

Nam Seng Insurance Public Company Limited
Report and financial statements
31 December 2015

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 2015, 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 judgement, 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 2015, and its financial performance and cash flows for the year then ended, in accordance with Thai Financial Reporting Standards.

Nonglak Pumnoi
Certified Public Accountant (Thailand) No. 4172

EY Office Limited
Bangkok: 24 February 2015

Nam Seng Insurance Public Company Limited**Statements of financial position****As at 31 December 2015**

		(Unit: Baht)	
	Note	31 December 2015	31 December 2014
Assets			
Cash and cash equivalents	7	77,148,715	111,246,000
Accrued investment income		9,177,031	18,376,093
Premium receivables	8, 26	202,783,168	147,471,614
Reinsurance assets	9	366,671,872	240,707,233
Investment assets			
Investments in securities			
Trading investments	10.1	91,721,740	80,578,902
Available-for-sale investments	10.2	541,822,249	328,166,988
Held-to-maturity investments	10.3	1,700,561,145	1,752,447,100
Other investments	10.4	2,048,020	2,048,020
Loans	11	6,676,020	8,344,815
Properties foreclosed	12	1,030,613	7,314,613
Property, buildings and equipment	13	165,304,789	147,045,418
Intangible assets	14	399,535	1,056,435
Deferred tax assets	15.1	105,244,966	90,136,850
Other assets	16	32,641,953	46,640,488
Total assets		3,303,231,816	2,981,580,569

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

Nam Seng Insurance Public Company Limited
Statements of financial position (continued)
As at 31 December 2015

		(Unit: Baht)	
	Note	31 December 2015	31 December 2014
Liabilities and equity			
Liabilities			
Income tax payable		311,170	9,118,199
Due to reinsurers	17	121,729,874	110,417,997
Insurance contract liabilities			
Loss reserves and outstanding claims	18	587,789,799	589,582,528
Premium reserve	19.1	1,085,786,676	864,240,805
Employee benefit obligations	20	67,505,281	56,320,769
Accrued commissions	26	36,826,890	32,871,014
Other liabilities	21, 26	108,995,256	70,778,498
Total liabilities		<u>2,008,944,946</u>	<u>1,733,329,810</u>
Equity			
Share capital			
Registered			
20,000,000 ordinary shares of Baht 10 each		<u>200,000,000</u>	<u>200,000,000</u>
Issued and paid-up			
13,900,000 ordinary shares of Baht 10 each		139,000,000	139,000,000
Premium on share capital		594,436,835	594,436,835
Retained earnings			
Appropriated			
Legal reserve	22	24,848,787	24,848,787
General reserve		6,163,850	6,163,850
Unappropriated		548,794,476	489,436,011
Other components of equity			
Revaluation surplus on available-for-sale investments			
- net of income taxes	10.6	<u>(18,957,078)</u>	<u>(5,634,724)</u>
Total equity		<u>1,294,286,870</u>	<u>1,248,250,759</u>
Total liabilities and equity		<u><u>3,303,231,816</u></u>	<u><u>2,981,580,569</u></u>

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

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Directors
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Nam Seng Insurance Public Company Limited**Statements of comprehensive income****For the year ended 31 December 2015**

		(Unit: Baht)	
	Note	2015	2014
Income			(Restated)
Net earned premium	26, 30	1,595,523,264	1,560,846,096
Fee and commission income	30	91,700,026	46,419,461
Total income		<u>1,687,223,290</u>	<u>1,607,265,557</u>
Expenses			
Underwriting			
Claims expenses			
Claims and losses adjustment expenses	30	865,994,161	878,039,634
Commission and brokerage expenses	26, 30	284,944,620	267,061,472
Other underwriting expenses	30	102,686,840	50,090,704
Contribution to Road Accident Victims Protection	30		
Company Limited	23, 26, 30	29,103,588	19,865,835
Operating expenses		289,013,142	289,833,291
Total underwriting expenses		<u>1,571,742,351</u>	<u>1,504,890,936</u>
Profit from underwriting		115,480,939	102,374,621
Net investment income		67,315,785	82,597,446
Gains (losses) on investments		(5,708,170)	10,749,222
Fair value gains (losses)		(9,912,434)	389,041
Other income			
Gains (losses) on sales of assets	26	(1,418,513)	8,377,494
Others		24,697,814	7,486,529
Profit from operations		190,455,421	211,974,353
Contribution to the Office of Insurance Commission		(5,514,105)	(4,789,554)
Contribution to the General Insurance Fund	32	(5,014,088)	(4,288,439)
Contribution to the Victims Compensation Fund		(2,375,803)	(1,621,701)
Profit before income tax expenses		<u>177,551,425</u>	<u>201,274,659</u>
Income tax expenses	15.2	(33,911,289)	(36,518,207)
Profit for the year		<u>143,640,136</u>	<u>164,756,452</u>

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

Nam Seng Insurance Public Company Limited
Statements of comprehensive income (continued)
For the year ended 31 December 2015

		(Unit: Baht)	
	Note	2015	2014
Other comprehensive income			(Restated)
Other comprehensive income to be reclassified			
to profit or loss in subsequent periods:			
Gains (losses) on revaluation of			
available-for-sale investments		(16,652,942)	3,537,844
Less: Related income taxes	15.2	3,330,588	(707,568)
Other comprehensive income to be reclassified			
to profit or loss in subsequent periods			
- net of income tax		(13,322,354)	2,830,276
Other comprehensive income not to be reclassified			
to profit or loss in subsequent periods			
Actuarial loss - net of income tax	20	(1,102,089)	(2,307,815)
Less: Related income taxes	15.2	220,418	461,563
Other comprehensive income not to be reclassified			
to profit or loss in subsequent periods - net of income tax		(881,671)	(1,846,252)
Other comprehensive income for the year		(14,204,025)	984,024
Total comprehensive income for the year		129,436,111	165,740,476
Earnings per share	25		
Basic earnings per share			
Profit for the year		10.33	11.85

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

Nam Seng Insurance Public Company Limited

Statement of changes in equity

For the year ended 31 December 2015

(Unit: Baht)

	Note	Issued and paid-up share capital	Premium on share capital	Retained earnings			Other components of equity	Total
				Appropriated		Unappropriated	Other comprehensive income	
				Statutory reserve	Other		Unrealised gains (losses) on changes in values of available- for-sale investments	
Balance as at 1 January 2014		139,000,000	594,436,835	24,848,787	6,163,850	416,875,811	(8,465,000)	1,172,860,283
Profit for the year (Restated)		-	-	-	-	164,756,452	-	164,756,452
Other comprehensive income for the year (Restated)		-	-	-	-	(1,846,252)	2,830,276	984,024
Total comprehensive income for the year		-	-	-	-	162,910,200	2,830,276	165,740,476
Dividend paid	33	-	-	-	-	(90,350,000)	-	(90,350,000)
Balance as at 31 December 2014		<u>139,000,000</u>	<u>594,436,835</u>	<u>24,848,787</u>	<u>6,163,850</u>	<u>489,436,011</u>	<u>(5,634,724)</u>	<u>1,248,250,759</u>
Balance as at 1 January 2015		139,000,000	594,436,835	24,848,787	6,163,850	489,436,011	(5,634,724)	1,248,250,759
Profit for the year		-	-	-	-	143,640,136	-	143,640,136
Other comprehensive income for the year		-	-	-	-	(881,671)	(13,322,354)	(14,204,025)
Total comprehensive income for the year	33	-	-	-	-	142,758,465	(13,322,354)	129,436,111
Dividend paid		-	-	-	-	(83,400,000)	-	(83,400,000)
Balance as at 31 December 2015		<u>139,000,000</u>	<u>594,436,835</u>	<u>24,848,787</u>	<u>6,163,850</u>	<u>548,794,476</u>	<u>(18,957,078)</u>	<u>1,294,286,870</u>
		-	-	-	-	-	-	-
		-	-	-	-	-	-	-

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 2015**

		(Unit: Baht)	
	Note	2015	2014
Cash flows from operating activities			
Direct premium written		1,953,251,540	1,738,986,995
Cash paid for reinsurance		(117,013,510)	(3,088,741)
Losses incurred of direct insurance		(869,753,705)	(846,089,622)
Losses adjustment expenses of direct insurance		(99,217,192)	(93,918,364)
Commissions and brokerages of direct insurance		(275,096,062)	(272,352,551)
Other underwriting expenses		(131,790,428)	(69,956,540)
Interest income		66,169,980	55,205,033
Dividend income		10,344,867	23,562,716
Other investment expenses		(2,539,182)	(1,708,707)
Other income		22,654,366	15,864,023
Operating expenses		(243,738,657)	(263,610,667)
Income tax		(54,275,427)	(45,910,248)
Net cash from operating activities		258,996,590	236,983,327
Cash flows from investing activities			
Cash flows from			
Investments in securities		2,184,873,417	1,645,012,120
Loans		2,621,906	2,240,311
Property, buildings and equipment		687,884	11,808,359
Net cash from investing activities		2,188,183,207	1,659,060,790
Cash flows used in			
Investments in securities		(2,367,909,706)	(1,845,213,889)
Loans		(953,112)	(3,510,850)
Property, buildings and equipment		(28,762,749)	(7,126,562)
Intangible assets		(251,515)	(334,200)
Net cash used in investing activities		(2,397,877,082)	(1,856,185,501)
Net cash used in investing activities		(209,693,875)	(197,124,711)

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

Nam Seng Insurance Public Company Limited

Statements of cash flows (continued)

For the year ended 31 December 2015

		(Unit: Baht)	
	Note	2015	2014
Cash flows from financing activities			
Dividend paid	33	(83,400,000)	(90,350,000)
Net cash used in financing activities		(83,400,000)	(90,350,000)
Net decrease in cash and cash equivalents		(34,097,285)	(50,491,384)
Cash and cash equivalents at beginning of year		111,246,000	161,737,384
Cash and cash equivalents at end of year	7	<u>77,148,715</u>	<u>111,246,000</u>

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 2015

1. General 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.

2. Basis of preparation

The financial statements have been prepared in accordance with Thai Financial Reporting 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 financial reporting standards

Below is a summary of financial reporting standards that became effective in the current accounting year and those that will become effective in the future.

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

The Company has adopted the revised (revised 2014) and new financial reporting standards issued by the Federation of Accounting Professions which become effective for fiscal years beginning on or after 1 January 2015. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards. The adoption of these financial reporting standards does not have any significant impact on the Company’s financial statements. However, some of these standards involve changes to key principles, which are summarised below:

TAS 19 (revised 2014) Employee Benefits

This revised standard requires that the entity recognises actuarial gains and losses immediately in other comprehensive income while the existing standard allows the entity to recognise such gains and losses immediately in either profit or loss or other comprehensive income, or to recognise them gradually in profit or loss.

The Company has changed the recognition of actuarial gains and losses in the current period from an immediate recognition in profit or loss to an immediate recognition in other comprehensive income and restated the prior year's financial statements, presented as comparative information, as if the Company had always applied this accounting policy. The cumulative effect of the change in such accounting policy is presented in Note 4 to the financial statements.

TFRS 13 Fair Value Measurement

This standard provides guidance on how to measure fair value and stipulates disclosures related to fair value measurement. Entities are to apply the guidance under this standard if they are required by other financial reporting standards to measure their assets or liabilities at fair value. The effects of the adoption of this standard are to be recognised prospectively.

This standard does not have any significant impact on the Company's financial statements.

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

During the current year, the Federation of Accounting Professions issued a number of the revised (revised 2015) and new financial reporting standards and accounting treatment guidance which is effective for fiscal years beginning on or after 1 January 2016. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards. The Company's management believes that the revised and new financial reporting standards and accounting treatment guidance will not have any significant impact on the financial statements when it is initially applied, except the following financial reporting standard:

TFRS 4 Insurance Contracts

The objective of TFRS 4 is to provide guidance on financial reporting for the insurance contracts that an entity issues (including reinsurance contracts) and the reinsurance contracts that it holds and to require limited improvements to accounting by insurers for insurance contracts, until the second phase of the project on financial reporting standards for insurance contracts is completed. This TFRS requires disclosure that identifies and explains the amounts in an insurer's financial statements arising from insurance contracts and prohibits provisions for claims that have not occurred at the end of the reporting period, and requires a test for the adequacy of recognised insurance liabilities and an impairment test for reinsurance assets. It temporarily exempts insurers from some requirements of other TFRSs, including the requirement for insurers to consider the framework in selecting accounting policies for insurance contracts.

At present, the Company's management is still evaluating the first-year impact to the financial statements and has yet to reach a conclusion.

4. Cumulative effect of the change in accounting policy

During the current year, the Company has changed its accounting policies as described in Note 3 (a) to the financial statements as a result of the adoption of new and revised financial reporting standards.

The amounts of adjustments affecting the statements of comprehensive income are summarised below.

	(Unit: Baht)
	For the year ended
	31 December 2014
Statements of comprehensive income	
Profit or loss:	
Decrease in operating expenses	(2,307,815)
Increase in income taxes	461,563
Increase in profit for the year	1,846,252
Increase in basic earnings per share (Baht per share)	0.13
Other comprehensive income:	
Increase in actuarial gains	2,307,815
Decrease in income taxes	(461,563)
Decrease in other comprehensive income	(1,846,252)

5. Significant accounting policies

5.1 Revenue recognition

(a) Premium income

Premium income consists of direct premium and reinsurance premium less premium of canceled policies and premiums refunded to policyholders, 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 are 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) Investment revenues

Interest income on investment is recognised as revenue on an accrual basis based on the effective interest rate. Interest income on loan is recognised as revenue over the term of the loan based on the amount of outstanding principal. No accrual is made for loans with interest default over six continuous months. Interest income on deposit is recognised as revenue over the term of deposit on an accrual basis. Dividends on investments are recognised as revenue 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.

5.2 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 expense when incurred.

(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.

5.3 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.

5.4 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.

5.5 Reinsurance assets and due to reinsurers

(a) Reinsurance assets

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) Due to reinsurers

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 Company has a legal right to offset amounts presented in the statements of financial position, and
- (2) The Company 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.

5.6 Investments in securities

The Company measures investments in securities according to classification of investments as follows:

- (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 of the Stock Exchange of Thailand. The fair value of debt instrument is determined based on yield rate quoted by the Thai Bond Market Association. The fair value of investment unit is determined from its net asset value.

In the event the Company reclassifies investment from one type to another, such investment will be readjusted to its fair value as at the reclassification date. The difference between the carrying amount of the investment and the fair value on the date of reclassification are recorded in profit or loss or recorded as unrealized gain (loss) on change in value of available-for-sale investment in owners' equity, depending on the type of investment that is reclassified.

The Company records purchases and sales of investments on trade dates.

On disposal of an investment, the difference between net disposal proceeds and the cost of the investment is recognised in profit or loss. The weighted average method is used for computation of the cost of an investment.

5.7 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.

5.8 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.

5.9 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 - 8 years
Vehicles	5 - 7 years

Depreciation is recognised in profit or loss.

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.

5.10 Intangible assets and amortisation

Intangible assets acquired are recognised at cost. Following the initial recognition, intangible assets are carried at cost less accumulated amortisation and allowance for impairment loss (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 3 - 5 years.

5.11 Impairment of assets

At the end of each reporting period, the Company performs impairment reviews in respect of property, buildings and equipment and intangible assets whenever events or changes in circumstances indicate that an asset may be impaired. An impairment loss is recognised in profit or loss 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.

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 estimations 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.

5.12 Premium reserve

As at the end of the reporting period, the Company compares the amounts of unexpired risk reserve with unearned premium reserves, and if unexpired risk reserve is higher than unearned premium reserve, the difference is recognised and the unexpired risk reserves are therefore presented in the financial statements.

(a) Unearned premium reserve

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

Fire, marine, transportation (hull), motor and miscellaneous	- Monthly average basis (the one-twenty fourth basis)
Transportation (cargo), travelling accident with coverage periods of not over six-months	- 100% of premiums as from the effective date of the inforce policies over the insurance coverage period

(b) Unexpired risk reserves

Unexpired risk reserves are the reserves for the claims that may be incurred in respect of in-force policies. Unexpired risk reserves are set aside using an actuarial method, at the best estimate of the claims that are expected to be incurred during the remaining coverage period, based on historical claims data.

5.13 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.

5.14 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 determined by an independent actuary based on actuarial techniques, using the projected unit credit method.

Actuarial gains and losses arising from post-employment benefits are recognised immediately in other comprehensive income.

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

5.15 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.

5.16 Long-term leases

Leases of building or equipment which do not transfer substantially all the risks and rewards of ownership are classified as operating leases. Operating lease payments are recognised as an expense in profit or loss on a straight line basis over the lease term.

5.17 Foreign currencies

The financial statements are presented in Baht, which also the Company's functional 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 recorded as revenues or expenses in profit or loss.

5.18 Income tax

Income tax expense represents the sum of corporate income tax currently payable and deferred tax.

Current tax

Current 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.

Deferred tax

Deferred income tax is provided on temporary differences between the tax bases of assets and liabilities and its carrying amounts at the end of each reporting period, using the tax rates enacted at the end of the reporting period.

The Company recognises deferred tax liabilities for all taxable temporary differences while they recognise deferred tax assets for all deductible temporary differences and tax losses carried forward to the extent that it is probable that future taxable profit will be available against which such deductible temporary differences and tax losses carried forward can be utilised.

At each reporting period, the Company reviews and reduces the carrying amount of deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

The Company records deferred tax directly to equity if the tax relates to items that are recorded directly to equity.

5.19 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.

5.20 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between buyer and seller (market participants) at the measurement date. The Company applies a quoted market price in an active market to measure its assets and liabilities that are required to be measured at fair value by relevant financial reporting standards. Except in case where there is no active market of an identical asset or liability or when a quoted market price is not available, the Company measures fair value using valuation technique that are appropriate in the circumstances and maximises the use of relevant observable inputs related to assets and liabilities that are required to be measured at fair value.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy into three levels based on categories of input to be used in fair value measurement as follows:

Level 1 - Use of quoted market prices in an observable active market for such assets or liabilities

Level 2 - Use of other observable inputs for such assets or liabilities, whether directly or indirectly

Level 3 - Use of unobservable inputs such as estimates of future cash flows

At the end of each reporting period, the Company determines whether transfers have occurred between levels within the fair value hierarchy for assets and liabilities held at the end of the reporting periods that are measured at fair value on a recurring basis.

6. Significant accounting judgments and estimates

The preparation of financial statements in conformity with 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:

6.1 Allowance for doubtful accounts on premium receivables and amounts due from reinsurers

In determining an allowance for doubtful accounts on premium receivables and amounts due from reinsurers, the management needs to make judgment and estimates based upon,

among other things, past collection history, aging profile of outstanding debts and the prevailing economic condition.

6.2 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.

6.3 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 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.

6.4 Intangible assets and allowance for impairment loss

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, including the choice of a suitable discount rate used in calculation of the present value for those cash flows.

6.5 Deferred tax assets

Deferred tax assets are recognised for deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the temporary differences and losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of estimate future taxable profits.

6.6 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 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.

6.7 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.

6.8 Obligations under the defined benefit plan

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

6.9 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 amounts in the financial statements.

6.10 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.

7. Cash and cash equivalents

	(Unit: Baht)	
	2015	2014
Cash on hand	143,224	137,552
Deposits at banks with no fixed maturity date	77,005,491	111,108,448
Deposits at banks with fixed maturity date	920,000,000	1,055,643,500
Total cash and deposits at financial institutions	997,148,715	1,166,889,500
Less: Deposits at banks which amount maturing in over 3 months	(920,000,000)	(1,055,643,500)
Cash and cash equivalents	77,148,715	111,246,000

8. Premium receivables

The balances as at 31 December 2015 and 2014 of premium receivables are classified by aging from the maturity date under the stipulated law of the premium collection as follows:

(Unit: Baht)

	2015			Total
	Due from insured	Due from agents and brokers	Due from reinsurers	
Not yet due	732,391	156,810,129	-	157,542,520
Not over 30 days	702,505	30,174,771	22,409	30,899,685
Overdue 31 days to 60 days	61,860	12,942,519	3,318	13,007,697
Overdue 61 days to 90 days	399,122	3,514,491	884	3,914,497
Overdue 91 days to 1 year	4,177,807	5,399,881	3,119	9,580,807
Overdue 1 year	12,409	7,433,675	-	7,446,084
Total premium receivables	6,086,094	216,275,466	29,730	222,391,290
Less: Allowance for doubtful accounts	(216,389)	(19,391,733)	-	(19,608,122)
Premium receivables, net	5,869,705	196,883,733	29,730	202,783,168

(Unit: Baht)

	2014			Total
	Due from insured	Due from agents and brokers	Due from reinsurers	
Not yet due	122,899	2,019,930	-	2,142,829
Not over 30 days	1,431,658	121,075,901	60,578	122,568,137
Overdue 31 days to 60 days	1,684,995	28,127,286	3,318	29,815,599
Overdue 61 days to 90 days	770,782	8,687,317	108,298	9,566,397
Overdue 91 days to 1 year	2,912,578	1,631,579	1,048	4,545,205
Overdue 1 year	17,346	10,112,603	-	10,129,949
Total premium receivables	6,940,258	171,654,616	173,242	178,768,116
Less: Allowance for doubtful accounts	(2,663,006)	(28,633,496)	-	(31,296,502)
Premium receivables, net	4,277,252	143,021,120	173,242	147,471,614

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.

9. Reinsurance assets

	(Unit: Baht)	
	2015	2014
Amounts deposited on reinsurance	2,929	2,929
Amounts due from reinsurers	60,048,485	43,624,720
Insurance reserves refundable from reinsurers	312,014,286	202,133,858
Total reinsurance assets	372,065,700	245,761,507
Less: Allowance for doubtful accounts		
Amounts due from reinsurers	(467,252)	-
Insurance reserves refundable from reinsurers	(4,926,576)	(5,054,274)
Reinsurance assets, net	366,671,872	240,707,233

The balances as at 31 December 2015 and 2014 of amounts due from reinsurers are classified by aging as follows:

	(Unit: Baht)	
	2015	2014
Not over 12 months	60,048,485	43,624,720
Total amounts due from reinsurers	60,048,485	43,624,720
Less: Allowance for doubtful accounts	(467,252)	-
Amounts due from reinsurers - net	59,581,233	43,624,720

10. Investments in securities

10.1 Trading investments

	(Unit: Baht)				
	2015				
	Cost	Unrealised gain	Unrealised loss	Fair value	Percentage to total assets
Private enterprise securities					
Stocks	92,389,643	-	(8,202,138)	84,187,505	2.55
Unit trusts	7,225,832	35,539	-	7,261,371	0.22
Warrants	-	272,864	-	272,864	0.01
Total trading investments	99,615,475	308,403	(8,202,138)	91,721,740	2.78
					(Unit: Baht)
	2014				
	Cost	Unrealised gain	Unrealised loss	Fair value	Percentage to total assets
Private enterprise securities					
Stocks	65,632,839	1,363,227	-	66,996,066	2.25
Unit trusts	13,423,815	26,989	-	13,450,804	0.45
Warrants	-	132,032	-	132,032	0.00

Total trading investments	<u>79,056,654</u>	<u>1,522,248</u>	<u>-</u>	<u>80,578,902</u>	<u>2.70</u>
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10.2 Available-for-sale investments

(Unit: Baht)

	2015				Percentage to total assets
	Cost	Unrealised gain	Unrealised loss	Fair value	
Private enterprise securities					
Stocks	20,446,128	2,278,239	-	22,724,367	0.69
Unit trusts	507,322,284	-	(27,645,327)	479,676,957	14.52
Debentures	40,030,784	1,670,741	-	41,701,525	1.26
Total	567,799,196	3,948,980	(27,645,327)	544,102,849	16.47
Less: Allowance for impairment loss	(2,280,600)	-	-	(2,280,600)	(0.07)
Available-for-sale investments, net	565,518,596	3,948,980	(27,645,327)	541,822,249	16.40

(Unit: Baht)

	2014				Percentage to total assets
	Cost	Unrealised gain	Unrealised loss	Fair value	
Private enterprise securities					
Stocks	16,852,899	3,643,347	-	20,496,246	0.69
Unit trusts	278,316,129	-	(11,357,116)	266,959,013	8.95
Debentures	40,041,365	670,364	-	40,711,729	1.37
Total available-for-sale investments	335,210,393	4,313,711	(11,357,116)	328,166,988	11.01

10.3 Held to-maturity investments

(Unit: Baht)

	2015		2014	
	Cost/ Amortised cost	Percentage to total assets	Cost/ Amortised cost	Percentage to total assets
Government and state enterprise securities				
Government bonds	288,542,669	8.74	410,056,209	13.75
State enterprise bonds	113,205,960	3.43	60,007,173	2.01
State enterprise debentures	71,015,551	2.15	50,087,660	1.68
Government savings bank lottery	39,550,000	1.20	29,000,000	0.97
Total	512,314,180	15.52	549,151,042	18.42
Private enterprise securities				
Debentures	268,246,965	8.12	147,652,558	4.95
Total	268,246,965	8.12	147,652,558	4.95
Deposits at banks - maturity over 3 months				
Deposits at commercial banks	920,000,000	27.85	1,055,643,500	35.41

Total	920,000,000	27.85	1,055,643,500	35.41
Total held-to-maturity investments	1,700,561,145	51.49	1,752,447,100	58.77

10.4 Other investments

(Unit: Baht)

	2015		2014	
	Cost	Percentage to total assets	Cost	Percentage to total assets
	Non-marketable equity securities - local	2,048,020	0.06	2,048,020
Total other investments	2,048,020	0.06	2,048,020	0.07

10.5 Remaining period of debt securities

(Unit: Baht)

	2015				2014			
	Period to maturity				Period to maturity			
	1 year	1 - 5 years	Over 5 years	Total	1 year	1 - 5 years	Over 5 years	Total
Available-for-sale investment								
Private enterprise securities								
Debentures	-	40,030,784	-	40,030,784	-	40,041,365	-	40,041,365
Add: Unrealised gains	-	1,670,741	-	1,670,741	-	670,364	-	670,364
Total available-for-sale investment	-	41,701,525	-	41,701,525	-	40,711,729	-	40,711,729
Held-to-maturity investments								
Government and state enterprise securities								
Government bonds	1,850,000	211,792,826	74,899,843	288,542,669	122,354,333	212,332,866	75,369,010	410,056,209
State enterprise bonds	-	-	113,205,960	113,205,960	10,007,173	-	50,000,000	60,007,173
State enterprise debentures	30,000,000	31,015,551	10,000,000	71,015,551	-	40,087,660	10,000,000	50,087,660
Government savings bank lottery	10,000,000	29,550,000	-	39,550,000	-	29,000,000	-	29,000,000
Total	41,850,000	272,358,377	198,105,803	512,314,180	132,361,506	281,420,526	135,369,010	549,151,042
Private enterprise securities								
Debentures	15,000,000	117,428,198	135,818,767	268,246,965	30,000,000	52,434,997	65,217,561	147,652,558
Total	15,000,000	117,428,198	135,818,767	268,246,965	30,000,000	52,434,997	65,217,561	147,652,558
Deposits at banks with amounts maturing in over 3 months								
Deposit at commercial banks	700,000,000	220,000,000	-	920,000,000	965,643,500	90,000,000	-	1,055,643,500
Total	700,000,000	220,000,000	-	920,000,000	965,643,500	90,000,000	-	1,055,643,500
Total held-to-maturity investments	756,850,000	609,786,575	333,924,570	1,700,561,145	1,128,005,006	423,855,523	200,586,571	1,752,447,100

As at 31 December 2015 and 2014, 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 27, 28 and 29.

10.6 Unrealised gains (losses) on available-for-sale investments

(Unit: Baht)

	For the years ended 31 December	
	2015	2014
Unrealised losses on available-for-sale investments - beginning of the year	(7,043,405)	(10,581,249)
Gains (losses) on revaluation during the year	(19,571,474)	4,695,927
(Gains) loss on sales of available-for-sale investments during the year transferred to be recognised in profit or loss	2,918,532	(1,158,083)
Unrealised losses on available-for-sale investments - end of the year	(23,696,347)	(7,043,405)
Add: Income taxes	4,739,269	1,408,681
Unrealised losses on available-for-sale investments, net of income taxes	<u>(18,957,078)</u>	<u>(5,634,724)</u>

11. Loans and accrued interest income

As at 31 December 2015 and 2014, loans and accrued interest aged by principal and accrued interest are as follows:

(Unit: Baht)

Outstanding period	2015						Total
	Mortgage loans		Other loans		Total		
	Principal	Accrued interest	Principal	Accrued interest	Principal	Accrued interest	
Not yet due	6,300,255	1,409	375,765	-	6,676,020	1,409	6,677,429
Overdue							
More than 12 months	-	-	314,526	203,847	314,526	203,847	518,373
Total	6,300,255	1,409	690,291	203,847	6,990,546	205,256	7,195,802
Less: Allowance for doubtful accounts	-	-	(314,526)	(203,847)	(314,526)	(203,847)	(518,373)
Loans and accrued interest, net	<u>6,300,255</u>	<u>1,409</u>	<u>375,765</u>	<u>-</u>	<u>6,676,020</u>	<u>1,409⁽¹⁾</u>	<u>6,677,429</u>

⁽¹⁾ Included as a part of "Accrued investment income" in statements of financial position

(Unit: Baht)

Outstanding period	2014						Total
	Mortgage loans		Other loans		Total		
	Principal	Accrued interest	Principal	Accrued interest	Principal	Accrued interest	
Not yet due	7,635,330	3,923	709,485	-	8,344,815	3,923	8,348,738
Overdue							
More than 12 months	-	-	314,526	203,847	314,526	203,847	518,373
Total	7,635,330	3,923	1,024,011	203,847	8,659,341	207,770	8,867,111
Less: Allowance for doubtful accounts	-	-	(314,526)	(203,847)	(314,526)	(203,847)	(518,373)
Loans and accrued interest, net	<u>7,635,330</u>	<u>3,923</u>	<u>709,485</u>	<u>-</u>	<u>8,344,815</u>	<u>3,923⁽¹⁾</u>	<u>8,348,738</u>

⁽¹⁾ Included as a part of "Accrued investment income" in statements of financial position

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.

12. Properties foreclosed

	(Unit: Baht)	
	2015	2014
Properties received from debt settlement - property	1,030,613	9,387,383
Less: Allowance for impairment	-	(2,072,770)
Properties foreclosed, net	<u>1,030,613</u>	<u>7,314,613</u>

13. Property, buildings and equipment

	(Unit: Baht)					
	Land	Buildings and building improvements	Furniture, fixtures and office equipment	Vehicles	Assets under construction	Total
Cost:						
1 January 2014	103,472,866	113,496,711	84,402,314	10,348,862	625,500	312,346,253
Additions	-	-	5,572,098	894,000	660,464	7,126,562
Transfer during the year	-	-	1,285,964	-	(1,285,964)	-
Disposals / write-off	(1,435,000)	(5,788,934)	(2,306,720)	-	-	(9,530,654)
31 December 2014	102,037,866	107,707,777	88,953,656	11,242,862	-	309,942,161
Additions	3,840,000	5,760,000	8,624,126	1,148,000	9,390,623	28,762,749
Transfer during the year	1,785,000	4,504,404	2,785,219	-	(9,074,623)	-
Disposals / write-off	-	-	(5,938,772)	(2,189,530)	-	(8,128,302)
31 December 2015	<u>107,662,866</u>	<u>117,972,181</u>	<u>94,424,229</u>	<u>10,201,332</u>	<u>316,000</u>	<u>330,576,608</u>
Accumulated depreciation:						
1 January 2014	-	76,966,163	73,085,404	6,672,797	-	156,724,364
Depreciation for the year	-	7,229,833	5,260,290	1,235,041	-	13,725,164
Depreciation on disposals/write-off	-	(5,303,502)	(2,249,283)	-	-	(7,552,785)
31 December 2014	-	78,892,494	76,096,411	7,907,838	-	162,896,743
Depreciation for the year	-	3,862,221	5,497,976	1,080,462	-	10,440,659
Depreciation on disposals/write-off	-	-	(5,876,056)	(2,189,527)	-	(8,065,583)
31 December 2015	-	<u>82,754,715</u>	<u>75,718,331</u>	<u>6,798,773</u>	-	<u>165,271,819</u>
Net book value:						
31 December 2014	<u>102,037,866</u>	<u>28,815,283</u>	<u>12,857,245</u>	<u>3,335,024</u>	-	<u>147,045,418</u>
31 December 2015	<u>107,662,866</u>	<u>35,217,466</u>	<u>18,705,898</u>	<u>3,402,559</u>	<u>316,000</u>	<u>165,304,789</u>
Depreciation for the year						
2014						<u>13,725,164</u>
2015						<u>10,440,659</u>

As at 31 December 2015 and 2014, 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 106.0 million and Baht 102.8 million, respectively.

14. Intangible assets

	(Unit: Baht)
	<u>Computer software</u>
Cost:	
1 January 2014	6,545,983
Acquisition of computer software	334,200
Disposals of computer software	(11,360)
31 December 2014	6,868,823
Acquisition of computer software	251,515
Write-off of computer software	(2,928,970)
31 December 2015	4,191,368
Accumulated amortisation:	
1 January 2014	4,852,849
Amortisation charge	970,897
Amortisation change on disposals	(11,358)
31 December 2014	5,812,388
Amortisation charge	908,186
Amortisation change on write-off	(2,928,741)
31 December 2015	3,791,833
Net book value:	
31 December 2014	1,056,435
31 December 2015	399,535
Amortisation for the year	
2014	970,897
2015	908,186

As at 31 December 2015 and 2014, certain computer software items have been fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation of those assets amounted to approximately Baht 3.5 million and Baht 3.9 million, respectively.

15. Income tax

15.1 Deferred tax assets and liabilities

Deferred tax assets and liabilities arose from the following temporally differences:

	(Unit: Baht)	
	2015	2014
Deferred tax assets		
Allowance for doubtful debts	5,757,184	8,289,256
Premium reserves	42,494,194	30,108,879
Provision for losses incurred but not yet reported (IBNR)	16,879,257	13,266,562
Loss reserves	25,944,753	30,501,785
Provision for long-term employee benefits	7,752,271	6,866,136
Unrealised losses on changes in values of available-for-sale investments	4,739,269	1,408,681
Unrealised losses on changes in values of trading investments	1,678,038	-
Total	<u>105,244,966</u>	<u>90,441,299</u>
Deferred tax liabilities		
Unrealised gains on changes in values of trading investments	-	(304,449)
Total	-	(304,449)
Deferred tax assets, net	<u>105,244,966</u>	<u>90,136,850</u>

15.2 Income tax expenses

Income tax expenses for the years ended 31 December 2015 and 2014 are made up as follows:

	(Unit: Baht)	
	2015	2014
		(Restated)
Current income tax:		
Current income tax charge	(45,468,399)	(42,988,983)
Deferred tax:		
Relating to origination and reversal of temporary differences	<u>11,557,110</u>	<u>6,470,776</u>
Income tax expense reported in the statements of comprehensive income	<u>(33,911,289)</u>	<u>(36,518,207)</u>

The amounts of income tax relating to each component of other comprehensive income for the year ended 31 December 2015 and 2014 are as follows:

	(Unit: Baht)	
	2015	2014
		(Restated)
Items to be recognised in profit or loss in subsequent periods:	3,914,295	(939,185)
Revaluation surplus on investments during the year		
Gains on sales of available-for-sale investments during the year		
transferred to be recognised in profit or loss	(583,707)	231,617
Total	3,330,588	(707,568)
Items not to be recognised in profit or loss in subsequent periods:		
Actuarial losses	220,418	461,536
Total income taxes as reported in other comprehensive income	3,551,006	(246,005)

Reconciliation between income tax expenses and the product of accounting profits multiplied by the applicable tax rates for the year ended 31 December 2015 and 2014:

	(Unit: Baht)	
	2015	2014
		(Restated)
Accounting profits before tax	177,551,425	201,274,659
Applicable tax rate	20%	20%
Income taxes at the applicable corporate income tax rates	(35,510,285)	(40,254,931)
Net tax effect on income or expenses that are not taxable or not deductible in determining taxable profits	1,598,996	3,736,724
Income tax expenses reported in the statements of comprehensive income	(33,911,289)	(36,518,207)

16. Other assets

	(Unit: Baht)	
	2015	2014
Advances	1,509,660	1,413,365
Prepaid expenses	740,579	736,579
Undue input tax	3,594,113	3,038,983
Claim receivable from litigants	3,099,100	2,176,516
Notes receivable	5,600,761	6,805,907
Receivable on sales securities	2,001,832	20,073,150
Others	16,095,908	12,395,988
Total other assets	<u>32,641,953</u>	<u>46,640,488</u>

17. Due to reinsurers

	(Unit: Baht)	
	2015	2014
Outward premium payables	88,063,176	66,568,227
Amounts withheld on reinsurance	33,666,698	43,849,770
Total due to reinsurers	<u>121,729,874</u>	<u>110,417,997</u>

18. Loss reserves and outstanding claims

	(Unit: Baht)	
	2015	2014
Beginning Balance	589,582,528	604,279,480
Claims and losses adjustment expenses for the year	1,022,075,952	958,378,415
Change in claims and losses adjustment expenses paid of the prior year	(61,667,469)	(27,424,704)
Claims and losses adjustment expenses paid during the year	<u>(962,201,212)</u>	<u>(945,650,663)</u>
Ending balance	<u>587,789,799</u>	<u>589,582,528</u>

As at 31 December 2015 and 2014 the Company, which is reinsurer under the reinsurance contracts, has loss reserve and outstanding claims under such contracts of Baht 0.04 million and Baht 0.1 million, respectively.

19. Premium reserve

Premium reserve is the liability under insurance contracts, and is the higher of unearned premium reserve and unexpired risk reserve.

19.1 Unearned premium reserves

	(Unit: Baht)	
	2015	2014
Beginning balance	864,240,805	832,842,359
Premium written for the year	2,015,186,692	1,720,732,634
Premium earned for the current year	(1,793,640,821)	(1,689,334,188)
Ending balance	<u>1,085,786,676</u>	<u>864,240,805</u>

19.2 Unexpired risk reserves

	(Unit: Baht)	
	2015	2014
Beginning balance	554,758,082	583,736,316
Estimated claims for the year	1,289,757,629	1,201,568,465
Risk expired during the year	(1,148,995,262)	(1,230,546,699)
Ending balance	<u>695,520,449</u>	<u>554,758,082</u>

20. Employee benefit obligations

Provisions for employee benefits are as follows:

	(Unit: Baht)	
	2015	2014
Short-term benefits	28,743,928	21,990,090
Long-term benefits	38,761,353	34,330,679
Total	<u>67,505,281</u>	<u>56,320,769</u>

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

	(Unit: Baht)	
	2015	2014
Defined benefit obligations at beginning of the year	34,330,679	30,542,419
Current service costs	2,263,669	2,048,241
Interest costs	1,064,916	1,220,704
Included in other comprehensive income:		
Actuarial loss arising from:		
Financial assumptions changes	1,102,089	2,307,815
Benefits paid during the year	-	(1,788,500)
Defined benefit obligations at end of the year	<u>38,761,353</u>	<u>34,330,679</u>

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

	(Unit: Baht)	
	2015	2014
Current service cost	2,263,669	2,048,241
Interest cost	1,064,916	1,220,704
Total expenses recognised in profit or loss	<u>3,328,585</u>	<u>3,268,945</u>

As at 31 December 2015, the Company expects to pay Baht 2.6 million of long-term employee benefits during the next year

As at 31 December 2015 and 2014, the weighted average duration of the liabilities for long-term employee benefit is 13 years and 13 years, respectively.

Principal actuarial assumptions at the valuation date were as follows:

	(Unit: % per annum)	
	2015	2014
Discount rate	2.8	3.2
Future salary increase rate	4.5 - 7.0	4.5 - 7.0
Staff turnover rate (depending on age)	7.0 - 18.0	7.0 - 18.0

The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at 31 December 2015 are summarised below:

	Assumption increase	Increase (decrease) in provision for long-term employee benefits as at 31 December 2015		Increase (decrease) in provision for long-term employee benefits as at 31 December 2015	
		% per annum	Baht	% per annum	Baht
Discount rate	1.0	(2,653,289)	1.0	3,022,114	
Salary increasing rate	1.0	3,718,848	1.0	(3,307,942)	
Staff turnover rate	20.0	(2,692,281)	20.0	3,224,819	

21. Other liabilities

	(Unit: Baht)	
	2015	2014
Account payable - Revenue Department	6,823,477	5,343,558
Withholding tax payable	2,157,958	2,272,317
Undue output tax	12,073,271	9,544,386
Accrued expenses	27,276,206	21,961,099
Deposits from brokers	44,669,564	21,764,430
Others	15,994,780	9,892,708
Total other liabilities	<u>108,995,256</u>	<u>70,778,498</u>

22. 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 percent of its net income after deducting accumulated deficit brought forward (if any), until the reserve reaches 10 percent of the registered capital. The statutory reserve is not available for dividend distribution. At present, the statutory reserve has fully been set aside.

23. Operating expenses

	(Unit: Baht)	
	2015	2014
		(Restated)
Personnel expenses which are not expenses for underwriting and claims	98,306,877	87,699,025
Property and equipment expenses which are not expenses for underwriting	72,027,974	77,038,240
Taxes and duties	1,141,023	629,584
Bad debts and doubtful accounts (reversal)	(11,561,032)	11,352,775
Other operating expenses	129,098,300	113,113,667
Total operating expenses	289,013,142	289,833,291

24. Employee expenses

	(Unit: Baht)	
	2015	2014
		(Restated)
Salaries and wages	191,687,406	162,199,588
Social security fund	1,270,899	1,236,047
Employee benefit fund	5,979,415	5,408,033
Others benefits	8,303,309	11,537,463
Total employee expenses	207,241,029	180,381,131

The Company and its employees jointly established a provident fund under the Provident Fund Act B.E. 2530. The fund is contributed to by both the employees and the Company on a monthly basis, at rates ranging from 3% to 6% of the employees' basic salaries, based on the length of employment. The fund is managed by a fund manager which has been approved by the Ministry of Finance. During the years ended 31 December 2015 and 2014, the Company contributed approximately Baht 7.9 million and Baht 6.4 million, respectively, to the fund.

25. 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.

26. Related party transactions

26.1 Nature of relationship

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

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

Name of related parties	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

26.2 Related party transactions

During the year, 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)	
	2015	2014
Premium written⁽²⁾		
Dung Seng Insurance Broker Co., Ltd. ⁽¹⁾	887,956,706	928,308,723
Asia Hotel Plc.	1,747,536	1,084,929
Asia Pattaya Hotel Co., Ltd.	738,027	619,671
Zeer Property Plc.	5,135,922	2,936,611
Asia Airport Hotel Co., Ltd.	1,138,433	653,976
Commission and brokerage expenses		
Dung Seng Insurance Broker Co., Ltd.	152,730,697	161,361,410
Rental of building space⁽³⁾		
N.S.B. Co., Ltd.	-	1,160,347
Service fee of building space⁽³⁾		
N.S.B. Co., Ltd.	11,822,892	18,472,221
Cost of the rental⁽⁴⁾		
N.S.B. Co., Ltd.	8,293,600	-

⁽¹⁾ Premium written from non-life insurance brokers

⁽²⁾ Present in “Net earn premium” in statements of comprehensive income

⁽³⁾ Present in “Operating Expenses” in statements of comprehensive income

⁽⁴⁾ Recognised as a deduction item in “Other income” in statements of comprehensive income

	Transfer pricing policy
Premium written	Normal commercial terms for underwriting
Commission and brokerage expenses	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
Cost of the rental	Contract price

26.3 Outstanding balances

As at 31 December 2015 and 2014, the balances of the accounts between the Company and those related companies are as follows:

	(Unit: Baht)	
	2015	2014
Premium receivables		
Dung Seng Insurance Broker Co., Ltd.	141,515,627	123,462,787
Accrued commissions		
Dung Seng Insurance Broker Co., Ltd.	23,966,820	20,844,161
Accrued cost of the rental (including in other liabilities)		
N.S.B. Co., Ltd.	985,241	-
Accrued service fee of building space (including in other liabilities)		
N.S.B. Co., Ltd.	684,659	-

26.4 Directors and key management's remuneration

During the years ended 31 December 2015 and 2014, the Company had employee benefit expenses payable to its directors and management as below.

	(Unit: Million Baht)	
	2015	2014
Short-term employee benefits	19.1	16.6
Post-employment benefits	0.6	0.6
Total	19.7	17.2

27. Securities placed with the Registrar

As at 31 December 2015 and 2014, the Company has pledged its securities with the Registrar in accordance with the Non-life Insurance Act as follows:

	(Unit: Baht)			
	2015		2014	
	Cost	Fair value	Cost	Fair value
Government bonds	14,000,000	14,432,513	14,000,000	14,093,214

28. Assets reserved with the Registrar

As at 31 December 2015 and 2014, 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)

	2015		2014	
	Cost	Fair value	Cost	Fair value
Government bonds	180,000,000	189,747,258	180,000,000	188,881,726

29. Collateralised assets

As at 31 December 2015 and 2014, the Company has collateralised assets as follows:

(Unit: Baht)

		2015	2014
Government bonds	- As collateral for bail bonds	1,850,000	5,680,000
	- As collateral for drives guarantee	-	600,000
	- As collateral for electrical usage	1,650,000	300,000
	- As collateral for bank overdrafts	10,000,000	10,000,000
	- As collateral for maintenance contracts	500,000	500,000
Government saving bank lottery	- As collateral for Bank for Agriculture and Agricultural Cooperatives	2,550,000	2,000,000
	- As collateral for drives guarantee	-	200,000
Fixed deposit	- As collateral for drives guarantee	400,000	-
	- As collateral for bail bonds	3,300,000	400,000
Total		20,250,000	19,680,000

30. Underwriting information reported by insurance categories

Underwriting information classified by insurance categories for the year ended 31 December 2015 is as follows:

(Unit: Baht)

	Fire	Marine and transportation	Motor	Personal accident	Miscellaneous	Total
Underwriting income						
Premium written	42,404,560	19,902,962	1,518,370,117	367,973,640	66,535,414	2,015,186,693
Less: Premium ceded	(25,848,788)	(14,607,344)	(9,146,202)	(186,633,874)	(55,968,115)	(292,204,323)
Net premium written	16,555,772	5,295,618	1,509,223,915	181,339,766	10,567,299	1,722,982,370
Less: Unearned premium reserve	(2,401,843)	(477,242)	(49,126,266)	(74,378,920)	(1,074,835)	(127,459,106)
Earned premium	14,153,929	4,818,376	1,460,097,649	106,960,846	9,492,464	1,595,523,264
Fee and commission income	7,957,779	5,476,063	-	68,801,953	9,464,231	91,700,026
Total underwriting income	22,111,708	10,294,439	1,460,097,649	175,762,799	18,956,695	1,687,223,290
Underwriting expenses						
Claims and losses adjustment expenses						
Commission and brokerage expenses	2,459,032	1,165,293	789,959,360	67,371,237	5,039,239	865,994,161
Other underwriting expenses	13,104,619	2,587,592	238,735,685	22,539,415	7,977,309	284,944,620
Contribution to Road Accident Victims Protection Co., Ltd.	806,640	436,934	52,070,799	47,921,413	1,451,054	102,686,840
Total underwriting expenses before operating expenses	-	-	29,103,588	-	-	29,103,588
Operating expenses	16,370,291	4,189,819	1,109,869,432	137,832,065	14,467,602	1,282,729,209
Total underwriting expenses						289,013,142
						1,571,742,351

Underwriting information classified by insurance categories for the year ended 31 December 2014 is as follows:

						(Unit: Baht)
	Fire	Marine and transportation	Motor	Personal accident	Miscellaneous	Total
						(Restated)
Underwriting income						
Premium written	38,088,672	17,896,949	1,447,144,778	173,486,864	44,115,371	1,720,732,634
Less: Premium ceded	(25,563,941)	(13,342,116)	(8,285,308)	(78,836,451)	(35,553,770)	(161,581,586)
Net premium written	12,524,731	4,554,833	1,438,859,470	94,650,413	8,561,601	1,559,151,048
Add (less): Unearned premium reserve	543,396	(2,040,040)	20,084,623	(17,645,799)	752,868	1,695,048
Earned premium	13,068,127	2,514,793	1,458,944,093	77,004,614	9,314,469	1,560,846,096
Fee and commission income	12,713,066	4,748,018	-	22,972,686	5,985,691	46,419,461
Total underwriting income	25,781,193	7,262,811	1,458,944,093	99,977,300	15,300,160	1,607,265,557
Underwriting expenses						
Claims and losses adjustment expenses						
Commission and brokerage expenses	2,746,123	1,246,195	835,299,570	42,002,925	(3,255,179)	878,039,634
Other underwriting expenses	9,559,289	2,396,352	232,537,411	17,083,044	5,485,376	267,061,472
Contribution to Road Accident Victims Protection Co., Ltd.	952,507	546,407	41,789,907	5,421,119	1,380,764	50,090,704
Total underwriting expenses before operating expenses	-	-	19,865,835	-	-	19,865,835
Operating expenses	13,257,919	4,188,954	1,129,492,723	64,507,088	3,610,961	1,215,057,645
Total underwriting expenses						289,833,291
						<u>1,504,890,936</u>

31. Segment information

Operating segment information is reported in a manner consistent with the internal reports that are regularly reviewed by the Chief Operating Decision Maker in order to make decisions about the allocation of resources to the segment and assess its performance. The Chief Operating Decision Maker has been identified as Managing Director.

For management purposes, the Company are organised into business units based on non-life insurance and have two reportable segments which are motor insurance and others insurance.

The Chief Operating Decision Maker monitors the operating results of the business units separately for the purpose of making decisions about resource allocation and assessing performance. Segment performance is measured based on operating profit or loss, total assets and total liabilities and on a basis consistent with that used to measure operating profit or loss, total assets and total liabilities in the financial statements.

The following tables present revenue and profit regarding the Company' operating segments for the years ended 31 December 2015 and 2014, respectively.

(Unit: Baht)

	Motor		Others		Total	
	2015	2014	2015	2014	2015	2014
		(Restated)		(Restated)		(Restated)
Underwriting income						
Premium written	1,518,370,117	1,447,144,778	496,816,576	273,587,856	2,015,186,693	1,720,732,634
Less: Premium ceded	(9,146,202)	(8,285,308)	(283,058,121)	(153,296,278)	(292,204,323)	(161,581,586)
Add (less): Unearned premium reserve	(49,126,266)	20,084,623	(78,332,840)	(18,389,575)	(127,459,106)	1,695,048
Earned premium	1,460,097,649	1,458,944,093	135,425,615	101,902,003	1,595,523,264	1,560,846,096
Fee and commission income	-	-	91,700,026	46,419,461	91,700,026	46,419,461
Total underwriting income	1,460,097,649	1,458,944,093	227,125,641	148,321,464	1,687,223,290	1,607,265,557
Underwriting expenses						
Claims and losses adjustment expenses	789,959,360	835,299,570	76,034,801	42,740,064	865,994,161	878,039,634
Commission and brokerage expenses	238,735,685	232,537,411	46,208,935	34,524,061	284,944,620	267,061,472
Other underwriting expenses	52,070,799	41,789,907	50,616,041	8,300,797	102,686,840	50,090,704
Contribution to Road Accident Victims Protection Co., Ltd.	29,103,588	19,865,835	-	-	29,103,588	19,865,835
Operating expenses	288,572,070	285,964,492	441,072	3,868,799	289,013,142	289,833,291
Total underwriting expenses	1,398,441,502	1,415,457,215	173,300,849	89,433,721	1,571,742,351	1,504,890,936
Profits from underwriting	61,656,147	43,486,878	53,824,792	58,887,743	115,480,939	102,374,621
Net investment income					67,315,785	82,597,446
Gains (losses) on investments					(5,708,170)	10,749,222
Fair value gains (losses)					(9,912,434)	389,041
Other income					23,279,301	15,864,023
Profit from operation					190,455,421	211,974,353
Contribution to the Office of Insurance Commission					(5,514,105)	(4,789,554)
Contribution to the General Insurance Fund					(5,014,088)	(4,288,439)
Contribution to the Victims Compensation Fund					(2,375,803)	(1,621,701)
Profit before income tax expenses					177,551,425	201,274,659
Income tax expenses					(33,911,289)	(36,518,207)
Profit for the year					143,640,136	164,756,452

Segments assets and liabilities as at 31 December 2015 and 2014 are as follows:

(Unit: Baht)

	Motor	Others	Unallocated assets/liabilities	Total
Assets				
31 December 2015	177,515,184	391,939,855	2,733,776,777	3,303,231,816
31 December 2014	132,402,538	255,776,309	2,593,401,722	2,981,580,569
Liabilities				
31 December 2015	1,218,351,360	617,388,705	173,204,881	2,008,944,946
31 December 2014	1,187,426,181	409,686,163	136,217,466	1,733,329,810

Geographic information

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

Major customers

For the years 2015 and 2014, the Company has revenue from one major broker in amount of Baht 839 million and Baht 880 million, respectively, arising from sales by the motor segment.

32. Contribution to the General Insurance Fund

(Unit: Baht)

	2015	2014
Accumulated contribution at the beginning of the year	18,496,351	14,207,912
Contribution during the year	5,014,088	4,288,439
Accumulated contribution at the end of the year	23,510,439	18,496,351

33. Dividend paid

Dividend declared during the years 2015 and 2014 consists of the following:

	Approved by	Total dividends (Million Baht)	Dividend per share (Baht)
Final dividends for 2014	Annual General Meeting of the shareholders on 29 April 2015	83.40	6.00
Final dividends for 2013	Annual General Meeting of the shareholders on 31 March 2014	90.35	6.50

34. Commitments and contingent liabilities

34.1 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 2015 and 2014, future minimum lease payments required under these non-cancellable operating leases contracts were as follows:

	(Unit: Million Baht)	
	2015	2014
Payable:		
In up to 1 year	22.1	16.9
In over 1 and up to 5 years	1.4	1.9

34.2 Litigation

As at 31 December 2015 and 2014, the Company had litigation claims as an insurer. The outcomes of the cases have not yet been finalised whereby the maximum responsibility of the sum sued totalling Baht 492.1 million and Baht 548.3 million, respectively. However, the Company has set aside reserve for its losses totaling Baht 52.7 million and Baht 54.2 million, respectively in the financial statements.

35. Fair value of financial instruments

As at 31 December 2015, the Company had the assets that were measured or disclosed at using different levels of inputs as follows:

	31 December 2015				31 December 2014		
	Carrying value	Fair value			Carrying value	Fair Value	
		Level 1	Level 2	Level 3	Total		
Financial assets measured at fair value							
Trading investments							
Equity securities	92,389,643	84,187,505	-	-	84,187,505	65,632,839	66,996,066
Unit trusts	7,225,832	-	7,261,371	-	7,261,371	13,423,815	13,450,805
Warrant	-	272,864	-	-	272,864	-	132,032
Available-for-sale investments							
Equity securities	20,446,128	22,724,367	-	-	22,724,367	16,852,899	20,496,246
Unit trusts	505,041,684	73,777,080	403,619,277	-	477,396,357	278,316,129	266,959,013
Debenture	40,030,784	-	41,701,525	-	41,701,525	40,041,365	40,711,729

(Unit: Baht)

	31 December 2015				31 December 2014		
	Carrying value	Fair value			Carrying value	Fair Value	
		Level 1	Level 2	Level 3			Total
Financial assets measured at fair value							
Cash and cash equivalents	77,148,715	77,148,715	-	-	77,148,715	111,246,000	111,246,000
Held-to-maturity investments							
Government bonds	288,542,669	-	304,177,352	-	304,177,352	410,056,209	424,330,055
State enterprise bonds	113,205,960	-	114,988,417	-	114,988,417	60,007,173	60,014,327
State enterprise debentures	71,015,551	-	75,024,352	-	75,024,352	50,087,660	54,043,355
Government savings bank lottery	39,550,000	39,550,000	-	-	39,550,000	29,000,000	29,000,000
Private enterprise debentures	268,246,965	-	276,509,516	-	276,509,516	147,652,558	152,309,367
Deposits at commercial banks	920,000,000	920,000,000	-	-	920,000,000	1,055,643,500	1,055,643,500
Other investments	2,048,020	-	-	2,048,020	2,048,020	2,048,020	2,048,020
Loans, net	6,676,020	-	-	6,676,020	6,676,020	8,344,815	8,344,815

36. Financial instruments

36.1 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, 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 2015 and 2014 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)

2015							
	Fixed interest rates			Floating interest rate	Non-interest Bearing	Total	Interest rate (% p.a)
	Within 1 year	1 - 5 years	Over 5 years				
Cash equivalent	64	-	-	-	13	77	0.00% - 1.60%
Investments in securities							
Government and state enterprise securities	32	243	198	-	-	473	3.01% - 7.20%
Private enterprise debt securities	15	159	136	-	-	310	3.22% - 5.75%
Deposits at financial institutions	700	220	-	-	-	920	1.75% - 4.00%
Government saving bank lottery	10	30	-	-	-	40	0.83% - 1.42%
Mortgage loans, net	-	-	-	7	-	7	2.00% - 12.50%
Total	821	652	334	7	13	1,827	

(Unit: Million Baht)

2014							
	Fixed interest rates			Floating interest rate	Non-interest Bearing	Total	Interest rate (% p.a)
	Within 1 year	1 - 5 years	Over 5 years				
Cash equivalent	101	-	-	-	10	111	0.00% - 1.00%
Investments in securities							
Government and state enterprise securities	132	253	135	-	-	520	3.01% - 8.25%
Private enterprise debt securities	30	93	65	-	-	188	3.68% - 5.75%
Deposits at financial institutions	966	90	-	-	-	1,056	2.55% - 4.00%
Government saving bank lottery	-	29	-	-	-	29	1.00% - 1.42%
Mortgage loans, net	-	-	-	8	-	8	5.38% - 15.00%
Total	1,229	465	200	8	10	1,912	

Liquidity risk

Liquidity risk is the risk that the Company will be unable to liquidate financial assets and/or procure sufficient funds to discharge obligations in a timely manner, resulting in a financial loss. The Company manages liquidity risk by maintaining a level of cash and cash equivalents appropriate to their operations to reduce the effects of fluctuations in cash flows.

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.

36.2 Fair value of financial instruments

The estimated fair value of significant financial instruments, in comparison with the related amounts carried in the statement of financial position, is as follows:

(Unit: Baht)

	As at 31 December 2015		As at 31 December 2014	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets at fair value				
Cash and cash equivalents	77,148,715	77,148,715	111,246,000	111,246,000
Investments in securities				
Government and state				
enterprise securities	472,764,180	494,190,121	520,151,042	538,387,737
Private enterprise debt				
securities	308,277,749	318,211,041	187,693,923	193,021,096
Deposits at financial institutions	920,000,000	920,000,000	1,055,643,500	1,055,643,500
Government saving bank lottery	39,550,000	39,550,000	29,000,000	29,000,000
Loans, net	6,676,020	6,676,020	8,344,815	8,344,815

The methods and assumptions used by the Company in estimating the fair value of financial instruments are as follows:

- a) For financial assets which have short-term maturity, including cash and cash equivalents and deposits at financial institutions, their carrying amounts in the statement of financial position approximate their fair values.
- b) For debts securities, their fair values are generally derived from quoted market prices or determined by using the yield curve as announced by the Thai Bond Market Association or by other relevant bodies.
- c) Investments in equity instruments are presented at fair market values. In case of non-marketable equity securities, which are not significant amounts, they are estimated based on book value presented in the statements of financial position.
- d) Fair values of loans carrying interest at floating rates which are not significant amount, are estimated based on book value presented in the statements of financial position.

37. Capital management

The primary objectives of the Company's capital management are to ensure that it preserves 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.

38 Event after the reporting period

On 9 February 2016, the Court of Appeal rendered a decision instructing the Company and related parties to pay an insured party a total of Baht 120.5 million, of which the Company's proportion was Baht 78.3 million (Baht 1.0 million net of amount ceded to reinsurance), plus interest from 21 October 2011 to 29 February 2016 and other expenses totaling Baht 43.9 million, of which the Company's proportion was Baht 28.5 million (Baht 0.4 million net of amounts ceded to reinsurance). However, the Company had already set aside loss reserves of Baht 81.6 million in the financial statements as at 31 December 2015. An appeal of the decision is currently being filed with the Supreme Court.

39. Approval of the financial statements

These financial statements were authorised for issue by the Company's authorised director on 24 February 2016.