

Nam Seng Insurance Public Company Limited
Review report and interim financial statements
30 June 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 30 June 2018, the related statements of comprehensive income for the three-month and six-month periods ended 30 June 2018, and the statements of changes in owners' equity and cash flows for the six-month period then ended, as well as the condensed notes to the financial statements. Management is responsible for the preparation and presentation of this interim financial information in accordance with Thai Accounting Standard 34: Interim Financial Reporting. My responsibility is to express a conclusion on this interim financial information based on my review.

Scope of review

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

Conclusion

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

Narissara Chaisuwan

Certified Public Accountant (Thailand) No. 4812

EY Office Limited

Bangkok: 9 August 2018

Nam Seng Insurance Public Company Limited

Statements of financial position

As at 30 June 2018 and 31 December 2017

		(Unit: Baht)	
	Note	30 June 2018	31 December 2017
		(Unaudited but reviewed)	(Audited)
Assets			
Cash and cash equivalents	3	98,580,151	66,390,903
Premium receivables - net	4, 19	148,213,682	255,767,994
Accrued investment income		13,489,861	13,363,526
Reinsurance assets - net	5	151,854,643	359,032,338
Reinsurance receivables - net	6	110,208,141	74,278,300
Investment assets			
Investments in securities - net	7	2,486,306,538	2,526,706,002
Loans - net	8	8,844,845	8,371,297
Premises and equipment - net	9	184,546,762	188,038,785
Intangible assets - net	10	2,465,323	2,969,257
Deferred tax assets	11.1	133,862,927	125,067,892
Other assets	12	46,007,040	58,693,628
Total assets		3,384,379,913	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 30 June 2018 and 31 December 2017

(Unit: Baht)

	Note	30 June 2018	31 December 2017
		(Unaudited but reviewed)	(Audited)
Liabilities and owners' equity			
Liabilities			
Insurance contract liabilities	13	1,693,653,996	1,938,284,677
Amounts due to reinsurers	14	199,460,500	216,339,504
Income tax payable		6,407,069	12,101,371
Employee benefit obligations		41,147,355	39,704,301
Accrued commissions	19	28,420,821	32,175,539
Other liabilities	15	99,312,177	118,056,020
Total liabilities		2,068,401,918	2,356,661,412
Equity			
Share capital			
Registered			
20,000,000 ordinary shares of Baht 10 each		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
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		559,704,547	530,142,623
Other component of owners' equity			
Revaluation surplus (deficit) on available-for-sale investments			
- net of income taxes	7.2	(8,176,024)	27,426,415
Total owners' equity		1,315,977,995	1,322,018,510
Total liabilities and owners' equity		3,384,379,913	3,678,679,922
		-	-

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

Directors

(Unaudited but reviewed)

Nam Seng Insurance Public Company Limited

Statements of comprehensive income

For the three-month periods ended 30 June 2018 and 2017

		(Unit: Baht)	
	Note	2018	2017
Profit or loss:			
Revenues			
Gross premium written	19.2	454,715,757	490,893,718
Less: Premium ceded to reinsurers		(35,423,854)	(47,600,715)
Net premium written		419,291,903	443,293,003
Add: Unearned premium reserves decreased from prior period		2,289,028	3,160,503
Net earned premium		421,580,931	446,453,506
Commission and brokerage income from reinsurers		11,714,095	11,608,240
Net investment revenues		16,745,202	42,646,926
Gain (loss) on investments		(119,708)	1,387,148
Fair value losses		(5,248,940)	(1,341,281)
Other income		5,001,661	8,769,019
Total revenues		449,673,241	509,523,558
Expenses			
Gross claims		259,733,327	291,937,821
Less: Claim recovery from reinsurers		(6,024,671)	(30,952,381)
Commission and brokerage expenses	19.2	63,586,294	65,960,747
Other underwriting expenses		48,548,125	46,148,758
Operating expenses	17	63,207,567	57,785,460
Total expenses		429,050,642	430,880,405
Profits before income tax expenses		20,622,599	78,643,153
Less: Income tax expenses	11.2	(3,944,188)	(14,035,782)
Profits for the periods		16,678,411	64,607,371

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 30 June 2018 and 2017

	Note	2018	(Unit: Baht) 2017
	<u> </u>	<u> </u>	<u> </u>
Other comprehensive income:			
Items to be recognised in profit or loss in subsequent periods:			
Losses on revaluation of available-for-sale investments		(29,219,782)	(5,106,031)
Add: Benefits taxes	11.2	5,843,957	1,021,206
Items to be recognised in profit or loss in subsequent periods			
- net of income taxes		(23,375,825)	(4,084,825)
Other comprehensive income for the periods (loss)		<u>(23,375,825)</u>	<u>(4,084,825)</u>
Total comprehensive income for the periods (loss)		<u>(6,697,414)</u>	<u>60,522,546</u>
Earnings per share			
Basic earnings per share			
Profits for the periods	18	<u>1.20</u>	<u>4.65</u>

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

(Unaudited but reviewed)

Nam Seng Insurance Public Company Limited
Statements of comprehensive income
For the six-month periods ended 30 June 2018 and 2017

		(Unit: Baht)	
	Note	2018	2017
Profit or loss:			
Revenues			
Gross premium written	19.2	919,966,509	1,013,728,955
Less: Premium ceded to reinsurers		(70,558,092)	(101,135,359)
Net premium written		849,408,417	912,593,596
Add (less): Unearned premium reserves (increased) decreased from prior period		3,600,313	(18,506,036)
Net earned premium		853,008,730	894,087,560
Commission and brokerage income from reinsurers		24,272,723	24,493,481
Net investment revenues		43,363,329	60,770,925
Gains on investments		6,217,334	840,093
Fair value losses		(7,983,230)	(2,160,033)
Other income		9,434,555	13,570,555
Total revenues		928,313,441	991,602,581
Expenses			
Gross claims		531,726,458	593,204,854
Less: Claim recovery from reinsurers		(27,819,893)	(52,406,891)
Commission and brokerage expenses	19.2	136,185,396	140,293,040
Other underwriting expenses		91,853,891	93,370,476
Operating expenses	17	133,145,921	125,068,603
Total expenses		865,091,773	899,530,082
Profits before income tax expenses		63,221,668	92,072,499
Less: Income tax expenses	11.2	(9,334,744)	(15,438,473)
Profits for the periods		53,886,924	76,634,026

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 six-month periods ended 30 June 2018 and 2017

		(Unit: Baht)	
	Note	2018	2017
Other comprehensive income:			
Items to be recognised in profit or loss in subsequent periods:			
Losses on revaluation of available-for-sale investments		(44,503,049)	(891,210)
Add: Benefits taxes	11.2	8,900,610	178,242
Items to be recognised in profit or loss in subsequent periods			
- net of income taxes		(35,602,439)	(712,968)
Other comprehensive income for the periods (loss)		<u>(35,602,439)</u>	<u>(712,968)</u>
Total comprehensive income for the periods		<u><u>18,284,485</u></u>	<u><u>75,921,058</u></u>
Earnings per share			
Basic earnings per share			
Profits for the periods	18	<u>3.88</u>	<u>5.51</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 six-month periods ended 30 June 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	
				Statutory reserve	General reserve		available-for-sale investments - 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		-	-	-	-	76,634,026	-	76,634,026
Other comprehensive income for the period (loss)		-	-	-	-	-	(712,968)	(712,968)
Total comprehensive income for the period (loss)		-	-	-	-	76,634,026	(712,968)	75,921,058
Dividends paid	23	-	-	-	-	(19,460,000)	-	(19,460,000)
Balance as at 30 June 2017		<u>139,000,000</u>	<u>594,436,835</u>	<u>24,848,787</u>	<u>6,163,850</u>	<u>536,165,034</u>	<u>794,350</u>	<u>1,301,408,856</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		-	-	-	-	53,886,924	-	53,886,924
Other comprehensive income for the period (loss)		-	-	-	-	-	(35,602,439)	(35,602,439)
Total comprehensive income for the period (loss)		-	-	-	-	53,886,924	(35,602,439)	18,284,485
Dividends paid	23	-	-	-	-	(24,325,000)	-	(24,325,000)
Balance as at 30 June 2018		<u>139,000,000</u>	<u>594,436,835</u>	<u>24,848,787</u>	<u>6,163,850</u>	<u>559,704,547</u>	<u>(8,176,024)</u>	<u>1,315,977,995</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 six-month periods ended 30 June 2018 and 2017**

	Note	2018	2017
(Unit: Baht)			
Cash flows from (used in) operating activities			
Direct premium written		1,029,146,065	1,057,092,122
Cash received on reinsurance		65,909,347	2,124,083
Interest income		26,299,452	45,157,971
Dividend income		16,937,542	13,853,099
Other income		9,033,444	13,571,267
Losses paid on direct insurance		(705,798,252)	(578,084,507)
Commission and brokerage expenses on direct insurance		(139,923,735)	(143,006,200)
Other underwriting expenses		(92,650,096)	(93,370,476)
Operating expenses		(126,109,987)	(143,906,212)
Income taxes		(14,923,471)	(6,745,870)
Investments in securities		(9,198,137)	(41,558,351)
Loans		(473,548)	1,758,120
Net cash provided by operating activities		58,248,624	126,885,046
Cash flows from (used in) investing activities			
Cash flows from			
Premises and equipment		445,947	31,629
Cash provided by investing activities		445,947	31,629
Cash flows used in			
Premises and equipment		(2,071,049)	(3,805,861)
Intangible assets		(109,274)	(15,400)
Cash used in investing activities		(2,180,323)	(3,821,261)
Net cash used in investing activities		(1,734,376)	(3,789,632)
Cash flows used in financing activities			
Dividends paid	23	(24,325,000)	(19,460,000)
Net cash used in financing activities		(24,325,000)	(19,460,000)
Net increase in cash and cash equivalents		32,189,248	103,635,414
Cash and cash equivalents at beginning of periods		66,390,903	94,730,839
Cash and cash equivalents at end of periods		98,580,151	198,366,253

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 and six-month periods ended 30 June 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 30 June 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, conditions and terms 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 has 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 summarised 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 recognised 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)	
	30 June 2018	31 December 2017
Cash on hand	230,989	124,093
Deposits at banks with no fixed maturity date	98,349,162	66,266,810
Total cash and cash equivalents	<u>98,580,151</u>	<u>66,390,903</u>

As at 30 June 2018 and 31 December 2017, bank deposits in saving accounts carried interest at the rates between 0 - 1.20 percent per annum.

4. Premium receivables

As at 30 June 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)	
	30 June 2018	31 December 2017
Not yet due	118,817,766	220,692,075
Overdue not longer than 30 days	22,625,027	27,020,392
Overdue 31 days to 60 days	10,341,018	12,589,082
Overdue 61 days to 90 days	1,324,848	2,912,528
Overdue 91 days to 1 year	4,748,723	4,193,997
Overdue longer than 1 year	5,717,366	6,853,729
Total	163,574,748	274,261,803
Less: Allowance for doubtful accounts	(15,361,066)	(18,493,809)
Premium receivables - net	<u>148,213,682</u>	<u>255,767,994</u>

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)	
	30 June 2018	31 December 2017
Insurance reserves refundable from reinsurers		
- Loss reserves	38,679,381	175,581,577
- Unearned premium reserves	113,175,262	183,450,761
Reinsurance assets - net	<u>151,854,643</u>	<u>359,032,338</u>

6. Reinsurance receivables

	(Unit: Baht)	
	30 June 2018	31 December 2017
Amounts deposited on reinsurance	3,074	2,929
Amounts due from reinsurers	110,490,271	74,864,214
Total	110,493,345	74,867,143
Less: Allowance for doubtful accounts	(285,204)	(588,843)
Reinsurance receivables - net	<u>110,208,141</u>	<u>74,278,300</u>

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

(Unit: Baht)

	30 June 2018		31 December 2017	
	Cost/ Amortised cost	Fair value	Cost/ Amortised cost	Fair value
Trading investments				
Equity securities	42,844,714	38,521,276	45,498,778	49,175,725
Unit trusts	10,303,953	10,321,161	6,000,000	6,000,053
Total	53,148,667	48,842,437	51,498,778	55,175,778
Add (less): Unrealised gain (loss)	(4,306,230)	-	3,677,000	-
Total trading investments	48,842,437	48,842,437	55,175,778	55,175,778
Available-for-sale investments				
Equity securities	37,880,135	42,354,878	32,369,651	43,087,616
Unit trusts	484,372,440	468,950,924	493,323,980	515,095,340
Debentures	90,002,346	90,538,088	90,008,423	91,610,116
Warrants	-	191,000	-	192,000
Total	612,254,921	602,034,890	615,702,054	649,985,072
Add (less): Unrealised gain (loss)	(10,220,031)	-	34,283,018	-
Less: Allowance for impairment	(6,359,250)	(6,359,250)	(6,004,250)	(6,004,250)
Available-for-sale investments - net	595,675,640	595,675,640	643,980,822	643,980,822
Held-to-maturity investments				
Government and state enterprise securities	470,844,127		461,701,535	
Saving lottery	28,550,000		28,550,000	
Private enterprise debt securities	665,246,314		660,249,847	
Deposits at financial institutions which matured over 3 months	675,000,000		675,000,000	
Total held-to-maturity investments	1,839,640,441		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	2,486,306,538		2,526,706,002	

7.2 Revaluation surplus (deficit) on available-for-sale investments

(Unit: Baht)

	For the six-month period ended 30 June 2018	For the year ended 31 December 2017
Balances - beginning of the periods	27,426,415	1,507,318
Gain (loss) on revaluation of available-for-sale investments during the periods	(41,907,478)	31,437,696
(Gain) loss on sales of available-for-sale investments during the periods transferred to be recognised in profit or loss	(2,595,571)	961,175
Total gain (loss) on revaluation of available-for-sale investments	(44,503,049)	32,398,871
Add (less): Benefits tax (expense)	8,900,610	(6,479,774)
Gain (loss) on revaluation of available-for-sale investments - net of income taxes	(35,602,439)	25,919,097
Balances - end of the periods	(8,176,024)	27,426,415

7.3 Investments subject to restriction

As at 30 June 2018 and 31 December 2017, the Company placed its some 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 pledged some investments 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 30 June 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	30 June 2018						
	Mortgage loans		Others		Total		
	Principal	Interest receivable	Principal	Interest receivable	Principal	Interest receivable	Total
Not yet due	5,933,362	1,721	2,911,483	148	8,844,845	1,869	8,846,714
Loans and interest receivable - net	5,933,362	1,721	2,911,483	148	8,844,845	1,869 ⁽¹⁾	8,846,714

⁽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	
		receivable		receivable		receivable	Total
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 six-month period ended 30 June 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	-	-	2,071,049	-	-	2,071,049
Transfer in (out)	-	-	559,600	-	(559,600)	-
Disposals - net book value	-	-	(44,836)	(1)	-	(44,837)
Depreciation charge for the period	-	(1,577,491)	(3,721,003)	(219,741)	-	(5,518,235)
Net book value as at						
30 June 2018	124,402,866	35,894,473	22,247,029	2,002,394	-	184,546,762

10. Intangible assets

The movement of computer softwares and computer softwares under development for the six-month period ended 30 June 2018 is as follows:

	(Unit: Baht)		
	Computer softwares	Computer softwares under development	Total
Net book values as at 1 January 2018	2,969,257	-	2,969,257
Addition - at cost	44,274	65,000	109,274
Amortisation charge for the period	(613,208)	-	(613,208)
Net book value as at 30 June 2018	<u>2,400,323</u>	<u>65,000</u>	<u>2,465,323</u>

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

As at 30 June 2018 and 31 December 2017, the components of deferred tax assets arose from the following temporary differences:

	(Unit: Baht)	
	30 June 2018	31 December 2017
Deferred tax assets (liabilities) arose from:		
Allowance for doubtful accounts	4,131,747	4,838,657
Allowance for impairment on investments in securities	1,271,850	1,200,850
Premium reserves	68,110,299	63,775,548
Loss reserves on claims incurred and reported	31,535,514	34,519,334
Loss reserves on claims incurred but not yet reported	17,678,794	20,384,646
Employee benefits obligations	8,229,471	7,940,860
Unrealised (gain) loss on revaluation of		
Trading investments	861,246	(735,400)
Available-for-sale investments	2,044,006	(6,856,603)
Deferred tax assets	<u>133,862,927</u>	<u>125,067,892</u>

11.2 Income tax

Income tax expenses for the three-month and six-month periods ended 30 June 2018 and 2017 were made up as follows:

	(Unit: Baht)			
	For the three-month periods ended 30 June		For the six-month periods ended 30 June	
	2018	2017	2018	2017
Current income taxes:				
Interim corporate income tax charge	6,487,245	(11,924,722)	(9,229,169)	(21,596,526)
Deferred tax:				
Relating to origination and reversal of temporary differences	(10,431,433)	(2,111,060)	(105,575)	6,158,053
Income tax expenses reported in profit or loss	<u>(3,944,188)</u>	<u>(14,035,782)</u>	<u>(9,334,744)</u>	<u>(15,438,473)</u>

Reconciliations between income tax expenses and the product of accounting profits for the three-month and six-month periods ended 30 June 2018 and 2017 were as follows:

	(Unit: Baht)			
	For the three-month periods ended 30 June		For the six-month periods ended 30 June	
	2018	2017	2018	2017
Accounting profits before income tax expenses	<u>20,622,599</u>	<u>78,643,153</u>	<u>63,221,668</u>	<u>92,072,499</u>
Applicable tax rate	20%	20%	20%	20%
Accounting profits before income tax expenses multiplied by the applicable tax rate	(4,124,520)	(15,728,631)	(12,644,334)	(18,414,500)
Net tax effect on revenues or expenses that are not taxable or not deductible in determining taxable profits	<u>180,332</u>	<u>1,692,849</u>	<u>3,309,590</u>	<u>2,976,027</u>
Income tax expenses reported in profit or loss	<u>(3,944,188)</u>	<u>(14,035,782)</u>	<u>(9,334,744)</u>	<u>(15,438,473)</u>

(Unaudited but reviewed)

The amounts of income taxes relating to each component of other comprehensive income for the three-month and six-month periods ended 30 June 2018 and 2017 were as follows:

	(Unit: Baht)			
	For the three-month periods ended 30 June		For the six-month periods ended 30 June	
	2018	2017	2018	2017
Deferred income taxes relating to:				
Revaluation decrease during the periods	5,871,507	919,963	8,381,496	32,421
(Gain) loss on sales of available-for-sale investments during the periods transferred to be recognised in profit or loss	(27,550)	101,243	519,114	145,821
Income taxes reported in other comprehensive income	<u>5,843,957</u>	<u>1,021,206</u>	<u>8,900,610</u>	<u>178,242</u>

12. Other assets

	(Unit: Baht)	
	30 June 2018	31 December 2017
Advances paid	17,474,918	34,827,355
Prepaid expenses	587,921	787,339
Undue input value added taxes	2,541,365	2,478,709
Claim receivables from litigants	4,033,891	946,260
Postdated cheques received	7,066,457	3,167,685
Receivable from sales of securities	3,495,150	1,978,808
Accrued income	907,130	2,707,835
Others	9,900,208	11,799,637
Total other assets	<u>46,007,040</u>	<u>58,693,628</u>

(Unaudited but reviewed)

13. Insurance contract liabilities

(Unit: Baht)

	30 June 2018		
	Insurance contract liabilities	Reinsurance on liabilities	Net
Loss reserves			
- Claims incurred and reported	441,350,618	(19,833,755)	421,516,863
- Claims incurred but not yet reported	107,239,595	(18,845,626)	88,393,969
Unearned premium reserves	1,145,063,783	(113,175,262)	1,031,888,521
Total	1,693,653,996	(151,854,643)	1,541,799,353

(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 six-month	
	period ended 30 June 2018	For the year ended 31 December 2017
Balances - beginning of the periods	719,345,081	626,131,515
Claims incurred during the periods	571,126,779	1,284,572,239
Changes in loss reserves of prior periods' claims	(22,192,628)	7,212,405
Changes in assumptions in calculation of loss reserves	(17,207,693)	(4,233,808)
Claims paid during the periods	(702,481,326)	(1,194,337,270)
Balances - end of the periods	548,590,213	719,345,081

13.2 Unearned premium reserves

	(Unit: Baht)	
	For the six-month period ended 30 June 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	919,966,509	2,081,593,608
Premium earned for the current periods	(993,842,322)	(2,041,210,612)
Balances - end of the periods	<u>1,145,063,783</u>	<u>1,218,939,596</u>

14. Amounts due to reinsurers

	(Unit: Baht)	
	30 June 2018	31 December 2017
Amounts withheld on reinsurance	146,633,278	148,497,005
Other reinsurance payables	52,827,222	67,842,499
Total amounts due to reinsurers	<u>199,460,500</u>	<u>216,339,504</u>

15. Other liabilities

	(Unit: Baht)	
	30 June 2018	31 December 2017
Account payable - Revenue Department	5,651,395	3,268,146
Withholding income tax payable	2,001,349	2,140,690
Undue output value added taxes	8,741,762	14,678,923
Short-term employee benefit payable	15,033,585	27,296,614
Accrued expenses	10,015,332	20,805,646
Deposits from brokers	39,324,807	29,037,421
Payables of securities purchased	744,840	2,550,524
Others	17,799,107	18,278,056
Total other liabilities	<u>99,312,177</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 and six-month periods ended 30 June 2018 and 2017 were presented as follows:

	(Unit: Baht)					
	Motor		Others		Total	
	For the three-month periods ended 30 June		For the three-month periods ended 30 June		For the three-month periods ended 30 June	
	2018	2017	2018	2017	2018	2017
Underwriting revenues						
Gross premium written	314,887,470	363,374,941	139,828,287	127,518,777	454,715,757	490,893,718
Less: Premium ceded to reinsurers	(1,804,820)	(2,054,070)	(33,619,034)	(45,546,645)	(35,423,854)	(47,600,715)
Net premium written	313,082,650	361,320,871	106,209,253	81,972,132	419,291,903	443,293,003
Add (less): Unearned premium reserves						
(increased) decreased from prior periods	30,775,629	15,937,331	(28,486,601)	(12,776,828)	2,289,028	3,160,503
Net earned premium	343,858,279	377,258,202	77,722,652	69,195,304	421,580,931	446,453,506
Commission and brokerage income from reinsurers	-	-	11,714,095	11,608,240	11,714,095	11,608,240
Total underwriting revenues	343,858,279	377,258,202	89,436,747	80,803,544	433,295,026	458,061,746
Underwriting expenses						
Gross claims	226,158,929	232,811,045	33,574,398	59,126,776	259,733,327	291,937,821
Less: Claim recovery from reinsurers	-	-	(6,024,671)	(30,952,381)	(6,024,671)	(30,952,381)
Commission and brokerage expenses	52,943,000	56,115,688	10,643,294	9,845,059	63,586,294	65,960,747
Other underwriting expenses	23,952,064	29,798,163	24,596,061	16,350,595	48,548,125	46,148,758
Total underwriting expenses before operating expenses	303,053,993	318,724,896	62,789,082	54,370,049	365,843,075	373,094,945
Gross profit from underwriting	40,804,286	58,533,306	26,647,665	26,433,495	67,451,951	84,966,801
Operating expenses					(63,207,567)	(57,785,460)
Profit from underwriting					4,244,384	27,181,341
Net investment revenues					16,745,202	42,646,926
Gain (loss) on investments					(119,708)	1,387,148
Fair value losses					(5,248,940)	(1,341,281)
Other income					5,001,661	8,769,019
Profits before income tax expenses					20,622,599	78,643,153
Income tax expenses					(3,944,188)	(14,035,782)
Profits for the periods					16,678,411	64,607,371

(Unaudited but reviewed)

(Unit: Baht)

	Motor		Others		Total	
	For the six-month periods ended 30 June		For the six-month periods ended 30 June		For the six-month periods ended 30 June	
	2018	2017	2018	2017	2018	2017
Underwriting revenues						
Gross premium written	684,255,725	777,847,413	235,710,784	235,881,542	919,966,509	1,013,728,955
Less: Premium ceded to reinsurers	(3,609,640)	(4,108,139)	(66,948,452)	(97,027,220)	(70,558,092)	(101,135,359)
Net premium written	680,646,085	773,739,274	168,762,332	138,854,322	849,408,417	912,593,596
Add (less): Unearned premium reserves (increased) decreased from prior periods	20,475,602	(18,389,716)	(16,875,289)	(116,320)	3,600,313	(18,506,036)
Net earned premium	701,121,687	755,349,558	151,887,043	138,738,002	853,008,730	894,087,560
Commission and brokerage income from reinsurers	-	-	24,272,723	24,493,481	24,272,723	24,493,481
Total underwriting revenues	701,121,687	755,349,558	176,159,766	163,231,483	877,281,453	918,581,041
Underwriting expenses						
Gross claims	452,394,157	480,017,987	79,332,301	113,186,867	531,726,458	593,204,854
Less: Claim recovery from reinsurers	-	(320,740)	(27,819,893)	(52,086,151)	(27,819,893)	(52,406,891)
Commission and brokerage expenses	114,880,414	121,097,451	21,304,982	19,195,589	136,185,396	140,293,040
Other underwriting expenses	47,125,027	58,430,892	44,728,864	34,939,584	91,853,891	93,370,476
Total underwriting expenses before operating expenses	614,399,598	659,225,590	117,546,254	115,235,889	731,945,852	774,461,479
Gross profits from underwriting	86,722,089	96,123,968	58,613,512	47,995,594	145,335,601	144,119,562
Operating expenses					(133,145,921)	(125,068,603)
Profit from underwriting					12,189,680	19,050,959
Net investment revenues					43,363,329	60,770,925
Gains on investments					6,217,334	840,093
Fair value losses					(7,983,230)	(2,160,033)
Other income					9,434,555	13,570,555
Profits before income tax expenses					63,221,668	92,072,499
Income tax expenses					(9,334,744)	(15,438,473)
Profits for the periods					53,886,924	76,634,026

For the three-month and six-month periods ended 30 June 2018, the Company had 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 105.1 million and Baht 203.6 million, respectively (2017: Baht 194.3 million and Baht 381.3 million, respectively), from the motor segment, contributing 23% and 22%, respectively (2017: 40% and 38%, respectively), of total premium written.

(Unaudited but reviewed)

Segment assets and liabilities as at 30 June 2018 and 31 December 2017 are as follows:

(Unit: Baht)

	Motor	Others	Unallocated assets/liabilities	Total
Assets				
30 June 2018	132,273,414	278,003,052	2,974,103,447	3,384,379,913
31 December 2017	147,575,042	541,503,591	2,989,601,289	3,678,679,922
Liabilities				
30 June 2018	1,163,897,691	761,775,513	142,728,714	2,068,401,918
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 30 June		For the six-month periods ended 30 June	
	2018	2017	2018	2017
Personnel expenses	24,497,312	22,912,245	50,600,345	46,274,624
Premise and equipment expenses	14,526,240	14,681,577	30,511,929	30,099,605
Taxes and duties	218,928	225,881	1,152,253	1,047,553
Reversal of bad debts and doubtful accounts	(5,730,701)	(8,120,492)	(3,367,515)	(1,741,130)
Other operating expenses	29,695,788	28,086,249	54,248,909	49,387,951
Total operating expenses	<u>63,207,567</u>	<u>57,785,460</u>	<u>133,145,921</u>	<u>125,068,603</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		For the six-month periods	
	ended 30 June		ended 30 June	
	2018	2017	2018	2017
Gross premium written				
Dung Seng Insurance Broker Co., Ltd. ⁽¹⁾	105.1	194.3	203.6	381.3
Commission and brokerage expenses				
Dung Seng Insurance Broker Co., Ltd.	17.9	33.3	34.5	65.2

⁽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 30 June 2018 and 31 December 2017, the outstanding balances of transactions between the Company and those related parties are as follows:

	(Unit: Million Baht)	
	30 June 2018	31 December 2017
Premium receivables		
Dung Seng Insurance Broker Co., Ltd.	67.5	137.7
Accrued commissions		
Dung Seng Insurance Broker Co., Ltd.	11.3	23.8

19.4 Directors' and key management's benefits

During the three-month and six-month periods ended 30 June 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		For the six-month periods	
	ended 30 June		ended 30 June	
	2018	2017	2018	2017
Short-term employee benefits	4.6	4.8	10.8	10.4
Long-term employee benefits	0.1	(0.1)	0.3	(0.1)
Total	4.7	4.7	11.1	10.3

20. Assets subject to commitments

As at 30 June 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)

	30 June 2018		31 December 2017	
	Cost	Fair value	Cost	Fair value
Placed as securities with the Registrar				
Stated enterprise bonds	14.0	14.5	14.0	14.6
Placed as insurance reserves with the Registrar				
Government and state enterprise bonds	225.0	229.7	225.0	234.8
Placed as securities with the Court				
Deposits with financial institutions	1.6	1.6	3.2	3.2
Placed to secure against performance obligations				
Government and state enterprise bond	12.1	12.4	12.1	12.7
Saving lottery	2.6	2.6	2.6	2.6
	14.7	15.0	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 30 June 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	30 June 2018	31 December 2017
1 year	4.8	5.7
1 - 3 years	1.5	1.0

21.2 Litigation

As at 30 June 2018 and 31 December 2017, the Company had litigation claims totaling Baht 222.5 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 40.7 and Baht 40.5 million, respectively, in the financial statements.

22. Fair value of financial instruments

As of 30 June 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)					
	30 June 2018			31 December 2017		
	Level 1	Level 2	Total	Level 1	Level 2	Total
Trading investments						
Equity securities	38.5	-	38.5	49.2	-	49.2
Investment units	-	10.3	10.3	-	6.0	6.0
Available-for-sale investments						
Equity securities	42.4	-	42.4	43.1	-	43.1
Investment units	118.3	350.7	469.0	109.0	406.1	515.1
Debentures	-	90.5	90.5	-	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 six-month periods ended 30 June 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. Reclassification

The Company reclassified the following transactions to conform to the current period's classification. The reclassified transactions have no effect to the previously reported profit or equity.

	(Unit: Baht)			
	For the three-month period ended 30 June 2017		For the six-month period ended 30 June 2017	
	As reclassified	As previously reported	As reclassified	As previously reported
<u>Statement of comprehensive income</u>				
Profit or loss				
Expenses				
Other underwriting expenses	46,148,758	41,167,222	93,370,476	81,814,382
Operating expenses	57,785,460	62,766,996	125,068,603	136,624,697

25. Approval of the interim financial statements

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