

CHARAN INSURANCE PUBLIC COMPANY LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2019

		<i>(Unit : Baht)</i>	
	<i>Note</i>	December 31, 2019	December 31, 2018
<b>ASSETS</b>			
Cash and cash equivalents	6	53,022,357.90	11,875,195.93
Premium due and uncollected	7	30,325,742.29	28,984,979.72
Accrued investment income		2,892,958.31	3,297,036.40
Reinsurance assets	8	36,760,390.42	25,020,734.59
Reinsurance receivables	9	26,400,176.00	8,902,865.15
Investment properties			
Investments in securities	10	668,653,258.22	649,707,448.06
Loans	11	7,281,766.56	8,547,552.64
Property, plant and equipment	12	42,872,766.09	43,453,740.05
Other intangible assets	13	12,449.48	56,149.85
Deferred tax assets	14	18,669,962.34	11,952,510.79
Other assets	15	13,458,522.12	7,707,311.34
<b>TOTAL ASSETS</b>		<b>900,350,349.73</b>	<b>799,505,524.52</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, 2019

		(Unit : Baht)	
	Note	December 31, 2019	December 31, 2018
LIABILITIES AND OWNERS' EQUITY			
Insurance contract liabilities	16	275,357,807.42	154,119,404.80
Due to reinsurers	17	20,985,069.98	19,877,969.60
Income tax payables		-	1,071,302.42
Employee benefit obligations	19	13,294,767.00	8,766,376.00
Deferred tax liabilities	14	9,294,522.24	11,934,534.61
Others liabilities			
Unearned revenue		12,625,471.50	11,083,803.28
Others	20	40,230,786.39	16,145,103.98
TOTAL LIABILITIES		371,788,424.53	222,998,494.69

*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, 2019

		(Unit : Baht)	
	Note	December 31, 2019	December 31, 2018
LIABILITIES AND OWNERS' EQUITY			
Owners' equity			
Share capital			
Registered capital			
12,000,000 ordinary shares of Baht 10.00 each		120,000,000.00	120,000,000.00
Issued and paid-up share capital			
12,000,000 ordinary shares of Baht 10.00 each		120,000,000.00	120,000,000.00
Premium on share capital		258,000,000.00	258,000,000.00
Retained earnings			
Appropriated			
Statutory reserve		12,000,000.00	12,000,000.00
Unappropriated		101,383,836.22	138,768,891.38
Other components of equity		37,178,088.98	47,738,138.45
TOTAL OWNERS' EQUITY		528,561,925.20	576,507,029.83
TOTAL LIABILITIES AND OWNERS' EQUITY		900,350,349.73	799,505,524.52

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

CHARAN INSURANCE PUBLIC COMPANY LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31, 2019

		(Unit : Baht)	
	<i>Note</i>	2019	2018
Revenues			
Premium written		414,856,166.34	188,682,947.33
Less: Premium ceded		(59,428,962.34)	(32,828,789.65)
Net Premium written		355,427,204.00	155,854,157.68
Add/Less: Unearned premium reserves from prior period		(82,691,552.11)	927,481.82
Net Premiums earned	34	272,735,651.89	156,781,639.50
Fee and commission income	34	16,968,755.35	11,645,834.17
Income on investments - net	34	20,103,427.22	20,194,324.80
Gain on investment		17,204,980.00	-
Other income		16,655,732.69	7,509,672.17
Total revenues		343,668,547.15	196,131,470.64
Expenses			
Gross benefits and claims		168,448,154.99	73,975,799.22
Less: claims recovered from reinsurers		(46,184,375.67)	(10,142,608.09)
Insurance claims and loss adjustment expenses	34	122,263,779.32	63,833,191.13
Commissions and brokerages	34	54,185,607.45	29,767,197.70
Other underwriting expenses	34	158,677,013.14	53,543,889.66
Operating expenses	22	46,227,005.95	43,297,273.70
Total expenses		381,353,405.86	190,441,552.19
Profit (loss) before income tax		(37,684,858.71)	5,689,918.45
Tax income	14.2	6,633,921.95	509,628.78
Profit (loss) for the year		(31,050,936.76)	6,199,547.23

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

CHARAN INSURANCE PUBLIC COMPANY LIMITED  
STATEMENT OF COMPREHENSIVE INCOME (CONT.)  
FOR THE YEAR ENDED DECEMBER 31, 2019

		(Unit : Baht)	
	<i>Note</i>	2019	2018
Other comprehensive income (expenses)			
<u>Items that will not be reclassified subsequently to profit or loss</u>			
Remeasurements of post-employment benefit obligations		(417,648.00)	700,938.00
Income tax relating to other comprehensive income	14.3	83,529.60	(140,187.60)
Remeasurements of post-employment benefit obligations - net of tax		(334,118.40)	560,750.40
<u>Items that will be reclassified subsequently to profit or loss</u>			
Fair value changes on available-for-sale investments		(13,200,061.84)	(25,380,627.11)
Income tax relating to component of other comprehensive income	14.3	2,640,012.37	5,076,125.42
Other comprehensive income (expenses) for the year, net of tax		(10,560,049.47)	(20,304,501.69)
Other comprehensive income (expenses) for the years, net of tax		(10,894,167.87)	(19,743,751.29)
Total comprehensive income (expenses) for the years		(41,945,104.63)	(13,544,204.06)
Earnings per share			
Basic earning (loss) per share		(2.59)	0.52
Number of ordinary shares		12,000,000	12,000,000

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

CHARAN INSURANCE PUBLIC COMPANY LIMITED

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2019

		<i>(Unit : Baht)</i>
	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Net direct premium written	411,231,156.62	183253992.8
Cash paid for reinsurance	(56,792,779.03)	(25,855,300.12)
Interest income	13766717.81	10791103.56
Dividend	6993223.15	8824265.6
Other income	16655732.69	7509672.17
Losses incurred of direct insurance	(112,614,062.96)	(46,263,375.91)
Commissions and brokerages	(37,263,364.26)	(18,000,399.36)
Other underwriting expenses	(158,677,013.14)	(53,543,889.66)
Operating expenses	(20,271,535.62)	(43,711,574.77)
Tax expense	(2,078,555.45)	(2,115,056.32)
Investments in securities	(14,940,892.00)	(38,000,000.00)
Collateralized loans	1265786.08	1630377.56
NET CASH PROVIDED BY (USE IN) OPERATING ACTIVITIES	47,274,413.89	(15,480,184.45)

*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 YEAR ENDED DECEMBER 31, 2019

		<i>(Unit : Baht)</i>
	2019	2018
Cash flows used in		
Equipment	(127,251.92)	(194,430.84)
NET CASH USED IN INVESTING ACTIVITIES	(127,251.92)	(194,430.84)
NET CASH USED IN INVESTING ACTIVITIES	(127,251.92)	(194,430.84)
NET CASH USED IN FINANCING ACTIVITIES		
Dividend	(6,000,000.00)	(12,000,000.00)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	41,147,161.97	(27,674,615.29)
CASH AND CASH EQUIVALENTS AS AT THE BEGINNING OF THE YEAR	11875195.93	39549811.22
CASH AND CASH EQUIVALENTS AS AT THE END OF THE YEAR	53022357.9	11875195.93

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

CHARAN INSURANCE PUBLIC COMPANY LIMITED

STATEMENTS OF CHANGES IN OWNERS' EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2019

(Unit : Baht)

		Retained earnings (deficit)			Other component of		
				Appropriated	Unappropriated	Fair value	
		Share capital	Premium on	Statutory		changes on available	
	Note	Issued and fully paid	share capital	reserve		for sale investments	
						Total	
Balance as at December 31,2017		120,000,000.00	258,000,000.00	12,000,000.00	144,008,593.75	68,042,640.14	602,051,233.89
Profit for the years		-	-	-	6,199,547.23	-	6,199,547.23
Other comprehensive income (expenses) for the year		-	-	-	560,750.40	(20,304,501.69)	(19,743,751.29)
Dividend	21	-	-	-	(12,000,000.00)	-	(12,000,000.00)
Balance as at December 31,2018		120,000,000.00	258,000,000.00	12,000,000.00	138,768,891.38	47,738,138.45	576,507,029.83
Loss for the years		-	-	-	(31,050,936.76)	-	(31,050,936.76)
Other comprehensive income (expenses) for the year		-	-	-	(334,118.40)	(10,560,049.47)	(10,894,167.87)
Dividend	21	-	-	-	(6,000,000.00)	-	(6,000,000.00)
Balance as at December 31,2019		120,000,000.00	258,000,000.00	12,000,000.00	101,383,836.22	37,178,088.98	528,561,925.20

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



CHARAN INSURANCE PUBLIC COMPANY LIMITED

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2019

1. GENERAL INFORMATION

CHARAN INSURANCE PUBLIC COMPANY LIMITED (“the Company”) was incorporated as a public limited company on March 15, 1994, Registration No. BorMorJor. 0107537000807. The Company has its registered head office at 408/1 Ratchadapisak Road, Samsennok, Huaykwang, Bangkok. The Company’s principal activity is the provision of non - life insurance.

2. BASIS FOR THE PREPARATION OF INTERIM FINANCIAL STATEMENTS

2.1 Preparation of financial statements

The financial statements have been prepared in Conformity 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 guidelines prescribed by the Office of Insurance Commission (“OIC”), regarding criteria, procedures, conditions and terms for preparation and submission of financial statements and operating performance reports of non-life insurance companies B.E. 2559 dated 4 March 2016.

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. BASIS FOR THE PREPARATION OF INTERIM FINANCIAL STATEMENTS (Cont.)

### 2.2 Financial reporting standards that became effective in the current year

During the year, the Company has adopted the revised (revised 2018) and new financial reporting standards and interpretations which are effective for fiscal years beginning on or after 1 January 2019. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards. The adoption of these financial reporting standards does not have any significant impact on the Company's and its subsidiaries' financial statements. However, the new standard involves changes to key principles, which are summarized below:

#### **TFRS 15 Revenue from Contracts with Customers**

TFRS 15 supersedes the following accounting standards together with related interpretations.

##### **Thai Accounting Standards**

TAS 11 (Revised 2017)      Construction contracts

TAS 18 (Revised 2017)      Revenue

##### **Thai Standing Interpretations Committee**

TSIC 31 (Revised 2017)      Revenue - Barter Transactions Involving Advertising Services

##### **Thai Financial Reporting Standards Interpretations**

TFRIC 13 (Revised 2017)      Customer Loyalty Programmes

TFRIC 15 (Revised 2017)      Agreements for the Construction of Real Estate

TFRIC 18 (Revised 2017)      Transfers of Assets from Customers

Entities are to apply this standard to all contracts with customers unless those contracts fall within the scope of other standards. The standard establishes a five-step model to account for revenue arising from contracts with customers, with revenue being recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model.

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

## 2. BASIS FOR THE PREPARATION OF INTERIM FINANCIAL STATEMENTS (Cont.)

### 2.2 Financial reporting standards that became effective in the current year (Cont.)

#### **TFRS 4 (revised 2018) Insurance contracts**

This standard provides an additional option to insurers that meet certain criteria stipulated in the standard, whereby they can be temporarily exempted from adoption of certain measures under TFRS 9 Financial Instruments and TFRS 7 Financial Instruments: Disclosures, which applicable for the financial reporting period beginning in or after 1 January 2020, and can instead adopt the Thai Accounting Guidance applicable for insurance business related to financial instruments and disclosures for the financial reporting period beginning before 1 January 2022 or before the effective date of TFRS 17 Insurance Contracts (when issued).

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

### **2.3 Financial reporting standards that became effective for fiscal years beginning on or after 1 January 2020**

The Federation of Accounting Professions issued a number of new and revised financial reporting standards and interpretations, which are effective for fiscal years beginning on or after 1 January 2020. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards except the following new standards which involve changes to key principles, which are summarized below.

#### **Financial reporting standards related to financial instruments**

A set of TFRSs related to financial instruments consists of five accounting standards and interpretations, as follows:

##### **Thai Financial Reporting Standards**

TFRS 7	Financial Instruments: Disclosures
TFRS 9	Financial Instruments

##### **Thai Accounting Standards**

TAS 32	Financial Instruments: Presentation
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##### **Thai Financial Reporting Standards Interpretations**

TFRIC 16	Hedges of a Net Investments in a Foreign Operation
TFRIC 19	Extinguishing Financial Liabilities with Equity Instruments

## 2. BASIS FOR THE PREPARATION OF INTERIM FINANCIAL STATEMENTS (Cont.)

### 2.3 Financial reporting standards that became effective for fiscal years beginning on or after 1 January 2020 (Cont.)

These TFRSs related to financial instruments make stipulations relating to the classification of financial instruments and their measurement at fair value or amortized cost (taking into account the type of instrument, the characteristics of the contractual cash flows and the Company's business model), calculation of impairment using the expected credit loss method, and hedge accounting. These include stipulations regarding the presentation and disclosure of financial instruments. When the TFRSs related to financial instruments are effective, some accounting standards, interpretations and guidance which are currently effective will be cancelled.

#### **Thai Accounting Guidance related to financial instruments and disclosures applicable to insurance business**

Thai Accounting Guidance related to financial instruments and disclosures applicable to insurance business was issued to comply with TFRS 4 (revised 2018) Insurance contracts, which allows insurers who meet certain criteria stipulated in TFRS 4 to delay adoption of TFRS 9 Financial Instruments and TFRS 7 Financial Instruments: Disclosures, which are applicable for the financial reporting period beginning on or after 1 January 2020, and to adopt the Thai Accounting Guidance related to financial instruments and disclosures applicable to insurance business instead.

This accounting guidance has some differences from TFRS 9, with the significant differences being as described below.

- Classification and measurement of financial assets: These are to be classified as trading securities, available-for-sale securities, held to maturity debt securities, and loans and receivables, with no requirement to take into account the assessment of the Company's business model and the characteristics of the contractual cash flows.
- Loss on impairment, gain or loss on derecognition, and gain and loss on fair value hedges for available-for-sale equity securities items are to be recognized in profit or loss.
- The embedded derivatives in financial assets that are hybrid contracts are to be separated from host contract if they meet all criteria for separation.

In addition, the accounting guidance has some differences from TFRS 7 with respect to disclosures.

## 2. BASIS FOR THE PREPARATION OF INTERIM FINANCIAL STATEMENTS (Cont.)

### 2.3 Financial reporting standards that became effective for fiscal years beginning on or after 1 January 2020 (Cont.)

The Company's management decided to adopt Thai Accounting Guidance related to financial instruments and disclosures applicable to insurance business after deciding that the Company meets the criteria stipulated in TFRS 4 Insurance contracts, making it eligible to adopt the Thai Accounting Guidance, and that adopting this Thai Accounting Guidance is more appropriate in the current situation.

The Company's management expects the adoption of this Thai Accounting Guidance to financial instruments and disclosures applicable to insurance business, to result in the following adjustments.

- Classification and measurement of investments in equity instruments of non-listed companies - The Company is to measure investment in equity instruments of non-listed company at fair value and to classify the investments as financial asset at fair value through other comprehensive income.
- Recognition of credit losses - The Company is to recognize an allowance for expected credit losses on its financial assets, and it is no longer necessary for a credit-impaired event to have occurred.

The management of the Company is currently evaluating the impact of this Thai Accounting Guidance to Financial instruments and disclosures applicable to insurance business on the financial statements in the year when it is adopted.

#### **TFRS 16 Leases**

TFRS 16 supersedes TAS 17 Leases together with related Interpretations. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases, and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is low value.

Accounting by lessors under TFRS 16 is substantially unchanged from TAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles to those used under TAS 17.

The Company plans to adopt TFRS 16 using the modified retrospective method of adoption of which the cumulative effect is recognized as an adjustment to the retained earnings as at 1 January 2020, and the comparative information was not restated.

The management of the Company is currently evaluating the impact of this standard on the financial statements in the year when it is adopted.

### 3. ACCOUNTING POLICY

#### 3.1 Product classification

The company classifies the insurance contract and reinsurance contract based on the nature of the contract. An insurance contract is one under which the insurer has accepted significant insurance risk from another party by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder. Determination of whether a significant insurance risk has been accepted is based on comparison of the amount of benefit payable under the contract if an insured event occurs with the payment obligation if the insured event does not occur. If a contract does not meet these criteria, the Company classifies it as an investment contract. Investment contracts are insurance contracts in legal form that transfer significant financial risk but not significant insurance risk. Financial risk is the risk of a possible future change in interest rate, foreign exchange rate and index of price or rates.

The Company classifies contracts based on an assessment of the insurance risk at an inception of contract on a contract-by-contract basis. Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its lifetime, unless all rights and obligations are extinguished or expire. If any contract is previously classified as investment contracts at an inception date, it can, however, be reclassified as insurance contracts after inception if insurance risk becomes significant.

#### 3.2 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.

### 3. ACCOUNTING POLICY (Cont.)

#### 3.2 Revenue recognition

(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.

(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

#### 3.3 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. ACCOUNTING POLICY (Cont.)

#### 3.4 Loss reserve and outstanding claims

The Company 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.

#### 3.5 Commissions, brokerages and other expense

Commissions and brokerages are recognized as expended as incurred, Other expense is recognized on the accrual basis

#### 3.6 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.

#### 3.7 Premium due and uncollected

Premium due and uncollected from direct 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.

#### 3.8 Reinsurance assets

Reinsurance assets are stated at the amounts of 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.



### 3. ACCOUNTING POLICY (Cont.)

#### 3.9 Reinsurance receivables and due to reinsurers

- (a) Reinsurance receivables 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 receivables, 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.

- (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 receivables 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.

#### 3.10 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 owners' equity until sold out these securities that will be record in the profit or loss.
- (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.

### 3. ACCOUNTING POLICY (Cont.)

#### 3.10 Investments

- (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 owners' equity, depending on the type of investment which is reclassified.

#### 3.11 Assets held for sales

Immovable properties 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.

#### 3.12 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) ACCOUNTING POLICY (Cont.)

#### 3.13 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.

#### 3.14 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
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#### 3.15 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. ACCOUNTING POLICY (Cont.)

#### 3.16 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 owners' equity, in which case the deferred tax is directly recorded in the owners' equity.

#### 3.17 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. ACCOUNTING POLICY (Cont.)

#### 3.18 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).

#### 3.19 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.

#### 3.20 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. ACCOUNTING POLICY (Cont.)

#### 3.21 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.

#### 3.22 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.

#### 3.23 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.

#### 3.24 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.

#### 3.25 Basic earnings per share

Basic 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.

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

4.4 Deferred tax

Deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences can be utilized. The Company considers future taxable income and ongoing prudent and feasible tax planning strategies in assessing whether to recognize deferred tax assets. The Company's assumptions regarding the future profitability and the anticipated timing of utilization 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 recognized 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. The Company used an appropriate measurement such as the present value determination of cash flows etc.

### 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.

## 5. FAIR VALUE MEASUREMENT (Cont.)

As at 31 December 2019 and 2018, the Company had assets and liabilities that were measured at fair value or disclosed at fair value using different levels of inputs as follows:

(Unit: Baht)

	2019				
	Carrying	Fair values			
	values	Level 1	Level 2	Level 3	Total
<b><u>Assets measured at fair value</u></b>					
Available-for-sale investments					
Equity securities	210,782,198.22	210,782,198.22	-	-	210,782,198.22
<b><u>Assets for which fair value are disclosed</u></b>					
Cash and cash equivalents	53,022,357.90	53,022,357.90	-	-	53,022,357.90
Premium receivables	30,325,742.29	-	-	30,325,742.29	30,325,742.29
Reinsurance assets – claim reserves					
refundable from reinsurers	10,356,939.23	-	-	10,356,939.23	10,356,939.23
Reinsurance receivables	26,400,176.00	-	-	26,400,176.00	26,400,176.00
Held to maturity investments					
Government and state enterprise securities	16,600,000.00	-	-	16,600,000.00	16,600,000.00
Private sector debt securities	306,000,000.00	-	312,818,487.49	-	312,818,487.49
Deposits at financial institutions which matured over 3 months	134,930,000.00	134,930,000.00	-	-	134,930,000.00
General investments	341,060.00	-	-	24,112,077.94	24,112,077.94
Loans	7,281,766.56	-	-	7,281,766.56	7,281,766.56
<b><u>Liabilities which fair value are disclosed</u></b>					
Insurance contract liabilities - claim reserves	85,105,272.39	-	-	85,105,272.39	85,105,272.39
Amounts due to reinsurances	20,985,069.98	-	-	20,985,069.98	20,985,069.98

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

5. FAIR VALUE MEASUREMENT (Cont.)

(Unit: Baht)

	2018				
	Carrying	Fair values			
	values	Level 1	Level 2	Level 3	Total
<b><u>Assets measured at fair value</u></b>					
Available-for-sale investments					
Equity securities	229,836,388.06	229,836,388.06	-	-	229,836,388.06
<b><u>Assets for which fair value are disclosed</u></b>					
Cash and cash equivalents	11,875,195.93	11,875,195.93	-	-	11,875,195.93
Premium receivables	28,984,979.72	-	-	28,984,979.72	28,984,979.72
Reinsurance assets – claim reserves					
refundable from reinsurers	7,941,522.82	-	-	7,941,522.82	7,941,522.82
Reinsurance receivables	8,902,865.15	-	-	8,902,865.15	8,902,865.15
Held to maturity investments					
Government and state enterprise securities	16,600,000.00	-	-	16,749,583.20	16,749,583.20
Private sector debt securities	233,000,000.00	-	236,683,075.49	-	236,683,075.49
Deposits at financial institutions which matured over 3 months	169,930,000.00	169,930,000.00	-	-	169,930,000.00
General investments	341,060.00	-	-	22,998,812.04	22,998,812.04
Loans	8,547,552.64	-	-	8,547,552.64	8,547,552.64
<b><u>Liabilities which fair value are disclosed</u></b>					
Insurance contract liabilities - claim reserves	55,882,661.30	-	-	55,882,661.30	55,882,661.30
Amounts due to reinsurances	19,877,969.60	-	-	19,877,969.60	19,877,969.60

6. CASH AND CASH EQUIVALENTS

(Unit : Baht)

	December 31, 2019	December 31, 2018
Cash	859,473.58	748,116.25
Deposits at banks with no fixed maturity date	32,162,884.32	11,127,079.68
Deposits at banks with fixed maturity date	20,000,000.00	-
Cash and cash equivalents	53,022,357.90	11,875,195.93

## 7. PREMIUM DUE AND UNCOLLECTED

As at December 31, 2019 and 2018, the Company has balances of premium due and uncollected which classified by aging from the maturity date under the stipulated law of the premium collection as follows:

(Unit : Baht)

	December 31, 2019			December 31, 2018		
	Due from insured	Due from agents and brokers	Total	Due from insured	Due from agents and brokers	Total
Not yet due	1,741,035.77	23,712,498.92	25,453,534.69	1,491,626.66	21,414,787.92	22,906,414.58
Not over 30 days	5,893.03	3,299,329.62	3,305,222.65	65,382.38	3,900,605.76	3,965,988.14
Over 30 days to 60 days	-	1,113,565.12	1,113,565.12	-	1,859,639.42	1,859,639.42
Over 60 days to 90 days	(919.13)	454,338.96	453,419.83	-	252,937.58	252,937.58
Over 90 days	-	967,221.39	967,221.39	-	758,616.25	758,616.25
Total premium receivables	1,746,009.67	29,546,954.01	31,292,963.68	1,557,009.04	28,186,586.93	29,743,595.97
Less: Allowance for doubtful accounts	-	(967,221.39)	(967,221.39)	-	(758,616.25)	(758,616.25)
Total premium due and uncollected, net	1,746,009.67	28,579,732.62	30,325,742.29	1,557,009.04	27,427,970.68	28,984,979.72

## 8. REINSURANCE ASSETS

As at December 31, 2019 and 2018, the Company has reinsurance assets as below:

(Unit : Baht)

	December 31, 2019	December 31, 2018
<u>Insurance recovered from reinsurers</u>		
Loss reserves	10,356,939.23	7,941,522.82
Unearned premium reserves (UPR)	26,403,451.19	17,079,211.77
Total	36,760,390.42	25,020,734.59

9. REINSURANCE RECEIVABLES

As at December 31, 2019 and 2018, the Company has reinsurance receivables as below:

	(Unit : Baht)	
	December 31, 2019	December 31, 2018
Amounts due from reinsurers	26,400,176.00	8,902,865.15
Total	26,400,176.00	8,902,865.15

As at December 31, 2019 and 2018, balances of amounts due from reinsurers are classified by aging as follows:

	(Unit : Baht)	
	December 31, 2019	December 31, 2018
Within credit terms	26,248,816.18	8,806,608.01
Not over 12 months	151,359.82	96,257.14
Total	26,400,176.00	8,902,865.15

## 10. INVESTMENT IN SECURITIES

### 10.1 Classified by type of investments

(Unit: Baht)

	31 December 2019		31 December 2018	
	Cost/		Cost/	
	Amortised cost	Fair value	Amortised cost	Fair value
<b>Available-for-sale investments</b>				
Equity securities	164,309,587.00	210,782,198.22	170,163,715.00	229,836,388.06
Total	164,309,587.00	210,782,198.22	170,163,715.00	229,836,388.06
Unrealized gain (loss)	46,472,611.22	-	59,672,673.06	-
Available-for-sale investments - net	210,782,198.22	210,782,198.22	229,836,388.06	229,836,388.06
<b>Held-to-maturity investments</b>				
Government and state enterprise securities	16,600,000.00		16,600,000.00	
Private sector debt securities	306,000,000.00		233,000,000.00	
Deposits at financial institutions which matured over 3 months	134,930,000.00		169,930,000.00	
Held-to-maturity investments - net	457,530,000.00		419,530,000.00	
<b>General investments</b>				
Equity securities	341,060.00		341,060.00	
General investments - net	341,060.00		341,060.00	
Investments in securities - net	668,653,258.22		649,707,448.06	

10. INVESTMENT IN SECURITIES (Cont.)

10.2 Period to maturity

(Unit : Baht)

December 31, 2019				
Period to maturity				
	Within 1 year	1 - 5 years	Over 5 years	Total
<b>Available-for-sale investments</b>				
Government and state enterprise securities	10,000,000.00	1,600,000.00	5,000,000.00	16,600,000.00
Private sector debt securities	48,000,000.00	218,000,000.00	40,000,000.00	306,000,000.00
Deposits at financial institutions which matured over 3 months	120,930,000.00	14,000,000.00	-	134,930,000.00
<b>Total available-for-sale investments</b>	<b>178,930,000.00</b>	<b>233,600,000.00</b>	<b>45,000,000.00</b>	<b>457,530,000.00</b>

(Unit : Baht)

December 31, 2018				
Period to maturity				
	Within 1 year	1 - 5 years	Over 5 years	Total
<b>Available-for-sale investments</b>				
Government and state enterprise securities	-	11,600,000.00	5,000,000.00	16,600,000.00
Private sector debt securities	52,000,000.00	104,000,000.00	77,000,000.00	233,000,000.00
Deposits at financial institutions which matured over 3 months	169,930,000.00	-	-	169,930,000.00
<b>Total available-for-sale investments</b>	<b>221,930,000.00</b>	<b>115,600,000.00</b>	<b>82,000,000.00</b>	<b>419,530,000.00</b>

10.3 Investments subject to restriction

As at December 31, 2019 and 2018, the Company pledged bank deposit Baht 89.93 million and Baht 54.93 million, respectively as collateral as stated in note 35.

## 11. LOANS

As at December 31, 2019 and 2018, loans and accrued interest aged by principal and accrued interest are as follows:

		(Unit : Baht)					
		December 31, 2019					
	Mortgage loans		Others		Total		
	Principal	Interest	Principal	Interest	Principal	Interest	
Not yet due	7,026,491.11	-	255,275.45	-	7,281,766.56	-	7,281,766.56
Total	7,026,491.11	-	255,275.45	-	7,281,766.56	-	7,281,766.56
		December 31, 2018					
	Mortgage loans		Others		Total		
	Principal	Interest	Principal	Interest	Principal	Interest	
Not yet due	8,173,894.91	-	373,657.73	-	8,547,552.64	-	8,547,552.64
Total	8,173,894.91	-	373,657.73	-	8,547,552.64	-	8,547,552.64

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

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

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



## 12. PROPERTY, PLANT AND EQUIPMENT

(Unit : Baht)

	December 31, 2019				
	Land	Building	Fixture and office equipment	Vehicle	Total
Cost :					
At December 31, 2018	41,549,000.00	80,536,138.70	4,477,293.76	14,608,961.54	141,171,394.00
Additions	-	-	128,154.76	-	128,154.76
Disposal	-	-	(134,771.95)	(1,068,867.23)	(1,203,639.18)
At December 31, 2019	41,549,000.00	80,536,138.70	4,470,676.57	13,540,094.31	140,095,909.58
Accumulated depreciation :					
At December 31, 2018	-	80,054,318.78	3,384,625.83	14,278,709.34	97,717,653.95
Depreciation for the year	-	78,685.63	450,440.63	179,099.62	708,225.88
Disposal	-	-	(133,873.11)	(1,068,863.23)	(1,202,736.34)
At December 31, 2019	-	80,133,004.41	3,701,193.35	13,388,945.73	97,223,143.49
Net book value :					
At December 31, 2018	41,549,000.00	481,819.92	1,092,667.93	330,252.20	43,453,740.05
At December 31, 2019	41,549,000.00	403,134.29	769,483.22	151,148.58	42,872,766.09
Depreciation for the year :					
At December 31, 2019					708,225.88

12. PROPERTY, PLANT AND EQUIPMENT (Cont.)

(Unit : Baht)

	December 31, 2018				
	Land	Building	Fixture and office equipment	Vehicle	Total
Cost :					
At December 31, 2017	41,549,000.00	80,536,138.70	53,972,158.10	14,608,961.54	190,666,258.34
Additions	-	-	194,530.84	-	194,530.84
Disposal	-	-	(49,689,395.18)	-	(49,689,395.18)
At December 31, 2018	41,549,000.00	80,536,138.70	4,477,293.76	14,608,961.54	141,171,394.00
Accumulated depreciation :					
At December 31, 2017	-	79,975,633.15	52,530,194.59	14,099,609.72	146,605,437.46
Depreciation for the year	-	78,685.63	543,726.42	179,099.62	801,511.67
Disposal	-	-	(49,689,295.18)	-	(49,689,295.18)
At December 31, 2018	-	80,054,318.78	3,384,625.83	14,278,709.34	97,717,653.95
Net book value :					
At December 31, 2017	41,549,000.00	560,505.55	1,441,963.51	509,351.82	44,060,820.88
At December 31, 2018	41,549,000.00	481,819.92	1,092,667.93	330,252.20	43,453,740.05
Depreciation for the year :					
At December 31, 2018					801,511.67

As at December 31, 2019 and 2018, the Company has furniture, fixtures and office equipment at cost before deducting accumulated depreciation amount of Baht 93.65 million and Baht 94.79 million, respectively which are fully depreciated and still used in its operation.

### 13. INTANGIBLE ASSETS

	(Unit : Baht)
	<u>Computer software</u>
Cost:	
At December 31, 2017	1,941,571.03
Additions	<u>-</u>
At December 31, 2018	1,941,571.03
Additions	<u>-</u>
At December 31, 2019	<u>1,941,571.03</u>
Accumulated amortization	
At December 31, 2017	1,825,021.18
Amortization charge	<u>60,400.00</u>
At December 31, 2018	1,885,421.18
Amortization charge	<u>43,700.37</u>
At December 31, 2019	<u>1,929,121.55</u>
Net book value:	
At 31 December 2018	<u>56,149.85</u>
At 31 December 2019	<u>12,449.48</u>
Amortization for the year 2019	43,700.37
Amortization for the year 2018	60,400.00

#### 14. DEFERRED TAX

14.1 As at December 31, 2019 and 2018, the component of deferred tax assets and liabilities consist of following items.

	(Unit: Baht)	
	December 31, 2019	December 31, 2018
<b>Deferred tax assets</b>		
Premium reserve	2,815,075.28	2,242,608.56
Loss reserves and outstanding claims	9,520,027.38	5,241,138.70
Loss reserves incurred but not reported (IBNR)	3,482,462.01	2,563,765.09
Allowance for doubtful accounts	193,444.27	151,723.24
Employee benefit obligation	2,658,953.40	1,753,275.20
Total	18,669,962.34	11,952,510.79
<b>Deferred tax liabilities</b>		
Unrealized gain from investment valuation – Available for sale	9,294,522.24	11,934,534.61
Total	9,294,522.24	11,934,534.61
Deferred tax assets (liabilities) - net	9,375,440.10	17,976.18

14.2 Income tax for the year ended December 31, 2019 and 2018, is summarized as follows:

	(Unit: Baht)	
	2019	2018
<b>Current income tax:</b>		
Income tax for the year	-	2,957,338.47
<b>Deferred income tax:</b>		
Deferred tax from temporary difference	(6,633,921.95)	(3,466,967.25)
Income tax presented in statement of comprehensive income	(6,633,921.95)	(509,628.78)

14. DEFERED TAX (Cont.)

14.3 The amount of income tax relating to each component of other comprehensive incomes for the year ended December 31, 2019 and 2018, are summarized as follows:

	(Unit : Baht)	
	2019	2018
Deferred tax relating to Remeasurements of post-employment benefit obligations for the year	83,529.60	(140,187.60)
Deferred tax relating to gain (loss) from investment valuation Available for sale	2,640,012.37	5,076,125.42
	<u>2,723,541.97</u>	<u>4,935,937.82</u>

14.4 Reconciliation amount between income tax expenses and multiplication of taxable profit and tax rate used for the year ended December 31, 2019 and 2018, are presented as follows:

	(Unit : Baht)	
	2019	2018
Profit (Loss) from accounting before income tax	<u>(37,684,858.71)</u>	<u>5,689,918.45</u>
Income tax rate	20%	20%
Profit (Loss) from accounting before income tax multiplied by income tax rate	(7,536,971.75)	1,137,983.69
Income tax adjusted of previous year		
The effect from changing income tax rate of deferred tax	-	(850,994.11)
The effect of income tax:		
Current year tax loss for which no deferred tax asset was recognized	2,195,164.83	-
Non taxable revenues and expenses	(1,393,644.63)	(929,313.83)
Non-deductible expenses	101,529.60	132,695.47
Income tax presented in statement of comprehensive income	<u>(6,633,921.95)</u>	<u>(509,628.78)</u>

15. OTHER ASSETS

	(Unit: Baht)	
	December 31, 2019	December 31, 2018
Prepaid long-term commission	2,288,304.51	2,200,589.34
Loss recovery from counter parties	3,627,883.76	2,023,435.58
Other receivables	3,229,010.23	1,111,112.49
Others	4,313,323.62	2,372,173.93
Total	13,458,522.12	7,707,311.34

16. INSURANCE CONTRACT LIABILITIES

	December 31, 2019		
	Insurance contract liabilities	Liabilities on reinsurance	Net
Loss reserves and outstanding claims			
- Incurred and agreed claim reserves	58,808,348.40	(1,472,325.27)	57,336,023.13
- Incurred but not reported claim reserves	26,296,923.99	(8,884,613.96)	17,412,310.03
Premium liabilities - Unearned premium reserves	190,252,535.03	(26,403,451.19)	163,849,083.84
Total	275,357,807.42	(36,760,390.42)	238,597,417.00

  

	December 31, 2018		
	Insurance contract liabilities	Liabilities on reinsurance	Net
Loss reserves and outstanding claims			
- Incurred and agreed claim reserves	40,886,963.54	(5,764,650.48)	35,122,313.06
- Incurred but not reported claim reserves	14,995,697.76	(2,176,872.34)	12,818,825.42
Premium liabilities - Unearned premium reserves	98,236,743.50	(17,079,211.77)	81,157,531.73
Total	154,119,404.80	(25,020,734.59)	129,098,670.21

16. INSURANCE CONTRACT LIABILITIES (Cont.)

Loss reserves and outstanding claims

	(Unit: Baht)	
	December 31, 2019	December 31, 2018
Beginning balances	55,882,661.30	34,367,951.77
Claim incurred in this year	160,768,900.65	76,285,073.68
Changes in claim reserves in previous year	(10,695,634.97)	(1,500,322.54)
Changes in claim reserves assumptions	11,301,226.23	1,713,717.14
Claim paid in this year	(132,151,880.82)	(54,983,758.75)
Ending balances	85,105,272.39	55,882,661.30

As at December 31, 2019, the Company had loss reserves and outstanding claims under reinsurance contracts of Baht 3.17 million (31 December 2018: Baht 3.97 million).

Unearned premium reserve

	(Unit: Baht)	
	December 31, 2019	December 31, 2018
Beginning balances	98,236,743.50	100,156,815.03
Premium written for the year	414,856,166.34	188,682,947.33
Premium earned for the current year	(322,840,374.81)	(190,603,018.86)
Ending balance	190,252,535.03	98,236,743.50

Unexpired risk reserve

	(Unit: Baht)	
	December 31, 2019	December 31, 2018
Balance as at January 1	35,158,902.71	29,433,219.54
Estimated claims for the year	172,275,812.81	61,738,451.72
Expired risk during the year	(115,544,478.84)	(56,012,768.55)
Ending balance	91,890,236.68	35,158,902.71

# 16. INSURANCE CONTRACT LIABILITIES (Cont.)

As at December 31, 2019, the Company has not provided for unexpired risk reserve for the amount of Baht 91.89 million (December 31, 2018, Baht 35.16 million) since unexpired risk reserve is lower than unearned premium reserve.

## Gross claims table

							(Unit: Baht)
Accident year/Reporting year	2014	2015	2016	2017	2018	2019	Total
Claim estimates:							
- as at accident year	56,211,432	60,702,000	64,010,739	55,364,197	71,469,051	171,146,908	
- Next one year	54,771,859	58,031,013	63,261,824	55,203,840	65,399,721		
- Next two years	55,440,388	58,553,284	65,920,735	51,323,420			
- Next three years	55,785,856	57,884,918	65,700,784				
- Next four years	55,785,856	57,884,918					
- Next five years	55,785,856						
Cumulative claim estimates	55,785,856	57,884,918	65,700,784	51,323,420	65,399,731	171,146,908	467,241,608
Cumulative payments 2013 - 2018	55,785,856	57,884,918	65,700,784	51,053,284	51,735,149	104,144,330	386,304,321
Total	-	-	-	270,137	13,664,572	67,002,578	80,937,287
Claims before 2013							1,593,337
Others							2,574,648
Total gross loss reserves							85,105,272

## Net claims table

							(Unit: Baht)
Accident year/Reporting year	2014	2015	2016	2017	2018	2019	Total
Claim estimates:							
- as at accident year	49,727,350	52,321,459	47,303,374	45,887,288	60,216,395	133,884,158	
- Next one year	40,798,794	49,355,510	46,158,395	46,222,054	57,141,350		
- Next two years	41,583,811	49,779,703	48,653,956	43,058,124			
- Next three years	41,922,646	49,830,805	48,501,457				
- Next four years	41,922,646	49,830,805					
- Next five years	41,922,646						
Cumulative claim estimates	41,922,646	49,830,805	48,501,457	43,058,124	57,141,350	133,884,158	374,338,541
Cumulative payments 2013 - 2018	41,922,646	49,830,805	48,501,457	42,805,135	44,901,248	78,856,058	306,817,348
Total	-	-	-	252,990	12,240,103	55,028,100	67,521,193
Claims before 2013							345,284
Others							(12,483,682)
Total net loss reserves							55,382,795



## 16. INSURANCE CONTRACT LIABILITIES (Cont.)

### Key assumptions

Key assumptions used in the valuation of loss reserves arising from insurance contracts are as follows.

(a) The assumptions of in claim experiences.

For assessment, the Company applies 3 actuarial methods as follows:

- 1) Chain Ladder method is used for claims paid and incurred.
- 2) Bornhuetter-Ferguson or "BF" method is used for claims paid and incurred.
- 3) The Expected Loss Ratio or "ELR".

The Company usually uses the Chain Ladder method to estimate losses incurred, which is considered the best method while the BF and ELR will be applied to on a case by case basis where appropriate. Key assumption of both methods is Ultimate Loss Ratio. For selecting Ultimate Loss Ratio, the Company will consider information in the past including other factors that can reflect the appropriate level of liabilities of the Company at the end of the reporting periods such as changing in policy of insurance or changing coverage in insurance policy and soon.

(b) The assumption of the relevant expenses.

### The estimation of unallocated loss adjustment expenses (ULAE).

In estimating ULAE, the Company uses the "Kittel's Refinement of the Classical Paid-to-Paid" method by reference to Conger and Nolibos on "Estimating ULAE Liabilities: Rediscovering and Expanding Kittel's Approach" in collecting the Company's internal expenses in order to analyze and estimate analytical expenses of claim department and unallocated loss adjustment expenses (ULAE). For this method, the estimation has been considered the ratio of ULAE to the average claims paid by considering to select such ratio from information in the past at least 3 years.

## 17. DUE TO REINSURERS

	(Unit: Baht)	
	December 31, 2019	December 31, 2018
Premium ceded payables	11,118,758.19	10,743,655.71
Amount withheld on reinsurance	9,866,311.79	9,134,313.89
Total reinsurance payables	20,985,069.98	19,877,969.60

# 18. BANK OVERDRAFTS

As at December 31, 2019 and 2018, the Company has credit facilities of bank overdrafts amounting to Baht 20.00 million with interest rate at MOR - 3 % guaranteed by fixed deposit as disclosed in note 35.

# 19. EMPLOYEE BENEFIT OBLIGATIONS

<u>Employee benefits expenses project as determined :</u>	(Unit: Baht)	
	December 31, 2019	December 31, 2018
Current service cost	675,244.00	406,294.00
Interest cost	219,159.00	213,180.00
Remeasurements of post-employment benefit obligations for the year	417,648.00	(700,938.00)
Total expenses	1,312,051.00	(81,464.00)
<u>The statement of financial position obligation was determined as follows :</u>		
Present value of the defined benefit obligations	8,766,376.00	9,467,314.00
Unrecognized actuarial (gain) loss	417,648.00	(700,938.00)
Defined benefit obligation at end of year	9,184,024.00	8,766,376.00
<u>Movement in the present value of the defined benefit obligations :</u>		
Defined benefit obligations at January 1,	8,766,376.00	9,529,040.00
Current service cost	675,244.00	406,294.00
Interest cost	219,159.00	213,180.00
Less Benefits paid	-	(681,200.00)
Past Service Cost – Plan Changes	3,216,340.00	-
Remeasurements of post-employment benefit obligations for the year	417,648.00	(700,938.00)
Defined benefit obligation at December 31,	13,294,767.00	8,766,376.00

19. EMPLOYEE BENEFIT OBLIGATIONS (Cont.)

Actuarial assumptions to use for calculation :

	2019	2018
	Percentage	Percentage
Retirement age	60 Years old	60 Years old
Discount Rate	1.32	2.50
Long term salary increase	2.25	2.00
Employees turn over	0.00–20.00	0.00–15.00
Mortality Rate	TMO2017	TMO2017

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

Assumptions	(Unit : Baht)
	December 31, 2019
Experience Adjustments on Plan Liabilities	(740,178.00)
Change in Demographic Assumptions on Plan Liabilities	(6,572.00)
Change in Financial Assumptions on Plan Liabilities	1,164,398.00
Total	417,648.00

**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.

Defined benefit obligation at December 31, 2019	(Unit : Baht)	
	Increase	Decrease
Discount Rate (1.0% movement)	(820,237.00)	913,066.00
Long term salary increase (1.0% movement)	969,704.00	(886,863.00)
Employees turn over (10.0% movement)	(111,863.00)	114,577.00

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.

On April 5, 2019, the Labor Protection Act (No. 7) B.E. 2562 was published in the Royal Gazette which is effective from May 5, 2019 onwards that determined the additional rate of severance pay in the case of termination of employment for a terminated employee who has worked for 20 consecutive years or more and shall be entitled to receive payment not less than the last rate of wages for 400 days. Therefore, such changes have affected to the

additional providing employee benefit amount of Baht 3.22 million. The Company has recognized the previous service costs as expenses immediately in the statement of comprehensive income.

## 20. OTHER LIABILITIES

	(Unit: Baht)	
	December 31, 2019	December 31, 2018
Accrued expense	14,724,486.93	7,284,172.22
Accrued commission	4,281,584.10	4,240,381.09
Others	21,224,715.36	4,620,551.67
Total	40,230,786.39	16,145,104.98

## 21. DIVIDEND PAYMENT

According to the resolution of annual general shareholders' meeting for the year 2018 held on April 24, 2019, The company passed resolution to pay dividend to the shareholders from result of its operation of the year 2018 at the rate Baht 0.50 per share for 12 million shares total amount of Baht 6 million. The company already paid dividend on May 24, 2019.

According to the resolution of annual general shareholders' meeting for the year 2017 held on April 26, 2018, The company passed resolution to pay dividend to the shareholders from result of its operation of the year 2017 at the rate Baht 1.00 per share for 12 million shares total amount of Baht 12 million. The company already paid dividend on May 25, 2018.

## 22. OPERATING EXPENSES

	(Unit: Baht)	
	For the year ended	
	December 31, 2019	December 31, 2018
Personal expenses which are not expenses for underwriting and claims	25,281,375.59	25,186,545.93
Premises and equipment expenses which is not expenses for underwriting	9,188,840.89	8,088,462.79
Taxes and duties	2,390,263.74	1,394,068.32
Bad debts and doubtful accounts	208,605.14	-
Directors' remuneration	1,145,000.00	1,295,000.00
Other operating expenses	8,012,920.59	7,333,196.66

Total operating expenses

46,227,005.95

43,297,273.70

## 23. EMPLOYEE BENEFIT EXPENSE

	(Unit : Baht)	
	For the year ended	
	December 31, 2019	December 31, 2018
<b>Management</b>		
Wages and salaries	11,667,824.00	11,249,040.00
Pension costs - defined contribution plans	179,808.00	195,432.00
Others	1,957,803.90	2,293,837.59
	13,805,435.90	13,738,309.59
<b>Other employees</b>		
Wages and salaries	17,605,887.00	20,025,599.00
Pension costs - defined contribution plans	239,586.18	263,083.06
Others	3,413,658.51	2,022,694.28
	21,259,131.69	22,311,376.34
<b>Total</b>	35,064,567.59	36,049,685.93
<b>Employee benefit expenses has been allocated to:</b>		
Other underwriting expenses	6,170,000.00	6,872,220.00
Insurance claim and loss adjustments	2,468,192.00	2,695,920.00
Operating expenses	26,426,375.59	26,481,545.93
<b>Total</b>	35,064,567.59	36,049,685.93

## 24. 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.

24. BENEFITS PAID TO DIRECTORS AND KEY MANAGEMENT (Cont.)

Directors' remuneration and management benefit expenses for the year ended December 31, 2019 and 2018, are presented as follows.

	(Unit : Baht)	
	December 31, 2019	December 31, 2018
Short-term benefits	11,928,987.90	13,350,549.59
Long-term benefits	1,876,448.00	387,760.00
Total	13,805,435.90	13,738,309.59

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

	(Unit : Baht)		
	Amount before Tax	Benefit (Expense) Tax	Net amount from Tax
<b>As at December 31, 2019</b>			
Gains on changes in values of investments	(13,200,061.84)	2,640,012.37	(10,560,049.47)
Remeasurements of post-employment benefit obligations	(417,648.00)	83,529.60	(334,118.40)
Total	(13,617,709.84)	2,723,541.97	(10,894,167.87)
<b>As at December 31, 2018</b>			
Gains on changes in values of investments	(25,380,627.11)	5,076,125.42	(20,304,501.69)
Remeasurements of post-employment benefit obligations	700,938.00	(140,187.60)	560,750.40
Total	(24,679,689.11)	4,935,937.82	(19,743,751.29)

## 26. RISKS OF NON-LIFE INSURANCE BUSINESS

### Insurance risk

Insurance risk refers to the risk of loss arising from unpredictability of frequency, severity and timing of damage that differ from the assumptions made in calculating premiums or reserves and in underwriting considerations as well as loss or damage arising from unusual external factors, particularly those caused by geographical changes, including social calamities. All such factors can do severe damage to life and property insured by the Company.

The risk factors that could negatively affect the operations include insurance claims as they represent a major expenditure uncontrollable by the Company. Another factor is the risk of unbalanced product mix resulting.

Systematic risk management is in place covering from the process of risk underwriting. It is our policy to insure against those perils with a low degree of risk through careful selection of prospective clients, property, types of business and exposure of risks to be accepted and by taking into account the area's vulnerability to natural disasters. These factors would be considered based on data and statistics collected before premiums are set appropriately according to the risk. The Company also mitigates insurance risk by transferring those large risks to financially sound domestic and overseas reinsurers under different forms of reinsurance contracts such as treaty reinsurance, facultative reinsurance and excess of loss reinsurance. Such arrangements enable the Company to minimize insurance risk and ensure a rigorous, systematic claims management process where claims are settled accurately according to actual loss.

Concentrations of insurance contract liabilities, segregated by insurance type, is tabled below.

(Unit: Baht)

	December 31, 2019			December 31, 2018		
	Outward					
	Gross premium	premium		Gross Premium	Outward loss	
	reserves	reserves	Net	reserves	reserves	Net
Fire	18,947,680.17	(4,366,272.47)	14,581,407.70	19,509,807.32	(4,164,394.06)	15,345,413.26
Marine and						
transportation	4,107,181.94	(1,543,432.21)	2,563,749.73	5,254,390.18	(2,358,975.39)	2,895,414.79
Motor	145,535,508.49	(7,358,299.06)	138,177,209.43	56,556,398.87	(2,755,436.47)	53,800,962.40
Personal accident	622,862.91	(261,505.49)	361,357.42	1,247,600.61	(264,215.22)	983,385.39
Miscellaneous	21,039,301.52	(12,873,941.96)	8,165,359.56	15,668,546.52	(7,536,190.63)	8,132,355.89
Total	190,252,535.03	(26,403,451.19)	163,849,083.84	98,236,743.50	(17,079,211.77)	81,157,531.73

26. RISKS OF NON-LIFE INSURANCE BUSINESS (Cont.)

(Unit: Baht)

	December 31, 2019			December 31, 2018		
	Gross	Outward loss	Net	Gross	Outward loss	Net
	loss reserves	reserves		loss reserves	reserves	
Fire	5,032,978.69	94,676.67	5,127,655.36	15,310,656.84	(4,740,720.70)	10,569,936.14
Marine and transportation	4,700,537.60	(631,598.56)	4,068,939.04	1,792,208.48	(339,504.35)	1,452,704.13
Motor	63,286,004.37	(1,427,612.19)	61,858,392.18	33,654,449.57	(812,018.01)	32,842,431.56
Personal accident	191,956.4	(20,285.06)	171,671.34	622,036.39	(46,360.71)	575,675.68
Miscellaneous	11,893,795.33	(8,372,120.09)	3,521,675.24	4,503,310.02	(2,002,919.05)	2,500,390.97
Total	85,105,272.39	(10,356,939.23)	74,748,333.16	55,882,661.30	(7,941,522.82)	47,941,138.48

The sensitivity test is the risk analysis of insurance contract liabilities that may be increased or decreased as a result of changes in assumptions used in calculation, which may impact on both gross and net loss reserves. The risk may be caused by the frequency of loss, value of loss and claim and loss adjustment expenses that are not as expected. The variables used for testing consist of the Ultimate Loss Ratio or "ULR" in the latest accident year and the Unallocated Loss Adjustment Expenses or "ULAE", and so on.

(Unit: Baht)

	December 31, 2019			
	Assumption	Provision for gross	Provision for net	Profit (loss) before
	change	loss reserves	loss reserves	income tax
Ultimate Loss Ratios	+1%	3,371,949	2,860,359	(2,860,359)
	-1%	(3,371,949)	(2,860,359)	2,860,359
ULAE Ratio	+1%	532,799	532,799	(532,799)
	-1%	(532,799)	(532,799)	532,799



## 26. RISKS OF NON-LIFE INSURANCE BUSINESS (Cont.)

### Financial instruments and 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, investments in securities, loans and insurance contract liabilities. The financial risks associated with these financial instruments and risk management policy is described below.

#### (a) Credit risk

Credit risk refers to the risk of loss if a counterparty fails to meet its obligations to the Company, or the possibility that a counterparty's credit rating is downgraded.

Significant risk factors facing the Company include failure by reinsurers to repay paid claims to the Company. This is because when underwriting large business, it is our policy to spread and place the risk under a reinsurance contract

Consideration is given to the credit rating and financial stability of overseas reinsurers. We also follow such ratings regularly to ensure up-to-the-minute information. With regard to domestic reinsurers, the Company has opted to consider those reinsurers [as per the capital adequacy report of the latest quarter before the date of assessment].

#### (b) 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.

26. RISKS OF NON-LIFE INSURANCE BUSINESS (Cont.)

(Unit: Baht)

	December 31, 2019						
	Fixed interest rates			Floating	Non-		Effective
	Within1 year	1 - 5 years	Over 5 years	interest rate	Interest bearing	Total	interest rate
							(% per annum)
<b><u>Financial Assets</u></b>							
Cash and cash equivalents	-	-	-	53,022,357.90	-	53,022,357.90	0.00 – 1.10
Premium receivables	-	-	-	-	30,325,742.29	30,325,742.29	-
Reinsurance assets – claim reserves refundable from reinsurers	-	-	-	-	10,356,939.23	10,356,939.23	-
Reinsurance receivables	-	-	-	-	26,400,176.00	26,400,176.00	-
Investment in securities							
Government and state enterprise securities	10,000,000.00	1,600,000.00	5,000,000.00	-	-	16,600,000.00	0.00-5.00
Equity securities	-	-	-	-	211,123,258.22	211,123,258.22	-
Private sector debt securities	48,000,000.00	218,000,000.00	40,000,000.00	-	-	306,000,000.00	1.74-5.50
Deposits at financial institutions which matured over 3 months	120,930,000.00	14,000,000.00	-	-	-	134,930,000.00	0.65-1.70
Loans	-	-	-	7,281,766.56	-	7,281,766.56	5.275-5.900
<b><u>Financial Liabilities</u></b>							
Insurance contract liabilities - claim reserves	-	-	-	-	85,105,272.39	85,105,272.39	-
Amounts due to reinsurances	-	-	-	-	20,985,069.98	20,985,069.98	-

26. RISKS OF NON-LIFE INSURANCE BUSINESS (Cont.)

(Unit: Baht)

	December 31, 2018						
	Fixed interest rates			Floating	Non-		Effective
	Within1 year	1 - 5 years	Over 5 years	interest rate	Interest bearing	Total	interest rate
							(% per annum)
<b><u>Financial Assets</u></b>							
Cash and cash equivalents	-	-	-	11,875,195.93	-	11,875,195.93	0.00 – 1.35
Premium receivables	-	-	-	-	28,984,979.72	28,984,979.72	-
Reinsurance assets – claim reserves refundable from reinsurers	-	-	-	-	7,941,522.82	7,941,522.82	-
Reinsurance receivables	-	-	-	-	8,902,865.15	8,902,865.15	-
Investment in securities							
Government and state enterprise securities	-	11,600,000.00	5,000,000.00	-	-	16,600,000.00	0.00-5.00
Equity securities	-	-	-	-	230,177,448.06	230,177,448.06	-
Private sector debt securities	52,000,000.00	104,000,000.00	77,000,000.00	-	-	233,000,000.00	1.97-4.95
Deposits at financial institutions which matured over 3 months	169,930,000.00	-	-	-	-	169,930,000.00	0.65-1.60
Loans	-	-	-	8,547,552.64	-	8,547,552.64	5.275-5.900
<b><u>Financial Liabilities</u></b>							
Insurance contract liabilities - claim reserves	-	-	-	-	55,882,661.30	55,882,661.30	-
Amounts due to reinsurances	-	-	-	-	19,877,969.60	19,877,969.60	-

## 26. RISKS OF NON-LIFE INSURANCE BUSINESS (Cont.)

### (c) Liquidity risk

Liquidity risk refers to the risk of failure to meet liabilities or obligations as they fall due because of inability to realize assets or raise sufficient cash or because funds can be secured but at too high a cost to be acceptable.

The Company gives consideration to its liquidity in the securing of cash, the management of net cash flow and investment in securities and the raising of funds from liability and capital sources to match the claims already incurred and to be incurred. This enables us to be in a position to pay all claims promptly and easily and to recover the loss from reinsurers or to recover damages from the liable party.

As at December 31, 2019 and 2018, the periods to maturity of financial assets and liabilities are as follows:

(Unit: Baht)

	December 31, 2019					
	At call	Within 1 year	1 - 5 years	Over 5 years	Unspecified	Total
<b>Financial Assets</b>						
Cash and cash equivalents	53,022,357.90	-	-	-	-	53,022,357.90
Premium receivables	-	30,325,742.29	-	-	-	30,325,742.29
Reinsurance assets – claim reserves refundable from reinsurers	-	10,356,939.23	-	-	-	10,356,939.23
Reinsurance receivables	-	26,400,176.00	-	-	-	26,400,176.00
Investment in securities	-	178,930,000.00	233,600,000.00	45,000,000.00	211,123,258.22	668,653,258.22
Loans	-	122,550.75	331,339.67	6,827,876.14	-	7,281,766.56
<b>Financial Liabilities</b>						
Insurance contract liabilities - claim reserves	-	85,105,272.39	-	-	-	85,105,272.39
Amounts due to reinsurances	-	20,985,069.98	-	-	-	20,985,069.98

## 26. RISKS OF NON-LIFE INSURANCE BUSINESS (Cont.)

(Unit: Baht)

	December 31, 2018					
	At call	Within 1 year	1 - 5 years	Over 5 years	Unspecified	Total
<b><u>Financial Assets</u></b>						
Cash and cash equivalents	11,875,195.93	-	-	-	-	11,875,195.93
Premium receivables	-	28,984,979.72	-	-	-	28,984,979.72
Reinsurance assets – claim reserves refundable from reinsurers	-	7,637,691.61	-	-	-	7,637,691.61
Reinsurance receivables	-	8,902,865.15	-	-	-	8,902,865.15
Investment in securities	-	221,930,000.00	115,600,000.00	82,000,000.00	230,177,448.06	649,707,448.06
Loans	-	112,809.26	472,573.27	7,962,170.11	-	8,547,552.64
<b><u>Financial Liabilities</u></b>						
Insurance contract liabilities - claim reserves	-	51,191,021.96	4,691,639.34	-	-	55,882,661.30
Amounts due to reinsurances	-	19,877,969.60	-	-	-	19,877,969.60

### Fair value of financial instruments

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

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.

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

## 26. FINANCIAL INSTRUMENTS (Cont.)

- (a) For financial assets and liabilities, which have short-term maturity periods or bear interest at rates close to market interest rates, including cash and cash equivalents, premium receivables, reinsurance assets, loans, and due to reinsurers, their fair values approximate their carrying values.
- (b) For investments in equity securities, their fair values are market prices except for investments in non-marketable equity securities, their fair values are calculated as follows:
  - The fair value of stocks are calculated based on generally accepted pricing models.
- (c) For investments in debts securities, the fair value is determined using the yield curve as announced by the Thai Bond Market Association.
- (d) For loan, the fair value is discounted cash flow method based

### 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. 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).

## 28. CONTRIBUTION TO NON-LIFE GUARANTEE FUND

	(Unit: Baht)	
	For the years ended December 31	
	2019	2018
Accumulated contribution at the beginning of the year	4,384,967.69	3,923,460.10
Contribution during the year	1,028,097.14	461,507.59

Accumulated contribution at the end of the year	5,413,064.83	4,384,967.69
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## 29. ASSETS PLEDGED WITH REGISTRAR

As at December 31, 2019 and 2018, the Company used bank deposit amount of Baht 14 million as collateral with the registrar in accordance with the Section 19 of Insurance Act B.E. 2535. (1992).

## 30. ASSETS RESERVE PLEDGED WITH REGISTRAR

As at December 31, 2019 and 2018, bank deposit amount of Baht 55.00 million and Baht 20.00 million respectively used as collateral against premium reserve with the registrar.

## 31. 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 year ended December 31, 2019 and 2018, the Company contributed to Fund approximately Baht 0.42 million and Baht 0.46 million respectively.

## 32. 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.

## 33. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing profit for the year attributable to equity holders of the Company (excluding other comprehensive income)

	(Unit : Baht)	
	December 31, 2019	December 31, 2018
Profit for the year	(31,050,936.76)	6,199,547.23
Weighted average number of ordinary shares	12,000,000	12,000,000
Earnings per share	(2.59)	0.52

#### 34. 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.



### 34. FINANCIAL INFORMATION BY SEGMENT (Count.)

The following tables present revenue and profit information regarding the Company's operating segments for the years ended December 31, 2019 and 2018, respectively.

	(Unit: Baht)					
	For year ended December 31, 2019					
	Fire	Marine and transportation	Motor	Personal accident	Miscellaneous	Total
<b>Underwriting income</b>						
Premium written	37,706,880.30	8,760,900.31	319,704,057.58	1,172,949.33	47,511,378.82	414,856,166.34
Less: Premium ceded	8,637,585.17	3,354,258.18	16,171,236.53	498,351.11	30,767,531.35	59,428,962.34
Net premium written	29,069,295.13	5,406,642.13	303,532,821.05	674,598.22	16,743,847.47	355,427,204.00
Add/Less: Unearned premium reserves	764,005.56	331,665.06	(84,376,247.03)	622,027.97	(33,003.67)	(82,691,552.11)
Earned premium written	29,833,300.69	5,738,307.19	219,156,574.02	1,296,626.19	16,710,843.80	272,735,651.89
Fee and commissions income	6,062,755.62	1,205,240.82	2,544,508.19	176,859.33	6,979,391.39	16,968,755.35
Total underwriting income	35,896,056.31	6,943,548.01	221,701,082.21	1,473,485.52	23,690,235.19	289,704,407.24
<b>Underwriting expenses</b>						
Claims and losses adjustment	16,258,631.48	3,489,648.06	91,168,663.96	668,100.24	10,678,735.58	122,263,779.32
Commissions and brokerages	8,869,617.22	1,285,870.63	39,190,766.09	175,116.57	4,664,236.94	54,185,607.45
Other underwriting expenses	3,327,470.86	1,937,929.49	150,829,342.82	6,687.82	2,575,582.15	158,677,013.14
<b>Total underwriting expenses before operating expenses</b>	28,455,719.56	6,713,448.18	281,188,772.87	849,904.63	17,918,554.67	335,126,399.91
Operating expenses						46,227,005.95
<b>Total underwriting expenses</b>						381,353,405.86
Loss from underwriting						(91,648,998.62)
Net investment income						20,103,427.22
Gain on investment						17,204,980.00
Other income						16,655,732.69
Loss before income tax expenses						(37,684,858.71)
Income tax (expenses) income						6,633,921.95
Loss for the year						(31,050,936.76)

34. FINANCIAL INFORMATION BY SEGMENT (Count.)

						(Unit: Baht)
	For year ended December 31, 2018					
	Fire	Marine and transportation	Motor	Personal accident	Miscellaneous	Total
<b>Underwriting income</b>						
Premium written	38,227,935.55	10,349,016.20	107,661,127.37	2,220,584.53	30,224,283.68	188,682,947.33
Less: Premium ceded	7,935,392.92	4,724,374.98	5,228,463.26	493,404.97	14,447,153.52	32,828,789.65
Net premium written	30,292,542.63	5,624,641.22	102,432,664.11	1,727,179.56	15,777,130.16	155,854,157.68
Add/Less: Unearned premium reserves	(245,714.19)	(181,878.27)	860,877.22	13,294.01	480,903.05	927,481.82
Earned premium written	30,046,828.44	5,442,762.95	103,293,541.33	1,740,473.57	16,258,033.21	156,781,639.50
Fee and commissions income	3,286,845.28	2,042,033.13	891,296.31	170,467.84	5,255,191.61	11,645,834.17
Total underwriting income	33,333,673.72	7,484,796.08	104,184,837.64	1,910,941.41	21,513,224.82	168,427,473.67
<b>Underwriting expenses</b>						
Claims and losses adjustment	8,508,402.01	1,307,520.33	51,404,674.76	1,095,674.96	1,516,919.07	63,833,191.13
Commissions and brokerages	8,986,346.15	1,476,088.81	13,970,911.29	571,510.00	4,762,341.45	29,767,197.70
Other underwriting expenses	4,570,011.58	2,454,209.70	45,413,113.23	6,678.75	1,099,876.40	53,543,889.66
<b>Total underwriting expenses before operating expenses</b>	22,064,759.74	5,237,818.84	110,788,699.28	1,673,863.71	7,379,136.92	147,144,278.49
Operating expenses						43,297,273.70
<b>Total underwriting expenses</b>						190,441,552.19
Loss from underwriting						(22,014,078.52)
Net investment income						20,194,324.80
Other income						7,509,672.17
Profit before income tax expenses						5,689,918.45
Income tax (expenses) income						509,628.78
Profit for the year						6,199,547.23

#### 34. FINANCIAL INFORMATION BY SEGMENT (Count.)

The following table presents segment assets and liabilities of the Company's operating segments as at December 31, 2019 and 2018, are as follows:

(Unit: Baht)

	Fire	Marine and transportation	Motor	Personal accident	Miscellaneous	Unallocated assets	Total
<b>Assets</b>							
As at December 31, 2018	26,201,916.22	5,520,159.35	33,505,304.37	658,396.05	36,177,533.29	798,287,040.45	900,350,349.73
As at December 31, 2017	22,731,019.21	5,116,215.01	22,909,250.92	954,663.71	16,879,385.78	730,914,989.89	799,505,524.52
<b>Liabilities</b>							
As at December 31, 2018	47,626,427.34	10,306,664.74	219,200,972.59	859,757.16	36,096,572.10	57,698,030.60	371,788,424.53
As at December 31, 2017	58,897,300.94	9,320,569.25	96,541,108.47	2,075,048.71	22,598,113.26	33,566,354.06	222,998,494.69

#### Mayor customers

For the years 2019 and 2018, the Company has no major policyholder with revenue of 10 percent or more of the Company's gross premium.

#### 35. RESTRICTED ASSETS WITH COMMITMENT

As at December 31, 2019 and 2018, the Company pledged bank deposit of Baht 89.93 million and Baht 54.93 respectively as collaterals follows:

(Unit: Baht)

	December 31, 2019	December 31, 2018
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	55,000,000.00	20,000,000.00
Credit card usage	500,000.00	500,000.00
Electricity usage	430,000.00	430,000.00
Total	89,930,000.00	54,930,000.00

### 36. CONTINGENT LIABILITIES AND COMMITMENT

#### **Litigation**

As at December 31, 2019 and 2018, the Company was sued from act as insurer with the prosecution value of Baht 0.18 million and Baht 0.63 million, respectively. However, the Company's contingent liabilities from prosecution cases in the value not more than the policy custody amount of Baht 0.18 million and Baht 0.65 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 0.19 million and Baht 0.64 million respectively in the financial statements.

#### **Guarantees**

As at December 31, 2019 and 2018, 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.

#### **Operating lease commitments**

As at December 31, 2018 and 2017, the Company has commitments to pay under the rental and service agreement as follows:

		<i>(Unit : Baht)</i>	
		December 31, 2019	December 31, 2018
Due within 1 year		2,464,236.00	2,464,236.00
Total		2,464,236.00	2,464,236.00

### 37. EVENTS AFTER THE REPORTING PERIOD

According to the Board of Director meeting held on February 24, 2020, the Company passes resolution to pay dividend to shareholders from, retained earnings at the rate Baht 0.5 per share total amount of Baht 6 million.

### 38. APPROVAL OF INTERIM FINANCIAL STATEMENTS

These financial statements have been approved to be issued by authorized directors on February 24, 2020.