###### **The Navakij Insurance Public Company Limited**

**Notes to interim financial statements**

**For the three-month and six-month period ended 30 June 2018**

**1. General information**

The Navakij Insurance Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. The Company is principally engaged in the non-life insurance and has 25 branches located in provinces. The registered office of the Company, which is the head office, is at 100/47-55, and 90/3-6, North Sathorn Road, Silom, Bangrak, Bangkok.

**2. Basis for preparation of the financial statements**

**2.1 Basis for preparation of the 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 statements of financial position, income, comprehensive income, changes in equity and cash flows in the same format as that used for annual financial statements, and in accordance with the format of financial statements specified in the Notification of the Office of Insurance Commission (“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.

These interim financial statements are intended to provide information additional to that included in the latest annual financial statements. Accordingly, the interim financial statements 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 financial statements.

**2.2 Financial statements in which the equity method is applied**

The Company prepares the financial statements, in which equity method is applied, by presented investment in associates under the equity method.

**2.3 Separate financial statements**

The separate financial statements have been prepared, which presented investments in associates under the cost method.

**2.4 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 year 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 disclosures 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 year 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.

At present, the management of the Company is evaluating the impact of this standard to the financial statements in the year when it is adopted.

**2.5 Significant accounting policies**

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

**3. Cash and cash equivalents**

(Unit: Baht)

|  |  |  |
| --- | --- | --- |
|  | 30 June 2018 | 31 December 2017 |
| Cash on hand | 312,000 | 282,000 |
| Deposits at banks with no fixed maturity date | 151,381,857 | 110,175,820 |
| Cash and cash equivalents | 151,693,857 | 110,457,820 |

As at 30 June 2018, bank deposits in saving account and fixed deposits carried interest between 0.10 and 1.75 percent per annum (31 December 2017: between 0.10 and 1.75 percent per annum).

**4. Premium receivables**

As at 30 June 2018 and 31 December 2017, the balances of premium receivables 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 | 220,235,913 | 343,302,615 |
| Not over 30 days | 128,241,483 | 34,151,021 |
| Over 31 days to 60 days | 14,836,939 | 12,017,578 |
| Over 61 days to 90 days | 3,206,613 | 3,486,906 |
| Over 91 days to 1 year | 4,124,980 | 8,288,492 |
| Over 1 year | 8,025,984 | 5,579,271 |
| Total premium receivables | 378,671,912 | 406,825,883 |
| Less: Allowance for doubtful accounts | (7,643,102) | (6,399,185) |
| Total premium receivables, net | 371,028,810 | 400,426,698 |

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.

**5. Reinsurance assets**

(Unit: Baht)

|  |  |  |
| --- | --- | --- |
|  | 30 June 2018 | 31 December 2017 |
| Insurance reserve refundable from reinsurers |  |  |
| Claims reserve | 289,568,815 | 145,651,788 |
| Unearned premium reserve | 292,427,331 | 315,860,546 |
| Reinsurance assets | 581,996,146 | 461,512,334 |

**6. Reinsurance receivables**

(Unit: Baht)

|  |  |  |
| --- | --- | --- |
|  | 30 June 2018 | 31 December 2017 |
| Amounts deposit on reinsurance | 4,040 | 3,106 |
| Amounts due from reinsurers | 636,900,413 | 357,475,969 |
| Total | 636,904,453 | 357,479,075 |

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

(Unit: Baht)

|  |  |  |
| --- | --- | --- |
|  | 30 June 2018 | 31 December 2017 |
| Not yet due | 503,706,044 | 341,841,652 |
| Not over 1 year | 132,898,595 | 13,234,876 |
| Over 1 year to 2 years | 156,574 | 2,274,613 |
| Over 2 years | 139,200 | 124,828 |
| Total amounts due from reinsurers | 636,900,413 | 357,475,969 |

**7. Investments in securities**

**7.1 Classified by type of investments**

(Unit: Baht)

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | Financial statements in which the equity method is applied | | | |
|  | 30 June 2018 | | 31 December 2017 | |
|  | Cost/ |  | Cost/ |  |
|  | Amortised cost | Fair value | Amortised cost | Fair value |
| **Available-for-sale investments** |  |  |  |  |
| Government and state enterprise securities | 409,441,862 | 400,794,537 | 409,700,865 | 405,306,289 |
| Private debt securities | 821,325,082 | 824,966,730 | 780,662,739 | 786,624,859 |
| Equity securities | 1,004,508,775 | 974,885,191 | 999,933,398 | 1,081,709,048 |
| Total | 2,235,275,719 | 2,200,646,458 | 2,190,297,002 | 2,273,640,196 |
| Add (less): Unrealised gain (loss) | (10,876,037) |  | 107,096,418 |  |
| Less: Allowance for impairment | (23,753,224) |  | (23,753,224) |  |
| **Total available-for-sale investments** | 2,200,646,458 |  | 2,273,640,196 |  |
| **Held-to-maturity investments** |  |  |  |  |
| Government and state enterprise securities | 10,000,000 |  | 10,000,000 |  |
| Deposits and certificate of deposits at financial institutions which matured over 3 months | 535,891,000 |  | 535,000,000 |  |
| **Total held-to-maturity investments** | 545,891,000 |  | 545,000,000 |  |
| **Other investments** |  |  |  |  |
| Equity securities | 144,673,295 |  | 144,673,295 |  |
| Less: Allowance for impairment | (2,567,500) |  | (2,567,500) |  |
| **Total other investments** | 142,105,795 |  | 142,105,795 |  |
|  |  |  |  |  |
| **Total investments in securities** | 2,888,643,253 |  | 2,960,745,991 |  |

(Unit: Baht)

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | Separate financial statements | | | |
|  | 30 June 2018 | | 31 December 2017 | |
|  | Cost/ |  | Cost/ |  |
|  | Amortised cost | Fair value | Amortised cost | Fair value |
| **Available-for-sale investments** |  |  |  |  |
| Government and state enterprise securities | 409,441,862 | 400,794,537 | 409,700,865 | 405,306,289 |
| Private debt securities | 821,325,082 | 824,966,730 | 780,662,739 | 786,624,859 |
| Equity securities | 1,004,508,775 | 974,885,191 | 999,933,398 | 1,081,709,048 |
| Total | 2,235,275,719 | 2,200,646,458 | 2,190,297,002 | 2,273,640,196 |
| Add (less): Unrealised gain (loss) | (10,876,037) |  | 107,096,418 |  |
| Less: Allowance for impairment | (23,753,224) |  | (23,753,224) |  |
| **Total available-for-sale investments** | 2,200,646,458 |  | 2,273,640,196 |  |
| **Held-to-maturity investments** |  |  |  |  |
| Government and state enterprise securities | 10,000,000 |  | 10,000,000 |  |
| Deposits and certificate of deposits at financial institutions which matured over 3 months | 535,891,000 |  | 535,000,000 |  |
| **Total held-to-maturity investments** | 545,891,000 |  | 545,000,000 |  |
| **Other investments** |  |  |  |  |
| Equity securities | 89,448,700 |  | 89,448,700 |  |
| Less: Allowance for impairment | (2,567,500) |  | (2,567,500) |  |
| **Total other investments** | 86,881,200 |  | 86,881,200 |  |
|  |  |  |  |  |
| **Total investments in securities** | 2,833,418,658 |  | 2,905,521,396 |  |

As at 30 June 2018 and 31 December 2017, equity securities in other investments caption included investments in a foreign company of USD 1.1 million, or Baht 37.2 million.

**7.2 Other components of equity - surplus on changes in value of available-for-sale investments**

(Unit: Baht)

|  |  |  |
| --- | --- | --- |
|  | Financial statements in which the equity method is applied and separate financial statements | |
|  | For the six-month period ended 30 June 2018 | For the year ended 31 December 2017 |
| Balance - beginning of the period | 85,677,135 | 135,898,528 |
| Changes during the periods |  |  |
| Unrealised loss during the period | (101,919,370) | (6,852,488) |
| Realised gain that included in statement of income | (16,053,086) | (55,924,253) |
|  | (117,972,456) | (62,776,741) |
| Relating income tax | 23,594,491 | 12,555,348 |
| Net comprehensive income for the period (loss) | (94,377,965) | (50,221,393) |
| Balance - end of the period | (8,700,830) | 85,677,135 |

**7.3 Investments subject to restriction**

As at 30 June 2018 and 31 December 2017, the Company placed some investments as a security with the Registrar and pledged some investments as bail bond in cases where insured drivers have been charged with criminal offence as described in Note 21 and 22 to the interim financial statements.

**7.4 Net investment income**

During the three-month and six-month periods ended 30 June 2018 and 2017, the Company has investment income as follows:

(Unit: Baht)

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | Financial statements in which the equity method is applied and separate financial statements | | | |
|  | For the three-month periods ended 30 June | | For the six-month periods ended 30 June | |
|  | 2018 | 2017 | 2018 | 2017 |
| Interest income from debt securities | 8,527,524 | 8,511,475 | 16,024,024 | 17,441,465 |
| Dividends received from equity securities | 33,214,978 | 39,220,472 | 38,971,338 | 45,978,638 |
| Investment income | 41,742,502 | 47,731,947 | 54,995,362 | 63,420,103 |

**8. Loans**

As at 30 June 2018 and 31 December 2017, the balances of loans are aged by principal as follows:

(Unit: Baht)

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | 30 June 2018 | | | 31 December 2017 | | |
| Outstanding year | Mortgage loans | Other loans | Total | Mortgage loans | Other loans | Total |
| Not yet due | 265,099 | 419,995 | 685,094 | 282,342 | 387,413 | 669,755 |
| Total loans | 265,099 | 419,995 | 685,094 | 282,342 | 387,413 | 669,755 |

These are loans provided to employees in accordance with the employee welfare scheme, with a credit line of Baht 50,000 for loans secured by personal guarantees, and the credit line is not to exceed 50 times the employee’s monthly salary for secured loans. Interest on these loans is charged at rate of 7.0 % and 6.5 % per annum, respectively.

**9. Investments in associates**

**9.1 Details of associates**

As at 30 June 2018 and 31 December 2017, the Company has investments in TKI General Insurance Company Limited and TKI Life Insurance Company Limited, which are incorporated in Laos, as detailed below:

(Unit: Baht)

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | Nature of | Shareholding | | Financial statements in which the equity method is applied | | Separate financial statements | |
| Company’s name | business | percentage | | Cost | | Book value | |
|  |  | 30 June 2018 | 31 December 2017 | 30 June 2018 | 31 December 2017 | 30 June 2018 | 31 December 2017 |
|  |  | (%) | (%) |  |  |  |  |
| TKI General Insurance Company Limited | Non-life insurance | 32.50 | 32.50 | 17,916,533 | 18,675,444 | 21,628,040 | 21,628,040 |
| TKI Life Insurance Company Limited | Life insurance | 32.50 | 32.50 | 17,669,670 | 18,339,754 | 21,628,039 | 21,628,039 |
|  |  |  |  | 35,586,203 | 37,015,198 | 43,256,079 | 43,256,079 |

**9.2 Financial information of associates**

**Summarised information about financial position**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  | |  | (Unit: Baht) |
|  | 30 June 2018 | | 31 December 2017 | |
|  | TKI General Insurance Company Limited | TKI Life Insurance Company Limited | TKI General Insurance Company Limited | TKI Life Insurance Company Limited |
| Total assets | 64,017,993 | 54,388,424 | 61,378,411 | 58,627,564 |
| Total liabilities | (8,890,199) | (20,210) | (3,915,508) | (2,197,551) |
| Net assets | 55,127,794 | 54,368,214 | 57,462,903 | 56,430,013 |
| Shareholding percentage (%) | 32.50 | 32.50 | 32.50 | 32.50 |
| Book value of the associate based on equity method | 17,916,533 | 17,669,670 | 18,675,444 | 18,339,754 |

**Summarised information of comprehensive income**

(Unit: Baht)

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | For the three-month periods ended 30 June | | | |
|  | 2018 | | 2017 | |
|  | TKI General Insurance Company Limited | TKI Life Insurance Company Limited | TKI General Insurance Company Limited | TKI Life Insurance Company Limited |
| Revenues | 1,338,188 | 1,116,738 | 31,424 | 31,423 |
|  |  |  |  |  |
| Loss for the period | (536,940) | (1,012,626) | (373,861) | (374,122) |
| Other comprehensive income - exchange differences on translation of financial statements in foreign currency | 2,382,692 | 2,712,959 | (952,693) | (952,434) |
| Total comprehensive income (loss) | 1,845,752 | 1,700,333 | (1,326,554) | (1,326,556) |

(Unit: Baht)

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | For the six-month periods ended 30 June | | | |
|  | 2018 | | 2017 | |
|  | TKI General Insurance Company Limited | TKI Life Insurance Company Limited | TKI General Insurance Company Limited | TKI Life Insurance Company Limited |
| Revenues | 1,653,366 | 1,645,342 | 31,424 | 31,423 |
|  |  |  |  |  |
| Loss for the period | (2,796,522) | (2,887,118) | (373,861) | (374,122) |
| Other comprehensive income - exchange differences on translation of financial statements in foreign currency | 461,413 | 825,319 | (952,693) | (952,434) |
| Total comprehensive income (loss) | (2,335,109) | (2,061,799) | (1,326,554) | (1,326,556) |

The financial information of associate companies as the above tables were prepared by the management of such company.

**9.3 Shares of loss and dividend received from associates**

During the three-month and six-month period ended 30 June 2018 and 2017, the Company recognised its share of loss from investments in associates in the financial statements, in which the equity method is applied, and recognised dividend income in the separate financial statements as follows:

(Unit: Baht)

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | Financial statements in which the equity method is applied | | | | Separate financial statements | |
| Associated company | Share of loss from profit and loss | | Exchange differences on translation from other comprehensive income | | Dividend received | |
|  | For the three-month periods ended 30 June | | | | For the three-month period ended 30 June | |
|  | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| TKI General Insurance Company Limited | (174,506) | (121,505) | 774,375 | (309,625) | - | - |
| TKI Life Insurance Company Limited | (329,103) | (121,590) | 881,712 | (309,541) | - | - |
|  | (503,609) | (243,095) | 1,656,087 | (619,166) | - | - |

(Unit: Baht)

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | Financial statements in which the equity method is applied | | | | Separate financial statements | |
| Associated company | Share of loss from profit and loss | | Exchange differences on translation from other comprehensive income | | Dividend received | |
|  | For the six-month periods ended 30 June | | | | For the six-month period ended 30 June | |
|  | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| TKI General Insurance Company Limited | (908,870) | (121,505) | 149,959 | (309,625) | - | - |
| TKI Life Insurance Company Limited | (938,313) | (121,590) | 268,229 | (309,541) | - | - |
|  | (1,847,183) | (243,095) | 418,188 | (619,166) | - | - |

**10. Property, building and equipment**

Movement of property, building and equipment for the six-month period ended 30 June 2018 is summarised below:

(Unit: Baht)

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | Land | Buildings | Condominium | Building improvements | Furniture, fixture and equipment | Motor vehicles | Assets under construction | Total |
| Net book value as at 1 January 2018 | 5,385,371 | 14,965,306 | 120,871,328 | 76,990,468 | 33,900,530 | 17,900,587 | 425,000 | 270,438,590 |
| Additions during period - cost | - | - | - | - | 6,050,546 | 7,414,785 | 903,400 | 14,368,731 |
| Disposals during period - net book value | - | - | - | - | (2,694) | (2) | - | (2,696) |
| Transfer in (out) during period - cost | - | - | - | - | 850,000 | - | (850,000) | - |
| Depreciation for the period | - | (347,522) | (1,502,732) | (2,229,798) | (6,654,140) | (3,340,456) | - | (14,074,648) |
| Net book value as at 30 June 2018 | 5,385,371 | 14,617,784 | 119,368,596 | 74,760,670 | 34,144,242 | 21,974,914 | 478,400 | 270,729,977 |

**11. Intangible assets**

Movement of computer software for the six-month period ended 30 June 2018 is summarised below:

|  |  |  |  |
| --- | --- | --- | --- |
|  |  |  | (Unit: Baht) |
|  | Computer Software | Computer software under improvement | Total |
| Net book value as at 1 January 2018 | 29,136,044 | - | 29,136,044 |
| Additions - cost | 142,300 | 24,508,500 | 24,650,800 |
| Amortisation for the period | (2,270,304) | - | (2,270,304) |
| Net book value as at 30 June 2018 | 27,008,040 | 24,508,500 | 51,516,540 |

**12. Deferred tax assets and income tax expenses**

**12.1 Deferred tax assets**

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

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  | | (Unit: Baht) | |
|  | Balance | | Changes in deferred tax assets and liabilities recognised in statements of income for the six-month period | |
|  | 30 June | 31 December | ended 30 June | |
|  | 2018 | 2017 | 2018 | 2017 |
| **Deferred tax assets** |  |  |  |  |
| Unearned premium reserve | 64,807,650 | 62,144,705 | 2,662,945 | (7,687,132) |
| Allowance for loss on impairment of investments | 5,264,145 | 5,264,145 | - | - |
| Allowance for doubtful accounts | 29,603,545 | 28,011,166 | 1,592,379 | (1,041,631) |
| Loss reserves | 41,810,310 | 50,645,524 | (8,835,214) | (14,307,311) |
| Provision for loss incurred but not reported (IBNR) | 5,541,074 | 6,892,008 | (1,350,934) | 1,004,643 |
| Employee benefit obligations | 13,197,408 | 12,763,724 | 433,684 | 2,964,940 |
| Unutilised tax loss | 16,987,095 | 27,728,525 | (10,741,430) | 13,993,819 |
| Unrealised loss on changes in value of available-for-sale securities | 2,175,208 | - |  |  |
| Others | 1,892,542 | 1,625,533 | 267,009 | (3,405,305) |
| Total | 181,278,977 | 195,075,330 |  |  |
| **Deferred tax liabilities** |  |  |  |  |
| Unrealised gain on changes in value of available-for-sale securities | - | 21,419,283 |  |  |
| Others | 80,377 | 1,447,711 | (1,367,334) | - |
| Total | 80,377 | 22,866,994 |  |  |
| Deferred tax assets - net | 181,198,600 | 172,208,336 |  |  |
| Total change |  |  | (14,604,227) | (8,477,977) |

**12.2 Income tax expenses**

Income tax expenses for the three-month and six-month period ended 30 June 2018 and 2017 are made up as follows:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | (Unit: Baht) | | | |
|  | For the three-month period ended 30 June | | For the six-month period ended 30 June | |
|  | 2018 | 2017 | 2018 | 2017 |
| **Current income tax:** |  |  |  |  |
| Current income tax charge for the period | - | - | - | - |
| **Deferred tax:** |  |  |  |  |
| Relating to origination and reversal of temporary differences | 4,739,415 | 5,096,803 | 14,604,227 | 8,477,977 |
| **Income tax expenses reported in statements of income** | 4,739,415 | 5,096,803 | 14,604,227 | 8,477,977 |

Reconciliation between income tax expenses and the product of accounting profit multiplied by the applicable tax rate for the three-month and six-month periods ended 30 June 2018 and 2017 are as follows:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  | | (Unit: Baht) | |
|  | Financial statements in which the equity method is applied | | Separate financial statements | |
|  | For the three-month period ended 30 June | | For the three-month period ended 30 June | |
|  | 2018 | 2017 | 2018 | 2017 |
| Accounting profit before tax | 55,312,919 | 62,621,242 | 55,816,528 | 62,864,337 |
| Applicable tax rate | 20% | 20% | 20% | 20% |
| Tax expenses at the applicable tax rate | 11,062,584 | 12,524,249 | 11,163,305 | 12,572,868 |
| Effects of: |  |  |  |  |
| Exempted expenses | 402,672 | 190,504 | 402,672 | 190,504 |
| Allowed additional expense deductions | (6,530) | (29,519) | (6,530) | (29,519) |
| Others | (6,719,311) | (7,588,431) | (6,820,032) | (7,637,050) |
| Income tax expenses reported in statements of income | 4,739,415 | 5,096,803 | 4,739,415 | 5,096,803 |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  | | (Unit: Baht) | |
|  | Financial statements in which the equity method is applied | | Separate financial statements | |
|  | For the six-month period ended 30 June | | For the six-month period ended 30 June | |
|  | 2018 | 2017 | 2018 | 2017 |
| Accounting profit before tax | 90,473,842 | 84,785,094 | 92,321,025 | 85,028,189 |
| Applicable tax rate | 20% | 20% | 20% | 20% |
| Tax expenses at the applicable tax rate | 18,094,769 | 16,957,019 | 18,464,204 | 17,005,638 |
| Effects of: |  |  |  |  |
| Exempted expenses | 5,029,768 | 1,643,864 | 5,029,768 | 1,643,864 |
| Allowed additional expense deductions | (1,453,824) | (1,250,964) | (1,453,824) | (1,250,964) |
| Others | (7,066,486) | (8,871,942) | (7,435,921) | (8,920,561) |
| Income tax expenses reported in statements of income | 14,604,227 | 8,477,977 | 14,604,227 | 8,477,977 |

**13. Claims receivable from litigants**

Claims receivable from litigants classified by the year of the claims incurred are as follows:

(Unit: Baht)

|  |  |  |
| --- | --- | --- |
|  | 30 June 2018 | 31 December 2017 |
| **Claim years** |  |  |
| Year 2018 | 48,215,738 | - |
| Year 2017 | 57,224,757 | 82,925,615 |
| Year 2016 | 48,817,614 | 58,774,527 |
| Year 2015 | 30,989,284 | 33,304,498 |
| Year 2014 | 16,559,088 | 16,697,216 |
| Prior to 2014 | 53,188,462 | 56,414,662 |
| Total claims receivable from litigants | 254,994,943 | 248,116,518 |
| Less: Allowance for doubtful accounts | (147,126,534) | (138,820,347) |
| Claims receivable from litigants, net | 107,868,409 | 109,296,171 |

**14. Insurance contract liabilities**

|  |  |  |  |
| --- | --- | --- | --- |
| (Unit: Baht) | | | |
|  | 30 June 2018 | | |
|  | Insurance contract liabilities | Reinsurance assets | Net |
| Claim reserves and outstanding claims |  |  |  |
| Claim incurred and reported | 759,344,466 | (261,637,977) | 497,706,489 |
| Claim incurred but not reported | 55,636,207 | (27,930,838) | 27,705,369 |
| Premium reserves |  |  |  |
| Unearned premium reserves | 1,450,486,364 | (292,427,331) | 1,158,059,033 |
| Total | 2,265,467,037 | (581,996,146) | 1,683,470,891 |

|  |  |  |  |
| --- | --- | --- | --- |
| (Unit: Baht) | | | |
|  | 31 December 2017 | | |
|  | Insurance contract liabilities | Reinsurance assets | Net |
| Claim reserves and outstanding claims |  |  |  |
| Claim incurred and reported | 623,877,548 | (94,572,633) | 529,304,915 |
| Claim incurred but not reported | 85,539,194 | (51,079,155) | 34,460,039 |
| Premium reserves |  |  |  |
| Unearned premium reserves | 1,430,673,668 | (315,860,546) | 1,114,813,122 |
| Total | 2,140,090,410 | (461,512,334) | 1,678,578,076 |

**14.1 Claim reserves and outstanding claims**

(Unit: Baht)

|  |  |  |
| --- | --- | --- |
|  | For the six-month period ended 30 June 2018 | For the year ended 31 December 2017 |
| Beginning balance | 709,416,742 | 879,861,626 |
| Claim expenses for the period | 988,617,716 | 1,771,006,876 |
| Change in claim reserves and outstanding claims from the prior period | (24,955,789) | (10,211,659) |
| Change in assumption for calculating claim reserves | (29,902,987) | 24,180,455 |
| Claim paid during the period | (828,195,009) | (1,955,420,556) |
| Ending balance | 814,980,673 | 709,416,742 |

As at 30 June 2018, the Company has claim reserves and outstanding claims under reinsurance contracts at Baht 8.3 million (31 December 2017: Baht 10.3 million).

**14.2 Unearned premium reserves**

(Unit: Baht)

|  |  |  |
| --- | --- | --- |
|  | For the six-month period ended 30 June 2018 | For the year ended 31 December 2017 |
| Beginning balance | 1,430,673,668 | 1,548,576,308 |
| Premium written for the period | 1,364,382,557 | 2,635,821,877 |
| Premium earned for the current period | (1,344,569,861) | (2,753,724,517) |
| Ending balance | 1,450,486,364 | 1,430,673,668 |

**15. Due to reinsurers**

|  |  |  |
| --- | --- | --- |
|  |  | (Unit: Baht) |
|  | 30 June 2018 | 31 December 2017 |
| Amounts withheld on reinsurance | 158,642,444 | 238,684,737 |
| Amounts due to reinsurers | 719,108,757 | 388,389,002 |
| Total due to reinsurers | 877,751,201 | 627,073,739 |

**16. Share capital**

On 24 April 2018, the 2018 Annual General Meeting of shareholders approved an increase of the Company’s registered share capital from Baht 330 million to be Baht 340 million (34 million shares of Baht 10 each) by newly issues the ordinary shares in amount of 1 million shares with the par value at Baht 10 per share to support the stock dividend payment, and approved to allocate indivisible share remaining after such allocated the stock dividend to the Navakij Insurance Provident Fund. The Company registered the increase of share capital with the Ministry of Commerce on 25 May 2018.

**17. Segment information**

The Company is summarise into business units based on its insurance products including fire, marine and transportation, motor and miscellaneous. During the current period, there were no changes in the organisation structure of its reportable segments.

Operating segment information for the three-month and six-month periods ended 30 June 2018 and 2017 can be classified by type of insurance products as follows:

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  |  |  |  |  | (Unit: Baht) |
|  | Financial statements in which the equity method is applied | | | | |
|  | For the three-month period ended 30 June 2018 | | | | |
|  | Fire | Marine and transportation | Motor | Miscellaneous | Total |
| **Underwriting income** |  |  |  |  |  |
| Gross premium written | 169,367,966 | 20,001,853 | 413,410,197 | 94,509,185 | 697,289,201 |
| Less: Premiums ceded to reinsurers | (49,403,334) | (9,743,385) | (1,331,989) | (67,518,032) | (127,996,740) |
| Net premium written | 119,964,632 | 10,258,468 | 412,078,208 | 26,991,153 | 569,292,461 |
| Add (less): Unearned premium reserves (increase) decrease from prior period | (46,202,363) | (585,800) | (11,011,319) | 3,751,139 | (54,048,343) |
| Net earned premium | 73,762,269 | 9,672,668 | 401,066,889 | 30,742,292 | 515,244,118 |
| Fee and commission income | 21,888,109 | 3,326,396 | 385,230 | 18,733,515 | 44,333,250 |
| **Total underwriting income** | 95,650,378 | 12,999,064 | 401,452,119 | 49,475,807 | 559,577,368 |
| **Underwriting expenses** |  |  |  |  |  |
| Claim and loss adjustment expenses - net | 16,166,960 | 8,531,862 | 261,041,127 | 11,506,774 | 297,246,723 |
| Commission and brokerage expenses | 41,490,585 | 2,747,021 | 56,882,802 | 15,347,711 | 116,468,119 |
| Other underwriting expenses | 9,865,844 | 1,103,360 | 34,340,175 | 11,646,841 | 56,956,220 |
| **Total underwriting expenses**  **before operating expenses** | 67,523,389 | 12,382,243 | 352,264,104 | 38,501,326 | 470,671,062 |
| **Profit from underwriting before operating expenses** | 28,126,989 | 616,821 | 49,188,015 | 10,974,481 | 88,906,306 |
| Operating expenses |  |  |  |  | (80,913,400) |
| **Profit from underwriting** |  |  |  |  | 7,992,906 |
| Share of loss from investments in associates |  |  |  |  | (503,609) |
| Investment income |  |  |  |  | 41,742,502 |
| Profit on investments |  |  |  |  | 4,253,520 |
| Other income |  |  |  |  | 1,827,600 |
| **Profit before income tax expenses** |  |  |  |  | 55,312,919 |
| Income tax expenses |  |  |  |  | (4,739,415) |
| **Profit for the period** |  |  |  |  | 50,573,504 |

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  |  |  |  |  | (Unit: Baht) |
|  | Financial statements in which the equity method is applied | | | | |
|  | For the three-month period ended 30 June 2017 | | | | |
|  | Fire | Marine and transportation | Motor | Miscellaneous | Total |
| **Underwriting income** |  |  |  |  |  |
| Gross premium written | 175,564,575 | 21,245,052 | 355,548,716 | 73,227,948 | 625,586,291 |
| Less: Premiums ceded to reinsurers | (53,364,134) | (11,297,597) | (2,474,510) | (49,605,782) | (116,742,023) |
| Net premium written | 122,200,441 | 9,947,455 | 353,074,206 | 23,622,166 | 508,844,268 |
| Add (less): Unearned premium reserves (increase) decrease from prior period | (46,964,068) | (1,146,781) | 57,392,960 | 7,703,241 | 16,985,352 |
| Net earned premium | 75,236,373 | 8,800,674 | 410,467,166 | 31,325,407 | 525,829,620 |
| Fee and commission income | 23,336,702 | 4,132,857 | 467,284 | 14,933,391 | 42,870,234 |
| **Total underwriting income** | 98,573,075 | 12,933,531 | 410,934,450 | 46,258,798 | 568,699,854 |
| **Underwriting expenses** |  |  |  |  |  |
| Claim and loss adjustment expenses - net | 29,095,170 | 4,669,548 | 280,524,222 | 14,878,256 | 329,167,196 |
| Commission and brokerage expenses | 42,374,767 | 2,921,316 | 56,186,982 | 14,045,056 | 115,528,121 |
| Other underwriting expenses | 7,908,436 | 848,393 | 24,734,455 | 9,090,125 | 42,581,409 |
| **Total underwriting expenses**  **before operating expenses** | 79,378,373 | 8,439,257 | 361,445,659 | 38,013,437 | 487,276,726 |
| **Profit from underwriting before operating expenses** | 19,194,702 | 4,494,274 | 49,488,791 | 8,245,361 | 81,423,128 |
| Operating expenses |  |  |  |  | (76,456,448) |
| **Profit from underwriting** |  |  |  |  | 4,966,680 |
| Share of loss from investments in associates |  |  |  |  | (243,095) |
| Investments income |  |  |  |  | 47,731,947 |
| Profit on investments |  |  |  |  | 9,145,212 |
| Other income |  |  |  |  | 1,020,498 |
| **Profit before income tax expenses** |  |  |  |  | 62,621,242 |
| Income tax expenses |  |  |  |  | (5,096,803) |
| **Profit for the period** |  |  |  |  | 57,524,439 |

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  |  |  |  |  | (Unit: Baht) |
|  | Financial statements in which the equity method is applied | | | | |
|  | For the six-month period ended 30 June 2018 | | | | |
|  | Fire | Marine and transportation | Motor | Miscellaneous | Total |
| **Underwriting income** |  |  |  |  |  |
| Gross premium written | 286,754,699 | 38,319,805 | 826,336,962 | 212,971,091 | 1,364,382,557 |
| Less: Premiums ceded to reinsurers | (125,311,008) | (18,939,927) | (5,566,593) | (157,635,048) | (307,452,576) |
| Net premium written | 161,443,691 | 19,379,878 | 820,770,369 | 55,336,043 | 1,056,929,981 |
| Add (less): Unearned premium reserves (increase) decrease from prior period | (15,045,997) | 678,749 | (35,315,578) | 6,436,915 | (43,245,911) |
| Net earned premium | 146,397,694 | 20,058,627 | 785,454,791 | 61,772,958 | 1,013,684,070 |
| Fee and commission income | 36,284,937 | 6,138,067 | 884,733 | 40,604,198 | 83,911,935 |
| **Total underwriting income** | 182,682,631 | 26,196,694 | 786,339,524 | 102,377,156 | 1,097,596,005 |
| **Underwriting expenses** |  |  |  |  |  |
| Claim and loss adjustment expenses - net | 20,915,447 | 11,374,092 | 510,687,548 | 34,709,552 | 577,686,639 |
| Commission and brokerage expenses | 69,057,749 | 5,236,053 | 113,939,348 | 28,454,799 | 216,687,949 |
| Other underwriting expenses | 18,865,706 | 2,506,263 | 64,903,592 | 24,759,776 | 111,035,337 |
| **Total underwriting expenses**  **before operating expenses** | 108,838,902 | 19,116,408 | 689,530,488 | 87,924,127 | 905,409,925 |
| **Profit from underwriting before operating expenses** | 73,843,729 | 7,080,286 | 96,809,036 | 14,453,029 | 192,186,080 |
| Operating expenses |  |  |  |  | (173,869,623) |
| **Profit from underwriting** |  |  |  |  | 18,316,457 |
| Share of loss from investments in associates |  |  |  |  | (1,847,183) |
| Investment income |  |  |  |  | 54,995,362 |
| Profit on investments |  |  |  |  | 16,053,086 |
| Other income |  |  |  |  | 2,956,120 |
| **Profit before income tax expenses** |  |  |  |  | 90,473,842 |
| Income tax expenses |  |  |  |  | (14,604,227) |
| **Profit for the period** |  |  |  |  | 75,869,615 |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  | | (Unit: Baht) |
|  | Financial statements in which the equity method is applied | | | | | |
|  | For the six-month period ended 30 June 2017 | | | | | |
|  | Fire | Marine and transportation | Motor | Miscellaneous | Total | |
| **Underwriting income** |  |  |  |  |  | |
| Gross premium written | 299,059,193 | 38,842,959 | 751,713,006 | 187,599,462 | 1,277,214,620 | |
| Less: Premiums ceded to reinsurers | (128,363,136) | (20,388,499) | (9,873,919) | (136,487,059) | (295,112,613) | |
| Net premium written | 170,696,057 | 18,454,460 | 741,839,087 | 51,112,403 | 982,102,007 | |
| Add (less): Unearned premium reserves (increase) decrease from prior period | (19,278,672) | (213,521) | 91,824,856 | 13,328,353 | 85,661,016 | |
| Net earned premium | 151,417,385 | 18,240,939 | 833,663,943 | 64,440,756 | 1,067,763,023 | |
| Fee and commission income | 36,925,238 | 7,225,255 | 1,340,304 | 33,796,600 | 79,287,397 | |
| **Total underwriting income** | 188,342,623 | 25,466,194 | 835,004,247 | 98,237,356 | 1,147,050,420 | |
| **Underwriting expenses** |  |  |  |  |  | |
| Claim and loss adjustment expenses - net | 37,306,959 | 6,193,313 | 620,715,079 | 32,673,536 | 696,888,887 | |
| Commission and brokerage expenses | 70,171,235 | 5,249,934 | 117,262,260 | 25,867,818 | 218,551,247 | |
| Other underwriting expenses | 15,347,839 | 1,308,277 | 48,596,571 | 17,887,025 | 83,139,712 | |
| **Total underwriting expenses**  **before operating expenses** | 122,826,033 | 12,751,524 | 786,573,910 | 76,428,379 | 998,579,846 | |
| **Profit from underwriting before operating expenses** | 65,516,590 | 12,714,670 | 48,430,337 | 21,808,977 | 148,470,574 | |
| Operating expenses |  |  |  |  | (152,114,016) | |
| **Loss from underwriting** |  |  |  |  | (3,643,442) | |
| Share of loss from investments in associates |  |  |  |  | (243,095) | |
| Investments income |  |  |  |  | 63,420,103 | |
| Profit on investments |  |  |  |  | 22,530,417 | |
| Other income |  |  |  |  | 2,721,111 | |
| **Profit before income tax expenses** |  |  |  |  | 84,785,094 | |
| Income tax expenses |  |  |  |  | (8,477,977) | |
| **Profit for the period** |  |  |  |  | 76,307,117 | |

Segment assets and liabilities of the Company’s operating segments as at 30 June 2018 and 31 December 2017 are as follows:

(Unit: Baht)

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | Financial statements in which the equity method is applied | | | | | | |
|  | Fire | Marine and transportation | Motor | Miscellaneous | Total segments | Unallocated | Total |
| **Assets** |  |  |  |  |  |  |  |
| As at 30 June 2018 | 507,064,700 | 33,629,997 | 176,618,690 | 235,711,568 | 953,024,955 | 4,528,856,465 | 5,481,881,420 |
| As at 31 December 2017 | 315,722,177 | 37,569,063 | 182,637,585 | 326,010,207 | 861,939,032 | 4,303,008,772 | 5,164,947,804 |
| **Liabilities** |  |  |  |  |  |  |  |
| As at 30 June 2018 | 650,573,086 | 43,864,078 | 1,321,010,498 | 250,019,375 | 2,265,467,037 | 1,111,568,436 | 3,377,035,473 |
| As at 31 December 2017 | 466,585,752 | 38,504,389 | 1,316,154,039 | 318,846,230 | 2,140,090,410 | 852,435,930 | 2,992,526,340 |

**Geographic information**

The Company is operated its business in Thailand only, as a result, all of the revenues and assets as reflected in these financial statements pertain to the aforementioned geographical reportable.

**Major customer’s information**

During the three-month and six-month periods ended 30 June 2018 and 2017, the Company had gross premium written from major customer as follows:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| (Unit: Million Baht) | | | | |
|  | Financial statements in which the equity method is applied | | | |
|  | For the three-month periods ended 30 June | | For the six-month periods ended 30 June | |
|  | 2018 | 2017 | 2018 | 2017 |
| Gross premium written | 75(1) | - | 151(1) | - |

(1)  Presented total amounts of gross premiums written from 1 major customer.

**18. Earnings per share**

Basic earnings per share is calculated by dividing profit for the period (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the period, after adjusting the number of ordinary shares as a result of the increase in share capital arising from the issue of stock dividend.

On 24 April 2018, the 2018 Annual General Meeting of shareholders approved to pay a cash dividend of Baht 1.50 per share, and stock dividend of 1 million shares to the existing shareholders. For the purpose of calculating earnings per share, the Company adjusted the number of ordinary shares used to calculate the earnings per share, as though it had issued the stock dividend at the beginning of the reporting periods.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | Financial statements in which the equity method is applied | | Separate financial statements | |
|  | For the three-month periods ended 30 June | | For the three-month periods ended 30 June | |
|  | 2018 | 2017 | 2018 | 2017 |
|  |  | (Restated) |  | (Restated) |
| Number of ordinary shares issued during the period (Shares) | 34,000,000 | 33,000,000 | 34,000,000 | 33,000,000 |
| Number of stock dividend additional issue in 2018 (Shares) | - | 1,000,000 | - | 1,000,000 |
| Total (Shares) | 34,000,000 | 34,000,000 | 34,000,000 | 34,000,000 |
| Profit for the period (Baht) | 50,573,504 | 57,524,439 | 51,077,113 | 57,767,534 |
| Earnings per share (Baht per share) | 1.49 | 1.69 | 1.50 | 1.70 |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | Financial statements in which the equity method is applied | | Separate financial statements | |
|  | For the six-month periods ended 30 June | | For the six-month periods ended 30 June | |
|  | 2018 | 2017 | 2018 | 2017 |
|  |  | (Restated) |  | (Restated) |
| Number of ordinary shares issued during the period (Shares) | 34,000,000 | 33,000,000 | 34,000,000 | 33,000,000 |
| Number of stock dividend additional issue in 2018 (Shares) | - | 1,000,000 | - | 1,000,000 |
| Total (Shares) | 34,000,000 | 34,000,000 | 34,000,000 | 34,000,000 |
| Profit for the period (Baht) | 75,869,615 | 76,307,117 | 77,716,798 | 76,550,212 |
| Earnings per share (Baht per share) | 2.23 | 2.24 | 2.29 | 2.25 |

**19. Dividends**

Dividends declared during the six-month periods ended 30 June 2018 and 2017 consisted of the following:

|  |  |  |  |
| --- | --- | --- | --- |
|  | Approved by | Total dividends | Dividends per share |
|  |  | (Million Baht) | (Baht) |
| Dividends from 2017 net profit (Cash dividends of Baht 1.50 per share and stock dividends of Baht 0.30 per share) | Annual General Meeting of the shareholders on 24 April 2018 | 59.5 | 1.80 |
| Dividends from 2016 net profit (Cash dividends of Baht 1.00 per share) | Annual General Meeting of the shareholders on 27 April 2017 | 33.0 | 1.00 |

**20. Related party transactions**

**20.1 Nature of relationship**

In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

The relationships between the Company and its related parties are summarised below.

|  |  |
| --- | --- |
| Name of related parties | Nature of relationship |
| TKI General Insurance Company Limited | Associated company |
| TKI Life Insurance Company Limited | Associated company |
| The United Indemnity Co., Ltd. | 7.11% of shares held in the Company |
| The Falcon Insurance Plc. | 12.00% of shares held by the Company |
| Thai Metal Drum Manufacturing Plc. | Common directors and through shareholding |
| Varopakorn Plc. | Common directors and through shareholding |
| Rangsit Plaza Co., Ltd. | Common directors and through shareholding |
| Sathorn Thani Co., Ltd. | Common directors and through shareholding |
| Siam Motors Co., Ltd. | Common directors and through shareholding |
| Wanglee Co., Ltd. | Common directors and through shareholding |
| The Siam Cement Plc. | Common directors and through shareholding |
| Thaire Life Assurance Plc. | Common directors and through shareholding |
| Thaicom Plc.(1) | Common directors |
| Dusit Thani Plc. | Common directors |
| Serm Suk Plc. | Common directors |
| Chaitip Co., Ltd. | Common directors |
| Alinkij Siam Co., Ltd | Common directors |
| Siam Calsonic Co., Ltd. | Common directors |
| Siam Riken Industrial Co., Ltd. | Common directors |
| Siam International Corp., Ltd. | Common directors |
| The Pet Co., Ltd. | Common directors |
| Rangsit Ruam Patana Co., Ltd. | Common directors |
| Toyota Petchaboon Toyota’s Dealer Co., Ltd. | Common directors |
| Thai Petchaboon Co., Ltd. | Common directors |
| BTS Group Holdings Plc. | Common directors |
| Poon Phol Co., Ltd. | Common directors |
| C.E.S. Co., Ltd. | Common directors |
| Pipatanasin Co., Ltd. | Common directors |
| Sittinan Co., Ltd.(1) | Common directors |
| PIA Interior Co., Ltd. | A related person of the Company’s director is a major shareholder |

(1) Not related parties in 2018.

**20.2 Significant related party transactions**

During the three-month and six-month periods ended 30 June 2018 and 2017, 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: Baht)

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | Financial statements in which the equity method is applied and separate financial statements | | | |  |
|  | For the three-month periods ended 30 June | | For the six-month periods ended 30 June | |  |
|  | 2018 | 2017 | 2018 | 2017 | Pricing policy |
| **Transactions with related companies** |  |  |  |  |  |
| Direct premium written | 6,400,243 | 3,335,386 | 15,177,984 | 9,661,466 | Ordinary course of business premium rate |
| Reinsurance premium written | 3,120,945 | 4,720,402 | 5,987,186 | 8,863,037 | Ordinary course of business ceded rates, based on the type of reinsurance and the reinsurance contracts |
| Premium ceded | 15,591,105 | 17,119,607 | 20,581,313 | 22,725,650 | Ordinary course of business ceded rates, based on the type of reinsurance and the reinsurance contracts |
| Claim expenses | 3,975,055 | 2,914,445 | 6,016,653 | 6,498,687 | Actual incurred |
| Commission paid to reinsurance | 1,548,752 | 2,560,643 | 2,520,025 | 3,862,108 | Ordinary course of business ceded rates, based on the type of reinsurance and the reinsurance contracts |
| Commission received | 9,628,179 | 10,521,513 | 11,078,787 | 12,011,151 | Ordinary course of business ceded rates, based on the type of reinsurance and the reinsurance contracts |
| Dividend income | 17,669,110 | 18,135,434 | 18,824,110 | 19,290,434 | As declared |
| Rental and service fee for branch office expenses | 114,052 | 108,191 | 222,375 | 210,964 | Contract price |
| Rental income | 39,312 | 35,742 | 143,432 | 138,672 | Contract price |

**20.3 Outstanding balances**

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

|  |  |  |
| --- | --- | --- |
|  | (Unit: Baht) | |
|  | 30 June 2018 | 31 December 2017 |
| **Reinsurance receivables - amounts due from reinsurers** |  |  |
| The Falcon Insurance Plc. | 19,483,895 | 9,853,071 |
| **Investments in securities - equity securities** |  |  |
| Thai Metal Drum Manufacturing Plc. | 264,633,600 | 255,812,480 |
| BTS Group Holdings Plc. | 61,600,000 | 57,750,000 |
| Thaire Life Assurance Plc. | 32,625,000 | 49,050,000 |
| The Siam Cement Plc. | 24,720,000 | 29,040,000 |
| The Falcon Insurance Plc. | 18,846,960 | 18,846,960 |
| Sathorn Thani Co., Ltd. | 12,780,000 | 12,780,000 |
| Rangsit Plaza Co., Ltd. | 6,560,000 | 6,560,000 |
| Varopakorn Plc. | 1,931,636 | 1,959,231 |
| Total | 423,697,196 | 431,798,671 |
| **Due to reinsurers - Amounts due to reinsurance** |  |  |
| The Falcon Insurance Plc. | 21,904,025 | 12,802,242 |

**20.4 Directors and management’s benefits**

During the three-month and six-month period ended 30 June 2018 and 2017, the Company had employment benefits expenses payable to their directors and management as below.

(Unit: Baht)

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | For the three-month periods ended 30 June | | For the three-month periods ended 30 June | |
|  | 2018 | 2017 | 2018 | 2017 |
| Short-term benefits | 11,285,167 | 11,502,141 | 25,812,359 | 24,802,789 |
| Post-employment benefits | 152,700 | 201,900 | 307,296 | 404,536 |
| Total | 11,437,867 | 11,704,041 | 26,119,655 | 25,207,325 |

# **21. Assets pledged and reserved with the Registrar**

As at 30 June 2018 and 31 December 2017, the Company had the following assets pledged 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 | |
|  | Cost | Fair value | Cost | Fair value |
| **Assets pledged** |  |  |  |  |
| Government bonds | 15,000,000 | 15,249,090 | 15,000,000 | 15,379,153 |
| **Assets reserve as non-life insurance reserve** |  |  |  |  |
| Deposits and certificate of deposits at financial institutions | 240,000,000 | 240,000,000 | 235,000,000 | 235,000,000 |

# **22. Other assets with restrictions and commitments**

As at 30 June 2018 and 31 December 2017, the Company had pledged the following assets as collateral.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| (Unit: Baht) | | | | |
|  | 30 June 2018 | | 31 December 2017 | |
|  | Cost | Fair value | Cost | Fair value |
| **Pledged as bail bond in cases where insured drivers have been charged with criminal offense** |  |  |  |  |
| Government bonds | 440,000 | 440,000 | 440,000 | 440,000 |

# **23. Commitments and contingent liabilities**

**23.1 Capital commitments**

As at 30 June 2018, the Company had capital commitments of approximately Baht 66.2 million (31 December 2017: Baht 0.4 million), relating to program computer and assets under construction.

**23.2 Operating lease commitments**

The Company has entered into several lease agreements in respect of the lease of office building space. The terms of the agreements are generally between 1 year and 3 years.

As at 30 June 2018, future minimum lease payments required under these non-cancellable operating leases contracts were as follows.

|  |  |
| --- | --- |
| Payable within: | (Unit: Baht) |
| Within 1 year | 8,783,131 |
| Over 1 to 5 years | 7,699,799 |

**23.3 Letter of Guarantees**

As at 30 June 2018, there were bank guarantees amounting to Baht 2.8 million, and a certificate issued in the Company’s name amounting to Baht 10.4 million, as required in the normal course of the Company’s business (31 December 2017: Baht 2.8 million and Baht 9.2 million, respectively).

**23.4 Litigation**

As at 30 June 2018, the Company has been sued for damages totaling approximately Baht 168.6 million as insurer. The cases have not yet been finalised. However, the Company’s obligations in respect of these lawsuits do not exceed the maximum sum insured per the relevant policies, which is Baht 17.2 million, and the Company has set aside reserves for contingent losses amounting to Baht 16.9 million in the financial statements (31 December 2017: Baht 184.9 million, Baht 28.3 million and Baht 27.8 million, respectively).

**24. Fair value measurement for financial assets**

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

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| (Unit: Baht) | | | | | | | | |
|  | Financial statements in which the equity method is applied and separate financial statements | | | | | | | |
|  | 30 June 2018 | | | | 31 December 2017 | | | |
|  | Fair value | | |  | Fair value | | |  |
|  | Level 1 | Level 2 | Total | Book value | Level 1 | Level 2 | Total | Book value |
| **Investment in available-for-sale securities** |  |  |  |  |  |  |  |  |
| Government and state enterprise securities | 40,707,780 | 360,086,757 | 400,794,537 | 400,794,537 | 44,343,793 | 360,962,496 | 405,306,289 | 405,306,289 |
| Private debt securities | - | 824,966,730 | 824,966,730 | 824,966,730 | - | 786,624,859 | 786,624,859 | 786,624,859 |
| Equity securities | 923,466,554 | 51,418,637 | 974,885,191 | 974,885,191 | 1,025,197,315 | 56,511,733 | 1,081,709,048 | 1,081,709,048 |

The Company had valuation techniques for financial assets as follows:

1. The fair value of investments in debt securities is generally derived from quoted market prices or determined by using the yield curve as announced by the Thai Bond Market Association.
2. Investments in marketable equity securities has been presented at fair value by using market price. Investments in non-listed unit trusts is determined by using the net asset value as announced by asset management company.

**25. Approval of interim financial statements**

These interim financial statements were authorised for issue by the Company’s Board of Directors on 9 August 2018.