

MSIG Insurance (Thailand) Public Company Limited

Interim financial statements
for the three-month and nine-month periods ended
30 September 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 September 2018; the statement of comprehensive income for the three-month and nine-month periods ended 30 September 2018; changes in equity and cash flows for the nine-month period ended 30 September 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
9 November 2018

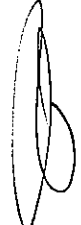
MSIG Insurance (Thailand) Public Company Limited

Statement of financial position

Assets	Note	30 September	31 December
		2018	2017
		(Unaudited)	
		(in thousand Baht)	
Cash and cash equivalents	3, 16	180,531	179,912
Premiums due and uncollected	4	642,859	633,266
Accrued investment income		10,058	10,018
Reinsurance assets	8, 13	644,571	527,382
Reinsurance receivables	5	96,683	57,703
Investments assets			
Investments in securities	6, 15, 16	2,709,554	2,678,728
Premises and equipment		274,199	296,375
Intangible assets		29,527	32,389
Deferred acquisition costs		491,898	478,698
Deferred tax assets	7	235,357	219,110
Other assets		65,427	80,996
Total assets		5,380,664	5,194,577


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

Mr. Arnop Phorndhiti


Mr. Rattapol Gitisakchaiyakul

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

MSIG Insurance (Thailand) Public Company Limited

Statement of financial position

		30 September	31 December
		2018	2017
		(Unaudited)	
		<i>(in thousand Baht)</i>	
Liabilities and equity	<i>Note</i>		
Liabilities			
Insurance contract liabilities	8	3,086,048	2,942,673
Reinsurance payables	9, 13	316,335	267,935
Income tax payable		5,133	5,269
Employee benefit obligations		232,279	221,479
Other liabilities	13	331,090	322,527
Total liabilities		3,970,885	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		1,102,616	1,109,998
Other components of shareholders' equity	6	4,162	21,695
Total equity		1,409,779	1,434,694
Total liabilities and equity		5,380,664	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)

		Three-month period ended 30 September	
	Note	2018	2017
		<i>(in thousand Baht)</i>	
Revenues			
Gross premiums written		973,368	924,929
Less premiums ceded	13	<u>(144,294)</u>	<u>(130,535)</u>
Net premiums written		829,074	794,394
Unearned premium reserve decreased (increased) from previous period		(1,597)	39,839
Less reinsurers' share of unearned premium reserve decreased from previous period		<u>(13,475)</u>	<u>(15,421)</u>
Net premium earned		814,002	818,812
Commission and brokerage income	13	36,328	32,481
Net investment income		10,141	11,824
Gain on investments		497	3,973
Other income	13	<u>1,128</u>	<u>2,473</u>
Total revenues		<u>862,096</u>	<u>869,563</u>
Expenses			
Insurance claim expenses		407,003	529,955
Less insurance claims expenses recovered from reinsurers		<u>(17,690)</u>	<u>(94,403)</u>
Net insurance claims expenses		389,313	435,552
Commissions and brokerage expenses		145,757	150,951
Other underwriting expenses		142,003	127,131
Operating expenses	13	<u>129,106</u>	<u>107,387</u>
Total expenses		<u>806,179</u>	<u>821,021</u>
Profit before income tax		55,917	48,542
Income tax	10	<u>10,199</u>	<u>8,757</u>
Net profit		<u>45,718</u>	<u>39,785</u>
Other comprehensive income			
<i>Components of other comprehensive income that will be reclassified subsequently to profit or loss</i>			
Net changes in fair value of available-for-sale securities		13,323	16,857
Income tax relating to components of other comprehensive income that will be reclassified subsequently to profit or loss		<u>(2,665)</u>	<u>(3,372)</u>
Other comprehensive income for the period, net of income tax		<u>10,658</u>	<u>13,485</u>
Total comprehensive income for the period		<u>56,376</u>	<u>53,270</u>
Basic earnings per share (in Baht)	11	<u>32.05</u>	<u>27.88</u>

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

MSIG Insurance (Thailand) Public Company Limited

Statement of comprehensive income (Unaudited)

	Note	Nine-month period ended	
		2018	2017
		(in thousand Baht)	
Revenues			
Gross premiums written		2,948,186	2,829,630
Less premiums ceded	13	<u>(487,977)</u>	<u>(416,276)</u>
Net premiums written		2,460,209	2,413,354
Unearned premium reserve decrease (increased) from previous period		(71,953)	65,738
Less reinsurers' share of unearned premium reserve increased from previous period		<u>31,084</u>	<u>1,960</u>
Net premium earned		2,419,340	2,481,052
Commission and brokerage income	13	103,459	83,579
Net investment income		31,019	35,289
Gain on investments		1,138	11,472
Other income	13	<u>3,600</u>	<u>8,413</u>
Total revenues		<u>2,558,556</u>	<u>2,619,805</u>
Expenses			
Insurance claim expenses		1,618,831	1,510,427
Less insurance claims expenses recovered from reinsurers		<u>(371,916)</u>	<u>(113,880)</u>
Net insurance claims expenses		1,246,915	1,396,547
Commission and brokerage expenses		428,077	452,969
Other underwriting expenses		408,894	372,674
Operating expenses	13	<u>416,374</u>	<u>352,422</u>
Total expenses		<u>2,500,260</u>	<u>2,574,612</u>
Profit before income tax		58,296	45,193
Income tax	10	<u>8,612</u>	<u>6,227</u>
Net profit		<u>49,684</u>	<u>38,966</u>
Other comprehensive income (loss)			
<i>Components of other comprehensive income (loss) that will be reclassified subsequently to profit or loss</i>			
Net changes in fair value of available-for-sale securities		(21,916)	27,568
Income tax relating to components of other comprehensive income (loss) that will be reclassified subsequently to profit or loss		<u>4,383</u>	<u>(5,514)</u>
Other comprehensive income (loss) for the period, net of income tax		<u>(17,533)</u>	<u>22,054</u>
Total comprehensive income for the period		<u>32,151</u>	<u>61,020</u>
Basic earnings per share (in Baht)	11	<u>34.83</u>	<u>27.31</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	
	Issued and paid-up share capital	Share premium on ordinary shares	Legal reserve	Unappropriated	Net changes in fair value of available-for-sale securities	Total equity
	<i>Note</i>			(in thousand Baht)		
Nine-month period ended 30 September 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, 13	-	-	(78,466)	-	(78,466)
<i>Total distributions to shareholders of the Company</i>		-	-	(78,466)	-	(78,466)
Comprehensive income for the period						
Net profit		-	-	38,966	-	38,966
Other comprehensive income		-	-	-	22,054	22,054
Total comprehensive income for the period		-	-	38,966	22,054	61,020
Balance at 30 September 2017	142,666	146,069	14,266	1,096,723	25,989	1,425,713

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	
	Issued and paid-up share capital	Share premium on ordinary shares	Legal reserve	Unappropriated	Net changes in fair value of available-for-sale securities	Total equity
<i>Note</i>						
	<i>(in thousand Baht)</i>					
Nine-month period ended 30 September 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, 13	-	-	(57,066)	-	(57,066)
<i>Total distributions to shareholders of the Company</i>		-	-	(57,066)	-	(57,066)
Comprehensive income for the period						
Net profit		-	-	49,684	-	49,684
Other comprehensive income (loss)		-	-	-	(17,533)	(17,533)
Total comprehensive income for the period		-	-	49,684	(17,533)	32,151
Balance at 30 September 2018	142,666	146,069	14,266	1,102,616	4,162	1,409,779

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

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

		Nine-month period ended	
		30 September	
	<i>Note</i>	2018	2017
		<i>(in thousand Baht)</i>	
<i>Cash flows from operating activities</i>			
Premium received		2,934,864	2,833,404
Cash paid to reinsurers		(80,314)	(226,023)
Interest received		26,781	34,332
Dividend received		4,371	4,087
Other investment income		965	10,280
Other income		3,611	8,459
Insurance claims expenses		(1,553,417)	(1,500,272)
Commission and brokerage expenses		(407,045)	(450,714)
Other underwriting expenses		(391,946)	(377,948)
Operating expenses		(404,209)	(371,577)
Income tax paid		(20,613)	(36,747)
Investment in securities		(46,229)	(218,238)
Deposits at financial institutions		(6,512)	149,526
Net cash flows provided by (used in) operating activities		<u>60,307</u>	<u>(141,431)</u>
<i>Cash flows from investing activities</i>			
Cash flows provided by			
Proceeds from sale of premises and equipment		36	32
Cash flows provided by investing activities		<u>36</u>	<u>32</u>
Cash flows used in			
Purchase of premises and equipment		(2,658)	(16,767)
Cash flows used in investing activities		<u>(2,658)</u>	<u>(16,767)</u>
Net cash flows used in investing activities		<u>(2,622)</u>	<u>(16,735)</u>
<i>Cash flows from financing activities</i>			
Dividend paid	12, 13	(57,066)	(78,466)
Net cash flows used in financing activities		<u>(57,066)</u>	<u>(78,466)</u>
Net increase (decrease) in cash and cash equivalents		619	(236,632)
Cash and cash equivalents at beginning of period		179,912	364,560
Cash and cash equivalents at ending of period	3	<u><u>180,531</u></u>	<u><u>127,928</u></u>

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 nine-month periods ended 30 September 2018 (Unaudited)

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MSIG Insurance (Thailand) Public Company Limited
Notes to the interim financial statements
For the three-month and nine-month periods ended 30 September 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 9 November 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 2020 and have not been early adopted in the preparation of these financial statements.

MSIG Insurance (Thailand) Public Company Limited

Notes to the interim financial statements

For the three-month and nine-month periods ended 30 September 2018 (Unaudited)

In addition to the above new and revised TFRSs, The FAP has issued a number of new and revised TFRSs which are effective for annual periods beginning on or after 1 January 2019 and 2020. The Company has not early adopted this standard in preparing these interim financial statements.

TFRS 15 Revenue from contracts with Customers

The standard is effective for annual periods beginning on or after 1 January 2019. 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*.

TFRS 9 Financial Instruments and relevant standards

TFRS 9 Financial Instruments and relevant TFRSs, effective for annual financial periods beginning on or after 1 January 2020. These standards result in significant changes to the overall accounting and financial reporting treatment of financial instruments. The standards issued include the following:

- TFRS 7 *Financial Instruments: Disclosures*
- TFRS 9 *Financial Instruments*
- TAS 32 *Financial Instruments: Presentation*
- TFRIC 16 *Hedges of a Net Investment in a Foreign Operation*
- TFRIC 19 *Extinguishing Financial Liabilities with Equity Instruments*

Management is presently considering the potential impact of adopting and initially applying TFRS 9 and TFRS 15 are 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.

MSIG Insurance (Thailand) Public Company Limited

Notes to the interim financial statements

For the three-month and nine-month periods ended 30 September 2018 (Unaudited)

3 Cash and cash equivalents

	30 September 2018	31 December 2017
	<i>(in thousand Baht)</i>	
Cash on hand	468	475
Deposits at banks - call deposits	122,066	119,450
Highly liquid short-term investments	57,997	59,987
Total	180,531	179,912

As at 30 September 2018 and 31 December 2017, the currency denomination of cash and cash equivalents was entirely in Thai Baht.

4 Premiums due and uncollected

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

	30 September 2018	31 December 2017
	<i>(in thousand Baht)</i>	
Within credit terms	490,132	534,884
Overdue:		
Not over than 30 days	73,462	59,347
31 - 60 days	53,672	22,293
61 - 90 days	6,936	7,468
91 days - 1 year	19,634	12,528
Over 1 year	2,650	-
Total	646,486	636,520
Less allowance for doubtful accounts	(3,627)	(3,254)
Net	642,859	633,266

	30 September 2018	30 September 2017
	<i>(in thousand Baht)</i>	
Doubtful accounts expense for the period ended	373	853

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 September 2018	31 December 2017
	<i>(in thousand Baht)</i>	
Due from reinsurers	96,683	57,703
Total	96,683	57,703

MSIG Insurance (Thailand) Public Company Limited

Notes to the interim financial statements

For the three-month and nine-month periods ended 30 September 2018 (Unaudited)

6 Investments in securities

6.1 Type of investments in securities

	30 September 2018		31 December 2017	
	Cost / Amortised cost	Fair value	Cost / Amortised cost	Fair value
<i>(in thousand Baht)</i>				
<i>Available-for-sale securities</i>				
Government and state enterprise debt securities	1,806,410	1,806,455	1,794,889	1,801,053
Private debt securities	491,457	490,858	479,212	484,759
Equity securities	167,638	175,713	146,044	163,621
Unit trusts	4,000	1,680	4,000	1,829
Total	2,469,505	2,474,706	2,424,145	2,451,262
<i>Add unrealised gains on fair value changes of available-for-sale securities</i>	<i>5,201</i>	<i>-</i>	<i>27,117</i>	<i>-</i>
Total available-for-sale securities	2,474,706	2,474,706	2,451,262	2,451,262
<i>Held-to-maturity securities</i>				
Deposits at banks with original maturities over 3 months	232,781	232,781	226,269	226,269
Total held-to-maturity securities	232,781	232,781	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	2,709,554		2,678,728	

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

	30 September 2018	31 December 2017
<i>(in thousand Baht)</i>		
Net changes in fair value of available-for-sale securities	5,203	27,119
<i>Less deferred tax liabilities</i>	<i>(1,041)</i>	<i>(5,424)</i>
Net	4,162	21,695

MSIG Insurance (Thailand) Public Company Limited

Notes to the interim financial statements

For the three-month and nine-month periods ended 30 September 2018 (Unaudited)

7 Deferred tax assets

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

	30 September 2018	31 December 2017
	<i>(in thousand Baht)</i>	
Deferred tax assets	241,295	229,637
Deferred tax liabilities	<u>(5,938)</u>	<u>(10,527)</u>
Net	<u>235,357</u>	<u>219,110</u>

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

	At 1 January 2018	<i>(Charged) / credited to</i>		At 30 September 2018
		Profit or loss (note 10)	Other comprehensive income	
		<i>(in thousand Baht)</i>		
Deferred tax assets				
Allowance for doubtful accounts	1,057	93	-	1,150
Allowance for impairment loss on investment	34	-	-	34
Unearned premium reserve	64,984	4,426	-	69,410
Incurred but not reported loss reserves (IBNR)	6,973	3,056	-	10,029
Loss reserves	112,293	1,923	-	114,216
Employee benefit obligations	44,296	2,160	-	46,456
Total	<u>229,637</u>	<u>11,658</u>	<u>-</u>	<u>241,295</u>
Deferred tax liabilities				
Depreciation expense for buildings	5,055	(158)	-	4,897
Depreciation expense for financial lease	48	(48)	-	-
Net fair value changes in available-for-sale securities	5,424	-	(4,383)	1,041
Total	<u>10,527</u>	<u>(206)</u>	<u>(4,383)</u>	<u>5,938</u>
Net	<u>219,110</u>	<u>11,864</u>	<u>4,383</u>	<u>235,357</u>
Deferred tax assets				
Allowance for doubtful accounts	1,522	(193)	-	1,329
Allowance for impairment loss on investment	34	-	-	34
Unearned premium reserve	72,017	(4,383)	-	67,634
Incurred but not reported loss reserves (IBNR)	2,933	3,729	-	6,662
Loss reserves	121,366	6,678	-	128,044
Employee benefit obligations	31,977	1,667	-	33,644
Total	<u>229,849</u>	<u>7,498</u>	<u>-</u>	<u>237,347</u>
Deferred tax liabilities				
Depreciation expense for buildings	5,265	(158)	-	5,107
Depreciation expense for financial lease	307	(204)	-	103
Net fair value changes in available-for-sale securities	984	-	5,514	6,498
Total	<u>6,556</u>	<u>(362)</u>	<u>5,514</u>	<u>11,708</u>
Net	<u>223,293</u>	<u>7,860</u>	<u>(5,514)</u>	<u>225,639</u>

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

8 Insurance contract liabilities

	30 September 2018			31 December 2017		
	Liabilities under insurance contracts	Reinsurers' share liabilities	Net <i>(in thousand Baht)</i>	Liabilities under insurance contracts	Reinsurers' share liabilities	Net
Short-term technical reserves						
Loss reserves and outstanding claims						
- Case reserves	1,187,440	(435,538)	751,902	1,132,311	(350,445)	781,866
- Incurred but not reported	78,024	(27,877)	50,147	61,731	(26,865)	34,866
Total loss reserves and outstanding claims	1,265,464	(463,415)	802,049	1,194,042	(377,310)	816,732
Unearned premium reserves	1,820,584	(181,156)	1,639,428	1,748,631	(150,072)	1,598,559
Total	3,086,048	(644,571)	2,441,477	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	1,507,931	(370,904)	1,137,027	1,857,174	(192,557)	1,664,617
Insurance claim expenses paid during the period / year	(1,452,802)	285,811	(1,166,991)	(1,842,412)	179,126	(1,663,286)
Change in estimation and assumption	16,293	(1,012)	15,281	14,274	5,929	20,203
At 30 September 2018 / 31 December 2017	1,265,464	(463,415)	802,049	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	2,948,186	(487,977)	2,460,209	3,745,453	(561,358)	3,184,095
Earned premium in the period / year	(2,876,233)	456,893	(2,419,340)	(3,862,260)	563,889	(3,298,371)
At 30 September 2018 / 31 December 2017	1,820,584	(181,156)	1,639,428	1,748,631	(150,072)	1,598,559

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9 Reinsurance payables

	30 September 2018	31 December 2017
	<i>(in thousand Baht)</i>	
Amount withheld on reinsurance	92,679	74,667
Due to reinsurers	223,656	193,268
Total	<u>316,335</u>	<u>267,935</u>

10 Income tax

Income tax recognised in profit or loss

	Note	Three-month period ended 30 September		Nine-month period ended 30 September	
		2018	2017	2018	2017
		<i>(in thousand Baht)</i>			
<i>Current tax expense</i>					
Current period		8,233	4,621	20,476	14,087
<i>Deferred tax expense</i>					
Movements in temporary differences	7	<u>1,966</u>	<u>4,136</u>	<u>(11,864)</u>	<u>(7,860)</u>
Total		<u>10,199</u>	<u>8,757</u>	<u>8,612</u>	<u>6,227</u>

Reconciliation of effective tax rate

	Three-month period ended 30 September				Nine-month period ended 30 September			
	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 before income tax		<u>55,917</u>		<u>48,542</u>		<u>58,296</u>		<u>45,193</u>
Income tax using the Thai corporation tax rate	20.0	11,183	20.0	9,709	20.0	11,659	20.0	9,039
Income not subject to tax	(0.1)	(47)	(0.3)	(123)	(0.4)	(218)	(0.6)	(266)
Addition deductible expense for tax purpose	(1.9)	(1,049)	(2.0)	(981)	(5.4)	(3,145)	(6.5)	(2,945)
Expenses not deductible for tax purposes	0.2	112	0.3	152	0.6	316	0.9	399
Total	<u>18.2</u>	<u>10,199</u>	<u>18.0</u>	<u>8,757</u>	<u>14.8</u>	<u>8,612</u>	<u>13.8</u>	<u>6,227</u>

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For the three-month and nine-month periods ended 30 September 2018 (Unaudited)

11 Basic earnings per share

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

	Three-month period ended 30 September		Nine-month period ended 30 September	
	2018	2017	2018	2017
	<i>(in thousand Baht / share)</i>			
Profit attributable to ordinary shareholders of the Company (basic)	45,718	39,785	49,684	38,966
Number of ordinary shares outstanding	1,426,662	1,426,662	1,426,662	1,426,662
Basic earnings per share (in Baht)	32.05	27.88	34.83	27.31

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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For the three-month and nine-month periods ended 30 September 2018 (Unaudited)

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 nine-month periods ended 30 September 2018 and 2017 with key management and related parties were summarised as follows:

	Three-month period ended 30 September		Nine-month period ended 30 September	
	2018	2017	2018	2017
<i>Revenue</i>				
Other related parties				
Commission and brokerage income	3,835	5,294	16,703	18,564
Service income	-	-	-	258
<i>Expenses</i>				
Other related parties				
Premiums ceded	18,383	29,491	80,531	86,982
Marketing and management support services agreement fee	9,018	10,877	26,984	31,307

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For the three-month and nine-month periods ended 30 September 2018 (Unaudited)

	Three-month period ended 30 September		Nine-month period ended 30 September	
	2018	2017	2018	2017
<i>(in thousand Baht)</i>				
Key management and director compensation				
Directors' remuneration	821	781	2,612	2,623
Short-term benefits	11,872	11,221	43,772	42,037
Post-employment benefit	2,035	2,100	5,984	5,850
Total	14,728	14,102	52,368	50,510
Dividends				
Major shareholders				
Dividend paid	-	-	49,317	67,811

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

	30 September 2018	31 December 2017
<i>(in thousand Baht)</i>		
Reinsurance assets		
Insurance claims recovered from reinsurers		
Other related parties		
Mitsui Sumitomo Insurance Co., Ltd. (Japan)	181,573	134,902
MS Amlin Underwriting Limited	8,662	4,878
Amlin Bermuda Limited	4,162	2,429
Total	194,397	142,209
Reinsurance payable		
Due to reinsurers		
Other related parties		
Mitsui Sumitomo Insurance Co., Ltd. (Japan)	93,079	90,676
MS Amlin Underwriting Limited	3,048	1,839
Amlin Bermuda Limited	1,408	1,663
Total	97,535	94,178
Other liabilities		
Payable to related parties		
Other related parties		
MSIG Holdings (Asia) Pte. Ltd.	2,961	(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 September 2018				
Financial assets				
Available-for-sale securities				
Government and state enterprise debt securities	-	1,806,455	-	1,806,455
Private debt securities	-	490,858	-	490,858
Equity securities	172,547	3,166	-	175,713
Unit trusts	-	1,680	-	1,680
Total	172,547	2,302,159	-	2,474,706

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For the three-month and nine-month periods ended 30 September 2018 (Unaudited)

	Fair value			Total
	Level 1	Level 2	Level 3	
		<i>(in thousand Baht)</i>		
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 September 2018, available-for-sale equity securities with a carrying amount of Baht 3.2 million (31 December 2017: Baht 5.1 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 September 2018 and 31 December 2017.

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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:

	30 September 2018		31 December 2017	
	Book value	Face value	Book value	Face value
	<i>(in thousand Baht)</i>			
Government and Bank of Thailand bonds	14,922	15,000	-	-
Deposit at bank - time deposit	-	-	14,000	14,000
Total	14,922	15,000	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 September 2018		31 December 2017	
	Book value	Face value	Book value	Face value
	<i>(in thousand Baht)</i>			
Government and Bank of Thailand bonds	178,455	179,000	185,065	185,000
Deposit at bank - time deposit	230,946	230,946	210,434	210,434
Total	409,401	409,946	395,499	395,434

16 Restricted and collateral assets

	30 September 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>

17 Commitments with non-related parties

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

	30 September 2018	31 December 2017
	<i>(in thousand Baht)</i>	
Operating lease commitments		
Within one year	13,589	13,659
After one year but within five years	<u>7,696</u>	<u>10,925</u>
Total	<u>21,285</u>	<u>24,584</u>

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For the three-month and nine-month periods ended 30 September 2018 (Unaudited)

(b) *Commitments under car rental agreements*

	30 September 2018	31 December 2017
	<i>(in thousand Baht)</i>	
<i>Operating lease commitments</i>		
Within one year	2,753	2,951
After one year but within five years	3,379	5,319
Total	6,132	8,270

18 Contingent liabilities

As at 30 September 2018, lawsuits have been brought against the Company, in relation to insurance claims in the normal course of business totaling approximately Baht 326 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.