

**MSIG Insurance (Thailand) Public Company Limited**

Interim financial statements  
for the three-month period ended  
31 March 2018

and

Independent auditor's report  
on review of interim financial information



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## Independent auditor's report on review of interim financial information

### To the Board of Directors of MSIG Insurance (Thailand) Public Company Limited

I have reviewed the accompanying statement of financial position of MSIG Insurance (Thailand) Public Company Limited as at 31 March 2018; the statement of comprehensive income, changes in equity and cash flows for the three-month period ended 31 March 2018, and the condensed notes ("interim financial information"). 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 the 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".

(Pantip Gulsantithamrong)  
Certified Public Accountant  
Registration No. 4208

KPMG Phoomchai Audit Ltd.  
Bangkok  
10 May 2018

# MSIG Insurance (Thailand) Public Company Limited

## Statement of financial position

Assets	Note	31 March	31 December
		2018	2017
		(Unaudited)	
		(in thousand Baht)	
Cash and cash equivalents	3, 15	198,391	179,912
Premiums due and uncollected	4	712,924	633,266
Accrued investment income		11,396	10,018
Reinsurance assets	8, 12	438,909	527,382
Reinsurance receivables	5	76,205	57,703
Investments assets			
Investments in securities	6, 14, 15	2,693,816	2,678,728
Premises and equipment		288,197	296,375
Intangible assets		31,765	32,389
Deferred acquisition costs		495,431	478,698
Deferred tax assets	7	235,705	219,110
Other assets		52,109	80,996
<b>Total assets</b>		<b>5,234,848</b>	<b>5,194,577</b>



บมจ. เอ็ม เอส ไอ จี ประกันภัย (ประเทศไทย)  
MSIG Insurance (Thailand) Public Company Limited

A handwritten signature in black ink, appearing to read 'Arnop Phorndhiti'.

( Mr. Arnop Phorndhiti )

A handwritten signature in black ink, appearing to read 'Rattaporn Gitisakchaiyakul'.

( Mr. Rattaporn Gitisakchaiyakul )

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

# MSIG Insurance (Thailand) Public Company Limited

## Statement of financial position

		31 March 2018 (Unaudited)	31 December 2017
<b>Liabilities and equity</b>	<i>Note</i>		
		(Unaudited)	
		<i>(in thousand Baht)</i>	
<b>Liabilities</b>			
Insurance contract liabilities	8	2,933,367	2,942,673
Reinsurance payables	9, 12	323,933	267,935
Income tax payable		14,898	5,269
Employee benefit obligations		226,629	221,479
Other liabilities	12	305,807	322,527
<b>Total liabilities</b>		<b>3,804,634</b>	<b>3,759,883</b>
<b>Equity</b>			
Share capital			
Authorized paid share capital		142,666	142,666
Issued and paid share capital		142,666	142,666
Share premium on ordinary shares		146,069	146,069
Retained earnings			
Appropriated			
Legal reserve		14,266	14,266
Unappropriated		1,109,616	1,109,998
Other components of equity	6	17,597	21,695
<b>Total equity</b>		<b>1,430,214</b>	<b>1,434,694</b>
<b>Total liabilities and equity</b>		<b>5,234,848</b>	<b>5,194,577</b>

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

**MSIG Insurance (Thailand) Public Company Limited**  
**Statement of comprehensive income (Unaudited)**

		Three-month period ended 31 March	
	Note	2018	2017
		<i>(in thousand Baht)</i>	
<b>Revenues</b>			
Gross premium written		1,056,427	1,007,851
<i>Less</i> premium ceded	12	<u>(199,183)</u>	<u>(168,268)</u>
Net premiums written		857,244	839,583
Unearned premium reserve increased from previous period		(123,790)	(53,463)
<i>Less</i> reinsurers' share of unearned premium reserve increased from previous period		<u>52,073</u>	<u>31,836</u>
Net premium earned		785,527	817,956
Commission and brokerage income	12	30,911	24,794
Net investment income		9,676	11,273
Gain on investments		1,536	2,486
Other income		<u>2,303</u>	<u>3,288</u>
<b>Total revenues</b>		<u><b>829,953</b></u>	<u><b>859,797</b></u>
<b>Expenses</b>			
Insurance claim expenses		474,556	491,726
<i>Less</i> insurance claims expenses recovered from reinsurers		<u>(26,622)</u>	<u>1,391</u>
Net insurance claims expenses		447,934	493,117
Commissions and brokerage expenses		130,366	138,156
Other underwriting expenses		131,565	126,750
Operating expenses	12	<u>121,803</u>	<u>122,597</u>
<b>Total expenses</b>		<u><b>831,668</b></u>	<u><b>880,620</b></u>
<b>Loss before income tax</b>		<u><b>(1,715)</b></u>	<u><b>(20,823)</b></u>
Income tax (benefit)	10	<u>(1,333)</u>	<u>(5,026)</u>
<b>Net loss</b>		<u><b>(382)</b></u>	<u><b>(15,797)</b></u>
<b>Other comprehensive income (loss)</b>			
<i>Components of other comprehensive income (loss) that will be reclassified subsequently to profit or loss</i>			
Net change in fair value of available-for-sale securities		(5,123)	8,166
Income tax relating to components of other comprehensive income (loss) that will be reclassified subsequently to profit or loss		<u>1,025</u>	<u>(1,633)</u>
<b>Other comprehensive income (loss) for the period, net of income tax</b>		<u><b>(4,098)</b></u>	<u><b>6,533</b></u>
<b>Total comprehensive income (loss) for the period</b>		<u><u><b>(4,480)</b></u></u>	<u><u><b>(9,264)</b></u></u>
<b>Basic loss per share (in Baht)</b>	11	<u><u><b>(0.27)</b></u></u>	<u><u><b>(11.07)</b></u></u>

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

**MSIG Insurance (Thailand) Public Company Limited**  
**Statement of changes in equity (Unaudited)**

	Issued and paid-up share capital	Share premium on ordinary shares	Retained earnings		Other components of equity	Total equity
			Legal reserve	Unappropriated	Net fair value changes in available-for-sale securities	
<b>Three-month period ended 31 March 2017</b>						
Balance at 1 January 2017	142,666	146,069	14,266	1,136,223	3,935	1,443,159
<b>Comprehensive income (loss) for the period</b>						
Net loss	-	-	-	(15,797)	-	(15,797)
Other comprehensive income (loss)	-	-	-	-	6,533	6,533
<b>Total comprehensive income (loss) for the period</b>	-	-	-	(15,797)	6,533	(9,264)
Balance at 31 March 2017	<u>142,666</u>	<u>146,069</u>	<u>14,266</u>	<u>1,120,426</u>	<u>10,468</u>	<u>1,433,895</u>

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**MSIG Insurance (Thailand) Public Company Limited**  
**Statement of changes in equity (Unaudited)**

	Issued and paid-up share capital	Share premium on ordinary shares	Retained earnings		Other components of equity	Total equity
			Legal reserve	Unappropriated	Net fair value changes in available-for-sale securities	
<b>Three-month period ended 31 March 2018</b>						
<b>Balance at 1 January 2018</b>	142,666	146,069	14,266	1,109,998	21,695	1,434,694
<b>Comprehensive income (loss) for the period</b>						
Net loss	-	-	-	(382)	-	(382)
Other comprehensive income (loss)	-	-	-	-	(4,098)	(4,098)
<b>Total comprehensive income (loss) for the period</b>	-	-	-	(382)	(4,098)	(4,480)
<b>Balance at 31 March 2018</b>	<u>142,666</u>	<u>146,069</u>	<u>14,266</u>	<u>1,109,616</u>	<u>17,597</u>	<u>1,430,214</u>

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

**MSIG Insurance (Thailand) Public Company Limited**  
**Statement of cash flows (Unaudited)**

	Three-month period ended 31 March	
<i>Note</i>	2018	2017
	<i>(in thousand Baht)</i>	
<b><i>Cash flows from operating activities</i></b>		
Premium received	973,305	991,124
Cash received from (paid to) reinsurers	49,632	(102,548)
Interest received	7,470	10,636
Dividend received	1,080	960
Other investment income	1,285	2,184
Other income	2,306	3,327
Insurance claims expenses	(622,420)	(506,284)
Commissions and brokerage expenses	(141,035)	(162,342)
Other underwriting expenses	(138,784)	(121,136)
Operating expenses	(89,237)	(113,509)
Income tax paid	(4,609)	(4,906)
Investment in securities	(14,211)	(196,921)
Deposits at financial institutions	(6,000)	70,000
<b>Net cash flows provided by (used in) operating activities</b>	<b><u>18,782</u></b>	<b><u>(129,415)</u></b>
<b><i>Cash flows from investing activities</i></b>		
<b>Cash flows provided by</b>		
Proceeds from sale of premises and equipment	<u>11</u>	<u>-</u>
<b>Cash provided by investing activities</b>	<b><u>11</u></b>	<b><u>-</u></b>
<b>Cash flows used in</b>		
Purchase of premises and equipment	<u>(314)</u>	<u>(1,949)</u>
<b>Cash used in investing activities</b>	<b><u>(314)</u></b>	<b><u>(1,949)</u></b>
<b>Net cash flows used in investing activities</b>	<b><u>(303)</u></b>	<b><u>(1,949)</u></b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>18,479</b>	<b>(131,364)</b>
Cash and cash equivalents at beginning of period	<u>179,912</u>	<u>364,560</u>
<b>Cash and cash equivalents at ending of period</b>	<b><u>3</u> <u>198,391</u></b>	<b><u>233,196</u></b>
<b>Supplemental cash flows information</b>		
<b>Non-cash items</b>		
Net change in fair value of available-for-sale securities	(5,123)	8,166

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



**MSIG Insurance (Thailand) Public Company Limited**  
**Notes to the interim financial statements**  
**For the three-month period ended 31 March 2018 (Unaudited)**

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**MSIG Insurance (Thailand) Public Company Limited**  
**Notes to the interim financial statements**  
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These notes form an integral part of the interim financial statements.

The interim financial statements issued for Thai regulatory reporting purposes are prepared in the Thai language. These English language financial statements have been prepared from the Thai language statutory financial statements, and were approved and authorised for issue by the Company's Board of Directors on 10 May 2018.

**1 General information**

MSIG Insurance (Thailand) Public Company Limited, (the "Company"), is incorporated in Thailand and has its registered office at 1908 MSIG Building, New Petchburi Road, Bangkok, HuayKwang, Bangkok.

The ultimate parent Company, MS&AD Insurance Group Holdings, Inc., is incorporated in Japan and the Company's major shareholders are MSIG Holdings (Asia) Pte. Ltd. (49% shareholding) which is incorporated in Singapore and Yardhimar Co., Ltd. (37% shareholding) which is incorporated in Thailand.

The principal business of the Company is the operation of non-life insurance.

**2 Basis of preparation of the interim financial statements**

**(a) Statement of compliance**

The interim financial statements are prepared on a condensed basis in accordance with Thai Accounting Standard ("TAS") No. 34 (revised 2017) *Interim Financial Reporting*, guidelines promulgated by the Federation of Accounting Professions ("FAP"). In addition, the interim financial statements are prepared in accordance with the Notification of the Office of Insurance Commission regarding "Rules Procedures Conditions and Timing Period for Preparation and Submission of the Financial Statements, and Reporting the Operation of Non-Life insurance Companies" B.E. 2559 dated 4 March 2016.

The interim financial statements are prepared to provide an update on the financial statements for the year ended 31 December 2017. They do not include all of the financial information required for full annual financial statements but focus on new activities, events and circumstances to avoid repetition of information previously reported. Accordingly, these interim financial statements should be read in conjunction with the financial statements of the Company for the year ended 31 December 2017.

The accounting policies and methods of computation applied in these interim financial statements are consistent with those applied in the financial statements for the year ended 31 December 2017 except that the Company has adopted all the new and revised TFRSs that are relevant to the Company's operations that are effective for annual periods beginning on or after 1 January 2018. The adoption of these new and revised TFRSs did not have any material effect on the accounting policies, methods of computation, financial performance or position of the Company.

The FAP has issued a number of other new and revised TFRSs which are effective for annual financial periods beginning on or after 1 January 2019 and have not been early adopted in the preparation of these financial statements.

**MSIG Insurance (Thailand) Public Company Limited**  
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**For the three-month period ended 31 March 2018 (Unaudited)**

The Company has made a preliminary assessment of the potential initial impact on the Company's financial statements of these new and revised TFRSs and expects that there will be no material impact on the financial statements in the period of initial application.

In addition to the above new and revised TFRS, The FAP has issued TFRS 15 *Revenue from Contracts with Customers* which is effective for annual periods beginning on or after 1 January 2019. The Company has not early adopted this standard in preparing these interim financial statements.

TFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. Revenue should be recognised when (or as) an entity transfers control over goods or services to a customer, measured at the amount to which the entity expects to be entitled. It replaces existing revenue recognition standards as follows:

- TAS 11 (revised 2017) *Construction Contracts*,
- TAS 18 (revised 2017) *Revenue*,
- TSIC 31 (revised 2017) *Revenue-Barter Transactions Involving Advertising Services*,
- TFRIC 13 (revised 2017) *Customer Loyalty Programmes*,
- TFRIC 15 (revised 2017) *Agreements for the Construction of Real Estate*, and
- TFRIC 18 (revised 2017) *Transfers of Assets from Customers*.

Management is presently considering the potential impact of adopting and initially applying TFRS 15 on the financial statements.

**(b) Functional and presentation currency**

The interim financial statements are prepared and presented in Thai Baht, which is the Company's functional currency. All financial information presented in Thai Baht has been rounded to the nearest thousand in note to financial statements unless otherwise stated.

**(c) Use of estimates and judgements**

The preparation of interim financial statements in conformity with TFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

In preparing these interim financial statements, the significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements for the year ended 31 December 2017.

**3 Cash and cash equivalents**

	31 March 2018	31 December 2017
	<i>(in thousand Baht)</i>	
Cash on hand	464	475
Deposits at banks - call deposits	78,964	119,450
Highly liquid short-term investments	118,963	59,987
<b>Total</b>	<b>198,391</b>	<b>179,912</b>

As at 31 March 2018 and 31 December 2017, the currency denomination of cash and cash equivalents was entirely in Thai Baht.

**MSIG Insurance (Thailand) Public Company Limited**  
**Notes to the interim financial statements**  
**For the three-month period ended 31 March 2018 (Unaudited)**

**4 Premiums due and uncollected**

As at 31 March 2018 and 31 December 2017, the aging analyses for premiums due and uncollected were as follows:

	31 March 2018	31 December 2017
	<i>(in thousand Baht)</i>	
Within credit terms	548,132	534,884
Overdue:		
Not over than 30 days	79,382	59,347
31 - 60 days	72,363	22,293
61 - 90 days	10,624	7,468
91 days - 1 year	3,813	12,528
Over 1 year	2,216	-
Total	<u>716,530</u>	<u>636,520</u>
Less allowance for doubtful accounts	<u>(3,606)</u>	<u>(3,254)</u>
<b>Net</b>	<b><u>712,924</u></b>	<b><u>633,266</u></b>
	31 March 2018	31 March 2017
	<i>(in thousand Baht)</i>	
Doubtful accounts expense for the period ended	<u>352</u>	<u>344</u>

The normal credit term of insured and agents and brokers granted by the Company not over 60 days.

For premiums due and uncollected from agents and brokers, the Company has established collection guidelines in accordance with the regulatory requirement for premium collection. For overdue premium receivables, the Company is pursuing legal proceedings against such agents and brokers.

**5 Reinsurance receivables**

	31 March 2018	31 December 2017
	<i>(in thousand Baht)</i>	
Due from reinsurers	<u>76,205</u>	<u>57,703</u>
<b>Total</b>	<b><u>76,205</u></b>	<b><u>57,703</u></b>

**MSIG Insurance (Thailand) Public Company Limited**  
**Notes to the interim financial statements**  
**For the three-month period ended 31 March 2018 (Unaudited)**

**6 Investments in securities**

**6.1 Type of investments in securities**

	31 March 2018		31 December 2017	
	Cost / Amortised cost	Fair value <i>(in thousand Baht)</i>	Cost / Amortised cost	Fair value
<i>Available-for-sale securities</i>				
Government and state enterprise debt securities	1,790,830	1,799,080	1,794,889	1,801,053
Private debt securities	470,028	476,742	479,212	484,759
Equity securities	172,628	181,782	146,044	163,621
Unit trusts	4,000	1,876	4,000	1,829
<b>Total</b>	<b>2,437,486</b>	<b>2,459,480</b>	<b>2,424,145</b>	<b>2,451,262</b>
<i>Add unrealised gains on fair value changes of available-for-sale securities</i>	21,994	-	27,117	-
<b>Total available-for-sale securities</b>	<b>2,459,480</b>	<b>2,459,480</b>	<b>2,451,262</b>	<b>2,451,262</b>
<i>Held-to-maturity securities</i>				
Deposits at banks with original maturities over 3 months	232,269	232,269	226,269	226,269
<b>Total held-to-maturity securities</b>	<b>232,269</b>	<b>232,269</b>	<b>226,269</b>	<b>226,269</b>
<i>General investments</i>				
Equity securities	2,237		1,367	
<i>Less allowance for impairment</i>	(170)		(170)	
<b>Total general investments, net</b>	<b>2,067</b>		<b>1,197</b>	
<b>Total investments in securities</b>	<b>2,693,816</b>		<b>2,678,728</b>	

**6.2 Net fair value changes of available-for-sale securities**

	31 March 2018	31 December 2017
	<i>(in thousand Baht)</i>	
Net change in fair value of available-for-sale securities	21,996	27,119
<i>Less deferred tax liabilities</i>	(4,399)	(5,424)
<b>Net</b>	<b>17,597</b>	<b>21,695</b>

**MSIG Insurance (Thailand) Public Company Limited**  
**Notes to the interim financial statements**  
**For the three-month period ended 31 March 2018 (Unaudited)**

**7 Deferred tax assets**

Deferred tax assets and liabilities are included in the statement of financial position as follows:

	31 March 2018	31 December 2017
	<i>(in thousand Baht)</i>	
Deferred tax assets	245,125	229,637
Deferred tax liabilities	<u>(9,420)</u>	<u>(10,527)</u>
<b>Net</b>	<b><u>235,705</u></b>	<b><u>219,110</u></b>

Movements in deferred tax assets and liabilities during the three-month periods ended 31 March 2018 and 2017 were as follows:

	At 1 January 2018	<i>(Charged) / credited to</i>		At 31 March 2018
		Profit or loss <i>(note 10)</i> <i>(in thousand Baht)</i>	Other comprehensive income	
<b><i>Deferred tax assets</i></b>				
Allowance for doubtful accounts	1,057	66	-	1,123
Allowance for impairment loss on investment	34	-	-	34
Unearned premium reserve	64,984	12,931	-	77,915
Incurred but not reported loss reserves (IBNR)	6,973	1,185	-	8,158
Loss reserves	112,293	277	-	112,570
Employee benefit obligations	44,296	1,029	-	45,325
<b>Total</b>	<b><u>229,637</u></b>	<b><u>15,488</u></b>	<b><u>-</u></b>	<b><u>245,125</u></b>
<b><i>Deferred tax liabilities</i></b>				
Depreciation expense for buildings	5,055	(53)	-	5,002
Depreciation expense for financial lease assets	48	(29)	-	19
Net fair value changes in available-for-sale securities	5,424	-	(1,025)	4,399
<b>Total</b>	<b><u>10,527</u></b>	<b><u>(82)</u></b>	<b><u>(1,025)</u></b>	<b><u>9,420</u></b>
<b>Net</b>	<b><u>219,110</u></b>	<b><u>15,570</u></b>	<b><u>1,025</u></b>	<b><u>235,705</u></b>
	At 1 January 2017	<i>(Charged) / credited to</i>		At 31 March 2017
		Profit or loss <i>(note 10)</i> <i>(in thousand Baht)</i>	Other comprehensive income	
<b><i>Deferred tax assets</i></b>				
Allowance for doubtful accounts	1,522	68	-	1,590
Allowance for impairment loss on investment	34	-	-	34
Unearned premium reserve	72,017	8,806	-	80,823
Incurred but not reported loss reserves (IBNR)	2,933	694	-	3,627
Loss reserves	121,366	(1,105)	-	120,261
Employee benefit obligations	31,977	749	-	32,726
<b>Total</b>	<b><u>229,849</u></b>	<b><u>9,212</u></b>	<b><u>-</u></b>	<b><u>239,061</u></b>
<b><i>Deferred tax liabilities</i></b>				
Depreciation expense for buildings	5,265	(53)	-	5,212
Depreciation expense for financial lease assets	307	(68)	-	239
Net fair value changes in available-for-sale securities	984	-	1,633	2,617
<b>Total</b>	<b><u>6,556</u></b>	<b><u>(121)</u></b>	<b><u>1,633</u></b>	<b><u>8,068</u></b>
<b>Net</b>	<b><u>223,293</u></b>	<b><u>9,333</u></b>	<b><u>(1,633)</u></b>	<b><u>230,993</u></b>

**MSIG Insurance (Thailand) Public Company Limited**  
**Notes to the interim financial statements**  
**For the three-month period ended 31 March 2018 (Unaudited)**

**8 Insurance contract liabilities**

	31 March 2018			31 December 2017		
	Liabilities under insurance contracts	Reinsurers' share liabilities	Net  (in thousand Baht)	Liabilities under insurance contracts	Reinsurers' share liabilities	Net
<b>Short-term technical reserves</b>						
Loss reserves and outstanding claims						
- Case reserves	992,351	(208,958)	783,393	1,132,311	(350,445)	781,866
- Incurred but not reported	68,595	(27,806)	40,789	61,731	(26,865)	34,866
Total loss reserves and outstanding claims	1,060,946	(236,764)	824,182	1,194,042	(377,310)	816,732
Unearned premium reserves	1,872,421	(202,145)	1,670,276	1,748,631	(150,072)	1,598,559
<b>Total</b>	<b>2,933,367</b>	<b>(438,909)</b>	<b>2,494,458</b>	<b>2,942,673</b>	<b>(527,382)</b>	<b>2,415,291</b>

**8.1 Loss reserves and outstanding claims**

At 1 January	1,194,042	(377,310)	816,732	1,165,006	(369,808)	795,198
Insurance claim expenses incurred during the period / year	437,605	(25,681)	411,924	1,857,174	(192,557)	1,664,617
Insurance claim expenses paid during the period / year	(577,565)	167,168	(410,397)	(1,842,412)	179,126	(1,663,286)
Change in estimation and assumption	6,864	(941)	5,923	14,274	5,929	20,203
<b>At 31 March 2018 / 31 December 2017</b>	<b>1,060,946</b>	<b>(236,764)</b>	<b>824,182</b>	<b>1,194,042</b>	<b>(377,310)</b>	<b>816,732</b>

**8.2 Unearned premium reserves**

At 1 January	1,748,631	(150,072)	1,598,559	1,865,438	(152,603)	1,712,835
Premium written during the period / year	1,056,427	(199,183)	857,244	3,745,453	(561,358)	3,184,095
Earned premium in the period / year	(932,637)	147,110	(785,527)	(3,862,260)	563,889	(3,298,371)
<b>At 31 March 2018 / 31 December 2017</b>	<b>1,872,421</b>	<b>(202,145)</b>	<b>1,670,276</b>	<b>1,748,631</b>	<b>(150,072)</b>	<b>1,598,559</b>

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**9 Reinsurance payables**

	31 March 2018	31 December 2017
	<i>(in thousand Baht)</i>	
Amount withheld on reinsurance	80,882	74,667
Due to reinsurers	243,051	193,268
<b>Total</b>	<b><u>323,933</u></b>	<b><u>267,935</u></b>

**10 Income tax (benefit)**

<i>For the three-month periods ended 31 March</i>	<i>Note</i>	2018	2017
		<i>(in thousand Baht)</i>	
<i>Income tax recognised in profit or loss</i>			
<i>Current tax expense</i>			
Current period		14,237	4,307
<i>Deferred tax expense</i>			
Movements in temporary differences	7	<u>(15,570)</u>	<u>(9,333)</u>
<b>Total</b>		<b><u>(1,333)</u></b>	<b><u>(5,026)</u></b>

*Income tax recognised in other comprehensive income*

<i>Deferred tax expense</i>			
Net fair value charges in available-for-sale securities	7	<u>1,025</u>	<u>(1,633)</u>
<b>Total</b>		<b><u>1,025</u></b>	<b><u>(1,633)</u></b>

*Reconciliation of effective tax rate*

<i>For the three-month periods ended 31 March</i>	2018		2017	
	Rate (%)	<i>(in thousand Baht)</i>	Rate (%)	<i>(in thousand Baht)</i>
Loss before income tax		<u>(1,715)</u>		<u>(20,823)</u>
Income tax using the Thai corporation tax rate	20.0	(343)	20.0	(4,164)
Income not subject to tax	1.2	(21)	0.0	(8)
Additional deductible expenses for tax purpose	62.3	(1,069)	4.8	(999)
Expenses not deductible for tax purposes	<u>(5.8)</u>	<u>100</u>	<u>(0.7)</u>	<u>145</u>
<b>Total</b>	<b><u>77.7</u></b>	<b><u>(1,333)</u></b>	<b><u>24.1</u></b>	<b><u>(5,026)</u></b>



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**11 Basic loss per share**

The calculations of basic loss per share for the three-month period ended 31 March 2018 and 2017 were based on the loss for the periods attributable to ordinary shareholders of the Company and the number of ordinary shares outstanding during the periods as follows:

<i>For the three-month periods ended 31 March</i>	2018	2017
Loss attributable to ordinary shareholders of the Company (basic) <i>(in thousand Baht)</i>	<u>(382)</u>	<u>(15,797)</u>
Number of ordinary shares outstanding <i>(in share)</i>	<u>1,426,662</u>	<u>1,426,662</u>
<b>Basic loss per share <i>(in Baht)</i></b>	<b><u>(0.27)</u></b>	<b><u>(11.07)</u></b>

**12 Related parties**

For the purposes of these financial statements, parties are considered to be related to the Company if the Company has the ability, directly or indirectly, to control or joint control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Relationships with key management and related parties were as follows:

<b>Name of entities / Personnel</b>	<b>Country of incorporation/ Nationality</b>	<b>Nature of relationships</b>
Key management personnel	Thais/ Foreigners	Persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including director (whether executive or otherwise) of the Company.
MS&AD Insurance Group Holdings, Inc.	Japan	Ultimate parent company
MSIG Holdings (Asia) Pte. Ltd.	Singapore	Major shareholder, 49% shareholding
Yardhimar Co., Ltd.	Thailand	Major shareholder, 37% shareholding
Mitsui Sumitomo Insurance Co., Ltd. Thailand Branch	Thailand	Common parent company
MSIG Service and Adjusting (Thailand) Co., Ltd.	Thailand	Common parent company
MSIG Insurance (Singapore) Pte. Ltd.	Singapore	Common parent company
MSIG Insurance Malaysia Bhd.	Malaysia	Common parent company
MSIG Insurance (Hong Kong) Ltd.	Hong Kong	Common parent company
Mitsui Sumitomo Insurance Co., Ltd. (Japan)	Japan	Common parent company
MS Amlin Underwriting Limited	United Kingdom	Common parent company
MS Amlin Asia Pacific Pte. Ltd.	Singapore	Common parent company
MS Frontier Reinsurance Limited, Kuala Lumpur Office	Malaysia	Common parent company
Amlin Bermuda Limited	Bermuda	Common parent company

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The pricing policies for transactions with related parties are explained further below:

<b>Transactions</b>	<b>Pricing policies</b>
Premiums ceded	Normal commercial terms for reinsurance depending on type of insurance and reinsurance contract
Commission and brokerage income	As stated in the agreement upon normal commercial terms for business operations
Service income	As stated in the agreement upon normal commercial terms for business operations
Insurance claims expenses recovered from reinsurers	Actual indemnity but not exceed as stated in the agreement upon normal commercial terms for business operations
Marketing and management support services agreement fee	Actual cost

Significant transactions for the three-month period ended 31 March 2018 and 2017 with key management and related parties were summarised as follows:

<i>For the three-month periods ended 31 March</i>	2018	2017
	<i>(in thousand Baht)</i>	
<b>Revenue</b>		
<b>Other related parties</b>		
Commission and brokerage income	7,677	7,256
Service income	-	293
<b>Expenses</b>		
<b>Other related parties</b>		
Premiums ceded	36,264	34,215
Marketing and management support services agreement fee	8,919	10,203
<b>Key management and director compensation</b>		
Directors' remuneration	957	919
Short-term benefits	14,698	12,323
Post-employment benefit	2,223	1,689
<b>Total</b>	<b>17,878</b>	<b>14,931</b>

Significant balances as at 31 March 2018 and 31 December 2017 with related parties were as follows:

	31 March	31 December
	2018	2017
	<i>(in thousand Baht)</i>	
<b>Reinsurance assets</b>		
<b>Insurance claims expenses recovered from reinsurers</b>		
<b>Other related parties</b>		
Mitsui Sumitomo Insurance Co., Ltd. (Japan)	44,997	134,902
MS Amlin Underwriting Limited	2,161	4,878
Amlin Bermuda Limited	358	2,429
<b>Total</b>	<b>47,516</b>	<b>142,209</b>

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	31 March 2018	31 December 2017
	<i>(in thousand Baht)</i>	
<b>Reinsurance payable</b>		
<b>Due to reinsurers</b>		
<b>Other related parties</b>		
Mitsui Sumitomo Insurance Co., Ltd. (Japan)	100,153	90,676
MS Amlin Underwriting Limited	2,534	1,839
Amlin Bermuda Limited	2,034	1,663
<b>Total</b>	<u>104,721</u>	<u>94,178</u>
<b>Other liabilities</b>		
<b>Payable to related parties</b>		
<b>Other related parties</b>		
MSIG Holdings (Asia) Pte. Ltd.	<u>2,810</u>	<u>(3,047)</u>

**13 Fair value of financial assets and liabilities**

**13.1 Financial assets measured at fair value**

	Fair value			Total
	Level 1	Level 2	Level 3	
	<i>(in thousand Baht)</i>			
<b>31 March 2018</b>				
<b>Financial assets</b>				
<b>Available-for-sale securities</b>				
Government and state enterprise debt securities	-	1,799,080	-	1,799,080
Private debt securities	-	476,742	-	476,742
Equity securities	181,782	-	-	181,782
Unit trusts	-	1,876	-	1,876
<b>Total</b>	<u>181,782</u>	<u>2,277,698</u>	<u>-</u>	<u>2,459,480</u>
	Level 1	Level 2	Level 3	Total
	<i>(in thousand Baht)</i>			
<b>31 December 2017</b>				
<b>Financial assets</b>				
<b>Available-for-sale securities</b>				
Government and state enterprise debt securities	-	1,801,053	-	1,801,053
Private debt securities	-	484,759	-	484,759
Equity securities	163,621	-	-	163,621
Unit trusts	-	1,829	-	1,829
<b>Total</b>	<u>163,621</u>	<u>2,287,641</u>	<u>-</u>	<u>2,451,262</u>

**Fair value hierarchy**

The table above analyses recurring fair value measurements for financial assets and liabilities. These fair value measurements are categorised into different levels in the fair value hierarchy based on the inputs to valuation techniques used. The different levels are defined as follows.

- Level 1: quoted prices (unadjusted) in active markets for identical asset or liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the assets or liabilities that are not based on observable movement date (unobservable inputs).

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The Company determines Level 1 fair values for market equity use last bid price from SET at the reporting date.

The Company determines Level 2 fair values for debt securities reference to the price provided by the Thai Bond Market Association, unit trusts using net asset value (NAV) provided by asset management companies at the reporting date.

The Company recognises transfers between levels of the fair value hierarchy as of the end of reporting period during which the transfer has occurred. There were no transfers between Level 1 to Level 2 of the fair value hierarchy for the three-month period ended 31 March 2018 and for the year ended 31 December 2017.

**13.2 Financial assets and liabilities not measured at fair value**

The fair value of significant financial assets not measured at fair value: cash and cash equivalents, accrued investment income, premiums receivable, reinsurance assets, reinsurance receivables, other receivables, reinsurance payable, outstanding claim and other payable did not have significant difference with carrying value as shown in the statement of financial position as at 31 March 2018 and 31 December 2017.

**14 Securities and assets pledged with the Registrar**

14.1 The Company's investments in deposit at bank and government bonds were pledged with the Registrar in accordance with the Non-Life Insurance Act No. 2 B.E. 2551 as follows:

	31 March 2018		31 December 2017	
	Book value	Face value	Book value	Face value
	<i>(in thousand Baht)</i>			
Government and Bank of Thailand bonds	14,026	14,000	-	-
Deposit at bank - time deposit	-	-	14,000	14,000
<b>Total</b>	<b>14,026</b>	<b>14,000</b>	<b>14,000</b>	<b>14,000</b>

14.2 The Company's investments in debt securities facilities issued by banks and deposit at banks were reserved with the Registrar in accordance with the Notification of the Office of Insurance Commission regarding "Rates, Rules and Procedures for unearned premium reserve of Non - life Insurance Company B.E.2557" as follows:

	31 March 2018		31 December 2017	
	Book value	Face value	Book value	Face value
	<i>(in thousand Baht)</i>			
Government and Bank of Thailand bonds	155,393	155,000	185,065	185,000
Deposit at bank - time deposit	210,434	210,434	210,434	210,434
<b>Total</b>	<b>365,827</b>	<b>365,434</b>	<b>395,499</b>	<b>395,434</b>

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**15 Restricted and collateral assets**

	31 March 2018	31 December 2017
	<i>(in thousand Baht)</i>	
(a) <b>Deposit at bank - call deposit</b>		
To secure group personal accident insurance	<u>850</u>	<u>850</u>
(b) <b>Deposit at bank - time deposit</b>		
To secure bank guarantee - facilities issued by banks	<u>700</u>	<u>700</u>

**16 Commitments with non-related parties**

(a) *Commitments under office rental and service agreements*

	31 March 2018	31 December 2017
	<i>(in thousand Baht)</i>	
<b>Operating lease commitments</b>		
Within one year	14,951	13,659
After one year but within five years	<u>13,144</u>	<u>10,925</u>
<b>Total</b>	<u><b>28,095</b></u>	<u><b>24,584</b></u>

(b) *Commitments under car rental agreements*

	31 March 2018	31 December 2017
	<i>(in thousand Baht)</i>	
<b>Operating lease commitments</b>		
Within one year	2,951	2,951
After one year but within five years	<u>4,581</u>	<u>5,319</u>
<b>Total</b>	<u><b>7,532</b></u>	<u><b>8,270</b></u>

**17 Contingent liabilities**

As at 31 March 2018, lawsuits have been brought against the Company, in relation to insurance claims in the normal course of business totaling approximately Baht 331 million (*31 December 2017: Baht 327 million*). The Company's management believes that the recorded amount of provision in the financial statements for potential losses in respect of those claims is adequate.

**18 Event after the reporting period**

At the annual general meeting of the shareholders of the Company held on 24 April 2018, the shareholders approved the appropriation of dividend of Baht 40 per share, amounting to Baht 57.1 million. The dividend will be paid to shareholders in May 2018.