

**RELIABLE COMMITMENT
AND FAIR DEALS CAN ALWAYS
BE EXPECTED FROM US**



**รายงานประจำปี 2555
ANNUAL REPORT 2012**



ทะเบียนเลขที่ 0107636000106

**บมจ. นำสินประกันภัย
NAM SENG INSURANCE PLC.
มั่นคงในสัญญา ซื่อตรงในบริการ**

มั่นคงในสัญญา ซื่อตรงในบริการ



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ข้อมูลทางการเงิน FINANCIAL HIGHLIGHTS

(หน่วย: ล้านบาท / Unit: Million Baht)

	ณ. วันสิ้นสุด At Year End	2555 2012	2554 2011	2553 2010
ฐานะการเงิน / Financial Status				
สินทรัพย์รวม / Total Assets		2,861.36	2,791.68	2,102.38
หนี้สินรวม / Total Liabilities		1,898.05	1,892.10	1,305.17
ส่วนของผู้ถือหุ้น / Shareholder's Equity		963.32	899.58	797.21
ผลประกอบการ / Financial Performance				
เบี้ยประกันภัยรับรวม / Gross Written Premium		1,389.45	1,170.33	1,140.19
เบี้ยประกันภัยรับสุทธิ / Net Written Premium		1,301.60	1,098.71	1,073.88
เบี้ยประกันภัยที่ถือเป็นรายได้ / Earned Premium		1,161.42	1,096.03	1,107.86
รายได้จากการลงทุน / Income on Investment		125.87	63.13	87.84
รายได้อื่นและกำไรจากการขายทรัพย์สิน / Other Income and Gain on sale of assets		11.49	138.87	22.16
รายจ่ายรวม / Total Expenses		1,252.61	1,146.84	1,126.06
กำไร (ขาดทุน) สุทธิ / Net Profit (Loss)		58.73	117.27	100.85
อัตราส่วนทางการเงิน / Financial Ratio				
อัตราผลตอบแทนจากการลงทุน (%) / Investment Yield (%)		7.24	3.95	6.06
อัตราผลตอบแทนผู้ถือหุ้น (%) / Return on Equity (%)		6.31	13.82	13.35
อัตราส่วนหนี้สินต่อส่วนของผู้ถือหุ้น (เท่า) / Debt to Equity (Times)		1.97	2.10	1.64
กำไรต่อหุ้น (บาท) / Earnings per Share (Baht)		4.23	8.44	7.26
จำนวนหุ้น (ล้านหุ้น)		13.90	13.90	13.90
มูลค่าตามบัญชี (บาท/หุ้น) / Book Value (Baht/Share)		69.30	64.72	57.35

วิสัยทัศน์

บริษัทฯ มีความมุ่งมั่นในการเป็นบริษัทประกันภัยชั้นนำ และได้รับความไว้วางใจจากลูกค้าและสังคม โดยยึดหลัก “มั่นคงในสัญญา ซื่อตรงในบริการ” เพื่อประโยชน์ของผู้เกี่ยวข้อง

พันธกิจ

- สร้างความเชื่อมั่นให้กรมธรรม์ประกันภัยของบริษัทฯ ได้รับความไว้วางใจจากลูกค้า คู่ค้า และสังคม โดยรวม และเป็นที่ยึดมั่นได้เมื่อมีภัย
- ยึดมั่นในความยุติธรรม ในการชดเชยค่าสินไหมทดแทนด้วยมาตรฐานที่ยอมรับ
- เติบโตอย่างมีทิศทางที่ชัดเจนและมั่นคง

VISION

We aim to be a leading and reliable insurance company with trust given by society for the benefits of stakeholders by adhering to the principle that “reliable commitment and fair deals can always be expected from us.”

MISSION STATEMENT

- To make our insurance policies to be trusted by policyholders and society.
- To offer standard of services and fair claim settlements.
- To grow step by step with quality.



คณะกรรมการบริษัทฯ BOARD OF DIRECTORS



นายกำพล เตชะหรวุจิตร
ประธานกรรมการ

Mr. Kumpol Techaruvichit
Chairman



นายสมบุญ ฟุศรีบุญ
รองประธานกรรมการ

Mr. Somboon Fusriboon
Vice Chairman



นายวิฑูรย์ พัฒนรัชต์
กรรมการ

Mr. Vithun Patanarat
Director



นางสาวรัตนา เจริญชัยพงศ์
กรรมการ

Miss Ratana Jaroenchaipong
Director



นายสันต์ โชติพิฑูกษ์
กรรมการ (กรรมการอิสระ)

Mr. Sant Chotipruk
Director (Independent Director)



นายยงยุทธ ผู้สันติ
กรรมการ (กรรมการอิสระ)

Mr. Yongyuth Phusanti
Director (Independent Director)



นายณกต พุดรังษี
กรรมการ (กรรมการอิสระ)

Mr. Napadol Putarungsi
Director (Independent Director)

นายไพรัช เจริญชัยพงษ์
กรรมการ

Mr. Pairach Charoenchaipong
Director

นางสาวสุมาลี เจริญชัยพงษ์
กรรมการ

Miss Sumalee Jaroenchaipong
Director



นายมาว อ่อง ทุน
กรรมการ

Mr. Muang Aung Htun
Director

นายสมบัติ พุทวารวงค์
กรรมการ (กรรมการอิสระ)

Mr. Sombat Puthavolvong
Director (Independent Director)

ดร.โชติมา พัวศิริ
กรรมการ

Dr. Chotima Puasiri
Director

SUMMARY REPORT FROM THE BOARD OF DIRECTORS



นายสมบุญ ฟุศรีบุญ
กรรมการผู้อำนวยการ

Mr. Somboon Fusriboon
Managing Director

The economic growth of the Thai economy was around 5.7 – 5.9% in 2012, as supported by private investment and consumption stimulated by the government. The insurance business thus rose more rapidly than in the previous years.

In the same year, the Company had the net profit of 58.73 million Baht with the return on equity of 6.31% and the earnings per share of 4.23 Baht. The total assets, liabilities and shareholder's equity amounted to 2,861.36 million Baht, 1,898.05 million Baht and 963.32 million Baht respectively.

The Company's direct premium amounted to 1,380.98 million Baht, an increase of 225.49 million Baht, representing growth of 19.50% compared with the figure in the previous year. The growth was significantly close to our target. The Company has aimed to achieve the sales target totaling 2,000 million Baht within 2014 in order to strengthen our economies of scale and competitiveness.

The Company has realized that the establishment of the Asian economic community (AEC) in 2015 will transform the Asian countries into a single market with freer flow of goods and services. While speedy economic expansion in the region will continuously attract capital inflow, more goods will be transported via Thailand which links China with other countries. As a result, there is marketing opportunity for any insurance company with strong capital and readiness to expand their business.

Our capital level is strong we however have prepared ourselves to fully benefit from the Asian economic community by promoting our innovation, new products satisfying our customers' need, services improvement and effective cost control.

We in 2012 had launched new products with suitable margins and utilized new technology to support claims services and to assess the costs of car repairs. We expect that our customers, as a result, are more convenient, garages speedily receive money from the Company, and our brand loyalty has been strengthened. The new technology and the improved organization structure have also accelerated the improvement of the productivity of our staff.

The business approach facilitating our progress will be proceeded in 2013. We will consistently launch new products and improve our services in order to make sure that we will overcome all problems and fully benefit from business opportunity in the near future.

We have promoted business ethics, corporate social responsibility and good corporate governance, thus transparently do business, protected the right of shareholders and all stakeholders in order to create sustainable growth. Thai institute of directors (IOD) in the previous year had declared that our corporate governance was rated "very good".

The board of directors thanks all shareholders, clients, agents, brokers and traders for their support. We confirm that we will continually maintain our ethics and candidly do business in order to create value for all stakeholders on the principle that "Reliable commitment and fair deals can always be expected from us"

(Mr. Kampol Techaruvichit)
Chairman

(Mr. Somboon Fusriboon)
Managing Director

Nature Of Business

1. Nature of Business

1.1 Business operation

The Company mainly does the following business:

1.1.1 Fire insurance

Fire insurance basically provides coverage for losses or damages to insured properties caused by fire. It can be extended to cover other losses caused by flood and windstorm, including costs in attempt to stop the fire or to prevent the fire from spreading etc.

1.1.2 Motor insurance

Motor insurance comprises compulsory and voluntary insurance. While the voluntary insurance covers losses and damages to the properties and bodily injuries of both insured and third party, the other covers what stated by the Protection for Motor Vehicle Accident Victims Act B.E. 1992.

1.1.3 Marine and transportation insurance

Marine and transportation insurance provides coverage for losses and damages to hull and the transported cargo. This also includes those being transported by air and land.

1.1.4 Miscellaneous insurance

Miscellaneous insurance is that other than fire, motor, and marine insurance such as burglary, public liability, contracts work, and golfer's indemnity insurance etc.

1.1.5 Reinsurance

The reinsurer takes up some risks from direct insurance companies.

1.1.6 Investment

The Company invests in financial instruments such as bonds and others under the Office of Insurance Commission's regulations.

1.2 Income structure

In 2012, the Company's gross written premiums totaled 1,389.45 million Baht, an increase of 18.72% from the previous year.

Investment income amounted to 125.87 million Baht, an increase of 99.39% from the previous year. The loss from insurance amounted to 56.82 million Baht, an increase of 35.44 million Baht, while gain on sale of assets decreased by 118.16 million Baht. Accordingly net profit decreased by 58.54 million Baht to 58.73 million Baht.

1.2.1 Insurance business

Motor

In 2012, the net premiums earned were 1,075.01 million Baht, an increase of 6.25% from 2011. Losses incurred and loss adjustment expenses amounted to 712.02 million Baht, an increase of 12.56% from 2011. The profit from insurance decreased to 114.49 million Baht, or 33.96% from 2011.

Fire

In 2012, the net premium earned amounted to 13.22 million Baht, a decrease of 18.20% from 2011. Losses incurred and loss adjustment expenses amounted to 7.41 million Baht, a 29.00% increase from 2011. The profit from insurance decreased to 4.89 million Baht, or 10.15% from 2011.

Marine and transportation

In 2012, the net premium earned amounted to 4.62 million Baht, a decrease of 12.08% from 2011. Losses incurred and loss adjustment expenses amounted to 2.89 million Baht, a decrease of 59.33% from 2011, resulting in the profit from insurance amounting to 3.44 million Baht, an increase of 1,447.66% from 2011.

Miscellaneous

In 2012, the net premium earned amounted to 68.57 million Baht, a 9.11% increase From 2011. Losses incurred and loss adjustment expenses amounted to 4.10 million Baht, a 91.17% decrease from 2011, resulting in the profit from insurance amounted to 54.57 million Baht, an increase of 937.09% from 2011.

1.2.2 Investment and others

The Company's total investment fund amounted to 1,815.74 million Baht. The income from investment amounted to 125.87 million Baht, an increase of 99.39% from 2011.

The Company's other income amounted to 11.49 million Baht, a 91.73% decrease from 2011.

(Unit: Million Baht)

Item	2012		2011		2010	
	Amount	%	Amount	%	Amount	%
Gross written premium						
- Fire	33.32	2.18	35.91	2.62	40.93	3.27
- Motor	1,233.21	80.77	1,007.21	73.39	1,001.79	80.13
- Marine	19.92	1.30	17.58	1.28	14.54	1.16
- Miscellaneous	102.99	6.75	109.64	7.99	82.93	6.63
Subtotal	1,389.45	91.00	1,170.33	85.28	1,140.19	91.20
Income on investment	125.87	8.24	63.13	4.60	87.84	7.03
Other income and gain on sale of assets	11.49	0.75	138.87	10.12	22.16	1.77
Total	1,526.80	100.00	1,372.33	100.00	1,250.19	100.00

Note : Gross written premium = premium written less premium cancelled and refunded.

1.3 Marketing and competition

1.3.1 Marketing strategy

The Company has intended to increase sales with low risks including personal cars. We have adjusted premium rates to be commensurate with associated risks and in 2012 launched new campaigns to promote the sales of insurance policies covering pickups and SUV cars and so on. New technology was also utilized to improve our claims services and the assessment of the costs of car repairs.

1.3.2 Distribution channels

The distribution channels are as follows:

(1) Sales via agents and brokers

The Company has sold insurance policies via selected quality agents and brokers. We always train new quality agents and support them in the field of both sales and after-sales services. Most of our premium was sold via this channel.

(2) Direct sales

The Company has set up a team to provide services to the target customers. The volume via this channel was 2.0% of total premiums.

(3) Reinsurance

The Company has accepted reinsurance from other insurance companies as a part of income, amounting to 0.61% of total premium.

1.3.3 Competition and Outlook

As at 31 December 2012, there were 64 non-life insurance companies in Thailand.

The total direct premiums in the market from 1 January 2011 to 31 December 2012 were 179,459.01 million Baht with a growth rate of 29.33%. The Company's total premiums in the reported period were 1,380.98 million Baht, or equivalent to 0.77% of the total market reported by the Office of Insurance Commission. Regarding the compulsory and voluntary motor premiums, our direct written premiums were 130.21 and 1,103.00 million Baht respectively, or equivalent to 0.99% and 1.22% of the total motor-insurance market.

The Bank of Thailand projected that the Thai economy could expand by 5.7% - 5.9% and 4.6% - 4.9% in 2012 and 2013 respectively. Domestic consumptions and exports particularly in the second half of 2013 are expected to support the economic growth.

The insurance industry could expand by 29.33% in 2012, it however would decline in 2013 due to the lower growth of the economy.

We project that the expansion of our direct premiums in 2013 will not be less than the growth of the market, so that our market share could not be less than in 2012.



The Company held a training course for insurance brokers to renew their brokerage licenses at Wangkeo hotel in Phitsanulok province on 19 May 2012.



The marketing department held a meeting with agents and brokers who visited the Company's head office to introduce them our new products on 8 August 2012.

RISK FACTORS

2. Risk Factors

2.1 Strategic Risk

Strategic risk arises from improper implementation of strategic and operational plans. It also arises from the lack of responsiveness to the change of external and internal factors.

We manage the risk by setting premium rates in line with risks, choosing reinsurers with strong fundamental, diversifying risks and carefully investing in financial instruments, so that our capital will be strong enough to facilitate our business expansion. We also improve our services to support our marketing schemes.

We utilize computer system and train our staff to understand the conditions of insurance policies, so that claim payments will be speedy and accurate. Claims – managing committee has been set up by the board of directors to make sure that our claim management is suitable.

2.2 Credit Risk

Credit risk arises when our debtors have no ability to meet their obligations. In this case, their credit rating could deteriorate.

The Company manages risks by purchasing debt instruments with acceptable rating, encourages premiums due to pay money according to the principle of CBC (cash before cover). As a result, the value of our premium receivables appraised by the registrar as at the end of 2012 was 95.0% of the amount reported in the financial statements in line with our plan.

Besides the Company has done reinsurance agreements with reinsurers with strong fundamental in order to reduce default risks.

As there was severe flood in 2011 we hence booked associated loss reserves and outstanding claims of 546 million Baht including insurance reserve refundable from reinsurers amounting to 406 million Baht. The Company has recommended reinsurers to pay money, as a result, amounts due from them were 167.52 million Baht. Most of them were not over 12 months. We believe that we will receive money from the reinsurers in accordance with their obligation.

2.3 Market Risk

Market risk arises when interest rates and the prices of financial instruments fluctuate.

The board of directors has established the investment committee to determine investment policy, reducing risks associated with the fluctuations of the prices of financial instruments. The risks are generally caused by the movements of interest rates and other financial factors. The committee has closely monitored the economic situation in order to determine the composition of the investment portfolio and diversify risks. The Company concentrates on dividend stocks with strong fundamental rather than speculation in order to reduce the results of economic fluctuation.

2.4 Operational Risk

Operational risk is a risk resulting from inappropriate staff or inadequate or failed internal process effected by the external environment.

The Company reduces the risk by training staff, so that they will have adequate knowledge and efficiently work.

The Company also regularly maintains the computer system to be in good condition. Data backup has also been done every day. Processes responding to the emergency event is always properly managed to make sure that the computer system consistently works.

2.5 Insurance Risks

Insurance risk arises due to the fluctuation of the frequency and severity of losses, which could deviate from assumptions, after the premium rates and the insurance reserves have been fixed.

The Company reduces the risk by determining premium rates, after carefully analyzing data and having done risk surveys. An actuary has also been assigned to calculate the amount of insurance reserves, making sure that they are adequate.

Furthermore the Company has transferred the risk to reinsurers with strong fundamental. As a result the Company is fully ready to indemnify damaged persons without financial difficulty

The Company has set up underwriting committee to determine policies regarding the insurance premiums and conditions.

2.6 Liquidity Risks

Liquidity risk arises when the Company is unable to sell assets quickly at its fair market price, otherwise it may have to sell assets at a loss to meet cash demand.

The Company reduces the risk by holding liquid assets which are not less than the insurance reserves and obligations. Moreover we have followed up and recommended debtors to pay money, our liquid assets were at satisfactory level. (item 5.2.2)

Shareholders And Management

3. Shareholders and Management

3.1 Shareholders

The first ten major shareholders as at 11 April 2012 were as follows:

Major Shareholders	No. of Shares	% of Share Capital	Type of Business
1. N.S. Alliance Company Limited ^{1/}	3,996,710	28.75%	Holding Company
2. HIH Overseas Holdings Limited ^{2/}	3,400,000	24.46%	Holding Company
3. Pokkim Company Limited ^{1/}	2,398,027	17.25%	Holding Company
4. Thai NVDR Co.,Ltd.	919,700	6.62%	
5. Mr. Pichai Wongchindawest	563,400	4.05%	
6. Mrs. Supaporn Janserivithaya	507,600	3.65%	
7. Mr. Sopon Viraseranee	200,000	1.44%	
8. Mrs. Kanjana Chernrongroj	149,428	1.08%	
9. Miss Sumalee Jaroenchaipong	125,358	0.90%	
10. Mr. Krisanan Kewalee	105,400	0.76%	
Total	12,365,623	88.96%	

Note: ^{1/} The major shareholders of N.S. Alliance Company Limited and Pokkim Company Limited. are Mr. Somboon Fusriboon, Miss Ratana Jaroenchaipong, Miss Sumalee Jaroenchaipong, Mrs. Kanjana Chernrongroj and Miss Sriratana Jaroenchaipong.

^{2/} HIH Insurance Group, Australia, was placed into provisional liquidation in 2001.

3.2 Management

3.2.1 Management structure

The Company had a board of directors and 7 committees set up by the board of directors to execute significant duties as follows:

(1) Board of Directors

- a. The board of directors is authorized and responsible to set the Company's business strategies in compliance with the associated laws, the articles of association and the resolutions from the shareholders' meetings.

The board of directors could also approve the purchases of assets and other transactions under terms and conditions set by the Office of Insurance Commission, the Stock Exchange of Thailand and the Security and Exchange Commission. For example, the purchases of properties or securities must be in compliance with the Non-life insurance act and the Office of Insurance Commission's notification on the investment.

b. The Board of Director's members as at 31 December 2012 were as follows:

Name	Position in Nam Seng Plc.		% of shares held	Position in other Company.		Training Course	Graduation
	From – To	Position		Company	Position		
Mr. Kumpol Techaruvichit (non-executive director)	1991 - Present	Chairman	0.15%	N.S. Alliance Co.,Ltd. N.S.B. Co.,Ltd. Asia Hotel Plc. Asia Pattaya Hotel Co.,Ltd. Asia Airport Hotel Co.,Ltd. A.B.K. Enterprise Co.,Ltd. Pattaya Hotel Trading Co.,Ltd. Zeer Property Plc. Pamatoy Co.,Ltd.	Chairman Chairman Chairman Managing Director Chairman Managing Director Chairman Managing Director Chairman Managing Director Chairman Managing Director Director Chairman	DAP	Honorary Doctor Degree of Business Administration, Western Pacific, USA.
Mr. Somboon Fusriboon (executive director)	2008 – Present 1983 - 2008	Vice Chair- man Director	0.50%	N.S. Alliance Co.,Ltd. Pokkim Co.,Ltd. N.S.B. Co.,Ltd. Zeer Property Plc.	Vice Chairman Chairman Vice Chairman Independent Director	DAP	H.N.D. Maths Statistics & Computing, Hatfield Polytechnic, England.
Mr. Vithun Patanarat (executive director)	1980 - Present	Director	0.05%	-	-	DAP	Master of Business Administration, University of Kansas, USA
Miss Ratana Jaroenchaipong (executive director)	1992 - Present	Director	0.56%	N.S. Alliance Co.,Ltd. Pokkim Co.,Ltd. N.S.B. Co.,Ltd.	Director Director Director	DAP	H.N.D. Maths Statistics & Computing, Bristol Polytechnic, England.
Miss Sumalee Jaroenchaipong (non-executive director)	1991 - Present	Director	0.90%	N.S. Alliance Co.,Ltd. Pokkim Co.,Ltd. N.S.B. Co.,Ltd.	Director Director Director	DAP	Certificate in Administrative Management, Siripinyo School
Mr. Pairach Charoenchaipong (non-executive director)	1983 - Present	Director	0.27%	N.S. Alliance Co.,Ltd N.S.B. Co.,Ltd. Sin Phaibul Group Co.,Ltd. Sin Phaibul Sawmill Co.,Ltd.	Director Director Managing Director Managing Director	DAP RCC	Master of Management, Mahidol University
Mr. Yongyuth Phusanti (Independent Director)	1991 - Present	Director	0.01%	N.S. Alliance Co.,Ltd N.S.B. Co.,Ltd.	Director Director	DAP	M.S. in Sanitary Engineering Syracuse University, USA
Mr. Sant Chotipruk (Independent Director)	1996 - Present	Director	-	-	-	DAP	Bachelor' s Degree in Commerce, Thammasat University
Mr. Napadol Putarungsi (Independent Director)	2001 - Present	Director	-	-	-	DAP RCC	Master's Degree in Engineering(Electrical), Lamar University, USA.
Mr. Muang Aung Htun (non-executive director)	2003 - Present	Director	-	Wuttisak Clinic Inter Group Co., Ltd. Seamico Securities Plc. KT ZMICO Securities Co.,Ltd. Faye Capital Asia Fund Thai Strategic Partners II LP Thai Strategic Capital Management Co.,Ltd. Imperial Technology Management Services Plc. Drago P.C.B. Plc.	Director Director Director Director Director Director Director Director	DAP	Bsc.Eng.(Hons), University of London, England.

Name	Position in Nam Seng Plc.		% of shares held	Position in other Company.		Training Course	Graduation
	From – To	Position		Company	Position		
Mr.Sombat Puthavolvong (Independent Director)	4/2012-Present	Director	-	Ruam sombat charoen Co.,Ltd.	Managing Director	DAP	Faculty of Business Administration Ramkhamhaeng University.
Dr. Chotima Puasiri (non-executive director)	2009-Present	Director	0.34%	N.S. Alliance Co.,Ltd. N.S.B. Co.,Ltd. Asia Hotel Plc.	Director Director Director	DAP	PhD Business Administration, Ramkhamhaeng University, Bangkok (Thailand)

Note : DAP means Directors Accreditation Program held by IOD

RCC means Role of the Compensation Committee by IOD

Consultant to the board of directors is Dr. Abhijai Chandrasen.

Consultant to the board of directors (accounting and tax) is Mr. Thana Vongsangnak.

Company secretary is Mr. Kochakorn Nantaphan.

- c. In 2012, the board of director held 12 meetings, setting up policies, approving financial targets and budgets, monitoring the Company's performance, and solving problems concerned.

The following was the number of the meeting attendance of the directors. :

Name	Position	Number of attendance/total meetings	
		Number of attendance	Total meetings
1. Mr. Kumpol Techaruvichit	Chairman	7	12
2. Mr. Somboon Fusriboon	Vice Chairman	12	12
3. Mr. Vithun Patanarat	Director	12	12
4. Miss Ratana Jaroenchaipong	Director	12	12
5. Miss Sumalee Jaroenchaipong	Director	12	12
6. Mr. Pairach Charoenchaipong	Director	10	12
7. Mr. Yongyuth Phusanti	Director	12	12
8. Mr. Sant Chotipruk	Director	11	12
9. Mr. Napadol Putarungsi	Director	12	12
10. Mr. Muang Aung Htun	Director	11	12
11. Dr. Chotima Puasiri	Director	10	12
12. Mr. Sombat Puthavolvong ^{2/}	Director	6	12

Remark : ^{1/} Mr. Lalit Lertmaithai, independent director, completed the term in office in the Annual General Meeting of shareholders No.65 on 26 April 2012.

^{2/} Mr. Sombat Puthavolvong was elected to be independent director on 26 April 2012.

(2) Executive Committee

- a. The executive committee is authorized by the board of directors to review the Company's financial status and results, and set targets, plans and the organizational structure etc.
- b. The executive committee members as at 31 December 2012 were as follows:

	Name	Position	Number of attendance/total meetings	
			Number of attendance	Total meetings
1.	Mr. Somboon Fusriboon	Chairman of Executive Committee	12	12
2.	Mr. Vithun Patanarat	Executive Director	12	12
3.	Miss Ratana Jaroenchaipong	Executive Director	11	12
4.	Mr. Muang Aung Htun	Executive Director	11	12

- c. In 2012, the executive committee held 12 meetings to set up policies to be implemented, so as to achieve the targets.

(3) Audit Committee

- a. The audit committee is responsible to review the Company's procedure, to ensure that the Company's financial statements are accurate and adequate, the internal control is suitable, the associated laws are complied with, and there is no conflict of interest. The committee also recommends the board of directors about the appointment of external auditor and conducts investigation, and reviews evidence whenever there is any suspected frauds or problems in the internal control.
- b. The audit committee members as at 31 December 2012 were as follows :

	Name	Position	Number of attendance/total meetings	
			Number of attendance	Total meetings
1.	Mr. Sant Chotipruk	Chairman of Audit Committee	5	5
2.	Mr. Napadol Putarungsi	Committee Member	5	5
3.	Mr. Yongyuth Phusanti	Committee Member	5	5

Consultant to the audit committee is Dr. Abhijai Chandrasen.

- c. In 2012, the audit committee held 5 meetings, and gave the board of directors advices about issues regarding debtors, financial accounting and investment, so that the notification of the registrar and the articles of association will be complied.

The members of the committee are independent directors. Their qualifications are determined by the Stock Exchange of Thailand.

(4) Investment Committee

- a. The investment committee is responsible to determine the Company's investment policy in accordance with risks, liquidity and returns. As authorized by the board of directors, it could also approve some specified investment such as the purchases of debentures of not above 20 million Baht etc.

b. The investment committee members as at 31 December 2012 were as follows :

	Name	Position	Number of attendance/total meetings	
			Number of attendance	Total meetings
1.	Mr. Vithun Patanarat	Chairman of Investment Committee	4	4
2.	Mr. Somboon Fusriboon	Committee Member	3	4
3.	Miss Ratana Jaroenchaipong	Committee Member	4	4

c. In 2012, the investment committee held 4 meetings to set up policies and the investment portfolio's structure.

(5) Selection and Remuneration Committee

a. The selection and remuneration committee is authorized to do the following:

- Advise the board of directors about principle and policies regarding the selection of directors, consultants and the managing director after considering their knowledge, ability, experiences and reputation.
- Propose the structure of remuneration and other benefits for directors, committees, consultants and the managing director, after comparing them with those in the same industry.
- Consider policy on the remuneration for the management team and employers.

b. The selection and remuneration committee members as at 31 December 2012 were as follows:

	Name	Position	Number of attendance/total meetings	
			Number of attendance	Total meetings
1.	Mr.Napadol Putarungsi	Chairman of Selection and remuneration Committee	3	3
2.	Mr. Sant Chotipruk	Committee Member	3	3
3.	Mr. Pairach Charoenchaipong	Committee Member	3	3

Consultant to the selection and remuneration committee is Dr. Abhijai Chandrasen.

c. In 2012, the selection and remuneration committee held 3 meetings, in order to propose suitable persons to be selected by the board of directors and the general meeting of the shareholders as directors. The increase of the top management's salary and remuneration was also determined.

(6) Risks-Managing Committee

a. The risks-managing committee is responsible for the following:

- Identify significant risks together with their causes.
- Assess and prioritize risks
- Response to risks by determining measures against risks.
- Monitor, review and report the progress of risks reducing policies.

b. The risks-managing committee's members as at 31 December 2012 were as follows:

Name	Position	Number of attendance/total meetings	
		Number of attendance	Total meetings
1. Mr. Somboon Fusriboon	Committee Chairman	5	5
2. Mr. Padet Dokchan	Committee Member	4	5
3. Manager of Office of Executive Director	Committee Member	5	5
4. Manager of Motor Claims Department	Committee Member	1	5
5. Manager of Investment Department	Committee Member	4	5
6. Manager of Legal Department	Committee Member	3	5
7. Manager of Office Administration Department	Committee Member	3	5
8. Manager of Branch Operation Department	Committee Member	1	5
9. Manager of Motor Underwriting Department	Committee Member	4	5
10. Manager of Finance Department	Committee Member	5	5
11. Manager of Non-Motor Insurance Department	Committee Member and Secretary	4	5
12. Manager of Personnel Department 1/	Committee Member	-	5

Note : 1/ The Manager of Personnel Department was committee member on 24 October 2012, so she could not attend the meeting held before she had been appointed.

c. The committee in the meeting has determined procedures to reduce overall risks regarding operations.

(7) Underwriting Committee

a. The underwriting committee is responsible for the following:

- Determine flexible underwriting and reinsurance policy in accordance with risks and laws.
- Make sure that the board of director's underwriting policy is complied with.
- Approve the authorized list of reinsurers.
- Approve the Company's underwriting and reinsurance procedure.

b. The underwriting committee's members as at 31 December 2012 were as follows:

	Name	Position	Number of attendance/total meetings	
			Number of attendance	Total meetings
1.	Mr. Somboon Fusriboon	Committee Chairman	10	11
2.	Mr. Vithun Patanarat	Committee Member	11	11
3.	Miss Ratana Jaroenchaipong	Committee Member	10	11
4.	Manager of Motor Underwriting Department	Committee Member	11	11
5.	Manager of Non – Motor Insurance Department	Committee Member	11	11

Note : Mr. Vithun Patanarat retired from the underwriting committee on 1 January 2013.

c. The committee in the meetings has determined underwriting policies and set premiums rate to be commensurate with risks.

(8) Claim – Managing Committee

a. Claim – managing committee is responsible for the following:

- Determine claims – management policy.
- Oversee the movement of claims payments and make sure that the loss reserve is adequate.
- Properly manage claims disputes and make corrective measure when moral hazard arises.

b. The claims – managing committee's members as at 31 December 2012 were as follows:

	Name	Position	Number of attendance/total meetings	
			Number of attendance	Total meetings
1.	Mr. Somboon Fusriboon	Committee Chairman	4	4
2.	Mr. Vithun Patanarat	Committee Member	1	4
3.	Miss Ratana Jaroenchaipong	Committee Member	4	4
4.	Manager of Motor Underwriting Department	Committee Member	4	4
5.	Manager of Non – Motor Insurance Department	Committee Member	3	4
6.	Manager of Branch Operation Department	Committee Member	-	4

Note : Mr. Vithun Patanarat retired from the underwriting committee on 1 January 2013.

c. The committee in the meetings has determined policies regarding claims procedure to be more efficient.

As at 31 December 2012, the managers and acting managers of the Company were as follows:

	Name	Position
1	Mr. Somboon Fusriboon	Managing Director
2.	Mr. Vithun Patanarat	Deputy Managing Director, Acting Manager of Branch Operation Department
3.	Ms. Ratana Jaroenchaipong	Deputy Managing Director
4.	Mr. Padet Dokchan	Assistant to Managing Director, Acting Manager of Information Technology Center
5.	Mr. Vichit Jaroenchaipong	Assistant to Managing Director, Acting Manager of Office Administration Department
6.	Mr. Phisudh Tanphairoh	Senior manager
7.	Mr. Piriya Klabwihok ^{1/}	Senior Manager (responsible for motor claims)
8.	Dr. Chotima Puasiri	Director and Manager of Non - Motor Insurance Department
9.	Mr. Teera Trussat	Manager of Accounting Department
10.	Mrs. Kanjana Chernrongroj	Manager of Finance Department
11.	Mr. Kochakorn Nantaphan	Manager of Office of Executive Directors
12.	Ms. Malinee Udomsangpetch	Manager of Investment Department
13.	Mr.Voravatch Jaroenchaiyapongs ^{2/}	Manager of Motor Claims Department
14.	Ms. Siriwan Bovornrubporn	Manager of Motor Underwriting Department
15.	Mr. Permsak Roysirikul	Manager of Legal Department
16.	Ms. Savanee Onsuwan	Manager of Personnel Department

Note : 1/ Mr. Piriya Klabwihok has been Senior Manager (responsible for motor claims) since 5 November 2012.

2/ Mr.Voravatch Jaroenchaiyapongs has been Manager of Motor Claims Department since 5 November 2012.

The executives in accordance with the notification of the SEC were composed of the manager or the next four executives succeeding the manager, and persons holding the position of manager or equivalent in accounting or finance departments.

The following are the Company's executives :

Name	Position in Nam Seng Plc.		Position of top executives in other Company.		Graduation
	From – To	Position	Company	Position	
Mr. Somboon Fusriboon	2008 - Present 1997 - 2008	Managing Director Deputy Managing Director	N.S. Alliance Co.,Ltd. Pokkim Co.,Ltd. N.S.B. Co.,Ltd. Zeer Property Plc.	Vice Chairman Chairman Vice Chairman Independent Director	H.N.D. Maths Statistics & Computing, Hatfield Polytechnic, England.
Mr. Vithun Patanarat	1980 - Present 1995 - 2009	Deputy Managing Director Manager of Branch Operation Department	-	-	Master of Business dministration, University of Kansas, USA
Miss Ratana Jaroenchaipong	2006 - Present 1997 - 2006	Deputy Managing Director Assistant Managing Director	N.S. Alliance Co.,Ltd. Pokkim Co.,Ltd. N.S.B. Co.,Ltd.	Director Director Director	H.N.D. Maths Statistics & Computing, Bristol Polytechnic, England.
Mr. Padet Dokchan	2006 - Present 2001 – 2006	Assistant to Managing Director, Acting Manager of Information Technology Center Manager of Information	-	-	Bachelor of Electrical Engineering, King Mongkut Institute of Technology Lad Krabang Campus

Name	Position in Nam Seng Plc.		Position of top executives in other Company.		Graduation
	From – To	Position	Company	Position	
Mr. Vichit Jaroenchaipong	2012 – Present 2010 - 2011	Assistant to Managing Director, Acting Manager of Office Administration Department Assistant to Managing Director, Acting Manager of Marketing Department	Tropical Timber Co.,Ltd N.S.B. Co.,Ltd. N.S. Alliance Co.,Ltd.	Director Director Director	M.S. (Development Economics) National Institute of Development Administra- tion
Mr. Teera Trussat	2002 - Present 1999 – 2002	Manager of Accounting Department Manager of Internal Audit Office	-	-	Bachelor's Degree in Business (Accounting), Ramkhamhaeng University
Mrs. Kanjana Cherrongroj	1976 – Present	Manager of Finance Department	N.S.B.Co.,Ltd	Director	Certificate of Taipei Commercial College

3.2.2 Selection of the directors

The selection and remuneration committee suggests the board of directors to propose the shareholders' meeting to elect directors in accordance with the following rules and procedure:

- (1) One shareholder shall have one vote for each share.
- (2) Each shareholder shall exercise all the votes he or she has to elect one or several persons as a director or directors, but he or she cannot divide his or her votes for any person.
- (3) After the vote, the candidates shall be ranked in order descending from the highest number of votes received to the lowest, and shall be appointed as directors in that order until all the directors positions are filled. If there is a tie in the list to be elected which would otherwise cause the number of directors to be exceeding, the chairman shall have the final say.

If any director resigns from the board of directors, at least three forth of the directors may choose some one to replace him or her, unless the director's term remains less than 2 months.

An appointed director who replaces the one who resigned will perform his or her function only in the remaining period of the director whom he or she replaces.

In order to be in compliance with the good corporate government regarding the rights of shareholders, shareholders could nominate qualified persons to be nominated as directors in the AGM. The nomination procedure has been declared in the Company website.

As at 31 December 2012, directors representing each group of shareholders are as follows:

- Mr. Muang Aung Htun representing the liquidator of HIH Overseas holdings Ltd.
- Mr. Somboon Fusriboon and Dr. Chotima Puasiri representing Pokkim Company Limited.
- Mr. Kumpol Techaruvichit, Miss Sumalee Jaroenchaipong, Miss Ratana Jaroenchaipong and Mr. Pairach Charoenchaipong representing N.S. Alliance Company Limited.

3.2.3 Remuneration for directors and management Team

(1) Paid benefit in 2012

a. Directors

(Baht)

		Meeting allowance	Remuneration
1.	1. Mr. Kumpol Techaruvichit	240,000	177,777
2.	2. Mr. Somboon Fusriboon	180,000	133,333
3.	3. Mr. Vithun Patanarat	120,000	88,889
4.	4. Miss Ratana Jaroenchaipong	120,000	88,889
5.	5. Miss Sumalee Jaroenchaipong	120,000	88,889
6.	6. Mr. Pairach Charoenchaipong	120,000	88,889
7.	7. Mr. Yongyuth Phusanti	120,000	88,889
8.	8. Mr. Sant Chotipruk	120,000	88,889
9.	9. Mr. Napadol Putarungsi	120,000	88,889
10.	10. Mr. Muang Aung Htun	120,000	88,889
11.	11. Mr. Lalit Lertmaithai ^{1/}	40,000	88,889
12.	12. Dr. Chotima Puasiri	120,000	88,889
13.	13. Mr. Sombat Puthavolvong ^{2/}	80,000	-
Total		1,620,000	1,200,000

Remark : 1/ Mr. Lalit Lertmaithai, independent director, completed the term in office in the Annual General Meeting of shareholders No.65 on 26 April 2012.

2/ Mr. Sombat Puthavolvong was elected to be independent director on 26 April 2012.

b. Committees set by the Board of Directors

	Meeting allowance
- Executive Committee - 4 members	540,000
- Audit Committee - 3 members	175,000
- Investment Committee - 3 members	140,000
- Remuneration Committee – 3 members	105,000
Total	960,000

c. Salary and Bonus

	Salary	Bonus
Executives – 7 members	12,238,200	1,677,802

Note: 7 Executives in accordance with the notification of the SEC were composed of the manager or the next former executives succeeding the manager, and persons holding the position of manager or equivalent in accounting or finance departments.

(2) Other benefit

-None-

3.2.4 Corporate governance

The board of directors has been compliant with the principles of good corporate governance (item 3.3).

3.2.5 Insider trading

The Company has warned staff not to do insider trading, otherwise they will be severely penalized.

3.2.6 Internal control

The board of directors, in the meeting no. 11/2555-2556 held on 26 February 2013, had reviewed the Company's internal control and found that the audit committee and independent internal auditor have been responsible for auditing the internal control of the Company. Apart from that, the external auditor has to evaluate the internal control and operations regarding the investment activities, in compliance with the notification of the registrar, namely "Regulation on the evaluation of rules and procedures concerning the investment activities of insurance companies." The audit committee, internal auditor and external auditor have advised the management to improve the internal control to be more effective. The management has accordingly taken up the recommendation. Apart from that, there is no significant weak point within the internal control system.

3.3 Good corporate governance

We comply with good corporate governance as follows:

3.3.1 Rights of shareholders

We encourage shareholders to exercise their rights such as the profit sharing. They have right to purchase, sell or transfer shares and receive sufficient the Company's information. There are no actions that violate shareholders' rights to study the Company's information and their rights to attend shareholders' meetings to elect or change the Company's directors.

Shareholders have right to determine the remuneration of the directors in the AGM. The remuneration could be compared with that in the same industry and depends on the directors' experience, accountability, responsibility, and benefit created by them.

Generally we provide information in our website. The Company preserves the right of shareholders. They could inquire the directors in AGM, ones who come late moreover could attend the AGM.

Minor shareholders could also submit questions and agenda regarding AGM in advance before the AGM at least 3 months, in accordance with procedure set and declared by the Company in the Company's website. The board of directors has no policy to place any additional agenda to be considered by the AGM without informing shareholders in advance.

The Company sends invitation letters including documents concerned in advance in line with laws. In the letters, the Company informed shareholders of the names, education background, work experience and the number of companies in which the director candidates have any position. The nomination procedure is also declared. In case the candidates are the former directors, the Company informed shareholders of number of their individual attendance in the board of directors' meeting together with the number of years for which they have been the Company's directors. The Company proposes the AGM to elect each individual director.

Minor shareholders holding at least 1% of total shares will be able to propose anybody who is qualified to be elected as director.

At least one independent director could be authorized as proxy in case the shareholders cannot attend the AGM.

The Company never establishes takeover-protection method which creates mismanagement without transparency.

The share holding structure of the Company is not formulated in a form of cross-share holdings or pyramid.

The Company's free-float shares is 23% of total shares which is compliant with the notification of the SET.

3.3.2 Equitable treatment of shareholders

All shareholders should be treated in an equal way. One share has one vote in the AGM.

The Company generally informs shareholders in our website at least 3 months in advance that the shareholders are able to propose qualified persons to be elected as directors in the AGM (item 3.3.1).

The Company send shareholders the invitation letters with all kind of proxy forms in order to facilitate shareholders who could not attend the AGM. Shareholders wishing to authorize proxies are informed of procedure and necessary documents to be used in the process of the appointment of the proxies. The Company promotes the use of proxy forms on which they are able to specify their votes.

The Company has no intention to set any procedure which obstructs the appointment of the proxies. No need to show any document endorsed by the government agency if un-necessary.

The Company informs agenda and procedures governing the AGM on our website at least 30 days in advance.

Documents concerning the meeting are translated into English for the convenience of foreign shareholders.

There were 10 directors attending the previous shareholders' meeting. Where all directors cannot attend a shareholders' meeting, there are generally at least the following persons at the meeting: chairman of the board, managing director, chairman of the audit committee and chairman of the selection and remuneration committee.

The chairman of the shareholders' meeting allows shareholders to express opinions and ask questions relevant to the agendas or the Company, besides director election utilizes a process in which shareholders are able to vote on individual nominees. Voting cards are used for important agenda items.

The Company distributes the minutes of shareholders' meetings via our website within 14 days after the meeting date.

Measures are in place to prevent directors, executives, and employees from taking advantage of inside information for abusive self dealing. The management and staff are regularly informed that nobody will be able to take benefit from inside information, one who violates this principle hence will be punished. The interests of directors and executives will be disclosed to the board in accordance with the notification of the SEC. There has never been any case that any director or the management benefits from inside information.

In case there are connected transactions, the Company declares policy regarding the price or value of the transactions together with the directors' opinion concerned.

The connected transactions have been done in accordance with the notifications of the SET and SEC.

We have no connected transaction which provides anyone unfair financial benefit. The purchases and sales of assets have been in accordance with the notification of the SET and SEC.

The Company's connected transactions do not cause the conflict of interest.

3.3.3 Role of stakeholders

Stakeholders are treated fairly in accordance with their legal rights as specified in relevant laws. The board of directors promotes cooperation between the Company and its stakeholders including staff, customers, agents, brokers, shareholders and society in order to create wealth, financial stability and sustainability of the firm as stated in item 6, namely "Responsibility towards major stakeholders".

The Company intends to take part in the development of the Thai economy in according to the corporate governance and corporate social responsibility (CSR) stated in "summary report from the board of directors" in this annual report.

The Company has a clear policy intending to taking care the safety and sanitation of all staff. Committee of occupational safety health and environment of the workplace has been established. The Company also has clear policy on staff's remunerations that they depend on the performance of the Company and each staff. The welfare of staff is at the suitable level. We also have no policy to violate human right and set up provident fund for our staff to take care them in the long run.

Apart from that, we have a clear policy to develop our human resources (item 6.1)

The Company has clear policies regarding our customers, agents, brokers, traders, creditors and competitors, which have been set on the principle of free and fair competition (item 6.2 and 6.3).

The Company has a policy and procedure to respect the concept of copy right and intellectual property. We thus prohibit our staff to use unlicensed software. We have declared that anyone who breaks the rule will be punished. We also have a policy and procedure to reject corruptions and bribes. We have set our best practice that all executives must be honest and maintain business ethics. All staff must not give or receive bribes.

We intend to take care environment and encourage the efficient utilization of natural resources, thus educating our staff about them. We have set procedure to reduce the utilization of electricity and papers.

The Company establishes mechanism to encourage all stakeholders' involvement. They are allowed to suggest the board of directors any concerns. We also disclose procedure to do so in our website. The rights of any person who communicates such concerns will be protected.

3.3.4 Disclosure and transparency

The Company clearly and transparently declares the structure of major shareholders and the proportion of minor shareholders. Shareholders are able to know the Company's data in our website and annual reports (item 3.1) which indicates that top ten shareholders held 88.96% of total shares.

The Company discloses all important information (both financial and non-financial) accurately, completely, transparently and on a timely basis, and complies with rules and regulations of the SEC and SET. All useful information is declared in our annual report, including the analysis of financial position, our performance, significant change, factors effecting financial position and financial results (item 5.1 and 5.2). We also analysed the industrial competition, our potential and market share (item 1.3.3). We also have managed risks analyzing and making resolution (item 2).

The following additional information is disclosed in the annual report:

- (1) The performance of the board and committees set up by the board during the previous year including executive committee, audit committee, selection and remuneration committee, investment committee, risks-managing committee, underwriting committee and claim-managing committee (item 3.2.1).

The Company declares data regarding directors and independent directors including names, position, age, education, work experience and number of companies in which they are directors (item 3.2.1(1)).

- (2) Disclosure of directors' approach to determine remuneration together with its type and the amount of remuneration (3.3).
- (3) We have a policy to set the top management's remuneration that it should be compared with that of companies those with the similar financial position in the same industry. The remuneration is also determined by the company's performance and economic conditions. We have reported the type of the management in item 3.2.3
- (4) Detail of connected transaction including connected persons, relationship, the types of the transaction, condition and the price policies have been declared in item 4.
- (5) The Company has a policy that every directors must declare his or her interest concerned in compliance with the SEC's notifications.
- (6) The Company declares data regarding the directors' meeting attendance including the number of attendance of directors and committees' members (item 3.2.1). Directors declare the purchases and sales of the Company's ordinary shares held by them.
- (7) The Company's external auditor is independent, his or her qualification is acceptable and approved by the SEC (item 3.3.5.3). The Company's financial statements are audited by external auditor with unqualified opinion. The SEC has not instructed the Company to amend our financial statements.

- (8) We send shareholders and investors' information via many distribution channels including the Company's website and news papers, so that they equally and easily access to the information. We never submit financial reports late.

We also declare the detail of our business, shareholders' structure, the composition of board of directors, annual reports, financial statements, directors, management, investor relation and invitation letter to the AGM in the Company' website.

- (9) The Company has approved investor relation plan.

The Company assigned the manager of Office of Executive Directors to be responsible for investor relation. Investors could call him at telephone number 02-9114567 or email@namsengins.co.th. We also have discussed investors directly visiting us in the previous year.

3.3.5 Responsibilities of the Board

3.3.5.1 Board structure

- (1) There were 12 directors as at 31 December 2012, comprising the following:
 - 3 executive directors
 - 5 non- executive directors
 - 4 independent directors

The number of the independent directors, whose qualification is inline with the notifications of the SEC, as at 31 December 2012 was one third of the total directors.

- (2) The board establishes a formal and transparent director nomination process. The selection and remuneration committee has nominated suitable persons to be considered and selected by the board of directors and the general meeting of shareholders respectively.
- (3) The chairman of the board and managing director are different persons. Although the chairman is not independent director, he is neutral.
- (4) The number of directors (excluding independent directors) on the board represents a fair proportion of the money invested by each group of shareholders (item 3.2.2).
- (5) The Company clearly discloses in its annual report which directors are major shareholders' representatives/ non-executive directors/ independent directors/ executive directors. (item 3.2.1 (1) b, and 3.2.2).
- (6) According to the public limited companies act and the articles of association, one-third of directors shall retire at every general meeting of shareholders. The retiring director could be reselected. The board does not determine the limits of consecutive terms.
- (7) The term of services of any committee set up by the board is three years.
- (8) The articles of association determines that no director shall operate any business which has the same nature as and is in competition with the business of the Company or become a director of any other Company operating business is in competition with the Company.
- (9) Each director membership in other companies is disclosed (item 3.2.1 (1) b). Each director cannot be directors of more than 5 listed companies.
- (10) Each top executive's board membership in other companies is disclosed (item 3.2.1).

3.3.5.2 Committees regarding good governance

Audit Committee

- (1) The board sets and approves the audit committee's charter in writing.
- (2) All members of the audit committee are independent directors with qualifications which follow relevant rules.
- (3) At least one member of the audit committee has an accounting or financial educational background or work experience.
- (4) The audit committee regularly reports duties performed to the board every quarter.
- (5) The audit committee reports its performance during the previous year to shareholders in the Company's annual report:

- a. Discloses the number of audit committee meetings (item 3.2.1 (3) b).
- b. Discloses meeting attendance of each audit committee member (item 3.2.1 (3) b).
- c. After functioning duties, its opinion is disclosed (item 3.2.1 (3) c).
- d. Discloses qualification of audit committee's members in the invitation letter for the AGM.

Selection and Remuneration Committee

- (1) The board appoints the selection and remuneration committee to help it determine payment criteria and type of remuneration the Company should pay its directors and top executive.
- (2) The board sets and approves the selection and remuneration committee's charter in writing.
- (3) Names and the qualifications of the selection and remuneration committee members are disclosed.
- (4) The composition of selection and remuneration committee:
 - a. Chairman of the committee is an independent director who is not the chairman of the board.
 - b. Two third of the committee members are independent directors.
- (5) The selection and remuneration committee reports its performance to the board regularly.
- (6) The selection and remuneration committee reports its performance during the previous year in the Company's annual report:
 - a. Discloses the number of remuneration committee meetings (item 3.2.1 (5) b).
 - b. Discloses meeting attendance of each remuneration committee member (item 3.2.1 (5) b).
 - c. Its performance is disclosed (item 3.2.1 (5) c).

Risks-Managing Committee

The Company has set up the Risks-managing committee managing all risks concerned (Item 3.2.1 (6)a).

3.3.5.3 Roles and responsibilities of the board

The board clearly separates its roles and responsibilities from those of the management, e.g., financial authorization or authority to make decisions. It also approves significant decisions, such as strategy, financial targets and budgets (item 3.2.1 (1) a.). Chairman of the board of directors is not the managing directors.

The board of directors has approved the Company's vision and mission as shown in the annual report.

Each director is not the director of more than 3 listed companies, he or she cannot be the director of any company which competes with the Company in the same business.

The board of directors has followed up the operation of the management so that the Company's policy and objectives are achieved.

The board approves corporate governance policy and encourages everyone in the Company to comply with the policy, and revealed the results of the implementations in annual report.

The board of directors approved in the meeting no. 8/2546 held on 24 December 2003 that the code of best practice including the claims management, compliant handling procedure and corporate governance, will be conducted in a greater extent. So all staff will perform their duties with honesty, fairness and transparency, thus resulting in the confidence of shareholders and all concerned parties. We also intend to create procedure to ensure that our staff will not abuse their authority for the benefit of them or others.

In order to prevent problems caused by the conflict of interests, the board of directors pays careful attention to any transaction involving connected parties, and set up guidelines on keeping and protecting the inside information as follows:

- The board of directors must be reported about any connected transactions, and will carefully consider the issues, and disclose them in the annual report and the form 56-1.
- Executives have been instructed to report the SEC on the changes of their stock holdings.
- Executives and officers are prohibited from giving away any internal information to unauthorized persons.

The Company has hired Audit House Co., Ltd. to conduct the internal auditing so as to advise the Company about the weak points of the controlling system. Audit House Co., Ltd. is not the external auditor and reports the audit committee independently. According to the internal auditing reports, there is no significant pitfall, although there are problems regarding co-ordinations and human errors which could happen in every organization.

The audit committee has been set up and has clear duties and responsibilities as stated in detail in 3.2.1(3). The members of the committee's qualification and experience have been disclosed in the invitation letter for AGM. The number of its meeting and attendance of its members is also revealed (item 3.2.1(3)).

The audit committee is responsible for supervising internal auditor who directly reports to the committee. It generally reports the board of directors every quarter and discloses its summary report in the annual report for shareholders, including the results of the review of annual financial report, the internal control, the corporate governance and the connected transactions.

Mrs. Nonglak Pumnoi, the certified public accountant No.4172, or Miss Somjai Khunapasut, the certified public account No. 4499, or Miss Rachada Yongsawadvanich, the certified public accountant No. 4951 from Ernst & Young Office Limited. was appointed by the AGM no.65 as the external auditors for 2012.

The board of directors reported “statement of directors responsibilities” regarding the financial statements in the annual report.

The board of directors established the selection and remuneration committee with its clear duties and responsibilities as stated in 3.2.1(5). Its chairman is independent director.

The risk-management committee has also been established, while risks-managing policy has been set up and annually monitored.

The Company has elected the independent directors in accordance with the regulation of the SEC and declare this issue in the invitation letter for the AGM.

The board of directors in the previous year operated our business in line with laws without doing any serious offenses.

3.3.5.4 Board meetings

In order to ensure that the board of directors is able to effectively monitor the Company's operations, at least 12 directors' meeting are held each year.

The board annually sets its meeting schedule in advance each director hence knows that schedule. There are methods for each member of the board to propose meeting agendas. The chairman of the board allocates sufficient meeting time for directors to discuss main issues for consideration.

We send invitation letters for the board meeting 7 days in advance, but associated data is delivered to the directors after that. It is difficult to send them 7 days in advance, because the meetings of board of directors are held within 6 days after the meetings of the executive committee.

Board meeting minutes include at least the following information: meeting date, beginning and ending times, name of directors who attended and were absent from the meeting, summarized information proposed to the board on each issue, summarized discussion and directors' observations, board resolutions and opinions of dissenting directors (if any), name of person who certified the minutes. The minutes are kept properly and easily accessible for future reference, but can be edited only with the board's approval.

As required by the SEC, the total attendance of each director at board meetings is disclosed each director attended the board of directors at least 80% of the meetings (item 3.2.1 (1) c).

3.3.5.5 Board self Assessment

The board has set criterion and regularly conducts its self-assessment every year to improve its performance.

Apart from that, the selection and remuneration committee, as assigned by the board of directors, evaluates the managing director every year in order to determine his remuneration.

3.3.5.6 Remuneration

Directors' remuneration

- (1) Remuneration for directors is close to that in the same industry on average. It is transparently approved by the shareholders' meeting and adequate enough to attract and retain quality directors whom the board needs. The audit committee's members' extra remuneration has been paid appropriately.

- (2) The remuneration for top executives has been determined according to the principle that the rewards should be linked to the performance of the Company and each executive.

The selection and remuneration committee, comprising of 3 members, is responsible for proposing the board of directors to determine the structure of remuneration and benefits of committees after considering those in the same industry.

- (3) In order for shareholders to evaluate the relationships between amounts paid and the remuneration policy, the amount of remuneration paid to each director is disclosed. Disclosure also includes monetary and other benefits a director receives from the Company (item 3.2.3 (1)).

Remuneration of managing director

The selection and remuneration committee, without any executive directors, appraises the managing director's performance and reports the board of directors on its result.

3.3.5.7 Board and management training

The board sets policy for educating new directors, existing directors, executives, internal auditor and company secretary.

The Company has provided new director information regarding our business.

The Company also encourage all directors to attend director accreditation program held by Thai institute of Directors Association.

The board has a policy to set the executives' development plan for the management succession.

3.3.5.8 Role of the Company secretary

The Company appointed Mr. Kochakorn Nantaphan, the manager of the office of executive directors, to be the company secretary. He is responsible for giving opinion about the notifications and regulation of the Office of Insurance Commission, the Stock Exchange of Thailand and the Securities and Exchange Commission. He cooperates with all departments to comply with the resolutions of the board of directors. He also is responsible for keeping important documents in according with relevant laws, such as minutes of the meetings of the board of directors and the AGM and so on.

Connected transactions

4. Connected transactions

In 2012, the Company had some connected transactions with N.S.B. Co., Ltd., Throng Seen Co., Ltd. and Asia Hotel Plc. and so on as follows:

4.1 N.S.B. Co., Ltd.

4.1.1 Details of the connected transactions

- (1) Connected persons : N.S.B. Co., Ltd.
- (2) Relationship : N.S.B. Co., Ltd. is a juristic person in which the major shareholder of the Company holds more than 10% of the total shares.
- (3) Business type : Property developer
- (4) Major shareholders : N.S. Alliance Company Limited 37.50%
(% of total shares) Pokkim Company Limited 62.50%
- (5) The value of the connected transactions between the Company and N.S.B. Co., Ltd. in 2012 and 2011 were stated in the Auditors' notes to the financial statements for 2012.

4.1.2 The rationale, policy and trend of the connected transactions

On 15 April 1994, the Company entered into a construction contract with N.S.B. Co., Ltd. and employed N.S.B. Co., Ltd. to build an office building on the Company's land, with the consent of the Department of Insurance, under the following conditions:

- (1) N.S.B. Co., Ltd. was granted the right to utilize and to lease out the office building spaces for a period, commencing from 1 December 1994 through 30 November 2014, and has the right to collect the rental fees or any remuneration. Upon termination of the contract, N.S.B. Co., Ltd. shall return the property in sound condition.
- (2) The Company has the right to utilize 5,085 square meters of the office space with 1,275 square meter of parking space, however it had to pay N.S.B. Co., Ltd. service fees at 305 Baht per square meter per month. The Company had also rented additional space of 628 square meters until 30 November 2014. Rents and service fees for the space of 628 square are 437 Baht per square meter per month.

N.S.B. Co., Ltd. had proposed that it would pay rent and service fees in advance from 1 August 2012 to 30 September 2013 with discount of 4.55% annually for the space of 5,058 square meters and 628 square meters respectively. The board of directors approved its proposal in 25 June 2013.

The Company has a long – term agreement with N.S.B. Co., Ltd. If its business expands the Company could rent additional area, with the consent of the board of directors.

4.2 Dung Seng Insurance Broker Co., Ltd.

4.2.1 Details of the connected transactions

- (1) Connected persons : Dung Seng Insurance Broker Co., Ltd.
- (2) Relationship : Dung Seng Insurance Broker Co., Ltd. is subsidiary of a juristic person in which the major shareholder of the Company holds more than 10% of the total shares.
- (3) Business type : Insurance broker
- (4) Major shareholders : N.S.B. Co., Ltd. 95.20%
(% of total shares)
- (5) The value of connected transactions between the Company and Dung Seng Insurance Broker Co., Ltd. in 2012 and 2011 were stated in the auditors' notes to the financial statements for 2012.

4.2.2 The rationale, policy and trend of the connected transactions

The Company has made transactions with Dung Seng Insurance Broker Co., Ltd., because Dung Seng Insurance Broker Co., Ltd., as a broker, has been doing business with the Company's agents for a long time without any significant problem.

The Company has a policy to give a chance for all brokers to conduct business with the Company fairly. The commission rates the Company offers Dung Seng Insurance Broker Co., Ltd. are not different from those received by other brokers under the regulations of the Office of Insurance Commission.

4.3 Asia Hotel Plc. and subsidiary

4.3.1 Details of the connected transactions

- | | | | | |
|-----|--|---|--|--------|
| (1) | Connected persons | : | Asia Hotel Plc. and subsidiary | |
| (2) | Relationship | : | The chairman of the Company is chairman and managing director of Asia Hotel Plc. | |
| (3) | Business type | : | Hotel | |
| (4) | Major shareholders | : | A.B.K.Enterprise Co., Ltd. | 46.33% |
| | (% of total shares) | | Mrs. Pornpun Tanariyakul | 10.85% |
| | | | Mr. Kobsak Jarurangsak | 3.13% |
| (5) | The value of connected transactions between the Company and Asia Hotel Plc. and subsidiary in 2012 and 2011 were stated in the auditors' notes to the financial statements for 2012. | | | |

4.3.2 The rationale, policy and trend of the connected transactions

The Company has made transactions with Asia Hotel Plc. and subsidiary in the ordinary course of business, because Asia Hotel Plc. and subsidiary has been doing business with the Company for a long time.

The Company has approved the transactions with Asia Hotel Plc. and subsidiary as normal business practice. The insurance premium rates the Company offers Asia Hotel Plc. and subsidiary are under the regulations of the Office of Insurance Commission.

Audit committee's opinion on connected transactions and connected persons

After having examined the connected transactions between Nam Seng Insurance Plc. and the connected persons, stated in the Company's annual disclosure of information for 2012 (Form 56-1) and the annual report for 2012 (Form 56-2), we, Mr. Sant Chotipruk, Mr. Napadol Putarungsi and Mr. Yongyuth Phusanti, as members of the audit committee, remark that some transactions arise due to the utilization of building of which rent and service fee are depend on the size of the utilization area. It could be classified as one related with lease contract done to support the business of the Company. Other transactions occurred in the ordinary course of business with fair dealing, the agreed remunerations are also in line with the normal market prices.

Financial Status and Operational Performance

5. Financial Status and Operational Performance

5.1 Financial results

(1) Underwriting performance

The Company's direct premium in 2012 was 1,380.98 million Baht, a rise of 225.48 million Baht, or 19.50%. The earned premium was 1,161.42 million Baht, an increase of 65.39 million Baht, or equivalent to 5.97%.

In 2012 the loss ratio dropped from 63.12% to 62.55% in 2011, the combined ratio however grew from 103.97% to 107.10% in the reported year as the proportion of commission over earned premium rose from 18.07% to 20.31%. Besides the operating expenses increased due to the increase of staff's salaries in compliance with the government's policy, the renovation cost of our branch office and other expenses which rose in compliance with the sales growth. As a result, the Company realized the underwriting losses of 56.82 million Baht, an increase of 35.44 million Baht.

The Company has targeted that our direct premium will increase to 2,000 million Baht within 2014, so that the expense ratio and combined ratio will significantly dropped and the underwriting profit will be realized.

(2) Net Investment income

The Company had investment income including gains on the sale of investments in 2012 amounting to 125.87 million Baht which increased by 62.74 million Baht because of the rise of the price of stocks.

(3) Other incomes and gains on sale of assets

Other incomes and gains on sale of assets decreased by 127.38 million Baht, as we had 119.7 million Baht of huge gain from the sale of the company's property located close to the victory monument in 2011.

Besides, other income dropped by 9.22 million Baht.

(4) Net profit and return on equity

The net profit of 58.73 million Baht was realized in 2012, a decrease of 58.54 million Baht, because the decrease of underwriting profit and other incomes as mentioned above.

Accordingly, the return on equity dropped from 13.82% in the previous year to 6.31% in the reported year, and earnings per share decreased from 8.44 Baht to 4.23 Baht because of the decrease of net profit.

(5) Projection in disclosure for the sale of securities

The Company did not submit disclosure for the sale of securities in the reported year.

5.2 Financial Status

5.2.1 Assets

(1) Composition of assets

The Company's assets totaling 2,861.36 million Baht as of the end of 2012 were composed of the following:

- Investment in securities, loans, cash and deposits totaling 1,815.74 million Baht, or 63.46% of total assets.
- Premised and equipment amounting to 162.67 million Baht, or 5.68% of total assets.
- Premiums due amounting to 168.26 million Baht, or 5.88% of total assets.
- Other assets were 714.69 Million Baht or 24.98% of total assets. Most of them were reinsurance assets including insurance reserve refundable from reinsurers.

Total assets as of the end of 2012 increased by 69.68 million Baht because of the rise of the investment assets. They increased by 152.34 million Baht. We had the net cash flows from operating activities of 116.86 million Baht, the Company consequently purchased more financial instruments.

(2) The quality of assets

(a) Debtors

Unless there is special reason, the Company will not give loan to new borrowers. The details of premiums due were reported in the notes to financial statements for the year ended 31 December 2012. Our premium receivables were 200.05 million Baht of which 87.10% were not over 60 days. The allowance for doubtful accounts were 31.80 million Baht. The net premium receivables thus amounted to 168.26 million Baht.

We also had 622.12 million Baht of reinsurance assets including insurance reserve refundable from reinsurers due to flooding loss, amounting to 406 million Baht. As of the end of the reported year, amounts due from reinsurers totalling 167.52 million Baht. Most of them were less than 12 months. We believe that they will pay money in accordance with their obligations.

(b) Investment in securities

The Company has tended to cautiously invest in securities, thus diversifying our portfolio.

When considering returns on investment, we believe that our investment yield of 7.24% is commensurate with associated risk.

5.2.2 Liquidity

The Company had cash – flows from operating activities of 116.86 million Baht.

Our Liquidity was adequate, as our liquid assets were 1.54 times greater than the unearned premium reserves and loss reserves.

5.2.3 Sources of funds

(a) Suitability of capital structure

The debt to equity ratio decreased to 1.97 times as at the end of 2012 from 2.10 times as at the end of 2011.

Regarding capital adequacy, according to the Non-life insurance Act, any non-life insurance company must maintain the capital fund at amount determined by the OIC, in line with the amount of assets, liabilities or associated risks. Our capital fund, as appraised by the registrar as at the end of September 2012, was 1,082.62 million Baht, or equivalent to 392.29% of those set by the registrar, signifying our financial strength.

(b) Equity

Equity rose by 63.74 million Baht from 899.58 million Baht as of the end of the previous year to 963.32 million Baht as we had net profit of 58.73 million Baht and the increase of other component of equity increased in the reported year.

(c) Liabilities

As at the end of 2012, the Company opened overdraft accounts with a bank, amounting to 10 million Baht, secured by bonds issued by state enterprises in order to support normal business operations, however having no overdraft outstanding as at 31 December 2012, due to our sufficient liquidity.

5.3 Auditing fees

The AGM no.65 set the auditing fees for 2012 as follows :

	Baht
Fee for auditing financial statements	740,000
Fee for reviewing 3 quarterly financial statements	510,000
Audit of the annual risk based capital	350,000
Review of interim risk based capital report	150,000
The service fee for the investigation of internal control and investment activities.	100,000
Total	1,850,000

Social responsibility community and environment development

6. Social responsibility community and environment development

6.1 Staff

The Company has supported and cooperated with organizations concerned to create social responsibility and community development. The Company's staff has been sincerely active in joining the mentioned activities without personal benefit such as donates blood to the Thai red cross every year.

Remuneration and benefits of staff are according to performance, furthermore a registered provident fund has been set up in accordance with the Provident Fund Act B.E. 2530 with authorization of the Ministry of Finance as of 24 July 1996. The rate at which the Company contributes to the fund increases depending on years of service.

The Company has human resource development schemes every year, succession plans besides are developed, employees consequently are ready to be promoted. The succession plan besides accelerates their morale.

We have no intention to violate the human rights and believe that all human are equal, they cannot be discriminated on grounds of race, sex or religion. All employees are treated the same way. Male and female employees have an equal chance to be promoted.

6.2 Customers and creditors

The Company believes in offering sincere services with honesty and integrity, whenever its customers face accidents in time with its motto:

“Reliable commitment and fair deals can always be expected from us”.

We have our Code of Best Practice, aiming that claim amount must be speedily paid within 15 days since any agreement is made. The preliminary compensation to any motor vehicle victim in according with the Protection for Motor Vehicle Victims act must be paid within 7 days. The Company also returns premiums paid within 15 days since any policy expires.

Apart from that, the Company has set up the policy and procedure in receiving complaint from policyholder, who sustain from the loss or damage with fairness. The procedure will reduce conflicts between the Company and policyholders.

We also adhere to our obligation done with creditors.

6.3 Brokers agents and competitors

To a significant degree, the Company's success stems from the exceptional support of agents, brokers and party to the contract. Recognizing this, the Company always deals with them promptly, consistently and fairly, thus creating its strong reputation. Complementing these efforts, workshops and seminars are periodically held to support agents.

Regarding competitors, we have Code of Best Practice determining that the rights of competitors must be recognized. The free competitions on a fair basis will accelerate the progress of the Thai economy.

The Company has no policy to violate intellectual property rights or to do corruption or pay bribes for gaining benefit over competitors.

6.4 Shareholders

The Company determines to create value for every shareholder through a policy of careful and sustainable business expansion that emphasize quality above quantity.

6.5 Social responsibility community and environment development

The Company takes part in the Corporates Social Responsibilities (CSR) and Community Development by supporting staff continuously practicing, donating blood to the Thai Red Cuss every year.

Regarding public interest and religious activities we provided school scholarships to the children of naval logistics department in May 2012 and March 2012 respectively. We gave donation to Wat Kongkharam Varavihara Petchaburi province on 17 November 2012, we also support the Red Cross Concert held by the Royal Thai Navy on 29 August 2012. We support Charity Golf tournament of Naval Intelligence Department and Department of Business Development on 10 February 2012 and 26 July 2012 respectively. We donated fire cabinets to Tao Pun police station, besides we donate funds for hospital construction in Bangkhuntian district on 31 March 2012.



The Company's staff joined a campaign to promote 100% utilization of antiknock helmets at the office of insurance commission on 27 March 2012.



The Company held a training course regarding insurance business for branch staff on 17 – 18 November 2012 at Muaklek district, Saraburi province.



The committee of occupational safety health and environment of the workplace held the week of safety health at the front of Nam Seng Insurance Building on 24 – 25 October 2012.



Mr. Yuth Vorachattarn, the member of corporate governance center of the SET, as a quest speaker, gave a practical overview of the business ethic of executives in a meeting of the Company's managers on 24 November 2012.

General Information

<p>นายทะเบียนหลักทรัพย์ Share Registrar</p>	<p>บริษัท ศูนย์รับฝากหลักทรัพย์ (ประเทศไทย) จำกัด อาคารตลาดหลักทรัพย์แห่งประเทศไทย 62 ถนนรัชดาภิเษก คลองเตย กรุงเทพฯ 10110 โทร 0-2359-1200-1 โทรสาร 0-2359-1259 Thailand Securities Depository Co., Ltd. The Stock Exchange of Thailand Building, 62 Rachadapisek Road, Klongtoey, Bangkok 10110 Tel. 0-2359-1200-1 Fax : 0-2359-1259.</p>
<p>ที่ปรึกษากฎหมาย Legal Consultant</p>	<p>บริษัท สำนักกฎหมาย ปุณยฤทธิ์ จำกัด 22 ซอยสุนทรสารทูล (อ่อนนุช 21/1) สุขุมวิท 77 แขวงสวนหลวง เขตสวนหลวง กรุงเทพฯ 10250 โทร. 0-2730-6969-76 โทรสาร : 0-2730-6967-68 Punyariddhi Law Office Co., Ltd. 22 Soi Soontomsaratoon (Onnut 21/1) Sukhumvit 77 Suanluang District, Bangkok 10250 Tel. 0-2730-6969-76 Fax : 0-2730-6967-68</p>
<p>ผู้สอบบัญชี Auditor</p>	<p>นางนงลักษณ์ พุ่มน้อย ผู้สอบบัญชีรับอนุญาต เลขทะเบียน 4172 หรือ นางสาวสมใจ คุณปัสุต ผู้สอบบัญชีรับอนุญาต เลขทะเบียน 4499 หรือ นางสาวรัชดา ยงสวัสดิ์วานิชย์ ผู้สอบบัญชีรับอนุญาต เลขทะเบียน 4951 บริษัท สำนักงาน เอ็นส์ที แอนด์ ยัง จำกัด ชั้น 33 อาคารเลครัชดา 193/136-137 ถนนรัชดาภิเษก คลองเตย กรุงเทพฯ 10110 โทร. 0-2264-0777 โทรสาร 0-2264-0789-90 Mrs. Nonglak Pumnoi, the certified Public Accountant No. 4172 or Miss Somjai Khunapasut, the certified Public Accountant No. 4499 or Miss Rachada Yongsawadvanich, the certified public accountant No. 4951 Ernst & Young Office Limited 33rd Floor, Lake Rajada Office Complex 193/136-137 Rajadapisek Road Klongtoey, Bangkok 10110, Thailand. Tel. 0-2264-0777 Fax : 0-2264-0789-90</p>

Statement of Directors Responsibilities

The board of directors of Nam Seng Insurance Plc., the management and the external auditor have reviewed the company's financial statements for the year ended 31 December 2012 and concluded that the Company has conformed to accepted accounting policies, and applies them consistently. In addition, the report is supported by reasonable and prudent judgment and estimates.

The board of directors is also responsible for the presentation of accurate and complete financial information and has set appropriate measure to protect the value of the Company's assets. It also has suitable internal control in a way as to prevent any fraud or mismanagement of the Company's assets.

The directors also maintain the principles of good corporate governance. Although having not achieved some objectives, we aim to improve our performance.



(Mr. Kampol Techaruvichit)
Chairman



(Mr. Somboon Fusriboon)
Managing Director

REPORT OF AUDIT COMMITTEE

REPORT OF AUDIT COMMITTEE

The board of directors of Nam Seng Insurance Plc. has set up the audit committee comprising 3 independent directors with financial and organizational skill. Mr. Sant Chotipruk is the committee chairman as Mr. Napadol Putarungsi and Mr. Yongyuth Phusanti are committee members, Dr. Abhijai Chandrasen besides is a consultant to the committee.

In 2012 the committee held 5 meetings in which all the committee members and the consultant to the committee attended. The committee also discussed with both internal and external auditors in order to approve internal auditing plans and considered internal auditing reports as well as quarterly and yearly financial statements, so as to ensure that financial reports were accurate and adequate.

The audit committee has functioned duties as assigned by the board of directors in accordance with the audit committee charter and notifications of the Stock Exchange of Thailand and the Securities and Exchange Commission, including the review of financial statements, the review of internal control, the review of good corporate governance, the review of connected transactions, the review of risk management, the supervision of internal audit, and the nomination of the external auditor. The following activities were undertaken by the committee:

The review of quarterly and yearly financial statements for the year ended 2012.

The audit committee reviewed the quarterly and yearly audited financial statements for the year ended 2012. The committee also discussed with the external auditor regarding scope, method, timing of the auditing, significant adjustment, and the recommendations of the auditor together with the management's reactions to the advices of the auditor. Its objective is to ensure that the Company's financial statements are accurate and report adequate data. The committee has also informed the board of directors on important results from the review of financial reports and followed up the rectification of problems that they are rectified within reasonable time.

The review of internal control.

The audit committee reviewed the Company's internal control system to make sure that it is good enough for business operation, and the objectives of internal control are achieved both efficiently and effectively. Both audit committee and external auditor believe that the Company's internal control is appropriate without significant pitfalls which will be risk factors seriously effecting business operation. Moreover the committee has advised the management to be in compliance with the recommendation of internal auditor, external auditor and the regulatory units, so that the Company's operation will be effective.

The review of good corporate governance.

The audit committee reviewed the company's corporate governance whether it is in accordance with the notifications of the Stock Exchange of Thailand and the Securities and Exchange Commission. It also reviewed the Company's working system to ensure that the Company complies with the security and exchange act B.E.2535, the notifications of the Stock Exchange of Thailand, laws regarding insurance business and the regulations of the OIC. Apart from that, the audit committee have evaluated itself and concluded that its performance was very good and achieved the objective set by the audit committee's charter.

The review of connected transactions

The audit committee reviewed the connected transactions in order to ensure that the transactions occurred in the ordinary course of business with fair dealing and were in accordance with the notifications of the Stock Exchange of Thailand and the Securities and Exchange Commission. It also gave some comments about the rationale of the connected transactions, after considering their conditions, effects and the benefit of the Company.

The review of risk management

The audit committee supervised the process of risk management by reviewing the risk management plan to make sure that the Company has managed risks at an acceptable level. The committee recommended the management to review the risk management regarding underwriting activities which are the essential part of insurance business with care. The audit committee has also acknowledged the change of regulations concerned and recommended the management to set up the good corporate governance.

The supervision of internal audit

The audit committee reviewed the annual and 3 – year auditing plans which were set in line with the Company's risk in compliance with its strategy and objectives. It also reviewed internal auditing reports, provided advice, and followed up the rectification of significant problems revealed by the internal auditing reports in order to promote the good corporate governance and adequate internal control.

The nomination of external auditor for 2013

The audit committee had considered the qualification of external auditors and advised the board of directors to recommend the annual general meeting of shareholders to appoint Mrs. Nonglak Pumnoi, C.P.A., Registration No.4172 or Miss Somjai Khunapasut, C.P.A. Registration No.4499 or Miss Rachada Yongsawadvanich, C.P.A. Registration No.4951 from Ernst & Young Office Limited. as the Company's external auditor for 2013. The committee also advised the board of director to recommend the general meeting of shareholders to approve the audit fee of 1,850,000 Baht.

The audit committee pays attention to the good corporate governance, because it is necessary and crucial for the sustainable development of the Company. It also encourages the Company to be compliant with the principles of good corporate governance promoted by the Stock Exchange of Thailand. The audit committee has transparently and independently performed its duties. The committee believes that the Company's financial statements are accurate and reliable in accordance with the financial reporting standards. The Company has done business with effective and sufficient risk management, Besides it has been complied with regulations concerned.



(Mr. Sant Chotipruk)

Chairman, Audit Committee

26 February 2013

Report and Financial Statements



Independent Auditor's Report

To the Shareholders of Nam Seng Insurance Public Company Limited

I have audited the accompanying financial statements of Nam Seng Insurance Public Company Limited, which comprise the statement of financial position as at 31 December 2012, and the related statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Thai Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Thai Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Nam Seng Insurance Public Company Limited as at 31 December 2012, and its financial performance and cash flows for the year then ended, in accordance with Thai Financial Reporting Standards.

Emphasis of Matter

I draw attention to Note 1.2 to the financial statements regarding the effects of the severe flooding. The Company currently set aside loss reserves based on best estimates, with reference to supporting documentation and surveyors' reports. However, the Company is in the process of negotiating the claims with its counterparties and performing further examination of the facts. There are uncertainties in these processes, which could affect the amount of loss reserves and loss reserves refundable from reinsurers. Actual results could significantly differ from the estimates. My opinion is not qualified in respect of this matter.



Nonglak Pumnoi

Certified Public Accountant (Thailand) No. 4172

Ernst & Young Office Limited

Bangkok: 28 February 2013

Nam Seng Insurance Public Company Limited

Statements of financial position

As at 31 December 2012

	Note	31 December 2012	31 December 2011	1 January 2011
			(Reclassified)	(Reclassified)
Assets				
Cash and cash equivalents	6	66,386,951	46,644,783	34,737,649
Accrued investment income		14,574,521	11,828,259	9,229,901
Premium receivables	7	168,256,923	151,185,920	148,168,661
Reinsurance assets	8	622,120,357	728,115,139	174,228,905
Investment assets				
Investments in securities				
Trading investments	9.1	49,321,565	49,996,692	-
Available-for-sale investments	9.2	289,383,607	362,796,916	461,476,862
Held-to-maturity investments	9.3	1,401,640,051	1,195,078,779	1,024,302,540
Other investments	9.4	2,223,020	2,223,020	2,223,020
Loans	10	6,782,891	6,662,845	13,885,057
Properties foreclosed	11	20,839,255	24,887,004	38,956,936
Property, buildings and equipment	12	162,665,517	167,415,951	160,572,020
Intangible assets	13	2,533,154	140,786	216,334
Other assets	14	54,636,358	44,705,086	34,381,563
Total assets		2,861,364,170	2,791,681,180	2,102,379,448

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

Nam Seng Insurance Public Company Limited

Statements of financial position (Cont.)

As at 31 December 2012

	Note	31 December 2012	31 December 2011	1 January 2011
			(Reclassified)	(Reclassified)
Liabilities and equity				
Liabilities				
Income tax payable		-	-	5,079,017
Due to reinsurers	15	153,805,569	67,928,775	80,786,347
Insurance contract liabilities				
Loss reserves and outstanding claims	16	882,432,492	1,130,886,876	526,347,827
Premium reserve	17.1	703,776,210	559,554,156	553,960,860
Employee benefit obligations	18	42,569,943	39,216,280	38,989,984
Accrued commissions		40,202,380	33,075,070	30,335,975
Premium received in advance		25,074,466	13,726,670	18,133,794
Other liabilities	19	50,185,241	47,716,668	51,538,979
Total liabilities		1,898,046,301	1,892,104,495	1,305,172,783
Equity				
Share capital				
Registered				
20,000,000 ordinary shares of Baht 10 each		200,000,000	200,000,000	200,000,000
Issued and paid-up				
13,900,000 ordinary shares of Baht 10 each		139,000,000	139,000,000	139,000,000
Premium on share capital		594,436,835	594,436,835	594,436,835
Retained earnings				
Appropriated				
Legal reserve	20	24,848,787	24,848,787	24,848,787
General reserve		6,163,850	6,163,850	6,163,850
Unappropriated		161,762,859	116,914,094	(355,594)
Other components of equity		37,105,538	18,213,119	33,112,787
Total equity		963,317,869	899,576,685	797,206,665
Total liabilities and equity		2,861,364,170	2,791,681,180	2,102,379,448

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

Nam Seng Insurance Public Company Limited

Statements of comprehensive income

For the year ended 31 December 2012

(Unit: Baht)

	Note	2012	2011
Income			
Net earned premium	21	1,161,416,698	1,096,028,033
Fee and commission income	21	25,661,944	22,178,837
Total income		1,187,078,642	1,118,206,870
Expenses			
Underwriting			
Claims expenses			
Claims and losses adjustment expenses	21	726,416,650	691,833,035
Commission and brokerage expenses	21	235,829,849	198,103,083
Other underwriting expenses	21	31,491,102	28,309,848
Contribution to Road Accident Victims Protection Company Limited	21	15,951,237	15,675,614
Operating expenses	21,22	234,213,966	205,666,903
Total underwriting expenses		1,243,902,804	1,139,588,483
Losses from underwriting		(56,824,162)	(21,381,613)
Net investment income		85,942,356	58,908,147
Gain on investments		24,500,972	2,126,724
Fair value gains		15,427,477	2,096,040
Other income			
Gain on sale of assets		2,081,518	120,243,343
Others		9,404,275	18,622,622
Profit from operations		80,532,436	180,615,263
Contribution to the Office of Insurance Commission		(3,952,464)	(3,388,746)
Contribution to the General Insurance Fund	29	(3,452,465)	(2,579,618)
Contribution to the Victims Compensation Fund		(1,302,142)	(1,279,642)
Profit before income tax expenses		71,825,365	173,367,257
Income tax expenses		(13,091,300)	(56,097,569)
Profit for the year		58,734,065	117,269,688

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

Nam Seng Insurance Public Company Limited

Statements of comprehensive income (Cont.)

For the year ended 31 December 2012

(Unit: Baht)

	2012	2011
Other comprehensive income		
Gains (losses) on changes in values of available-for-sale investments	18,892,419	(14,899,668)
Other comprehensive income for the year	18,892,419	(14,899,668)
Total comprehensive income for the year	77,626,484	102,370,020
Earnings per share	24	
Basic earnings per share		
Profit for the year	4.23	8.44

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

Nam Seng Insurance Public Company Limited

Statements of changes in equity

For the year ended 31 December 2012

(Unit: Baht)

	Issued and paid-up share capital	Premium on share capital	Retained earnings			Other components of equity		Total
			Appropriated		Unappropriated	Surplus (deficit) on changes in values of available-for-sale investments	Other comprehensive income	
			legal reserve	General				
Balance as at 1 January 2011	139,000,000	594,436,835	24,848,787	6,163,850	(355,594)	33,112,787	797,206,665	
Total comprehensive income for the year	-	-	-	-	117,269,688	(14,899,668)	102,370,020	
Balance as at 31 December 2011	139,000,000	594,436,835	24,848,787	6,163,850	116,914,094	18,213,119	899,576,685	
Balance as at 1 January 2012	139,000,000	594,436,835	24,848,787	6,163,850	116,914,094	18,213,119	899,576,685	
Dividend paid (Note 30)	-	-	-	-	(13,885,300)	-	(13,885,300)	
Total comprehensive income for the year	-	-	-	-	58,734,065	18,892,419	77,626,484	
Balance as at 31 December 2012	139,000,000	594,436,835	24,848,787	6,163,850	161,762,859	37,105,538	963,317,869	

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

Nam Seng Insurance Public Company Limited

Statements of cash flows

For the year ended 31 December 2012

(Unit: Baht)

	2012	2011
Cash flows from operating activities		
Direct premium written	1,375,660,627	1,152,481,122
Cash received for reinsurance	15,393,965	54,062,964
Losses incurred of direct insurance	(770,808,157)	(671,886,591)
Losses adjustment expenses of direct insurance	(80,518,925)	(73,474,338)
Commissions and brokerages of direct insurance	(225,313,151)	(188,868,362)
Other underwriting expenses	(47,442,340)	(43,985,462)
Interest income	82,599,844	41,740,265
Dividend income	40,524,699	18,497,137
Other investment expenses	(42,306,894)	(4,429,428)
Other income	11,485,794	138,865,965
Operating expenses	(226,953,495)	(204,291,768)
Other expenses	(13,091,300)	201,330
Income tax	(2,370,624)	(61,176,586)
Net cash from operating activities	116,860,043	157,736,248
Cash flows from investing activities		
Cash flows from		
Investments in securities	1,652,109,843	863,824,688
Loans	2,672,645	10,185,216
Property, buildings and equipment	979,006	35,682
Net cash from investing activities	1,655,761,494	874,045,586
Cash flows used in		
Investments in securities	(1,723,383,367)	(996,387,913)
Loans	(2,792,690)	(2,667,853)
Property, buildings and equipment	(10,268,012)	(16,882,272)
Intangible assets	(2,550,000)	(3,936,662)
Net cash used in investing activities	(1,738,994,069)	(1,019,874,700)
Net cash used in investing activities	(83,232,575)	(145,829,114)

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

Nam Seng Insurance Public Company Limited

Statements of cash flows (Cont.)

For the year ended 31 December 2012

(Unit: Baht)

	2012	2011
Cash flows from financing activities		
Dividend paid (Note 30)	(13,885,300)	-
Net cash used in financing activities	(13,885,300)	-
Net increase in cash and cash equivalents	19,742,168	11,907,134
Cash and cash equivalents at beginning of year	46,644,783	34,737,650
Cash and cash equivalents at end of year (Note 6)	66,386,951	46,644,784
Supplemental cash flows information		
Non-cash item		
Gains (losses) on changes in values of available-for-sale investments	18,892,419	(14,899,668)

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

Nam Seng Insurance Public Company Limited

Notes to financial statements

For the year ended 31 December 2012

1. General information

1.1 Corporate information

Nam Seng Insurance Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. The Company is principally engaged in the provision of non-life insurance. The Company’s registered office is located at 767 Krungthep-Nonthaburi Road, Bangsue, Bangkok.

1.2 The impact from the severe flooding

In the fourth quarter of 2011, there was severe flooding in Thailand. The floods materially affected the financial statements of the Company, with the financial impact of the floods reflected in the financial statements until 31 December 2012 are as follows:

(Unit: Million Baht)

	Gross claims	Claims refundable from reinsurers		Net claims
		Agreed	Reserve	
Loss reserves and outstanding claims	421	(16)	(372)	33
Claims paid	125	(86)	-	39
Total	546	(102)	(372)	72
Claims reserve refundable from reinsurance under Excess of Loss contracts				(34)
Net claims expense - statement of comprehensive income				38
Less: Net claims expense - statement of comprehensive income - 2011				(31)
Net claims expense - statement of comprehensive income - 2012				7

The Company currently set aside loss reserves based on best estimates, with reference to supporting documentation and surveyors’ reports. However, the Company is in the process of negotiating the claims with its counterparties and performing further examination of the facts. There are uncertainties in these processes, which could affect the amount of loss reserves and loss reserves refundable from reinsurers. Actual results could significantly differ from the estimates.

2. Basis of preparation

The financial statements have been prepared in accordance with accounting standards enunciated under the Accounting Professions Act B.E. 2547 and in accordance with Thai accounting practices related to insurance and the accounting and reporting guidelines prescribed by the Office of Insurance Commission (“OIC”) The presentation of the financial statements has been made in compliance with the Declaration of the Insurance Commission dated 27 May 2010.

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

The financial statements have been prepared on a historical cost basis except where otherwise disclosed in the accounting policies.

3. New accounting standards that are not yet effective

The Federation of Accounting Professions issued the following new and revised accounting standards that are effective for fiscal years beginning on or after 1 January 2013.

Accounting standards:

TAS 12	Income Taxes
TAS 20 (revised 2009)	Accounting for Government Grants and Disclosure of Government Assistance
TAS 21 (revised 2009)	The Effects of Changes in Foreign Exchange Rates

Financial Reporting Standard:

TFRS 8	Operating Segments
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Accounting Standard Interpretations:

SIC 10	Government Assistance - No Specific Relation to Operating Activities
SIC 21	Income Taxes - Recovery of Revalued Non-Depreciable Assets
SIC 25	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders

The Company's management believes that these accounting standards will not have any significant impact on the financial statements for the year when they are initially applied, except for the following accounting standard.

TAS 12 Income Taxes

This accounting standard requires an entity to identify temporary differences, which are differences between the carrying amount of an asset or liability in the accounting records and its tax base, and to recognise deferred tax assets and liabilities under the stipulated guidelines. The management of the Company expects the adoption of this accounting standard to have the effect of increasing the company's brought-forward retained earnings of the year 2013 by approximately Baht 97.11 Million and decreasing the brought-forward balance of other components of equity of the year 2013 by approximately Baht 7.42 million.

In addition, the Federation of Accounting Professions has issued Notification No. 30/2555 - 34/2555, published in the Royal Gazette on 17 January 2013, mandating the use of accounting treatment guidance and accounting standard interpretations as follows.

	<u>Effective date</u>
Accounting Treatment Guidance for Transfers of Financial Assets	1 January 2013
Accounting Standard Interpretation:	
SIC 29 Service Concession Arrangements: Disclosures	1 January 2014
Financial Reporting Standard Interpretations:	
TFRIC 4 Determining whether an Arrangement contains a Lease	1 January 2014
TFRIC 12 Service Concession Arrangements	1 January 2014
TFRIC 13 Customer Loyalty Programmes	1 January 2014

The management of the Company has assessed the effect of these standards and believes that Accounting Treatment Guidance, Accounting standard Interpretation and Financial Reporting Standard Interpretations are not relevant to the business of the Company.

4. Significant accounting policies

4.1 Revenue recognition

(a) Premium income

Premium income consists of direct premium and reinsurance premium less premium of canceled policies and premiums refunded to policy holders, and will be adjusted by unearned premium reserve.

Direct premium income is recognised on the date the insurance policy comes into effect. For policies with coverage periods of longer than 1 year, related revenues are recorded as “premium received in advance”, and recognised as income over the coverage period.

Reinsurance premium income is recognised as income when the reinsurer places the reinsurance application or the statement of accounts with the Company

(b) Commission and brokerage fee income

Commission and brokerage fees from ceded premium are recognised as income in the period of service provided.

(c) Interest income and dividend

Interest income is recognised on an accrual basis based on the effective interest rate. Dividend is recognised when the right to receive the dividend is established.

(d) Gain (loss) on investment

Gain (loss) on investment is recognised as income or expense on the transaction date.

(e) Interest income on loan

Interest on loan is recognised as income on an accrual basis, based on the amount of principal outstanding.

4.2 Expenses recognition

(a) Ceded premium

Ceded premium is recognised as expense when the insurance risk is transferred to another insurer.

(b) Commission and brokerage fees

Commissions and brokerages are expenses when incurred.

Commission and brokerage fees paid for policies with coverage periods of longer than one year are recorded as prepaid transactions and recognised as expenses over the coverage period.

(c) Claims and losses adjustment expenses

Claims and losses adjustment expenses consist of claims and losses adjustment expenses of direct insurance and reinsurance, and include the amounts of the incurred amounts of claims, related expenses, and loss adjustments of the current and prior period, less residual value and other recoveries (if any), and claims refundable from reinsurers.

Claims and losses adjustment expenses of direct insurance are recognised upon the receipt of the claims advice from the insured, based on the claims notified by the insured and estimates made by the Company's management. The maximum value of claims estimated is not however, to exceed the sum-insured under the relevant policy.

Claims and losses adjustment expenses of reinsurance are recognised as expenses when the reinsurer places the loss advice or the statement of accounts with the Company.

4.3 Cash and cash equivalents

Cash and cash equivalents consist of cash in hand and at banks, and all highly liquid investments with an original maturity of three months or less and not subject to withdrawal restrictions.

4.4 Premium receivables and allowance for doubtful accounts

Premium receivables from both direct and reinsurance are stated at net realisable value. The Company set up an allowance for doubtful accounts based on the estimated loss that may incur in collection of the premium receivables, on the basis of collection experiences, analysis of debtor aging and a review of current status of the premium receivables as at the end of reporting period.

4.5 Reinsurance assets and due to reinsurers

- (a) Reinsurance assets represent amounts due from reinsurers, amounts deposit on reinsurance and insurance reserve refundable from reinsurers.

Amounts due from reinsurers consist of accrued commission and brokerage income, claims and other various items receivable from reinsurers, excluding reinsurance premium receivable, less allowance for doubtful accounts. The Company records allowance for doubtful accounts for the estimated losses that may be incurred due to inability to make collection, taking into account collection experience and the status of reinsurer receivables as at the end of the reporting period.

Insurance reserve refundable from reinsurers is estimated based on the related reinsurance contract of loss reserve and outstanding claims in accordance with the law regarding insurance reserve calculation.

- (b) Amounts due to reinsurers represent outstanding balance payable from reinsurance and amounts withheld on reinsurance.

Amounts due to reinsurers consist of reinsurance premiums and other items payable to reinsurers, excluding claims.

The Company presents net of reinsurance to the same entity (reinsurance assets or amounts due to reinsurers) when the following criteria for offsetting are met.

- (1) The entity has a legal right to offset amounts presented in the statements of financial position, and
- (2) The entity intends to receive or pay the net amount recognised in the statements of financial position, or to realise the asset at the same time as it pays the liability.

4.6 Investments in securities

- (a) Investments in securities held for trading are stated at fair value. Changes in the fair value of these securities are recorded in profit or loss.
- (b) Investments in available-for-sale securities are stated at fair value. Changes in the fair value of these securities are recorded in comprehensive income, and will be recorded in profit or loss in when the securities are sold.
- (c) Investments in debt securities, both due within one year and expected to be held to maturity, are recorded at amortised cost. The premium or discount on debt securities is amortised or accreted by the effective rate method with the amortised or accreted amount presented as an adjustment to the interest income. The debt securities are classified as held-to-maturity when the Company has the positive intention and ability to hold them to maturity.
- (d) Investments in non-marketable equity securities, which the Company classifies as other investments, are stated at cost net of allowance for impairment (if any).

The fair value of marketable security is based on the latest bid price of the last working day of the year. The fair value of debt security determined based on the yield rates quoted by the Thai Bond Market Association. The fair value of unit trust is determined from its net asset value.

The weighted average method is used for computation of the cost of investments.

In the event the Company reclassifies investments from one type to another, such investments will be readjusted to their fair value as at the reclassification date. The difference between the carrying amount of the investments and the fair value on the date of reclassification are recorded in profit or loss or recorded as other components of equity, depending on the type of investment that is reclassified.

On disposal of an investment, the difference between net disposal proceeds and the carrying amount of the investment is recognised in profit or loss.

4.7 Loans and allowance for doubtful accounts

Loans are stated at the net realisable value. The Company accounts for allowance for doubtful accounts on the basis of collection experience, analysis and assessment debtor's settlement ability including valuation of security on a specific account basis.

4.8 Properties foreclosed

Properties foreclosed as stipulated by the OIC are presented at cost less allowance for loss on impairment. Such properties foreclosed consist of (1) properties that belong to the Company as a result of debt settlement or the Company's purchase of properties mortgaged with the Company through an auction held by order of a court or the official receiver, together with possession of properties as a result of finance leasing or hire purchase; (2) land, buildings and other properties, including leasehold rights, to be used for business operations or for employees and that are no longer used for that purpose.

4.9 Property, buildings and equipment and depreciation

Land is stated at cost. Buildings and equipment are stated at cost less accumulated depreciation and allowance for loss on impairment of assets (if any).

Depreciation of buildings and equipment is calculated by reference to their costs on the straight-line basis over the following estimated useful lives:

Buildings and building improvements	20 years
Furniture, fixtures and office equipment	5 years
Vehicles	5 years

Depreciation is included in determining income.

No depreciation is provided on land and assets under construction.

An item of property, buildings and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on disposal of an asset is included in profit or loss when the asset is derecognised.

4.10 Intangible assets and amortisation

Intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses (if any).

Intangible assets with finite lives are amortised on a systematic basis over the economic useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method of such intangible assets are reviewed at least at each financial year end. The amortisation expense is charged to profit or loss.

The useful lives of intangible assets with finite useful lives are computer software are 5 years.

4.11 Related party transactions

Related parties comprise enterprises and individuals that control, or are controlled by, the Company, whether directly or indirectly, or which are under common control with the Company.

They also include individuals which directly or indirectly own a voting interest in the Company that gives them significant influence over the Company, key management personnel, directors and officers with authority in the planning and direction of the Company's operations.

4.12 Loss reserve and outstanding claims

Outstanding claims are recorded at the amount to be actually paid. Loss reserve is provided upon receipt of claim advices from the insured based on the claims notified by the insured and estimates made by the Company's management. The maximum value of claims estimate is not however, to exceed the sum-insured under the relevant policy.

The Company has allocated incurred but not reported claim, which is calculated using an actuarial method based on a best estimate of claims which are expected to be paid in respect of losses occurring before or as at the reporting period. The IBNR is calculated for both reported and not reported losses, and net of recorded claims.

4.13 Premium reserve

Premium reserve consists of unearned premium reserve and unexpired risk reserve.

a. Unearned premium reserve

Unearned premium reserve is calculated based on direct premium before deducting premium ceded as follows:

Transportation (cargo), travelling accident with coverage periods of not over six-months	- 100% of premium as from the date policy is effective, throughout the period of insurance coverage
Others	- Monthly average basis (the one-twenty fourth basis)

b. Unexpired risk reserve

At the end of each reporting period, the Company computes its unexpired risk reserve and a liability adequacy test is performed in order to determine whether there is any overall excess of expected claims over unearned premium reserve. This calculation uses current estimates of future claim payments including all related direct and indirect claims expenses, the expenses of policy administration and any additional reinsurance premiums due in respect of the unexpired risk.

At the end of each reporting period, the Company compares the amounts of unexpired risk reserve with unearned premium reserve, and if unexpired risk reserve is higher than unearned premium reserve, the difference is recognised as unexpired risk reserve in the financial statements.

4.14 Long-term leases

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term.

4.15 Foreign currency

Transactions in foreign currencies are translated into Baht at the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Baht at the exchange rates ruling at the end of reporting period.

Gains and losses on exchange are included in determining income.

4.16 Impairment of assets

At the end of each reporting period, the Company performs impairment reviews in respect of the property, buildings and equipment and other intangible assets whenever events or changes in circumstances indicate that an asset may be impaired. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount.

An impairment loss is recognised in profit or loss.

In the assessment of asset impairment if there is any indication that previously recognised impairment losses may no longer exist or may have decreased, the Company estimates the asset's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The increased carrying amount of the asset attributable to a reversal of an impairment loss shall not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss.

4.17 Employee benefits

(a) Short-term employee benefits

Salaries, wages, bonuses and contributions to the social security fund are recognised as expenses when incurred.

(b) Post-employment benefits

Defined contribution plan

The Company and its employees have jointly established a provident fund. The fund is monthly contributed by employees and by the Company. The fund's assets are held in a separate trust fund and the Company's contributions are recognised as expenses when incurred.

Defined benefit plan

The Company has obligations in respect of the severance payments it must make to employees upon retirement under labor law. The Company treats these severance payment obligations as a defined benefit plan.

The obligation under the defined benefit plan is based on actuarial techniques, using the projected unit credit method.

Actuarial gains and losses arising from post-employment benefits are recognised immediately in profit or loss.

The defined benefits liability comprises the present value of the defined benefit obligation less unrecognised past service cost and unrecognised actuarial gains or losses.

4.18 Income tax

Income tax is provided in the accounts at the amount expected to be paid to the taxation authorities, based on taxable profits determined in accordance with tax legislation.

4.19 Provisions

Provisions are recognised when the Company has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

5. Significant accounting judgments and estimates

The preparation of financial statements in conformity with Thai Financial Reporting Standards at times requires management to make subjective judgments and estimates regarding matters that are inherently uncertain. These judgments and estimates affect reported amounts and disclosures and actual results could differ from these estimate. Significant judgments and estimates are as follows:

Leases

In determining whether a lease is to be classified as an operating lease or finance lease, the management is required to use judgment regarding whether significant risk and rewards of ownership of the leased asset has been transferred, taking into consideration terms and conditions of the arrangement.

Allowance for doubtful accounts

In determining an allowance for doubtful accounts, the management needs to make judgment and estimates based upon, among other things, debt collection experience, aging profile of outstanding debts and the prevailing economic condition.

Impairment of equity investments

The Company treats available-for-sale investments and other investments as impaired when there has been a significant or prolonged decline in the fair value below their cost or where other objective evidence of impairment exists. The determination of what is "significant" or "prolonged" requires judgment of the management.

Property, buildings and equipment and depreciation

In determining depreciation of buildings and equipment, the management is required to make estimates of the useful lives and residual values of the Company's buildings, and equipment and to review estimate useful lives and residual values when there are any changes.

In addition, the management is required to review property, buildings and equipment for impairment on a periodical basis and record impairment losses when it is determined that their recoverable amount is lower than the carrying amount. This requires judgments regarding forecast of future revenues and expenses relating to the assets subject to the review.

Intangible assets

The initial recognition and measurement of intangible assets, and subsequent impairment testing, require management to make estimates of cash flows to be generated by the asset and to choose a suitable discount rate in order to calculate the present value of those cash flows.

Loss reserve and outstanding claims

At the end of each reporting period, the Company has to estimate loss reserve and outstanding claims taking into account two factors. These are the claims incurred and reported, and the of claims incurred but not reported (IBNR). The ultimate cost of outstanding claims is established using a range of standard actuarial claims projection techniques, such as the Chain Ladder and Bornheutter-Ferguson methods.

The main assumptions underlying these techniques relate to historical experience, including the development of claims estimates, paid and incurred losses, average costs per claim and claim numbers etc. To perform the calculation, it is necessary to perform analysis based on the type of insurance and to use the services of an actuary with expertise, experience, and an understanding of the insurance business and the Company's products. Nevertheless, such estimates are forecasts of future outcomes, and actual results could differ.

Unexpired risk reserve

Unexpired risk reserve is calculated using an actuarial method, based on a best estimate of the claims expected to incur over the remaining term of the insurance. Estimating the reserve requires the management to exercise judgment, with reference to historical data and the best estimates available at the time.

Post-employment benefits under defined benefit plans

The obligation under the defined benefit plan is determined based on actuarial techniques. Such determination is made based on various assumptions, including discount rate, future salary increase rate, mortality rate and staff turnover rate.

Litigation

The Company has contingent liabilities as a result of litigation. The Company's management has used judgment to assess of the results of the litigation and believes that loss incurred will not exceed the recorded in the financial statements.

6. Cash and cash equivalents

	(Unit: Baht)	
	2012	2011
Cash on hand	180,297	178,637
Deposits at banks with no fixed maturity date	66,206,654	46,466,146
Deposits at banks with fixed maturity date	658,203,255	372,000,000
Total cash and deposits at financial institutions	724,590,206	418,644,783
Less: Deposits at banks which amount maturing in over 3 months	(658,203,255)	(372,000,000)
Cash and cash equivalents	66,386,951	46,644,783

7. Premium receivables

The balances as at 31 December 2012 and 2011 of premium receivables are classified by aging from the maturity date under the stipulated law of the premium collection as follows:

(Unit: Baht)

	2012			Total
	Due from insured	Due from agents and brokers	Due from reinsurers	
Not yet due	3,788,508	32,122,092	-	35,910,600
Not over 30 days	572,919	111,838,629	169,131	112,580,679
Over 30 days to 60 days	342,135	25,406,660	4,853	25,753,648
Over 60 days to 90 days	212,275	9,000,596	7,029	9,219,900
Over 90 days to 1 year	-	3,845,277	28,790	3,874,067
Over 1 year	3,013	12,710,284	-	12,713,297
Total premium receivables	4,918,850	194,923,538	209,803	200,052,191
Less: Allowance for doubtful accounts	(215,288)	(31,579,980)	-	(31,795,268)
Premium receivables, net	4,703,562	163,343,558	209,803	168,256,923

(Unit: Baht)

	2011			Total
	Due from insured	Due from agents and brokers	Due from reinsurers	
Not yet due	-	20,875,558	-	20,875,558
Not over 30 days	53,510	95,262,746	-	95,316,256
Over 30 days to 60 days	837,938	23,916,429	-	24,754,367
Over 60 days to 90 days	-	8,969,134	173,903	9,143,037
Over 90 days to 1 year	-	5,338,566	2,357	5,340,923
Over 1 year	-	16,035,586	-	16,035,586
Total premium receivables	891,448	170,398,019	176,260	171,465,727
Less: Allowance for doubtful accounts	-	(20,279,807)	-	(20,279,807)
Premium receivables, net	891,448	150,118,212	176,260	151,185,920

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.

8. Reinsurance assets

(Unit: Baht)

	31 December 2012	31 December 2011	1 January 2011
Amounts deposit on reinsurance	2,929	2,929	2,929
Amounts due from reinsurers	167,524,496	61,712,286	59,532,413
Insurance reserve refundable from reinsurers	454,592,932	666,399,924	114,693,563
Reinsurance assets	622,120,357	728,115,139	174,228,905

Insurance reserve refundable from reinsurers as at 31 December 2012 includes insurance reserve refundable from reinsurers from flooding loss amounting to Baht 406 million as described in Note 1.2 to the financial statements

The balances as at 31 December 2012, 31 December 2011 and 1 January 2011 of amounts due from reinsurers are classified by aging as follows:

(Unit: Baht)

	31 December 2012	31 December 2011	1 January 2011
Not over 12 months	165,906,295	61,711,796	59,532,028
Over 1 year to 2 years	1,617,786	490	385
Over 2 years	415	-	-
Total amounts due from reinsurers	167,524,496	61,712,286	59,532,413

9. Investments in securities

9.1 Trading investments

(Unit: Baht)

	2012				Percentage to total assets
	Cost	Unrealised gain	Unrealised loss	Fair value	
Private enterprise securities					
Stocks	23,073,586	16,452,310	-	39,525,896	1.38
Unit trusts	9,724,463	71,206	-	9,795,669	0.34
Total trading investments	32,798,049	16,523,516	-	49,321,565	1.72

(Unit: Baht)

	2011				Percentage to total assets
	Cost	Unrealised gain	Unrealised loss	Fair value	
Private enterprise securities					
Stocks	10,385,351	1,198,262	(154,651)	11,428,962	0.41
Unit trusts	38,515,301	52,429	-	38,567,730	1.38
Total trading investments	48,900,652	1,250,691	(154,651)	49,996,692	1.79

9.2 Available-for-sale investments

(Unit: Baht)

	2012				Percentage to total assets
	Cost	Unrealised gain	Unrealised loss	Fair value	
Private enterprise securities					
Stocks	25,450,303	15,913,233	-	41,363,536	1.45
Unit trusts	226,827,765	21,192,306	-	248,020,071	8.67
Total available-for-sale investments	252,278,068	37,105,539	-	289,383,607	10.12

(Unit: Baht)

	2011				Percentage to total assets
	Cost	Unrealised gain	Unrealised loss	Fair value	
Private enterprise securities					
Stocks	33,052,257	13,277,323	(395,442)	45,934,138	1.65
Unit trusts	311,531,540	10,488,412	(5,157,174)	316,862,778	11.35
Total available-for-sale investments	344,583,797	23,765,735	(5,552,616)	362,796,916	13.00

9.3 Held to-maturity investments

(Unit: Baht)

	2012		2011	
	Cost/ Amortised cost	Percentage to total assets	Cost/ Amortised cost	Percentage to total assets
Government and state enterprise securities				
Government securities	388,135,754	13.56	167,031,717	5.98
State enterprise securities	164,238,579	5.74	414,349,993	14.84
Total	552,374,333	19.30	581,381,710	20.82
Private enterprise securities				
Debenture	178,062,463	6.22	228,697,069	8.19
Total	178,062,463	6.22	228,697,069	8.19
Deposits at banks - maturity over 3 months				
Deposits at commercial banks	658,203,255	23.00	372,000,000	13.33
Saving lottery	13,000,000	0.46	13,000,000	0.46
Total	671,203,255	23.46	385,000,000	13.79
Total held-to-maturity investments	1,401,640,051	48.98	1,195,078,779	42.80

9.4 Other investments

(Unit: Baht)

	2012		2011	
	Cost	Percentage to total assets	Cost	Percentage to total assets
Non-marketable equity securities - local	2,223,020	0.08	2,223,020	0.08
Total other investments	2,223,020	0.08	2,223,020	0.08

9.5 Remaining period of debt securities

(Unit: Baht)

	2012			
	Period to maturity			
	Within 1 year	1 - 5 years	Over 5 years	Total
Held-to-maturity investments				
Government and state enterprise securities	220,965,770	321,408,563	10,000,000	552,374,333
Private enterprise debt securities	40,062,463	103,000,000	35,000,000	178,062,463
Deposits at commercial banks	586,203,255	85,000,000	-	671,203,255
Total investments in debt securities	847,231,488	509,408,563	45,000,000	1,401,640,051

(Unit: Baht)

	2011			
	Period to maturity			
	Within 1 year	1 - 5 years	Over 5 years	Total
Held-to-maturity investments				
Government and state enterprise securities	206,531,213	357,934,176	29,916,321	594,381,710
Private enterprise debt securities	90,501,963	103,195,106	35,000,000	228,697,069
Deposits at commercial banks	372,000,000	-	-	372,000,000
Total investments in debt securities	669,033,176	461,129,282	64,916,321	1,195,078,779

As at 31 December 2012 and 2011, certain bonds have been pledged with the Registrar of the Office of Insurance Commission and have been placed as a security in the normal course of business as discussed in Notes 26, 27 and 28.

10. Loans

As at 31 December 2012 and 2011, loans and accrued interest aged by principal and accrued interest are as follows:

(Unit: Baht)

Outstanding period	2012						
	Mortgage loans		Other loans		Total		
	Principal	Accrued interest	Principal	Accrued interest	Principal	Accrued interest	Total
Not yet due	5,872,343	10,961	910,548	-	6,782,891	10,961	6,793,852
Overdue							
More than 12 months	-	-	518,373	-	518,373	-	518,373
Total	5,872,343	10,961	1,428,921	-	7,301,264	10,961	7,312,225
Less: Allowance for doubtful accounts	-	-	(518,373)	-	(518,373)	-	(518,373)
Loans and accrued interest, net	5,872,343	10,961	910,548	-	6,782,891	10,961	6,793,852

(Unit: Baht)

Outstanding period	2011						
	Mortgage loans		Other loans		Total		
	Principal	Accrued interest	Principal	Accrued interest	Principal	Accrued interest	Total
Not yet due	5,819,819	8,986	843,026	-	6,662,845	8,986	6,671,831
Overdue							
More than 12 months	-	-	518,373	-	518,373	-	518,373
Total	5,819,819	8,986	1,361,399	-	7,181,218	8,986	7,190,204
Less: Allowance for doubtful accounts	-	-	(518,373)	-	(518,373)	-	(518,373)
Loans and accrued interest, net	5,819,819	8,986	843,026	-	6,662,845	8,986	6,671,831

The credit limit on employee loans that are secured by personal guarantees is set at 20 times the employee's monthly salary, and may not exceed Baht 500,000. If loans are secured by the mortgage of property, the credit limit is 90% of the assessed value of the property. Also taken into account is the purpose of the loan, ability to settle the debt, while the interest rate may be set higher or lower than MLR of a commercial bank.

11. Properties foreclosed

(Unit: Baht)

	2012	2011
Properties received from debt settlement	23,238,789	27,326,999
Less: Allowance for impairment	(2,399,534)	(2,439,995)
Properties foreclosed, net	20,839,255	24,887,004

12. Property, buildings and equipment

(Unit: Baht)

	Land	Buildings and building improvements	Furniture, fixtures and office equipment	Vehicles	Assets under construction	Total
Cost:						
1 January 2011	103,472,866	98,046,711	74,176,970	9,289,821	5,518,104	290,504,472
Additions	-	-	5,237,740	2,888,000	10,902,414	19,028,154
Transfer in / (out)	-	-	1,522,783	-	(1,522,783)	-
Disposals / write-off	-	-	(1,410,569)	-	(577,345)	(1,987,914)
31 December 2011	103,472,866	98,046,711	79,526,924	12,177,821	14,320,390	307,544,712
Additions	-	-	4,721,790	1,656,000	3,890,222	10,268,012
Disposals / write-off	-	-	(724,018)	(2,635,000)	(2,786,612)	(6,145,630)
31 December 2012	103,472,866	98,046,711	83,524,696	11,198,821	15,424,000	311,667,094
Accumulated depreciation:						
1 January 2011	-	62,226,270	61,190,918	6,515,264	-	129,932,452
Depreciation charge	-	4,813,078	5,669,497	1,097,002	-	11,579,577
Disposals / write-off	-	-	(1,383,268)	-	-	(1,383,268)
31 December 2011	-	67,039,348	65,477,147	7,612,266	-	140,128,761
Depreciation charge	-	4,801,577	6,097,514	1,315,247	-	12,214,338
Disposals / write-off	-	-	(706,524)	(2,634,998)	-	(3,341,522)
31 December 2012	-	71,840,925	70,868,137	6,292,515	-	149,001,577
Net book value:						
31 December 2011	103,472,866	31,007,363	14,049,777	4,565,555	14,320,390	167,415,951
31 December 2012	103,472,866	26,205,786	12,656,559	4,906,306	15,424,000	162,665,517
Depreciation for the year						
2011						11,579,577
2012						12,214,338

As at 31 December 2012, certain buildings and equipment have been fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation of those assets amounted to approximately Baht 67 million (2011: Baht 60 million).

(Unit: Baht)

13. Intangible assets

(Unit: Baht)

	Computer softwars
Cost:	
1 January 2011	3,907,784
Additions	28,878
31 December 2011	3,936,662
Additions	2,550,000
31 December 2012	6,486,662
Accumulated amortization:	
1 January 2011	3,691,450
Amortisation charge	104,426
31 December 2011	3,795,876
Amortisation charge	157,632
31 December 2012	3,953,508
Net book value:	
31 December 2011	140,786
31 December 2012	2,533,154
Amortisation for the year	
2011	104,426
2012	157,632

As at 31 December 2012, certain computer software have been fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation of those assets amounted to approximately Baht 3.7 million (2011: Baht 3.6 million).

14. Other assets

(Unit: Baht)

	2012	2011
Advances	5,554,500	6,559,600
Prepaid expenses	15,938,147	8,333,048
Undue input tax	4,582,634	9,091,551
Account receivable - Revenue Department	7,263,147	3,461,199
Claim receivable from litigants	2,520,031	2,694,284
Notes receivable	11,355,107	9,058,540
Others	7,422,792	5,506,864
Total other assets	54,636,358	44,705,086

15. Due to reinsurers

(Unit: Baht)

	31 December 2012	31 December 2011	1 January 2011
Outward premium payables	129,758,104	47,576,794	63,490,390
Amounts withheld on reinsurance	24,047,465	20,351,981	17,295,957
Total due to reinsurers	153,805,569	67,928,775	80,786,347

16. Loss reserves and outstanding claims

(Unit: Baht)

	2012	2011
Beginning Balance	1,130,886,876	526,347,827
Claims and losses adjustment expenses for the year	727,675,172	1,350,837,646
Change in claims and losses adjustment expenses paid of the prior year	(124,628,222)	-
Claims and losses adjustment expenses paid during the year	(851,501,334)	(746,298,597)
Ending balance	882,432,492	1,130,886,876

As at 31 December 2012 and 2011 the Company, which is reinsurer under the reinsurance contracts, has loss reserve and outstanding claims under such contracts of Baht 28.8 million and Baht 22.4 million, respectively.

Loss reserves and outstanding claims as at 31 December 2012 include loss reserves and outstanding claims from flooding claim amounting to Baht 421 million as described in Note 1.2 to the financial statements (2011: Baht 666 million).

17. Premium reserve

17.1 Unearned premium reserves

(Unit: Baht)

	31 December 2012	31 December 2011	1 January 2011
Beginning balance	559,554,156	553,960,860	578,331,610
Premium written for the year	1,389,446,373	1,170,332,492	1,117,841,746
Premium earned for the current year	(1,245,224,319)	(1,164,739,196)	(1,142,212,496)
Ending balance	703,776,210	559,554,156	553,960,860

17.2 Unexpired risk reserves

(Unit: Baht)

	2012
Beginning balance	449,767,652
Estimated claims for the year	425,023,551
Risk expired during the year	(345,542,524)
Ending balance	529,248,679

18. Employee benefit obligations

Provisions for employee benefits are as follows:

(Unit: Baht)

	2012	2011
Short-term benefits	16,236,936	15,193,683
Long-term benefits	26,333,007	24,022,597
Total	42,569,943	39,216,280

Provision for long-term employee benefits, which is compensation on employees' retirement, was as follows:

(Unit: Baht)

	2012	2011
Defined benefit obligation at beginning of year	24,022,597	22,639,703
Current service cost	1,510,450	1,449,669
Interest cost	864,936	859,575
Benefit paid during the year	(1,292,500)	(926,350)
Actuarial loss	1,227,524	-
Defined benefit obligation at end of year	26,333,007	24,022,597

Long-term employee benefit expenses included in the profit or loss was as follows:

(Unit: Thousand Baht)

	2012	2011
Current service cost	1,510,450	1,449,669
Interest cost	864,936	859,575
Actuarial loss recognised during the year	1,227,524	-
Total expense recognized in profit or loss	3,602,910	2,309,244

Principal actuarial assumptions at the valuation date were as follows:

(Unit: % per annum)

	2012	2011
Discount rate	4.0	4.0
Future salary increase rate	4.0-5.5	4.0-5.5
Staff turnover rate	7.0-10.0	7.0-10.0

Amounts of defined benefit obligation for the current and previous one periods are as follows:

(Unit: Million Baht)

	Defined benefit obligation	Experience adjustments arising on the plan liabilities
Year 2012	26.33	2.31
Year 2011	24.02	1.38

19. Other liabilities

(Unit: Baht)

	2012	2011
Account payable - Revenue Department	4,037,288	4,312,356
Withholding tax payable	1,831,945	1,190,203
Undue output tax	11,047,490	12,528,301
Accrued expenses	13,667,969	14,336,849
Deposits from brokers	10,393,162	6,706,010
Others	9,207,387	8,642,949
Total other liabilities	<u>50,185,241</u>	<u>47,716,668</u>

20. Statutory reserve

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside a statutory reserve at least 5% of its net income after deducting accumulated deficit brought forward (if any), until the reserve reaches 10% of the registered capital. The statutory reserve is not available for dividend distribution.

21. Underwriting information reported by insurance categories

Underwriting information classified by insurance categories for the year ended 31 December 2012 is as follows:

	Fire	Marine and transportation	Motor	Personal accident	Miscellaneous	Total
	(Unit: Baht)					
Underwriting income						
Premium written	33,321,789	19,917,431	1,233,212,378	72,444,123	30,550,652	1,389,446,373
Less: Premium ceded	(22,682,085)	(15,515,215)	(15,423,437)	(20,013,323)	(14,216,029)	(87,850,089)
Net premium written	10,639,704	4,402,216	1,217,788,941	52,430,800	16,334,623	1,301,596,284
Add (less): Unearned premium reserve	2,582,936	213,802	(142,776,196)	(4,798,886)	4,598,758	(140,179,586)
Earned premium	13,222,640	4,616,018	1,075,012,745	47,631,914	20,933,381	1,161,416,698
Fee and commission income	8,217,886	5,356,056	26,276	7,586,457	4,475,269	25,661,944
Total underwriting income	21,440,526	9,972,074	1,075,039,021	55,218,371	25,408,650	1,187,078,642
Underwriting expenses						
Claims and losses adjustment expenses						
Commission and brokerage expenses	7,405,296	2,890,941	712,021,729	20,388,390	(16,289,706)	726,416,650
Other underwriting expenses	7,823,058	2,699,813	208,224,543	13,448,854	3,633,581	235,829,849
Contribution to Road Accident Victims Protection Co., Ltd.	1,320,175	938,824	24,352,042	3,451,800	1,428,261	31,491,102
Total underwriting expenses before operating expenses	-	-	15,951,237	-	-	15,951,237
Operating expenses	16,548,529	6,529,578	960,549,551	37,289,044	(11,227,864)	1,009,688,838
Total under writing expenses						234,213,966
						1,243,902,804

Underwriting information classified by insurance categories for the year ended 31 December 2011 is as follows:

	(Unit: Baht)					
	Fire	Marine and t ransportation	Motor	Personal accident	Miscellaneous	Total
Underwriting income						
Premium written	35,907,106	17,578,886	1,007,207,427	59,590,995	50,048,078	1,170,332,492
Less: Premium ceded	(20,421,531)	(12,017,655)	(4,093,888)	(15,491,186)	(19,602,504)	(71,626,764)
Net premium written	15,485,575	5,561,231	1,003,113,539	44,099,809	30,445,574	1,098,705,728
Add (less): Unearned premium reserve	678,971	(310,986)	8,660,121	(3,286,731)	(8,419,070)	(2,677,695)
Earned premium	16,164,546	5,250,245	1,011,773,660	40,813,078	22,026,504	1,096,028,033
Fee and commission income	8,784,553	4,479,500	-	4,313,045	4,601,739	22,178,837
Total underwriting income	24,949,099	9,729,745	1,011,773,660	45,126,123	26,628,243	1,118,206,870
Underwriting expenses						
Claims and losses adjustment expenses						
Commission and brokerage expenses	5,740,592	7,108,063	632,590,852	30,107,564	16,285,964	691,833,035
Other underwriting expenses	11,901,392	1,534,956	169,487,154	9,786,082	5,393,499	198,103,083
Contribution to Road Accident Victims Protection Co., Ltd.	1,862,312	864,294	20,663,410	3,208,310	1,711,522	28,309,848
Total underwriting expenses before operating expenses	-	-	15,675,614	-	-	15,675,614
Operating expenses	19,504,296	9,507,313	838,417,030	43,101,956	23,390,985	933,921,580
Total underwriting expenses						205,666,903
						<u>1,139,588,483</u>

22. Operating expenses

(Unit: Baht)

	2012	2011
Personal expenses which are not expenses for underwriting and claims	76,848,360	73,241,113
Property and equipment expenses which are not expenses for underwriting	65,397,689	60,292,791
Bad debts and doubtful accounts	11,795,100	3,958,529
Other operating expenses	80,172,817	68,174,470
Total operating expenses	234,213,966	205,666,903

23. Employee expenses

(Unit: Baht)

	2012	2011
Salaries and wages	142,812,324	134,956,248
Social security fund	786,245	1,205,910
Employee benefit fund	4,303,497	3,426,594
Others benefits	10,655,202	12,402,190
Total	158,557,268	151,990,942

24. Earning per shares

Basic earnings per share is calculated by dividing profit for the year attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the year.

25. Related party transactions

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	Relationship with the Company
Dung Seng Insurance Broker Co., Ltd.	Related by way of common shareholder
Asia Hotel Plc.	Related by way of common directors
Asia Pattaya Hotel Co., Ltd.	Related by way of common directors
Zeer Property Plc.	Related by way of common directors
Asia Airport Hotel Co., Ltd.	Related by way of common directors
N.S.B. Co., Ltd.	Related by way of common directors and shareholding

During the years, 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)

	2012	2011
Premium written		
Dung Seng Insurance Broker Co., Ltd.*	958,962,331	877,364,486
Asia Hotel Plc.	673,802	400,633
Asia Pattaya Hotel Co., Ltd.	575,542	284,786
Zeer Property Plc.	1,641,941	1,035,328
Asia Airport Hotel Co., Ltd.	539,295	325,388
Commission paid		
Dung Seng Insurance Broker Co., Ltd.	166,846,902	159,316,947
Rental of building space		
N.S.B. Co., Ltd.	1,277,180	1,091,617
Service fee of building space		
N.S.B. Co., Ltd.	18,140,875	17,929,727

* Premium written from non-life insurance brokers

	Transfer pricing policy
Premium written	Normal commercial terms for underwriting
Commission paid	Consistent with those paid to other brokers and not exceed the rate stipulated by the Office of Insurance Commission
Rental of building space	Contract price
Service fee of building space	Contract price

As at 31 December 2012 and 2011, the balances of the accounts between the Company and those related companies are as follows:

(Unit: Baht)

	2012	2011
Premium receivables (net of notes receivable from agent)		
Dung Seng Insurance Broker Co., Ltd.	137,382,593	140,522,464
Prepaid rental and service fee of building space		
N.S.B. Co., Ltd.	15,735,592	7,996,828
Accrued commissions		
Dung Seng Insurance Broker Co., Ltd.	23,179,044	23,606,655

Directors and management's benefits

During the year ended 31 December 2012 and 2011, the Company accounted for benefits of its directors and key management personnel as following.

(Unit: Baht)

	2012	2011
Short-term benefits	15	12
Long-term benefits	0.4	0.4
Total	15.4	12.4

26. Securities placed with the Registrar

As at 31 December 2012 and 2011, the Company has pledged its securities with the Registrar in accordance with the Non-life Insurance Act as follows:

(Unit: Baht)

	2012		2011	
	Cost	Fair value	Cost	Fair value
Government bonds	14,000,000	14,042,426	14,000,000	14,193,022

27. Assets reserved with the Registrar

As at 31 December 2012 and 2011, the Company has pledged its securities as non-life insurance reserve with the Registrar in accordance with the Non-life Insurance Act as follows:

(Unit: Baht)

	2012		2011	
	Cost	Fair value	Cost	Fair value
Government bonds	167,000,000	168,980,930	117,000,000	119,770,163

28. Collateralised assets

As at 31 December 2012 and 2011, the Company has collateralised assets as follows:

(Unit: Baht)

			2012	2011
Government bonds	-	As collateral for bail bonds	12,520,000	14,840,000
	-	As collateral for electrical usage	300,000	230,000
	-	As collateral for bank overdrafts	10,000,000	10,000,000
Total			22,820,000	25,070,000

29. Contribution to the General Insurance Fund

(Unit: Baht)

	2012	2011
Accumulated contribution at the beginning of the year	6,547,882	3,968,264
Contribution during the year	3,452,465	2,579,618
Accumulated contribution at the end of the year	10,000,347	6,547,882

30. Dividend paid

Dividend declared during the year 2012 consists of the following:

Approved by		Total dividends	Dividend per share
		(Million Baht)	(Baht)
Final dividends for 2011	Annual General Meeting of the shareholders on 26 April 2012	13.9	1.0

31. Financial information by segment

The Company's operations involve a single business segment, the non-life insurance business, and are carried on in the single geographic area of Thailand. As a result, all of revenues, operating profits and assets as reflected in these financial statements pertain to the aforementioned business segment and geographic area.

32. Commitments and contingent liabilities

32.1 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 3 and 20 years.

As at 31 December 2012, future minimum lease payments required under these non-cancellable operating leases contracts were as follows:

	Million Baht
Payable:	
Within 1 year	22.33
Over 1 to 5 years	25.92

32.2 Litigation

As at 31 December 2012, the Company, as an insurer, has been sued for damaged amounting to approximately Baht 418.96 million. The total sum insured covered by insurance policies is Baht 48.97 million. The outcomes of these cases have not yet been finalised. However, the Company has set aside reserve for its losses totaling Baht 47.76 million in the financial statements.

33. Financial instruments

33.1 Financial risk management

The Company's financial instruments, as defined under Thai Accounting Standard No.107 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, premium receivables, investments in securities, and loans. The financial risks associated with these financial instruments and how they are managed is described below.

Credit risk

The Company is exposed to credit risk primarily with respect to premium receivables, amounts due from reinsurers and mortgage loans.

Concentrations of the credit risk with respect to loans and premiums receivables are insignificant due to the large number of customers comprising the customer base and their dispersion across different industries and geographic regions in Thailand. The maximum exposure to credit risk is the book value of assets after deduction of allowance for doubtful accounts as presented in the statement of financial position.

Interest rate risk

The Company's exposure to interest rate risk relates primarily to its deposits at financial institutions and investments in securities.

Significant financial assets as at 31 December 2012 and 2011 classified by type of interest rates are summarised in the table below, with those financial assets that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date are classified below.

(Unit: Million Baht)

	2012						
	Fixed interest rates			Floating interest rate	Non-interest Bearing	Total	Interest rate (% p.a)
	Within 1 year	2 - 5 years	Over 5 years				
Cash equivalent	56	-	-	-	10	66	0.000%-3.000%
Investments in securities							
Government and state							
enterprise securities	221	321	10	-	-	552	1.250%-6.800%
Private enterprise							
debt securities	40	103	35	-	-	178	3.000%-5.700%
Deposits at financial institutions	586	85	-	-	-	671	1.250%-4.100%
Mortgage loans - net	-	-	-	7	-	7	5.125%-15.000%
Total	903	509	45	7	10	1,474	

(Unit: Million Baht)

	2011						
	Fixed interest rates			Floating interest rate	Non-interest Bearing	Total	Interest rate (% p.a)
	Within 1 year	2 - 5 years	Over 5 years				
Cash equivalent	38	-	-	-	9	47	0.000%-2.250%
Investments in securities							
Government and state							
enterprise securities	216	345	20	-	-	581	2.060%-6.800%
Private enterprise							
debt securities	91	93	45	-	-	229	3.000%-5.250%
Deposits at financial institutions	362	23	-	-	-	385	1.250%-4.450%
Mortgage loans - net	-	-	-	7	-	7	5.125%-15.000%
Total	707	461	65	7	9	1,249	

Foreign currency risk

The Company considers no significant foreign currency risk because it has insignificant foreign currency transaction, and insignificant financial assets and liabilities denominated in foreign currencies outstanding at the statement of financial position date.

33.2 Fair value of financial instruments

A fair value is the amount for which an asset can be exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction. The fair value is determined by reference to the market price of the financial instrument or by using an appropriate valuation technique, depending on the nature of the instrument.

The following methods and assumptions were used by the Company in estimating the fair values of financial instruments:

Investments in securities

The fair value of marketable securities is based on their quoted market prices.

The fair value of deposits at financial institutions, bonds, debentures and bill of exchange with periods to maturity of less than 90 days is based on their carrying value. For those with periods to maturity of longer than 90 days, fair value is estimated using a discounted cash flow method based on the current interest rate and the remaining period to maturity.

As at 31 December 2012, the aggregate carrying values and fair values of investments in held-to-maturity securities are as follows:

	(Unit: Million Baht)	
	Book value	Fair value
Government and state enterprise securities	552	560
Private enterprise debt securities	178	180

Loans

Fair value of floating interest rate loans with no significant credit risk is based on carrying value as presented in the statement of financial position.

34. Capital management

The primary objectives of the Company's capital management are to ensure that it has an appropriate financial structure, presents the ability to continue its business as a going concern and to maintain capital reserve in accordance with Notifications of the Office of Insurance Commission.

Nevertheless, the OIC has announced a measure to relax the risk-based capital requirements for losses arising from the floods, for a period of 15 months from 31 December 2011 to 31 March 2013. In February 2013 the OIC has extended the period of the measure relaxing the risk-based capital requirements until 31 March 2014, with certain additional condition stipulated.

35. Reclassification

The Company has been reclassified to conform with the current period's classification.

	(Unit: Baht)			
	31 December 2011		1 January 2011	
	As reclassified	As previous reported	As reclassified	As previous reported
Reinsurance assets	728,115,139	667,263,905	174,228,905	84,010,484
Due to reinsurers	67,928,775	40,679,150	80,786,347	21,253,934
Premium reserve	559,554,156	525,952,547	553,960,860	523,274,852

The reclassifications had no effect to previously reported profit or equity.

36. Approval of the financial statements

These financial statements were authorised for issue by the Company's authorised director on 28 February 2013.

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