

Generali Insurance (Thailand) Public Company Limited
Review report and interim financial statements
30 June 2018



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Independent Auditor's Report on Review of Interim Financial Information
To the Shareholders of Generali Insurance (Thailand) Public Company Limited

I have reviewed the accompanying statements of financial position of Generali Insurance (Thailand) Public Company Limited as at 30 June 2018, the related statements 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 then ended, as well as the condensed notes to the financial statements. Management is responsible for the preparation and presentation of this interim financial information in accordance with Thai Accounting Standard 34 Interim Financial Reporting. My responsibility is to express a conclusion on this interim financial information based on my review.

Scope of Review

I conducted my review in accordance with Thai Standard on Review Engagements 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Thai Standards on Auditing and consequently does not enable me to obtain assurance that I would become aware of all significant matters that might be identified in an audit. Accordingly, I do not express an audit opinion.

Conclusion

Based on my review, nothing has come to my attention that causes me to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with Thai Accounting Standard 34 Interim Financial Reporting.

Nonglak Pumnoi

Certified Public Accountant (Thailand) No. 4172

EY Office Limited

Bangkok: 8 August 2018

Generali Insurance (Thailand) Public Company Limited

Statement of financial position

As at 30 June 2018

		(Unit: Baht)	
	Notes	30 June 2018	31 December 2017
		(Unaudited but reviewed)	(Audited)
Assets			
Cash and cash equivalents	3	121,649,605	120,277,939
Premium receivables, net	4	105,165,486	93,375,853
Accrued investment income		3,503,068	3,163,317
Reinsurance assets, net	5	737,746,453	767,789,343
Reinsurance receivables	6	167,684,300	149,970,921
Investment assets			
Investments in securities	7	806,063,870	770,696,631
Equipment	8	4,467,001	4,260,945
Intangible assets	9	27,354,893	22,619,570
Deferred tax assets	10	30,777,331	29,323,719
Other assets			
Deferred acquisition cost		69,238,916	57,618,897
Others	11	63,797,018	89,634,719
Total assets		2,137,447,941	2,108,731,854

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

Generali Insurance (Thailand) Public Company Limited

Statement of financial position (continued)

As at 30 June 2018

		(Unit: Baht)	
	Notes	30 June 2018	31 December 2017
		(Unaudited but reviewed)	(Audited)
Liabilities and equity			
Liabilities			
Insurance contract liabilities	12	1,204,054,959	1,137,020,033
Reinsurance payables	13	467,365,709	414,717,706
Employee benefit obligations		9,611,388	8,466,556
Other liabilities	14	123,767,215	132,361,508
Total liabilities		<u>1,804,799,271</u>	<u>1,692,565,803</u>
Equity			
Share capital			
Registered			
151,000,000 ordinary shares of Baht 10 each		1,510,000,000	1,510,000,000
Issued and paid-up			
110,500,000 ordinary shares of Baht 10 each		1,105,000,000	1,105,000,000
Capital reserve on share-based payment		8,365,608	7,187,254
Deficits		(789,083,818)	(708,402,058)
Other components of equity	7.2	8,366,880	12,380,855
Total equity		<u>332,648,670</u>	<u>416,166,051</u>
Total liabilities and equity		<u>2,137,447,941</u>	<u>2,108,731,854</u>

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

Directors

(Unaudited but reviewed)

Generali Insurance (Thailand) Public Company Limited

Statement of comprehensive income

For the three-month period ended 30 June 2018

		(Unit: Baht)	
	Notes	2018	2017
Profit or loss:			
Income			
Gross premium written		278,776,575	207,014,756
Less: Premium ceded to reinsurers		(59,161,593)	(66,742,171)
Net premium written		219,614,982	140,272,585
Add (less): Unearned premium reserves (increased) decreased from prior period		(33,007,639)	4,232,829
Net earned premium		186,607,343	144,505,414
Fee and commission income from reinsurers		15,946,898	14,540,524
Net investment income		4,518,410	5,171,817
Gains on investments		112,174	74,026
Other income		(230,055)	2,654,444
Total income		206,954,770	166,946,225
Expenses			
Claims expenses		102,070,695	122,796,885
Less: Claim recoverable from reinsurers		(11,414,766)	(33,375,353)
Claims expenses - net		90,655,929	89,421,532
Commission and brokerage expenses		27,836,676	24,632,444
Other underwriting expenses		37,898,386	32,910,267
Operating expenses	15	113,382,851	71,925,997
Total expenses		269,773,842	218,890,240
Loss before income tax expenses		(62,819,072)	(51,944,015)
Income tax income	10	1,175,109	9,138,811
Loss for the period		(61,643,963)	(42,805,204)

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

(Unaudited but reviewed)

General Insurance (Thailand) Public Company Limited

Statement of comprehensive income (continued)

For the three-month period ended 30 June 2018

		(Unit: Baht)	
	Notes	2018	2017
Other comprehensive income:			
Other comprehensive income to be reclassified to profit or loss in subsequent periods			
Gain (loss) on changes in values of available-for-sale investments	7.2	(3,955,543)	1,099,093
Add (less): Income tax effect	10	791,109	(219,819)
Other comprehensive income for the period - net of tax (loss)		(3,164,434)	879,274
Total comprehensive income for the period (loss)		(64,808,397)	(41,925,930)
Loss per share	16		
Basic loss per share		(0.56)	(0.39)

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

(Unaudited but reviewed)

Generali Insurance (Thailand) Public Company Limited

Statement of comprehensive income

For the six-month period ended 30 June 2018

		(Unit: Baht)	
	Notes	2018	2017
Profit or loss:			
Income			
Gross premium written		592,787,107	409,906,895
Less: Premium ceded to reinsurers		(135,765,558)	(134,514,396)
Net premium written		457,021,549	275,392,499
Add (less): Unearned premium reserves (increased) decreased from prior period		(89,425,335)	10,223,182
Net earned premium		367,596,214	285,615,681
Fee and commission income from reinsurers		31,954,630	29,087,308
Net investment income		8,924,779	10,336,196
Gains on investments		198,799	74,026
Other income		3,228,465	5,074,660
Total income		411,902,887	330,187,871
Expenses			
Claims expenses		206,308,978	232,208,608
Less: Claim recoverable from reinsurers		(47,491,884)	(88,185,210)
Claims expenses - net		158,817,094	144,023,398
Commission and brokerage expenses		54,548,355	42,791,343
Other underwriting expenses		72,079,030	64,571,636
Operating expenses	15	207,590,286	134,674,254
Total expenses		493,034,765	386,060,631
Loss before income tax expenses		(81,131,878)	(55,872,760)
Income tax income	10	450,118	10,447,598
Loss for the period		(80,681,760)	(45,425,162)

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

(Unaudited but reviewed)

Generali Insurance (Thailand) Public Company Limited

Statement of comprehensive income (continued)

For the six-month period ended 30 June 2018

		(Unit: Baht)	
	Notes	2018	2017
Other comprehensive income:			
Other comprehensive income to be reclassified to profit or loss in subsequent periods			
Gain (loss) on changes in values of available-for-sale investments	7.2	(5,017,469)	1,727,284
Add (less): Income tax effect	10	1,003,494	(345,457)
Other comprehensive income for the period - net of tax (loss)		(4,013,975)	1,381,827
Total comprehensive income for the period (loss)		(84,695,735)	(44,043,335)
Loss per share	16		
Basic loss per share		(0.73)	(0.41)

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

(Unaudited but reviewed)

Generali Insurance (Thailand) Public Company Limited

Statement of changes in equity

For the six-month period ended 30 June 2018

(Unit: Baht)

	Issued and paid-up share capital	Capital reserve on share-based payments	Deficits	Other components of equity	Total
				Surplus on changes in values of available-for-sale investments	
Balance as at 1 January 2017	1,105,000,000	1,416,403	(595,691,607)	12,155,772	522,880,568
Share-based payments	-	7,427,883	-	-	7,427,883
Loss for the period	-	-	(45,425,162)	-	(45,425,162)
Other comprehensive income for the period	-	-	-	1,381,827	1,381,827
Total comprehensive income for the period (loss)	-	-	(45,425,162)	1,381,827	(44,043,335)
Balance as at 30 June 2017	1,105,000,000	8,844,286	(641,116,769)	13,537,599	486,265,116
Balance as at 1 January 2018	1,105,000,000	7,187,254	(708,402,058)	12,380,855	416,166,051
Share-based payments	-	1,178,354	-	-	1,178,354
Loss for the period	-	-	(80,681,760)	-	(80,681,760)
Other comprehensive income for the period (loss)	-	-	-	(4,013,975)	(4,013,975)
Total comprehensive income for the period (loss)	-	-	(80,681,760)	(4,013,975)	(84,695,735)
Balance as at 30 June 2018	1,105,000,000	8,365,608	(789,083,818)	8,366,880	332,648,670

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

(Unaudited but reviewed)

Generali Insurance (Thailand) Public Company Limited

Statement of cash flow

For the six-month period ended 30 June 2018

	(Unit: Baht)	
	2018	2017
Cash flows from operating activities		
Direct premium written	506,100,308	359,086,012
Cash received for reinsurance	42,310,547	17,874,002
Investment income	(668,273)	8,902,661
Other income	3,228,465	5,074,660
Losses incurred on direct insurance	(203,683,969)	(111,698,480)
Commissions and brokerages expenses on direct insurance	(48,074,848)	(31,051,356)
Other underwriting expenses	(72,079,030)	(64,571,635)
Operating expenses	(185,809,263)	(159,442,696)
Investment in securities	(50,931,471)	(83,870,643)
Deposits at financial institutions	20,000,000	-
Net cash from (used in) operating activities	10,392,466	(59,697,475)
Cash flows from investing activities		
Equipment	(1,146,512)	(141,525)
Intangible assets	(7,874,288)	(6,044,738)
Net cash used in investing activities	(9,020,800)	(6,186,263)
Net increase (decrease) in cash and cash equivalents	1,371,666	(65,883,738)
Cash and cash equivalents at beginning of period	120,277,939	474,059,174
Cash and cash equivalents at the end of the period	121,649,605	408,175,436

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

Generali Insurance (Thailand) Public Company Limited

Notes to the interim financial statements

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

1. General information

Generali Insurance (Thailand) Public Company Limited ("the Company") is a public company incorporated and domiciled in Thailand. The registered office of the Company is 87/2 16th Floor, CRC Tower, All Seasons Place Unit 1601 and 1607, Wireless Road, Lumpini, Pathumwan, Bangkok. The Company is principally engaged in providing non-life insurance in Thailand. The Company's shareholders are KAG Holding Company Limited, Generali Asia N.V., and the Tantipitpatpong family, which own 38%, 48% and 14% of its total share capital, respectively.

2. Basis for preparation of financial statements

2.1 Basis for preparation of interim financial statements

These interim financial statements are prepared in accordance with Thai Accounting Standard No. 34 Interim Financial Reporting, with the Company choosing to present condensed interim financial statements. However, the Company has presented line items in the statement of financial position, comprehensive income, changes in equity and cash flows in the same format as that used for the annual financial statements and in accordance with the format of financial statements specified in the Notification of the OIC regarding criteria, procedures, terms and conditions for preparation and submission of financial statements and operating performance reports of non-life insurance companies B.E. 2559 dated 4 March 2016.

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

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

2.2 New financial reporting standards

(a) Financial reporting standards that became effective in the current year

During the period, the Company has adopted the revised financial reporting standards and interpretations (revised 2017) which are effective for fiscal years beginning on or after 1 January 2018. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes and clarifications directed towards disclosure in the notes to financial statements. The adoption of these financial reporting standards does not have any significant impact on the Company's financial statements.

(b) Financial reporting standard that will become effective in the future

During the period, the Federation of Accounting Professions issued the financial reporting standard TFRS 15 Revenue from Contracts with Customers, which is effective for fiscal years beginning on or after 1 January 2019. Key principles of this standard are summarised below.

TFRS 15 Revenue from Contracts with Customers

TFRS 15 supersedes TAS 11 Construction Contracts and TAS 18 Revenue, together with related Interpretations. Entities are to apply this standard to all contracts with customers unless those contracts fall within the scope of other standards. The standard establishes a five-step model to account for revenue arising from contracts with customers, with revenue being recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model.

The management of the Company believes that this financial reporting standard will not have any significant impact to the Company's financial statements when it is initially applied.

2.3 Significant accounting policies

The interim financial statements are prepared using the same accounting policies and methods of computation as were applied in the financial statements for the year ended 31 December 2017.

(Unaudited but reviewed)

3. Cash and cash equivalents

	(Unit: Baht)	
	30 June 2018	31 December 2017
Cash on hand	30,000	30,000
Deposits at banks with no fixed maturity date	43,641,378	65,256,803
Short-term investments which amount maturity within 3 months	77,978,227	54,991,136
Cash and cash equivalents	<u>121,649,605</u>	<u>120,277,939</u>

As at 30 June 2018, bank deposits in saving accounts and short-term investments carried interests between 0.05 and 1.16 percent per annum (31 December 2017: 0.05 and 1.17 percent per annum).

4. Premium receivables

The balances as at 30 June 2018 and 31 December 2017 of premium receivables which due from direct insurance are classified by aging from the maturity date under the stipulated law of the premium collection as follows:

	(Unit: Baht)	
	30 June 2018	31 December 2017
Not yet due	62,210,223	71,871,266
Not over 30 days	5,145,460	9,077,058
Over 30 days to 60 days	16,684,150	1,425,837
Over 60 days to 90 days	4,977,471	1,023,070
Over 90 days to 1 year	8,526,101	9,502,771
Over 1 year	25,748,192	18,621,962
Total premium receivables	<u>123,291,597</u>	<u>111,521,964</u>
Less: Allowance for doubtful accounts	<u>(18,126,111)</u>	<u>(18,146,111)</u>
Premium receivables - net	<u>105,165,486</u>	<u>93,375,853</u>

For premium receivables due from agents and brokers, the Company has stipulated the collection guideline in accordance with the law of the premium collection. For overdue premium receivables, the Company has the legal process with such agents and brokers.

(Unaudited but reviewed)

5. Reinsurance assets

	(Unit: Baht)	
	30 June 2018	31 December 2017
Insurance reserve refundable from reinsurers		
Loss reserves	570,696,527	589,890,421
Unearned premium reserves	180,140,426	190,989,422
Less: Allowance for doubtful accounts	(13,090,500)	(13,090,500)
Reinsurance assets - net	<u>737,746,453</u>	<u>767,789,343</u>

In August 2017, the Supreme Court issued an order refusing permission to file, dismissing and refusing to hear a petition to appeal made by an insured party. As a result, the case was dismissed with prejudice, meaning that the Company is not obliged to pay compensation to the insured party. The Company has therefore reversed claim reserves amounting to Baht 470.8 million and claim reserves refundable from reinsurers amounting to Baht 468.8 million in the financial statements.

6. Reinsurance receivables

	(Unit: Baht)	
	30 June 2018	31 December 2017
Amounts due from reinsurers	<u>167,684,300</u>	<u>149,970,921</u>
Total	<u>167,684,300</u>	<u>149,970,921</u>

The balances as at 30 June 2018 and 31 December 2017 of amounts due from reinsurers are classified by aging as follows:

	(Unit: Baht)	
	30 June 2018	31 December 2017
Not yet due	64,580,552	80,704,326
Not over 12 months	82,002,697	61,009,355
Over 1 year to 2 years	16,348,087	5,704,877
Over 2 years	4,752,964	2,552,363
Total amounts due from reinsurers	<u>167,684,300</u>	<u>149,970,921</u>

(Unaudited but reviewed)

7. Investments in securities

7.1 Classified by type of investment

(Unit: Baht)

	30 June 2018		31 December 2017	
	Cost/ Amortised		Cost/ Amortised	
	cost	Fair value	cost	Fair value
Available-for-sale investments				
Government and state enterprise securities	459,985,656	469,163,558	449,570,202	463,379,239
Private enterprise debt securities	314,072,419	315,353,982	264,974,302	266,641,062
Total	774,058,075	784,517,540	714,544,504	730,020,301
Add: Unrealised gains	10,459,465	-	15,475,797	-
Total available-for-sale investments	784,517,540	784,517,540	730,020,301	730,020,301
Held-to-maturity investments				
Deposits at banks which amounts maturing in over 3 months	20,000,000		40,000,000	
Total held-to-maturity investments	20,000,000		40,000,000	
Other investments				
Equity securities	1,546,330		676,330	
Total other investments	1,546,330		676,330	
Total investments in securities	806,063,870		770,696,631	

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

(Unit: Baht)

	For the six-month	For the
	period ended	year ended
	30 June 2018	31 December 2017
Balance - beginning of the period/year	12,380,855	12,155,772
Change during the period/year		
Unrealised gain (loss) during the period/year	(4,818,670)	1,832,276
Realised gain included in profit or loss	(198,799)	(1,550,922)
Other comprehensive income (loss)	(5,017,469)	281,354
Related income tax	1,003,494	(56,271)
Net comprehensive income for the period/year (loss)	(4,013,975)	225,083
Balance - end of the period/year	8,366,880	12,380,855

(Unaudited but reviewed)

7.3 Investments subject to restrictions

As at 30 June 2018 and 31 December 2017, the Company pledged its securities with the Registrar as described in Notes 18 to the financial statements.

8. Equipment

The movement of equipment for the six-month period ended 30 June 2018 are as follows:

	Office equipment	Furniture and fixtures	Motor vehicles	(Unit: Baht) Total
Net book value as at 1 January 2018	3,445,050	815,894	1	4,260,945
Additions during the period - at cost	1,100,039	46,473	-	1,146,512
Depreciation for the period	(765,759)	(174,697)	-	(940,456)
Net book value as at 30 June 2018	<u>3,779,330</u>	<u>687,670</u>	<u>1</u>	<u>4,467,001</u>

9. Intangible assets

The movement of computer software for the six-month period ended 30 June 2018 are as follows:

	(Unit: Baht) Computer software
Net book values as at 1 January 2018	22,619,570
Additions during the period - at cost	7,874,288
Amortisation charge for the period	(3,138,965)
Net book value as at 30 June 2018	<u>27,354,893</u>

10. Deferred tax assets/liabilities and income tax

Corporate income tax for the three-month and six-month periods ended 30 June 2018 and 2017 are calculated at the rate of 20% of profit or loss for the period, after adding back certain provisions and expenses which are disallowable for tax computation purposes and deducting dividend income which is exempted from tax, and adjusting with deferred tax expenses.

(Unaudited but reviewed)

Income tax expenses for the three-month and six-month periods ended 30 June 2018 and 2017 comprise the followings:

(Unit: Baht)

	For the three-month periods ended 30 June		For the six-month periods ended 30 June	
	2018	2017	2018	2017
Deferred tax:				
Relating to origination and reversal of temporary differences	<u>(1,175,109)</u>	<u>(9,138,811)</u>	<u>(450,118)</u>	<u>(10,447,598)</u>
Income tax income reported in the statements of comprehensive income	<u>(1,175,109)</u>	<u>(9,138,811)</u>	<u>(450,118)</u>	<u>(10,447,598)</u>

The amounts of income tax relating to each component of other comprehensive income for the three-month and six-month periods ended 30 June 2018 and 2017 are as follows:

(Unit: Baht)

	For the three-month periods ended 30 June		For the six-month periods ended 30 June	
	2018	2017	2018	2017
Deferred tax relating to gain or loss on changes in value of available-for-sale investments	<u>(791,109)</u>	<u>219,819</u>	<u>(1,003,494)</u>	<u>345,457</u>

The reconciliation between accounting loss and income tax expenses are shown below:

(Unit: Baht)

	For the three-month periods ended 30 June		For the six-month periods ended 30 June	
	2018	2017	2018	2017
Accounting loss before income tax	<u>(62,819,072)</u>	<u>(51,944,015)</u>	<u>(81,131,878)</u>	<u>(55,872,760)</u>
Applicable corporate income tax rate	20%	20%	20%	20%
Accounting loss before tax multiplied by applicable tax rate	(12,563,815)	(10,388,803)	(16,226,376)	(11,174,552)
Net tax effect on income or expenses that are not taxable or not deductible in determining taxable profits	86,764	1,329,932	145,501	1,454,099
Tax loss brought forward no longer than five fiscal years was not recognised as deferred tax asset last year but it was used during the period	-	(79,940)	-	(727,145)
Tax loss carried forward for the period that was not recognised as deferred tax assets	<u>11,301,942</u>	<u>-</u>	<u>15,630,757</u>	<u>-</u>
Income tax income reported in the statements of comprehensive income	<u>(1,175,109)</u>	<u>(9,138,811)</u>	<u>(450,118)</u>	<u>(10,447,598)</u>

(Unaudited but reviewed)

The components of deferred tax assets and deferred tax liabilities as at 30 June 2018 and 31 December 2017 are as follows:

	(Unit: Baht)	
	30 June 2018	31 December 2017
Deferred tax assets		
Allowance for doubtful accounts	8,354,232	8,358,232
Provision for long-term employee benefits	1,922,277	1,693,311
Loss reserves	25,728,906	24,204,761
Unearned premium reserve	256,620	-
Provision for demolition costs	415,080	415,080
Total	36,677,115	34,671,384
Deferred tax liabilities		
Deferred acquisition cost	3,808,064	2,252,451
Surplus on changes in values of available-for-sale investments	2,091,720	3,095,214
Total	5,899,784	5,347,665
Deferred tax assets, net	30,777,331	29,323,719

As at 30 June 2018, the Company has deductible temporary differences and unused tax losses brought forward no longer than five fiscal years totaling Baht 307.3 million (31 December 2017: Baht 331.6 million), on which deferred tax assets have not been recognised as the Company believes uncertainty on future taxable profits may not be sufficient to allow utilisation of the temporary differences and unused tax losses.

Details of expiry date of unused tax losses are summarised as below:

	(Unit: Million Baht)	
	30 June 2018	31 December 2017
31 December 2017	-	108.0
31 December 2018	22.4	22.4
31 December 2019	36.2	36.2
31 December 2020	63.7	63.7
31 December 2021	101.3	101.3
31 December 2022	83.7	-
	307.3	331.6

(Unaudited but reviewed)

11. Other assets - others

	(Unit: Baht)	
	30 June 2018	31 December 2017
Withholding income tax	15,378,693	13,373,896
Prepaid expenses	22,111,818	16,944,935
Deposits	4,543,384	15,501,781
Deposits on rice field insurance scheme	4,135,259	9,828,307
Others	17,627,864	33,985,800
Total other assets	<u>63,797,018</u>	<u>89,634,719</u>

12. Insurance contract liabilities

	(Unit: Baht)		
	30 June 2018		
	Insurance	Reinsurance on	
	contract liabilities	liabilities	Net
Loss reserves			
- Claims incurred and reported	662,536,087	(551,281,301)	111,254,786
- Claims incurred but not reported	41,391,370	(6,324,726)	35,066,644
Unearned premium reserves	500,127,502	(180,140,426)	319,987,076
Total	<u>1,204,054,959</u>	<u>(737,746,453)</u>	<u>466,308,506</u>

	(Unit: Baht)		
	31 December 2017		
	Insurance	Reinsurance on	
	contract liabilities	liabilities	Net
Loss reserves			
- Claims incurred and reported	683,256,923	(572,563,675)	110,693,248
- Claims incurred but not reported	32,211,947	(4,236,246)	27,975,701
Unearned premium reserves	421,551,163	(190,989,422)	230,561,741
Total	<u>1,137,020,033</u>	<u>(767,789,343)</u>	<u>369,230,690</u>

(Unaudited but reviewed)

12.1 Loss reserves

(Unit: Baht)

	For the six-month period ended 30 June 2018	For the year ended 31 December 2017
Balance - beginning of the period/year	715,468,870	1,046,737,839
Claims expenses for the period/year	368,911,790	512,410,766
Changes in loss reserve from previous period/year	(166,937,146)	(463,986,718)
Changes in assumption	9,179,423	8,710,750
Claims and loss adjustment expense paid during the period/year	(222,695,480)	(388,403,767)
Balance - end of the period/year	<u>703,927,457</u>	<u>715,468,870</u>

As at 30 June 2018, the Company had loss reserves and outstanding claims under reinsurance contracts of Baht 461.9 million (31 December 2017: Baht 447.0 million).

12.2 Unearned premium reserve

(Unit: Baht)

	For the six-month period ended 30 June 2018	For the year ended 31 December 2017
Balance - beginning of the period/year	421,551,163	336,504,202
Premium written for the period/year	592,787,107	961,859,675
Premium earned for the current period/year	(514,210,768)	(876,812,714)
Balance - end of the period/year	<u>500,127,502</u>	<u>421,551,163</u>

13. Reinsurance payables

(Unit: Baht)

	30 June 2018	31 December 2017
Amounts withheld from reinsurance	137,087,077	127,293,279
Outward premium payable	280,080,038	241,067,784
Deferred acquisition cost from reinsurance	50,198,594	46,356,643
Total reinsurance payables	<u>467,365,709</u>	<u>414,717,706</u>

(Unaudited but reviewed)

14. Other liabilities

	(Unit: Baht)	
	30 June 2018	31 December 2017
Short-term employee benefit	20,605,981	22,062,917
Accrued expenses	49,075,630	51,732,594
Account payable - Revenue Department	5,444,337	7,374,320
Commission payable	13,160,555	8,630,541
Provision for demolition costs	2,079,839	2,079,839
Others	33,400,873	40,481,297
Total other liabilities	<u>123,767,215</u>	<u>132,361,508</u>

15. Operating expenses

	(Unit: Baht)			
	For the three-month periods		For the six-month periods	
	ended 30-June		ended 30 June	
	2018	2017	2018	2017
Personnel expenses	40,137,558	20,863,219	69,326,681	42,731,443
Property and equipment expenses	3,709,365	2,353,906	7,087,151	4,350,679
Tax and duties	504,365	309,368	732,469	510,199
Bad debt and doubtful accounts (reversal)	-	113,099	(14,620)	-
Other operating expenses	69,031,563	48,286,405	130,458,605	87,081,933
Total operating expenses	<u>113,382,851</u>	<u>71,925,997</u>	<u>207,590,286</u>	<u>134,674,254</u>

16. Loss per share

Basic loss per share is calculated by dividing loss for the period (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the period.

(Unaudited but reviewed)

17. Related party transactions

During the periods, the Company had significant business transactions with related parties. Such transactions, which are summarised below, arose in the ordinary course of business and were concluded on commercial terms and bases agreed upon between the Company and those related parties.

(Unit: Million Baht)

	For the three-month periods ended		For the six-month periods ended		Transfer pricing policies
	30 June		30 June		
	2018	2017	2018	2017	
Transactions with related companies					
Premium ceded	19.3	57.5	54.0	114.0	Normal commercial terms for reinsurance depending on type of insurance and reinsurance contracts
Commissions and brokerages income from reinsurers	4.6	15.2	12.7	29.3	As stated in the agreement upon normal commercial terms
Claims recoverable from reinsurers	14.0	28.4	16.5	54.5	As occurred upon portion in the agreement

As at 30 June 2018 and 31 December 2017, the balances of the accounts between the Company and those related companies are as follows:

(Unit: Million Baht)

	30 June 2018	31 December 2017
Outstanding balances with related companies		
Amounts due from reinsurers	75.7	63.2
Other receivables	0.1	7.2
Amounts withheld from reinsurance	107.9	98.9
Outward premium payable	220.0	180.6
Other payables	0.3	3.7

(Unaudited but reviewed)

Directors and key management personnel's remuneration

During the three-month and six-month periods ended 30 June 2018 and 2017, the Company had employee benefit expenses to its directors and management personnel as following.

(Unit: Million Baht)

	For the three-month periods ended 30 June		For the six-month periods ended 30 June	
	2018	2017	2018	2017
Short-term benefits	18.3	10.1	27.6	18.1
Long-term benefits	0.5	0.4	1.0	0.8
Total	18.8	10.5	28.6	18.9

18. Assets pledged with the Registrar

As at 30 June 2018 and 31 December 2017, the Company had the following assets pledged and reserved with the Registrar of the Office of Insurance Commission in accordance with the Non-life Insurance Act.

(Unit: Baht)

	30 June 2018		31 December 2017	
	Amortised cost	Fair value	Amortised cost	Fair value
Assets pledged				
Government bonds	14,956,630	15,797,875	14,945,117	16,116,583
Assets reserved				
Government bonds	51,918,089	58,346,557	51,995,471	60,229,614
Total assets pledged and reserved with the Registrar	66,874,719	74,144,432	66,940,588	76,346,197

19. Commitments and contingent liabilities

19.1 Operating lease commitments

The Company has entered into several lease agreements in respect or the lease of office building space, vehicles, equipment and service agreements. The terms of the agreements are generally between 1 and 4 years.

As at 30 June 2018 and 31 December 2017, future minimum lease payments required under those non-cancellable operating lease contracts were as follows:

(Unit: Million Baht)

	30 June 2018	31 December 2017
Payable:		
Within to 1 year	6.4	6.1
Over 1 year and not over 3 years	8.1	11.1

(Unaudited but reviewed)

19.2 Bank guarantee

As at 30 June 2018, there were outstanding bank guarantees of approximately Baht 0.3 million by banks on behalf of the Company in respect of certain performance bonds as required in the normal course of business (31 December 2017: Baht 0.3 million).

19.3 Litigation

As at 30 June 2018, the Company had been sued as insurer, with the amounts sued for amounting to approximately Baht 47.8 million (31 December 2017: Baht 46.8 million) and judgment has yet to be handed down in these cases. The Company has recorded loss reserve before refundable from reinsurers amounting to approximately Baht 46.4 million (31 December 2017: Baht 46.1 million) and the Company's management believes that such amount is adequate.

20. Fair value measurement

As of 30 June 2018 and 31 December 2017, the Company had the following assets that were measured at fair value using level 2 as follows:

	(Unit: Million Baht)	
	30 June 2018	31 December 2017
Assets measured at fair value		
Available-for-sale investments		
Debt securities	784.5	730.0

The Company had valuation techniques for assets as follows:

The fair value of investments in debt securities has been determined by using the yield curve as announced by the Thai Bond Market Association.

21. Approval of interim financial statements

These interim financial statements were authorised for issue by the Company's authorised director on 8 August 2018.