

Nam Seng Insurance Public Company Limited  
Review report and interim financial statements  
30 September 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 30 September 2017, the related statements of comprehensive income for the three-month and nine-month periods then ended, and the statements of changes in owners' equity and cash flows for the nine-month period then ended, as well as the condensed notes to the financial statements. Management is responsible for the preparation and presentation of this interim financial information in accordance with Thai Accounting Standard 34: Interim Financial Reporting. My responsibility is to express a conclusion on this interim financial information based on my review.

### **Scope of review**

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

### **Conclusion**

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

Rachada Yongsawadvanich  
Certified Public Accountant (Thailand) No. 4951

EY Office Limited  
Bangkok: 9 November 2017

**Nam Seng Insurance Public Company Limited**  
**Statements of financial position**  
**As at 30 September 2017 and 31 December 2016**

		(Unit: Baht)	
	Note	30 September 2017	31 December 2016
		(Unaudited but reviewed)	(Audited)
<b>Assets</b>			
Cash and cash equivalents	3	66,471,653	94,730,839
Premium receivables - net	4, 19.3	159,959,537	209,801,725
Accrued investment income		11,181,980	7,622,310
Reinsurance assets - net	5	239,240,777	282,183,199
Reinsurance receivables - net	6	41,895,400	83,999,930
Investment assets			
Investments in securities - net	7	2,501,966,021	2,352,314,271
Loans - net	8	6,179,576	7,910,779
Premises and equipment - net	9	189,753,482	196,132,669
Intangible assets - net	10	2,870,906	429,404
Deferred tax assets	11.1	124,774,407	117,031,989
Other assets	12	47,417,645	58,170,075
<b>Total assets</b>		<b>3,391,711,384</b>	<b>3,410,327,190</b>

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

**Nam Seng Insurance Public Company Limited**  
**Statements of financial position (continued)**  
**As at 30 September 2017 and 31 December 2016**

(Unit: Baht)

	Note	30 September 2017	31 December 2016
		(Unaudited but reviewed)	(Audited)
<b>Liabilities and equity</b>			
<b>Liabilities</b>			
Insurance contract liabilities	13	1,782,416,156	1,804,688,115
Amounts due to reinsurers	14	129,294,210	159,069,669
Income tax payable		10,182,693	3,516,007
Employee benefit obligations		35,878,364	39,630,315
Accrued commissions	19.3	29,947,624	34,055,926
Other liabilities	15, 19.3	103,410,243	124,419,360
<b>Total liabilities</b>		<u>2,091,129,290</u>	<u>2,165,379,392</u>
<b>Equity</b>			
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		517,518,962	478,991,008
Other component of owners' equity			
Revaluation surplus on available-for-sale investments			
- net of income taxes	7.2	<u>18,613,660</u>	<u>1,507,318</u>
<b>Total owners' equity</b>		<u>1,300,582,094</u>	<u>1,244,947,798</u>
<b>Total liabilities and owners' equity</b>		<u>3,391,711,384</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 30 September 2017 and 2016**

		(Unit: Baht)	
	Note	2017	2016
<b>Profit or loss:</b>			
<b>Revenues</b>			
Gross premium written	19.2	461,901,369	498,560,815
Less: Premium ceded to reinsurers		(40,356,276)	(49,020,357)
Net premium written		421,545,093	449,540,458
Add (less): Unearned premium reserves (increased) decreased from prior period		20,715,885	(5,807,484)
Net earned premium		442,260,978	443,732,974
Commission and brokerage income from reinsurers		12,498,201	15,328,985
Net investment revenues		18,450,358	21,737,948
Gains on investments		698,066	3,713,690
Fair value gains (losses)		3,581,309	(2,034,475)
Other income	19.2	5,867,457	9,379,206
<b>Total revenues</b>		<b>483,356,369</b>	<b>491,858,328</b>
<b>Expenses</b>			
Gross claims		300,318,047	278,147,068
Less: Claim recovery from reinsurers		(19,521,969)	(20,249,398)
Commission and brokerage expenses	19.2	66,636,163	67,839,330
Other underwriting expenses		33,017,984	42,108,642
Operating expenses	17, 19.2	70,895,550	75,972,655
<b>Total expenses</b>		<b>451,345,775</b>	<b>443,818,297</b>
<b>Profits before income tax expenses</b>		<b>32,010,594</b>	<b>48,040,031</b>
Less: Income tax expenses	11.2	(5,481,666)	(8,004,261)
<b>Profits for the periods</b>		<b>26,528,928</b>	<b>40,035,770</b>

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 September 2017 and 2016**

		(Unit: Baht)	
	Note	2017	2016
<b>Other comprehensive income:</b>			
Items to be recognised in profit or loss in subsequent periods:			
Gains on revaluation of available-for-sale investments		22,274,138	181,924
Less: Income taxes	11.2	<u>(4,454,828)</u>	<u>(36,385)</u>
Items to be recognised in profit or loss in subsequent periods			
- net of income taxes		<u>17,819,310</u>	<u>145,539</u>
<b>Other comprehensive income for the periods</b>		<u>17,819,310</u>	<u>145,539</u>
<b>Total comprehensive income for the periods</b>		<u><u>44,348,238</u></u>	<u><u>40,181,309</u></u>
<b>Earnings per share</b>			
Basic earnings per share			
Profits for the periods	18	<u><u>1.91</u></u>	<u><u>2.88</u></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 nine-month periods ended 30 September 2017 and 2016**

		(Unit: Baht)	
	Note	2017	2016
<b>Profit or loss:</b>			
<b>Revenues</b>			
Gross premium written	19.2	1,475,630,324	1,559,896,120
Less: Premium ceded to reinsurers		(141,491,635)	(157,927,677)
Net premium written		1,334,138,689	1,401,968,443
Add (less): Unearned premium reserves (increased) decreased from prior period		2,209,849	(93,371,294)
Net earned premium		1,336,348,538	1,308,597,149
Commission and brokerage income from reinsurers		36,991,682	50,524,277
Net investment revenues		79,221,283	54,698,748
Gains (losses) on investments		1,538,159	(4,279,322)
Fair value gains		1,421,276	4,775,499
Other income	19.2	19,438,012	15,777,348
<b>Total revenues</b>		<b>1,474,958,950</b>	<b>1,430,093,699</b>
<b>Expenses</b>			
Gross claims		893,522,901	892,579,497
Less: Claim recovery from reinsurers		(71,928,860)	(110,040,964)
Commission and brokerage expenses	19.2	206,929,203	212,243,166
Other underwriting expenses		114,832,366	126,488,046
Operating expenses	17, 19.2	207,520,247	223,663,909
<b>Total expenses</b>		<b>1,350,875,857</b>	<b>1,344,933,654</b>
<b>Profits before income tax expenses</b>		<b>124,083,093</b>	<b>85,160,045</b>
Less: Income tax expenses	11.2	(20,920,139)	(14,637,622)
<b>Profits for the periods</b>		<b>103,162,954</b>	<b>70,522,423</b>

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 nine-month periods ended 30 September 2017 and 2016**

		(Unit: Baht)	
	Note	2017	2016
<b>Other comprehensive income:</b>			
Items to be recognised in profit or loss in subsequent periods:			
Gains on revaluation of available-for-sale investments		21,382,928	23,521,114
Less: Income taxes	11.2	<u>(4,276,586)</u>	<u>(4,704,223)</u>
Items to be recognised in profit or loss in subsequent periods			
- net of income taxes		<u>17,106,342</u>	<u>18,816,891</u>
<b>Other comprehensive income for the periods</b>		<u>17,106,342</u>	<u>18,816,891</u>
<b>Total comprehensive income for the periods</b>		<u><u>120,269,296</u></u>	<u><u>89,339,314</u></u>
<b>Earnings per share</b>			
Basic earnings per share			
Profits for the periods	18	<u>7.42</u>	<u>5.07</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 nine-month periods ended 30 September 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 (deficit) on available-for-sale investments	
				Statutory reserve	General reserve		- net of income taxes	
<b>Balance as at 1 January 2016</b>		139,000,000	594,436,835	24,848,787	6,163,850	548,794,476	(18,957,078)	1,294,286,870
Profit for the period		-	-	-	-	70,522,423	-	70,522,423
Other comprehensive income for the period		-	-	-	-	-	18,816,891	18,816,891
Total comprehensive income for the period		-	-	-	-	70,522,423	18,816,891	89,339,314
Dividends paid	23	-	-	-	-	(159,850,000)	-	(159,850,000)
<b>Balance as at 30 September 2016</b>		<u>139,000,000</u>	<u>594,436,835</u>	<u>24,848,787</u>	<u>6,163,850</u>	<u>459,466,899</u>	<u>(140,187)</u>	<u>1,223,776,184</u>
<b>Balance as at 1 January 2017</b>		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		-	-	-	-	103,162,954	-	103,162,954
Other comprehensive income for the period		-	-	-	-	-	17,106,342	17,106,342
Total comprehensive income for the period		-	-	-	-	103,162,954	17,106,342	120,269,296
Dividends paid	23	-	-	-	-	(64,635,000)	-	(64,635,000)
<b>Balance as at 30 September 2017</b>		<u>139,000,000</u>	<u>594,436,835</u>	<u>24,848,787</u>	<u>6,163,850</u>	<u>517,518,962</u>	<u>18,613,660</u>	<u>1,300,582,094</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 nine-month periods ended 30 September 2017 and 2016**

	Note	2017	2016
(Unit: Baht)			
<b>Cash flows from (used in) operating activities</b>			
Direct premium written		1,524,575,010	1,599,261,615
Cash paid on reinsurance		(10,956,115)	(28,491,107)
Interest income		57,223,189	38,001,920
Dividend income		18,438,424	15,809,590
Other income		19,376,672	15,798,576
Losses paid on direct insurance		(879,007,016)	(849,983,270)
Commission and brokerage expenses on direct insurance		(210,898,632)	(218,259,408)
Other underwriting expenses		(114,832,367)	(126,488,046)
Operating expenses		(217,600,399)	(201,141,386)
Income taxes		(26,272,456)	(29,761,033)
Investments in securities		(120,374,580)	102,771,344
Loans		1,731,203	(229,761)
<b>Net cash provided by operating activities</b>		<b>41,402,933</b>	<b>317,289,034</b>
<b>Cash flows from (used in) investing activities</b>			
Cash flows from			
Premises and equipment		118,578	29,554
Cash provided by investing activities		118,578	29,554
Cash flows used in			
Premises and equipment		(4,474,047)	(33,026,872)
Intangible assets		(671,650)	(262,300)
Cash used in investing activities		(5,145,697)	(33,289,172)
<b>Net cash used in investing activities</b>		<b>(5,027,119)</b>	<b>(33,259,618)</b>
<b>Cash flows used in financing activities</b>			
Dividends paid	23	(64,635,000)	(159,850,000)
<b>Net cash used in financing activities</b>		<b>(64,635,000)</b>	<b>(159,850,000)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>		<b>(28,259,186)</b>	<b>124,179,416</b>
Cash and cash equivalents at beginning of the periods		94,730,839	77,148,715
<b>Cash and cash equivalents at end of the periods</b>		<b>66,471,653</b>	<b>201,328,131</b>

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

**Nam Seng Insurance Public Company Limited**

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**For the three-month and nine-month periods ended 30 September 2017 and 2016**

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**Nam Seng Insurance Public Company Limited**

**Notes to interim financial statements**

**For the three-month and nine-month periods ended 30 September 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 30 September 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 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 presented in 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 those 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)	
	<u>30 September 2017</u>	<u>31 December 2016</u>
Cash on hand	111,035	174,291
Deposits at banks with no fixed maturity date	<u>66,360,618</u>	<u>94,556,548</u>
Total cash and cash equivalents	<u><u>66,471,653</u></u>	<u><u>94,730,839</u></u>

## 4. Premium receivables

As at 30 September 2017 and 31 December 2016, the outstanding balances of premium receivables were classified by overdue periods, counted from the maturity date under the stipulated law of the premium collection, as follows:

	(Unit: Baht)	
	<u>30 September 2017</u>	<u>31 December 2016</u>
Not yet due	131,301,155	176,259,195
Overdue not longer than 30 days	22,297,898	26,256,003
Overdue 31 days to 60 days	9,181,015	11,686,328
Overdue 61 days to 90 days	2,006,273	2,686,466
Overdue 91 days to 1 year	2,243,655	2,015,406
Overdue longer than 1 year	<u>7,405,285</u>	<u>9,346,869</u>
Total	174,435,281	228,250,267
Less: Allowance for doubtful accounts	<u>(14,475,744)</u>	<u>(18,448,542)</u>
Premium receivables - net	<u><u>159,959,537</u></u>	<u><u>209,801,725</u></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)	
	<u>30 September 2017</u>	<u>31 December 2016</u>
Insurance reserves refundable from reinsurers		
- Loss reserves	123,170,548	131,773,673
- Unearned premium reserves	121,048,573	155,387,870
Total	244,219,121	287,161,543
Less: Allowance for doubtful accounts	(4,978,344)	(4,978,344)
Reinsurance assets - net	<u>239,240,777</u>	<u>282,183,199</u>

**6. Reinsurance receivables**

	(Unit: Baht)	
	<u>30 September 2017</u>	<u>31 December 2016</u>
Amounts deposited on reinsurance	2,929	2,929
Amounts due from reinsurers	42,490,155	84,472,038
Total	42,493,084	84,474,967
Less: Allowance for doubtful accounts	(597,684)	(475,037)
Reinsurance receivables - net	<u>41,895,400</u>	<u>83,999,930</u>

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

(Unit: Baht)

	30 September 2017		31 December 2016	
	Cost/ Amortised cost	Fair value	Cost/ Amortised cost	Fair value
<b>Trading investments</b>				
Equity securities	47,609,918	49,394,351	30,063,627	30,426,784
Total	47,609,918	49,394,351	30,063,627	30,426,784
Add: Unrealised gains	1,784,433	-	363,157	-
Trading investments - net	49,394,351	49,394,351	30,426,784	30,426,784
<b>Available-for-sale investments</b>				
Equity securities	35,114,252	44,727,417	34,007,539	38,992,551
Unit trusts	482,713,547	494,409,343	476,155,835	472,119,241
Debentures	90,011,320	91,969,435	80,019,803	80,955,532
Total	607,839,119	631,106,195	590,183,177	592,067,324
Add: Unrealised gains	23,267,076	-	1,884,147	-
Less: Allowance for impairment	(6,743,389)	(6,743,389)	(6,050,600)	(6,050,600)
Available-for-sale investments - net	624,362,806	624,362,806	586,016,724	586,016,724
<b>Held-to-maturity investments</b>				
Government and state enterprise securities	482,566,794		539,026,495	
Saving lottery	28,550,000		34,550,000	
Private enterprise debt securities	630,044,050		465,246,248	
Deposits at financial institutions which matured over 3 months	685,000,000		695,000,000	
Total held-to-maturity investments	1,826,160,844		1,733,822,743	
<b>General investments</b>				
Equity securities	2,048,020		2,048,020	
Total general investments	2,048,020		2,048,020	
<b>Investment in securities - net</b>	<b>2,501,966,021</b>		<b>2,352,314,271</b>	

**7.2 Revaluation surplus on available-for-sale investments**

(Unit: Baht)

	For the nine-month period ended 30 September 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	22,077,367	21,328,309
(Gains) losses on sales of available-for-sale investments during the periods transferred to be recognised in profit or loss	(694,439)	4,252,185
Total gains on revaluation of available-for-sale investments	21,382,928	25,580,494
Less: Income taxes	(4,276,586)	(5,116,098)
Gains on revaluation of available-for-sale investments - net of income taxes	17,106,342	20,464,396
Balances - end of the periods	18,613,660	1,507,318

**7.3 Investments subject to restriction**

As at 30 September 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 30 September 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 17.5 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 30 September 2017 and 31 December 2016, the outstanding balances of loans and interest receivable were classified according to their overdue periods as follows:

(Unit: Baht)

Overdue periods	30 September 2017						
	Mortgage loans		Others		Total		
	Principal	Interest receivable	Principal	Interest receivable	Principal	Interest receivable	Total
Not yet due	4,350,661	1,019	1,812,083	-	6,162,744	1,019	6,163,763
Overdue							
Within 12 months	-	-	16,832	-	16,832	-	16,832
Overdue longer than 12 months	-	-	314,526	203,847	314,526	203,847	518,373
Total	4,350,661	1,019	2,143,441	203,847	6,494,102	204,866	6,698,968
Less: Allowance for doubtful accounts	-	-	(314,526)	(203,847)	(314,526)	(203,847)	(518,373)
Loans and interest receivable - net	4,350,661	1,019	1,828,915	-	6,179,576	1,019 <sup>(1)</sup>	6,180,595

<sup>(1)</sup> 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 <sup>(1)</sup>	7,912,098

<sup>(1)</sup> 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 nine-month period ended 30 September 2017 was 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	-	-	2,918,352	532,444	1,078,050	4,528,846
Transfer in (out)	-	-	931,050	-	(931,050)	-
Transfer to intangible assets	-	-	-	-	(2,266,000)	(2,266,000)
Disposals - net book value	-	-	(57,236)	(1)	-	(57,237)
Depreciation charge for the period	-	(2,804,907)	(5,422,676)	(357,213)	-	(8,584,796)
Net book value as at						
30 September 2017	<u>124,402,866</u>	<u>38,324,203</u>	<u>24,095,875</u>	<u>2,765,538</u>	<u>165,000</u>	<u>189,753,482</u>

## 10. Intangible assets

The movement of computer software and computer software under development for the nine-month period ended 30 September 2017 was as follows:

(Unit: Baht)

	Computer software	Computer software under development	Total
Net book values as at 1 January 2017	429,404	-	429,404
Addition - at cost	22,600	649,050	671,650
Transfer from premises and equipment	-	2,266,000	2,266,000
Transfer in (out)	1,524,850	(1,524,850)	-
Amortisation charge for the period	(496,148)	-	(496,148)
Net book value as at 30 September 2017	<u>1,480,706</u>	<u>1,390,200</u>	<u>2,870,906</u>

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

As at 30 September 2017 and 31 December 2016, the components of deferred tax assets arose from the following temporary differences:

	(Unit: Baht)	
	30 September 2017	31 December 2016
<b>Deferred tax assets (liabilities) arose from:</b>		
Allowance for doubtful accounts	5,418,792	6,080,947
Premium reserves	59,463,959	54,479,548
Loss reserves on claims incurred and reported	37,748,999	28,698,427
Loss reserves on claims incurred but not yet reported	19,977,285	20,296,464
Employee benefits obligations	7,175,673	7,926,063
Unrealised gains on revaluation of		
Trading investments	(356,886)	(72,631)
Available-for-sale investments	(4,653,415)	(376,829)
Deferred tax assets	<u>124,774,407</u>	<u>117,031,989</u>

**11.2 Income tax**

Income tax expenses for the three-month and nine-month periods ended 30 September 2017 and 2016 were made up as follows:

	(Unit: Baht)			
	For the three-month periods		For the nine-month periods	
	ended 30 September		ended 30 September	
	2017	2016	2017	2016
<b>Current income taxes:</b>				
Interim corporate income tax charge	(11,342,616)	(7,215,364)	(32,939,142)	(34,924,512)
<b>Deferred taxes:</b>				
Relating to origination and reversal of				
temporary differences	5,860,950	(788,897)	12,019,003	20,286,890
Income tax expenses reported in profit or loss	<u>(5,481,666)</u>	<u>(8,004,261)</u>	<u>(20,920,139)</u>	<u>(14,637,622)</u>

(Unaudited but reviewed)

Reconciliations between income tax expenses and the product of accounting profits for the three-month and nine-month periods ended 30 September 2017 and 2016 were as follows:

(Unit: Baht)

	For the three-month periods		For the nine-month periods	
	ended 30 September		ended 30 September	
	2017	2016	2017	2016
Accounting profits before income tax expenses	<u>32,010,594</u>	<u>48,040,031</u>	<u>124,083,093</u>	<u>85,160,045</u>
Applicable tax rate	20%	20%	20%	20%
Accounting profits before income tax expenses multiplied by the applicable tax rate	(6,402,119)	(9,608,006)	(24,816,619)	(17,032,009)
Net tax effect on revenues or expenses that are not taxable or not deductible in determining taxable profits	<u>920,453</u>	<u>1,603,745</u>	<u>3,896,480</u>	<u>2,394,387</u>
Income tax expenses reported in profit or loss	<u>(5,481,666)</u>	<u>(8,004,261)</u>	<u>(20,920,139)</u>	<u>(14,637,622)</u>

The amounts of income taxes relating to each component of other comprehensive income for the three-month and nine-month periods ended 30 September 2017 and 2016 were as follows:

(Unit: Baht)

	For the three-month periods		For the nine-month periods	
	ended 30 September		ended 30 September	
	2017	2016	2017	2016
Deferred income taxes relating to:				
Revaluation increase during the periods	(4,447,895)	(36,385)	(4,415,474)	(3,853,786)
(Gains) losses on sales of available-for-sale investments during the periods transferred to be recognised in profit or loss	<u>(6,933)</u>	<u>-</u>	<u>138,888</u>	<u>(850,437)</u>
Income taxes reported in other comprehensive income (loss)	<u>(4,454,828)</u>	<u>(36,385)</u>	<u>(4,276,586)</u>	<u>(4,704,223)</u>

(Unaudited but reviewed)

**12. Other assets**

	(Unit: Baht)	
	30 September 2017	31 December 2016
Advances paid	17,717,672	26,005,535
Prepaid expenses	394,585	757,081
Undue input value added taxes	2,850,570	2,837,008
Claim receivables from litigants	1,950,619	1,899,580
Postdated cheques received	6,880,703	3,841,762
Receivable from sales of securities	2,808,084	7,071,080
Accrued income	7,211,575	5,871,855
Others	7,603,837	9,886,174
Total other assets	<u>47,417,645</u>	<u>58,170,075</u>

**13. Insurance contract liabilities**

	(Unit: Baht)		
	30 September 2017		
	Insurance contract liabilities	Reinsurance on liabilities	Net
Loss reserves			
- Claims incurred and reported	520,826,655	(98,496,583)	422,330,072
- Claims incurred but not yet reported	119,582,046	(19,695,621)	99,886,425
Unearned premium reserves	<u>1,142,007,455</u>	<u>(121,048,573)</u>	<u>1,020,958,882</u>
Total	<u>1,782,416,156</u>	<u>(239,240,777)</u>	<u>1,543,175,379</u>

  

	(Unit: Baht)		
	31 December 2016		
	Insurance contract liabilities	Reinsurance on liabilities	Net
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	<u>1,178,556,600</u>	<u>(155,387,870)</u>	<u>1,023,168,730</u>
Total	<u>1,804,688,115</u>	<u>(282,183,199)</u>	<u>1,522,504,916</u>

(Unaudited but reviewed)

### 13.1 Loss reserves

	(Unit: Baht)	
	For the nine-month period ended 30 September 2017	For the year ended 31 December 2016
Balances - beginning of the periods	626,131,515	587,789,799
Claims incurred during the periods	920,891,040	1,204,097,037
Changes in loss reserves of prior periods' claims	(18,269,090)	(37,112,423)
Changes in assumptions in calculation of loss reserves	(9,099,050)	27,028,255
Claims paid during the periods	(879,245,714)	(1,155,671,153)
Balances - end of the periods	<u>640,408,701</u>	<u>626,131,515</u>

### 13.2 Unearned premium reserves

	(Unit: Baht)	
	For the nine-month period ended 30 September 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	1,475,630,324	2,112,199,661
Premium earned for the current periods	(1,512,179,469)	(2,019,429,737)
Balances - end of the periods	<u>1,142,007,455</u>	<u>1,178,556,600</u>

**14. Reinsurance payables**

	(Unit: Baht)	
	30 September 2017	31 December 2016
Amounts withheld on reinsurance	85,206,915	99,593,519
Amounts due to reinsurers	44,087,295	59,476,150
Total reinsurance payables	<u>129,294,210</u>	<u>159,069,669</u>

**15. Other liabilities**

	(Unit: Baht)	
	30 September 2017	31 December 2016
Account payable - Revenue Department	4,921,752	7,409,362
Withholding income tax payable	4,904,403	3,083,435
Undue output value added taxes	9,233,313	11,297,111
Short-term employee benefit payable	18,094,050	27,234,917
Accrued expenses	8,290,488	15,123,604
Deposits from brokers	35,343,933	32,408,826
Others	22,622,304	27,862,105
Total other liabilities	<u>103,410,243</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 and nine-month periods ended 30 September 2017 and 2016 were presented as follows:

(Unit: Baht)

	Motor insurance		Others insurance		Total	
	For the three-month periods ended 30 September		For the three-month periods ended 30 September		For the three-month periods ended 30 September	
	2017	2016	2017	2016	2017	2016
<b>Underwriting revenues</b>						
Gross premium written	345,340,466	367,333,235	116,560,903	131,227,580	461,901,369	498,560,815
Less: Premium ceded to reinsurers	(2,054,069)	(2,425,137)	(38,302,207)	(46,595,220)	(40,356,276)	(49,020,357)
Net premium written	343,286,397	364,908,098	78,258,696	84,632,360	421,545,093	449,540,458
Add (less): Unearned premium reserves						
(increased) decreased from prior period	29,557,335	21,064,650	(8,841,450)	(26,872,134)	20,715,885	(5,807,484)
Net earned premium	372,843,732	385,972,748	69,417,246	57,760,226	442,260,978	443,732,974
Commission and brokerage income from reinsurers	-	-	12,498,201	15,328,985	12,498,201	15,328,985
<b>Total underwriting revenues</b>	<b>372,843,732</b>	<b>385,972,748</b>	<b>81,915,447</b>	<b>73,089,211</b>	<b>454,759,179</b>	<b>459,061,959</b>
<b>Underwriting expenses</b>						
Gross claims	249,548,251	226,982,772	50,769,796	51,164,296	300,318,047	278,147,068
Less: Claim recovery from reinsurers	-	(100)	(19,521,969)	(20,249,298)	(19,521,969)	(20,249,398)
Commission and brokerage expenses	56,677,954	56,928,168	9,958,209	10,911,162	66,636,163	67,839,330
Other underwriting expenses	17,303,549	28,749,884	15,714,435	13,358,758	33,017,984	42,108,642
<b>Total underwriting expenses before operating expenses</b>	<b>323,529,754</b>	<b>312,660,724</b>	<b>56,920,471</b>	<b>55,184,918</b>	<b>380,450,225</b>	<b>367,845,642</b>
<b>Gross profits from underwriting</b>	<b>49,313,978</b>	<b>73,312,024</b>	<b>24,994,976</b>	<b>17,904,293</b>	<b>74,308,954</b>	<b>91,216,317</b>
Operating expenses					(70,895,550)	(75,972,655)
<b>Profits from underwriting</b>					<b>3,413,404</b>	<b>15,243,662</b>
Net investment revenues					18,450,358	21,737,948
Gains on investments					698,066	3,713,690
Fair value gains (losses)					3,581,309	(2,034,475)
Other income					5,867,457	9,379,206
<b>Profits before income tax expenses</b>					<b>32,010,594</b>	<b>48,040,031</b>
Income tax expenses					(5,481,666)	(8,004,261)
<b>Profits for the periods</b>					<b>26,528,928</b>	<b>40,035,770</b>



(Unaudited but reviewed)

(Unit: Baht)

	Motor insurance		Others insurance		Total	
	For the nine-month periods ended 30 September		For the nine-month periods ended 30 September		For the nine-month periods ended 30 September	
	2017	2016	2017	2016	2017	2016
<b>Underwriting revenues</b>						
Gross premium written	1,123,187,879	1,172,544,351	352,442,445	387,351,769	1,475,630,324	1,559,896,120
Less: Premium ceded to reinsurers	(6,162,208)	(6,399,645)	(135,329,427)	(151,528,032)	(141,491,635)	(157,927,677)
Net premium written	1,117,025,671	1,166,144,706	217,113,018	235,823,737	1,334,138,689	1,401,968,443
Add (less): Unearned premium reserves (increased) decreased from prior period	11,167,619	(17,474,529)	(8,957,770)	(75,896,765)	2,209,849	(93,371,294)
Net earned premium	1,128,193,290	1,148,670,177	208,155,248	159,926,972	1,336,348,538	1,308,597,149
Commission and brokerage income from reinsurers	-	-	36,991,682	50,524,277	36,991,682	50,524,277
<b>Total underwriting revenues</b>	<u>1,128,193,290</u>	<u>1,148,670,177</u>	<u>245,146,930</u>	<u>210,451,249</u>	<u>1,373,340,220</u>	<u>1,359,121,426</u>
<b>Underwriting expenses</b>						
Gross claims	729,566,238	660,154,942	163,956,663	232,424,555	893,522,901	892,579,497
Less: Claim recovery from reinsurers	(320,740)	(100)	(71,608,120)	(110,040,864)	(71,928,860)	(110,040,964)
Commission and brokerage expenses	177,775,405	183,157,192	29,153,798	29,085,974	206,929,203	212,243,166
Other underwriting expenses	64,178,347	86,221,365	50,654,019	40,266,681	114,832,366	126,488,046
<b>Total underwriting expenses before operating expenses</b>	<u>971,199,250</u>	<u>929,533,399</u>	<u>172,156,360</u>	<u>191,736,346</u>	<u>1,143,355,610</u>	<u>1,121,269,745</u>
<b>Gross profits from underwriting</b>	<u>156,994,040</u>	<u>219,136,778</u>	<u>72,990,570</u>	<u>18,714,903</u>	<u>229,984,610</u>	<u>237,851,681</u>
Operating expenses					(207,520,247)	(223,663,909)
<b>Profits from underwriting</b>					22,464,363	14,187,772
Net investment revenues					79,221,283	54,698,748
Gains (losses) on investments					1,538,159	(4,279,322)
Fair value gains					1,421,276	4,775,499
Other income					19,438,012	15,777,348
<b>Profits before income tax expenses</b>					<u>124,083,093</u>	<u>85,160,045</u>
Income tax expenses					(20,920,139)	(14,637,622)
<b>Profits for the periods</b>					<u>103,162,954</u>	<u>70,522,423</u>

For the three-month and nine-month periods ended 30 September 2017, 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 198.6 million and Baht 579.9 million, respectively (2016: Baht 195.0 million and Baht 637.7 million, respectively), from the motor segment, contributing 43% and 39%, respectively (2016: 39% and 41%, respectively), of total premium written.

(Unaudited but reviewed)

As at 30 September 2017 and 31 December 2016, segment assets and liabilities were as follows:

(Unit: Baht)

	Motor	Others	Unallocated assets/liabilities	Total
<b>Assets</b>				
30 September 2017	140,783,187	300,312,527	2,950,615,670	3,391,711,384
31 December 2016	165,153,281	410,831,573	2,834,342,336	3,410,327,190
<b>Liabilities</b>				
30 September 2017	1,226,180,463	719,243,899	145,704,928	2,091,129,290
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 30 September		For the nine-month periods ended 30 September	
	2017	2016	2017	2016
Personnel expenses	23,868,396	27,974,477	70,143,020	80,077,103
Premise and equipment expenses	14,567,278	17,257,091	44,666,883	49,256,606
Taxes and duties	247,348	172,981	1,294,901	1,072,608
Reversal of bad debts and doubtful accounts	(2,262,436)	(3,493,629)	(4,003,566)	(4,941,326)
Other operating expenses	34,474,964	34,061,735	95,419,009	98,198,918
Total operating expenses	<u>70,895,550</u>	<u>75,972,655</u>	<u>207,520,247</u>	<u>223,663,909</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 nine-month periods	
	ended 30 September		ended 30 September	
	2017	2016	2017	2016
<b>Gross premium written</b>				
Dung Seng Insurance Broker Co., Ltd. <sup>(1)</sup>	198.6	195.0	579.9	637.7
Asia Hotel Plc.	0.9	1.7	0.9	1.8
Asia Pattaya Hotel Co., Ltd.	0.4	0.7	0.4	0.8
Zeer Property Plc.	4.6	5.1	4.6	5.5
Asia Airport Hotel Co., Ltd.	0.6	1.1	0.6	1.2
<b>Commission and brokerage expenses</b>				
Dung Seng Insurance Broker Co., Ltd.	34.3	33.0	99.5	108.7
<b>Building service fee<sup>(2)</sup></b>				
N.S.B. Co., Ltd.	-	3.0	-	8.9
<b>Expense in relation to rental services<sup>(3)</sup></b>				
N.S.B. Co., Ltd.	-	2.1	-	6.2

<sup>(1)</sup> Premium written from non-life insurance brokers

<sup>(2)</sup> Included in "Operating expenses" in statements of comprehensive income

<sup>(3)</sup> Recognised as a deduction item in "Other income" in statements of comprehensive income

Transaction with related parties	Transfer pricing policy
Gross 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 30 September 2017 and 31 December 2016, the outstanding balances of transactions between the Company and those related parties were as follows:

	(Unit: Million Baht)	
	30 September 2017	31 December 2016
<b>Premium receivables</b>		
Dung Seng Insurance Broker Co., Ltd.	110.8	177.3
<b>Accrued commissions</b>		
Dung Seng Insurance Broker Co., Ltd.	18.9	30.5
<b>Other liabilities</b>		
N.S.B. Co., Ltd.	-	1.7

### 19.4 Directors' and key management's benefits

During the three-month and nine-month periods ended 30 September 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 30 September		For the nine-month periods ended 30 September	
	2017	2016	2017	2016
Short-term employee benefits	5.1	5.5	15.5	16.6
Long-term employee benefits	(0.1)	0.4	(0.2)	0.8
<b>Total</b>	5.0	5.9	15.3	17.4

**20. Assets with the Registrar**

As at 30 September 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)			
	30 September 2017		31 December 2016	
	Cost	Fair value	Cost	Fair value
<b>Placed as securities</b>				
Stated enterprise bonds	14.0	14.7	14.0	14.4
<b>Placed as insurance reserves</b>				
Government and state enterprise bonds	225.0	236.6	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 30 September 2017 and 31 December 2016, future minimum lease payments required under these non-cancellable operating lease contracts were as follows:

Payable within	(Unit: Million Baht)	
	30 September 2017	31 December 2016
1 year	2.5	1.6
1 - 3 years	1.9	0.8

**21.2 Litigation**

As at 30 September 2017 and 31 December 2016, the Company had litigation claims totaling Baht 480.0 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 41.8 million and Baht 44.6 million, respectively, in the financial statements.

**22. Fair value of financial instruments**

As of 30 September 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)

	30 September 2017			31 December 2016		
	Level 1	Level 2	Total	Level 1	Level 2	Total
Trading investments						
Equity securities	49.4	-	49.4	30.4	-	30.4
Available-for-sale investments						
Equity securities	44.1	-	44.1	39.0	-	39.0
Investment units	108.2	380.1	488.3	89.6	376.5	466.1
Debentures	-	92.0	92.0	-	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 nine-month periods ended 30 September 2017 and 2016 were as follows:

	Approved by	Total dividends (Million Baht)	Dividend per share (Baht)
The interim dividends for 2017	Meeting of Board of Directors on 24 August 2017	45.18	3.25
Final dividends for 2016	Annual General Meeting of the shareholders on 31 March 2017	19.46	1.40
Total		64.64	
The interim dividends for 2016	Meeting of Board of Directors on 26 September 2016	34.75	2.50
Final dividends for 2015	Annual General Meeting of the shareholders on 28 March 2016	125.10	9.00
Total		159.85	

**24. Approval of the interim financial statements**

These interim financial statements were authorised for issue by the Audit Committee on 9 November 2017.