

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.

Directors

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> |
|----------------------------------|-------------------|------------------|----------|-------------------|-------------|

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 | (18,957,078) | (5,634,724) |

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 | 6,300,255 | 1,409 | 375,765 | - | 6,676,020 | 1,409 ⁽¹⁾ | 6,677,429 |

⁽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 | 7,635,330 | 3,923 | 709,485 | - | 8,344,815 | 3,923 ⁽¹⁾ | 8,348,738 |

⁽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>-</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 |
| | | | | | | 1,504,890,936 |

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 | Dividend per share |
|--------------------------|---|-----------------|-----------------------|
| | | (Million Baht) | (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.