028,717	34,875,682	108,697,069	114,790,365
Service fee of building space⁽³⁾				
N.S.B. Co., Ltd.	2,955,723	2,955,723	8,867,169	8,867,169
Cost of the rental⁽⁴⁾				
N.S.B. co., Ltd.	2,053,977	2,088,596	6,161,931	6,869,310

⁽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 September 2016 and 31 December 2015, the balances of the accounts between the Company and those related companies are as follows:

	(Unit: Baht)	
	30 September 2016	31 December 2015
Premium receivables		
Dung Seng Insurance Broker Co., Ltd.	112,410,540	141,515,627
Accrued commissions		
Dung Seng Insurance Broker Co., Ltd.	19,008,852	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 nine-month periods ended 30 September 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 September		For the nine-month periods ended 30 September	
	2016	2015	2016	2015
Short-term employee benefits	5.5	4.8	16.6	14.4
Long-term employee benefits	0.4	0.1	0.8	0.4
Total	5.9	4.9	17.4	14.8

22. Securities placed with the Registrar

As at 30 September 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 September 2016		31 December 2015	
	Cost	Fair value	Cost	Fair value
Stated enterprise bonds	14,000,000	14,831,956	14,000,000	14,432,513

23. Assets reserved with the Registrar

As at 30 September 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 September 2016		31 December 2015	
	Cost	Fair value	Cost	Fair value
Government and state enterprise bonds	210,000,000	219,989,495	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 September 2016 and 31 December 2015, future minimum lease payments required under these non-cancellable operating leases contracts were as follows:

	(Unit: Million Baht)	
	30 September 2016	31 December 2015
Payable:		
In up to 1 year	7.1	22.1
In over 1 and up to 3 years	1.2	1.4

24.2 Litigation

As at 30 September 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 508.1 million (31 December 2015: Baht 492.1 million). However, the Company has set aside reserve for its losses totaling Baht 50.1 million (31 December 2015: Baht 52.7 million) in the financial statements.

25. Fair value of financial instruments

As of 30 September 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 September 2016			31 December 2015		
	Level 1	Level 2	Total	Level 1	Level 2	Total
Trading investments						
Equity securities	39,292,764	-	39,292,764	84,187,505	-	84,187,505
Unit trusts	-	23,693,511	23,693,511	-	7,261,371	7,261,371
Warrant	-	-	-	272,864	-	272,864
Available-for-sale investments						
Equity securities	31,800,493	-	31,800,493	22,724,367	-	22,724,367
Unit trusts	81,676,552	378,413,556	460,090,108	73,777,080	403,619,277	477,396,357
Debentures	-	82,869,131	82,869,131	-	41,701,525	41,701,525

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.

26. Dividend paid

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

	Approved by	Total dividends	Dividend per share
		(Million Baht)	(Baht)
The interim dividends for 2016	Meeting of Board of Directors on 26 September 2016	34.75	2.5
Final dividends for 2015	Annual General Meeting of the shareholders on 28 March 2016	125.10	9.0
Total		<u>159.85</u>	
Final dividends for 2014	Annual General Meeting of the shareholders on 29 April 2015	<u>83.4</u>	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 ended		For the nine-month period ended	
	30 September 2015		30 September 2015	
	As reclassified	As previously reported	As reclassified	As previously reported
Statements of comprehensive income				
Revenues:				
Gross premium written	534,037,105	-	1,508,623,717	-
Premium ceded to reinsurers	(100,928,257)	-	(218,471,049)	-
Unearned premium reserves increased from prior period	(31,697,557)	401,411,291	(108,612,778)	1,181,539,890
Total net earned premium	<u>401,411,291</u>	<u>401,411,291</u>	<u>1,181,539,890</u>	<u>1,181,539,890</u>
Expenses:				
Claim expenses	219,960,346	-	710,349,113	-
Claim recoverable from reinsurers	(16,962,043)	-	(73,514,085)	-
Claims expenses - net	202,998,303	202,998,303	636,835,028	636,835,028
Other underwriting expenses	41,414,711	30,248,445	106,037,349	75,065,426
Contributions to Road Accident Victims Protection Company Limited	-	7,883,657	-	21,237,672
Contributions to the Office of Insurance Commission	-	1,340,277	-	4,250,290
Contributions to the General Insurance Fund	-	1,325,279	-	3,750,273
Contributions to the Victims Compensation	-	617,053	-	1,733,688
Total	<u>244,413,014</u>	<u>244,413,014</u>	<u>742,872,377</u>	<u>742,872,377</u>

28. Approval of the interim financial statements

These interim financial statements were authorised for issue by the Audit Committee on 8 November 2016.