

MSIG Insurance (Thailand) Public Company Limited

Interim financial statements
for the three-month period ended
31 March 2019

and

Independent auditor's report
on review of interim financial information



KPMG Phoomchai Audit Ltd.
50th Floor, Empire Tower
1 South Sathorn Road, Yannawa
Sathorn, Bangkok 10120, Thailand
Tel +66 2677 2000
Fax +66 2677 2222
Website kpmg.com/th

บริษัท เคพีเอ็มจี ภูเก็ต สอบบัญชี จำกัด
ชั้น 50 เอ็มไพร์ทาวเวอร์
1 ถนนสาทรใต้ แขวงยานนาวา
เขตสาทร กรุงเทพฯ 10120
โทร +66 2677 2000
แฟกซ์ +66 2677 2222
เว็บไซต์ kpmg.com/th

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 2019; the statement of comprehensive income, changes in equity and cash flows for the three-month period ended 31 March 2019, 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
14 May 2019

MSIG Insurance (Thailand) Public Company Limited

Statement of financial position

Assets	Note	31 March 2019 (Unaudited)	31 December 2018
		(in thousand Baht)	
Cash and cash equivalents	3, 15	329,983	311,329
Premiums due and uncollected	4	700,627	696,002
Accrued investment income		12,374	10,241
Reinsurance assets	8, 12	732,974	632,466
Reinsurance receivables	5	85,753	59,889
Investments assets			
Investments in securities	6, 14, 15	2,702,519	2,711,215
Premises and equipment		277,423	283,510
Intangible assets		29,015	29,790
Deferred acquisition costs		545,699	526,868
Deferred tax assets	7	256,301	241,643
Other assets	12	306,927	67,085
Total assets		5,979,595	5,570,038



MSIG

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

(นางอรรณพ พรชิต)
กรรมการผู้มีอำนาจ

(นายรัฐพล นิตยกุลไชยกุล)
กรรมการผู้มีอำนาจ

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

MSIG Insurance (Thailand) Public Company Limited

Statement of financial position

		31 March 2019 (Unaudited)	31 December 2018
Liabilities and equity	<i>Note</i>		
		<i>(in thousand Baht)</i>	
<i>Liabilities</i>			
Insurance contract liabilities	8	3,291,803	3,118,376
Reinsurance payables	9, 12	340,278	325,165
Income tax payable		33,083	24,292
Employee benefit obligations		241,421	237,086
Other liabilities	12	612,972	404,515
Total liabilities		4,519,557	4,109,434
<i>Equity</i>			
Share capital			
Authorized share capital		142,666	142,666
Issued and paid-up 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		1,153,337	1,167,098
Other components of shareholders' equity	6	3,700	(9,495)
Total equity		1,460,038	1,460,604
Total liabilities and equity		5,979,595	5,570,038

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	2019	2018
		(in thousand Baht)	
Revenues			
Gross premiums written		1,038,960	1,056,427
Less premiums ceded	12	(178,279)	(199,183)
Net premiums written		860,681	857,244
Unearned premium reserve increased from previous period		(90,524)	(123,790)
Less reinsurers' share of unearned premium reserve increased from previous period		36,002	52,073
Net premium earned		806,159	785,527
Commission and brokerage income	12	33,409	30,911
Net investment income		11,341	9,676
Gain (loss) on investments		(7,965)	1,536
Other income		1,466	2,303
Total revenues		844,410	829,953
Expenses			
Insurance claim expenses		544,626	474,556
Less insurance claims expenses recovered from reinsurers		(84,412)	(26,622)
Net insurance claims expenses		460,214	447,934
Commission and brokerage expenses		125,532	130,366
Other underwriting expenses		146,067	131,565
Operating expenses	12	130,739	121,803
Total expenses		862,552	831,668
Loss before income tax		(18,142)	(1,715)
Income tax benefit	10	(4,381)	(1,333)
Net loss		(13,761)	(382)
Other comprehensive income (loss)			
Components of other comprehensive income (loss) that will be reclassified subsequently to profit or loss			
Net changes in fair value of available-for-sale securities		16,494	(5,123)
Income tax relating to components of other comprehensive income (loss) that will be reclassified subsequently to profit or loss		(3,299)	1,025
Other comprehensive income (loss) for the period, net of income tax		13,195	(4,098)
Total comprehensive income (loss) for the period		(566)	(4,480)
Basic loss per share (in Baht)	11	(9.65)	(0.27)

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 changes in fair value of available-for-sale securities	
			<i>(in thousand Baht)</i>			
Three-month period ended 31 March 2018						
Balance at 1 January 2018	142,666	146,069	14,266	1,109,998	21,695	1,434,694
Comprehensive income (loss) for the period						
Net loss	-	-	-	(382)	-	(382)
Other comprehensive income (loss)	-	-	-	-	(4,098)	(4,098)
Total comprehensive income (loss) for the period	-	-	-	(382)	(4,098)	(4,480)
Balance at 31 March 2018	142,666	146,069	14,266	1,109,616	17,597	1,430,214

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>(in thousand Baht)</i>			
Three-month period ended 31 March 2019						
Balance at 1 January 2019	142,666	146,069	14,266	1,167,098	(9,495)	1,460,604
Comprehensive income (loss) for the period						
Net loss	-	-	-	(13,761)	-	(13,761)
Other comprehensive income (loss)	-	-	-	-	13,195	13,195
Total comprehensive income (loss) for the period	-	-	-	(13,761)	13,195	(566)
Balance at 31 March 2019	142,666	146,069	14,266	1,153,337	3,700	1,460,038

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>	2019	2018
	<i>(in thousand Baht)</i>	
<i>Cash flows from operating activities</i>		
Premium received	1,031,533	973,305
Cash received from (paid to) reinsurers	(124,522)	49,632
Interest received	3,874	7,470
Dividend received	467	1,080
Other income	1,486	2,306
Insurance claims expenses	(381,939)	(622,420)
Commission and brokerage expenses	(156,551)	(141,035)
Other underwriting expenses	(21,004)	(138,784)
Operating expenses	(349,601)	(89,237)
Income tax paid	(4,787)	(4,609)
Investment in securities	(27,907)	(12,926)
Deposits at financial institutions	50,000	(6,000)
Net cash flows provided by operating activities	21,049	18,782
<i>Cash flows from investing activities</i>		
Cash flows provided by		
Proceeds from sale of equipment	4	11
Cash flows provided by investing activities	4	11
Cash flows used in		
Purchase of building improvement and equipment	(2,399)	(314)
Cash flows used in investing activities	(2,399)	(314)
Net cash flows used in investing activities	(2,395)	(303)
Net increase in cash and cash equivalents	18,654	18,479
Cash and cash equivalents at beginning of period	311,329	179,912
Cash and cash equivalents at ending of period	329,983	198,391

3

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 2019 (Unaudited)

Note	Contents
1	General information
2	Basis of preparation of the interim financial statements
3	Cash and cash equivalents
4	Premiums due and uncollected
5	Reinsurance receivables
6	Investments in securities
7	Deferred tax assets
8	Insurance contract liabilities
9	Reinsurance payable
10	Income tax benefit
11	Basic loss per share
12	Related parties
13	Fair value of financial assets and liabilities
14	Securities and assets pledged with the Registrar
15	Restricted and collateral assets
16	Commitments with non-related parties
17	Contingent liabilities
18	Event after the reporting period
19	Thai Financial Reporting Standards (TFRS) not yet adopted

MSIG Insurance (Thailand) Public Company Limited
Notes to the interim financial statements
For the three-month period ended 31 March 2019 (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 14 May 2019.

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 2018) *Interim Financial Reporting*, guidelines promulgated by the Federation of Accounting Professions. 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 2018. 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 2018.

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 2018 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 2019. The primary change is that the Company has initially adopted TFRS 15 *Revenue from Contracts with Customers* ("TFRS 15"), which replaced TAS 18 *Revenue* ("TAS 18"), and related interpretations, and TFRS 4 (revised 2018).

MSIG Insurance (Thailand) Public Company Limited
Notes to the interim financial statements
For the three-month period ended 31 March 2019 (Unaudited)

TFRS 15 Revenue from Contracts with Customers

Under TFRS 15, the Company recognises revenue when a customer obtains control of the goods or services in an amount that reflects the consideration to which the Company expects to be entitled to. In addition, judgement is required in determining the timing of the transfer of control for revenue recognition - at a point in time or over time. Whereas, under TAS 18, the Company recognises revenue from sale of goods when the significant risks and rewards of ownership of the goods have been transferred to the buyer, and recognises revenue from rendering of services by reference to the stage of completion of the transaction at the end of the reporting period. No revenue is recognised if there is continuing management involvement with the goods or there are significant uncertainties regarding recovery of the consideration due. Such changes in accounting policies have no material impacts on the financial statements.

TFRS 4 (revised 2018) Insurance Contracts

Since the adoption of TFRS 9 and other relevant Financial instruments standards will become effective on or after 1 January 2020 while TFRS 17 Insurance Contracts is currently not yet effective and expected to become effective on or after 1 January 2022, may cause accounting mismatch concerns.

TFRS 4 (revised 2018), therefore, permits the insurers that meet the specified criteria of TFRS 4 to choose to temporarily apply TFAC Accounting Guidelines: Financial Instruments and Disclosure for Insurance Business instead of adopting TFRS 9 and other relevant Financial Instruments standards until TFRS 17 becomes effective in Thailand.

For a number of new and revised TFRS which are not yet effective for current period, the Company has not early adopted these standards in preparing these interim financial statements before the effective date. Those new and revised TFRS that are relevant to the Company's operations are disclosed in note 19.

(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 2018.

MSIG Insurance (Thailand) Public Company Limited
Notes to the interim financial statements
For the three-month period ended 31 March 2019 (Unaudited)

3 Cash and cash equivalents

	31 March 2019	31 December 2018
	<i>(in thousand Baht)</i>	
Cash on hand	474	472
Deposits at banks - call deposits	97,652	106,037
Highly liquid short-term investments	231,857	204,820
Total	329,983	311,329

4 Premiums due and uncollected

As at 31 March 2019 and 31 December 2018, the aging analyses for premiums due and uncollected were as follows:

	31 March 2019	31 December 2018
	<i>(in thousand Baht)</i>	
Within credit terms	548,558	584,837
Overdue:		
Not over than 30 days	67,388	47,982
31 - 60 days	64,529	42,181
61 - 90 days	15,971	9,039
91 days - 1 year	5,467	12,760
Over 1 year	1,453	1,396
Total	703,366	698,195
<i>Less allowance for doubtful accounts</i>	<i>(2,739)</i>	<i>(2,193)</i>
Net	700,627	696,002

	31 March 2019	31 March 2018
	<i>(in thousand Baht)</i>	
Doubtful accounts expense for the period ended	546	352

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 pursues legal proceedings against such agents and brokers.

5 Reinsurance receivables

	31 March 2019	31 December 2018
	<i>(in thousand Baht)</i>	
Due from reinsurers	85,753	59,889
Total	85,753	59,889

MSIG Insurance (Thailand) Public Company Limited

Notes to the interim financial statements

For the three-month period ended 31 March 2019 (Unaudited)

6 Investments in securities

6.1 Investments in securities types

	31 March 2019		31 December 2018	
	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	1,836,424	1,840,413	1,936,116	1,939,861
Private debt securities	587,581	589,877	474,995	475,553
Equity securities	175,031	175,789	163,119	149,406
Unit trust	4,000	1,580	4,000	1,535
Total	<u>2,603,036</u>	<u>2,607,659</u>	<u>2,578,230</u>	<u>2,566,355</u>
Add unrealised gains (losses) on fair value changes of available-for-sale securities	4,623	-	(11,875)	-
Total available-for-sale securities	<u>2,607,659</u>	<u>2,607,659</u>	<u>2,566,355</u>	<u>2,566,355</u>
<i>Held-to-maturity securities</i>				
Deposits at banks with original maturities over 3 months	<u>92,793</u>	<u>92,793</u>	<u>142,793</u>	<u>142,793</u>
Total held-to-maturity securities	<u>92,793</u>	<u>92,793</u>	<u>142,793</u>	<u>142,793</u>
<i>General investments</i>				
Equity securities	2,237		2,237	
Less allowance for impairment	<u>(170)</u>		<u>(170)</u>	
Total general investments, net	<u>2,067</u>		<u>2,067</u>	
Total investments in securities	<u>2,702,519</u>		<u>2,711,215</u>	

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

	31 March 2019	31 December 2018
	<i>(in thousand Baht)</i>	
Net changes in fair value of available-for-sale securities	4,625	(11,869)
Add (Less) deferred tax assets (liabilities)	<u>(925)</u>	<u>2,374</u>
Net	<u>3,700</u>	<u>(9,495)</u>

MSIG Insurance (Thailand) Public Company Limited

Notes to the interim financial statements

For the three-month period ended 31 March 2019 (Unaudited)

7 Deferred tax assets

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

	31 March 2019	31 December 2018
	<i>(in thousand Baht)</i>	
Deferred tax assets	262,018	244,113
Deferred tax liabilities	(5,717)	(2,470)
Net	256,301	241,643

Movements in deferred tax assets and liabilities during the periods ended 31 March 2019 and 2018 were as follows:

	At 1 January 2019	(Charged) / credited to		At 31 March 2019
		Profit or loss (note 10)	Other comprehensive income	
		<i>(in thousand Baht)</i>		
Deferred tax assets				
Allowance for doubtful accounts	900	108	-	1,008
Allowance for impairment loss on investment	34	-	-	34
Unearned premium reserve	70,391	10,629	-	81,020
Incurred but not reported loss reserves (IBNR)	16,258	(1,235)	-	15,023
Loss reserves	109,113	7,536	-	116,649
Employee benefit obligations	47,417	867	-	48,284
Total	244,113	17,905	-	262,018
Deferred tax liabilities				
Depreciation expense for buildings	4,844	(52)	-	4,792
Depreciation expense for financial lease	-	-	-	-
Net changes in fair value of available-for-sale securities	(2,374)	-	3,299	925
Total	2,470	(52)	3,299	5,717
Net	241,643	17,957	(3,299)	256,301

MSIG Insurance (Thailand) Public Company Limited
Notes to the interim financial statements
For the three-month period ended 31 March 2019 (Unaudited)

	At 1 January 2018	(Charged) / credited to Profit or loss (note 10) Other comprehensive income (in thousand Baht)		At 31 March 2018
<i>Deferred tax assets</i>				
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
Total	229,637	15,488	-	245,125
<i>Deferred tax liabilities</i>				
Depreciation expense for buildings	5,055	(53)	-	5,002
Depreciation expense for financial lease	48	(29)	-	19
Net changes in fair value of available- for-sale securities	5,424	-	(1,025)	4,399
Total	10,527	(82)	(1,025)	9,420
Net	219,110	15,570	1,025	235,705

MSIG Insurance (Thailand) Public Company Limited
Notes to the interim financial statements
For the three-month period ended 31 March 2019 (Unaudited)

8 Insurance contract liabilities

	31 March 2019			31 December 2018		
	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	1,230,873	(494,346)	736,527	1,149,987	(438,031)	711,956
- Incurred but not reported	113,346	(38,229)	75,117	111,329	(30,038)	81,291
Total loss reserves and outstanding claims	1,344,219	(532,575)	811,644	1,261,316	(468,069)	793,247
Unearned premium reserves	1,947,584	(200,399)	1,747,185	1,857,060	(164,397)	1,692,663
Total	3,291,803	(732,974)	2,558,829	3,118,376	(632,466)	2,485,910
8.1 Loss reserves and outstanding claims						
At 1 January	1,261,316	(468,069)	793,247	1,194,042	(377,310)	816,732
Insurance claim expenses incurred during the period/year	512,761	(76,221)	436,540	1,837,469	(371,123)	1,466,346
Insurance claim expenses paid during the period/year	(431,875)	19,906	(411,969)	(1,819,793)	283,537	(1,536,256)
Change in estimation and assumption	2,017	(8,191)	(6,174)	49,598	(3,173)	46,425
At 31 March 2019 / 31 December 2018	1,344,219	(532,575)	811,644	1,261,316	(468,069)	793,247
8.2 Unearned premium reserves						
At 1 January	1,857,060	(164,397)	1,692,663	1,748,631	(150,072)	1,598,559
Premium written during the period/year	1,038,960	(178,279)	860,681	3,974,436	(622,663)	3,351,773
Earned premium in the period/year	(948,436)	142,277	(806,159)	(3,866,007)	608,338	(3,257,669)
At 31 March 2019 / 31 December 2018	1,947,584	(200,399)	1,747,185	1,857,060	(164,397)	1,692,663

MSIG Insurance (Thailand) Public Company Limited
Notes to the interim financial statements
For the three-month period ended 31 March 2019 (Unaudited)

9 Reinsurance payables

	31 March 2019	31 December 2018
	<i>(in thousand Baht)</i>	
Amount withheld on reinsurance	55,107	100,725
Due to reinsurers	285,171	224,440
Total	340,278	325,165

10 Income tax benefit

<i>For the three-month period ended 31 March</i>	<i>Note</i>	<i>2019</i>	<i>2018</i>
		<i>(in thousand Baht)</i>	
<i>Income tax recognised in profit or loss</i>			
<i>Current tax expense</i>			
Current period		13,576	14,237
<i>Deferred tax expense</i>			
Movements in temporary differences	7	(17,957)	(15,570)
Total		(4,381)	(1,333)
<i>Income tax recognised in other comprehensive income</i>			
<i>Deferred tax expense</i>			
Net changes in fair value of available-for-sale securities	7	(3,299)	1,025
Total		(3,299)	1,025

Reconciliation of effective tax rate

<i>For the three-month period ended 31 March</i>	<i>2019</i>	<i>2018</i>
	<i>(in</i>	<i>(in</i>
	<i>thousand</i>	<i>thousand</i>
	<i>Baht)</i>	<i>Baht)</i>
Loss before income tax	(18,142)	(1,715)
Income tax using the Thai corporation tax rate	20.0 (3,628)	20.0 (343)
Income not subject to tax	0.3 (62)	1.2 (21)
Additional deductible expenses for tax purpose	4.3 (788)	62.3 (1,069)
Expenses not deductible for tax purposes	(0.5) 97	(5.8) 100
Total	24.1 (4,381)	77.7 (1,333)

MSIG Insurance (Thailand) Public Company Limited

Notes to the interim financial statements

For the three-month period ended 31 March 2019 (Unaudited)

11 Basic loss per share

The calculations of basic loss per share for the three-month period ended 31 March 2019 and 2018 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 period ended 31 March</i>	2019 <i>(in thousand Baht/share)</i>	2018
Loss attributable to ordinary shareholders of the Company (basic)	<u>(13,761)</u>	<u>(382)</u>
Number of ordinary shares outstanding	<u>1,426,662</u>	<u>1,426,662</u>
Basic loss per share <i>(in Baht)</i>	<u>(9.65)</u>	<u>(0.27)</u>

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:

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
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

MSIG Insurance (Thailand) Public Company Limited
Notes to the interim financial statements
For the three-month period ended 31 March 2019 (Unaudited)

Name of entities / Personnel	Country of incorporation/ Nationality	Nature of relationships
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
MSIG Insurance (Vietnam) Co., Ltd.	Vietnam	The subsidiary company of the Ultimate parent company
MS First Capital Insurance Limited	Singapore	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 period ended 31 March 2019 and 2018 with key management and related parties were summarised as follows:

<i>For the three-month period ended 31 March</i>	2019	2018
	<i>(in thousand Baht)</i>	
<i>Revenue</i>		
Other related parties		
Commission and brokerage income	7,680	7,677
<i>Expenses</i>		
Other related parties		
Premiums ceded	34,889	36,264
Marketing and management support services agreement fee	9,936	8,919
<i>Key management and director compensation</i>		
Directors' remuneration	951	957
Short-term benefits	16,846	14,698
Post-employment benefit	1,693	2,223
Total	19,490	17,878

MSIG Insurance (Thailand) Public Company Limited

Notes to the interim financial statements

For the three-month period ended 31 March 2019 (Unaudited)

Significant balances as at 31 March 2019 and 31 December 2018 with related parties were as follows:

	31 March 2019	31 December 2018
	<i>(in thousand Baht)</i>	
Reinsurance assets		
Insurance claims expenses recovered from reinsurers		
Other related parties		
Mitsui Sumitomo Insurance Co., Ltd. (Japan)	174,974	181,213
MS Amlin Underwriting Limited	9,890	8,515
Amlin Bermuda Limited	3,225	4,213
Total	188,089	193,941
Other assets		
Other receivables		
Other related parties		
MSIG Insurance (Vietnam) Co., Ltd.	-	5,250
Reinsurance payable		
Due to reinsurers		
Other related parties		
Mitsui Sumitomo Insurance Co., Ltd. (Japan)	81,445	107,152
MS Amlin Underwriting Limited	7,555	2,602
Amlin Bermuda Limited	1,290	2,016
Other	510	-
Total	90,800	111,770
Other liabilities		
Payables to related parties		
Other related parties		
MSIG Holdings (Asia) Pte. Ltd.	2,344	2,996

13 Fair value of financial assets and liabilities

13.1 Financial assets measured at fair value

	Fair value			
	Level 1	Level 2	Level 3	Total
	<i>(in thousand Baht)</i>			
31 March 2019				
Financial assets				
Available-for-sale securities				
Government and state enterprise debt securities	-	1,840,413	-	1,840,413
Private debt securities	-	589,877	-	589,877
Equity securities	175,567	222	-	175,789
Unit trusts	-	1,580	-	1,580
Total	175,567	2,432,092	-	2,607,659

MSIG Insurance (Thailand) Public Company Limited

Notes to the interim financial statements

For the three-month period ended 31 March 2019 (Unaudited)

	Fair value			Total
	Level 1	Level 2	Level 3	
	<i>(in thousand Baht)</i>			
31 December 2018				
Financial assets				
<i>Available-for-sale securities</i>				
Government and state enterprise debt securities	-	1,939,861	-	1,939,861
Private debt securities	-	475,553	-	475,553
Equity securities	146,445	2,961	-	149,406
Unit trusts	-	1,535	-	1,535
Total	146,445	2,419,910	-	2,566,355

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 of investment in market equity which are in SET 100 use last bid at the reporting date.

The Company determines Level 2 fair values for debt securities are hold for held-to-maturity and available for sale, are determined by reference 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 31 March 2019, there was no available-for-sale equity securities transferred from Level 1 to Level 2 by reference the fair value from intermediate (31 December 2018: Baht 2.0 million).

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 2019 and 31 December 2018.

MSIG Insurance (Thailand) Public Company Limited

Notes to the interim financial statements

For the three-month period ended 31 March 2019 (Unaudited)

14 Securities and assets pledged with the Registrar

- 14.1 As at 31 March 2019 and 31 December 2018, 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 2019		31 December 2018	
	Book value	Face value	Book value	Face value
	<i>(in thousand Baht)</i>			
Government and Bank of Thailand bonds	<u>14,967</u>	<u>15,000</u>	<u>14,958</u>	<u>15,000</u>

- 14.2 As at 31 March 2019 and 31 December 2018, the Company's investments in debt securities 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 2019		31 December 2018	
	Book value	Face value	Book value	Face value
	<i>(in thousand Baht)</i>			
Government and Bank of Thailand bonds	286,555	286,000	255,668	256,000
Deposit at bank - time deposit	<u>90,946</u>	<u>90,946</u>	<u>140,946</u>	<u>140,946</u>
Total	<u>377,501</u>	<u>376,946</u>	<u>396,614</u>	<u>396,946</u>

15 Restricted and collateral assets

	31 March 2019	31 December 2018
	<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>

16 Commitments with non-related parties

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

	31 March 2019	31 December 2018
	<i>(in thousand Baht)</i>	
Operating lease commitments		
Within one year	14,708	16,012
After one year but within five years	<u>2,288</u>	<u>2,394</u>
Total	<u>16,996</u>	<u>18,406</u>

MSIG Insurance (Thailand) Public Company Limited**Notes to the interim financial statements****For the three-month period ended 31 March 2019 (Unaudited)****(b) Commitments under car rental agreements**

	31 March 2019	31 December 2018
	<i>(in thousand Baht)</i>	
Operating lease commitments		
Within one year	2,224	2,451
After one year but within five years	2,357	2,868
Total	4,581	5,319

17 Contingent liabilities

As at 31 March 2019, lawsuits have been brought against the Company, in relation to insurance claims totaling approximately Baht 290 million (31 December 2018: Baht 221 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**(a) Dividends**

At the annual general meeting of the shareholders of the Company held on 23 April 2019, the shareholders approved the appropriation of dividend of Baht 45 per share, amounting to Baht 64.2 million. The dividend will be paid to shareholders in May 2019.

(b) Employee benefit obligations

On 5 April 2019, the Labor Protection Act was amended to include a requirement that an employee who is terminated after having been employed by the same employer for an uninterrupted period of twenty years or more, receives severance payment of 400 days of wages at the most recent rate. The Company has therefore amended its retirement plan in accordance with the changes in the Labor Protection Act in the second quarter of 2019. As a result of this change, the provision for retirement benefits as well as past service cost will be accounted in the financial statements for the three-month and six-month periods then ending 30 June 2019 amounting to Baht 32 million.

19 Thai Financial Reporting Standards (TFRS) not yet adopted

A number of new and revised TFRS which are relevant to the Company's operations are expected to have significant impact on the Company's financial statements on the date of initial application. Those TFRS which become effective for annual financial reporting periods beginning on or after 1 January of the following years.

TFRS	Topic	Effective
TFRS 7*	Financial Instruments: Disclosures	2020
TFRS 9*	Financial Instruments	2020
TFRS 16	Leases	2020
TAS 32*	Financial Instruments: Presentation	2020
TFRIC 16*	Hedges of a Net Investment in a Foreign Operation	2020
TFRIC 19*	Extinguishing Financial Liabilities with Equity Instruments	2020
Accounting Guideline for Financial Instruments and Disclosure for insurance company		2020

* TFRS - Financial instruments standards

MSIG Insurance (Thailand) Public Company Limited
Notes to the interim financial statements
For the three-month period ended 31 March 2019 (Unaudited)

(a) *TFRSs - Financial instruments standards*

These TFRSs establish requirements related to definition, recognition, measurement, impairment and derecognition of financial assets and financial liabilities, including accounting for derivatives and hedge accounting.

Management is presently considering the potential impact of adopting and initially applying TFRSs - Financial instruments standards on the Company's financial statements.

(b) *TFRS 16 Leases*

TFRS 16 introduces a single lessee accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard, i.e. lessors continue to classify leases as finance or operating leases.

Management is presently considering the potential impact of adopting and initially applying TFRS 16 on the Company's financial statements.