

Nam Seng Insurance Public Company Limited
Review report and interim financial statements
31 March 2017

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 2017, 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.

Rachada Yongsawadvanich
Certified Public Accountant (Thailand) No. 4951

EY Office Limited
Bangkok: 8 May 2017

Nam Seng Insurance Public Company Limited

Statements of financial position

As at 31 March 2017 and 31 December 2016

		(Unit: Baht)	
	Note	31 March 2017	31 December 2016
		(Unaudited but reviewed)	(Audited)
Assets			
Cash and cash equivalents	3	192,456,367	94,730,839
Premium receivables - net	4, 19	186,119,990	209,801,725
Accrued investment income		10,066,467	7,622,310
Reinsurance assets - net	5	265,193,864	282,183,199
Reinsurance receivables - net	6	75,942,170	83,999,930
Investment assets			
Investments in securities - net	7	2,296,001,057	2,352,314,271
Loans - net	8	7,494,736	7,910,779
Premises and equipment - net	9	193,293,196	196,132,669
Intangible assets - net	10	1,820,122	429,404
Deferred tax assets	11.1	124,458,138	117,031,989
Other assets	12	88,403,560	58,170,075
Total assets		3,441,249,667	3,410,327,190

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 2017 and 31 December 2016

(Unit: Baht)

	Note	31 March 2017 (Unaudited but reviewed)	31 December 2016 (Audited)
Liabilities and equity			
Liabilities			
Insurance contract liabilities	13	1,818,977,836	1,804,688,115
Amounts due to reinsurers	14	168,907,118	159,069,669
Income tax payable		11,813,759	3,516,007
Employee benefit obligations		38,965,437	39,630,315
Accrued commissions	19	34,067,895	34,055,926
Other liabilities	15, 19	127,631,312	124,419,360
Total liabilities		<u>2,200,363,357</u>	<u>2,165,379,392</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		471,557,663	478,991,008
Other component of owners' equity			
Revaluation surplus on available-for-sale investments			
- net of income taxes	7.2	4,879,175	1,507,318
Total owners' equity		<u>1,240,886,310</u>	<u>1,244,947,798</u>
Total liabilities and owners' equity		<u>3,441,249,667</u>	<u>3,410,327,190</u>
		-	-

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

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Directors
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(Unaudited but reviewed)

Nam Seng Insurance Public Company Limited

Statements of comprehensive income

For the three-month periods ended 31 March 2017 and 2016

		(Unit: Baht)	
	Note	2017	2016
Profit or loss:			
Revenues			
Gross premium written	19.2	522,835,237	558,374,803
Less: Premium ceded to reinsurers		(53,534,644)	(61,598,438)
Net premium written		469,300,593	496,776,365
Less: Unearned premium reserves increased from prior period		(21,666,539)	(70,106,788)
Net earned premium		447,634,054	426,669,577
Commission and brokerage income from reinsurers		12,885,241	19,995,581
Net investment revenues		18,123,999	15,626,291
Losses on investments		(547,055)	(7,408,849)
Fair value gains (losses)		(818,752)	7,361,300
Other income	19.2	4,801,536	2,939,674
Total revenues		482,079,023	465,183,574
Expenses			
Gross claims		301,267,033	291,898,260
Less: Claim recovery from reinsurers		(21,454,510)	(45,404,052)
Commission and brokerage expenses	19.2	74,332,293	77,405,601
Other underwriting expenses		40,647,160	40,410,477
Operating expenses	17, 19.2	73,857,701	82,556,471
Total expenses		468,649,677	446,866,757
Profits before income tax expenses		13,429,346	18,316,817
Less: Income tax expenses	11.2	(1,402,691)	(3,235,206)
Profits for the periods		12,026,655	15,081,611

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 2017 and 2016

		(Unit: Baht)	
	Note	2017	2016
Other comprehensive income:			
Items to be recognised in profit or loss in subsequent periods:			
Gains on revaluation of available-for-sale investments		4,214,821	10,356,646
Less: Income taxes	11.2	<u>(842,964)</u>	<u>(2,071,329)</u>
Items to be recognised in profit or loss in subsequent periods - net of income taxes:		<u>3,371,857</u>	<u>8,285,317</u>
Other comprehensive income for the periods		<u>3,371,857</u>	<u>8,285,317</u>
Total comprehensive income for the periods		<u><u>15,398,512</u></u>	<u><u>23,366,928</u></u>
Earnings per share			
Basic earnings per share			
Profits for the periods	18	<u><u>0.87</u></u>	<u><u>1.09</u></u>

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 2017 and 2016**

(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 on available-for-sale investments	
				Statutory reserve	General reserve		- net of income taxes	
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		-	-	-	-	15,081,611	-	15,081,611
Other comprehensive income for the period		-	-	-	-	-	8,285,317	8,285,317
Total comprehensive income for the period		-	-	-	-	15,081,611	8,285,317	23,366,928
Dividends paid	23	-	-	-	-	(125,100,000)	-	(125,100,000)
Balance as at 31 March 2016		<u>139,000,000</u>	<u>594,436,835</u>	<u>24,848,787</u>	<u>6,163,850</u>	<u>438,776,087</u>	<u>(10,671,761)</u>	<u>1,192,553,798</u>
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>
		-	-	-	-	-	-	-

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 2017 and 2016

	(Unit: Baht)	
	2017	2016
Cash flows from (used in) operating activities		
Direct premium written	545,848,458	576,532,223
Cash received (paid) on reinsurance	6,511,898	(28,470,271)
Interest income	12,123,117	12,716,081
Dividend income	3,556,725	1,567,245
Other income	4,802,687	2,936,203
Losses paid on direct insurance	(298,061,574)	(261,261,579)
Commissions and brokerages expenses on direct insurance	(74,245,835)	(78,997,951)
Other underwriting expenses	(40,647,159)	(36,572,068)
Operating expenses	(120,406,599)	(164,873,853)
Income taxes	(1,374,052)	(1,525,240)
Investments in securities	60,716,348	275,637,182
Loans	416,043	631,658
Net cash provided by operating activities	99,240,057	298,319,630
Cash flows from (used in) investing activities		
Cash flows from		
Premises and equipment	12,143	9,975
Cash provided by investing activities	12,143	9,975
Cash flows used in		
Premises and equipment	(1,511,272)	(1,329,104)
Intangible assets	(15,400)	-
Cash used in investing activities	(1,526,672)	(1,329,104)
Net cash used in investing activities	(1,514,529)	(1,319,129)
Net increase in cash and cash equivalents	97,725,528	297,000,501
Cash and cash equivalents at beginning of the periods	94,730,839	77,148,715
Cash and cash equivalents at end of the periods	192,456,367	374,149,216

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 2017 and 2016

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 2017 and 31 December 2016, 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 28 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 for the 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

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 such interim financial statements in Thai language.

2.2 New and revised financial reporting standards

During the period, the Company has adopted new and revised financial reporting standards and interpretations (revised 2016), including new accounting treatment guidance, which are effective for fiscal years beginning on or after 1 January 2017. 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 impact on these financial statements.

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 2016, except for the adoption of new and revised financial reporting standards as described in Note 2.2 to the interim financial statements.

3. Cash and cash equivalents

	(Unit: Baht)	
	31 March 2017	31 December 2016
Cash on hand	175,133	174,291
Deposits at banks with no fixed maturity date	192,281,234	94,556,548
Total cash and cash equivalents	<u>192,456,367</u>	<u>94,730,839</u>

4. Premium receivables

As at 31 March 2017 and 31 December 2016, the outstanding balances of premium receivables are classified by overdue periods, counted from the maturity date under the stipulated law of the premium collection, as follows:

	(Unit: Baht)	
	31 March 2017	31 December 2016
Not yet due	142,337,033	176,259,195
Overdue not longer than 30 days	27,865,185	26,256,003
Overdue 31 days to 60 days	14,053,127	11,686,328
Overdue 61 days to 90 days	11,436,600	2,686,466
Overdue 91 days to 1 year	6,760,238	2,015,406
Overdue longer than 1 year	8,496,821	9,346,869
Total	<u>210,949,004</u>	<u>228,250,267</u>
Less: Allowance for doubtful accounts	<u>(24,829,014)</u>	<u>(18,448,542)</u>
Premium receivables - net	<u>186,119,990</u>	<u>209,801,725</u>

(Unaudited but reviewed)

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 2017	31 December 2016
Insurance reserves refundable from reinsurers		
- Loss reserves	125,360,123	131,773,673
- Unearned premium reserves	144,812,085	155,387,870
Total	270,172,208	287,161,543
Less: Allowance for doubtful accounts	(4,978,344)	(4,978,344)
Reinsurance assets - net	265,193,864	282,183,199

6. Reinsurance receivables

	(Unit: Baht)	
	31 March 2017	31 December 2016
Amounts deposited on reinsurance	2,929	2,929
Amounts due from reinsurers	76,480,627	84,472,038
Total	76,483,556	84,474,967
Less: Allowance for doubtful accounts	(541,386)	(475,037)
Reinsurance receivables - net	75,942,170	83,999,930

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

(Unit: Baht)

	31 March 2017		31 December 2016	
	Cost/		Cost/	
	Amortised cost	Fair value	Amortised cost	Fair value
Trading investments				
Equity securities	74,520,928	74,052,247	30,063,627	30,426,784
Unit trusts	8,512,551	8,525,637	-	-
Total	83,033,479	82,577,884	30,063,627	30,426,784
Add (less): Unrealised gains (losses)	(455,595)	-	363,157	-
Trading investments - net	82,577,884	82,577,884	30,426,784	30,426,784
Available-for-sale investments				
Equity securities	32,979,072	39,230,490	34,007,539	38,992,551
Unit trusts	525,396,263	524,249,348	476,155,835	472,119,241
Debentures	80,017,009	81,011,474	80,019,803	80,955,532
Total	638,392,344	644,491,312	590,183,177	592,067,324
Add: Unrealised gains	6,098,968	-	1,884,147	-
Less: Allowance for impairment	(5,904,250)	(5,904,250)	(6,050,600)	(6,050,600)
Available-for-sale investments - net	638,587,062	638,587,062	586,016,724	586,016,724
Held-to-maturity investments				
Government and state enterprise securities	548,544,519		539,026,495	
Saving lottery	29,550,000		34,550,000	
Private enterprise debt securities	459,693,572		465,246,248	
Deposits at financial institutions which matured over 3 months	535,000,000		695,000,000	
Total held-to-maturity investments	1,572,788,091		1,733,822,743	
General investments				
Equity securities	2,048,020		2,048,020	
Total general investments	2,048,020		2,048,020	
Investment in securities - net	2,296,001,057		2,352,314,271	

7.2 Revaluation surplus on available-for-sale investments

(Unit: Baht)

	For the three-month period ended 31 March 2017	For the year ended 31 December 2016
Balances - beginning of the periods	1,507,318	(18,957,078)
Gains on revaluation of available-for-sale investments during the periods	4,437,710	21,328,309
(Gains) losses on sales of available-for-sale investments during the periods transferred to be recognised in profit or loss	(222,889)	4,252,185
Total gains on revaluation of available-for-sale investments	4,214,821	25,580,494
Less: Income taxes	(842,964)	(5,116,098)
Gains on revaluation of available-for-sale investments - net of income taxes	3,371,857	20,464,396
Balances - end of the periods	4,879,175	1,507,318

7.3 Investments subject to restriction

As at 31 March 2017 and 31 December 2016, certain bonds were placed with the Registrar of the Office of Insurance Commission as described in Note 20 to the interim financial statements.

As at 31 March 2017 and 31 December 2016, the Company had bonds, lottery savings and deposits at financial institutions with maturity periods of longer than 3 months totalling Baht 17.4 million and Baht 18.1 million, respectively, used to secure performance obligations as required in normal course of business of the Company.

8. Loans

As at 31 March 2017 and 31 December 2016, the outstanding balances of loans and interest receivable are classified according to their overdue periods as follows:

(Unit: Baht)

Overdue periods	31 March 2017						
	Mortgage loans		Others		Total		
	Principal	Interest receivable	Principal	Interest receivable	Principal	Interest receivable	Total
Not yet due	5,791,844	17,852	1,702,892	-	7,494,736	17,852	7,512,588
Overdue longer than 12 months	-	-	314,526	203,847	314,526	203,847	518,373
Total	5,791,844	17,852	2,017,418	203,847	7,809,262	221,699	8,030,961
Less: Allowance for doubtful accounts	-	-	(314,526)	(203,847)	(314,526)	(203,847)	(518,373)
Loans and interest receivable - net	5,791,844	17,852	1,702,892	-	7,494,736	17,852 ⁽¹⁾	7,512,588

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

(Unit: Baht)

Overdue periods	31 December 2016						
	Mortgage loans		Others		Total		
	Principal	Interest receivable	Principal	Interest receivable	Principal	Interest receivable	Total
Not yet due	5,962,431	1,319	1,948,348	-	7,910,779	1,319	7,912,098
Overdue longer than 12 months	-	-	314,526	203,847	314,526	203,847	518,373
Total	5,962,431	1,319	2,262,874	203,847	8,225,305	205,166	8,430,471
Less: Allowance for doubtful accounts	-	-	(314,526)	(203,847)	(314,526)	(203,847)	(518,373)
Loans and interest receivable - net	5,962,431	1,319	1,948,348	-	7,910,779	1,319 ⁽¹⁾	7,912,098

⁽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 2017 is as follows:

(Unit: Baht)

	Land	Buildings	Furniture, fixtures and office equipment	Vehicles	Construction in progress	Total
Net book value as at						
1 January 2017	124,402,866	41,129,110	25,726,385	2,590,308	2,284,000	196,132,669
Additions - at cost	-	-	597,272	-	914,000	1,511,272
Transfer in (out)	-	-	149,950	-	(1,620,000)	(1,470,050)
Disposals - net book value	-	-	(13,295)	-	-	(13,295)
Depreciation charge for the period	-	(1,001,566)	(1,754,535)	(111,299)	-	(2,867,400)
Net book value as at						
31 March 2017	<u>124,402,866</u>	<u>40,127,544</u>	<u>24,705,777</u>	<u>2,479,009</u>	<u>1,578,000</u>	<u>193,293,196</u>

10. Intangible assets

The movement of computer softwares for the three-month period ended 31 March 2017 is as follows:

(Unit: Baht)

	<u>Computer softwares</u>
Net book values as at 1 January 2017	429,404
Addition - at cost	15,400
Transfer in	1,470,050
Amortisation charge for the period	(94,732)
Net book value as at 31 March 2017	<u><u>1,820,122</u></u>

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

As at 31 March 2017 and 31 December 2016, the components of deferred tax assets arose from the following temporary differences:

	(Unit: Baht)	
	31 March 2017	31 December 2016
Deferred tax assets (liabilities) arose from:		
Allowance for doubtful accounts	7,327,550	6,080,947
Premium reserves	61,010,918	54,479,548
Loss reserves on claims incurred but not yet reported	20,320,048	20,296,464
Loss reserves on claims incurred and reported	29,135,210	28,698,427
Employee benefits obligations	7,793,087	7,926,063
Unrealised (gains) losses on revaluation of		
Trading investments	91,119	(72,631)
Available-for-sale investments	(1,219,794)	(376,829)
Deferred tax assets	<u>124,458,138</u>	<u>117,031,989</u>

11.2 Income tax

Income tax expenses for the three-month periods ended 31 March 2017 and 2016 are made up as follows:

	(Unit: Baht)	
	For the three-month periods	
	ended 31 March	
	2017	2016
Current income taxes:		
Interim corporate income tax charge	(9,671,804)	(27,693,452)
Deferred tax:		
Relating to origination and reversal of temporary differences	8,269,113	24,458,246
Income tax expenses reported in profit or loss	<u>(1,402,691)</u>	<u>(3,235,206)</u>

(Unaudited but reviewed)

Reconciliations between income tax expenses and the product of accounting profits for the three-month periods ended 31 March 2017 and 2016 and the applicable tax rate are as follows:

	(Unit: Baht)	
	For the three-month periods ended 31 March	
	2017	2016
Accounting profits before income tax expenses	13,429,346	18,316,817
Applicable tax rate	20%	20%
Accounting profits before income tax expenses multiplied by the applicable tax rate	(2,685,869)	(3,663,363)
Net tax effect on revenues or expenses that are not taxable or not deductible in determining taxable profits	1,283,178	428,157
Income tax expenses reported in profit or loss	(1,402,691)	(3,235,206)

The amounts of income taxes relating to each component of other comprehensive income for the three-month periods ended 31 March 2017 and 2016 are as follows:

	(Unit: Baht)	
	For the three-month periods ended 31 March	
	2017	2016
Deferred income taxes relating to:		
Revaluation decreases on investments during the periods	(887,542)	(1,257,274)
(Gains) losses on sales of available-for-sale investments during the periods transferred to be recognised in profit or loss	44,578	(814,055)
Income taxes as reported in other comprehensive income (losses)	(842,964)	(2,071,329)

12. Other assets

	(Unit: Baht)	
	31 March 2017	31 December 2016
Advances paid	25,662,092	26,005,535
Prepaid expenses	643,585	757,081
Undue input value added taxes	2,716,637	2,837,008
Claim receivables from litigants	1,717,023	1,899,580
Postdated cheques received	36,011,122	3,841,762
Receivable from disposals of securities	7,278,414	7,071,080
Accrued income	5,871,855	5,871,855
Others	8,502,832	9,886,174
Total other assets	88,403,560	58,170,075

(Unaudited but reviewed)

13. Insurance contract liabilities

(Unit: Baht)

	31 March 2017		Net
	Insurance contract liabilities	Reinsurance on liabilities	
Loss reserves			
- Claims incurred and reported	510,376,405	(103,027,941)	407,348,464
- Claims incurred but not yet reported	118,954,076	(17,353,838)	101,600,238
Unearned premium reserves	1,189,647,355	(144,812,085)	1,044,835,270
Total	1,818,977,836	(265,193,864)	1,553,783,972

(Unit: Baht)

	31 December 2016		Net
	Insurance contract liabilities	Reinsurance on liabilities	
Loss reserves and outstanding claims			
- Claims incurred and reported	497,450,418	(99,596,554)	397,853,864
- Claims incurred but not yet reported	128,681,097	(27,198,775)	101,482,322
Unearned premium reserves	1,178,556,600	(155,387,870)	1,023,168,730
Total	1,804,688,115	(282,183,199)	1,522,504,916

13.1 Loss reserves

(Unit: Baht)

	For the three-month	
	period ended 31 March 2017	For the year ended 31 December 2016
Balances - beginning of the periods	626,131,515	587,789,799
Claims incurred during the periods	312,425,685	1,204,097,037
Changes in loss reserves of prior periods' claims	(1,431,633)	(37,112,423)
Changes in assumptions in calculation of loss reserves	(9,727,020)	27,028,255
Claims paid during the periods	(298,068,066)	(1,155,671,153)
Balances - end of the periods	629,330,481	626,131,515

13.2 Unearned premium reserves

	(Unit: Baht)	
	For the three-month period ended 31 March 2017	For the year ended 31 December 2016
Balances - beginning of the periods	1,178,556,600	1,085,786,676
Premium written for the periods	522,835,237	2,112,199,661
Premium earned for the current periods	(511,744,482)	(2,019,429,737)
Balances - end of the periods	<u>1,189,647,355</u>	<u>1,178,556,600</u>

14. Reinsurance payables

	(Unit: Baht)	
	31 March 2017	31 December 2016
Amounts withheld on reinsurance	101,166,770	99,593,519
Amounts due to reinsurers	67,740,348	59,476,150
Total reinsurance payables	<u>168,907,118</u>	<u>159,069,669</u>

15. Other liabilities

	(Unit: Baht)	
	31 March 2017	31 December 2016
Account payable - Revenue Department	10,109,325	7,409,362
Withholding income tax payable	2,756,174	3,083,435
Undue output value added taxes	11,569,763	11,297,111
Short-term employee benefit payable	7,831,350	27,234,917
Accrued expenses	12,137,382	15,123,604
Deposits from brokers	35,468,711	32,408,826
Dividend payable	19,460,000	-
Others	28,298,607	27,862,105
Total other liabilities	<u>127,631,312</u>	<u>124,419,360</u>

16. 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 2017 and 2016 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	
	2017	2016	2017	2016	2017	2016
Underwriting revenues						
Gross premium written	414,472,472	428,534,896	108,362,765	129,839,907	522,835,237	558,374,803
Less: Premium ceded to reinsurers	(2,054,069)	(1,987,254)	(51,480,575)	(59,611,184)	(53,534,644)	(61,598,438)
Net premium written	412,418,403	426,547,642	56,882,190	70,228,723	469,300,593	496,776,365
Less: Unearned premium reserves (increased) decreased from prior periods	(34,327,047)	(47,984,158)	12,660,508	(22,122,630)	(21,666,539)	(70,106,788)
Net earned premium	378,091,356	378,563,484	69,542,698	48,106,093	447,634,054	426,669,577
Commission and brokerage income from reinsurers	-	-	12,885,241	19,995,581	12,885,241	19,995,581
Total underwriting revenues	378,091,356	378,563,484	82,427,939	68,101,674	460,519,295	446,665,158
Underwriting expenses						
Gross claims	247,206,942	213,428,140	54,060,091	78,470,120	301,267,033	291,898,260
Less: Claim recovery from reinsurers	(320,740)	-	(21,133,770)	(45,404,052)	(21,454,510)	(45,404,052)
Commission and brokerage expenses	64,981,763	68,551,837	9,350,530	8,853,764	74,332,293	77,405,601
Other underwriting expenses	22,058,171	26,278,803	18,588,989	14,131,674	40,647,160	40,410,477
Total underwriting expenses before operating expenses	333,926,136	308,258,780	60,865,840	56,051,506	394,791,976	364,310,286
Profits from underwriting	44,165,220	70,304,704	21,562,099	12,050,168	65,727,319	82,354,872
Operating expenses					(73,857,701)	(82,556,471)
Losses from underwriting					(8,130,382)	(201,599)
Net investment revenues					18,123,999	15,626,291
Losses on investments					(547,055)	(7,408,849)
Fair value gains (losses)					(818,752)	7,361,300
Other income					4,801,536	2,939,674
Profits before income tax expenses					13,429,346	18,316,817
Income tax expenses					(1,402,691)	(3,235,206)
Profits for the periods					12,026,655	15,081,611

For the three-month periods ended 31 March 2017 and 2016, the Company has premium written from one major broker, which is its related party, amounting to Baht 187 million and Baht 249 million, respectively, from the motor segment, contributing 36% and 45%, respectively, of total premium written.

(Unaudited but reviewed)

Segment assets and liabilities as at 31 March 2017 and 31 December 2016 are as follows:

(Unit: Baht)

	Motor	Others	Unallocated assets/liabilities	Total
Assets				
31 March 2017	163,948,013	363,308,011	2,913,993,643	3,441,249,667
31 December 2016	165,153,281	410,831,573	2,834,342,336	3,410,327,190
Liabilities				
31 March 2017	1,260,861,159	765,206,156	174,296,042	2,200,363,357
31 December 2016	1,217,615,225	783,938,594	163,825,573	2,165,379,392

17. Operating expenses

(Unit: Baht)

	For the three-month periods ended 31 March	
	2017	2016
Personnel expenses	23,362,379	26,716,556
Premises and equipment expenses	15,418,028	16,273,278
Taxes and duties	821,672	702,895
Bad debts and doubtful accounts	6,379,362	10,186,471
Other operating expenses	27,876,260	28,677,271
Total operating expenses	73,857,701	82,556,471

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	
	2017	2016
Gross premium written		
Dung Seng Insurance Broker Co., Ltd. ⁽¹⁾	187.0	249.0
Commission and brokerage expenses		
Dung Seng Insurance Broker Co., Ltd.	31.9	42.9
Building service fee ⁽²⁾		
N.S.B. Co., Ltd.	-	2.9
Expense in relation to rental services⁽³⁾		
N.S.B. Co., Ltd.	-	2.1

⁽¹⁾ Premium written from non-life insurance brokers

⁽²⁾ Presented in "Operating expenses" in statements of comprehensive income

⁽³⁾ Recognised as a deduction item in "Other income" in statements of comprehensive income

(Unaudited but reviewed)

Transaction with related parties	Transfer pricing policy
Premium written	Normal commercial terms for underwriting
Commission and brokerage expenses	Normal commercial terms for underwriting
Service fee of building space	Contract price
Cost of the rental	Contract price

19.3 Outstanding balances

As at 31 March 2017 and 31 December 2016, the outstanding balances of transactions between the Company and those related parties are as follows:

	(Unit: Million Baht)	
	31 March 2017	31 December 2016
Premium receivables		
Dung Seng Insurance Broker Co., Ltd.	123.8	177.3
Accrued commissions		
Dung Seng Insurance Broker Co., Ltd.	21.0	30.5
Other liabilities		
N.S.B. Co., Ltd.	-	1.7

19.4 Directors' and key management's benefits

During the three-month periods ended 31 March 2017 and 2016, 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	
	2017	2016
Short-term employee benefits	5.6	5.5
Long-term employee benefits	-	0.1
Total	5.6	5.6

20. Assets with the Registrar

As at 31 March 2017 and 31 December 2016, the Company had the following assets placed with the Registrar as securities and insurance reserves in accordance with the Non-life Insurance Act.

(Unit: Million Baht)

	31 March 2017		31 December 2016	
	Cost	Fair value	Cost	Fair value
Placed as securities				
Stated enterprise bonds	14.0	14.5	14.0	14.4
Placed as insurance reserves				
Government and state enterprise bonds	225.0	233.2	210.0	218.1

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 2017 and 31 December 2016, future minimum lease payments required under these non-cancellable operating lease contracts were as follows:

(Unit: Million Baht)

Payable within	31 March 2017	31 December 2016
1 year	1.9	1.6
1 - 3 years	1.1	0.8

21.2 Litigation

As at 31 March 2017 and 31 December 2016, the Company had litigation claims totaling Baht 493.9 million and Baht 514.6 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 40.1 and Baht 44.6 million, respectively, in the financial statements.

22. Fair value of financial instruments

As of 31 March 2017 and 31 December 2016, the Company had the following assets that were measured at fair value using different levels of inputs as follows:

(Unit: Million Baht)

	31 March 2017			31 December 2016		
	Level 1	Level 2	Total	Level 1	Level 2	Total
Trading investments						
Equity securities	74.1	-	74.1	30.4	-	30.4
Investment units	-	8.5	8.5	-	-	-
Available-for-sale investments						
Equity securities	39.2	-	39.2	39.0	-	39.0
Investment units	88.5	429.8	518.3	89.6	376.5	466.1
Debentures	-	81.0	81.0	-	80.9	80.9

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 asset value per unit as announced by the fund managers.

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 2017 and 2016 were as follows:

	Approved by	Total dividends	Dividend per share
		(Million Baht)	(Baht)
Final dividends for 2016	Annual General Meeting of the shareholders on 31 March 2017	19.46	1.4
Final dividends for 2015	Annual General Meeting of the shareholders on 28 March 2016	125.10	9.0

24. Approval of the interim financial statements

These interim financial statements were authorised for issue by the Audit Committee on 8 May 2017.