

Bangkok Insurance Public Company Limited
Review report and interim financial statements
30 June 2018

Independent Auditor's Report on Review of Interim Financial Information

To the Shareholders of Bangkok Insurance Public Company Limited

I have reviewed the accompanying statement of financial position, in which the equity method is applied, of Bangkok Insurance Public Company Limited as at 30 June 2018, the related statements of comprehensive income, in which the equity method is applied, for the three-month and six-month periods then ended, the related statement of changes in owners' equity and cash flows, in which the equity method is applied, for the six-month period then ended, as well as the condensed notes to the financial statements. I have also reviewed the separate financial information of Bangkok Insurance Public Company Limited for the same period. 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: 2 August 2018

Bangkok Insurance Public Company Limited**Statements of financial position****As at 30 June 2018**

(Unit: Baht)

| Note | Financial statements | | | | |
|--|---------------------------------------|-----------------------|-------------------------------|-----------------------|-----------------------|
| | in which the equity method is applied | | Separate financial statements | | |
| | 30 June 2018 | 31 December 2017 | 30 June 2018 | 31 December 2017 | |
| | (Unaudited but reviewed) | (Audited) | (Unaudited but reviewed) | (Audited) | |
| Assets | | | | | |
| Cash and cash equivalents | 3 | 358,367,358 | 399,583,620 | 358,367,358 | 399,583,620 |
| Premium receivables - net | 4 | 1,946,660,612 | 2,401,046,091 | 1,946,660,612 | 2,401,046,091 |
| Accrued investment income | | 51,534,044 | 94,695,499 | 51,534,044 | 94,695,499 |
| Reinsurance assets - net | 5 | 5,298,790,332 | 5,487,395,925 | 5,298,790,332 | 5,487,395,925 |
| Reinsurance receivables - net | 6 | 269,668,570 | 239,202,038 | 269,668,570 | 239,202,038 |
| Investment assets | | | | | |
| Investments in securities - net | 7 | 45,057,903,773 | 47,819,624,499 | 45,057,903,773 | 47,819,624,499 |
| Loans - net | 8 | 1,380,725,389 | 1,359,308,172 | 1,380,725,389 | 1,359,308,172 |
| Investments in associates | 9.1 | 220,223,421 | 214,935,714 | 129,395,722 | 134,395,122 |
| Investment properties - net | 10 | 161,122,026 | 169,666,034 | 161,122,026 | 169,666,034 |
| Premises and equipment - net | 11 | 918,016,829 | 1,007,214,174 | 918,016,829 | 1,007,214,174 |
| Intangible assets - net | 12 | 193,804,357 | 226,579,175 | 193,804,357 | 226,579,175 |
| Other assets | | | | | |
| Land and building leasehold rights - net | | 46,467,938 | 48,954,088 | 46,467,938 | 48,954,088 |
| Others | | 439,936,899 | 634,575,332 | 439,936,899 | 634,575,332 |
| Total assets | | 56,343,221,548 | 60,102,780,361 | 56,252,393,849 | 60,022,239,769 |

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

Bangkok Insurance Public Company Limited
Statements of financial position (continued)
As at 30 June 2018

(Unit: Baht)

| | Note | Financial statements | | | |
|---|------|---------------------------------------|-----------------------|-------------------------------|-----------------------|
| | | in which the equity method is applied | | Separate financial statements | |
| | | 30 June 2018 | 31 December 2017 | 30 June 2018 | 31 December 2017 |
| | | (Unaudited but reviewed) | (Audited) | (Unaudited but reviewed) | (Audited) |
| Liabilities and owners' equity | | | | | |
| Liabilities | | | | | |
| Insurance contract liabilities | 14 | 13,595,999,232 | 13,762,343,603 | 13,595,999,232 | 13,762,343,603 |
| Due to reinsurers | 15 | 1,509,013,447 | 2,051,516,569 | 1,509,013,447 | 2,051,516,569 |
| Income tax payable | | 138,115,628 | 112,217,882 | 138,115,628 | 112,217,882 |
| Employee benefit obligations | | 423,988,815 | 351,202,663 | 423,988,815 | 351,202,663 |
| Deferred tax liabilities | 13.1 | 4,321,001,601 | 5,039,465,161 | 4,302,836,061 | 5,023,357,043 |
| Other liabilities | | | | | |
| Premiums received in advance | | 1,840,895,481 | 1,802,396,156 | 1,840,895,481 | 1,802,396,156 |
| Commission payables | | 361,323,899 | 333,856,726 | 361,323,899 | 333,856,726 |
| Accrued expenses | | 637,587,241 | 635,001,045 | 637,587,241 | 635,001,045 |
| Liabilities under finance lease agreements | | 60,131,575 | 65,006,724 | 60,131,575 | 65,006,724 |
| Others | | 773,650,526 | 804,331,887 | 773,650,526 | 804,331,887 |
| Total liabilities | | 23,661,707,445 | 24,957,338,416 | 23,643,541,905 | 24,941,230,298 |
| Owners' equity | | | | | |
| Share capital | | | | | |
| Registered, issued and paid up | | | | | |
| 106,470,000 ordinary shares of Baht 10 each | | 1,064,700,000 | 1,064,700,000 | 1,064,700,000 | 1,064,700,000 |
| Share premium | | 1,442,500,000 | 1,442,500,000 | 1,442,500,000 | 1,442,500,000 |
| Retained earnings | | | | | |
| Appropriated | | | | | |
| Statutory reserve | | 106,470,000 | 106,470,000 | 106,470,000 | 106,470,000 |
| Other reserve | | 3,100,000,000 | 3,100,000,000 | 3,100,000,000 | 3,100,000,000 |
| Unappropriated | | 6,832,226,174 | 6,381,856,699 | 6,759,564,015 | 6,317,424,225 |
| Other component of owners' equity | | 20,135,617,929 | 23,049,915,246 | 20,135,617,929 | 23,049,915,246 |
| Total owners' equity | | 32,681,514,103 | 35,145,441,945 | 32,608,851,944 | 35,081,009,471 |
| Total liabilities and owners' equity | | 56,343,221,548 | 60,102,780,361 | 56,252,393,849 | 60,022,239,769 |

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

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Directors
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(Unaudited but reviewed)

Bangkok Insurance Public Company Limited
Statements of comprehensive income
For the three-month periods ended 30 June 2018

(Unit: Baht)

| | Financial statements | | | | |
|--|---------------------------------------|------------------------|-------------------------------|------------------------|------------------------|
| | in which the equity method is applied | | Separate financial statements | | |
| | Note | 2018 | 2017 | 2018 | 2017 |
| Profit or loss: | | | | | |
| Revenues | | | | | |
| Gross premium written | | 3,878,618,569 | 3,769,342,347 | 3,878,618,569 | 3,769,342,347 |
| Less: Premium ceded to reinsurers | | (1,081,899,501) | (1,088,832,874) | (1,081,899,501) | (1,088,832,874) |
| Net premium written | | 2,796,719,068 | 2,680,509,473 | 2,796,719,068 | 2,680,509,473 |
| Add (less): Unearned premium reserves (increased) decreased from prior period | | (38,806,340) | 77,604,780 | (38,806,340) | 77,604,780 |
| Net earned premium | | 2,757,912,728 | 2,758,114,253 | 2,757,912,728 | 2,758,114,253 |
| Fee and commission income | | 226,515,174 | 251,075,284 | 226,515,174 | 251,075,284 |
| Shares of profits from investments in associates, accounted for under the equity method | 9.2 | 6,893,619 | 6,272,473 | - | - |
| Net investment revenue | | 315,056,545 | 375,697,722 | 315,056,545 | 375,697,722 |
| Gains (losses) on investments | | 65,905,418 | (6,923,400) | 65,905,418 | (6,923,400) |
| Other income | | 43,759,634 | 43,300,582 | 43,759,634 | 43,300,582 |
| Total revenues | | 3,416,043,118 | 3,427,536,914 | 3,409,149,499 | 3,421,264,441 |
| Expenses | | | | | |
| Gross claims | | 1,696,776,233 | 2,485,134,280 | 1,696,776,233 | 2,485,134,280 |
| Less: Claim recovery from reinsurers | | (305,550,186) | (1,102,064,637) | (305,550,186) | (1,102,064,637) |
| Commissions and brokerages | | 546,854,373 | 524,646,461 | 546,854,373 | 524,646,461 |
| Other underwriting expenses | | 466,329,403 | 463,119,337 | 466,329,403 | 463,119,337 |
| Operating expenses | | 251,374,076 | 207,767,698 | 251,374,076 | 207,767,698 |
| Investment expenses | | 21,101,649 | 22,140,051 | 21,101,649 | 22,140,051 |
| Finance costs | | 823,866 | 884,990 | 823,866 | 884,990 |
| Total expenses | | 2,677,709,414 | 2,601,628,180 | 2,677,709,414 | 2,601,628,180 |
| Profits before income tax expenses | | 738,333,704 | 825,908,734 | 731,440,085 | 819,636,261 |
| Less: Income tax expenses | 13.2 | (95,358,059) | (89,198,226) | (93,979,335) | (87,943,733) |
| Profits for the periods | | 642,975,645 | 736,710,508 | 637,460,750 | 731,692,528 |
| Other comprehensive income (loss): | | | | | |
| Items to be recognised in profit or loss in subsequent periods: | | | | | |
| Losses on revaluation of available-for-sale investments | | (5,672,608,085) | (1,638,233,598) | (5,672,608,085) | (1,638,233,598) |
| Add: Income taxes | | 1,134,521,618 | 327,646,719 | 1,134,521,618 | 327,646,719 |
| Items to be recognised in profit or loss in subsequent periods - net of income taxes | | (4,538,086,467) | (1,310,586,879) | (4,538,086,467) | (1,310,586,879) |
| Other comprehensive loss for the periods | | (4,538,086,467) | (1,310,586,879) | (4,538,086,467) | (1,310,586,879) |
| Total comprehensive loss for the periods | | (3,895,110,822) | (573,876,371) | (3,900,625,717) | (578,894,351) |
| Earnings per share: | 17 | | | | |
| Basic earnings per share | | | | | |
| Profits for the periods | | 6.04 | 6.92 | 5.99 | 6.87 |

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

(Unaudited but reviewed)

Bangkok Insurance Public Company Limited
Statements of comprehensive income
For the six-month periods ended 30 June 2018

(Unit: Baht)

| | Financial statements | | | | |
|--|----------------------|---------------------------------------|-----------------|-------------------------------|-----------------|
| | Note | in which the equity method is applied | | Separate financial statements | |
| | | 2018 | 2017 | 2018 | 2017 |
| Profit or loss: | | | | | |
| Revenues | | | | | |
| Gross premium written | | 8,150,785,009 | 7,978,056,036 | 8,150,785,009 | 7,978,056,036 |
| Less: Premium ceded to reinsurers | | (2,394,034,608) | (2,459,168,034) | (2,394,034,608) | (2,459,168,034) |
| Net premium written | | 5,756,750,401 | 5,518,888,002 | 5,756,750,401 | 5,518,888,002 |
| Add (less): Unearned premium reserves (increased) decreased from prior period | | (262,685,336) | 24,811,799 | (262,685,336) | 24,811,799 |
| Net earned premium | | 5,494,065,065 | 5,543,699,801 | 5,494,065,065 | 5,543,699,801 |
| Fee and commission income | | 484,051,906 | 555,797,810 | 484,051,906 | 555,797,810 |
| Shares of profits from investments in associates, accounted for under the equity method | 9.2 | 9,474,623 | 6,042,067 | - | - |
| Net investment revenue | | 666,098,244 | 671,175,159 | 666,098,244 | 671,175,159 |
| Gains on investments | | 68,073,126 | 14,079,310 | 67,260,642 | 14,079,310 |
| Other income | | 79,711,301 | 95,398,480 | 79,711,301 | 95,398,480 |
| Total revenues | | 6,801,474,265 | 6,886,192,627 | 6,791,187,158 | 6,880,150,560 |
| Expenses | | | | | |
| Gross claims | | 3,872,545,330 | 4,664,362,125 | 3,872,545,330 | 4,664,362,125 |
| Less: Claim recovery from reinsurers | | (1,150,958,840) | (1,732,156,721) | (1,150,958,840) | (1,732,156,721) |
| Commissions and brokerages | | 1,129,325,265 | 1,072,621,163 | 1,129,325,265 | 1,072,621,163 |
| Other underwriting expenses | | 906,173,118 | 904,469,387 | 906,173,118 | 904,469,387 |
| Operating expenses | | 504,924,710 | 471,831,021 | 504,924,710 | 471,831,021 |
| Investment expenses | | 41,654,176 | 43,788,362 | 41,654,176 | 43,788,362 |
| Finance costs | | 1,700,031 | 1,808,019 | 1,700,031 | 1,808,019 |
| Total expenses | | 5,305,363,790 | 5,426,723,356 | 5,305,363,790 | 5,426,723,356 |
| Profits before income tax expenses | | 1,496,110,475 | 1,459,469,271 | 1,485,823,368 | 1,453,427,204 |
| Less: Income tax expenses | 13.2 | (193,981,000) | (172,446,932) | (191,923,578) | (171,238,519) |
| Profits for the periods | | 1,302,129,475 | 1,287,022,339 | 1,293,899,790 | 1,282,188,685 |
| Other comprehensive income (loss): | | | | | |
| Items to be recognised in profit or loss in subsequent periods: | | | | | |
| Losses on revaluation of available-for-sale investments | | (3,642,871,646) | (732,383,464) | (3,642,871,646) | (732,383,464) |
| Add: Income taxes | | 728,574,329 | 146,476,692 | 728,574,329 | 146,476,692 |
| Items to be recognised in profit or loss in subsequent periods - net of income taxes | | (2,914,297,317) | (585,906,772) | (2,914,297,317) | (585,906,772) |
| Other comprehensive loss for the periods | | (2,914,297,317) | (585,906,772) | (2,914,297,317) | (585,906,772) |
| Total comprehensive income (loss) for the periods | | (1,612,167,842) | 701,115,567 | (1,620,397,527) | 696,281,913 |
| Earnings per share: | 17 | | | | |
| Basic earnings per share | | | | | |
| Profits for the periods | | 12.23 | 12.09 | 12.15 | 12.04 |

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

(Unaudited but reviewed)

Bangkok Insurance Public Company Limited
Statements of cash flows
For the six-month periods ended 30 June 2018

(Unit: Baht)

| | Financial statements | | | | |
|--|----------------------|---------------------------------------|----------------------|-------------------------------|----------------------|
| | Note | in which the equity method is applied | | Separate financial statements | |
| | | 2018 | 2017 | 2018 | 2017 |
| Cash flows from (used in) operating activities | | | | | |
| Direct premium written | | 8,279,332,611 | 8,320,530,337 | 8,279,332,611 | 8,320,530,337 |
| Cash paid for reinsurance | | (1,019,708,159) | (1,151,427,097) | (1,019,708,159) | (1,151,427,097) |
| Interest income | | 158,181,857 | 135,839,740 | 158,181,857 | 135,839,740 |
| Dividend income | | 551,239,961 | 520,726,118 | 551,239,961 | 520,726,118 |
| Other investment income | | 68,889,085 | 73,561,326 | 68,889,085 | 73,561,326 |
| Other income | | 10,625,096 | 16,463,274 | 10,625,096 | 16,463,274 |
| Losses incurred on direct insurance | | (3,660,313,493) | (3,260,849,670) | (3,660,313,493) | (3,260,849,670) |
| Commissions and brokerages on direct insurance | | (1,018,859,442) | (1,045,580,195) | (1,018,859,442) | (1,045,580,195) |
| Other underwriting expenses | | (1,034,783,039) | (1,010,408,842) | (1,034,783,039) | (1,010,408,842) |
| Operating expenses | | (469,752,352) | (620,803,591) | (469,752,352) | (620,803,591) |
| Investment expenses | | (28,119,984) | (30,537,149) | (28,119,984) | (30,537,149) |
| Income taxes | | (158,192,074) | (177,082,963) | (158,192,074) | (177,082,963) |
| Investments in securities | | (1,205,463,849) | (471,793,309) | (1,205,463,849) | (471,793,309) |
| Loans | | (21,862,274) | 30,632,868 | (21,862,274) | 30,632,868 |
| Investments in associates | | 5,949,741 | - | 5,949,741 | - |
| Deposits at financial institutions | | 390,252,147 | (417,276,193) | 390,252,147 | (417,276,193) |
| Net cash provided by operating activities | | 847,415,832 | 911,994,654 | 847,415,832 | 911,994,654 |
| Cash flows from (used in) investing activities | | | | | |
| Cash flows from | | | | | |
| Premises and equipment | | 89,196 | 6,205,841 | 89,196 | 6,205,841 |
| Cash provided by investing activities | | 89,196 | 6,205,841 | 89,196 | 6,205,841 |
| Cash flows used in | | | | | |
| Premises and equipment | | (29,793,083) | (67,349,007) | (29,793,083) | (67,349,007) |
| Intangible assets | | (7,168,207) | (18,947,455) | (7,168,207) | (18,947,455) |
| Cash used in investing activities | | (36,961,290) | (86,296,462) | (36,961,290) | (86,296,462) |
| Net cash used in investing activities | | (36,872,094) | (80,090,621) | (36,872,094) | (80,090,621) |
| Cash flows from (used in) financing activities | | | | | |
| Dividends paid | 18 | (851,760,000) | (851,743,473) | (851,760,000) | (851,743,473) |
| Net cash used in financing activities | | (851,760,000) | (851,743,473) | (851,760,000) | (851,743,473) |
| Net decrease in cash and cash equivalents | | (41,216,262) | (19,839,440) | (41,216,262) | (19,839,440) |
| Cash and cash equivalents at beginning of the periods | | 399,583,620 | 412,484,321 | 399,583,620 | 412,484,321 |
| Cash and cash equivalents at end of the periods | | 358,367,358 | 392,644,881 | 358,367,358 | 392,644,881 |

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

(Unaudited but reviewed)

Bangkok Insurance Public Company Limited
Statements of changes in owners' equity
For the six-month periods ended 30 June 2018

(Unit: Baht)

Financial statements in which the equity method is applied

| | Note | Issued and paid-up share capital | Share premium | Retained earnings | | Other component of equity | | |
|---|------|--|----------------------|--------------------|----------------------|---------------------------|--|-----------------------|
| | | | | Appropriated | | Unappropriated | Revaluation surplus on available-for-sale investments - net of income taxes | Total |
| | | | | Statutory reserve | Other reserve | | | |
| Balance as at 1 January 2017 | | 1,064,700,000 | 1,442,500,000 | 106,470,000 | 3,100,000,000 | 5,472,711,707 | 22,067,347,169 | 33,253,728,876 |
| Dividend paid | 18 | - | - | - | - | (851,743,473) | - | (851,743,473) |
| Profit for the period | | - | - | - | - | 1,287,022,339 | - | 1,287,022,339 |
| Other comprehensive loss for the period | | - | - | - | - | - | (585,906,772) | (585,906,772) |
| Balance as at 30 June 2017 | | <u>1,064,700,000</u> | <u>1,442,500,000</u> | <u>106,470,000</u> | <u>3,100,000,000</u> | <u>5,907,990,573</u> | <u>21,481,440,397</u> | <u>33,103,100,970</u> |
| Balance as at 1 January 2018 | | 1,064,700,000 | 1,442,500,000 | 106,470,000 | 3,100,000,000 | 6,381,856,699 | 23,049,915,246 | 35,145,441,945 |
| Dividend paid | 18 | - | - | - | - | (851,760,000) | - | (851,760,000) |
| Profit for the period | | - | - | - | - | 1,302,129,475 | - | 1,302,129,475 |
| Other comprehensive loss for the period | | - | - | - | - | - | (2,914,297,317) | (2,914,297,317) |
| Balance as at 30 June 2018 | | <u>1,064,700,000</u> | <u>1,442,500,000</u> | <u>106,470,000</u> | <u>3,100,000,000</u> | <u>6,832,226,174</u> | <u>20,135,617,929</u> | <u>32,681,514,103</u> |

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

(Unaudited but reviewed)

Bangkok Insurance Public Company Limited
Statements of changes in owners' equity (continued)
For the six-month periods ended 30 June 2018

(Unit: Baht)

| | Separate financial statements | | | | | | Other component of equity | |
|---|-------------------------------|--|----------------------|--------------------|----------------------|----------------------|--------------------------------------|-----------------------|
| | Note | Issued and paid-up share capital | Share premium | Retained earnings | | Unappropriated | Revaluation surplus | Total |
| | | | | Appropriated | | | on available-for-sale | |
| | | | | Statutory reserve | Other reserve | | investments - net of income taxes | |
| Balance as at 1 January 2017 | | 1,064,700,000 | 1,442,500,000 | 106,470,000 | 3,100,000,000 | 5,414,328,991 | 22,067,347,169 | 33,195,346,160 |
| Dividend paid | 18 | - | - | - | - | (851,743,473) | - | (851,743,473) |
| Profit for the period | | - | - | - | - | 1,282,188,685 | - | 1,282,188,685 |
| Other comprehensive loss for the period | | - | - | - | - | - | (585,906,772) | (585,906,772) |
| Balance as at 30 June 2017 | | <u>1,064,700,000</u> | <u>1,442,500,000</u> | <u>106,470,000</u> | <u>3,100,000,000</u> | <u>5,844,774,203</u> | <u>21,481,440,397</u> | <u>33,039,884,600</u> |
| Balance as at 1 January 2018 | | 1,064,700,000 | 1,442,500,000 | 106,470,000 | 3,100,000,000 | 6,317,424,225 | 23,049,915,246 | 35,081,009,471 |
| Dividend paid | 18 | - | - | - | - | (851,760,000) | - | (851,760,000) |
| Profit for the period | | - | - | - | - | 1,293,899,790 | - | 1,293,899,790 |
| Other comprehensive loss for the period | | - | - | - | - | - | (2,914,297,317) | (2,914,297,317) |
| Balance as at 30 June 2018 | | <u>1,064,700,000</u> | <u>1,442,500,000</u> | <u>106,470,000</u> | <u>3,100,000,000</u> | <u>6,759,564,015</u> | <u>20,135,617,929</u> | <u>32,608,851,944</u> |

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

Bangkok Insurance Public Company Limited

Notes to interim financial statements

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

1. Corporate information

Bangkok Insurance Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand, and listed on the Stock Exchange of Thailand. The Company’s major shareholder is Bangkok Bank Public Company Limited whereby as at 30 June 2018 and 31 December 2017, such major shareholder held 9.97% of the issued and paid-up ordinary shares of the Company. The Company is principally engaged in the provision of non-life insurance. The Company’s registered office is located at No. 25, Bangkok Insurance Building, South Sathon Road, Tung Ma Ha Mek, Sathon, Bangkok.

2. Basis for preparation of interim financial statements

These interim financial statements are prepared in accordance with Thai Accounting Standard No. 34: Interim Financial Reporting, 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 dated 4 March 2016 whereby the Company choose to present condensed interim financial statements. However, the Company presented each line item in the statements of financial position, comprehensive income, changes in owners’ equity and cash flows in the same full format as that used in its annual financial statements.

These 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 such financial statements in Thai language.

2.1 The financial statements in which the equity method is applied

The Company has prepared the financial statements, in which equity method is applied, which have presented investments in associates under the equity method.

2.2 Separate financial statements

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

2.3 Revised and 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 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 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, TAS 18 Revenue and related Interpretations. An entity shall apply this standard to all contracts with customers unless those contracts are in the scope of other standards. The standard establishes a five-step model to account for revenue arising from contracts with customers. Revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or series 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.

2.4 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)

| | Financial statements in which the equity method is applied and Separate financial statements | |
|---|--|--------------------|
| | 30 June 2018 | 31 December 2017 |
| Cash on hand | 2,625,056 | 2,579,000 |
| Deposits at banks with no fixed maturity date | 155,742,302 | 127,004,620 |
| Deposits at banks with fixed maturity date | 200,000,000 | 270,000,000 |
| Total cash and cash equivalents | <u>358,367,358</u> | <u>399,583,620</u> |

As at 30 June 2018 and 31 December 2017, saving deposits and fixed deposits carried interests at the rates between 0.38 and 1.35 percent per annum.

4. Premium receivables

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

(Unit: Baht)

| | Financial statements in which the equity method is applied and Separate financial statements | |
|---------------------------------------|--|----------------------|
| | 30 June 2018 | 31 December 2017 |
| Not yet due | 1,294,675,911 | 1,837,930,662 |
| Overdue not longer than 30 days | 209,520,349 | 201,204,808 |
| Overdue 31 days to 60 days | 150,208,838 | 95,178,596 |
| Overdue 61 days to 90 days | 132,467,710 | 59,087,727 |
| Overdue 91 days to 1 year | 159,787,804 | 207,644,298 |
| Overdue longer than 1 year | 28,320,698 | 22,411,427 |
| Total | 1,974,981,310 | 2,423,457,518 |
| Less: Allowance for doubtful accounts | (28,320,698) | (22,411,427) |
| Premium receivables - net | <u>1,946,660,612</u> | <u>2,401,046,091</u> |

For premium receivables due from agents and brokers, the Company has stipulated the collection guidelines in accordance with the Premium Collection Law whereby the Company has taken legal proceedings with agents and brokers on a case by case basis for overdue premiums.

(Unaudited but reviewed)

5. Reinsurance assets

(Unit: Baht)

| | Financial statements in which the equity method is applied and Separate financial statements | |
|---|--|----------------------|
| | 30 June 2018 | 31 December 2017 |
| Insurance reserves refundable from reinsurers | | |
| Loss reserves | 3,249,845,106 | 3,345,545,432 |
| Unearned premium reserves | 2,055,456,250 | 2,148,429,161 |
| Total | 5,305,301,356 | 5,493,974,593 |
| Less: Allowance for impairment | (6,511,024) | (6,578,668) |
| Reinsurance assets - net | <u>5,298,790,332</u> | <u>5,487,395,925</u> |

As at 30 June 2018 and 31 December 2017, Insurance reserves refundable from reinsurers included insurance reserves refundable from reinsurers due to flood situation in 2011 amounting to Baht 35.2 million and Baht 31.5 million, respectively.

6. Reinsurance receivables

(Unit: Baht)

| | Financial statements in which the equity method is applied and Separate financial statements | |
|--|--|--------------------|
| | 30 June 2018 | 31 December 2017 |
| Amounts deposited on reinsurance | 37,138,988 | 37,091,956 |
| Amounts due from reinsurers | 270,136,242 | 239,405,655 |
| Total | 307,275,230 | 276,497,611 |
| Less: Allowance for doubtful accounts | (37,606,660) | (37,295,573) |
| Receivables on reinsurance contracts - net | <u>269,668,570</u> | <u>239,202,038</u> |

7. Investments in securities**7.1 Classified by type of investment**

(Unit: Baht)

| | Financial statements in which the equity method is applied and Separate financial statements | | | |
|--|---|----------------|-------------------------|----------------|
| | 30 June 2018 | | 31 December 2017 | |
| | Cost/ Amortised cost | Fair value | Cost/ Amortised cost | Fair value |
| Available-for-sale investments | | | | |
| Government and state enterprise securities | 3,085,854,188 | 3,084,054,870 | 1,954,375,379 | 1,964,880,052 |
| Private sector debt securities | 1,264,647,122 | 1,279,184,401 | 1,313,390,745 | 1,337,918,329 |
| Equity securities | 7,166,978,654 | 32,323,763,104 | 6,977,967,772 | 35,755,329,572 |
| Total | 11,517,479,964 | 36,687,002,375 | 10,245,733,896 | 39,058,127,953 |
| Add: Unrealised gains | 25,169,522,411 | - | 28,812,394,057 | - |
| Total available-for-sale investments | 36,687,002,375 | 36,687,002,375 | 39,058,127,953 | 39,058,127,953 |
| Held-to-maturity investments | | | | |
| Deposits at financial institutions which matured over 3 months | 7,661,323,716 | | 8,051,575,864 | |
| Total held-to-maturity investments | 7,661,323,716 | | 8,051,575,864 | |
| General investments | | | | |
| Domestic equity securities | 603,435,058 | | 603,435,058 | |
| Foreign equity securities | 201,689,384 | | 201,689,384 | |
| Total | 805,124,442 | | 805,124,442 | |
| Less: Allowance for impairment | (95,546,760) | | (95,203,760) | |
| General investments - net | 709,577,682 | | 709,920,682 | |
| Investment in securities - net | 45,057,903,773 | | 47,819,624,499 | |

7.2 Revaluation surplus on 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 |
| Revaluation surplus on available-for-sale investments - beginning of the periods | 28,812,394,057 | 27,584,183,961 |
| Gains (losses) on revaluation during the periods | (3,592,463,245) | 1,317,176,684 |
| Gains on sales of available-for-sale investments during the periods transferred to be recognised in profit or loss | (50,408,401) | (88,966,588) |
| Revaluation surplus on available-for-sale investments - end of the periods | 25,169,522,411 | 28,812,394,057 |
| Less: Income taxes | (5,033,904,482) | (5,762,478,811) |
| Revaluation surplus on available-for-sale investments - net of income taxes | 20,135,617,929 | 23,049,915,246 |

7.3 Investments subject to restriction

As at 30 June 2018 and 31 December 2017, the Company placed certain investments as a security with the Registrar and placed with the bank to secure bank overdraft facilities and others as required in the normal course of business of the Company as described in Note 20 to the interim financial statements.

8. Loans and interest receivables

As at 30 June 2018 and 31 December 2017, the balances of loans and interest receivables, classified by overdue years, were as follows:

(Unit: Baht)

| Overdue years | Financial statements in which the equity method is applied and Separate financial statements | | | | | | |
|---|--|---------------------|-------------|---------------------|---------------|------------------------------------|---------------|
| | 30 June 2018 | | | | | | |
| | Mortgaged loans | | Other loans | | Total | | |
| | Principal | Accrued interest | Principal | Accrued interest | Principal | Accrued interest ⁽¹⁾ | Total |
| Not yet due | 1,203,991,691 | 2,146,173 | 6,888,859 | - | 1,210,880,550 | 2,146,173 | 1,213,026,723 |
| Overdue | | | | | | | |
| Less than 3 months | 46,827,083 | 252,824 | - | - | 46,827,083 | 252,824 | 47,079,907 |
| 6 - 12 months | 2,668,570 | - | - | - | 2,668,570 | - | 2,668,570 |
| Longer than 12 months | 120,794,243 | - | - | - | 120,794,243 | - | 120,794,243 |
| Total | 1,374,281,587 | 2,398,997 | 6,888,859 | - | 1,381,170,446 | 2,398,997 | 1,383,569,443 |
| Less: Allowance for doubtful account | (445,057) | - | - | - | (445,057) | - | (445,057) |
| Loans and interest receivables - net | 1,373,836,530 | 2,398,997 | 6,888,859 | - | 1,380,725,389 | 2,398,997 | 1,383,124,386 |

⁽¹⁾ Shown as a part of "accrued investment income" in the statements of financial position

(Unit: Baht)

| Financial statements in which the equity method is applied and Separate financial statements | | | | | | | |
|--|----------------------|------------------|------------------|------------------|----------------------|---------------------------------|----------------------|
| 31 December 2017 | | | | | | | |
| Overdue years | Mortgaged loans | | Other loans | | Total | | |
| | Principal | Accrued interest | Principal | Accrued interest | Principal | Accrued interest ⁽¹⁾ | Total |
| Not yet due | 1,169,395,263 | 925,744 | 6,233,720 | - | 1,175,628,983 | 925,744 | 1,176,554,727 |
| Overdue | | | | | | | |
| Less than 3 months | 30,200,000 | 147,484 | - | - | 30,200,000 | 147,484 | 30,347,484 |
| Longer than 12 months | 153,479,189 | - | - | - | 153,479,189 | - | 153,479,189 |
| Loans and interest receivables | <u>1,353,074,452</u> | <u>1,073,228</u> | <u>6,233,720</u> | <u>-</u> | <u>1,359,308,172</u> | <u>1,073,228</u> | <u>1,360,381,400</u> |

⁽¹⁾ Shown as a part of "accrued investment income" in the statements of financial position

Credit limits granted to each employee under the Company's employee welfare plan are not exceeding 30 times of employee's salary and Baht 1,000,000 for personal guarantee loans with interest being charged at the rate of 3.0% per annum, and not exceeding 60 times of employee's salary and Baht 5,000,000 for mortgaged loans with interest being charged at the rate of 2.5% per annum.

As at 30 June 2018 and 31 December 2017, the balances of employee loans were Baht 81.7 million and Baht 53.9 million, respectively.

9. Investments in associates

9.1 Details of associates

| Company's name | Nature of business | Country of incorporation | Paid-up share capital as at | | Shareholding | |
|--|--------------------|--------------------------|-----------------------------|------------------|--------------|------------------|
| | | | 30 June 2018 | 31 December 2017 | 30 June 2018 | 31 December 2017 |
| | | | (USD) | (USD) | (%) | (%) |
| Asia Insurance (Cambodia) Plc. | Non-life insurance | Cambodia | 7,000,000 | 7,000,000 | 22.92 | 22.92 |
| Asian Insurance International Holding) Limited | Holding company | Bermuda | 5,740,000 | 5,740,000 | 41.70 | 41.70 |
| Bangkok Insurance (Lao) Company Limited | Non-life insurance | Lao | 2,000,000 | 2,000,000 | 38.00 | 45.00 |

(Unit: Baht)

| Company's name | Financial statements in which the equity method is applied | | Separate financial statements | |
|---|--|--------------------|-------------------------------|--------------------|
| | 30 June 2018 | 31 December 2017 | 30 June 2018 | 31 December 2017 |
| Asia Insurance (Cambodia) Plc. | 78,138,185 | 73,608,791 | 30,202,059 | 30,202,059 |
| Asian Insurance International (Holding) Limited | 119,812,610 | 113,598,568 | 72,054,063 | 72,054,063 |
| Bangkok Insurance (Lao) Company Limited | 22,272,626 | 27,728,355 | 27,139,600 | 32,139,000 |
| Total | <u>220,223,421</u> | <u>214,935,714</u> | <u>129,395,722</u> | <u>134,395,122</u> |

On 29 March 2018, the Company sold the shares of Bangkok Insurance (Lao) Company Limited which held by the Company, equivalent to 7 percent of the total shares of such company.

9.2 Shares of profits (losses) and dividends income

(Unit: Baht)

| Company's name | Financial statements in which the equity method is applied | | | | Separate financial statements | |
|---|--|------------------|--|------------------|---|----------|
| | Share of profits (losses) from investments in associates for the three-month periods ended 30 June | | Share of profits (losses) from investments in associates for the six-month periods ended 30 June | | Dividend received for the six-month periods ended 30 June | |
| | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| Asia Insurance (Cambodia) Plc. | 2,041,571 | 1,408,387 | 4,529,394 | 2,252,160 | - | - |
| Asian Insurance International (Holding) Limited | 5,308,390 | 4,070,176 | 6,214,042 | 4,043,807 | - | - |
| Bangkok Insurance (Lao) Limited | (456,342) | 793,910 | (1,268,813) | (253,900) | - | - |
| Total | 6,893,619 | 6,272,473 | 9,474,623 | 6,042,067 | - | - |

9.3 Summarised financial information of associates

(Unit: Million Baht)

| Company's name | Total assets as at | | Total liabilities as at | | Total revenues for the six-month periods ended 30 June | | Profits (losses) for the six-month periods ended 30 June | |
|---|--------------------|-------------|-------------------------|-------------|--|------|--|-------|
| | 30 June | 31 December | 30 June | 31 December | 2018 | 2017 | 2018 | 2017 |
| | 2018 | 2017 | 2018 | 2017 | | | | |
| Asia Insurance (Cambodia) Plc. | 445.8 | 398.9 | 79.6 | 58.8 | 45.7 | 48.1 | 19.8 | 14.9 |
| Asian Insurance International (Holding) Limited | 217.3 | 211.9 | - | - | 2.6 | 0.3 | 2.1 | (0.2) |
| Bangkok Insurance (Lao) Company Limited | 97.0 | 105.7 | 45.6 | 50.3 | 12.4 | 8.0 | (2.8) | (1.5) |

As at 30 June 2018 and 31 December 2017, the Company recorded investments in associates under the equity method (in the financial statements in which the equity method is applied) based on the financial information, as prepared by the associates' management, which have yet been reviewed by their external auditors.

(Unaudited but reviewed)

10. Investment properties

(Unit: Baht)

| | Financial statements in which the equity method is applied and Separate financial statements |
|-------------------------------------|---|
| Net book value as at 1 January 2018 | 169,666,034 |
| Depreciation charge for the period | (8,544,008) |
| Net book value as at 30 June 2018 | <u>161,122,026</u> |

The investment properties of the Company, which are offices for rent, as at 30 June 2018 and 31 December 2017, the fair values of the investment properties amounting to Baht 188.3 million and Baht 206.0 million, respectively, which were appraised by an independent valuer using the income approach. The key assumptions used in such appraisal are yield rate, inflation rate, long-term vacancy rate and long-term growth rate in rental fee, etc.

11. Premises and equipment

(Unit: Baht)

| | Financial statements in which the equity method is applied and Separate financial statements | | | | | | Total |
|--------------------------------------|--|--------------------|---------------------|--|-------------------|-----------------------------|--------------------|
| | Land | Buildings | Condominium unit | Office furniture, fixtures and equipment | Motor vehicles | Construction in progress | |
| Net book value as at | | | | | | | |
| 1 January 2018 | 206,132,665 | 267,104,156 | 29,629 | 436,969,151 | 69,588,725 | 27,389,848 | 1,007,214,174 |
| Addition during the period - at cost | - | - | - | 19,475,645 | 6,950,709 | 7,281,722 | 33,708,076 |
| Transfer in (out) during the period | | | | | | | |
| - at cost | - | - | - | 22,985,956 | - | (22,985,956) | - |
| Disposals during the period | | | | | | | |
| - at net book value | - | - | - | - | (54,195) | - | (54,195) |
| Depreciation charge for the period | - | (13,131,068) | - | (96,893,104) | (12,827,054) | - | (122,851,226) |
| Net book value as at | | | | | | | |
| 30 June 2018 | <u>206,132,665</u> | <u>253,973,088</u> | <u>29,629</u> | <u>382,537,648</u> | <u>63,658,185</u> | <u>11,685,614</u> | <u>918,016,829</u> |

12. Intangible assets

(Unit: Baht)

| | Financial statements in which the equity method is applied and Separate financial statements | | |
|---|---|--|--------------------|
| | Computer softwares | Computer softwares under development | Computer Total |
| Net book value as at 1 January 2018 | 222,939,164 | 3,640,011 | 226,579,175 |
| Addition during the period - at cost | 4,548,288 | - | 4,548,288 |
| Transfer in (out) during the period - at cost | 3,640,011 | (3,640,011) | - |
| Amortisation for the period | (37,323,106) | - | (37,323,106) |
| Net book value as at 30 June 2018 | <u>193,804,357</u> | <u>-</u> | <u>193,804,357</u> |

13. Deferred tax asset/liabilities and income tax expenses**13.1 Deferred tax assets/liabilities**

As at 30 June 2018 and 31 December 2017, the components of deferred tax assets and liabilities consisted of tax effects arising from the following transactions.

| | (Unit: Baht) | | | |
|---|---|----------------------|---|--------------------|
| | Financial statements in which the equity method is applied | | Changes in deferred tax assets or liabilities for the six-month periods ended 30 June | |
| | 30 June 2018 | 31 December 2017 | 2018 | 2017 |
| Deferred tax assets arose from: | | | | |
| Allowance for impairment on investments | 19,109,352 | 19,040,752 | 68,600 | 1,404,320 |
| Premium reserves | 195,172,070 | 161,663,994 | 33,508,076 | (7,293,513) |
| Loss reserves of claims incurred and reported | 357,634,009 | 403,860,729 | (46,226,720) | 18,831,213 |
| Loss reserves of claims incurred but not yet reported | 64,589,951 | 66,265,177 | (1,675,226) | (26,977) |
| Provision for long-term employee benefits | 84,940,907 | 80,383,677 | 4,557,230 | 2,799,570 |
| Others | 9,765,276 | 8,050,583 | 1,714,693 | 706,866 |
| Total | 731,211,565 | 739,264,912 | | |
| Deferred tax liabilities arose from: | | | | |
| Gains on revaluation of available-for-sale investments | 5,033,904,482 | 5,762,478,811 | 728,574,329 | 146,476,692 |
| Actuarial gains | 143,144 | 143,144 | - | - |
| Shares of profits from investments in associates | 18,165,540 | 16,108,118 | (2,057,422) | (1,208,413) |
| Total | 5,052,213,166 | 5,778,730,073 | | |
| Deferred tax liabilities | 4,321,001,601 | 5,039,465,161 | | |
| Total changes | | | 718,463,560 | 161,689,758 |
| Changes are recognised: | | | | |
| - in profit or loss | | | (10,110,769) | 15,213,066 |
| - in other comprehensive income | | | 728,574,329 | 146,476,692 |
| | | | 718,463,560 | 161,689,758 |

(Unaudited but reviewed)

(Unit: Baht)

| | Separate financial statements | | Changes in deferred tax assets or liabilities for the six-month periods ended 30 June | |
|--|-------------------------------|----------------------|---|--------------------|
| | 30 June 2018 | 31 December 2017 | 2018 | 2017 |
| | | | | |
| Deferred tax assets arose from: | | | | |
| Allowance for impairment on investments | 19,109,352 | 19,040,752 | 68,600 | 1,404,320 |
| Premium reserves | 195,172,070 | 161,663,994 | 33,508,076 | (7,293,513) |
| Loss reserves of claims incurred and reported | 357,634,009 | 403,860,729 | (46,226,720) | 18,831,213 |
| Loss reserves of claims incurred but not yet reported | 64,589,951 | 66,265,177 | (1,675,226) | (26,977) |
| Provision for long-term employee benefits | 84,940,907 | 80,383,677 | 4,557,230 | 2,799,570 |
| Others | 9,765,276 | 8,050,583 | 1,714,693 | 706,866 |
| Total | <u>731,211,565</u> | <u>739,264,912</u> | | |
| Deferred tax liabilities arose from: | | | | |
| Gains on revaluation of available-for-sale investments | 5,033,904,482 | 5,762,478,811 | 728,574,329 | 146,476,692 |
| Actuarial gains | 143,144 | 143,144 | - | - |
| Total | <u>5,034,047,626</u> | <u>5,762,621,955</u> | | |
| Deferred tax liabilities | <u>4,302,836,061</u> | <u>5,023,357,043</u> | | |
| Total changes | | | <u>720,520,982</u> | <u>162,898,171</u> |
| Changes are recognised: | | | | |
| - in profit or loss | | | (8,053,347) | 16,421,479 |
| - in other comprehensive income | | | <u>728,574,329</u> | <u>146,476,692</u> |
| | | | <u>720,520,982</u> | <u>162,898,171</u> |

13.2 Income tax expenses

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

(Unit: Baht)

| | 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 |
| Current income taxes: | | | | |
| Corporate income tax charge | (69,474,633) | (71,979,798) | (69,474,633) | (71,979,798) |
| Deferred income taxes: | | | | |
| Deferred income taxes relating to origination and reversal of temporary differences | (25,883,426) | (17,218,428) | (24,504,702) | (15,963,935) |
| Income tax expenses reported in profit or loss | <u>(95,358,059)</u> | <u>(89,198,226)</u> | <u>(93,979,335)</u> | <u>(87,943,733)</u> |

(Unit: Baht)

| | 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 |
| Current income taxes: | | | | |
| Interim corporate income tax charge | (183,870,231) | (187,659,998) | (183,870,231) | (187,659,998) |
| Deferred income taxes: | | | | |
| Deferred income taxes relating to origination and reversal of temporary differences | (10,110,769) | 15,213,066 | (8,053,347) | 16,421,479 |
| Income tax expenses reported in profit or loss | <u>(193,981,000)</u> | <u>(172,446,932)</u> | <u>(191,923,578)</u> | <u>(171,238,519)</u> |

(Unaudited but reviewed)

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

(Unit: Baht)

| | 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 |
| Accounting profits before income tax expenses | 738,333,704 | 825,908,734 | 731,440,085 | 819,636,261 |
| Applicable tax rate | 20% | 20% | 20% | 20% |
| Income taxes at the applicable tax rate | (147,666,741) | (165,181,745) | (146,288,017) | (163,927,252) |
| Net tax effect on tax-exempt revenues and non-tax deductible expenses | 52,308,682 | 76,099,178 | 52,308,682 | 76,099,178 |
| Others | - | (115,659) | - | (115,659) |
| Income tax expenses reported in profit or loss | <u>(95,358,059)</u> | <u>(89,198,226)</u> | <u>(93,979,335)</u> | <u>(87,943,733)</u> |

(Unit: Baht)

| | 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 |
| Accounting profits before income tax expenses | 1,496,110,475 | 1,459,469,271 | 1,485,823,368 | 1,453,427,204 |
| Applicable tax rate | 20% | 20% | 20% | 20% |
| Income taxes at the applicable tax rate | (299,222,095) | (291,893,854) | (297,164,673) | (290,685,441) |
| Net tax effect on tax-exempt revenues and non-tax deductible expenses | 105,241,095 | 119,562,581 | 105,241,095 | 119,562,581 |
| Others | - | (115,659) | - | (115,659) |
| Income tax expenses reported in profit or loss | <u>(193,981,000)</u> | <u>(172,446,932)</u> | <u>(191,923,578)</u> | <u>(171,238,519)</u> |

(Unaudited but reviewed)

14. Insurance contract liabilities

(Unit: Baht)

Financial statements in which the equity method is applied
and Separate financial statements

| | 30 June 2018 | | |
|----------------------------------|-----------------------------------|------------------------|----------------------|
| | Insurance contract liabilities | Reinsurance assets | Net |
| Loss reserves | | | |
| Claims incurred and reported | 5,717,531,974 | (3,197,690,146) | 2,519,841,828 |
| Claims incurred but not reported | 368,593,690 | (45,643,936) | 322,949,754 |
| Premium reserves | | | |
| Unearned premium reserves | 7,509,873,568 | (2,055,456,250) | 5,454,417,318 |
| Total | <u>13,595,999,232</u> | <u>(5,298,790,332)</u> | <u>8,297,208,900</u> |

(Unit: Baht)

Financial statements in which the equity method is applied
and Separate financial statements

| | 31 December 2017 | | |
|----------------------------------|-----------------------------------|------------------------|----------------------|
| | Insurance contract liabilities | Reinsurance assets | Net |
| Loss reserves | | | |
| Claims incurred and reported | 6,024,121,001 | (3,272,231,190) | 2,751,889,811 |
| Claims incurred but not reported | 398,061,459 | (66,735,574) | 331,325,885 |
| Premium reserves | | | |
| Unearned premium reserves | 7,340,161,143 | (2,148,429,161) | 5,191,731,982 |
| Total | <u>13,762,343,603</u> | <u>(5,487,395,925)</u> | <u>8,274,947,678</u> |

14.1 Loss reserves

(Unit: Baht)

| | Financial statements in which the equity method is applied and Separate financial statements | |
|---|--|--------------------|
| | For the six-month period ended | For the year ended |
| | 30 June 2018 | 31 December 2017 |
| Beginning balances | 6,422,182,460 | 6,081,530,837 |
| Claim incurred during the periods | 3,654,349,703 | 8,453,995,159 |
| Change in loss reserves of claimed incurred in prior periods | 275,905,356 | (140,591,841) |
| Changes in assumptions in calculating loss reserves | - | 619,713 |
| Claims paid during the periods | (4,266,311,855) | (7,973,371,408) |
| Ending balances | 6,086,125,664 | 6,422,182,460 |

As at 30 June 2018 and 31 December 2017, the Company, which is a reinsurer under the reinsurance contracts, had loss reserves under such contracts totaling Baht 237.4 million and Baht 246.7 million, respectively.

As at 30 June 2018 and 31 December 2017, loss reserves included loss reserves incurred as a result of the flood situation in 2011 amounting to Baht 40.7 million and Baht 46.3 million, respectively.

14.2 Unearned premium reserves

(Unit: Baht)

| | Financial statements in which the equity method is applied and Separate financial statements | |
|------------------------------------|--|--------------------|
| | For the three-month period ended | For the year ended |
| | 30 June 2018 | 31 December 2017 |
| Beginning balances | 7,340,161,143 | 7,399,140,681 |
| Premium written during the periods | 8,150,785,009 | 15,940,906,580 |
| Premium earned during the periods | (7,981,072,584) | (15,999,886,118) |
| Ending balances | 7,509,873,568 | 7,340,161,143 |

14.3 Unexpired risk reserves

(Unit: Baht)

| | Financial statements in which the equity method is applied and Separate financial statements | |
|----------------------------------|--|----------------------|
| | For the six-month period ended | For the year ended |
| | 30 June 2018 | 31 December 2017 |
| Beginning balances | 4,340,868,488 | 4,279,482,220 |
| Estimated claims for the periods | 1,406,439,351 | 3,287,671,653 |
| Risk expired during the periods | (1,275,945,187) | (3,226,285,385) |
| Ending balances | <u>4,471,362,652</u> | <u>4,340,868,488</u> |

15. Due to reinsurers

(Unit: Baht)

| | Financial statements in which the equity method is applied and Separate financial statements | |
|---------------------------|--|----------------------|
| | 30 June 2018 | 31 December 2017 |
| | Amounts withheld on reinsurance | 871,848,006 |
| Amounts due to reinsurers | 637,165,441 | 1,005,714,067 |
| Total due to reinsurers | <u>1,509,013,447</u> | <u>2,051,516,569</u> |

16. Segment information

The Company is organised into business units based on its insurance products. During the current periods, there was no change in the organisational structure of its reportable segments.

16.1 Segment information reporting

Operating segment information for the three-month and six-month periods ended 30 June 2018 and 2017 can be classified by types 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 revenue | | | | | |
| Premium written | 391,098,680 | 98,569,078 | 1,566,448,313 | 1,822,502,498 | 3,878,618,569 |
| Less: Premium ceded to reinsurers | (112,084,071) | (47,241,061) | (40,347,033) | (882,227,336) | (1,081,899,501) |
| Net premium written | 279,014,609 | 51,328,017 | 1,526,101,280 | 940,275,162 | 2,796,719,068 |
| Less: Unearned premium reserves increased from prior period | (8,747,676) | (987,683) | (25,148,295) | (3,922,686) | (38,806,340) |
| Net earned premium | 270,266,933 | 50,340,334 | 1,500,952,985 | 936,352,476 | 2,757,912,728 |
| Fee and commission income | 39,976,400 | 14,581,289 | 10,776,811 | 161,180,674 | 226,515,174 |
| Total underwriting revenue | 310,243,333 | 64,921,623 | 1,511,729,796 | 1,097,533,150 | 2,984,427,902 |
| Underwriting expenses | | | | | |
| Claims and losses adjustment expenses - net | 57,169,901 | 10,951,226 | 973,645,969 | 349,458,951 | 1,391,226,047 |
| Commission and brokerage expenses | 84,044,333 | 10,766,584 | 234,318,164 | 217,725,292 | 546,854,373 |
| Other underwriting expenses | 51,294,270 | 19,035,293 | 200,554,806 | 195,445,034 | 466,329,403 |
| Total underwriting expenses | 192,508,504 | 40,753,103 | 1,408,518,939 | 762,629,277 | 2,404,409,823 |
| Profit from underwriting | 117,734,829 | 24,168,520 | 103,210,857 | 334,903,873 | 580,018,079 |
| Shares of profits from investments in associate | | | | | 6,893,619 |
| Net investment revenue | | | | | 315,056,545 |
| Losses on investments | | | | | 65,905,418 |
| Other income | | | | | 43,759,634 |
| Operating expenses | | | | | (251,374,076) |
| Investment expenses | | | | | (21,101,649) |
| Finance cost | | | | | (823,866) |
| Profit before income tax expenses | | | | | 738,333,704 |
| Less: Income tax expenses | | | | | (95,358,059) |
| Profit for the period | | | | | 642,975,645 |

| 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 revenue | | | | | |
| Premium written | 396,330,237 | 97,332,879 | 1,467,744,911 | 1,807,934,320 | 3,769,342,347 |
| Less: Premium ceded to reinsurers | (109,651,852) | (47,311,207) | (44,745,861) | (887,123,954) | (1,088,832,874) |
| Net premium written | 286,678,385 | 50,021,672 | 1,422,999,050 | 920,810,366 | 2,680,509,473 |
| Add (less): Unearned premium reserves (increased) decreased from prior period | (15,881,924) | (1,086,339) | 132,162,643 | (37,589,600) | 77,604,780 |
| Net earned premium | 270,796,461 | 48,935,333 | 1,555,161,693 | 883,220,766 | 2,758,114,253 |
| Fee and commission income | 42,140,884 | 14,901,241 | 11,228,020 | 182,805,139 | 251,075,284 |
| Total underwriting revenue | 312,937,345 | 63,836,574 | 1,566,389,713 | 1,066,025,905 | 3,009,189,537 |
| Underwriting expenses | | | | | |
| Claims and losses adjustment expenses - net (reversal) | (10,888,528) | 4,339,965 | 1,013,862,801 | 375,755,405 | 1,383,069,643 |
| Commission and brokerage expenses | 92,230,264 | 10,919,344 | 219,085,356 | 202,411,497 | 524,646,461 |
| Other underwriting expenses | 58,703,675 | 15,617,582 | 201,682,261 | 187,115,819 | 463,119,337 |
| Total underwriting expenses | 140,045,411 | 30,876,891 | 1,434,630,418 | 765,282,721 | 2,370,835,441 |
| Profit from underwriting | 172,891,934 | 32,959,683 | 131,759,295 | 300,743,184 | 638,354,096 |
| Shares of profits from investments in associate | | | | | 6,272,473 |
| Net investment revenue | | | | | 375,697,722 |
| Losses on investments | | | | | (6,923,400) |
| Other income | | | | | 43,300,582 |
| Operating expenses | | | | | (207,767,698) |
| Investment expenses | | | | | (22,140,051) |
| Finance cost | | | | | (884,990) |
| Profit before income tax expenses | | | | | 825,908,734 |
| Less: Income tax expenses | | | | | (89,198,226) |
| Profit for the period | | | | | 736,710,508 |

(Unaudited but reviewed)

(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 revenue | | | | | |
| Premium written | 837,369,577 | 207,966,122 | 3,177,015,762 | 3,928,433,548 | 8,150,785,009 |
| Less: Premium ceded to reinsurers | (263,900,689) | (106,372,806) | (92,488,283) | (1,931,272,830) | (2,394,034,608) |
| Net premium written | 573,468,888 | 101,593,316 | 3,084,527,479 | 1,997,160,718 | 5,756,750,401 |
| Less: Unearned premium reserves increased from prior period | (31,446,943) | (296,909) | (89,476,541) | (141,464,943) | (262,685,336) |
| Net earned premium | 542,021,945 | 101,296,407 | 2,995,050,938 | 1,855,695,775 | 5,494,065,065 |
| Fee and commission income | 91,851,196 | 31,442,503 | 25,292,136 | 335,466,071 | 484,051,906 |
| Total underwriting revenue | 633,873,141 | 132,738,910 | 3,020,343,074 | 2,191,161,846 | 5,978,116,971 |
| Underwriting expenses | | | | | |
| Claims and losses adjustment expenses - net | 85,505,183 | 15,281,243 | 1,873,339,586 | 747,460,478 | 2,721,586,490 |
| Commission and brokerage expenses | 189,537,413 | 20,910,545 | 469,635,197 | 449,242,110 | 1,129,325,265 |
| Other underwriting expenses | 97,515,962 | 32,959,688 | 389,392,984 | 386,304,484 | 906,173,118 |
| Total underwriting expenses | 372,558,558 | 69,151,476 | 2,732,367,767 | 1,583,007,072 | 4,757,084,873 |
| Profit from underwriting | 261,314,583 | 63,587,434 | 287,975,307 | 608,154,774 | 1,221,032,098 |
| Shares of profits from investments in associates | | | | | 9,474,623 |
| Net investment revenue | | | | | 666,098,244 |
| Gains on investments | | | | | 68,073,126 |
| Other income | | | | | 79,711,301 |
| Operating expenses | | | | | (504,924,710) |
| Investment expenses | | | | | (41,654,176) |
| Finance cost | | | | | (1,700,031) |
| Profit before income tax expenses | | | | | 1,496,110,475 |
| Less: Income tax expenses | | | | | (193,981,000) |
| Profit for the period | | | | | 1,302,129,475 |

(Unaudited but reviewed)

(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 revenue | | | | | |
| Premium written | 795,468,015 | 223,429,283 | 3,035,540,074 | 3,923,618,664 | 7,978,056,036 |
| Less: Premium ceded to reinsurers | (238,681,877) | (124,487,230) | (93,597,122) | (2,002,401,805) | (2,459,168,034) |
| Net premium written | 556,786,138 | 98,942,053 | 2,941,942,952 | 1,921,216,859 | 5,518,888,002 |
| Add (less): Unearned premium reserves (increased) decreased from prior period | (12,767,985) | 285,062 | 205,297,126 | (168,002,404) | 24,811,799 |
| Net earned premium | 544,018,153 | 99,227,115 | 3,147,240,078 | 1,753,214,455 | 5,543,699,801 |
| Fee and commission income | 93,640,763 | 35,724,552 | 25,089,681 | 401,342,814 | 555,797,810 |
| Total underwriting revenue | 637,658,916 | 134,951,667 | 3,172,329,759 | 2,154,557,269 | 6,099,497,611 |
| Underwriting expenses | | | | | |
| Claims and losses adjustment expenses - net | 39,092,422 | 4,700,561 | 2,042,039,117 | 846,373,304 | 2,932,205,404 |
| Commission and brokerage expenses | 185,424,706 | 23,139,915 | 448,309,361 | 415,747,181 | 1,072,621,163 |
| Other underwriting expenses | 114,111,703 | 31,143,885 | 375,113,076 | 384,100,723 | 904,469,387 |
| Total underwriting expenses | 338,628,831 | 58,984,361 | 2,865,461,554 | 1,646,221,208 | 4,909,295,954 |
| Profit from underwriting | 299,030,085 | 75,967,306 | 306,868,205 | 508,336,061 | 1,190,201,657 |
| Shares of profits from investments in associates | | | | | 6,042,067 |
| Net investment revenue | | | | | 671,175,159 |
| Gains on investments | | | | | 14,079,310 |
| Other income | | | | | 95,398,480 |
| Operating expenses | | | | | (471,831,021) |
| Investment expenses | | | | | (43,788,362) |
| Finance cost | | | | | (1,808,019) |
| Profit before income tax expenses | | | | | 1,459,469,271 |
| Less: Income tax expenses | | | | | (172,446,932) |
| Profit for the period | | | | | 1,287,022,339 |

The following table presented the Company's operating segment assets and liabilities as at 30 June 2018 and 31 December 2017.

(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 | 680,679,411 | 138,071,681 | 662,451,995 | 5,867,248,944 | 7,348,452,031 | 48,994,769,517 | 56,343,221,548 |
| As at 31 December 2017 | 644,824,302 | 245,621,730 | 759,939,181 | 6,330,752,962 | 7,981,138,175 | 52,121,642,186 | 60,102,780,361 |
| Liabilities | | | | | | | |
| As at 30 June 2018 | 3,354,493,094 | 236,981,511 | 5,056,795,045 | 8,214,016,312 | 16,862,285,962 | 6,799,421,483 | 23,661,707,445 |
| As at 31 December 2017 | 3,349,900,257 | 354,963,279 | 5,024,733,940 | 8,819,112,529 | 17,548,710,005 | 7,408,628,411 | 24,957,338,416 |

16.2 Geographic information

The Company operates in Thailand only. As a result, all of the revenues and assets as reflected in these financial statements pertain exclusively to this geographical reportable segment.

16.3 Major customers

For the three-month and six-month periods ended 30 June 2018 and 2017, the Company had no major customer with revenue of 10 percent or more of the total revenues.

17. Earnings per share

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

18. Dividends paid

Dividend declared during the six-month periods ended 30 June 2018 and 2017 are as follow:

| | Approved by | Total dividend | Dividend per share |
|-------------------------------------|--|----------------|--------------------|
| | | (Million Baht) | (Baht) |
| The first interim dividend for 2018 | Meeting No. 2/18 of Board of Directors on 11 May 2018 | 319.4 | 3.00 |
| Final dividend for 2017 | Annual General Meeting No. 25 of the Shareholders on 27 April 2018 | 532.4 | 5.00 |
| Total dividends for the period 2018 | | <u>851.8</u> | |
| The first interim dividend for 2017 | Meeting No. 2/17 of Board of Directors on 12 May 2017 | 319.4 | 3.00 |
| Final dividend for 2016 | Annual General Meeting No. 24 of the Shareholders on 28 April 2017 | 532.3 | 5.00 |
| Total dividends for the period 2017 | | <u>851.7</u> | |

19. Related party transactions

19.1 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 relationship between the Company and its related parties are summarised below:

| Name of related parties | Type of business | Relationship with the Company |
|--|---------------------------|--|
| Asia Insurance (Cambodia) Plc. | Non-life insurance | Associate |
| Asian Insurance International (Holding) Limited | Holding company | Associate |
| Bangkok Insurance (Lao) Company Limited | Non-life insurance | Associate |
| Bangkok Bank Pcl. | Banking | Related by way of having common directors and shareholding |
| Bangkok Aviation Fuel Services Pcl. | Energy and Utilities | Related by way of having common directors and shareholding |
| Asia Plus Group Holdings Pcl. | Securities | Related by way of having common directors and shareholding |
| Fuel Pipeline Transportation Co., Ltd. | Energy and Utilities | Related by way of having common directors and shareholding |
| Thai Indo Kordsa Co., Ltd. | Manufacture of Textiles | Related by way of having common directors and shareholding |
| Bangkok Life Assurance Pcl. | Life insurance | Related by way of having common directors and shareholding |
| Thai Orix Leasing Co., Ltd. | Finance | Related by way of having common directors and shareholding |
| Asia Insurance (Investments) Limited | Holding company | Related by way of shareholding |
| Thai Reinsurance Pcl. ⁽¹⁾ | Insurance | Related by way of shareholding |
| AIOI Bangkok Insurance Pcl. | Non-life insurance | Related by way of shareholding |
| Charoong Thai Wire and Cable Pcl. ⁽¹⁾ | Electrical products | Related by way of shareholding |
| Furukawa Metal (Thailand) Pcl. ⁽¹⁾ | Electrical products | Related by way of shareholding |
| Bumrungrad Hospital Pcl. | Health care services | Related by way of shareholding |
| Bangkok Glass Co., Ltd. ⁽¹⁾ | Packaging | Related by way of shareholding |
| Sorachai Vivatn Co., Ltd. | Property development | Related by way of shareholding |
| EMCS Thai Co., Ltd. ⁽²⁾ | Professional services | Related by way of shareholding |
| Bangpa-in golf Co., Ltd. ⁽¹⁾ | Entertainment and Leisure | Related by way of shareholding |
| Thai Metal Processing Co., Ltd. ⁽¹⁾ | Electronic parts | Related by way of shareholding |
| Asia Sermkij Co., Ltd. ⁽¹⁾ | Finance | Related by way of shareholding |
| Bualuang Securities Pcl. | Securities | Subsidiary of the major shareholder of the Company |

⁽¹⁾ This entity had been considered a related party until 16 June 2017, which was the date when there was no more common director and percentage of cross-shareholding was also less than 10% of the issued and paid-up share capital.

⁽²⁾ This company had been ceased to be the Company's related party since 7 August 2017, the date on which the Company sold all its entire investment in such company.

19.2 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 its related parties. Such transactions, which have been concluded on commercial terms and bases agreed upon in the ordinary course business between the Company and those parties are as follows:

(Unit: Thousand Baht)

| | Financial statements in which the equity method is applied and Separate financial statements | | | | Pricing policy |
|--|---|----------|--|-----------|---|
| | For the three-month periods ended 30 June | | For the six-month periods ended 30 June | | |
| | 2018 | 2017 | 2018 | 2017 | |
| Revenues | | | | | |
| Premium written | 110,416 | 124,083 | 257,070 | 292,112 | Normal commercial terms for underwriting |
| Fee and commission income | 10,322 | 41,097 | 22,068 | 90,420 | Normal commercial terms for reinsurance depending on type of insurance and reinsurance contract |
| Interest income ⁽¹⁾ | 18,703 | 23,877 | 35,021 | 47,353 | Same rates as financial institutions and related companies offer to their general customers |
| Dividend income ⁽¹⁾ | 182,593 | 224,663 | 369,506 | 403,754 | The declared amount |
| Rental Income ⁽²⁾ | 264 | 526 | 528 | 1,028 | Same rates offer to general customers |
| Expenses | | | | | |
| Premium ceded to reinsurers | 39,444 | 134,999 | 83,957 | 292,530 | Normal commercial terms for reinsurance depending on type of insurance and reinsurance contract |
| Net claims (reversal) | (19,811) | (87,540) | (26,191) | (148,853) | Actual incurred |
| Commissions and brokerages | 4,960 | 9,061 | 13,078 | 23,197 | Normal commercial terms for underwriting |
| Management fee for private fund ⁽³⁾ | 66 | 66 | 132 | 131 | Similar rates its related party offers to its general customers |
| Fee for trading securities ⁽³⁾ | 143 | 89 | 350 | 246 | Similar rates its related party offers to its general customers |

⁽¹⁾ Presented in "Net investment revenue" in statements of comprehensive income

⁽²⁾ Presented in "Other income" in statements of comprehensive income

⁽³⁾ Presented in "Operating expenses" in statements of comprehensive income

19.3 Outstanding balances

As at 30 June 2018 and 31 December 2017, the Company had the following significant balances with its related companies.

| | (Unit: Thousand Baht) | |
|---|-----------------------|------------------|
| | 30 June 2018 | 31 December 2017 |
| Transactions with associates | | |
| General investments - equity securities | 90,828 | 80,541 |
| Transactions with related companies | | |
| Deposits at financial institutions | 4,908,275 | 5,301,523 |
| Premium receivables | 85,474 | 21,129 |
| Accrued interest receivables - debentures (including in accrued investment income) | 138 | 151 |
| Reinsurance assets | | |
| Amounts deposited on reinsurance | 6,564 | 5,622 |
| Amounts due from reinsurers | 8,312 | 14,259 |
| Available-for-sale investments | | |
| Equity securities | 26,978,776 | 30,166,833 |
| Debentures | 101,392 | 102,990 |
| General investments - equity securities | 473,529 | 471,658 |
| Other assets | | |
| Deposits and golf club membership fees | 37,390 | 37,565 |
| Due to reinsurers | | |
| Amounts withheld on reinsurance | 98,733 | 106,248 |
| Amounts due to reinsurers | 71,546 | 32,128 |
| Other Liabilities | | |
| Liabilities under finance lease agreements | 293 | 486 |
| Accounts payable on purchases of securities | 1,301 | 1,672 |

19.4 Directors' and key management's benefits

During the three-month and six-month periods ended 30 June 2018 and 2017, the Company had employee benefit expenses incurred on their directors and key management as below.

(Unit: Million 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 |
| | Short-term employee benefits | 17.7 | 19.4 | 61.0 |
| Long-term employee benefits | 2.3 | 0.1 | 4.7 | (0.1) |
| Total | 20.0 | 19.5 | 65.7 | 59.9 |

20. Assets subject to restriction and commitment

As at 30 June 2018 and 31 December 2017, the Company had the following assets placed with the Registrar as securities and insurance reserves in accordance with the Non-life Insurance Act and as placed with the bank as collateral.

(Unit: Million Baht)

| | Financial statements in which the equity method is applied and Separate financial statements | | | |
|---|---|------------|------------------|------------|
| | 30 June 2018 | | 31 December 2017 | |
| | Cost | Fair value | Cost | Fair value |
| Placed as securities | | | | |
| Government bonds | 14.0 | 14.0 | 14.0 | 14.1 |
| Placed as insurance reserves | | | | |
| Ordinary shares | 35.2 | 168.6 | 35.2 | 169.8 |
| Government bonds | 816.0 | 817.8 | 766.0 | 778.6 |
| Debentures | 200.0 | 207.1 | 250.0 | 259.3 |
| | 1,051.2 | 1,193.5 | 1,051.2 | 1,207.7 |
| Placed to secure bank overdraft facilities | | | | |
| Deposited at financial institutions | 30.0 | 30.0 | 30.0 | 30.0 |
| Placed to secure performance bonds | | | | |
| Government and state enterprise bonds | 39.5 | 40.1 | 49.3 | 50.6 |
| Placed to secure bank guarantees | | | | |
| Deposited at financial institutions | 20.0 | 20.0 | 20.0 | 20.0 |

21. Commitments and contingent liabilities

21.1 Operating lease commitments

The Company entered into several lease agreements in respect of the lease of land and office building space. The terms of the agreements are 33 years for land and more than 3 years for office building space.

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

| Payable | (Unit: Million Baht) | |
|----------------------------------|----------------------|------------------|
| | 30 June 2018 | 31 December 2017 |
| Within 1 year | 25 | 24 |
| Over 1 year and not over 5 years | 103 | 102 |
| Over 5 years | 118 | 118 |

21.2 Capital Commitments

As at 30 June 2018 and 31 December 2017, there were outstanding capital commitments contracted for decoration, construction building, and computer software development amounting to Baht 8.0 million and Baht 12.7 million, respectively.

21.3 Litigation

As at 30 June 2018 and 31 December 2017, the Company had litigation claims totaling approximately Baht 1,692.9 million and Baht 2,351.0 million, respectively, as an insurer. The outcomes of the cases have not yet been finalised whereby the maximum responsibility of such claims limits at the lower of the sum insured or the sum sued totaling Baht 966.8 million and Baht 1,317.9 million, respectively. However, the Company has considered and estimated for losses that may arise from those cases amounting to approximately Baht 136.5 million and Baht 428.2 million, respectively, which were already recognised in "Insurance contract liabilities" in the statements of financial position as at those dates.

22. Fair value of financial assets

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

(Unit: Million Baht)

| | 30 June 2018 | | | 31 December 2017 | | |
|--|--------------|---------|--------|------------------|---------|--------|
| | Level 1 | Level 2 | Total | Level 1 | Level 2 | Total |
| Available-for-sale investments | | | | | | |
| Government and state enterprise securities | - | 3,084 | 3,084 | - | 1,965 | 1,965 |
| Private sector debt securities | - | 1,279 | 1,279 | - | 1,338 | 1,338 |
| Equity securities | 31,495 | 829 | 32,324 | 34,857 | 898 | 35,755 |
| Total | 31,495 | 5,192 | 36,687 | 34,857 | 4,201 | 39,058 |

Valuation techniques and inputs for Level 2 valuations

- (a) The fair value of investments in debt securities is determined by using the yield curve as announced by the Thai Bond Market Association.
- (b) The fair value of investments in investment units, which are not listed on the Stock Exchange of Thailand, is determined by using the net assets value per unit as announced by the fund managers.

During the periods, there were no transfers within the fair value hierarchy.

23. Approval of interim financial statements

These interim financial statements were authorised for issue by the Company's Executive Directors on 2 August 2018.