

MSIG Insurance (Thailand) Public Company Limited

Interim financial statements
for the three-month and six-month periods ended
30 June 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 30 June 2018; the statement of comprehensive income for the three-month and six-month periods ended 30 June 2018; the statements of changes in equity and cash flows for the six-month period ended 30 June 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
7 August 2018

MSIG Insurance (Thailand) Public Company Limited

Statement of financial position

Assets	Note	30 June	31 December
		2018	2017
		(Unaudited)	
		(in thousand Baht)	
Cash and cash equivalents	3, 16	158,650	179,912
Premiums due and uncollected	4	640,286	633,266
Accrued investment income		10,000	10,018
Reinsurance assets	8, 13	752,424	527,382
Reinsurance receivables	5	94,734	57,703
Investments assets			
Investments in securities	6, 15, 16	2,670,815	2,678,728
Premises and equipment		280,978	296,375
Intangible assets		30,635	32,389
Deferred acquisition costs		486,081	478,698
Deferred tax assets	7	239,988	219,110
Other assets		54,879	80,996
Total assets		5,419,470	5,194,577

 **MSIG**


Arnop Phomdhiti


Rattapol


Gitisakchaiyakul

บริษัท เอ็ม เอส ไอ ซี ประกันภัย (ประเทศไทย)
MSIG Insurance (Thailand) Public Company Limited

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

MSIG Insurance (Thailand) Public Company Limited

Statement of financial position

		30 June	31 December
Liabilities and equity	<i>Note</i>	2018	2017
		(Unaudited)	
		<i>(in thousand Baht)</i>	
Liabilities			
Insurance contract liabilities	8	3,198,198	2,942,673
Reinsurance payables	9, 13	324,690	267,935
Income tax payable		3,108	5,269
Employee benefit obligations		230,155	221,479
Other liabilities	13	309,916	322,527
Total liabilities		4,066,067	3,759,883
Equity			
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		1,056,898	1,109,998
Other components of shareholders' equity	6	(6,496)	21,695
Total equity		1,353,403	1,434,694
Total liabilities and equity		5,419,470	5,194,577

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

MSIG Insurance (Thailand) Public Company Limited

Statement of comprehensive income (Unaudited)

	Note	Three-month period ended	
		30 June	
		2018	2017
		<i>(in thousand Baht)</i>	
Revenues			
Gross premium written		918,391	896,850
Less premium ceded	13	<u>(144,500)</u>	<u>(117,473)</u>
Net premiums written		773,891	779,377
Unearned premium reserve decreased from previous period		53,434	79,362
Less reinsurers' share of unearned premium reserve decreased from previous period		<u>(7,514)</u>	<u>(14,455)</u>
Net premium earned		819,811	844,284
Commission and brokerage income	13	36,220	26,304
Net investment income		11,202	12,192
Gain (loss) on investments		(895)	5,013
Other income		169	2,652
Total revenues		<u>866,507</u>	<u>890,445</u>
Expenses			
Insurance claim expenses		737,272	488,746
Less insurance claims expenses recovered from reinsurers		<u>(327,604)</u>	<u>(20,868)</u>
Net insurance claims expenses		409,668	467,878
Commissions and brokerage expenses		151,954	163,862
Other underwriting expenses		135,326	118,793
Operating expenses	13	<u>165,465</u>	<u>122,438</u>
Total expenses		<u>862,413</u>	<u>872,971</u>
Profit before income tax		4,094	17,474
Income tax (benefit)	10	<u>(254)</u>	<u>2,496</u>
Net profit		<u>4,348</u>	<u>14,978</u>
Other comprehensive income (loss)			
<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		(30,116)	2,545
Income tax relating to components of other comprehensive income (loss) that will be reclassified subsequently to profit or loss		<u>6,023</u>	<u>(509)</u>
Other comprehensive income (loss) for the period, net of income tax		<u>(24,093)</u>	<u>2,036</u>
Total comprehensive income (loss) for the period		<u><u>(19,745)</u></u>	<u><u>17,014</u></u>
Basic earnings per share (in Baht)	11	<u><u>3.05</u></u>	<u><u>10.50</u></u>

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

MSIG Insurance (Thailand) Public Company Limited

Statement of comprehensive income (Unaudited)

		Six-month period ended 30 June	
	Note	2018	2017
		<i>(in thousand Baht)</i>	
Revenues			
Gross premium written		1,974,818	1,904,701
Less premium ceded	13	<u>(343,683)</u>	<u>(285,741)</u>
Net premiums written		1,631,135	1,618,960
Unearned premium reserve decrease (increased) from previous period		(70,356)	25,899
Less reinsurers' share of unearned premium reserve increased from previous period		<u>44,559</u>	<u>17,381</u>
Net premium earned		1,605,338	1,662,240
Commission and brokerage income	13	67,131	51,098
Net investment income		20,878	23,465
Gain on investments		641	7,499
Other income		<u>2,472</u>	<u>5,940</u>
Total revenues		<u>1,696,460</u>	<u>1,750,242</u>
Expenses			
Insurance claim expenses		1,211,828	980,472
Less insurance claims expenses recovered from reinsurers		<u>(354,226)</u>	<u>(19,477)</u>
Net insurance claims expenses		857,602	960,995
Commissions and brokerage expenses		282,320	302,018
Other underwriting expenses		266,891	245,543
Operating expenses	13	<u>287,268</u>	<u>245,035</u>
Total expenses		<u>1,694,081</u>	<u>1,753,591</u>
Profit (loss) before income tax		2,379	(3,349)
Income tax (benefit)	10	<u>(1,587)</u>	<u>(2,530)</u>
Net profit (loss)		<u>3,966</u>	<u>(819)</u>
Other comprehensive income (loss)			
<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		(35,239)	10,711
Income tax relating to components of other comprehensive income (loss) that will be reclassified subsequently to profit or loss		<u>7,048</u>	<u>(2,142)</u>
Other comprehensive income (loss) for the period, net of income tax		<u>(28,191)</u>	<u>8,569</u>
Total comprehensive income (loss) for the period		<u><u>(24,225)</u></u>	<u><u>7,750</u></u>
Basic earnings (loss) per share (in Baht)	11	<u><u>2.78</u></u>	<u><u>(0.57)</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)

			Retained earnings		Other components of equity		
			Legal	Unappropriated	Net changes in fair value available-for-sale securities	Total equity	
	Note	Issued and paid-up share capital	Share premium on ordinary shares	reserve			
				<i>(in thousand Baht)</i>			
Six-month period ended 30 June 2017							
Balance at 1 January 2017		142,666	146,069	14,266	1,136,223	3,935	1,443,159
Transactions with shareholders, recorded directly in equity							
<i>Distributions to shareholders of the Company</i>							
Dividends to shareholders of the Company	12	-	-	-	(78,466)	-	(78,466)
<i>Total distributions to shareholders of the Company</i>		<u>-</u>	<u>-</u>	<u>-</u>	<u>(78,466)</u>	<u>-</u>	<u>(78,466)</u>
Comprehensive income (loss) for the period							
Net loss		-	-	-	(819)	-	(819)
Other comprehensive income (loss)		-	-	-	-	8,569	8,569
Total comprehensive income (loss) for the period		<u>-</u>	<u>-</u>	<u>-</u>	<u>(819)</u>	<u>8,569</u>	<u>7,750</u>
Balance at 30 June 2017		<u>142,666</u>	<u>146,069</u>	<u>14,266</u>	<u>1,056,938</u>	<u>12,504</u>	<u>1,372,443</u>

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

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

	Note	Issued and paid-up share capital	Share premium on ordinary shares	Retained earnings		Other components of equity	Total equity
				Legal reserve	Unappropriated	Net changes in fair value available-for-sale securities	
Six-month period ended 30 June 2018							
Balance at 1 January 2018		142,666	146,069	14,266	1,109,998	21,695	1,434,694
Transactions with shareholders, recorded directly in equity							
<i>Distributions to shareholders of the Company</i>							
Dividends to shareholders of the Company	12				(57,066)		(57,066)
<i>Total distributions to shareholders of the Company</i>		-	-	-	(57,066)	-	(57,066)
Comprehensive income (loss) for the period							
Net profit		-	-	-	3,966	-	3,966
Other comprehensive income (loss)		-	-	-	-	(28,191)	(28,191)
Total comprehensive income (loss) for the period		-	-	-	3,966	(28,191)	(24,225)
Balance at 30 June 2018		142,666	146,069	14,266	1,056,898	(6,496)	1,353,403

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

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

	Six-month period ended 30 June	
<i>Note</i>	2018	2017
	<i>(in thousand Baht)</i>	
<i>Cash flows from operating activities</i>		
Premium received	1,963,785	1,930,367
Cash paid to reinsurers	(71,142)	(175,202)
Interest received	18,091	24,327
Dividend received	2,903	2,846
Other investment income	544	6,754
Other income	2,491	5,987
Insurance claims expenses	(1,042,884)	(963,106)
Commissions and brokerage expenses	(250,677)	(305,177)
Other underwriting expenses	(284,750)	(183,627)
Operating expenses	(259,463)	(398,749)
Income tax paid	(14,406)	(32,396)
Investment in securities	(21,326)	(211,085)
Deposits at financial institutions	(6,000)	150,000
Net cash flows provided by (used in) operating activities	<u>37,166</u>	<u>(149,061)</u>
<i>Cash flows from investing activities</i>		
Cash flows provided by		
Proceeds from sale of premises and equipment	<u>25</u>	<u>1</u>
Cash flows provided by investing activities	<u>25</u>	<u>1</u>
Cash flows used in		
Purchase of premises and equipment	<u>(1,387)</u>	<u>(6,874)</u>
Cash used in investing activities	<u>(1,387)</u>	<u>(6,874)</u>
Net cash flows used in investing activities	<u>(1,362)</u>	<u>(6,873)</u>
<i>Cash flows from financing activities</i>		
Dividend paid	<u>(57,066)</u>	<u>(78,466)</u>
Net cash used in financing activities	<u>(57,066)</u>	<u>(78,466)</u>
Net decrease in cash and cash equivalents	(21,262)	(234,400)
Cash and cash equivalents at beginning of period	<u>179,912</u>	<u>364,560</u>
Cash and cash equivalents at ending of period	<u>3</u> <u>158,650</u>	<u>130,160</u>
Supplemental cash flows information		
Non-cash items		
Net change in fair value of available-for-sale securities	(35,239)	10,711

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 and six-month periods ended 30 June 2018 (Unaudited)

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MSIG Insurance (Thailand) Public Company Limited
Notes to the interim financial statements
For the three-month and six-month periods ended 30 June 2018 (Unaudited)

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 7 August 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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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

	30 June 2018	31 December 2017
	<i>(in thousand Baht)</i>	
Cash on hand	464	475
Deposits at banks - call deposits	97,223	119,450
Highly liquid short-term investments	60,963	59,987
Total	<u>158,650</u>	<u>179,912</u>

As at 30 June 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 and six-month periods ended 30 June 2018 (Unaudited)

4 Premiums due and uncollected

As at 30 June 2018 and 31 December 2017, the aging analyses for premiums due and uncollected were as follows:

	30 June 2018	31 December 2017
	<i>(in thousand Baht)</i>	
Within credit terms	513,249	534,884
Overdue:		
Not over than 30 days	62,329	59,347
31 - 60 days	36,559	22,293
61 - 90 days	7,378	7,468
91 days - 1 year	21,292	12,528
Over 1 year	3,410	-
Total	<u>644,217</u>	<u>636,520</u>
<i>Less allowance for doubtful accounts</i>	<u>(3,931)</u>	<u>(3,254)</u>
Net	<u>640,286</u>	<u>633,266</u>
	30 June 2018	30 June 2017
	<i>(in thousand Baht)</i>	
Doubtful accounts expense for the period ended	<u>677</u>	<u>(30)</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

	30 June 2018	31 December 2017
	<i>(in thousand Baht)</i>	
Due from reinsurers	94,734	57,703
Total	<u>94,734</u>	<u>57,703</u>

MSIG Insurance (Thailand) Public Company Limited

Notes to the interim financial statements

For the three-month and six-month periods ended 30 June 2018 (Unaudited)

6 Investments in securities

6.1 Type of investments in securities

	30 June 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	1,799,842	1,800,922	1,794,889	1,801,053
Private debt securities	472,953	475,727	479,212	484,759
Equity securities	167,804	158,108	146,044	163,621
Unit trusts	4,000	1,722	4,000	1,829
Total	2,444,599	2,436,479	2,424,145	2,451,262
<i>Add unrealised gains (losses) on fair value changes of available-for-sale securities</i>	<i>(8,120)</i>	<i>-</i>	<i>27,117</i>	<i>-</i>
Total available-for-sale securities	2,436,479	2,436,479	2,451,262	2,451,262
<i>Held-to-maturity securities</i>				
Deposits at banks with original maturities over 3 months	232,269	232,269	226,269	226,269
Total held-to-maturity securities	232,269	232,269	226,269	226,269
<i>General investments</i>				
Equity securities	2,237		1,367	
<i>Less allowance for impairment</i>	<i>(170)</i>		<i>(170)</i>	
Total general investments, net	2,067		1,197	
Total investments in securities	2,670,815		2,678,728	

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

	30 June 2018	31 December 2017
	<i>(in thousand Baht)</i>	
Net change in fair value of available-for-sale securities	(8,120)	27,119
<i>Less deferred tax liabilities</i>	<i>1,624</i>	<i>(5,424)</i>
Net	(6,496)	21,695

MSIG Insurance (Thailand) Public Company Limited
Notes to the interim financial statements
For the three-month and six-month periods ended 30 June 2018 (Unaudited)

7 Deferred tax assets

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

	30 June 2018	31 December 2017
	<i>(in thousand Baht)</i>	
Deferred tax assets	243,314	229,637
Deferred tax liabilities	<u>(3,326)</u>	<u>(10,527)</u>
Net	<u>239,988</u>	<u>219,110</u>

Movements in deferred tax assets and liabilities during the six-month periods ended 30 June 2018 and 2017 were as follows:

	At 1 January 2018	<i>(Charged) / credited to</i>		At 30 June 2018
		Profit or loss (note 10)	Other comprehensive income	
		<i>(in thousand Baht)</i>		
<i>Deferred tax assets</i>				
Allowance for doubtful accounts	1,057	135	-	1,192
Allowance for impairment loss on investment	34	-	-	34
Unearned premium reserve	64,984	4,186	-	69,170
Incurred but not reported loss reserves (IBNR)	6,973	2,585	-	9,558
Loss reserves	112,293	5,036	-	117,329
Employee benefit obligations	44,296	1,735	-	46,031
Total	<u>229,637</u>	<u>13,677</u>	<u>-</u>	<u>243,314</u>
<i>Deferred tax liabilities</i>				
Depreciation expense for buildings	5,055	(105)	-	4,950
Depreciation expense for financial lease	48	(48)	-	-
Net fair value changes in available-for-sale securities	5,424	-	(7,048)	(1,624)
Total	<u>10,527</u>	<u>(153)</u>	<u>(7,048)</u>	<u>3,326</u>
Net	<u>219,110</u>	<u>13,830</u>	<u>7,048</u>	<u>239,988</u>
	At 1 January 2017	<i>(Charged) / credited to</i>		At 30 June 2017
		Profit or loss (note 10)	Other comprehensive income	
		<i>(in thousand Baht)</i>		
<i>Deferred tax assets</i>				
Allowance for doubtful accounts	1,522	(7)	-	1,515
Allowance for impairment loss on investment	34	-	-	34
Unearned premium reserve	72,017	(2,516)	-	69,501
Incurred but not reported loss reserves (IBNR)	2,933	2,688	-	5,621
Loss reserves	121,366	9,835	-	131,201
Employee benefit obligations	31,977	1,755	-	33,732
Total	<u>229,849</u>	<u>11,755</u>	<u>-</u>	<u>241,604</u>
<i>Deferred tax liabilities</i>				
Depreciation expense for buildings	5,265	(105)	-	5,160
Depreciation expense for financial lease	307	(136)	-	171
Net fair value changes in available-for-sale securities	984	-	2,142	3,126
Total	<u>6,556</u>	<u>(241)</u>	<u>2,142</u>	<u>8,457</u>
Net	<u>223,293</u>	<u>11,996</u>	<u>(2,142)</u>	<u>233,147</u>

MSIG Insurance (Thailand) Public Company Limited
Notes to the interim financial statements
For the three-month and six-month periods ended 30 June 2018 (Unaudited)

8 Insurance contract liabilities

	30 June 2018			31 December 2017		
	Liabilities under insurance contracts	Reinsurers' share liabilities	Net	Liabilities under insurance contracts	Reinsurers' share liabilities	Net
	<i>(in thousand Baht)</i>					
Short-term technical reserves						
Loss reserves and outstanding claims						
- Case reserves	1,304,403	(530,773)	773,630	1,132,311	(350,445)	781,866
- Incurred but not reported	74,808	(27,020)	47,788	61,731	(26,865)	34,866
Total loss reserves and outstanding claims	1,379,211	(557,793)	821,418	1,194,042	(377,310)	816,732
Unearned premium reserves	1,818,987	(194,631)	1,624,356	1,748,631	(150,072)	1,598,559
Total	3,198,198	(752,424)	2,445,774	2,942,673	(527,382)	2,415,291

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	1,137,368	(354,071)	783,297	1,857,174	(192,557)	1,664,617
Insurance claim expenses paid during the period / year	(965,276)	173,743	(791,533)	(1,842,412)	179,126	(1,663,286)
Change in estimation and assumption	13,077	(155)	12,922	14,274	5,929	20,203
At 30 June 2018 / 31 December 2017	1,379,211	(557,793)	821,418	1,194,042	(377,310)	816,732

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	1,974,818	(343,683)	1,631,135	3,745,453	(561,358)	3,184,095
Earned premium in the period / year	(1,904,462)	299,124	(1,605,338)	(3,862,260)	563,889	(3,298,371)
At 30 June 2018 / 31 December 2017	1,818,987	(194,631)	1,624,356	1,748,631	(150,072)	1,598,559

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9 Reinsurance payables

	30 June 2018	31 December 2017
	<i>(in thousand Baht)</i>	
Amount withheld on reinsurance	87,457	74,667
Due to reinsurers	237,233	193,268
Total	<u>324,690</u>	<u>267,935</u>

10 Income tax (benefit)

Income tax recognised in profit or loss

	Note	Three-month periods ended 30 June		Six-month periods ended 30 June	
		2018	2017	2018	2017
		<i>(in thousand Baht)</i>			
<i>Current tax expense</i>					
Current period		(1,994)	5,159	12,243	9,466
<i>Deferred tax expense</i>					
Movements in temporary differences	7	<u>1,740</u>	<u>(2,663)</u>	<u>(13,830)</u>	<u>(11,996)</u>
Total		<u>(254)</u>	<u>2,496</u>	<u>(1,587)</u>	<u>(2,530)</u>

Reconciliation of effective tax rate

	Three-month periods ended 30 June				Six-month periods ended 30 June			
	2018		2017		2018		2017	
	Rate (%)	<i>(in thousand Baht)</i>	Rate (%)	<i>(in thousand Baht)</i>	Rate (%)	<i>(in thousand Baht)</i>	Rate (%)	<i>(in thousand Baht)</i>
Profit (loss) before income tax		<u>4,094</u>		<u>17,474</u>		<u>2,379</u>		<u>(3,349)</u>
Income tax using the Thai corporation tax rate	20.0	819	20.0	3,494	20.0	476	20.0	(670)
Income not subject to tax	(3.6)	(150)	(0.8)	(135)	(7.2)	(171)	4.3	(143)
Additional deductible expenses for tax purpose	(25.1)	(1,027)	(5.5)	(965)	(88.1)	(2,096)	58.6	(1,964)
Expenses not deductible for tax purposes	2.5	104	0.6	102	8.6	204	(7.4)	247
Total	<u>(6.2)</u>	<u>(254)</u>	<u>14.3</u>	<u>2,496</u>	<u>(66.7)</u>	<u>(1,587)</u>	<u>75.5</u>	<u>(2,530)</u>

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11 Basic earnings (loss) per share

The calculations of basic earnings (loss) per share for the three-month and six-month periods ended 30 June 2018 and 2017 were based on the profit (loss) for the periods attributable to ordinary shareholders of the Company and the number of ordinary shares outstanding during the periods as follows:

	Three-month periods ended 30 June		Six-month periods ended 30 June	
	2018	2017	2018	2017
	<i>(in thousand Baht / share)</i>			
Profit (loss) attributable to ordinary shareholders of the Company (basic)	4,348	14,978	3,966	(819)
Number of ordinary shares outstanding	1,426,662	1,426,662	1,426,662	1,426,662
Earnings (loss) per share (basic) (in Baht)	3.05	10.50	2.78	(0.57)

12 Dividends

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

At the annual general meeting of shareholders of the Company held on 19 April 2017, the shareholders approved the appropriation of dividends of Baht 55 per share, amounting to Baht 78.5 million. The dividend was paid to shareholders during 2017.

13 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:

Name of entities / Personnel	Country of incorporation/ Nationality	Nature of relationships
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	The subsidiary company of the Ultimate parent company
MSIG Service and Adjusting (Thailand) Co., Ltd.	Thailand	The subsidiary company of the Ultimate parent company

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Name of entities / Personnel	Country of incorporation/ Nationality	Nature of relationships
MSIG Insurance (Singapore) Pte. Ltd.	Singapore	The subsidiary company of the Ultimate parent company
MSIG Insurance Malaysia Bhd.	Malaysia	The subsidiary company of the Ultimate parent company
MSIG Insurance (Hong Kong) Ltd.	Hong Kong	The subsidiary company of the Ultimate parent company
Mitsui Sumitomo Insurance Co., Ltd. (Japan)	Japan	The subsidiary company of the Ultimate parent company
MS Amlin Underwriting Limited	United Kingdom	The subsidiary company of the Ultimate parent company
MS Amlin Asia Pacific Pte. Ltd.	Singapore	The subsidiary company of the Ultimate parent company
MS Frontier Reinsurance Limited, Kuala Lumpur Office	Malaysia	The subsidiary company of the Ultimate parent company
Amlin Bermuda Limited	Bermuda	The subsidiary company of the Ultimate parent company

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

Transactions	Pricing policies
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 and six-month periods ended 30 June 2018 and 2017 with key management and related parties were summarised as follows:

	Three-month periods ended 30 June		Six-month periods ended 30 June	
	2018	2017	2018	2017
<i>(in thousand Baht)</i>				
Revenue				
Other related parties				
Commission and brokerage income	5,191	6,014	12,868	13,270
Service income	-	-	-	258
Expenses				
Other related parties				
Premiums ceded	25,884	23,276	62,148	57,491
Marketing and management support services agreement fee	9,047	10,227	17,966	20,430

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For the three-month and six-month periods ended 30 June 2018 (Unaudited)

	Three-month periods ended 30 June		Six-month periods ended 30 June	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
Key management and director compensation				
Directors' remuneration	834	923	1,791	1,842
Short-term benefits	17,202	18,493	31,900	30,816
Post-employment benefit	1,726	2,061	3,949	3,750
Total	19,762	21,477	37,640	36,408
Dividends				
Major shareholders				
Dividend paid	49,317	67,811	49,317	67,811

Significant balances as at 30 June 2018 and 31 December 2017 with related parties were as follows:

	30 June 2018	31 December 2017
	<i>(in thousand Baht)</i>	
Reinsurance assets		
Insurance claims expenses recovered from reinsurers		
Other related parties		
Mitsui Sumitomo Insurance Co., Ltd. (Japan)	241,829	134,902
MS Amlin Underwriting Limited	8,933	4,878
Amlin Bermuda Limited	5,741	2,429
Total	256,503	142,209
Reinsurance payable		
Due to reinsurers		
Other related parties		
Mitsui Sumitomo Insurance Co., Ltd. (Japan)	102,501	90,676
MS Amlin Underwriting Limited	1,383	1,839
Amlin Bermuda Limited	1,375	1,663
Total	105,259	94,178
Other liabilities		
Payable to related parties		
Other related parties		
MSIG Holdings (Asia) Pte. Ltd.	3,059	(3,047)

14 Fair value of financial assets and liabilities

14.1 Financial assets measured at fair value

	Fair value			Total
	Level 1	Level 2	Level 3	
	<i>(in thousand Baht)</i>			
30 June 2018				
Financial assets				
Available-for-sale securities				
Government and state enterprise debt securities	-	1,800,922	-	1,800,922
Private debt securities	-	475,727	-	475,727
Equity securities	154,448	3,660	-	158,108
Unit trusts	-	1,722	-	1,722
Total	154,448	2,282,031	-	2,436,479

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	Fair value			Total
	Level 1	Level 2	Level 3	
		(in thousand Baht)		
31 December 2017				
Financial assets				
<i>Available-for-sale securities</i>				
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
Total	163,621	2,287,641	-	2,451,262

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).

The Company determines Level 1 fair values for market equity which are in SET 100 use last bid price from SET 100 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. And, fair values for market equity which are not in SET 100 use last bid price from SET at the reporting date.

The Company recognises transfers between levels of the fair value hierarchy as of the end of reporting period.

Transfer between Level 1 and 2

At 30 June 2018, available-for-sale equity securities with a carrying amount of Baht 3.3 million (31 December 2017: Baht 5.2 million) were transferred from Level 1 to Level 2 by reference the fair value from intermediate.

14.2 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 30 June 2018 and 31 December 2017.

15 Securities and assets pledged with the Registrar

15.1 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:

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	30 June 2018		31 December 2017	
	Book value	Face value	Book value	Face value
	<i>(in thousand Baht)</i>			
Government and Bank of Thailand bonds	13,980	14,000	-	-
Deposit at bank - time deposit	-	-	14,000	14,000
Total	13,980	14,000	14,000	14,000

15.2 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:

	30 June 2018		31 December 2017	
	Book value	Face value	Book value	Face value
	<i>(in thousand Baht)</i>			
Government and Bank of Thailand bonds	154,887	155,000	185,065	185,000
Deposit at bank - time deposit	230,434	230,434	210,434	210,434
Total	385,321	385,434	395,499	395,434

16 Restricted and collateral assets

	30 June 2018	31 December 2017
	<i>(in thousand Baht)</i>	
(a) Deposit at bank - call deposit To secure group personal accident insurance	<u>850</u>	<u>850</u>
(b) Deposit at bank - time deposit To secure bank guarantee - facilities issued by banks	<u>700</u>	<u>700</u>
(c) Investments in government bonds To pledged as bail bond in cases where insured drivers have charged with criminal offences	<u>100</u>	<u>-</u>

17 Commitments with non-related parties

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

	30 June 2018	31 December 2017
	<i>(in thousand Baht)</i>	
Operating lease commitments		
Within one year	13,093	13,659
After one year but within five years	11,066	10,925
Total	<u>24,159</u>	<u>24,584</u>

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(b) *Commitments under car rental agreements*

	30 June 2018	31 December 2017
	<i>(in thousand Baht)</i>	
<i>Operating lease commitments</i>		
Within one year	2,927	2,951
After one year but within five years	3,943	5,319
Total	<u>6,870</u>	<u>8,270</u>

18 Contingent liabilities

As at 30 June 2018, lawsuits have been brought against the Company, in relation to insurance claims in the normal course of business totaling approximately Baht 316 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.