

**CHARAN INSURANCE PUBLIC COMPANY LIMITED**  
**AUDITOR'S REPORT AND FINANCIAL STATEMENTS**  
**AS AT DECEMBER 31, 2015**

## **AUDITOR'S REPORT**

To The Shareholders of

CHARAN INSURANCE PUBLIC COMPANY LIMITED

I have audited the accompanying financial statements of CHARAN INSURANCE PUBLIC COMPANY LIMITED, which comprise the statement of financial position as at December 31, 2015, the statement of comprehensive income, statement of changes in shareholders' equity and statement of cash flows for the year then ended, including notes of 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 the 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 standards on auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also include 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 present fairly, in all material respects, the financial position of CHARAN INSURANCE PUBLIC COMPANY LIMITED as at December 31, 2015, its financial performance and cash flows for the year then ended in accordance with the financial reporting standards

D I A International Audit Co., Ltd.

(Mrs. Somjintana Pholhirunrat)

C.P.A. (Thailand)

Registration No. 5599

February 17, 2016

CHARAN INSURANCE PUBLIC COMPANY LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2015

		<i>(Unit : Baht)</i>	
	<i>Note</i>	December 31, 2015	December 31, 2014
<b>ASSETS</b>			
Cash and cash equivalents	6	13,421,879.10	19,883,444.37
Accrued investment income		4,870,642.42	3,663,416.87
Premium due and uncollected	7	20,912,427.62	23,249,601.38
Reinsurance assets	8	41,461,358.66	54,787,960.90
Investment properties			
Investments in securities	9		
Available for sales		232,716,794.94	247,956,894.16
Held-to-maturity investment		406,866,600.00	380,930,000.00
General investment		341,060.00	341,060.00
Total		639,924,454.94	629,227,954.16
Loans	10	12,321,661.22	11,117,170.98
Property held for sale - net		119,000.00	119,000.00
Property, plant and equipment	11	48,529,637.46	50,093,730.65
Intangible assets	12	237,349.85	204,888.40
Deferred tax assets	21	7,119,105.13	9,035,383.49
Other assets		9,181,862.48	8,999,294.00
<b>TOTAL ASSETS</b>		<b>798,099,378.88</b>	<b>810,381,845.20</b>

*Notes to the financial statements are an integral part of these financial statements.*

CHARAN INSURANCE PUBLIC COMPANY LIMITED

STATEMENT OF FINANCIAL POSITION (CONT.)

AS AT DECEMBER 31, 2015

		<i>(Unit : Baht)</i>	
	<i>Note</i>	<u>December 31, 2015</u>	<u>December 31, 2014</u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
Income tax payables		1,227,333.88	-
Due to reinsurers	<i>13</i>	16,258,761.97	16,071,149.32
Insurance contract liabilities			
Loss reserves and outstanding claims	<i>14</i>	37,305,930.64	33,038,769.42
Premium reserve	<i>15</i>	112,074,567.35	132,823,863.48
Unearned revenue		7,323,858.01	6,980,593.27
Employee benefit obligations	<i>17</i>	11,206,390.00	11,506,093.00
Deferred tax liabilities	<i>21</i>	12,404,015.99	15,452,035.83
Others liabilities	<i>18</i>	13,546,556.71	16,256,818.13
TOTAL LIABILITIES		<u>211,347,414.55</u>	<u>232,129,322.45</u>

*Notes to the financial statements are an integral part of these financial statements.*

CHARAN INSURANCE PUBLIC COMPANY LIMITED

STATEMENT OF FINANCIAL POSITION (CONT.)

AS AT DECEMBER 31, 2015

		<i>(Unit : Baht)</i>	
	<i>Note</i>	<u>December 31, 2015</u>	<u>December 31, 2014</u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
Shareholders' equity			
Share capital			
Registered capital			
6,000,000 ordinary shares of Baht 10.00 each			60,000,000.00
12,000,000 ordinary shares of Baht 10.00 each	<i>19</i>	<u>120,000,000.00</u>	
Issued and paid-up share capital			
6,000,000 ordinary shares of Baht 10.00 each			60,000,000.00
12,000,000 ordinary shares of Baht 10.00 each	<i>19</i>	120,000,000.00	
Premium on share capital		258,000,000.00	258,000,000.00
Retained earnings			
Appropriated			
Statutory reserve	<i>33</i>	12,000,000.00	6,000,000.00
Unappropriated		147,135,900.38	192,444,379.42
Other components of equity		<u>49,616,063.95</u>	<u>61,808,143.33</u>
TOTAL SHAREHOLDERS' EQUITY		<u>586,751,964.33</u>	<u>578,252,522.75</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		<u><u>798,099,378.88</u></u>	<u><u>810,381,845.20</u></u>

*Notes to the financial statements are an integral part of these financial statements.*

CHARAN INSURANCE PUBLIC COMPANY LIMITED

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEARS ENDED DECEMBER 31, 2015

		(หน่วย : บาท)	
	<i>Note</i>	<u>2015</u>	<u>2014</u>
Underwriting income			
Net premium earned	22	203,993,057.10	189,762,756.91
Fee and commission income		15,714,032.98	15,346,485.42
Total underwriting income		<u>219,707,090.08</u>	<u>205,109,242.33</u>
Underwriting expenses			
Insurance claims and loss adjustment expenses		49,579,445.66	44,825,196.74
Commissions and brokerages		38,673,311.30	40,928,980.49
Other underwriting expenses		52,906,412.30	58,106,200.82
Operating expenses	23	52,417,491.58	46,937,475.58
Total underwriting expenses		<u>193,576,660.84</u>	<u>190,797,853.63</u>
Gain (Loss) on underwriting		26,130,429.24	14,311,388.70
Income on investments - net		21,248,076.29	21,130,224.13
Gain (Loss) on investment		-	1,717,794.00
Other income		11,668,924.45	7,992,689.50
Profit (Loss) from operation		<u>59,047,429.98</u>	<u>45,152,096.33</u>

*Notes to the financial statements are an integral part of these financial statements.*

CHARAN INSURANCE PUBLIC COMPANY LIMITED  
STATEMENTS OF COMPREHENSIVE INCOME (CONT.)  
FOR THE YEARS ENDED DECEMBER 31, 2015

		<i>(Unit : Baht)</i>	
	<i>Note</i>	<i>2015</i>	<i>2014</i>
Contribution to Office of Insurance Commission		645,118.56	735,223.63
Contribution to Non-life guarantee fund		544,736.58	612,198.51
Contribution to Road victims protection fund		14,460,126.23	17,826,941.38
Profit (Loss) before corporate income tax		43,397,448.61	25,977,732.81
Corporate income tax	21	7,440,608.45	4,391,945.31
Profit (Loss) for the year		35,956,840.16	21,585,787.50
Other comprehensive income (expenses)			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Remeasurements of post-employment benefit obligations		(331,649.00)	(1,641,475.00)
Income tax relating to other comprehensive income		66,329.80	328,295.00
Remeasurements of post-employment benefit obligations - net of tax		(265,319.20)	(1,313,180.00)
<i>Items that will be reclassified subsequently to profit or loss</i>			
Fair value changes on available-for-sale investments		(15,240,099.22)	29,292,818.70
Income tax relating to component of other comprehensive income		3,048,019.84	(5,858,563.74)
Other comprehensive income (expenses) for the year, net of tax		(12,192,079.38)	23,434,254.96
Other comprehensive income (expenses) for the year, net of tax		(12,457,398.58)	22,121,074.96
Total comprehensive income (expenses) for the year		23,499,441.58	43,706,862.46
Basic Earnings per share			
Net profit (loss)	34	3.00	1.80

*Notes to the financial statements are an integral part of these financial statements.*



CHARAN INSURANCE PUBLIC COMPANY LIMITED

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2015

	<i>(Unit : Baht)</i>	
	<u>2015</u>	<u>2014</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net direct premium written	224,060,334.51	244,137,147.56
Cash paid for reinsurance	(33,363,016.65)	(32,412,412.35)
Losses incurred of direct insurance	(28,583,598.47)	(90,270,744.57)
Loss adjustment expenses of direct insurance	(4,699,654.55)	(5,014,828.09)
Commissions and brokerages	(23,386,088.46)	(25,643,725.94)
Other underwriting expenses	(52,906,412.30)	(58,106,200.82)
Interest income	11,893,325.63	14,218,242.67
Dividend	8,147,525.11	7,206,325.91
Other income	11,668,924.45	7,992,689.50
Operating expenses	(71,287,115.58)	(62,220,218.47)
Corporate income tax	(4,230,666.41)	(4,643,511.67)
<b>NET CASH PROVIDED BY (USE IN) OPERATING ACTIVITIES</b>	<u>37,313,557.28</u>	<u>(4,757,236.27)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
<u>Cash flows provided by</u>		
Investments in securities	-	15,327,114.00
Deposits at financial institutions	95,000,000.00	-
Collateralized loans	2,605,509.76	2,839,628.01
<b>NET CASH PROVIDED BY INVESTING ACTIVITIES</b>	<u>97,605,509.76</u>	<u>18,166,742.01</u>

*Notes to the financial statements are an integral part of these financial statements.*

CHARAN INSURANCE PUBLIC COMPANY LIMITED

STATEMENTS OF CASH FLOWS (CONT.)

FOR THE YEARS ENDED DECEMBER 31, 2015

	<i>(หน่วย : บาท)</i>	
	<u>2015</u>	<u>2014</u>
<u>Cash flows used in</u>		
Investments in securities	(120,600,000.00)	(35,628,714.00)
Loan	(3,810,000.00)	(1,340,000.00)
Deposits at financial institutions	(336,600.00)	43,000,000.00
Property, plant and equipment	(1,464,532.31)	(459,168.37)
Intangible assets	(169,500.00)	(132,500.00)
NET CASH USED IN INVESTING ACTIVITIES	<u>(126,380,632.31)</u>	<u>5,439,617.63</u>
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	<u>(28,775,122.55)</u>	<u>23,606,359.64</u>
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES		
Bank overdrafts	-	(2,019,580.68)
Dividend	(15,000,000.00)	(9,000,000.00)
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	<u>(15,000,000.00)</u>	<u>(11,019,580.68)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>(6,461,565.27)</u>	<u>7,829,542.69</u>
CASH AND CASH EQUIVALENTS AS AT THE BEGINNING OF THE PERIOD	<u>19,883,444.37</u>	<u>12,053,901.68</u>
CASH AND CASH EQUIVALENTS AS AT THE END OF THE PERIOD	<u><u>13,421,879.10</u></u>	<u><u>19,883,444.37</u></u>

Additional disclosure of cash flows information:

Non-cash transaction for years ended December 31, 2015 and 2014

- Gain (loss) on changes in value of available-for-sale investments (net of income tax)	(12,192,079.38)	23,434,254.96
- Actuarial gain (loss) on defined employee benefit plan (net of income tax)	(265,319.20)	(1,313,180.00)
- share dividend payment by number of ordinary share of the Company 6 million shares at par value Baht 10.00	60,000,000.00	-

*Notes to the financial statements are an integral part of these financial statements.*

CHARAN INSURANCE PUBLIC COMPANY LIMITED  
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY  
FOR THE YEARS ENDED DECEMBER 31, 2015

*(Unit : Baht)*

	Note	Retained earnings			Other component of		Total
		Share capital Issued and fully paid	Premium on share capital	Statutory reserve	equitys		
					Unappropriated	Fair value changes on available for sale investments	
Balance as at December 31,2013		60,000,000.00	258,000,000.00	6,000,000.00	181,171,771.92	38,373,888.37	543,545,660.29
Dividend	20	-	-	-	(9,000,000.00)	-	(9,000,000.00)
Comprehensive income for the period- restated		-	-	-	21,585,787.50	23,434,254.96	45,020,042.46
Remeasurements of post-employment benefit obligations		-	-	-	(1,313,180.00)	-	(1,313,180.00)
Balance as at December 31,2014		60,000,000.00	258,000,000.00	6,000,000.00	192,444,379.42	61,808,143.33	578,252,522.75
Stock dividend/Registered capital increase	19, 20.1	60,000,000.00	-	-	(60,000,000.00)	-	-
Dividend	20.2	-	-	-	(15,000,000.00)	-	(15,000,000.00)
Appropriated to statutory reserve	33	-	-	6,000,000.00	(6,000,000.00)	-	-
Comprehensive income for the period- restated		-	-	-	35,956,840.16	(12,192,079.38)	23,764,760.78
Remeasurements of post-employment benefit obligations		-	-	-	(265,319.20)	-	(265,319.20)
Balance as at December 31,2015		120,000,000.00	258,000,000.00	12,000,000.00	147,135,900.38	49,616,063.95	586,751,964.33

*Notes to the financial statements are an integral part of these financial statements.*

**CHARAN INSURANCE PUBLIC COMPANY LIMITED**  
**CONDENSED NOTES TO FINANCIAL STATEMENTS**  
**AS AT DECEMBER 31, 2015**

---

1. GENERAL INFORMATION

(a) Legal status

CHARAN INSURANCE PUBLIC COMPANY LIMITED (“the Company”) was incorporated as a public limited company on March 15, 1994, Registration No. BorMorJor. 0107537000807. The Company’s principal activity is the provision of non - life insurance.

(b) Registered address

The office is located on 408/1 Ratchadapisek Road, Samsennok, Huay - kwang, Bangkok.

2. BASIS OF FINANCIAL STATEMENTS PRESENTATION

2.1 Preparation of financial statements

These financial statements have been prepared in accordance with accounting standards enunciated under the Accounting Profession Act B.E. 2547 and applicable with rules and regulations of the Securities and Exchange Commission Thailand promulgated under the Securities and Exchange Act B.E. 2535 In addition, the financial statements presentation are also based on the formats prescribed by the notification of the Office of Insurance Commission (OIC) “Principle methodology, condition and timing for preparation, submission and reporting of financial statements and operation performance for non-life insurance company (No.4)” dated 31 July 2013 which follows the format of the previous notification dated 27 May 2010.

The financial statements have been prepared under the historical cost convention, except as transaction disclosed in related accounting policy.

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.

2.2 Adoption of new accounting standards during the period

The Group 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 Group’s financial statements. However, some of these standards involve changes to key principles, which are summarised below:

2. BASIS OF FINANCIAL STATEMENTS PRESENTATION (CONTINUED)

2.2 Adoption of new accounting standards during the period (CONTINUED)

TAS 1 (revised 2014) Presentation of Financial Statements

The main change is that a requirement for entities to group items presented in 'other comprehensive income' (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). The amendments do not address which items are presented in OCI.

TAS 19 (revised 2014) Employee Benefits

This revised standard requires that the entity recognise actuarial gains and losses immediately in other comprehensive income while the former standard allowed 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.

This revised standard does not have any impact on the financial statements as the Group already recognise actuarial gains and losses immediately in other comprehensive income.

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 Group's financial statements.

## 2. BASIS OF FINANCIAL STATEMENTS PRESENTATION (CONTINUED)

### 2.3 Accounting standards that will become effective in the future

The Federation of Accounting Professions issued a number of the revised financial reporting standards (revised 2015) which is effective for fiscal years beginning on or after January 1, 2016 detailed as follows:

<b><u>Accounting Standards:</u></b>	<b><u>Contents</u></b>
TAS 1 (revised 2015)	Presentation of Financial Statements
TAS 2 (revised 2015)	Inventories
TAS 7 (revised 2015)	Statement of Cash Flows
TAS 8 (revised 2015)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (revised 2015)	Events After the Reporting Period
TAS 11 (revised 2015)	Construction Contracts
TAS 12 (revised 2015)	Income Taxes
TAS 16 (revised 2015)	Property, Plant and Equipment
TAS 17 (revised 2015)	Leases
TAS 18 (revised 2015)	Revenue
TAS 19 (revised 2015)	Employee Benefits
TAS 20 (revised 2015)	Accounting for Government Grants and Disclosure of Government Assistance
TAS 21 (revised 2015)	The Effects of Changes in Foreign Exchange Rates
TAS 23 (revised 2015)	Borrowing Costs
TAS 24 (revised 2015)	Related Party Disclosures
TAS 26 (revised 2015)	Accounting and Reporting by Retirement Benefit Plans
TAS 27 (revised 2015)	Separate Financial Statements
TAS 28 (revised 2015)	Investments in Associates and Joint Venture
TAS 29 (revised 2015)	Financial Reporting in Hyperinflationary Economics
TAS 33 (revised 2015)	Earnings per Share
TAS 34 (revised 2015)	Interim Financial Reporting
TAS 36 (revised 2015)	Impairment of Assets
TAS 37 (revised 2015)	Provisions, Contingent Liabilities and Contingent Assets
TAS 40 (revised 2015)	Investment Property
TAS 41	Agriculture

2. BASIS OF FINANCIAL STATEMENTS PRESENTATION (CONTINUED)

2.3 Accounting standards that will become effective in the future (CONTINUED)

<b><u>Financial Reporting Standards:</u></b>	<b><u>Contents</u></b>
TFRS 2 (Revised 2015)	Share-Based Payments
TFRS 3 (Revised 2015)	Business Combinations
TFRS 4 (Revised 2015)	Insurance Contracts
TFRS 5 (Revised 2015)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 6 (Revised 2015)	Exploration for and Evaluation of Mineral Resources
TFRS 8 (Revised 2015)	Operating Segments
TFRS 10 (Revised 2015)	Consolidated Financial Statements
TFRS 11 (Revised 2015)	Joint Arrangements
TFRS 12 (Revised 2015)	Disclosure of Interests in Other Entities
TFRS 13 (Revised 2015)	Fair Value Measurement
<b><u>Accounting Standard Interpretations:</u></b>	
TSIC 10 (Revised 2015)	Government Assistance – No Specific Relation to Operating Activities
TSIC 15 (Revised 2015)	Operating Leases—Incentives
TSIC 25 (Revised 2015)	Income Taxes – Changes in the Tax Status of an Entity or its Shareholders
TSIC 27 (Revised 2015)	Evaluating the Substance of Transactions Involving the Legal Form of a Lease
TSIC 29 (Revised 2015)	Service Concession Arrangements: Disclosures
TSIC 31 (Revised 2015)	Revenue – Barter Transactions Involving Advertising Services
TSIC 32 (Revised 2015)	Intangible Assets—Web Site Costs
<b><u>Financial Reporting Standard Interpretations</u></b>	
TFRIC 1 (Revised 2015)	Changes in Existing Decommissioning, Restoration and Similar Liabilities
TFRIC 4 (Revised 2015)	Determining Whether an Arrangement Contains a Lease
TFRIC 5 (Revised 2015)	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
TFRIC 7 (Revised 2015)	Applying the Restatement Approach under TAS 29 (Revised 2015) Financial Reporting in Hyperinflationary Economies
TFRIC 10 (Revised 2015)	Interim Financial Reporting and Impairment
TFRIC 12 (Revised 2015)	Service Concession Arrangements
TFRIC 13 (Revised 2015)	Customer Loyalty Programmers

2. BASIS OF FINANCIAL STATEMENTS PRESENTATION (CONTINUED)

2.3 Accounting standards that will become effective in the future (CONTINUED)

<b><u>Financial Reporting Standard Interpretations:</u></b>	<b><u>Contents</u></b>	<b><u>Effective date</u></b>
TFRIC 14 (Revised 2015)	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	
TFRIC 15 (Revised 2015)	Agreements for the Construction of Real Estate	
TFRIC 17 (Revised 2015)	Distributions of Non – cash Assets to Owners	
TFRIC 18 (Revised 2015)	Transfers of Assets from Customers	
TFRIC 20 (Revised 2015)	Stripping Costs in the Production Phase of a Surface Mine	
TFRIC 21	Levies	

The Company's management is under assessment the impact of compliance with such TFRS.

3. ACCOUNTING POLICY

3.1 Revenue recognition

(a) Premium

Premium income is recognized on the date the insurance policy comes into effective date by after deducting premium ceded, cancelled and unearned premium reserve adjustment for insurance policies of which the coverage periods are less than 1 year. For long-term policies which the coverage periods are longer than 1 year that the related revenues and expenses are recorded as unearned and prepaid items. The Company amortizes the recognition of the unearned and prepaid items as income and expenses over the coverage period on the yearly basis.

(b) Reinsurance premium income

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

(c) Commission and brokerage fee income

Commission and brokerage fee from ceded premium are recognized as income when services have been rendered to the reinsurers.

Commission and brokerage fees from ceded premium with coverage periods longer than 1 year are recorded as unearned items and recognized as income over the coverage period.

(d) Interest income and dividends

Interest income is recognized as interest accrues based on the effective rate method. Dividends are recognized when the right to receive the dividend is established.



3. ACCOUNTING POLICY (Cont.)

3.1 Revenue recognition (Cont.)

(e) Gain (loss) on trading securities

Gain (loss) on trading securities is recognized as income or expenses on the transaction date.

(f) Other income

Other income is recognized on the accrual basis

3.2 Premium reserve

(a) Unearned premium reserve

Unearned premium reserve is set aside in compliance with the Notification of the Ministry of Commerce governing the appropriation of unearned premium reserves of non-life insurance companies as follow:-

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

(b) Unexpired risks reserve

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

The Company compares the amounts of unexpired risks reserve with unearned premium reserve, and if unexpired risks reserve is higher than unearned premium reserve, the difference is recognized as unexpired risks reserve in the financial statements.

3.3 Loss reserve and outstanding claims

The Company was recorded the outstanding claims which have been provided upon receipt of claim advices from the insured. They are recorded at the value appraised by an independent appraiser, or by the Company's officer as each case but not exceed than the maximum of sum insured of each policy.

In addition, the Company sets up provision reserve for losses incurred but not yet reported (IBNR) which calculated as based on the best estimate by Professional Actuary, the provision will be covered for all projected losses , such as losses incurred during this period , losses incurred but not reported (IBNR) and net by losses paid.

3. ACCOUNTING POLICY (Cont.)

3.4 Commissions, brokerages and other expense

Commissions and brokerages are expensed when incurred, Other expense is recognized on the accrual basis

3.5 Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and deposit at financial institutions and short-term investment with high liquidity with an original maturity of 3 months or less and not subject to withdrawal restrictions.

3.6 Premium due and uncollected

Premium due and uncollected is carried at its net realizable value. The Company sets up an allowance for doubtful accounts based on the estimated loss that may incurred in collection of receivables. The allowance is generally based on collection experiences and analysis of debtor aging and current status of the premium due as at the Statements of financial position date.

3.7 Reinsurance assets and due to reinsurers

- (a) Reinsurance assets are stated at the outstanding balance of amount 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 various other 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 receivables from reinsurers as at the end of the reporting period.

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

- (b) Amounts due from reinsurers are stated at the 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 criteria for offsetting as follows.

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

### 3. ACCOUNTING POLICY (Cont.)

#### 3.8 Investments

- (a) Investments in securities held for trading are stated at fair value. Gains or losses arising from changes in the carrying amount of securities are included in the Statements of comprehensive income.
- (b) Investments in available-for-sale securities are stated at fair value. Changes in the carrying amounts of securities are recorded as operation comprehensive income and recognized this accumulation to shareholder's equity until sold out these securities that will be record in the Statements of comprehensive income.
- (c) Investments in held-to-maturity debt securities are recorded at amortized cost. The premium/discount on debt securities is amortized by the effective rate method with the amortized amount presented as an adjustment to the interest income.
- (d) Investments in non-marketable equity securities, which the Company classifies as other investments, are stated at cost net of allowance for the diminution in value (if applicable).

The fair value of marketable securities is based on the latest bid price of the last working day of the year as quoted on the Stock Exchange of Thailand. The fair value of debt instruments are determined based on the price quoted by the Thai Bond Market Association. The fair value of unit trust is determined from their net asset value.

Loss on impairment of investments in available-for-sale securities, held-to-maturity debt securities, and other investments is included in the Statements of comprehensive income when the carrying amount exceeds its recoverable amount. the weighted average method is used for computation of the cost of investments.

In the event the Company reclassifies investments in securities, such investments are adjusted to their fair value as at the reclassification date. Differences between the carrying amount of the investments and their fair value on that date are recorded as gains (losses) in the Statements of comprehensive income, or as revaluation surplus (deficit) from change in the value of investments in shareholders' equity, depending on the type of investment which is reclassified.

3. ACCOUNTING POLICY (Cont.)

3.9 Assets held for sales

Real estates held for sales are stated at the lower of cost or net saleable value. The Company set up an allowance for impairment on such assets.

3.10 Loans and allowance for doubtful accounts.

Loans are stated at net realizable value. Allowance for doubtful accounts is provided for the estimated losses that may be incurred in collection of receivables. The allowance is generally based on collection experience, analysis of debt aging and the appraisal value of the collateral of each debtor.

3.11 Property, Plant and equipment, and depreciation

- (a) Land is stated at cost. Plant and equipment are stated at cost less accumulated depreciation and allowance for loss on impairment of assets (if applicable).
- (b) Depreciation of plant and equipment is calculated by reference to their costs on the straight-line basis over the following estimated useful lives.

Building and improvement	20	years
Fixtures and office equipment	5	years
Motor vehicles	5	years

Land and construction in progress were not depreciated.

3.12 Intangible assets and amortization

Intangible asset is stated at cost less accumulated amortization and impairment of assets (if applicable). Amortization of intangible assets is calculated by reference to their costs on a straight-line basis over the period of the lease and the expected beneficial period as follows: -

Computer software	5	years
-------------------	---	-------

### 3. ACCOUNTING POLICY (Cont.)

#### 3.13 Impairment of assets

For the date stated in Statements of financial position, The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, the Company makes an estimate of the asset's recoverable amount. Where the carrying amount of the asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses are recognized in the Statements of comprehensive income. An asset's recoverable amount is the higher of fair value less costs to sell and value in use.

#### 3.14 Income tax

Income tax consists of current income tax and deferred income tax

- (a) Current income tax is provided for in the accounts based on the taxable profits determined in accordance with tax legislation, during the reporting period and including of unpaid tax in previous year.
- (b) Deferred Tax
  - 1) Deferred income tax is calculated based on temporary differences between book value of assets and liabilities as book in the Statements of financial position compare with these taxes base of assets and liabilities. The Company will be evaluate the value of deferred tax assets and liabilities by tax rate for each period that the Company has expected to be get benefit from deferred tax assets or in each period to expected to paid for deferred tax liabilities.
  - 2) The Company recognizes deferred tax liabilities for taxable temporary differences and recognizes deferred tax assets by compare with the deductible temporary differences and tax losses carried forward. The Company recognizes deferred tax assets 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 utilized.
  - 3) At each Statements of financial position date, 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 utilized or change in tax rate.
  - 4) The Company recognizes deferred tax expenses to revenue or expense in the statements of income, except when the temporary differences relate to items under the shareholders' equity, in which case the deferred tax is directly recorded in the shareholders' equity.

### 3. ACCOUNTING POLICY (Cont.)

#### 3.15 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 associated companies and 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.

#### 3.16 Employee benefits

##### **Short-term benefit**

The Company recognizes salary, wage, bonus, contribution to social security fund and provident fund as incurred expenses.

##### **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 recognized as expenses in the year in which they are incurred.

##### **Post-employment benefits (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 Company's obligation under the defined benefit plan is using the projected unit credit method, determined by the certified actuary. Such determination is made based on various assumptions, including discount rate, future salary increase rate, staff turnover rate, mortality rate, and inflation rates

Actuarial gains and losses arising from post-employment benefits (Defined contribution plan) is recognized immediately in the other comprehensive income and recognized in the Statements of comprehensive income for Actuarial gains and losses arising from post-employment benefits (Defined benefit plan).

### 3. ACCOUNTING POLICY (Cont.)

#### 3.17 Operating lease

Leases of assets which transferring a significant portion of the risks and rewards of ownership to the lessor are classified as operating leases. Payments made under operating leases are charged as expenses under the lease term.

#### 3.18 Foreign currencies

Foreign currency transactions are translated into Baht at the exchange rates ruling on the transaction dates. Assets and liabilities denominated in foreign currency outstanding at the Statements of financial position date are translated into Baht at the exchange rates ruling on the Statements of financial position date. Gains and losses on exchange are included in the calculation of operation result.

#### 3.19 Provision, expenses and contingent assets

The Company set up the provision and expense in the financial statements when there is a legally incurred liability or certain possibility inferring from a continuing result from the past incident, which may result in the Company having to repay or compensate for the said liability and the amount to be repaid can be reliably estimated. The Company would recognize the contingent assets as separate assets when there is a supporting factor for the absolute certainty in receiving the repayment.

#### 3.20 Use of accounting estimates

Preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions in certain circumstances, affecting amounts reported in these financial statements and related notes. Actual results could differ from these estimates.

#### 3.21 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as Managing Director that makes strategic decisions.

### 3. ACCOUNTING POLICY (Cont.)

#### 3.22 Financial instruments

Financial instruments reflected in the Statements of financial position are composed of cash and cash equivalents, investments securities, uncollection premium which the specific accounting policy for each item is separately disclosed in each related caption.

#### 3.23 Earnings per share

Earnings (Loss) per share presented in the statements of income is the basic earnings (loss) per share which is determined by dividing the net profit (loss) for the year by the weighted average number of common shares issued and paid-up during the year.

### 4. Critical accounting estimates, assumptions and judgements

The preparation of financial statements in conformity with financial reporting standards at times requires management to make subjective judgements and estimates regarding matters that are inherently uncertain. These judgements and estimates affect reported amounts and disclosures; and actual results could differ from these estimates. Significant judgements and estimates are as follows:

#### 4.1 Allowance for doubtful accounts of premium due and uncollected and reinsurance assets.

In determining an allowance for doubtful accounts of premium due and uncollected and reinsurance assets, the management needs to make judgement and estimates expected loss incurred from expected uncollectible of premium due and collected and reinsurance assets.

Allowance for doubtful accounts is estimated based upon past collection history, aging profile of outstanding debts and the current status of premium due and uncollected and reinsurance assets as at the statement of financial position date. Reliability rankings, existing information of fund at the closing date and other information disclosed in public are additionally determined for reinsurance assets.

#### 4.2 Impairment of equity investments

The Company treat available-for-sale 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 judgement of the management.

#### 4.3 Property, plant and equipment / intangible assets

Management determines the estimated useful lives and residual values for the property, plant and equipment / intangible assets. Management will revise the depreciation charge where useful lives and residual values are different to previous estimates, or will write off or write down technically obsolete assets that have been abandoned or sold.



#### 4. Critical accounting estimates, assumptions and judgements (Cont.)

##### 4.3 Property, plant and equipment / intangible assets (Cont.)

In addition, the management is required to review plant 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 judgements regarding forecast of future revenues and expenses relating to the assets subject to the review.

##### 4.4 Deferred tax

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences can be utilised. The Company considers future taxable income and ongoing prudent and feasible tax planning strategies in assessing whether to recognise deferred tax assets. The Company's assumptions regarding the future profitability and the anticipated timing of utilisation of deductible temporary differences and significant changes in these assumptions from year to year may have a material impact on the Company's reported financial position and results of operations.

##### 4.5 Claims incurred but not yet reported by insured ("IBNR")

The IBNR recognised in the Statement of Financial Position is estimated based on various assumptions by using actuarial methods required by Office of Insurance Commission. The assumptions are frequently reviewed in the light of recent experience and current conditions.

##### 4.6 Employee benefits obligations

The obligation under the defined benefit plans and other long-term employee benefit plans are determined based on actuarial techniques. Such determination is made based on various assumptions, including discount rate, future salary increase rate, mortality rate and staff turnover rate.

##### 4.7 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.

##### 4.8 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 as at the end of reporting period. However, actual results could differ from the estimates

## 5. FAIR VALUE MEASUREMENT

The Company use the market approach to measure their assets and liabilities that are required to be measured at fair value by relevant financial reporting standards, except that the cost approach or income approach is used when there is no active market or when a quoted market price is not available. there is no active market or when a quoted market price is not available.

### *Fair value hierarchy*

In applying the above-mentioned valuation techniques, the Company endeavour to use relevant observable inputs as much as possible. The different levels have been defined as follows:

- Level 1 : quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2 : inputs other than quoted prices included within Level 1 that are observable for assets or liabilities, either directly or indirectly.
- Level 3 : unobservable inputs for assets or liabilities.

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

	(Unit : Baht)			
Assets	Level 1	Level 2	Level 13	Total
Investment in securities - Available-for-sale				
Government and state enterprise securities				
Equity securities	74,683,554.90	-	-	74,683,554.90
Private enterprise debt securities				
Equity securities	158,033,240.04	-	-	158,033,240.04
<b>Total assets</b>	<b>232,716,794.94</b>	<b>-</b>	<b>-</b>	<b>232,716,794.94</b>

As at December 31, 2014, the Company had the following assets that were measured at fair value using different levels of inputs as follows:

	(Unit : Baht)			
Assets	Level 1	Level 2	Level 13	Total
Investment in securities - Available-for-sale				
Government and state enterprise securities				
Equity securities	76,648,537.00	-	-	76,648,537.00
Private enterprise debt securities				
Equity securities	171,308,357.16	-	-	171,308,357.16
<b>Total assets</b>	<b>247,956,894.16</b>	<b>-</b>	<b>-</b>	<b>247,956,894.16</b>

During the current period, there were no transfers within the fair value hierarchy

6. CASH AND CASH EQUIVALENTS

	(Unit : Baht)	
	December 31, 2015	December 31, 2014
Cash	1,234,480.79	1,011,488.82
Deposits at banks with no fixed maturity date	12,187,398.31	18,871,955.55
Deposits at banks with fixed maturity date and negotiation certificate	255,266,600.00	349,930,00.00
Total cash and deposits at financial institution	268,688,479.10	369,813,444.37
Less: Other deposits at banks which maturing over 3 months	(190,336,600.00)	(285,000,000.00)
Restricted cash and deposits at banks	(64,930,000.00)	(64,930,000.00)
Cash and cash equivalents	<u>13,421,879.10</u>	<u>19,883,444.37</u>

As at December 31, 2015 and 2014, the Company pledged the deposits at bank Baht 64.93 million, as collateral as stated in note 36.

7. PREMIUM DUE AND UNCOLLECTED

As at December 31, 2015 and 2014, the Company has balances of premium due and uncollected which classified by aging from the maturity date of the premium collection as follows :

	(Unit : Baht)			
	December 31, 2015			
	Due from insured	Due from agents and brokers	Due from reinsurers	Total
Not yet due	244,397.79	17,236,991.93	797,678.15	18,279,067.87
Not over 30 days	29,190.95	287,396.07	76,034.80	392,621.82
Over 31 days to 60 days	642.21	411,260.78	81,894.45	493,797.44
Over 61 days to 90 days	463.00	1,746,477.49	-	1,746,940.49
Over 91 days to 1 year	-	490,258.99	-	490,258.99
Over 1 year	-	573,042.88	-	573,042.88
Total premium receivables	274,693.95	20,745,428.14	955,607.40	21,975,729.49
Less: Allowance for doubtful accounts	-	(1,063,301.87)	-	1,063,301.87
Total premium due and uncollected, net	<u>274,693.95</u>	<u>19,682,126.27</u>	<u>955,607.40</u>	<u>20,912,427.62</u>

7. PREMIUM DUE AND UNCOLLECTED (Cont.)

(Unit : Baht)

	December 31, 2014			Total
	Due from insured	Due from agents and brokers	Due from reinsurers	
Not yet due	473,585.60	20,721,824.54	565,395.63	21,760,805.77
Not over 30 days	16,121.72	258,805.73	59,062.40	333,989.85
Over 31 days to 60 days	11,820.30	636,590.98	60,081.55	708,492.83
Over 61 days to 90 days	-	454,603.33	-	454,603.33
Over 91 days to 1 year	-	335,207.27	-	335,207.27
Over 1 year	-	3,461,111.48	-	3,461,111.48
Total premium due and uncollected	501,527.62	25,868,143.33	684,539.58	27,054,210.53
Less: Allowance for doubtful accounts	-	(3,804,609.15)	-	(3,804,609.15)
Total premium due and uncollected, net	501,527.62	22,063,534.18	684,539.58	23,249,601.38

8. REINSURANCE ASSETS

As at December 31, 2015 and 2014, the Company has assets from reinsurance as below:

(Unit : Baht)

	December 31, 2015	December 31, 2014
Amounts due from reinsurers – net	9,235,688.24	21,093,236.15
Insurance reserve refundable from reinsurers	32,225,670.42	33,694,724.75
Reinsurance assets, net	41,461,358.66	54,787,960.90

As at December 31, 2015 and 2014, insurance reserve refundable from reinsurers includes insurance reserve refundable from reinsurers from flooding loss amounting to Baht 0.61 million and Baht 0.78 million

8. REINSURANCE ASSETS (Cont.)

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

	(Unit : Baht)	
	December 31, 2015	December 31, 2014
Within credit terms	9,234,300.42	21,060,863.56
Not over 12 months	1,387.82	1,671.68
Over 1 year to 2 years	-	25,468.88
Over 2 years	-	5,232.03
<b>Total amounts due from reinsurers</b>	<b>9,235,688.24</b>	<b>21,093,236.15</b>

9. INVESTMENT IN SECURITIES-NET

9.1 Available-for-sale investments

	2015				(Unit : Baht)
	Cost	Unrealized gain	Unrealized loss	Fair value	Percentage to total assets
Government and state enterprise securities					
Equity securities	41,030,711.00	43,236,125.00	(9,583,281.10)	74,683,554.90	9.36
<b>Total</b>	<b>41,030,711.00</b>	<b>43,236,125.00</b>	<b>(9,583,281.10)</b>	<b>74,683,554.90</b>	<b>9.36</b>
Private enterprise debt securities					
Equity securities	129,666,004.00	49,148,650.60	(20,781,414.56)	158,033,240.04	19.80
<b>Total</b>	<b>129,666,004.00</b>	<b>49,148,650.60</b>	<b>(20,781,414.56)</b>	<b>158,033,240.04</b>	<b>19.80</b>
<b>Total available-for-sale investments</b>	<b>170,696,715.00</b>	<b>92,384,775.60</b>	<b>(30,364,695.66)</b>	<b>232,716,794.94</b>	<b>29.16</b>
	2014				(Unit : Baht)
	Cost	Unrealized gain	Unrealized loss	Fair value	Percentage to total assets
Government and state enterprise securities					
Equity securities	41,030,711.00	43,640,550.00	(8,022,724.00)	76,648,537.00	9.46
<b>Total</b>	<b>41,030,711.00</b>	<b>43,640,550.00</b>	<b>(8,022,724.00)</b>	<b>76,648,537.00</b>	<b>9.46</b>
Private enterprise debt securities					
Equity securities	129,666,004.00	54,662,552.14	(13,020,198.98)	171,308,357.16	21.14
<b>Total</b>	<b>129,666,004.00</b>	<b>54,662,552.14</b>	<b>(13,020,198.98)</b>	<b>171,308,357.16</b>	<b>21.14</b>
<b>Total available-for-sale investments</b>	<b>170,696,715.00</b>	<b>98,303,102.14</b>	<b>(21,042,922.98)</b>	<b>247,956,894.16</b>	<b>30.60</b>

9. INVESTMENT IN SECURITIES (Cont.)

9.2 Held-to-maturity investments

(Unit : Baht)

	2015		2014	
	Cost/ Amortized cost	Percentage to total assets	Cost/ Amortized cost	Percentage to total assets
<b>Held-to-maturity investments</b>				
Government and state enterprise securities :-				
Saving lotteries	1,600,000.00	0.20	1,000,000.00	0.12
Bond	15,000,000.00	1.88	-	-
Debenture-convertible debenture	20,000,000.00	2.51	-	-
<b>Total</b>	<b>36,600,000.00</b>	<b>4.59</b>	<b>1,000,000.00</b>	<b>0.12</b>
Private enterprise debt securities :-				
Debenture-convertible debenture	115,000,000.00	14.41	30,000,000.00	3.70
Deposits at commercial banks	255,266,600.00	31.98	319,930,000.00	39.48
Certificates of deposit with financial institutions	-	-	30,000,000.00	3.70
<b>Total</b>	<b>370,266,600.00</b>	<b>46.39</b>	<b>379,930,000.00</b>	<b>46.88</b>
<b>Total held-to-maturity investments</b>	<b>406,866,600.00</b>	<b>50.98</b>	<b>380,930,000.00</b>	<b>47.00</b>

9.3 General investment

(Unit : Baht)

	2015		2014	
	Cost/ Amortized cost	Percentage to total assets	Cost/ Amortized cost	Percentage to total assets
General investment				
Non-marketable equity securities – local	341,060.00	0.04	341,060.00	0.04
<b>Total general investment</b>	<b>341,060.00</b>	<b>0.04</b>	<b>341,060.00</b>	<b>0.04</b>

9. INVESTMENT IN SECURITIES (Cont.)

9.4 Period to maturity

(Unit : Baht)

	2015			
	Period to maturity			
	Within 1 year	1 - 5 years	Over 5 years	Total
<b>Available-for-sale investments</b>				
Government and state enterprise securities :-				
Saving Lottery	-	1,600,000.00	-	1,600,000.00
Bond	-	10,000,000.00	5,000,000.00	15,000,000.00
Debenture-convertible debenture	-	-	20,000,000.00	20,000,000.00
<b>Total</b>	<b>-</b>	<b>11,600,000.00</b>	<b>25,000,000.00</b>	<b>36,600,000.00</b>
Private enterprise debt securities :-				
Debenture-convertible debenture	-	65,000,000.00	50,000,000.00	115,000,000.00
Deposits at commercial banks	196,266,600.00	59,000,000.00	-	255,266,600.00
<b>Total</b>	<b>196,266,600.00</b>	<b>124,000,000.00</b>	<b>50,000,000.00</b>	<b>370,266,600.00</b>
<b>Total available-for-sale investments</b>	<b>196,266,600.00</b>	<b>135,600,000.00</b>	<b>75,000,000.00</b>	<b>406,866,600.00</b>

(Unit : Baht)

	2014			
	Period to maturity			
	Within 1 year	1 - 5 years	Over 5 years	Total
<b>Available-for-sale investments</b>				
Government and state enterprise securities :-				
Saving Lottery	1,000,000.00	-	-	1,000,000.00
<b>Total</b>	<b>1,000,000.00</b>	<b>-</b>	<b>-</b>	<b>1,000,000.00</b>
Private enterprise debt securities :-				
Debenture-convertible debenture	-	15,000,000.00	15,000,000.00	30,000,000.00
Deposits at commercial banks	319,930,000.00	-	-	319,930,000.00
Certificates of deposit with financial institutions	30,000,000.00	-	-	30,000,000.00
<b>Total</b>	<b>349,930,000.00</b>	<b>15,000,000.00</b>	<b>15,000,000.00</b>	<b>379,930,000.00</b>
<b>Total available-for-sale investments</b>	<b>350,930,000.00</b>	<b>15,000,000.00</b>	<b>15,000,000.00</b>	<b>380,930,000.00</b>

9. INVESTMENT IN SECURITIES (Cont.)

Movements during the years ended 31 December 2015 and 2014 of marketable equity and debt securities and general investment securities were as follows:

	(Unit : Baht)	
	2015	2014
<b>Held to maturity securities</b>		
At January 1 - at cost net of allowance for impairment	380,930,000.00	403,930,000.00
Purchases during the year	120,936,600.00	339,930,000.00
Redemptions during the year	(95,000,000.00)	(362,930,000.00)
Sales during the year	<b>406,866,600.00</b>	<b>380,930,000.00</b>

As at December 31, 2015 and 2014, the Company pledged bank deposit Baht 64.93 million bonds and premium savings certificates in total amount of Baht 0.00 and 0.20 million, respectively as collateral as stated in note 36.

10. LOANS

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

	(Unit : Baht)						
	December 31,2015						
	Mortgage loans		Others		Total		
Outstanding period	Principal	Interest	Principal	Interest	Principal	Interest	Total
Not yet due	11,456,265.83	-	865,395.39	-	12,321,661.22	-	12,321,661.22
Total	11,456,265.83	-	865,395.39	-	12,321,661.22	-	12,321,661.22

  

	December 31,2014						
	Mortgage loans		Others		Total		
Outstanding period	Principal	Interest	Principal	Interest	Principal	Interest	Total
Not yet due	9,839,360.89	-	1,277,810.09	-	11,117,170.98	-	11,117,170.98
Total	9,839,360.89	-	1,277,810.09	-	11,117,170.98	-	11,117,170.98

10.1 The collateralized loans are loan facilities provided to employees as part of the credit welfare project for house with interest rate MLR – 1.5% to MOR - 2.0% per annum.

10.2 The collateralized loans are personal loans provided to employees as part of the benefit program with interest rate at MLR - 1.5% per annum to MOR per annum.

10.3 The collateralized loans are loan facilities provided to other person at interest rate MOR-1.5% per annum.



11. PROPERTY, PLANT AND EQUIPMENT

(Unit : Baht)

	2015				
	Land	Building	Fixture and office equipment	Vehicle	Total
Net book value					
at December 31, 2014	41,549,000.00	80,536,138.70	53,053,635.16	15,048,462.54	190,187,236.40
Additions	-	-	569,035.31	895,499.00	1,464,534.31
Disposal	-	-	-	(521,250.00)	(521,250.00)
as at December 31, 2015	<u>41,549,000.00</u>	<u>80,536,138.70</u>	<u>53,622,670.47</u>	<u>15,422,711.54</u>	<u>191,130,520.71</u>
Accumulated depreciation :					
at December 31, 2014	-	73,607,443.88	51,575,156.18	14,910,905.69	140,093,505.75
Depreciation for the year	-	2,307,917.08	555,207.59	165,500.83	3,028,625.50
Disposal	-	-	-	(521,248.00)	(521,248.00)
as at December 31, 2015	<u>-</u>	<u>75,915,360.96</u>	<u>52,130,363.77</u>	<u>14,555,158.52</u>	<u>142,600,883.25</u>
Net book value					
at December 31, 2014	<u>41,549,000.00</u>	<u>6,928,694.82</u>	<u>1,478,478.98</u>	<u>137,556.85</u>	<u>50,093,730.65</u>
at December 31, 2015	<u>41,549,000.00</u>	<u>4,620,777.74</u>	<u>1,492,306.70</u>	<u>867,554.02</u>	<u>48,529,637.46</u>
Depreciation for the year					
at December 31, 2015					3,028,625.50

As at December 31, 2015 and 2014, the Company has furniture, fixtures and office equipment at cost before deducting accumulated depreciation amount of Baht 99.65 million and Baht 95.31 million, respectively which are fully depreciated and still used in its operation.

11. PROPERTY, PLANT AND EQUIPMENT (Cont.)

(Unit : Baht)

	2014				Total
	Land	Building	Fixture and office equipment	Vehicle	
Cost					
at December 31, 2013	41,549,000.00	80,536,138.70	52,588,102.41	15,456,462.54	190,130,703.65
Additions	-	-	464,532.75	-	464,532.75
Disposal	-	-	-	(408,000.00)	(408,000.00)
as at December 31, 2014	<u>41,549,000.00</u>	<u>80,536,138.70</u>	<u>53,053,635.16</u>	<u>15,048,462.54</u>	<u>190,187,236.4</u>
Accumulated depreciation					
at December 31, 2013	-	71,299,526.80	51,061,556.73	14,510,703.27	136,872,786.80
Depreciation for the year	-	2,307,917.08	512,599.45	802,838.04	3,623,354.57
Disposal	-	-	-	(402,635.62)	(402,635.62)
as at December 31, 2014	<u>-</u>	<u>73,607,443.88</u>	<u>51,575,156.18</u>	<u>14,910,905.69</u>	<u>140,093,505.75</u>
Net book value					
at December 31, 2013	<u>41,549,000.00</u>	<u>9,236,611.90</u>	<u>1,526,545.68</u>	<u>945,759.27</u>	<u>53,257,916.85</u>
at December 31, 2014	<u>41,549,000.00</u>	<u>6,928,694.82</u>	<u>1,478,478.98</u>	<u>137,556.85</u>	<u>50,093,730.65</u>
Depreciation for the year					
at December 31, 2014					3,623,354.57

12. INTANGIBLE ASSETS

	(Unit : Baht)
	<u>Computer software</u>
Cost:	
At December 1, 2013	1,639,571.03
Additions	<u>132,500.00</u>
At December 31, 2014	1,772,071.03
Additions	<u>169,500.00</u>
At December 31, 2015	<u>1,941,571.03</u>
Accumulated amortization	
At December 31, 2013	1,439,884.00
Amortization charge	<u>127,298.63</u>
At December 31, 2014	1,567,182.63
Amortization charge	<u>137,038.55</u>
At December 31, 2015	<u>1,704,221.18</u>
Net book value:	
At 31 December 2014	<u>204,888.40</u>
At 31 December 2015	<u><u>237,349.85</u></u>
Amortization for the year 2015	137,038.55
Amortization for the year 2014	127,298.63

13. DUE TO REINSURERS

	(Unit : Baht)	
	<u>December 31, 2015</u>	<u>December 31, 2014</u>
Premium ceded payables	8,077,709.83	8,812,160.22
Amount withheld on reinsurance	<u>8,181,052.14</u>	<u>7,258,989.10</u>
Total reinsurance payables	<u><u>16,258,761.97</u></u>	<u><u>16,071,149.32</u></u>

#### 14. LOSS RESERVES AND OUTSTANDING CLAIMS

	(Unit : Baht)	
	December 31, 2015	December 31, 2014
Balance as at January 1	33,038,769.42	87,497,384.91
Loss incurred and loss adjustment expenses during the period		
- Incurred but not reported	1,072,445.83	2,683,048.95
- Outstanding claims	1,915,696.29	(9,979,881.83)
- Claim payable	46,591,303.54	53,792,649.11
Claims and loss adjustment expenses paid during the period	<u>(45,312,284.44)</u>	<u>(100,954,431.72)</u>
Ending balance	<u>37,305,930.64</u>	<u>33,038,769.42</u>
Amount of claims and loss adjustment expenses		
from reinsurance contracts	9,387,009.46	10,522,604.86

As at December 31, 2015 and 2014, the Company has loss reserve and outstanding claims that including for severe flood claim amount Baht 1.10 million and Baht 1.95 million, respectively.

#### 15. PREMIUM RESERVES

##### 15.1 Unearned premium reserve

	(Unit : Baht)	
	December 31, 2015	December 31, 2014
Balance as at January 1	132,823,863.48	114,920,732.81
Premium written for the period	245,452,101.40	270,208,813.30
Premium earned for the current period	<u>(266,201,397.53)</u>	<u>(252,305,687.63)</u>
Ending balance	<u>112,074,567.35</u>	<u>132,823,863.48</u>

##### 15.2 Unexpired risk reserve

	(Unit : Baht)	
	December 31, 2015	December 31, 2014
Balance as at January 1	41,179,727.85	38,947,744.56
Estimated claims for the period	27,879,427.82	41,180,222.75
Expired risk during the period	<u>(41,179,727.83)</u>	<u>(38,948,239.46)</u>
Ending balance	<u>27,879,427.84</u>	<u>41,179,727.85</u>

15. PREMIUM RESERVES (Cont.)

15.2 Unexpired risk reserve (Cont.)

As at December 31, 2015, the Company has not provided for unexpired risk reserve for the amount of Baht 27.88 million (in 2014, Baht 41.18 million) since unexpired risk reserve is lower than unearned premium reserve.

16. BANK OVERDRAFTS

As at December 31, 2015 and 2014, the Company has credit facilities of bank overdrafts amounting to Baht 20 million with interest rate at MOR - 3 % guaranteed by fixed deposit as disclosed in note 36.

17. OBLIGATION EMPLOYEE BENEFITS

Employee benefits expenses project as determined

(Unit : Baht)

	<u>Long term benefit</u>	
	<u>2015</u>	<u>2014</u>
Balance as at December 31		
Current service cost	491,993.00	402,456.00
Interest cost	386,245.00	415,750.00
Remeasurements of post-employment benefit obligations for the year	<u>331,649.00</u>	<u>1,641,475.00</u>
Total expenses	<u>1,209,887.00</u>	<u>2,459,681.00</u>

The statement of financial position obligation was determined as follows:

Present value of the defined benefit obligations	10,874,741.00	9,864,618.00
Unrecognized actuarial (gain) loss	<u>331,649.00</u>	<u>1,641,475.00</u>
Defined benefit obligation at end of year	<u>11,206,390.00</u>	<u>11,506,093.00</u>

Movement in the present value of the defined benefit obligations

Defined benefit obligations at January 1	11,506,093.00	9,046,412.00
Current service cost	491,993.00	402,456.00
Interest cost	386,245.00	415,750.00
Less Benefits paid	1,509,590.00	-
Remeasurements of post-employment benefit obligations for the year	<u>331,649.00</u>	<u>1,641,475.00</u>
Defined benefit obligation at December 31	<u>11,206,390.00</u>	<u>11,506,093.00</u>

17. OBLIGATION EMPLOYEE BENEFITS (Cont.)

**Actuarial assumptions to use for calculation:-**

	<u>2015</u>	<u>2014</u>
	<u>Percentage</u>	<u>Percentage</u>
Retirement age	60 Years old	60 Years old
Discount Rate	2.59	3.54
Long term salary increase	3.39	3.84
Employees turn over	0.00 – 13.00	0.00 – 20.00
Mortality Rate	TMO2008	TMO2008

Remeasurements of post-employment benefit obligations recognised in other comprehensive income arising from:

Assumptions	(Unit : Baht)
	December 31, 2015
Discount Rate	483,249.00
Long term salary increase	(233,623.00)
Employees turn over	425,945.00
Experience adjustment	(343,922.00)
<b>Total</b>	331,649.00

**Sensitivity analysis:-**

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

<b>Defined benefit obligation at 31 December 2015</b>	(Unit : Baht)	
	Increase	Decrease
Discount Rate (0.5% movement)	(282,996.00)	300,832.00
Long term salary increase (0.5% movement)	296,952.00	(282,106.00)
Employees turn over (0.5% movement)	(285,349.00)	302,653.00

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

18. OTHER LIABILITIES

	(Unit : Baht)	
	December 31, 2015	December 31, 2014
Accrued commission	3,102,469.39	3,457,784.01
Accrued expense	7,512,368.45	8,702,742.48
Others	2,931,718.87	4,096,291.64
Total	<u>13,546,556.71</u>	<u>16,256,818.13</u>

19. SHARE CAPITAL

Issued and paid-up registered share capital of the Company during the year December 31, 2015 were arisen from share dividend payment as stated in note 20 as follows.

<u>Registered share capital</u>	Number of shares	Amount (Baht)
Balance as at January 1, 2015	6,000,000	60,000,000
Increasing during the period	6,000,000	60,000,000
Balance as at December 30, 2015	<u>12,000,000</u>	<u>120,000,000</u>
<u>Issued and paid-up share capital</u>		
Balance as at January 1, 2015	6,000,000	60,000,000
Increasing by share dividend payment	6,000,000	60,000,000
Balance as at December 30, 2015	<u>12,000,000</u>	<u>120,000,000</u>

According to ordinary shareholder meeting held on April 29, 2015, the Company passed resolution to approve following significant matters.

- a. To increase the number of its registered share capital 6 million shares at par value Baht 10.00 each from previous registered share capital Baht 60 million to be Baht 120 million by making share dividend payment.
- b. To approve share dividend payment by number of ordinary share of the Company not exceeding 6 million shares at par value Baht 10.00 each to existing shareholders in the rate 1 dividend share per 1 common share, total value not exceeding Baht 60 million or equivalent to pay dividend at the rate Baht 10.00 per share.

On May 18, 2015 the Company already reported the number of ordinary share allotted as actual share dividend 6 million shares to Stock Exchange of Thailand.

## 20. DIVIDEND PAYMENT

According to the ordinary shareholders meeting held on April 29, 2015, the Company passed resolution to pay dividend from the operating result of the year 1992 till 2014, totally amounting to Baht 75 million as following details:

### 20.1 Share dividend

The Company passed the resolution to pay the stock dividend in number of 6 million shares at par value Baht 10 each to the existing shareholders in the rate 1 dividend share per 1 common share, totally amounting to Baht 60 million or equivalent to Baht 10 per share.

### 20.2 Dividend payment

The Company passed resolution to pay a cash dividend in amount of Baht 2.50 per share for 6 million shares, totally amounting to Baht 15 million.

The Company already paid such stock dividend and cash dividend on May 22, 2015.

According to the resolution of annual general shareholders' meeting for the year 2014 held on April 29 2014, The company passed resolution to pay dividend to the shareholders from result of its operation of the year 2013 at the rate Baht 1.50 per share for 6 million shares total amount of Baht 9 million. The company already paid dividend on May 23,2014

## 21. DEFERRED TAX ASSETS / LIABILITIES AND INCOME TAX

21.1 As at December 31, 2015 and 2014, the component of deferred tax assets and liabilities consist of following items.

	(Unit: Baht)	
	2015	2014
<b>Deferred tax assets</b>		
Premium reserve	388,288.24	2,349,660.36
Loss reserves and outstanding claims	2,034,804.70	1,569,621.05
Loss reserves incurred but not reported (IBNR)	2,268,450.82	2,053,961.65
Allowance for doubtful accounts	212,660.37	760,921.83
Employee benefit obligation	2,214,901.00	2,301,218.60
Total	<u>7,119,105.13</u>	<u>9,035,383.49</u>
<b>Deferred tax liabilities</b>		
Unrealized gain from investment valuation – Available for sale	12,404,015.99	15,452,035.83
Total	<u>12,404,015.99</u>	<u>15,452,035.83</u>
Deferred tax assets (liabilities) - net	<u>(5,284,910.86)</u>	<u>(6,416,652.34)</u>



21. DEFERRED TAX ASSETS / LIABILITIES AND INCOME TAX (Cont.)

21.2 Income tax for the year ended December 31,2015 and 2014 is summarized as follows

	(Unit: Baht)	
	2015	2014
<b>Current income tax:</b>		
Income tax for the year	5,458,000.29	4,558,448.95
<b>Deferred income tax:</b>		
Deferred tax from temporary difference	1,982,608.16	(166,503.64)
Income tax presented in statement of comprehensive income	<u>7,440,608.45</u>	<u>4,391,945.31</u>

The amount of income tax relating to each component of other comprehensive incomes for the year ended December 31, 2015 and 2014 are summarized as follows.

	(Unit: Baht)	
	2015	2014
Deferred tax relating to Remeasurements of post-employment benefit obligations for the year	66,329.80	328,295.00
Deferred tax relating to gain (loss) from investment valuation Available for sale	3,048,019.84	(5,858,563.74)
	<u>3,114,349.64</u>	<u>(5,530,268.74)</u>

Reconciliation amount between income tax expenses and multiplication of taxable profit and tax rate used for the year ended December 31, 2015 and 2014 are presented as follows.

	(Unit: Baht)	
	2015	2014
Profit (Loss) from accounting before income tax	<u>43,397,448.61</u>	<u>25,977,732.81</u>
Income tax rate	20%	20%
Profit(Loss) from accounting before income tax multiplied by income tax rate	8,679,489.72	5,195,546.56
Income tax adjusted of previous year		
The effect from changing income tax rate of deferred tax	-	-
The effect of income tax:		
Non taxable revenues and expenses	(1,268,903.82)	(1,433,398.58)
Undeductible expenses	30,022.55	629,797.33
Income tax presented in statement of comprehensive income	<u>7,440,608.45</u>	<u>4,391,945.31</u>

22. UNDERWRITING INFORMATION REPORT BY INSURANCE CATEGORIES

(Unit: Baht)

	For period ended December 31, 2015					
	Fire	Marine and transportation	Motor	Personal accident	Miscellaneous	Total
<b>Underwriting income</b>						
Premium written	65,219,914.25	11,245,759.47	140,064,040.20	2,375,954.86	26,546,432.62	245,452,101.40
Less: Premium ceded	22,818,873.17	5,508,335.00	6,697,204.43	184,660.45	24,714,836.82	59,923,909.87
Net premium written	42,401,041.08	5,737,424.47	133,366,835.77	2,191,294.41	1,831,595.80	185,528,191.53
Add/Less: Unearned premium reserves	(1,500,626.62)	154,850.04	21,231,065.44	(888,417.64)	(532,005.65)	18,464,865.57
Earned premium written	40,900,414.46	5,892,274.51	154,597,901.21	1,302,876.77	1,299,590.15	203,993,057.10
Fee and commissions income	7,872,168.98	2,115,293.20	1,128,643.73	57,138.08	4,540,788.99	15,714,032.98
<b>Total underwriting income</b>	<b>48,772,583.44</b>	<b>8,007,567.71</b>	<b>155,726,544.94</b>	<b>1,360,014.85</b>	<b>5,840,379.14</b>	<b>219,707,090.08</b>
<b>Underwriting expenses</b>						
Claims and losses adjustment	2,661,871.40	268,669.86	43,796,683.03	233,847.69	2,618,373.68	49,579,445.66
Commissions and brokerages	13,950,379.23	1,591,615.65	18,245,342.58	591,826.84	4,294,147.00	38,673,311.30
Other underwriting expenses	3,901,066.41	2,324,640.00	45,661,115.89	-	1,019,590.00	52,906,412.30
<b>Total underwriting expenses</b>	<b>20,513,317.04</b>	<b>4,184,925.51</b>	<b>107,703,141.50</b>	<b>825,674.53</b>	<b>7,932,110.68</b>	<b>141,159,169.26</b>
Operating expenses						52,417,491.58
<b>Total underwriting expenses</b>						<b>193,576,660.84</b>
<b>Gain (Loss) on underwriting</b>						<b>26,130,429.24</b>

22. UNDERWRITING INFORMATION REPORT BY INSURANCE CATEGORIES (Cont.)

(Unit: Baht)						
For period ended December 31, 2014						
	Fire	Marine and transportation	Motor	Personal accident	Miscellaneous	Total
<b>Underwriting income</b>						
Premium written	62,434,797.05	14,980,772.11	168,121,543.79	781,587.14	23,890,118.21	270,208,818.30
Less: Premium ceded	22,492,613.51	8,763,347.22	8,580,127.69	147,942.60	23,051,583.27	63,035,614.29
Net premium written	39,942,183.54	6,217,424.89	159,541,416.10	633,644.54	838,534.94	207,173,204.01
Add/Less: Unearned premium reserves	(2,571,396.88)	243,976.01	(15,067,647.58)	(57,576.31)	42,197.66	(17,410,447.10)
Earned premium written	37,370,786.66	6,461,400.90	144,473,768.52	576,068.23	880,732.60	189,762,756.91
Fee and commissions income	6,476,298.96	3,148,234.86	1,472,325.16	45,337.79	4,204,288.65	15,346,485.42
Total underwriting income	43,847,085.62	9,609,635.76	145,946,093.68	621,406.02	5,085,021.25	205,109,242.33
<b>Underwriting expenses</b>						
Claims and losses adjustment	5,022,563.06	1,129,531.81	40,203,730.57	110,474.07	(1,641,102.77)	44,825,196.74
Commissions and brokerages	13,207,198.11	2,068,447.58	21,734,112.10	145,035.97	3,774,186.73	40,928,980.49
Other underwriting expenses	3,784,833.98	2,273,760.00	51,002,261.84	-	1,045,345.00	58,106,200.82
Total underwriting expenses	22,014,595.15	5,471,739.39	112,940,104.51	255,510.04	3,178,428.96	143,860,378.05
Operating expenses						46,937,475.58
Total underwriting expenses						190,797,853.63
<b>Gain on underwriting</b>						14,311,388.70

23. OPERATING EXPENSES

(Unit : Baht)		
For the year ended		
	December 31, 2015	December 31, 2014
Personal expenses which are not expenses for underwriting and claims	27,821,116.96	24,611,524.96
Premises and equipment expenses which is not expenses for underwriting	12,091,563.83	11,474,646.87
Taxes and duties	1,489,000.22	1,641,703.92
Bad debts and doubtful accounts	4,110.00	3,977.19
Directors' remuneration	3,580,000.00	1,050,000.00
Other operating expenses	7,431,700.57	8,155,622.64
Total operating expenses	52,417,491.58	46,937,475.58

24. EMPLOYEE BENEFIT EXPENSE

	(Unit : Baht)	
	For the year ended	
	December 31,2015	December 31, 2014
<b>Management</b>		
Wages and salaries	10,746,900.00	12,466,850.00
Pension costs - defined contribution plans	161,100.00	187,944.00
Others	5,176,866.00	444,135.35
	<u>16,084,866.00</u>	<u>13,098,929.35</u>
<b>Other employees</b>		
Wages and salaries	19,972,426.00	21,051,767.00
Pension costs - defined contribution plans	331,418.90	349,061.41
Others	4,649,936.06	674,527.20
	<u>24,953,780.96</u>	<u>22,075,355.61</u>
Total	<u>41,038,646.96</u>	<u>35,174,284.96</u>
<b>Employee benefit expenses has been allocated to:</b>		
Other underwriting expenses	6,545,460.00	6,430,680.00
Insurance claim and loss adjustments	3,092,070.00	3,082,080.00
Operating expenses	31,401,116.96	25,661,524.96
Total	<u>41,038,646.96</u>	<u>35,174,284.96</u>

25. BENEFITS PAID TO DIRECTORS AND KEY MANAGEMENT

Directors' remuneration is benefit paid to the Company's directors in accordance with the Section 90 of the Public Company Limited Act B.E. 1992 excluded salaries and related benefits to be paid to executive directors.

Benefit expenses paid to chief executive officer, the next four executive levels immediately below that chief executive officer and all persons in positions comparable to these fourth executive levels consist of salaries, bonus, retirement benefit and meeting allowance.

Directors' remuneration and management benefit expenses for the year ended December 31, 2015 and 2014 are presented as follows.

	(Unit : Baht)	
	December 31,2015	December 31, 2014
Short-term benefits	15,478,482.00	12,407,952.35
Long-term benefits	606,384.00	690,977.00
Total	<u>16,084,866.00</u>	<u>13,098,929.35</u>

26. TAX AFFECT TO RELATE WITH EASH COMPONENT OF OTHER COMPREHENSIVE INCOME

	(Unit : Baht)		
	Amount before Tax	Benefit(Expense) Tax	Net amount from Tax
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>As at December 31, 2015</b>			
Gains on changes in values of investments	(15,240,099.22)	3,048,019.84	(12,192,079.38)
Remeasurements of post-employment benefit obligations	<u>(331,649.00)</u>	<u>66,329.80</u>	<u>(265,319.20)</u>
Total	<u><u>(15,571,748.22)</u></u>	<u><u>3,114,349.64</u></u>	<u><u>(12,457,398.58)</u></u>
<b>As at December 31, 2014</b>			
Gains on changes in values of investments	29,292,818.70	(5,858,563.74)	23,434,254.96
Remeasurements of post-employment benefit obligations	<u>(1,641,475.00)</u>	<u>328,295.00</u>	<u>(1,313,180.00)</u>
Total	<u><u>27,651,343.70</u></u>	<u><u>(5,530,268.74)</u></u>	<u><u>22,121,074.96</u></u>

27. FINANCIAL INSTRUMENTS

27.1 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 due and uncollected, reinsurance assets, due to reinsurers, investments in securities and loans. The financial risks associated with these financial instruments and risk management policy is described below.

Credit risk

Concentrations of the credit risk with respect to premiums due and uncollected 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 debts as presented in the statements of financial position.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate and the Company's cash flows will affect due to changes in market interest rate.

27. FINANCIAL INSTRUMENTS (Count.)

(Unit: Baht)

Book value as at December 31, 2015				
	Floating interest rate	Fixed interest rate	Non interest rate	Total
Deposits at financial institutions	2,880,125.42	-	9,307,272.89	12,187,398.31
Fixed deposits over 3 months	-	255,266,600.00	-	255,266,600.00
Debentures	-	135,000,000.00	-	135,000,000.00
Bond	-	15,000,000.00	-	15,000,000.00
Saving lotteries	-	1,600,000.00	-	1,600,000.00
Collateralized loans	12,321,661.22	-	-	12,321,661.22
<b>Total</b>	<b>15,201,786.64</b>	<b>406,866,600.00</b>	<b>9,307,272.89</b>	<b>431,375,659.53</b>

  

Book value as at December 31, 2014				
	Floating interest rate	Fixed interest rate	Non interest rate	Total
Deposits at financial institutions	15,280,697.37	-	3,591,258.18	18,871,955.55
Fixed deposits over 3 months	-	349,930,000.00	-	349,930,000.00
Debentures	-	30,000,000.00	-	30,000,000.00
Saving lotteries	-	1,000,000.00	-	1,000,000.00
Collateralized loans	11,117,170.98	-	-	11,117,170.98
<b>Total</b>	<b>26,397,868.35</b>	<b>380,930,000.00</b>	<b>3,591,258.18</b>	<b>410,919,126.53</b>

The financial assets that carry fixed interest rates further classified based on the maturity date, or the re-pricing date (whichever is practical) as follows :-

(Unit: Baht)

Book value as at December 31, 2015					
	Within 1 year	Over 1 to 5 years	Over 5 years	Total	Interest average
					( % per annum)
- Deposits at financial institutions					
- Investments in securities - net					
- Fixed deposits over 3 months	196,266,600.00	59,000,000.00	-	255,266,600.00	1.10 – 3.20
- Debentures	-	65,000,000.00	70,000,000.00	135,000,000.00	2.85 – 4.95
- Bond	-	10,000,000.00	5,000,000.00	15,000,000.00	4.32 – 5.00
- Saving lotteries	-	1,600,000.00	-	1,600,000.00	0.00 – 2.00
<b>Total</b>	<b>196,266,600.00</b>	<b>135,600,000.00</b>	<b>75,000,000.00</b>	<b>406,866,600.00</b>	

27. FINANCIAL INSTRUMENTS (Count.)

	Book value as at December 31, 2014				(Unit: Baht)
	Within 1 year	Over 1 to 5 years	Over 5 years	Total	Interest average ( % per annum)
- Deposits at financial institutions					
- Investments in securities - net					
- Fixed deposits over 3 months	349,930,000.00	-	-	349,930,000.00	1.30-3.60
- Debentures	-	15,000,000.00	15,000,000.00	30,000,000.00	3.85-6.50
- Saving lotteries	1,000,000.00	-	-	1,000,000.00	0.00-2.00
<b>Total</b>	<b>350,930,000.00</b>	<b>15,000,000.00</b>	<b>15,000,000.00</b>	<b>380,930,000.00</b>	

Foreign currency risk

The Company considers itself no significant foreign currency risk relating to receipts of insurance premiums and reinsurance with foreign insurance companies in foreign currencies which the Company does not buy any monetary instruments contract to prevent the foreign currency risk. However, Our management believes that the Company has not affect from the this mentioned risk as significant, due to the reinsurance traditional will be use the same foreign currencies as quote with the Insured.

27.2 Fair value

A fair value is the amount for which an asset can be exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction.

Methodology of fair value measurement depends upon characteristics of the financial instruments. For the financial instruments which are regarded as traded in an active market, fair value has been determined by the latest quoted market price. If however the appropriate quoted market price cannot be determined, the fair value is determined using an appropriate valuation technique.

27. FINANCIAL INSTRUMENTS (Cont.)

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

Investments in securities

- The fair value of listed securities is based on their quoted market prices.
- The fair value of other investment cannot be properly calculated, and therefore no disclosure is made.
- The fair values of deposits at financial institutions, bonds, debentures and notes with maturity periods of less than 90 days are based on their carrying value. For those with maturity periods longer than 90 days, fair values are estimated using a discounted cash flow method based on the current interest rate and the remaining period to maturity.

Collateralized loans

- For floating interest rate loans with no significant credit risk, fair value is based on carrying value. The fair value of fixed interest rate loans is estimated using a discounted cash flow method based on the current interest rate.

-

28. CAPITAL FUND MANAGEMENT

The primary objectives of the Company's capital fund management are to ensure that it has an appropriate financial structure, presences 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 (OIC).

29. CONTRIBUTION TO NON-LIFE GUARANTEE FUND

As at December 31, 2015 and 2014, the accumulated Contribution to Non-Life Guarantee Fund were as follows:

	Baht	
	2015	2014
Contribution to Non-Life Guarantee Fund	544,736.58	612,198.51

30. ASSETS PLEDGED WITH REGISTRAR

As at December 31, 2015 and 2014 the Company used bank deposit amount of Baht 14 million (December 31, 2014: Baht 14 million) as collateral with the registrar in accordance with the Section 19 of Insurance Act B.E. 2535. (1992).

31. ASSETS RESERVE PLEDGED WITH REGISTRAR

As at December 31, 2015 and 2014, bank deposit amount of Baht 30.00 million are used as collateral against premium reserve with the registrar



### 32. PROVIDENT FUND

The Company and its employees have jointly registered a provident fund scheme under Provident Fund Act B.E. 2530. (1987). The fund is contributed to by the Company and its employees at the equal monthly rate of 3 percent of the employees' basic salary, based on the length of employment and will be paid to the employees upon termination in accordance with the rules of the fund. The fund is managed by Kasikorn Management Company Limited. For periods ended December 31, 2015 and 2014 the Company contributed to Fund approximately Baht 0.49 million and Baht 0.54 million respectively.

### 33. LEGAL RESERVE

Under the Section 116 of the Public Companies Act B.E. 2535 (1992), the Company is required to set aside a legal reserve at least 5% of annual net profit until the cumulative reserve reaches an amount of 10% of the authorized share capital. Such legal reserve is not available for dividend distribution.

### 34. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing profit for the period attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the period. The number of ordinary shares of the prior period used for the calculation, as presented for comparative purposes, has been adjusted in proportion to the change in the number of shares as a result of the distribution of the stock dividends of 6 million shares on 22 May 2015 as stated in note 20, as if the shares comprising such stock dividends had been issued at the beginning of the earliest period reported.

	(Unit : Baht)	
	December 31, 2015	December 31, 2014
Profit for the period	35,956,840.16	21,585,787.50
Weighted average number of ordinary shares	12,000,000	12,000,000
Earnings per share	3.00	1.80

### 35. FINANCIAL INFORMATION BY SEGMENT

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 Company's operations involve the single business segment of non-life insurance, and are carried on in the single geographic area of Thailand. As a result, all of the revenues, operating profits and assets as reflected in these financial statements pertain to the aforementioned business segment and geographical area. And for the purposes of administration. The Company reported operating segments. Divided into categories of products include fire insurance, marine and transport insurance, personal accident insurance and miscellaneous insurance as segment income and profit of the Company for periods ended December 31, 2015 and 2014 are as follows.

35. FINANCIAL INFORMATION BY SEGMENT (Cont.)

(Unit: Baht)

	For year ended December 31, 2015					
	Fire	Marine and transportation	Motor	Personal accident	Miscellaneous	Total
<b>Underwriting income</b>						
Premium written	65,219,914.25	11,245,759.47	140,064,040.20	2,375,954.86	26,546,432.62	245,452,101.40
Less: Premium ceded	22,818,873.17	5,508,335.00	6,697,204.43	184,660.45	24,714,836.82	59,923,909.87
Net premium written	42,401,041.08	5,737,424.47	133,366,835.77	2,191,294.41	1,831,595.80	185,528,191.53
Add/Less: Unearned premium reserves	(1,500,626.62)	154,850.04	21,231,065.44	(888,417.64)	(532,005.65)	18,464,865.57
Earned premium written	40,900,414.46	5,892,274.51	154,597,901.21	1,302,876.77	1,299,590.15	203,993,057.10
Fee and commissions income	7,872,168.98	2,115,293.20	1,128,643.73	57,138.08	4,540,788.99	15,714,032.98
<b>Total underwriting income</b>	<b>48,772,583.44</b>	<b>8,007,567.71</b>	<b>155,726,544.94</b>	<b>1,360,014.85</b>	<b>5,840,379.14</b>	<b>219,707,090.08</b>
<b>Underwriting expenses</b>						
Claims and losses adjustment	2,661,871.40	268,669.86	43,796,683.03	233,847.69	2,618,373.68	49,579,445.66
Commissions and brokerages	13,950,379.23	1,591,615.65	18,245,342.58	591,826.84	4,294,147.00	38,673,311.30
Other underwriting expenses	3,901,066.41	2,324,640.00	45,661,115.89	-	1,019,590.00	52,906,412.30
<b>Total underwriting expenses before operating expenses</b>	<b>20,513,317.04</b>	<b>4,184,925.51</b>	<b>107,703,141.50</b>	<b>825,674.53</b>	<b>7,932,110.68</b>	<b>141,159,169.26</b>
Net investment income						52,417,491.58
<b>Total underwriting expenses</b>						<b>193,576,660.84</b>
<b>Gain from underwriting</b>						<b>26,130,429.24</b>
Net investment income						21,248,076.29
Gains on investments						-
Other income						11,668,925.45
Other expenses						(15,649,981.37)
Profit before income tax expenses						43,397,448.61
Income tax expenses						(7,440,608.45)
<b>Profit for the period</b>						<b>35,956,840.16</b>

35. FINANCIAL INFORMATION BY SEGMENT (Cont.)

(Unit: Baht)

	For year ended December 31, 2014					
	Fire	Marine and transportation	Motor	Personal accident	Miscellaneous	Total
<b>Underwriting income</b>						
Premium written	62,434,797.05	14,980,772.11	168,121,543.79	781,587.14	23,890,118.21	270,208,818.30
Less: Premium ceded	22,492,613.51	8,763,347.22	8,580,127.69	147,942.60	23,051,583.27	63,035,614.29
Net premium written	39,942,183.54	6,217,424.89	159,541,416.10	633,644.54	838,534.94	207,173,204.01
Add/Less: Unearned premium reserves	(2,571,396.88)	243,976.01	(15,067,647.58)	(57,576.31)	42,197.66	(17,410,447.10)
Earned premium written	37,370,786.66	6,461,400.90	144,473,768.52	576,068.23	880,732.60	189,762,756.91
Fee and commissions income	6,476,298.96	3,148,234.86	1,472,325.16	45,337.79	4,204,288.65	15,346,485.42
Total underwriting income	43,847,085.62	9,609,635.76	145,946,096.68	621,406.02	5,085,021.25	205,109,242.33
<b>Underwriting expenses</b>						
Claims and losses adjustment	5,022,563.06	1,129,531.81	40,203,730.57	110,474.07	(1,641,102.77)	44,825,196.74
Commissions and brokerages	13,207,198.11	2,068,447.58	21,734,112.10	145,035.97	3,774,186.73	40,928,980.49
Other underwriting expenses	3,784,833.98	2,273,760.00	51,002,261.84	-	1,045,345.00	58,106,200.82
<b>Total underwriting expenses before operating expenses</b>	22,014,595.15	5,471,739.39	112,940,104.51	255,510.04	3,178,428.96	143,860,378.05
Net investment income						46,937,475.58
<b>Total underwriting expenses</b>						190,797,853.63
<b>Gains from underwriting</b>						14,311,388.70
Net investment income						21,130,224.13
Gains on investments						1,717,794.00
Other income						7,992,689.50
Other expenses						(19,174,363.52)
Profit before income tax expenses						25,977,732.81
Income tax expenses						(4,391,945.31)
Profit for the period						21,585,787.50

### 35. FINANCIAL INFORMATION BY SEGMENT (Cont.)

The following table presents segment assets and liabilities of the Company's operating segments as at December 31, 2015 and 2014 are as follows:

(Unit: Baht)

	Fire	Marine and transportation	Motor	Personal accident	Miscellaneous	Unallocated assets	Total
<b>Assets</b>							
As at December 31, 2015	28,615,462.77	7,425,289.85	16,598,249.27	424,842.02	15,591,646.52	729,443,888.45	798,099,378.88
As at December 31, 2014	31,629,739.97	16,453,225.70	24,643,699.94	201,668.88	14,109,403.66	723,344,107.05	810,381,845.20
<b>Liabilities</b>							
As at December 31, 2015	62,147,343.69	10,192,794.05	84,800,354.76	1,459,585.88	17,611,163.84	35,136,172.33	211,347,414.55
As at December 31, 2014	59,812,575.55	11,744,298.38	103,973,658.28	401,881.53	15,823,824.09	40,373,084.62	232,129,322.45

### 36. RESTRICTED ASSETS WITH COMMITMENT

As at December 31, 2015 and 2014, the Company pledged bank deposit of Baht 64.93 million and premium saving certificate of Baht 0.00 million and 0.20 million, respectively, as collaterals follows:

(Unit: Baht)

	December 31, 2015	December 31, 2014
Bank deposit as collateral for :		
Bank overdraft	20,000,000.00	20,000,000.00
Assets pledged with registrar	14,000,000.00	14,000,000.00
Assets reserve pledged with registrar	30,000,000.00	30,000,000.00
Credit card usage	500,000.00	500,000.00
Electricity usage	430,000.00	430,000.00
Total	64,930,000.00	64,930,000.00
Premium saving certificate as collateral for :		
Court	-	200,000.00
Total	-	200,000.00

### 37. CONTINGENT LIABILITIES AND COMMITMENT

#### **Litigation**

As at December 31, 2015 and 2014, the Company was sued from act as insurer with the prosecution value of Baht 2.72 million and 1.52 million, respectively. However, the Company's contingent liabilities from prosecution cases in the value not more than the policy custody amount of Baht 2.52 million and 0.32 million, respectively. Those prosecution cases have been incompletely considered and the Company expects to win the mostly cases. Nevertheless, the Company recorded the provision for contingent loss amount of Baht 0.39 million and 0.02 million, respectively in the financial statements.

#### **Guarantees**

As at December 31, 2015 and 2014 the Company has the unused letter of guarantee issued by bank in the name of the Company for the amount of Baht 0.93 million relating to guarantee for electricity usage.

### 38. EVENTS AFTER THE REPORTING PERIOD

According to the Board of Director meeting held on February 17, 2016, the Company passes resolution to pay dividend to shareholders from operating performance of the year 2015 at the rate Baht 2.00 per share total amount of Baht 24 million.

### 39. APPROVAL OF THE FINANCIAL STATEMENTS

These financial statements have been approved for issuance by CHARAN INSURANCE PUBLIC COMPANY LIMITED's authorized directors on February 17, 2016.