

Nam Seng Insurance Public Company Limited
Review report and interim financial statements
31 March 2018

Independent Auditor's Report on Review of Interim Financial Information

To the Shareholders of Nam Seng Insurance Public Company Limited

I have reviewed the accompanying statement of financial position of Nam Seng Insurance Public Company Limited as at 31 March 2018, the related statements of comprehensive income, changes in owners' equity and cash flows for the three-month period then ended, as well as the condensed notes to the financial statements. Management is responsible for the preparation and presentation of this interim financial information in accordance with Thai Accounting Standard 34: Interim Financial Reporting. My responsibility is to express a conclusion on this interim financial information based on my review.

Scope of review

I conducted my review in accordance with Thai Standard on Review Engagements 2410: Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Thai 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.

Narissara Chaisuwan

Certified Public Accountant (Thailand) No. 4812

EY Office Limited

Bangkok: 9 May 2018

Nam Seng Insurance Public Company Limited**Statements of financial position****As at 31 March 2018 and 31 December 2017**

		(Unit: Baht)	
	Note	31 March 2018	31 December 2017
		(Unaudited but reviewed)	(Audited)
Assets			
Cash and cash equivalents	3	246,580,175	66,390,903
Premium receivables - net	4, 19	163,576,782	255,767,994
Accrued investment income		14,749,632	13,363,526
Reinsurance assets - net	5	195,185,320	359,032,338
Reinsurance receivables - net	6	121,922,977	74,278,300
Investment assets			
Investments in securities - net	7	2,335,050,532	2,526,706,002
Loans - net	8	7,775,891	8,371,297
Premises and equipment - net	9	186,702,646	188,038,785
Intangible assets - net	10	2,681,620	2,969,257
Deferred tax assets	11.1	138,450,403	125,067,892
Other assets	12	75,851,510	58,693,628
Total assets		3,488,527,488	3,678,679,922

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

Nam Seng Insurance Public Company Limited
Statements of financial position (continued)
As at 31 March 2018 and 31 December 2017

(Unit: Baht)

	Note	31 March 2018	31 December 2017
		(Unaudited but reviewed)	(Audited)
Liabilities and owners' equity			
Liabilities			
Insurance contract liabilities	13	1,720,510,041	1,938,284,677
Amounts due to reinsurers	14	211,295,309	216,339,504
Income tax payable		26,250,090	12,101,371
Employee benefit obligations		39,711,201	39,704,301
Accrued commissions	19	31,246,131	32,175,539
Other liabilities	15	136,839,307	118,056,020
Total liabilities		<u>2,165,852,079</u>	<u>2,356,661,412</u>
Equity			
Share capital			
Registered			
20,000,000 ordinary shares of Baht 10 each		<u>200,000,000</u>	<u>200,000,000</u>
Issued and paid-up			
13,900,000 ordinary shares of Baht 10 each		139,000,000	139,000,000
Premium on share capital		594,436,835	594,436,835
Retained earnings			
Appropriated			
Statutory reserve		24,848,787	24,848,787
General reserve		6,163,850	6,163,850
Unappropriated		543,026,136	530,142,623
Other component of owners' equity			
Revaluation surplus on available-for-sale investments			
- net of income taxes	7.2	<u>15,199,801</u>	<u>27,426,415</u>
Total owners' equity		<u>1,322,675,409</u>	<u>1,322,018,510</u>
Total liabilities and owners' equity		<u>3,488,527,488</u>	<u>3,678,679,922</u>
		-	-

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

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Directors
.....

(Unaudited but reviewed)

Nam Seng Insurance Public Company Limited

Statements of comprehensive income

For the three-month periods ended 31 March 2018 and 2017

		(Unit: Baht)	
	Note	2018	2017
Profit or loss:			
Revenues			
Gross premium written	19.2	465,250,752	522,835,237
Less: Premium ceded to reinsurers		(35,134,238)	(53,534,644)
Net premium written		430,116,514	469,300,593
Less: Unearned premium reserves (increased) decreased from prior period		1,311,285	(21,666,539)
Net earned premium		431,427,799	447,634,054
Commission and brokerage income from reinsurers		12,558,628	12,885,241
Net investment revenues		26,618,127	18,123,999
Gains (losses) on investments		6,337,042	(547,055)
Fair value losses		(2,734,290)	(818,752)
Other income		4,432,894	4,801,536
Total revenues		478,640,200	482,079,023
Expenses			
Gross claims		271,993,131	301,267,033
Less: Claim recovery from reinsurers		(21,795,222)	(21,454,510)
Commission and brokerage expenses	19.2	72,599,102	74,332,293
Other underwriting expenses		43,305,766	47,221,718
Operating expenses	17	69,938,354	67,283,143
Total expenses		436,041,131	468,649,677
Profits before income tax expenses		42,599,069	13,429,346
Less: Income tax expenses	11.2	(5,390,556)	(1,402,691)
Profits for the periods		37,208,513	12,026,655

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

(Unaudited but reviewed)

Nam Seng Insurance Public Company Limited

Statements of comprehensive income (continued)

For the three-month periods ended 31 March 2018 and 2017

		(Unit: Baht)	
	Note	2018	2017
Other comprehensive income:			
Items to be recognised in profit or loss in subsequent periods:			
Gains (losses) on revaluation of available-for-sale investments		(15,283,267)	4,214,821
Add (less): Benefits (expenses) taxes	11.2	3,056,653	(842,964)
Items to be recognised in profit or loss in subsequent periods - net of income taxes		(12,226,614)	3,371,857
Other comprehensive income for the periods (loss)		(12,226,614)	3,371,857
Total comprehensive income for the periods		24,981,899	15,398,512
Earnings per share			
Basic earnings per share			
Profits for the periods	18	2.68	0.87

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

(Unaudited but reviewed)

Nam Seng Insurance Public Company Limited**Statements of changes in owners' equity****For the three-month periods ended 31 March 2018 and 2017**

(Unit: Baht)

	Note	Issued and paid-up share capital	Premium on share capital	Retained earnings			Other component of owners' equity	Total
				Appropriated		Unappropriated	Revaluation surplus (deficit) on available-for-sale investments	
				Statutory reserve	General reserve		- net of income taxes	
Balance as at 1 January 2017		139,000,000	594,436,835	24,848,787	6,163,850	478,991,008	1,507,318	1,244,947,798
Profit for the period		-	-	-	-	12,026,655	-	12,026,655
Other comprehensive income for the period		-	-	-	-	-	3,371,857	3,371,857
Total comprehensive income for the period		-	-	-	-	12,026,655	3,371,857	15,398,512
Dividends paid	23	-	-	-	-	(19,460,000)	-	(19,460,000)
Balance as at 31 March 2017		<u>139,000,000</u>	<u>594,436,835</u>	<u>24,848,787</u>	<u>6,163,850</u>	<u>471,557,663</u>	<u>4,879,175</u>	<u>1,240,886,310</u>
Balance as at 1 January 2018		139,000,000	594,436,835	24,848,787	6,163,850	530,142,623	27,426,415	1,322,018,510
Profit for the period		-	-	-	-	37,208,513	-	37,208,513
Other comprehensive income (loss) for the period		-	-	-	-	-	(12,226,614)	(12,226,614)
Total comprehensive income (loss) for the period		-	-	-	-	37,208,513	(12,226,614)	24,981,899
Dividends paid	23	-	-	-	-	(24,325,000)	-	(24,325,000)
Balance as at 31 March 2018		<u>139,000,000</u>	<u>594,436,835</u>	<u>24,848,787</u>	<u>6,163,850</u>	<u>543,026,136</u>	<u>15,199,801</u>	<u>1,322,675,409</u>

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

(Unaudited but reviewed)

Nam Seng Insurance Public Company Limited

Statements of cash flows

For the three-month periods ended 31 March 2018 and 2017

	(Unit: Baht)	
	2018	2017
Cash flows from (used in) operating activities		
Direct premium written	558,192,995	545,848,458
Cash received on reinsurance	75,837,055	6,511,898
Interest income	11,100,947	12,123,117
Dividend income	14,131,074	3,556,725
Other income	4,021,173	4,802,687
Losses paid on direct insurance	(453,767,047)	(298,061,574)
Commissions and brokerages expenses on direct insurance	(73,522,408)	(74,245,835)
Other underwriting expenses	(44,708,479)	(47,611,112)
Operating expenses	(88,190,422)	(113,442,646)
Income taxes	(1,567,694)	(1,374,052)
Investments in securities	179,113,948	60,716,348
Loans	595,405	416,043
Net cash provided by operating activities	181,236,547	99,240,057
Cash flows from (used in) investing activities		
Cash received from disposals of premises and equipment	419,611	12,143
Cash paid for purchase of premises and equipment	(1,448,727)	(1,511,272)
Cash paid for purchase of intangible assets	(18,159)	(15,400)
Net cash used in investing activities	(1,047,275)	(1,514,529)
Net increase in cash and cash equivalents	180,189,272	97,725,528
Cash and cash equivalents at beginning of the periods	66,390,903	94,730,839
Cash and cash equivalents at end of the periods	246,580,175	192,456,367

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

Nam Seng Insurance Public Company Limited

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Nam Seng Insurance Public Company Limited

Notes to interim financial statements

For the three-month periods ended 31 March 2018 and 2017

1. Corporate information

Nam Seng Insurance Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. The Company’s major shareholder is N.S. Alliance Co., Ltd., which was incorporated in Thailand whereby as at 31 March 2018 and 31 December 2017, such major shareholder held 28.75% of the issued and paid-up share capital of the Company. The Company is principally engaged in the provision of non-life insurance while its head office is located in Bangkok and has 27 sub-branches located in provinces. The Company’s registered office is located at No. 767 Krungthep-Nonthaburi Road, Bangsue Sub-district, Bangsue District, Bangkok.

2. Basis for the preparation of financial statements

2.1 Basis of preparation of interim financial statements

These interim financial statements are prepared in accordance with Thai Accounting Standard 34: Interim Financial Reporting and 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 whereby the Company has chosen to present condensed interim financial statements. However, the Company has presented each line item in the statements of financial position, comprehensive income, changes in owners’ equity and cash flows in the same full format as that used for its annual financial statements.

The interim financial statements are intended to provide information additional to that included in the latest annual financial statements. Accordingly, they focus on new activities, events and circumstances so as not to duplicate information previously reported. These interim financial statements should therefore be read in conjunction with the latest annual financial statements.

The interim financial statements in Thai language are the official statutory financial statements of the Company. The interim financial statements in English language have been translated from the Thai language financial statements.

2.2 New financial reporting standards

(a) Financial reporting standards that became effective in the current year

During the period, the Company have adopted the revised financial reporting standards and interpretations (revised 2017) which are effective for fiscal years beginning on or after 1 January 2018. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes and clarifications directed towards disclosures in the notes to financial statements. The adoption of these financial reporting standards does not have any significant impact on the Company's financial statements.

(b) Financial reporting standard that will become effective in the future

During the period, the Federation of Accounting Professions issued the financial reporting standard TFRS 15 Revenue from Contracts with Customers, which is effective for fiscal years beginning on or after 1 January 2019. Key principles of this standard are summarized below.

TFRS 15 Revenue from Contracts with Customers

TFRS 15 supersedes TAS 11 Construction Contracts and TAS 18 Revenue, together with related Interpretations. Entities are to apply this standard to all contracts with customers unless those contracts fall within the scope of other standards. The standard establishes a five-step model to account for revenue arising from contracts with customers, with revenue being recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model.

At present, the management of the Company is evaluating the impact of this standard to the financial statements in the year when it is adopted.

2.3 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 2017.

3. Cash and cash equivalents

	(Unit: Baht)	
	31 March 2018	31 December 2017
Cash on hand	158,348	124,093
Deposits at banks with no fixed maturity date	246,421,827	66,266,810
Total cash and cash equivalents	<u>246,580,175</u>	<u>66,390,903</u>

As at 31 March 2018, bank deposits in saving accounts carried interest at the rates between 0.00 - 1.20 percent per annum (31 December 2017: interest at the rates between 0.00 - 1.20 percent per annum).

4. Premium receivables

As at 31 March 2018 and 31 December 2017, the outstanding balances of premium receivables from direct insurance are classified by overdue periods, counted from the maturity date under the stipulated law of the premium collection, as follows:

	(Unit: Baht)	
	31 March 2018	31 December 2017
Not yet due	128,558,923	220,692,075
Overdue not longer than 30 days	26,636,430	27,020,392
Overdue 31 days to 60 days	10,610,761	12,589,082
Overdue 61 days to 90 days	6,331,807	2,912,528
Overdue 91 days to 1 year	6,192,730	4,193,997
Overdue longer than 1 year	5,904,635	6,853,729
Total	184,235,286	274,261,803
Less: Allowance for doubtful accounts	(20,658,504)	(18,493,809)
Premium receivables - net	163,576,782	255,767,994

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.

5. Reinsurance assets

	(Unit: Baht)	
	31 March 2018	31 December 2017
Insurance reserves refundable from reinsurers		
- Loss reserves	46,517,257	175,581,577
- Unearned premium reserves	148,668,063	183,450,761
Reinsurance assets - net	195,185,320	359,032,338

6. Reinsurance receivables

	(Unit: Baht)	
	31 March 2018	31 December 2017
Amounts deposited on reinsurance	2,929	2,929
Amounts due from reinsurers	122,544,835	74,864,214
Total	122,547,764	74,867,143
Less: Allowance for doubtful accounts	(624,787)	(588,843)
Reinsurance receivables - net	121,922,977	74,278,300

7. Investments in securities**7.1 Classified by type of investment**

(Unit: Baht)

	31 March 2018		31 December 2017	
	Cost/ Amortised cost	Fair value	Cost/ Amortised cost	Fair value
Trading investments				
Equity securities	44,041,535	44,983,891	45,498,778	49,175,725
Unit trusts	10,000,000	10,000,354	6,000,000	6,000,053
Total	54,041,535	54,984,245	51,498,778	55,175,778
Add: Unrealised gains	942,710	-	3,677,000	-
Total trading investments	54,984,245	54,984,245	55,175,778	55,175,778
Available-for-sale investments				
Equity securities	35,620,628	45,582,458	32,369,651	43,087,616
Unit trusts	339,620,020	347,045,273	493,323,980	515,095,340
Debentures	90,005,526	91,444,193	90,008,423	91,610,116
Warrants	-	174,000	-	192,000
Total	465,246,174	484,245,924	615,702,054	649,985,072
Add: Unrealised gains	18,999,750	-	34,283,018	-
Less: Allowance for impairment	(6,184,250)	(6,184,250)	(6,004,250)	(6,004,250)
Available-for-sale investments - net	478,061,674	478,061,674	643,980,822	643,980,822
Held-to-maturity investments				
Government and state enterprise securities	471,282,279		461,701,535	
Saving lottery	28,550,000		28,550,000	
Private enterprise debt securities	625,024,314		660,249,847	
Deposits at financial institutions which matured over 3 months	675,000,000		675,000,000	
Total held-to-maturity investments	1,799,856,593		1,825,501,382	
Other investments				
Equity securities	2,148,020		2,048,020	
Total other investments	2,148,020		2,048,020	
Investment in securities - net	2,335,050,532		2,526,706,002	

7.2 Revaluation surplus on available-for-sale investments

(Unit: Baht)

	For the three-month	
	period ended 31 March 2018	For the year ended 31 December 2017
Balances - beginning of the periods	27,426,415	1,507,318
Gains (losses) on revaluation of available-for-sale investments during the periods	(12,549,944)	31,437,696
(Gains) losses on sales of available-for-sale investments during the periods transferred to be recognised in profit or loss	(2,733,323)	961,175
Total gains (losses) on revaluation of available-for-sale investments	(15,283,267)	32,398,871
Less: Income taxes	3,056,653	(6,479,774)
Gains (losses) on revaluation of available-for-sale investments - net of income taxes	(12,226,614)	25,919,097
Balances - end of the periods	15,199,801	27,426,415

7.3 Investments subject to restriction

As at 31 March 2018 and 31 December 2017, the Company placed its bonds, saving lottery and deposits at financial institutions with maturity periods of longer than 3 months with the Registrar of the Office of Insurance Commission and with the bank to secure performance obligations as required in normal course of business of the Company, as described in Note 20 to the financial statements.

8. Loans

As at 31 March 2018 and 31 December 2017, the outstanding balances of loans and interest receivable are classified according to their overdue periods as follows:

(Unit: Baht)

Overdue periods	31 March 2018						
	Mortgage loans		Others		Total		
	Principal	Interest receivable	Principal	Interest receivable	Principal	Interest receivable	Total
Not yet due	4,604,718	819	3,171,173	30	7,775,891	849	7,776,740
Loans and interest receivable - net	4,604,718	819	3,171,173	30	7,775,891	849	7,776,740

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

(Unaudited but reviewed)

(Unit: Baht)

31 December 2017							
Overdue periods	Mortgage loans		Others		Total		
	Principal	Interest	Principal	Interest	Principal	Interest	Total
		receivable		receivable		receivable	
Not yet due	5,282,925	14,759	3,088,372	594	8,371,297	15,353	8,386,650
Loans and interest receivables - net	5,282,925	14,759	3,088,372	594	8,371,297	15,353 ⁽¹⁾	8,386,650

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

The maximum credit limit on employee loans that are secured by personal guarantee is set at 20 times of an employee's monthly salary but not exceeding Baht 500,000. The maximum credit limit on mortgage loan is set at 90% of the appraisal value of the underlying immovable properties and will be taken into accounts the purpose of borrowings and their ability to repay. Interest rate may be set higher or lower than minimum lending rates (MLR) of commercial banks.

9. Premises and equipment

The movement of premises and equipment for the three-month period ended 31 March 2018 is as follows:

	(Unit: Baht)					
	Land	Buildings and building improvements	Furniture, fixtures and office equipment	Vehicles	Construction in progress	Total
Net book value as at						
1 January 2018	124,402,866	37,471,964	23,382,219	2,222,136	559,600	188,038,785
Additions - at cost	-	-	1,448,727	-	-	1,448,727
Transfer in (out)	-	-	559,600	-	(559,600)	-
Disposals - net book value	-	-	(7,889)	(1)	-	(7,890)
Depreciation charge for the period	-	(790,505)	(1,877,207)	(109,264)	-	(2,776,976)
Net book value as at						
31 March 2018	124,402,866	36,681,459	23,505,450	2,112,871	-	186,702,646

10. Intangible assets

The movement of computer softwares for the three-month period ended 31 March 2018 is as follows:

	(Unit: Baht)
	<u>Computer software</u>
Net book values as at 1 January 2018	2,969,257
Addition - at cost	18,159
Amortisation charge for the period	(305,796)
Net book value as at 31 March 2018	<u><u>2,681,620</u></u>

11. Deferred tax assets/Income taxes**11.1 Deferred tax assets**

As at 31 March 2018 and 31 December 2017, the components of deferred tax assets arose from the following temporary differences:

	(Unit: Baht)	
	<u>31 March 2018</u>	<u>31 December 2017</u>
Deferred tax assets (liabilities) arose from:		
Allowance for doubtful accounts	5,302,887	4,838,657
Allowance for impairment on investments in securities	1,236,850	1,200,850
Premium reserves	66,648,017	63,775,548
Loss reserves on claims incurred and reported	43,081,137	34,519,334
Loss reserves on claims incurred but not yet reported	18,227,764	20,384,646
Employee benefits obligations	7,942,240	7,940,860
Unrealised gains on revaluation of Trading investments	(188,542)	(735,400)
Available-for-sale investments	(3,799,950)	(6,856,603)
Deferred tax assets	<u><u>138,450,403</u></u>	<u><u>125,067,892</u></u>

11.2 Income tax

Income tax expenses for the three-month periods ended 31 March 2018 and 2017 are made up as follows:

	(Unit: Baht)	
	For the three-month periods ended 31 March	
	2018	2017
Current income taxes:		
Interim corporate income tax charge	(15,716,414)	(9,671,804)
Deferred tax:		
Relating to origination and reversal of temporary differences	10,325,858	8,269,113
Income tax expenses reported in profit or loss	<u>(5,390,556)</u>	<u>(1,402,691)</u>

Reconciliations between income tax expenses and the product of accounting profits for the three-month periods ended 31 March 2018 and 2017 and the applicable tax rate are as follows:

	(Unit: Baht)	
	For the three-month periods ended 31 March	
	2018	2017
Accounting profits before income tax expenses	<u>42,599,069</u>	<u>13,429,346</u>
Applicable tax rate	20%	20%
Accounting profits before income tax expenses multiplied by the applicable tax rate	(8,519,814)	(2,685,869)
Net tax effect on revenues or expenses that are not taxable or not deductible in determining taxable profits	<u>3,129,258</u>	<u>1,283,178</u>
Income tax expenses reported in profit or loss	<u>(5,390,556)</u>	<u>(1,402,691)</u>

(Unaudited but reviewed)

The amounts of income taxes relating to each component of other comprehensive income for the three-month periods ended 31 March 2018 and 2017 are as follows:

	(Unit: Baht)	
	For the three-month periods ended 31 March	
	2018	2017
Deferred income taxes relating to:		
Revaluation increase (decrease) on investments during the periods	2,509,989	(887,542)
Gains on sales of available-for-sale investments during the periods transferred to be recognised in profit or loss	546,664	44,578
Income taxes as reported in other comprehensive income (loss)	<u>3,056,653</u>	<u>(842,964)</u>

12. Other assets

	(Unit: Baht)	
	31 March 2018	31 December 2017
Advances paid	19,256,217	34,827,355
Prepaid expenses	472,468	787,339
Undue input value added taxes	3,417,501	2,478,709
Claim receivables from litigants	814,563	946,260
Postdated cheques received	37,911,106	3,167,685
Receivable from sales of securities	2,396,454	1,978,808
Accrued income	1,126,480	2,707,835
Others	10,456,721	11,799,637
Total other assets	<u>75,851,510</u>	<u>58,693,628</u>

(Unaudited but reviewed)

13. Insurance contract liabilities

(Unit: Baht)

	31 March 2018		
	Insurance contract liabilities	Reinsurance on liabilities	Net
Loss reserves			
- Claims incurred and reported	425,443,653	(25,435,302)	400,008,351
- Claims incurred but not yet reported	112,220,776	(21,081,955)	91,138,821
Unearned premium reserves	1,182,845,612	(148,668,063)	1,034,177,549
Total	1,720,510,041	(195,185,320)	1,525,324,721

(Unit: Baht)

	31 December 2017		
	Insurance contract liabilities	Reinsurance on liabilities	Net
Loss reserves			
- Claims incurred and reported	594,897,792	(153,057,521)	441,840,271
- Claims incurred but not yet reported	124,447,289	(22,524,055)	101,923,234
Unearned premium reserves	1,218,939,596	(183,450,762)	1,035,488,834
Total	1,938,284,677	(359,032,338)	1,579,252,339

13.1 Loss reserves

(Unit: Baht)

	For the three-month	
	period ended 31 March 2018	For the year ended 31 December 2017
Balances - beginning of the periods	719,345,081	626,131,515
Claims incurred during the periods	284,692,762	1,284,572,239
Changes in loss reserves of prior periods' claims	(473,119)	7,212,405
Changes in assumptions in calculation of loss reserves	(12,226,512)	(4,233,808)
Claims paid during the periods	(453,673,783)	(1,194,337,270)
Balances - end of the periods	537,664,429	719,345,081

13.2 Unearned premium reserves

	(Unit: Baht)	
	For the three-month period ended 31 March 2018	For the year ended 31 December 2017
Balances - beginning of the periods	1,218,939,596	1,178,556,600
Premium written for the periods	465,250,752	2,081,593,608
Premium earned for the current periods	(501,344,736)	(2,041,210,612)
Balances - end of the periods	<u>1,182,845,612</u>	<u>1,218,939,596</u>

14. Amounts due to reinsurers

	(Unit: Baht)	
	31 March 2018	31 December 2017
Amounts withheld on reinsurance	163,873,034	148,497,005
Other reinsurance payables	47,422,275	67,842,499
Total amounts due to reinsurers	<u>211,295,309</u>	<u>216,339,504</u>

15. Other liabilities

	(Unit: Baht)	
	31 March 2018	31 December 2017
Account payable - Revenue Department	8,363,894	3,268,146
Withholding income tax payable	2,652,229	2,140,690
Undue output value added taxes	9,939,868	14,678,923
Short-term employee benefit payable	9,316,792	27,296,614
Accrued expenses	10,538,890	20,805,646
Deposits from brokers	53,248,131	29,037,421
Dividend payable	24,325,000	-
Payables of securities purchased	2,109,766	2,550,524
Others	16,344,737	18,278,056
Total other liabilities	<u>136,839,307</u>	<u>118,056,020</u>

16. Operating segment information

The Company is organised into two non-life insurance business segments, which are motor insurance and other insurance whereby the segmental profit or loss for the three-month periods ended 31 March 2018 and 2017 can be presented as follows:

	(Unit: Baht)					
	Motor		Others		Total	
	For the three-month periods ended 31 March		For the three-month periods ended 31 March		For the three-month periods ended 31 March	
	2018	2017	2018	2017	2018	2017
Underwriting revenues						
Gross premium written	369,368,255	414,472,472	95,882,497	108,362,765	465,250,752	522,835,237
Less: Premium ceded to reinsurers	(1,804,820)	(2,054,069)	(33,329,418)	(51,480,575)	(35,134,238)	(53,534,644)
Net premium written	367,563,435	412,418,403	62,553,079	56,882,190	430,116,514	469,300,593
Add (less): Unearned premium reserves (increased) decreased from prior periods	(10,300,027)	(34,327,047)	11,611,312	12,660,508	1,311,285	(21,666,539)
Net earned premium	357,263,408	378,091,356	74,164,391	69,542,698	431,427,799	447,634,054
Commission and brokerage income from reinsurers	-	-	12,558,628	12,885,241	12,558,628	12,885,241
Total underwriting revenues	357,263,408	378,091,356	86,723,019	82,427,939	443,986,427	460,519,295
Underwriting expenses						
Gross claims	226,235,228	247,206,942	45,757,903	54,060,091	271,993,131	301,267,033
Less: Claim recovery from reinsurers	-	(320,740)	(21,795,222)	(21,133,770)	(21,795,222)	(21,454,510)
Commission and brokerage expenses	61,937,414	64,981,763	10,661,688	9,350,530	72,599,102	74,332,293
Other underwriting expenses	23,172,963	28,632,729	20,132,803	18,588,989	43,305,766	47,221,718
Total underwriting expenses before operating expenses	311,345,605	340,500,694	54,757,172	60,865,840	366,102,777	401,366,534
Gross profits from underwriting	45,917,803	37,590,662	31,965,847	21,562,099	77,883,650	59,152,761
Operating expenses					(69,938,354)	(67,283,143)
Profits (losses) from underwriting					7,945,296	(8,130,382)
Net investment revenues					26,618,127	18,123,999
Gains (losses) on investments					6,337,042	(547,055)
Fair value gains (losses)					(2,734,290)	(818,752)
Other income					4,432,894	4,801,536
Profits before income tax expenses					42,599,069	13,429,346
Income tax expenses					(5,390,556)	(1,402,691)
Profits for the periods					37,208,513	12,026,655

For the three-month periods ended 31 March 2018 and 2017, the Company has premium written from a major broker (having gross premium written from the broker more than 10% of total gross premium written in each period), which is its related party, amounting to Baht 98 million and Baht 187 million, respectively, from the motor segment, contributing 21% and 36%, respectively, of total premium written.

(Unaudited but reviewed)

Segment assets and liabilities as at 31 March 2018 and 31 December 2017 are as follows:

(Unit: Baht)

	Motor	Others	Unallocated assets/liabilities	Total
Assets				
31 March 2018	141,783,384	338,901,694	3,007,842,410	3,488,527,488
31 December 2017	147,575,042	541,503,591	2,989,601,289	3,678,679,922
Liabilities				
31 March 2018	1,181,527,477	784,941,984	199,382,618	2,165,852,079
31 December 2017	1,179,613,451	1,009,854,327	167,193,634	2,356,661,412

17. Operating expenses

(Unit: Baht)

	For the three-month periods ended 31 March	
	2018	2017
Personnel expenses	26,103,033	23,362,379
Premises and equipment expenses	15,985,689	15,418,028
Taxes and duties	933,325	821,672
Bad debts and doubtful accounts	2,363,186	6,379,362
Other operating expenses	24,553,121	21,301,702
Total operating expenses	<u>69,938,354</u>	<u>67,283,143</u>

18. Earning per shares

Basic earnings per share is calculated by dividing profits for the periods (excluding other comprehensive income or loss) by the weighted average number of ordinary shares in issue during the periods.

19. Related party transactions

19.1 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

19.2 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: Million Baht)	
	For the three-month periods ended	
	31 March	
	2018	2017
Gross premium written		
Dung Seng Insurance Broker Co., Ltd. ⁽¹⁾	98.5	187.0
Commission and brokerage expenses		
Dung Seng Insurance Broker Co., Ltd.	16.6	31.9

⁽¹⁾ Premium written from non-life insurance brokers

Transaction with related parties	Transfer pricing policy
Gross premium written	Normal commercial terms for underwriting
Commission and brokerage expenses	Normal commercial terms for non-life insurance broker

19.3 Outstanding balances

As at 31 March 2018 and 31 December 2017, the outstanding balances of transactions between the Company and those related parties are as follows:

	(Unit: Million Baht)	
	31 March 2018	31 December 2017
Premium receivables		
Dung Seng Insurance Broker Co., Ltd.	75.3	137.7
Accrued commissions		
Dung Seng Insurance Broker Co., Ltd.	12.7	23.8

19.4 Directors' and key management's benefits

During the three-month periods ended 31 March 2018 and 2017, the Company had employee benefit expenses incurred on directors and key management as below.

	(Unit: Million Baht)	
	For the three-month periods ended 31 March	
	2018	2017
Short-term employee benefits	6.2	5.6
Long-term employee benefits	0.2	-
Total	<u>6.4</u>	<u>5.6</u>

20. Assets subject to commitments

As at 31 March 2018 and 31 December 2017, the Company had the following assets placed with the Registrar as securities and insurance reserves in accordance with the Non-life Insurance Act and place with court and other units to secure against performance obligations as required in normal course of business.

(Unit: Million Baht)

	31 March 2018		31 December 2017	
	Cost	Fair value	Cost	Fair value
Placed as securities with the Registrar				
Stated enterprise bonds	14.0	14.6	14.0	14.6
Placed as insurance reserves with the Registrar				
Government and state enterprise bonds	225.0	232.7	225.0	234.8
Placed as securities with the Court				
Deposits with financial institutions	2.2	2.2	3.2	3.2
Placed to secure against performance obligations				
Government and state enterprise bond	12.2	12.6	12.1	12.7
Saving lottery	2.6	2.6	2.6	2.6
	14.8	15.2	14.7	15.3

21. Commitments and contingent liabilities**21.1 Operating lease commitments**

The Company has entered into several lease agreements in respect of the lease and service fee of office building space. The terms of the agreements are 1 - 3 years.

As at 31 March 2018 and 31 December 2017, future minimum lease payments required under these non-cancellable operating lease contracts were as follows:

(Unit: Million Baht)

Payable within	31 March 2018	31 December 2017
1 year	6.0	5.7
1 - 3 years	1.8	1.0

21.2 Litigation

As at 31 March 2018 and 31 December 2017, the Company had litigation claims totaling Baht 444.1 million and Baht 476.3 million, respectively, as an insurer. The outcomes of the cases have not yet been finalised. However, the Company considered the estimated losses that might be incurred and already recognised as loss reserves of Baht 39.0 and Baht 40.5 million, respectively, in the financial statements.

22. Fair value of financial instruments

As of 31 March 2018 and 31 December 2017, the Company had the following assets that were measured at fair value using different levels of inputs as follows:

	(Unit: Million Baht)					
	31 March 2018			31 December 2017		
	Level 1	Level 2	Total	Level 1	Level 2	Total
Trading investments						
Equity securities	45.0	-	45.0	49.2	-	49.2
Investment units	-	10.0	10.0	-	6.0	6.0
Available-for-sale investments						
Equity securities	45.6	-	45.6	43.1	-	43.1
Investment units	116.6	230.4	347.0	109.0	406.1	515.1
Debentures	-	91.4	91.4	-	91.6	91.6
Warrants	0.2	-	0.2	0.2	-	0.2

The Company determined fair values of financial instruments by the following methods:

- (a) The fair value of investments in debt securities is determined by using the yield curve as announced by the Thai Bond Market Association.
- (b) The fair value of investment in equity securities which are traded on the Stock Exchange of Thailand presented as market price. The fair value of investments in investment units, which are not listed on the Stock Exchange of Thailand, is determined by using the net asset value per unit as announced by the fund management company.

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

23. Dividends paid

Dividends declared during the three-month periods ended 31 March 2018 and 2017 were as follows:

	Approved by	Total dividends	Dividend per share
		(Million Baht)	(Baht)
Final dividends for 2017	Annual General Meeting of the shareholders on 30 March 2018	24.33	1.75
Final dividends for 2016	Annual General Meeting of the shareholders on 31 March 2017	19.46	1.40

24. Approval of the interim financial statements

These interim financial statements were authorised for issue by the Audit Committee on 9 May 2018.