

The Thai Insurance Public Company Limited
Review report and interim financial statements
31 March 2016

Independent Auditor's Report on Review of Interim Financial Information

To the Shareholders of The Thai Insurance Public Company Limited

I have reviewed the accompanying statements of financial position of The Thai Insurance Public Company Limited as at 31 March 2016, the related statements of comprehensive income, changes in 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.

Emphasis of matters

I draw attention to the matters as described in Notes 2.1 and 2.2 to the interim financial statements that during the current period, the Company's financial statements are presented in accordance with the new format as specified in the Notification of the Office of Insurance Commission dated 4 March 2016, which became effective as from 1 January 2016, and the Company adopted revised and new accounting standards as issued by the Federation of Accounting Professions. My opinion is not qualified in respect of these matters.

Somjai Khunapasut
Certified Public Accountant (Thailand) No. 4499

EY Office Limited
Bangkok: 11 May 2016

The Thai Insurance Public Company Limited

Statements of financial position

As at 31 March 2016

(Unit: Baht)

	Note	31 March 2016	31 December 2015	1 January 2015
		(Unaudited but reviewed)	(Audited and restated)	
Assets				
Cash and cash equivalents	3	117,773,027	62,147,522	108,140,996
Premium receivables	4	260,059,183	246,139,765	211,808,085
Accrued investment income		10,822,108	9,796,185	11,036,937
Reinsurance assets	5	591,878,337	523,208,016	394,602,084
Reinsurance receivables	6	60,378,010	21,772,208	421,362,396
Investment assets				
Investments in securities	7	1,402,725,243	1,360,856,560	1,262,464,250
Loans	8	1,385,593	1,568,791	2,421,832
Property, buildings and equipment	9	22,073,561	23,608,267	25,051,610
Intangible assets	10	38,670,898	39,784,337	35,732,346
Deferred tax assets	11	138,222,429	135,216,898	108,847,908
Other assets				
Prepaid income tax		22,827,485	23,432,678	23,432,678
Other receivable, net		28,114,516	30,155,194	17,883,635
Claim receivables from litigants		33,415,196	26,192,214	41,927,467
Others		27,280,043	21,493,798	23,110,067
Total assets		2,755,625,629	2,525,372,433	2,687,822,291

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

The Thai Insurance Public Company Limited
Statements of financial position (continued)
As at 31 March 2016

(Unit: Baht)

	Note	31 March 2016	31 December 2015	1 January 2015
		(Unaudited but reviewed)	(Audited and restated)	
Liabilities and equity				
Liabilities				
Insurance contract liabilities	12	1,754,451,147	1,666,607,215	1,421,958,509
Due to reinsurers	13	302,552,613	187,056,519	568,423,215
Income tax payable		3,891,392	605,194	-
Employee benefit obligations		17,977,676	17,357,450	28,349,450
Other liabilities				
Premium received in advance		10,922,970	9,585,859	10,283,066
Accrued commission		37,110,585	32,502,480	22,981,927
Other accounts payable		33,066,743	33,979,059	29,528,519
Others		61,401,401	54,138,102	65,585,815
Total liabilities		2,221,374,527	2,001,831,878	2,147,110,501

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

The Thai Insurance Public Company Limited
Statements of financial position (Continued)
As at 31 March 2016

(Unit: Baht)

	Note	31 March 2016 (Unaudited but reviewed)	31 December 2015 (Audited and restated)	1 January 2015
Equity				
Share capital				
Registered				
717 non-cumulative preference shares of Baht 10 each		7,170	7,170	7,170
23,499,283 ordinary shares of Baht 10 each		234,992,830	234,992,830	234,992,830
		<u>235,000,000</u>	<u>235,000,000</u>	<u>235,000,000</u>
Issued and paid up				
717 non-cumulative preference shares of Baht 10 each		7,170	7,170	7,170
23,499,283 ordinary shares of Baht 10 each		234,992,830	234,992,830	234,992,830
		<u>235,000,000</u>	<u>235,000,000</u>	<u>235,000,000</u>
Premium on share capital		103,600,111	103,600,111	103,600,111
Retained earnings				
Appropriated				
Statutory reserve		23,500,000	23,500,000	23,500,000
Other reserve		20,000,000	20,000,000	20,000,000
Unappropriated		182,855,595	188,390,833	178,612,599
Other components of equity	7.2	(30,704,604)	(46,950,389)	(20,000,920)
Total equity		<u>534,251,102</u>	<u>523,540,555</u>	<u>540,711,790</u>
Total liabilities and equity		<u>2,755,625,629</u>	<u>2,525,372,433</u>	<u>2,687,822,291</u>
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The accompanying notes are an integral part of the financial statements.

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Directors
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(Unaudited but reviewed)

The Thai Insurance Public Company Limited
Statements of comprehensive income
For the three-month period ended 31 March 2016

		(Unit: Baht)
	Note	2015
	2016	2015
		(Restated)
Profit or loss:		
Income		
Gross premium written	518,126,584	468,249,679
Less: Premium ceded to reinsurers	(218,099,884)	(113,870,845)
Net premium written	300,026,700	354,378,834
Add (less): Unearned premium reserves (increase) decrease		
from prior period	29,541,166	(28,814,823)
Net earned premium	329,567,866	325,564,011
Fees and commissions income	75,696,522	35,221,829
Net investment income	11,953,107	12,125,926
Gain (loss) on investments	(1,398,933)	8,281,260
Other income	4,381,220	3,978,299
Total income	420,199,782	385,171,325
Expenses		
Gross claims and losses adjustments expenses	278,073,809	249,124,430
Less: Claims recovery from reinsurers	(66,127,259)	(51,024,608)
Commissions and brokerages expenses	82,597,917	72,848,670
Other underwriting expenses	64,626,308	47,049,082
Operating expenses	14 68,648,797	64,872,105
Total expenses	427,819,572	382,869,679
Profit before income tax	(7,619,790)	2,301,646
Income tax revenue	11 2,084,552	300,484
Profit for the period	(5,535,238)	2,602,130

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

(Unaudited but reviewed)

The Thai Insurance Public Company Limited
Statements of comprehensive income (Continued)
For the three-month period ended 31 March 2016

	(Unit: Baht)	
Note	2016	2015
		(Restated)
Other comprehensive income:		
Other comprehensive income to be reclassified to profit or loss in subsequent periods		
Gain (loss) on changes in value of available-for-sale investments	20,307,231	(2,432,658)
Less: Income tax effect	(4,061,446)	486,531
Other comprehensive income for the period - net of tax (loss)	<u>16,245,785</u>	<u>(1,946,127)</u>
Total comprehensive income for the period	<u>10,710,547</u>	<u>656,003</u>
Earnings per share	15	
Basic earnings per share	<u>(0.24)</u>	<u>0.11</u>

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

(Unaudited but reviewed)

The Thai Insurance Public Company Limited

Cash flows statements

For the three-month period ended 31 March 2016

	2016	2015
		(Restated)
Cash flows from operating activities		
Direct premium written	503,313,062	435,355,388
Cash received (cash paid) for reinsurance	30,454,041	(17,542,579)
Net investment income	11,289,518	13,076,454
Other income	4,381,220	3,978,299
Losses incurred on direct insurance	(259,083,762)	(204,357,424)
Losses adjustments expenses on direct insurance	(27,794,630)	(12,163,658)
Commissions and brokerages on direct insurance	(77,607,812)	(60,801,245)
Other underwriting expenses	(52,055,360)	(33,635,176)
Operating expenses	(56,732,067)	(83,095,697)
Income tax expenses	1,091,031	(1,140,037)
Investments in securities	2,992,412	(26,561,049)
Loans	183,198	325,697
Deposits at financial institutions	(25,000,000)	(20,000,000)
Net cash from (used) in operating activities	55,430,851	(6,561,027)
Cash flows from investing activities		
Property, buildings and equipment	194,654	(47,312)
Intangible assets	-	(1,851,600)
Net cash from (used) in investing activities	194,654	(1,898,912)
Net increase (decrease) in cash and cash equivalents	55,625,505	(8,459,939)
Cash and cash equivalents at beginning of period	62,147,522	108,140,996
Cash and cash equivalents at end of period	117,773,027	99,681,057
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The accompanying notes are an integral part of the financial statements.

The Thai Insurance Public Company Limited

Statements of changes in equity

For the three-month period ended 31 March 2016

(Unit: Baht)

	Issued and paid-up		Premium on share capital	Retained earnings		Other components of equity - Deficit on changes in value of available-for-sale investments	Total	
	Preference shares	Ordinary shares		Appropriated				
				Statutory reserve	Other reserve			
Balance as at 1 January 2015	7,170	234,992,830	103,600,111	23,500,000	20,000,000	178,612,599	(20,000,920)	540,711,790
Profit for the period	-	-	-	-	-	2,602,130	-	2,602,130
Other comprehensive income for the period (loss)	-	-	-	-	-	-	(1,946,127)	(1,946,127)
Total comprehensive income for the period (loss)	-	-	-	-	-	2,602,130	(1,946,127)	656,003
Balance as at 31 March 2015	7,170	234,992,830	103,600,111	23,500,000	20,000,000	181,214,729	(21,947,047)	541,367,793
Balance as at 1 January 2016	7,170	234,992,830	103,600,111	23,500,000	20,000,000	188,390,833	(46,950,389)	523,540,555
Profit for the period (loss)	-	-	-	-	-	(5,535,238)	-	(5,535,238)
Other comprehensive income for the period	-	-	-	-	-	-	16,245,785	16,245,785
Total comprehensive income for the period (loss)	-	-	-	-	-	(5,535,238)	16,245,785	10,710,547
Balance as at 31 March 2016	7,170	234,992,830	103,600,111	23,500,000	20,000,000	182,855,595	(30,704,604)	534,251,102
	-	-	-	-	-	-	-	-

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

The Thai Insurance Public Company Limited

Notes to interim financial statements

For the three-month period ended 31 March 2016

1. General information

The Thai Insurance Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. The Company is principally engaged in the non-life insurance business. The Company has a total of 16 branches located in Bangkok and other provinces. The Company’s registered office is at 34/3 Soi Langsuan, Ploenchit Road, Lumpini, Patumwan, Bangkok.

2. Basis for the preparation of the financial statements

2.1 Basis for the preparation of the interim financial statements

These interim financial statements are prepared in accordance with Thai Accounting Standard No. 34 (revised 2015) “Interim Financial Reporting”, with the Company choosing to present condensed interim financial statements. However, the Company has presented line items in the statements of financial position, comprehensive income, changes in equity and cash flows in the same format as that used for annual financial statements and in accordance with the format of financial statements specified in the Notification of the Office of Insurance Commission (“OIC”) regarding criteria, procedures, 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, which became effective as from 1 January 2016. The format of the above financial statements has been changed and as a result items in the statements of financial position, comprehensive income and cash flows of the prior period, presented as comparative information, have needed reclassified to be consistent with the current period's classifications. In addition, the statement of financial position as at 1 January 2015 has been presented as comparative information.

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

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

2.2 New financial reporting standards

During the period, the Company has adopted the revised and new financial reporting standards and accounting treatment guidance issued by the Federation of Accounting Professions, which became effective for fiscal year beginning on or after 1 January 2016. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards. The adoption of these financial reporting standards does not have any significant impact on the Company's financial statements. Financial reporting standards with significant changes that are directly relevant to the Company are as follows:

TFRS 4 (revised 2015) Insurance Contracts

The objective of Thai Financial Reporting Standard No. 4 (TFRS 4) is to specify the financial reporting for insurance contracts issued by any entity (including reinsurance contracts) and the reinsurance contracts held by an entity, and to make limited improvements to accounting for insurance contracts until the second phase of the project on insurance contracts is completed. In particular, this standard requires disclosure that identifies and explains the amounts in an insurer's financial statements arising from insurance contracts and prohibits provisions for possible claims under contracts that are not in existence at the end of the reporting period. In addition, it requires insurers to test for the adequacy of recognised insurance liabilities and perform an impairment test for reinsurance assets, and require insurers to keep insurance liabilities in the statement of financial position until they are discharged or cancelled, or expire, and to present insurance liabilities without offsetting them against related reinsurance assets. This standard temporarily exempts insurers from some requirements of other standards, including the requirement to consider the framework in selecting accounting policies for insurance contracts.

In addition to stipulating the treatment of insurance contracts, this financial reporting standard also deals with the nature of insurance contracts. It states that an insurance contract is a contract under which the insurer accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event adversely affects the policyholder. Determination of whether a significant insurance risk has been accepted is based on comparison of the amount of benefit payable under the contract if an insured event occurs with the payment obligation if the insured event does not occur.

Initial adoption of this standard has had no significant impact on the Company's interim financial statements, since the Company's management has already considered and reviewed the classification of insurance contracts (including reinsurance contracts) and reinsurance contracts held by the Company and concluded that all of its insurance contracts meet the definition of insurance contracts under this standard. Furthermore, the stipulations on recording of claim reserves, liability adequacy testing for recognised insurance liabilities, impairment testing for reinsurance assets and recording insurance contract liabilities have no impact on the Company since it had already implemented these before this standard became effective. However, the financial reporting standard requires the disclosure of additional information for insurance contracts related to the assets, liabilities, revenue and expenses recognised in the financial statements and the nature and scope of the insurance risk arising from insurance contracts in the financial statements for the year. The Company will present this additional information in its annual financial statements.

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 2015, except the adoption of TFRS 4 as discussed in Note 2.2 to the financial statements.

3. Cash and cash equivalents

	(Unit: Baht)	
	31 March 2016	31 December 2015
Cash on hand	385,000	395,000
Deposits at banks with no fixed maturity date	117,388,027	61,752,522
Cash and cash equivalents	<u>117,773,027</u>	<u>62,147,522</u>

As at 31 March 2016, bank deposits in saving accounts and fixed deposits carried interests between 0.10 and 0.75 percent per annum (31 December 2015: between 0.10 and 0.75 per annum).

4. Premium receivables

The balances as at 31 March 2016 and 31 December 2015 of premium receivables due from direct insurance are classified by aging from the maturity date, under the stipulated law of the premium collection, as follows:

	(Unit: Baht)	
	31 March	31 December
	2016	2015
Not yet due	159,695,674	174,629,135
Not over 30 days	36,963,859	31,570,383
Over 31 days to 60 days	34,050,514	16,623,043
Over 61 days to 90 days	8,093,446	6,228,273
Over 91 days	59,128,089	51,999,824
Total premium receivables	297,931,582	281,050,658
Less: Allowance for doubtful accounts	(37,872,399)	(34,910,893)
Total premium receivables, net	<u>260,059,183</u>	<u>246,139,765</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)	
	31 March 2016	31 December 2015
Insurance recoverable from insurance companies		
Claim reserve	283,734,667	310,606,576
Unearned premium reserve (UPR)	308,143,670	212,601,440
Reinsurance assets, net	<u>591,878,337</u>	<u>523,208,016</u>

6. Reinsurance receivables

	(Unit: Baht)	
	31 March 2016	31 December 2015
Amounts deposit on reinsurance	5,106	2,460
Amounts due from reinsurers	49,011,139	12,625,319
Other amounts due from reinsurers	11,361,765	9,144,429
Total	<u>60,378,010</u>	<u>21,772,208</u>

(Unaudited but reviewed)

The balances as at 31 March 2016 and 31 December 2015 of amounts due from reinsurers are classified by aging as follows:

	(Unit: Baht)	
	31 March 2016	31 December 2015
Not yet due	44,105,322	12,062,894
Not over 12 months	4,679,947	562,425
Over 1 year to 2 years	225,870	-
Total amounts due from reinsurers	49,011,139	12,625,319

7. Investments in securities

7.1 Classified by type of investments

	(Unit: Baht)			
	31 March 2016		31 December 2015	
	Cost/ Amortised cost	Fair value	Cost/ Amortised cost	Fair value
Available-for-sale investments				
Government and state enterprise securities	83,287,837	91,870,562	83,409,154	89,681,009
Private debt securities	210,063,787	226,270,598	205,071,544	216,974,319
Equity securities	341,110,530	261,792,726	349,110,718	261,822,622
Unit trusts	100,337,827	116,092,737	100,421,626	110,516,229
Warrants	-	392,603	-	330,877
Total	734,799,981	696,419,226	738,013,042	679,325,056
Less: Unrealised loss	(38,380,755)	-	(58,687,986)	-
Less: Allowance for impairment	(8,068,034)	(8,068,034)	(8,068,034)	(8,068,034)
Total available-for-sale investments	688,351,192	688,351,192	671,257,022	671,257,022
Held-to-maturity investments				
Government and state enterprise securities	249,355,357		249,588,620	
Deposits at financial institutions which amounts maturing over 3 months	457,011,077		432,011,078	
Total held-to-maturity investments	706,366,434		681,599,698	
Other investments				
Equity securities	8,841,988		8,834,211	
Less: Allowance for impairment	(834,371)		(834,371)	
Total other investments	8,007,617		7,999,840	
Total investments in securities	1,402,725,243		1,360,856,560	

7.2 Other components of equity - Deficiton changes in value of available-for-sales investments

	(Unit: Baht)	
	For the three-month period ended31 March 2016	For the year ended 31 December 2015
Balance - beginning of the period	(46,950,389)	(20,000,920)
Changes during the period		
Unrealised gain (loss) during the period	21,706,164	(24,180,909)
Realised gain that included in profit or loss	(1,398,933)	(9,505,927)
	20,307,231	(33,686,836)
Related income tax	(4,061,446)	6,737,367
Net comprehensive income for the period (loss)	16,245,785	(26,949,469)
Balance - end of the period	(30,704,604)	(46,950,389)

7.3 As at 31 March 2016 and 31 December 2015, the Company has placed the following securities as collateral.

	(Unit: Baht)	
	31 March 2016	31 December 2015
Bonds pledgedto securebail in cases where insured drivers have been charged with driving-related offences	400,000	400,000
Deposit at banks which pledged for		
Bank overdrafts	10,001,078	10,001,078
Letter of bank guarantees	10,000	10,000
Total	10,411,078	10,411,078

In addition, the Company pledged its securities with the Registrar as discussed in Notes 17 to the financial statements.

8. Loans

As at 31 March 2016 and 31 December 2015, the balances of loans to employees are aged, based on due date, as follows:

(Unit: Baht)

Outstanding period	31 March 2016		31 December 2015	
	Principal	Accrued interest	Principal	Accrued interest
Not yet due	1,385,593	15,073	1,568,791	13,122
Total	1,385,593	15,073	1,568,791	13,122

These represented loans provided to employees in accordance with employee's benefit plan for personal guarantee loans. Credit line is not over than Baht 3,000,000 with interest charge at the rate of 1 - year fixed deposit rate plus 1 percent per annum as announced by commercial bank.

9. Property, buildings and equipment

Movement of property, buildings and equipment during the three-month period ended 31 March 2016 are summarised below.

(Unit: Baht)

	Land	Buildings	Furniture, fixture and office equipment	Motor vehicles	Work in process	Total
Net book value as at 1 January 2016	10,163,636	110,711	10,367,292	413,203	2,553,425	23,608,267
Additions during the period - at cost	-	-	95,148	-	-	95,148
Transfer in (out)	-	-	2,553,425	-	(2,553,425)	-
Disposals during the period - net book value	-	-	(820,192)	-	-	(820,192)
Depreciation charges for the period	-	(30,716)	(622,925)	(156,021)	-	(809,662)
Net book value as at 31 March 2016	10,163,636	79,995	11,572,748	257,182	-	22,073,561

10. Intangible assets - computer software

Movement of intangible assets during the three-month period ended 31 March 2016 are summarised below.

	(Unit: Baht)		
	Computer software	Work in process	Total
Net book value as at 1 January 2016	28,828,222	10,956,115	39,784,337
Amortisation for the period	(1,113,439)	-	(1,113,439)
Net book value as at 31 March 2016	<u>27,714,783</u>	<u>10,956,115</u>	<u>38,670,898</u>

11. Deferred tax assets and income tax expenses**11.1 Deferred tax assets**

As of 31 March 2016 and 31 December 2015, the components of deferred tax assets are as follows:

	(Unit: Baht)	
	31 March 2016	31 December 2015
Deferred tax assets		
Allowance for doubtful accounts	7,586,284	6,994,584
Post-employment benefit obligation	3,595,535	3,471,490
Unearned premium reserves	35,710,498	37,270,560
Provision for losses incurred but not reported (IBNR)	12,840,823	10,802,573
Claim reserves	70,646,264	64,773,220
Allowance for impairment of investments in securities	166,874	166,874
Deficit on changes in value of investments		
- available-for-sale securities	7,676,151	11,737,597
Total	<u>138,222,429</u>	<u>135,216,898</u>

11.2 Income tax expenses

Income tax expenses for the three-month periods ended 31 March 2016 and 2015 comprise the following:

	(Unit: Baht)	
	For the three-month periods ended	
	31 March	
	2016	2015
Current income tax:		
Current income tax charge for the period	4,982,425	14,775,734
Deferred tax:		
Relating origination and reversal of temporary differences	(7,066,977)	(15,076,218)
Income tax expense (income) as reported in the statements of comprehensive income	<u>(2,084,552)</u>	<u>(300,484)</u>

The reconciliation between income tax expenses and the product of accounting profit multiplied with applicable tax rate for the three-month periods ended 31 March 2016 and 2015 are as follow:

	(Unit: Baht)	
	For the three-month periods	
	ended 31 March	
	2016	2015
Accounting profit before income tax	<u>(7,619,790)</u>	<u>2,301,646</u>
Applicable tax rate	20%	20%
Accounting profit before income tax multiplied by applicable tax rate	(1,523,958)	460,329
Tax effect of		
Non-deductible expenses	247,289	21,884
Exempted income	(807,883)	(782,697)
Income tax expenses (income) reported in the statements of comprehensive income	<u>(2,084,552)</u>	<u>(300,484)</u>

12. Insurance contract liabilities

(Unit: Baht)

	31 March 2016		
	Insurance contract liabilities	Reinsurance on liabilities	Net
Claims reserves and outstanding claims			
- Claims incurred and reported	662,238,093	248,143,205	414,094,888
- Claims incurred but not reported	99,795,579	35,591,462	64,204,117
Premium reserves			
- Unearned premium reserve	992,417,475	308,143,670	684,273,805
Total	1,754,451,147	591,878,337	1,162,572,810

(Unit: Baht)

	31 December 2015		
	Insurance contract liabilities	Reinsurance on liabilities	Net
Claims reserves and outstanding claims			
- Claims incurred and reported	672,716,239	297,144,877	375,571,362
- Claims incurred but not reported	67,474,566	13,461,699	54,012,867
Premium reserves			
- Unearned premium reserve	926,416,410	212,601,440	713,814,970
Total	1,666,607,215	523,208,016	1,143,399,199

12.1 Claims reserves and outstanding claims

(Unit: Baht)

	For the	
	three-month period ended 31 March 2016	For the year ended 31 December 2015
Balance - beginning of the period	740,190,805	503,385,186
Claims expenses for the period	291,137,353	1,130,106,044
Change in claims reserves and assumptions	(5,635,624)	(39,629,007)
Claims expenses paid during the period	(263,658,862)	(853,671,418)
Balance - end of the period	762,033,672	740,190,805

As at 31 March 2016 and 31 December 2015, the Company has claim reserves and outstanding claims under the reinsurance contracts of Baht 6.93 and Baht 7.02 million, respectively.

(Unaudited but reviewed)

12.2 Unearned premium reserves

(Unit: Baht)

	For the three-month period ended 31 March 2016	For the year ended 31 December 2015
Balance - beginning of the period	926,416,410	918,573,323
Premium written for the period	518,126,584	1,774,642,482
Premium earned for the current period	(452,125,519)	(1,766,799,395)
Balance - end of the period	<u>992,417,475</u>	<u>926,416,410</u>

13. Due to reinsurers

(Unit: Baht)

	31 March 2016	31 December 2015
Amounts withheld on reinsurance	148,470,798	98,084,802
Amounts due to reinsurers	154,081,815	88,971,717
Total due to reinsurers	<u>302,552,613</u>	<u>187,056,519</u>

14. Operating expenses

(Unit: Baht)

	For the three-month periods ended 31 March	
	2016	2015
Personal expenses which are not expenses for underwriting and claims	32,678,755	30,194,034
Premises and equipment expenses which are not expense for underwriting	20,866,897	18,928,462
Taxes and duties	1,097,571	1,779,754
Bad debts and doubtful accounts	3,187,436	2,056,297
Other operating expenses	10,818,138	11,913,558
Total operating expenses	<u>68,648,797</u>	<u>64,872,105</u>

15. Earnings per share

Basic earnings per share is calculated by dividing the profit for the period (excluding other comprehensive income) by the weighted average number of ordinary shares and preference shares held by third parties in issue during the period.

16. Related party transactions

During the periods, the Company had significant business transactions with related party. 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 party.

(Unit: Baht)

	For the three-month periods ended 31 March		Transfer pricing policy
	2016	2015	
Transactions with related company			
Danu Thai Holding Co., Ltd.			
Gross premium written	101,500	115,338	Normal commercial terms for underwriting
Rental and service expenses	3,221,437	3,221,437	At average rate of Baht 432 per square meter per month (2015: Baht 432 per square meter per month)

The balances of the accounts as at 31 March 2016 and 31 December 2015 between the Company and that related company are as follows:

(Unit: Baht)

	31 March 2016	31 December 2015
Balances with related party		
Danu Thai Holding Co., Ltd.		
(Common directors, and through mutual shareholdings)		
Investments in ordinary shares	6,000,000	6,000,000

Directors and management's benefits

During the three-month periods ended 31 March 2016 and 2015, the Company had employee benefit expenses payable to their directors and management as below.

(Unit: Baht)

	For the three-month periods ended 31 March	
	2016	2015
Short-term employee benefits	7,233,457	6,808,651
Long-term employee benefits	170,214	222,807
Total	7,403,671	7,031,458

17. Assets pledged and reserved with the Registrar

As at 31 March 2016 and 31 December 2015, the Company had the following assets pledged with the Registrar of the Office of Insurance Commission in accordance with the Non-life Insurance Act.

(Unit: Baht)

	31 March 2016		31 December 2015	
	Cost	Fair value	Cost	Fair value
Assets pledged				
Government bonds	14,000,000	15,006,134	14,000,000	15,060,847
Assets reserved				
Deposits at financial institutions	20,000,000	20,000,000	20,000,000	20,000,000
Government bonds	150,000,000	152,302,376	150,000,000	159,356,688
Total assets pledged and reserved with the Registrar	184,000,000	187,308,510	184,000,000	194,417,535

18. Segment information

The Company is organized into business units based on its products which consisted of Fire, Marine and Transportation, Motor, Personal Accident and Miscellaneous insurance. During the current period, the Company has not change the organisation of their reportable segments.

(Unaudited but reviewed)

The following tables present revenue and profit before tax information regarding the Company's operating segments for the three-month periods ended 31 March 2016 and 2015.

(Unit: Baht)

	For the three-month period ended 31 March 2016					Total
	Fire	Marine and transportation	Motor	Personal accident	Miscellaneous	
<u>Underwriting segment</u>						
Underwriting income						
Gross premium written	39,302,680	5,084,782	330,102,190	102,445,048	41,191,884	518,126,584
Less: Premium ceded to reinsurers	(18,640,616)	(818,088)	(119,992,652)	(48,716,610)	(29,931,918)	(218,099,884)
Net premium written	20,662,064	4,266,694	210,109,538	53,728,438	11,259,966	300,026,700
Add (less): Unearned premium reserves (increase) decrease from prior period	(2,735,400)	(609,831)	30,237,816	1,492,979	1,155,602	29,541,166
Net earned premium	17,926,664	3,656,863	240,347,354	55,221,417	12,415,568	329,567,866
Fees and commissions income	4,843,997	351,754	44,438,556	16,529,664	9,532,551	75,696,522
Total underwriting income	22,770,661	4,008,617	284,785,910	71,751,081	21,948,119	405,264,388
Underwriting expenses						
Gross claims and losses adjustments expenses	10,510,533	2,377,282	179,805,357	61,429,097	23,951,540	278,073,809
Less: Claims recovery from reinsurers	(7,883,119)	(1,834,625)	(12,465,542)	(27,518,513)	(16,425,460)	(66,127,259)
Commissions and brokerages expenses	8,798,724	626,925	52,822,336	13,679,912	6,670,020	82,597,917
Other underwriting expenses	2,454,572	282,906	45,971,287	15,430,384	487,159	64,626,308
Total underwriting expenses	13,880,710	1,452,488	266,133,438	63,020,880	14,683,259	359,170,775
	8,889,951	2,556,129	18,652,472	8,730,201	7,264,860	46,093,613
Operating expenses						(68,648,797)
Profit from underwriting before other income						(22,555,184)
Other income						4,381,220
Profit from underwriting segment						(18,173,964)
<u>Investments segment</u>						
Net investment income						11,953,107
Loss on investments						(1,398,933)
Profit from investments segment						10,554,174
Loss before income tax						(7,619,790)

(Unaudited but reviewed)

(Unit: Baht)

For the three-month period ended 31 March 2015

	Fire	Marine and transportation	Motor	Personal accident	Miscellaneous	Total
<u>Underwriting segment</u>						
Underwriting income						
Gross premium written	35,491,233	4,364,845	261,810,140	111,753,767	54,829,694	468,249,679
Less: Premium ceded to reinsurers	(14,735,552)	(1,248,584)	(5,586,941)	(48,968,248)	(43,331,520)	(113,870,845)
Net premium written	20,755,681	3,116,261	256,223,199	62,785,519	11,498,174	354,378,834
Add (less): Unearned premium reserves (increase) decrease from prior period	(3,206,953)	(288,737)	(27,992,284)	635,587	2,037,564	(28,814,823)
Net earned premium	17,548,728	2,827,524	228,230,915	63,421,106	13,535,738	325,564,011
Fee and commissions income	3,825,402	213,090	830,593	16,479,157	13,873,587	35,221,829
Total underwriting income	21,374,130	3,040,614	229,061,508	79,900,263	27,409,325	360,785,840
Underwriting expenses						
Gross claims and losses adjustments expenses	6,867,671	86,619	155,018,057	72,231,748	14,920,335	249,124,430
Less: Claims recovery from reinsurers	(3,738,244)	335,110	(4,540,760)	(31,799,967)	(11,280,747)	(51,024,608)
Commissions and brokerages expenses	7,907,824	532,493	41,866,259	14,080,022	8,462,072	72,848,670
Other underwriting expenses	2,689,214	371,260	26,299,260	16,918,386	770,962	47,049,082
Total underwriting expenses	13,726,465	1,325,482	218,642,816	71,430,189	12,872,622	317,997,574
	7,647,665	1,715,132	10,418,692	8,470,074	14,536,703	42,788,266
Operating expenses						(64,872,105)
Loss from underwriting before other income						(22,083,839)
Other income						3,978,299
Loss from underwriting segment						(18,105,540)
<u>Investments segment</u>						
Net investment income						12,125,926
Gain on investments						8,281,260
Profit from investments segment						20,407,186
Profit before income tax						2,301,646

The Company does not present the assets and liabilities of each segment because the chief operating decision maker manages the company's assets as a whole, and not separately based on business segment.

19. Commitments and contingent liabilities**19.1 Capital commitments**

As at 31 March 2016, the Company had capital commitments of approximately Baht 5.13 million relating to acquisition of computer systems and equipment (31 December 2015: Baht 7.08 million).

19.2 Operating lease commitments

The Company has entered into several lease agreements in respect of the lease of building, equipment and service agreements. The terms of the agreements are generally between 1 and 5 years. As at 31 March 2016, future minimum lease payments required under these non-cancellable operating leases and services contracts are as follows:

	<u>Million Baht</u>
Payable within:	
Less than 1 year	25.42
1 to 5 years	13.40

19.3 Letter of Guarantees

As at 31 March 2016, there were outstanding bank guarantees of approximately Baht 10,000 (31 December 2015: Baht 10,000) as required in the normal course of the Company's business.

19.4 Litigation

As at 31 March 2016, the Company has been sued for damages as an insurer. Total claims in these cases, to the extent that these do not exceed the sum insured per the relevant policies, and after recoveries from reinsurers, amounted to Baht 26.01 million. These cases are not yet finalised but the Company has set aside provision for potential loss in the financial statements amounting to Baht 22.40 million, which the Company's management believes is adequate.

20. Fair value measurement for financial instrument

As of 31 March 2016 and 31 December 2015, the Company had the following assets that were measured at fair value using different levels of inputs as follows:

(Unit: Baht)				
31 March 2016				
Fair value				
Book value	Level1	Level2	Total	
Available-for-sale investments				
Debt securities	318,141,160	-	318,141,160	318,141,160
Equity securities	370,210,032	317,095,178	53,114,854	370,210,032
(Unit: Baht)				
31 December 2015				
Fair value				
Book value	Level1	Level2	Total	
Available-for-sale investments				
Debt securities	306,655,328	-	306,655,328	306,655,328
Equity securities	364,601,694	349,985,500	14,616,194	364,601,694

The Company had valuation techniques for financial assets as follows:

- a) The fair value of investments in debt securities has been determined by using the yield curve as announced by the Thai Bond Market Association.
- b) Investments in marketable equity securities has been presented at fair value by using market price. Investments in unit trusts has been presented at fair value, derived from quoted market price or determined by using the net asset value as announced by asset management company.

21. Reclassification

The Company has presented the current period financial statements to conform with new Declaration of OIC. Therefore, the Company reclassified line items in the prior period's financial statements for comparative purposes to consistent with the current period's classifications. The reclassification does not have impact to profit or equity as previously reported. The reclassification are summarised below.

(Unaudited but reviewed)

(Unit: Baht)

31 December 2015

Statement of financial position

Assets:

	As reclassified	As previous reported
Premium receivables	246,139,765	244,137,575
Reinsurance assets	523,208,016	544,980,224
Reinsurance receivables	21,772,208	-
Other assets	30,155,194	32,157,384

Liabilities:

Employee benefit obligations	17,357,450	26,072,011
Other liabilities	54,138,102	45,423,541

(Unit: Baht)

For the three-month period ended

31 March 2015

Statement of comprehensive income

Profit or loss:

Revenues

Gross premium written	468,249,679	-
Premium ceded to reinsurers	(113,870,845)	-
Unearned premium reserves (increase)decrease from prior period	(28,814,823)	-
Net earned premium	-	325,564,011

Expenses

Gross claims and loss adjustment expenses	249,124,430	198,099,822
Claims recovery from reinsurers	(51,024,608)	-
Other underwriting expenses	47,049,082	39,420,000
Contribution to Road Accident Victims Protection Co., Ltd.	-	4,672,407
Contribution to the Office of Insurance Commission	-	1,404,684
Contribution to the General Insurance Fund	-	1,170,570
Contribution to Victims Compensation Fund	-	381,421

22. Events after the reporting period

On 20 April 2016, the Annual General Meeting of the Company's shareholders approved the dividend payment to the 23,500,000 ordinary shareholders and preference shareholders which was not exercised to ordinary share, with a dividend of Baht 0.29 per share, totaling dividend of Baht 6.82 million, from the operating profit, The Company will pay such dividend on 16 May 2016.

23. Approval of interim financial statements

These interim financial statements were authorised for issue by the Company's Board of Directors on 11 May 2016.