

CHARAN INSURANCE PUBLIC COMPANY LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2020

		<i>(Unit : Baht)</i>	
	<i>Note</i>	December 31, 2020	December 31, 2019
ASSETS			
Cash and cash equivalents	7	31,416,733.73	53,022,357.90
Premium due and uncollected	8	13,242,928.80	30,325,742.29
Accrued investment income		2,764,061.01	2,892,958.31
Reinsurance assets	9	20,254,791.93	36,760,390.42
Reinsurance receivables	10	15,793,665.78	26,400,176.00
Investment properties			
Investments in securities	11	620,284,862.62	668,653,258.22
Loans and interest receivables	12	4,700,940.91	7,281,766.56
Property, plant and equipment	13	42,526,684.75	42,872,766.09
Other intangible assets	14	5.00	12,449.48
Deferred tax assets	15	22,598,099.39	18,669,962.34
Other assets	16	13,657,397.20	13,458,522.12
TOTAL ASSETS		787,240,171.12	900,350,349.73

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

(Sign) Directors

(Mr. Sukich Charanvas Mr.Pon Titipanichayangoon)

CHARAN INSURANCE PUBLIC COMPANY LIMITED

STATEMENT OF FINANCIAL POSITION (CONT.)

AS AT DECEMBER 31, 2020

		<i>(Unit : Baht)</i>	
	<i>Note</i>	December 31, 2020	December 31, 2019
LIABILITIES AND OWNERS' EQUITY			
Insurance contract liabilities	17	160,718,208.28	275,357,807.42
Due to reinsurers	18	20,674,268.10	21,673,513.91
Income tax payables		2,632,196.23	-
Employee benefit obligations	20	12,286,101.00	13,294,767.00
Deferred tax liabilities	15	9,119,563.33	9,294,522.24
Others liabilities			
Unearned revenue		6,580,942.00	12,625,471.50
Others	21	17,968,122.95	39,542,342.46
TOTAL LIABILITIES		229,979,401.89	371,788,424.53

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

(Sign) Directors

(Mr. Sukich Charanvas Mr.Pon Titipanichayangoon)

CHARAN INSURANCE PUBLIC COMPANY LIMITED

STATEMENT OF FINANCIAL POSITION (CONT.)

AS AT DECEMBER 31, 2020

		(Unit : Baht)	
	Note	December 31, 2020	December 31, 2019
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		147,263,618.86	101,383,836.22
Other components of equity		19,997,150.37	37,178,088.98
TOTAL OWNERS' EQUITY		557,260,769.23	528,561,925.20
TOTAL LIABILITIES AND OWNERS' EQUITY		787,240,171.12	900,350,349.73

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

(Sign) Directors

(Mr. Sukich Charanvas Mr.Pon Titipanichayangoon)

CHARAN INSURANCE PUBLIC COMPANY LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2020

		(Unit : Baht)	
	<i>Note</i>	2020	2019
Revenues			
Premium written		198,555,938.09	414,856,166.34
<u>Less:</u> Premium ceded		(34,466,402.43)	(59,428,962.34)
Net Premium written		164,089,535.66	355,427,204.00
<u>Add/Less:</u> Unearned premium reserves from prior period		111,211,822.39	(82,691,552.11)
Net Premiums earned	37	275,301,358.05	272,735,651.89
Fee and commission income	37	12,958,805.49	16,968,755.35
Income on investments - net	33. 37	17,521,112.33	20,103,427.22
Gain on investment		-	17,204,980.00
Other income		6,193,405.29	16,655,732.69
Total revenues		311,974,681.16	343,668,547.15
Expenses			
Gross benefits and claims		124,204,156.03	168,448,154.99
<u>Less:</u> claims recovered from reinsurers		(16,525,776.45)	(46,184,375.67)
Total	37	107,678,379.58	122,263,779.32
Commissions and brokerages	37	30,581,146.07	54,185,607.45
Other underwriting expenses	37	51,639,060.46	158,677,013.14
Operating expenses	23	39,103,195.32	46,227,005.95
Net impairment losses on financial assets	24	23,090,479.95	-
Total expenses		252,092,261.38	381,353,405.86
Profit (loss) before income tax		59,882,419.78	(37,684,858.71)
Tax income	15.2	(8,657,893.14)	6,633,921.95
Profit (loss) for the year		51,224,526.64	(31,050,936.76)

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

(Sign) Directors

(Mr. Sukich Charanvas Mr.Pon Titipanichayagoon)

CHARAN INSURANCE PUBLIC COMPANY LIMITED
STATEMENT OF COMPREHENSIVE INCOME (CONT.)
FOR THE YEAR ENDED DECEMBER 31, 2020

		(Unit : Baht)	
	Note	2020	2019
Other comprehensive income (expenses)			
<u>Items that will not be reclassified subsequently to profit or loss</u>			
Remeasurements of post-employment benefit obligations	15.3	819,070.00	(417,648.00)
Income tax relating to other comprehensive income		(163,814.00)	83,529.60
Remeasurements of post-employment benefit obligations - net of tax		655,256.00	(334,118.40)
<u>Items that will be reclassified subsequently to profit or loss</u>			
Change in value of investments measured at	15.3		
fair value through other comprehensive income		(37,092,139.27)	(13,200,061.84)
Income tax relating to component of other comprehensive income		7,418,427.85	2,640,012.37
Change in value of investments measured at			
fair value through other comprehensive income, net of tax		(29,673,711.42)	(10,560,049.47)
Other comprehensive income (expenses) for the years, net of tax		(29,018,455.42)	(10,894,167.87)
Total comprehensive income (expenses) for the years		22,206,071.22	(41,945,104.63)
Earnings per share			
Basic earning (loss) per share		4.27	-2.59
Number of ordinary shares		12,000,000	12,000,000

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

(Sign) Directors

(Mr. Sukich Charanvas Mr.Pon Titipanichayangoon)

CHARAN INSURANCE PUBLIC COMPANY LIMITED

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2020

	<i>(Unit : Baht)</i>	
	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Net direct premium written	206,037,796.98	411,231,156.62
Cash paid for reinsurance	(31,389,658.07)	(56,792,779.03)
Interest income	12,229,878.11	13,766,717.81
Dividend	5,576,889.87	6,993,223.15
Other income	6,193,405.29	16,655,732.69
Losses incurred of direct insurance	(84,209,361.53)	(112,614,062.96)
Commissions and brokerages	(18,718,015.06)	(37,263,364.26)
Other underwriting expenses	(51,639,060.46)	(158,677,013.14)
Operating expenses	(61,470,261.24)	(20,271,535.62)
Corporate income tax	(5,982,966.19)	(2,078,555.45)
Cash received from financial assets	229,762,966.96	336,684,894.08
Cash used in financial assets	(221,744,200.52)	(350,360,000.00)
NET CASH PROVIDED BY (USE IN) OPERATING ACTIVITIES	(15,352,585.86)	47,274,413.89
CASH FLOWS FROM (USE IN) INVESTING ACTIVITIES		
Equipment	(253,038.31)	(127,251.92)
NET CASH PROVIDED BY (USE IN) INVESTING ACTIVITIES	(253,038.31)	(127,251.92)
NET CASH USED IN FINANCING ACTIVITIES		
Dividend paid	(6,000,000.00)	(6,000,000.00)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(21,605,624.17)	41,147,161.97
CASH AND CASH EQUIVALENTS AS AT THE BEGINNING OF THE YEAR	53,022,357.90	11,875,195.93
CASH AND CASH EQUIVALENTS AS AT THE END OF THE YEAR	31,416,733.73	53,022,357.90

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

(Sign) Directors

(Mr. Sukich Charanvas Mr.Pon Titipanichayangoon)

CHARAN INSURANCE PUBLIC COMPANY LIMITED

STATEMENTS OF CHANGES IN OWNERS' EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2020

(Unit : Baht)

	Note			Retained earnings		Other component of	Total
				Appropriated	Unappropriated	owners' equities	
		Share capital	Premium on	Statutory		Fair value	
		Issued and fully paid	share capital	reserve		changes on	
						investments	
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)
Dividend	22	-	-	-	(6,000,000.00)	-	(6,000,000.00)
Other comprehensive income (expenses) for the year		-	-	-	(334,118.40)	(10,560,049.47)	(10,894,167.87)
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
Cumulative effect of change in accounting policy	5	-	-	-	-	12,492,772.81	12,492,772.81
Balance as at January 1, 2020 - as restated		120,000,000.00	258,000,000.00	12,000,000.00	101,383,836.22	49,670,861.79	541,054,698.01
Profit for the years		-	-	-	51,224,526.64	-	51,224,526.64
Dividend	22	-	-	-	(6,000,000.00)	-	(6,000,000.00)
Other comprehensive income (expenses) for the year		-	-	-	655,256.00	(29,673,711.42)	(29,018,455.42)
Balance as at December 31,2020		120,000,000.00	258,000,000.00	12,000,000.00	147,263,618.86	19,997,150.37	557,260,769.23

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

(Sign) Directors

(Mr. Sukich Charanvas Mr.Pon Titipanichayangoon)

CHARAN INSURANCE PUBLIC COMPANY LIMITED

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

1. GENERAL INFORMATION

1.1 Corporate 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.

1.2 Coronavirus disease 2019 Pandemic

The Coronavirus disease 2019 (COVID-19) pandemic is continuing to evolve, resulting in an economic slowdown and adversely impacting most businesses and industries. This situation may bring uncertainties and have an impact on the environment in which the group operates. Nevertheless, the Group’s management will continue to monitor the ongoing development and regularly assess the financial impact in respect of valuation of assets, provisions and contingent liabilities. The degree of the impact severity is dependent upon the pandemic controlling measures imposed by government and the duration of the pandemic.

2. Coronavirus disease 2019 Pandemic

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. 2562 dated April 4, 2019.

(Sign) Directors

(Mr. Sukich Charanvas Mr.Pon Titipanichayangoon)

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

2.1 Preparation of financial statements (Cont.)

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

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

2.2 Financial reporting standards that became effective in the current year

During the year, the Company has adopted the revised (revised 2019) and new financial reporting standards and interpretations which are effective for fiscal year beginning on or after January 1, 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. The new standard involves changes to key principles, which are summarized below:

(a) Financial reporting standards related to financial instruments

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

Financial reporting standards:

TFRS 7	Financial Instruments: Disclosures
TFRS 9	Financial Instruments

Accounting standard:

TAS 32	Financial Instruments: Presentation
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Financial Reporting Standard Interpretations:

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

(Sign) Directors

(Mr. Sukich Charanvas Mr.Pon Titipanichayangoon)

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

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

(a) Financial reporting standards related to financial instruments

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.

The Company has adopted a set of TFRSs related to financial instruments except TFRS 7 Financial Instruments: Disclosures and TFRS 9 Financial Instruments as the Company has adopted Accounting Guidance related to financial instruments and disclosures applicable to insurance business as stated in Note 2.2 (B) to the financial statements. TAS 32 Financial Instruments: Presentation and Financial Reporting Standard Interpretations do not have a significant impact on the Company's financial statements.

(b) Accounting Guidance related to financial instruments and disclosures applicable to insurance business

Accounting Guidance related to financial instruments and disclosures applicable to insurance business was issued to comply with TFRS 4 (revised 2019) Insurance contracts, which allows insurers who meet certain criteria stipulated in this TFRS to delay adoption of TFRS 9 Financial Instruments and TFRS 7 Financial Instruments: Disclosures become effective on 2021, and to adopt the Accounting Guidance related to financial instruments and disclosures applicable to insurance business instead the adoption of TFRS 9 and TFRS 7 for the financial reporting period beginning before January 1, 2023 or before the effective date of TFRS 17 Insurance Contracts.

According to the Company's statements of financial position as at December 31, 2017, the Company had liabilities in connection with insurance services under the scope of TFRS 4 Insurance Contracts comprise more than 80% of the carrying value of total liabilities, which meets criteria stipulated in TFRS 4, and there was no change in the Company's core activities in the following accounting periods. As a result, the Company is eligible to adopt the Accounting Guidance related to financial instruments and disclosures applicable to insurance business. The Company's management believe that adoption of the Accounting Guidance is appropriate in the current circumstances and the Company has, therefore, elected to adopt such Accounting Guidance.

(Sign) Directors

(Mr. Sukich Charanvas Mr.Pon Titipanichayangoon)

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

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

(b) Accounting Guidance related to financial instruments and disclosures applicable to insurance business (Cont.)

The adoption of this Accounting Guidance has the impact on the Company's financial statements as detail below.

Classification and measurement of financial assets

The Company shall classify financial assets as trading securities, available for sale securities, held to maturity securities, and receivables and loans by not taking into consideration of its business model and the characteristics of the contractual cash flows.

- Classification and measurement of investments in available for sale securities that are listed equity instruments and investments in debt instruments which measured at fair value through other comprehensive income, the Company considers and decides to continue classifying them as investments in available for sale securities measured at fair value through other comprehensive income. Gain or loss on derecognition are to be recognized in profit or loss.
- The Company classified and measured its investments in equity instruments of non-listed companies as financial assets measured at fair value through other comprehensive income. Under the former discontinued accounting standard, they were previously classified as general investments measured at cost net of allowance for impairment (if any). Gain or loss from change in fair value are recognized in other comprehensive income. Gain or loss from disposal are recognized in profit or loss.
- The Company still classified and present loans, which the Company held to collect contractual cash flow (both principal and interest), as loans and interest receivables subsequently measured at amortized cost.

Classification and measurement of financial assets

The adoption of this Accounting Guidance does not have any impact to classification of financial liabilities. The Company continues to classify them as financial liabilities and measures at amortized cost.

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

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

(b) Accounting Guidance related to financial instruments and disclosures applicable to insurance business (Cont.)

Impairment of financial assets

This Accounting Guidance requires the Company to move from incurred loss provisioning, under former accounting policy, to expected loss provisioning by recognizing an allowance for expected credit loss on its financial assets and it is no longer necessary for a credit-impaired event to have occurred. The Company considers to adopt the general approach and the simplified approach to determine expected credit loss on financial assets, depending on type of financial assets.

Transition

The Company initially adopted this Accounting Guidance using the modified retrospective method whereby the adjustment of the cumulative effect was made against retained earnings or other components of equity as at January 1, 2020, and the comparative information was not restated.

The cumulative effect of the change is described in Note 5 to the interim financial statements.

(c) 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.

This financial reporting standard has no material impact to financial statements.

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

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

(d) Accounting Guidance on Temporary Relief Measures for Accounting Alternatives in Response to the Impact of the Covid-19 Pandemic

The Federation of Accounting Professions announced Accounting Guidance on Temporary Relief Measures for Accounting Alternatives in Response to the Impact of the Covid-19 Pandemic. Its objectives are to alleviate some of the impacts of applying certain financial reporting standards, and to provide clarification about accounting treatments during the period of uncertainty relating to this situation.

On 22 April 2020, the Accounting Guidance was announced in the Royal Gazette and it is effective for the financial statements prepared for reporting periods ending between 1 January 2020 and 31 December 2020.

During the period from the first quarter to the third quarter of 2020, the Company elected to apply the temporary relief measures on accounting alternatives relating to measurement of following.

- Not to consider the Covid-19 situation as an indication that an asset may be impaired in accordance with TAS 36 Impairment of Assets.
- Not to take into account forward-looking information when determining expected credit losses, in cases where the Company uses a simplified approach to determine expected credit losses.
- To measure the fair value of investments in non-listed equity instruments using the fair value as at January 1, 2020.

In the fourth quarter of 2020, the Company has assessed the financial impacts of the uncertainties of the COVID-19 Pandemic on the valuation of assets. As a result, in preparing the financial statements for the year ended 31 December 2020, the Company has decided to discontinue application of all temporary relief measures on accounting alternatives with no significant impact on the Company's financial statements.

(Sign) Directors

(Mr. Sukich Charanvas Mr.Pon Titipanichayangoon)

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

2.3 Financial reporting standards that became effective for fiscal year beginning on or after January 1, 2021

The federation of Accounting Professions issued a number of revised financial reporting standards and interpretation, which are effective for fiscal years beginning on or after January 1, 2021. 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 that included in amendments to reference to the Conceptual Framework in Financial Reporting Standards, Definition of a business, Definition of material and Reform referenced interest rate.

The management of the Group is currently evaluating the impact of these standards to the financial statements in the year when they are 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.

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(Mr. Sukich Charanvas Mr.Pon Titipanichayangoon)

3. ACCOUNTING POLICY

3.1 Product classification (Cont.)

The Company classifies all insurance contracts as short-term insurance contracts, which means insurance contracts that have coverage periods of up to 1 year and no automatic renewal clause, as well as critical illness and personal accident that have coverage periods of more than 1 year and the Company can terminate, increase or decrease insurance premiums or change any benefits of the insurance contracts throughout the coverage period.

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.

(d) Interest income and dividends

Interest income is recognized as interest accrues based on the effective interest 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

(Sign) Directors

(Mr. Sukich Charanvas Mr.Pon Titipanichayangoon)

3. ACCOUNTING POLICY (Cont.)

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.

3.4 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

(Sign) Directors

(Mr. Sukich Charanvas Mr.Pon Titipanichayangoon)

3. ACCOUNTING POLICY (Cont.)

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.

The Company sets up an allowance for doubtful debt, of reinsurance assets based on losses that may be incurred due to irrecoverable, taking into account collection experience, aged of balance, and the status of receivables from reinsurers as at the end of the reporting period.

Increase (decrease) in allowance for doubtful debt during the year is recorded as expense in profit or loss.

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.

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(Mr. Sukich Charanvas Mr.Pon Titipanichayangoon)

3. ACCOUNTING POLICY (Cont.)

3.9 Reinsurance receivables and due to reinsurers (Cont.)

- (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 Financial assets - Investments in securities

(a) Classification and measurement

The Company shall classify financial assets as trading securities, available for sale securities, held to maturity securities, and receivables and loans by not taking into consideration of its business model and the characteristics of the contractual cash flows.

Financial liabilities are measured at amortized cost.

(b) Investment in securities

Investments in available-for-sale securities are stated at fair value. Change in the fair value of these securities are recorded in other comprehensive income, and will be recorded in profit or loss when the securities are sold.

Held-to-maturity investments are stated at amortised cost. The premium/discount on debt securities is amortised/accreted by the effective rate method with the amortised/accreted amount presented as an adjustment to the interest income. Debt securities are classified as held-to-maturity investments when the Company has an intent and ability to hold to maturity.

Investments in non-marketable equity instruments (non-listed company) are stated at fair value and are classified as investments in available-for-sale securities which are measured at fair value through other comprehensive income. Change in the fair value of these securities are recognised in other comprehensive income. (Before 1 January 2020, Investments in non-marketable equity securities classified as other investment are stated at cost net of an allowance for impairment (if any)).

The fair value of marketable securities is based on the latest bid price of the last working day of the year of the Stock Exchange of Thailand. The fair value of debt instrument is determined based on yield rates quoted by the Thai Bond Market Association. The fair value of investment unit is determined from its net asset value. The fair value of non-marketable equity instruments is determined using generally accepted approach.

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

(Sign) Directors

(Mr. Sukich Charanvas Mr.Pon Titipanichayangoon)

3. ACCOUNTING POLICY (Cont.)

3.10 Financial assets - Investments in securities (Cont.)

(b) Investment in securities (Cont.)

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

On disposal of an investment, the difference between net disposal proceeds and the cost of the investment is recognized in profit or loss.

Loss from impairment of equity instruments classified as investments in available-for-sale securities is immediately recognized through profit or loss when there is an objective evidence supporting impairment of the instruments, which indicate that the cost of the investment in an equity instrument may not be recovered, and there is a significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.

Expected credit loss and loss on impairment (if any) are recorded as expenses in profit or loss.

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 interest receivables and expected credit losses

Loans and interest receivables are stated at net realizable value. Allowance for expected credit loss is provided for the expected loss using the general approach to determine the allowance for expected loss over the lifetime.

Increase (decrease) in allowance for expected credit loss during the year is recorded as expenses in profit or loss.

Accounting policies adopted before 1 January 2020

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.

(Sign) Directors

(Mr. Sukich Charanvas Mr.Pon Titipanichayangoon)

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
-------------------	---	-------

3.15 Impairment of non-financial assets

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

An impairment loss is recognized in the profit or loss.

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.

(Sign) Directors

(Mr. Sukich Charanvas Mr.Pon Titipanichayangoon)

3. ACCOUNTING POLICY (Cont.)

3.16 Income tax (Cont.)

Income tax consists of current income tax and deferred income tax (Cont.)

(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.

(Sign) Directors

(Mr. Sukich Charanvas Mr.Pon Titipanichayangoon)

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 Allowance for expected credit losses of financial assets

Since 1 January 2020, the Company recognized expected credit loss on its debt instruments that are cash and cash equivalents, financial assets measured at amortized cost and loans by applying the general approach in accordance with the Accounting Guidance related to financial instruments. The Company recognizes an allowance for expected credit losses at the amount equivalent to the lifetime expected credit losses when there has been a significant increase in credit risk since the initial recognition date but that are not credit-impaired or that are impaired. However, if there has not been a significant increase in credit risk since the initial recognition date, the Company recognized allowance for expected credit losses at the amount equivalent to the expected credit losses for the next 12 months.

(Sign) Directors

(Mr. Sukich Charanvas Mr.Pon Titipanichayangoon)

3. ACCOUNTING POLICY (Cont.)

3.19 Allowance for expected credit losses of financial assets (Cont.)

At every reporting date, the Company assesses whether there has been a significant increase in the credit risk of financial assets since initial recognition by considering internal and external credit ratings of the counterparties and overdue status such as over 30 days past due, and if the debtor is more than 90 days past due it is assessed to be credit-impaired.

For other financial assets or contract assets that do not contain a significant financing component, the Company applies a simplified approach to determine the lifetime expected credit loss. It is based on its historical credit loss experience and adjusted for forward-looking factors specific to the debtors and the economic environment.

Increase (decrease) in allowance for expected credit loss is recognized as expenses during the year in profit or loss in statements of comprehensive income. The Company has a policy to write off any financial assets when it is believed that they will not be collected from the debtor.

3.20 Classification and measurement of financial liabilities

At initial recognition the Company's financial liabilities are recognized at fair value net of transaction costs and classified as liabilities to be subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process. In determining amortized cost, the Company takes into account any discounts or premiums on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance costs in profit or loss.

3.21 Derecognition of financial instruments

A financial asset is primarily derecognized when the rights to receive cash flows from the asset have expired or have been transferred.

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

3.22 Offsetting of financial instruments

Financial assets and financial liabilities are offset, and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

(Sign) Directors

(Mr. Sukich Charanvas Mr.Pon Titipanichayangoon)

3. ACCOUNTING POLICY (Cont.)

3.23 The Company as a lessor

A lease that transfers substantially all the risks and rewards incidental to ownership of an underlying asset to a lessee is classified as finance leases. As at the commencement date, an asset held under a finance lease is recognized as a receivable at an amount equal to the net investment in the lease or the present value of the lease payments receivable and any unguaranteed residual value. Subsequently, finance income is recognized over the lease term to reflect a constant periodic rate of return on the net investment in the lease.

A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset to a lessee. Lease receivables from operating leases is recognized as income in profit or loss on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying assets and recognized as an expense over the lease term on the same basis as the lease income.

3.24 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.

3.25 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.

3.26 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.

3.27 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.

(Sign) Directors

(Mr. Sukich Charanvas Mr.Pon Titipanichayangoon)

3. ACCOUNTING POLICY (Cont.)

3.28 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 Allowance for expected credit losses of financial assets

The management is required to use judgement in estimating allowance for expected credit losses of financial assets. The Company's calculation of allowance for expected credit losses depends on the criteria used for assessment of a significant increase in credit risk, the debtors status analysis, the probability of debt collection. This estimation has various relevant factors; therefore, the actual results may differ from estimates.

(Sign) Directors

(Mr. Sukich Charanvas Mr.Pon Titipanichayangoon)

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

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.

4.4 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 Loss reserves and outstanding claims

In determining whether insurance contracts meet the definition of insurance contracts under Thai Financial Reporting Standard, the Company is required to test whether the contracts accept/transfer significant insurance risk from/to the reinsurers, using actuarial technique based on assumptions regarding historical claim data and other assumptions. The management is required to exercise judgement in determining these assumptions.

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.

(Sign) Directors

(Mr. Sukich Charanvas Mr.Pon Titipanichayangoon)

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

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. Cumulative effects of changes in accounting policies due to the adoption of new financial reporting standards

As described in Note 2.2 to the interim financial statements, during the current year, the Company has adopted Accounting Guidance related to financial instruments and disclosures applicable to insurance business. The cumulative effect of initially applying these standards is recognized as an adjustment to retained earnings as at January 1, 2020. Therefore, the comparative information was not restated.

The impacts on the beginning balance of retained earnings or other comprehensive income of 2020 from changes in accounting policies due to the adoption of these Accounting Guidance and standard are presented as follows:

(Unit: Baht)

		The impacts of	
		Accounting Guidance	
	December 31, 2019	instruments	January 1, 2020
Statements of financial position			
Assets			
Investments in securities	668,653,258.22	15,615,966.01	684,269,224.23
Liabilities			
Deferred tax assets	9,294,522.24	3,123,193.20	12,417,715.44
Owners' equity			
Other components of equity	37,178,088.98	12,492,772.81	49,670,861.79

(Sign) Directors

(Mr. Sukich Charanvas Mr.Pon Titipanichayangoon)

5. Cumulative effects of changes in accounting policies due to the adoption of new financial reporting standards
(Cont.)

Financial instruments

- a) Details of the impact on other component of equity as at 1 January 2020 due to the adoption of the set of financial reporting standards related to financial instruments and the Thai Accounting Guidance related to financial instruments and disclosures applicable to insurance business are presented as follows:

(Unit: Baht)

Other components of equity

Fair value in measurement of investment in equity instrument of non-listed company	15,615,966.01
Less: Related income tax	(3,123,193.20)
Impacts on other component of equity due to the adoption of Thai Accounting Guidance	12,492,772.81

- b) The classification and measurement of financial assets in the set of financial reporting standards related to financial instruments and the Thai Accounting Guidance related to financial instruments and disclosures applicable to insurance business as at 1 January 2020, and the classification and measurement under the former basis as at 31 December 2019, are as follows:

(Unit: Baht)

		Classification and measurement in accordance with new accounting standards				
		Thai Accounting Guidance as at 1 January 2020				
	Classification and measurement under the former basis as at 31 December 2019	Trading investments which are measured at fair value through profit or loss	Available-for-sale investments which are measured at fair value through other comprehensive income	Held-to-maturity investments which are measured at amortized cost	Amortized cost	Total
Financial assets						
Cash and cash equivalents	53,022,357.90	-	-	-	53,022,357.90	53,022,357.90
Accrued investment income	2,892,958.31	-	-	-	2,892,958.31	2,892,958.31
Investments in securities	668,653,258.22	-	226,739,224.23	457,530,000.00	-	684,269,224.23
Loans and interest receivables	7,281,766.56	-	-	-	7,281,766.56	7,281,766.56
Other receivables	13,458,522.12	-	-	-	13,458,522.12	13,458,522.12

(Sign) Directors

(Mr. Sukich Charanvas Mr.Pon Titipanichayangoon)

5. Cumulative effects of changes in accounting policies due to the adoption of new financial reporting standards
(Cont.)

As at 1 January 2020, the Company had not designated any financial liabilities at fair value through profit or loss.

6. FAIR VALUE MEASUREMENT

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

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

- Level 1 - Use of quoted market prices in an observable active market for such assets or liabilities
- Level 2 - Use of other observable inputs for such assets or liabilities, whether directly or indirectly
- Level 3 - Use of unobservable inputs such as estimates of future cash flows

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

(Sign) Directors

(Mr. Sukich Charanvas Mr.Pon Titipanichayangoon)

6. FAIR VALUE MEASUREMENT (Cont.)

As at 31 December 2020 and 2019, 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)

	2020				
	Carrying values	Fair values			
		Level 1	Level 2	Level 3	Total
<u>Assets measured at fair value</u>					
Available-for-sale investments					
Equity securities	182,881,995.68	182,881,995.68	-	-	182,881,995.68
General investments	8,279,839.29	-	-	8,279,839.29	8,279,839.29
<u>Assets for which fair value are disclosed</u>					
Cash and cash equivalents	31,416,733.73	31,416,733.73	-	-	31,416,733.73
Premium receivables	13,242,928.80	-	-	13,242,928.80	13,242,928.80
Reinsurance assets – claim reserves					
refundable from reinsurers	4,278,822.47	-	-	4,278,822.47	4,278,822.47
Reinsurance receivables	15,793,665.78	-	-	15,793,665.78	15,793,665.78
Held to maturity investments					
Government and state enterprise securities	6,600,000.00	-	-	6,600,000.00	6,600,000.00
Private sector debt securities	288,041,853.10	-	288,041,853.10	-	288,041,853.10
Deposits at financial institutions which matured over 3 months	134,481,174.55	134,481,174.55	-	-	134,481,174.55
Loans	4,700,940.91	-	-	4,700,940.91	4,700,940.91
<u>Liabilities which fair value are disclosed</u>					
Insurance contract liabilities - claim reserves	92,104,977.37	-	-	92,104,977.37	92,104,977.37
Amounts due to reinsurances	20,674,268.10	-	-	20,674,268.10	20,674,268.10

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

(Sign) Directors

(Mr. Sukich Charanvas Mr.Pon Titipanichayangoon)

6. FAIR VALUE MEASUREMENT (Cont.)

(Unit: Baht)

	2019				
	Carrying	Fair values			
	values	Level 1	Level 2	Level 3	Total
<u>Assets measured at fair value</u>					
Available-for-sale investments					
Equity securities	210,782,198.22	210,782,198.22	-	-	210,782,198.22
<u>Assets for which fair value are disclosed</u>					
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
<u>Liabilities which fair value are disclosed</u>					
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

The methodology of fair value measurement depends upon the characteristics of the financial instrument. For those financial instruments which are regarded as being traded in an active market, fair value is determined by reference to the market price of the financial instrument. If however the appropriate quoted market price cannot be determined, the fair value is determined by using an appropriate valuation technique such as discounted cash flow.

The methods and assumptions used by the Company in estimating the fair values of financial instruments are described in note 3.10 to financial statement.

(Sign) Directors

(Mr. Sukich Charanvas Mr.Pon Titipanichayangoon)

7. CASH AND CASH EQUIVALENTS

	(Unit : Baht)	
	December 31, 2020	December 31, 2019
Cash	783,415.89	859,473.58
Deposits at banks with no fixed maturity date	20,633,317.84	32,162,884.32
Deposits at banks with fixed maturity date	10,000,000.00	20,000,000.00
Cash and cash equivalents	31,416,733.73	53,022,357.90

8. PREMIUM DUE AND UNCOLLECTED

As at December 31, 2020 and 2019, 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, 2020			December 31, 2019		
	Due from insured	Due from agents and brokers	Total	Due from insured	Due from agents and brokers	Total
Not yet due	757,306.39	10,770,835.28	11,528,141.67	1,741,035.77	23,712,498.92	25,453,534.69
Not over 30 days	26,887.75	350,464.34	377,352.09	5,893.03	3,299,329.62	3,305,222.65
Over 30 days to 60 days	5,670.40	665,322.05	670,992.45	-	1,113,565.12	1,113,565.12
Over 60 days to 90 days	-	616,637.30	616,637.30	(919.13)	454,338.96	453,419.83
Over 90 days	-	858,096.97	858,096.97	-	967,221.39	967,221.39
Total premium receivables	789,864.54	13,261,355.94	14,051,220.48	1,746,009.67	29,546,954.01	31,292,963.68
Less: Allowance for doubtful accounts	-	(808,291.68)	(808,291.68)	-	(967,221.39)	(967,221.39)
Total premium due and uncollected, net	789,864.54	12,453,064.26	13,242,928.80	1,746,009.67	28,579,732.62	30,325,742.29

9. REINSURANCE ASSETS

As at December 31, 2020 and 2019, the Company has reinsurance assets as below:

	(Unit : Baht)	
	December 31, 2020	December 31, 2019
<u>Insurance recovered from reinsurers</u>		
Loss reserves	4,278,822.47	10,356,939.23
Unearned premium reserves (UPR)	15,975,969.46	26,403,451.19
Total	20,254,791.93	36,760,390.42

(Sign) Directors

(Mr. Sukich Charanvas Mr.Pon Titipanichayangoon)

10. REINSURANCE RECEIVABLES

As at December 31, 2020 and 2019, the Company has reinsurance receivables as below:

	(Unit : Baht)	
	December 31, 2020	December 31, 2019
Amounts due from reinsurers	15,793,665.78	26,400,176.00
Total	15,793,665.78	26,400,176.00

As at December 31, 2020 and 2019, balances of amounts due from reinsurers are classified by aging as follows:

	(Unit : Baht)	
	December 31, 2020	December 31, 2019
Within credit terms	15,793,665.78	26,248,816.18
Not over 12 months	-	151,359.82
Total	15,793,665.78	26,400,176.00

(Sign) Directors

(Mr. Sukich Charanvas Mr.Pon Titipanichayangoon)

11. INVESTMENT IN SECURITIES

11.1 Classified by type of investments As at December 30, 2020 and December 31, 2019, the Company has investments in securities as follows:

	(Unit: Baht)			
	December 30, 2020		December 31, 2019	
	Cost / Amortized cost	Fair value	Cost / Amortized cost	Fair value
Investments measured at fair value				
through other comprehensive income /				
Available-for-sale investments				
Government and state enterprise securities				
Equity securities	8,704,990.00	23,307,000.00	8,573,740.00	22,325,450.00
Private enterprise debt securities				
Equity securities	157,119,347.00	159,574,995.68	155,735,847.00	188,456,748.22
Non-listed equity instruments	341,060.00	8,279,839.29	-	-
Total	166,165,397.00	191,161,834.97	164,309,587.00	210,782,198.22
Add (Less) Unrealized gain (loss)	24,996,437.97	-	46,472,611.22	-
Total investments measured at fair value				
through other comprehensive income /				
Available-for-sale investments	191,161,834.97	191,161,834.97	210,782,198.22	210,782,198.22
Investment measured at amortized cost /				
Held-to-maturity investments				
Government and state enterprise securities	6,600,000.00		16,600,000.00	
Private sector debt securities	307,000,000.00		306,000,000.00	
Deposits at banks	134,930,000.00		134,930,000.00	
Total	448,530,000.00		457,530,000.00	
(Less) Allowance for expected credit losses	(19,406,972.35)		-	
Total investment measured at amortized cost				
/ Held-to-maturity investments	429,123,027.65		457,530,000.00	
General investments				
Non-listed equity instruments	-		341,060.00	
General investments	-		341,060.00	
Investments in securities - net	620,284,862.62		668,653,258.22	

(Sign) Directors

(Mr. Sukich Charanvas Mr.Pon Titipanichayangoon)

11. INVESTMENT IN SECURITIES (Cont.)

11.2 Period to maturity

(Unit : Baht)

	December 31, 2020			
	Period to maturity			
	Within 1 year	1 - 5 years	Over 5 years	Total
Available-for-sale investments				
Government and state enterprise securities	1,600,000.00	5,000,000.00	-	6,600,000.00
Private sector debt securities	75,000,000.00	222,000,000.00	10,000,000.00	307,000,000.00
Deposits at financial institutions which matured				
over 3 months	134,930,000.00	-	-	134,930,000.00
Less: Allowance for expected credit losses	(5,886,727.48)	(13,513,117.91)	(7,126.96)	(19,406,972.35)
Total available-for-sale investments	205,643,272.52	213,486,882.09	9,992,873.04	429,123,027.65

(Unit : Baht)

	December 31, 2019			
	Period to maturity			
	Within 1 year	1 - 5 years	Over 5 years	Total
Available-for-sale investments				
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
Total available-for-sale investments	178,930,000.00	233,600,000.00	45,000,000.00	457,530,000.00

11.3 Debt securities that are measured at amortized cost

	December 30, 2020		
	Gross carrying value Baht	Expected credit loss Baht	Carrying value
Investments in debt securities which credit risk has not significantly increased (Stage 1)	413,530,000.00	(961,972.35)	412,568,027.65
Investment in debt securities which credit risk has significantly increased (Stage 2)	-	-	-
Credit-impaired investments in debt securities (Stage 3)	35,000,000.00	(18,445,000.00)	16,555,000.00
Total	448,530,000.00	(19,406,972.35)	429,123,027.65

(Sign) Directors

(Mr. Sukich Charanvas Mr.Pon Titipanichayangoon)

11. INVESTMENT IN SECURITIES (Cont.)

11.4 Fair values of investments in debt instruments

		2020	
The contractual terms of financial assets give rise on specified dates to cash flow that are solely payments of principal and interest on the only outstanding principal		The contractual terms of financial assets give rise on specified dates to cash flows that are not solely payments of principal and interest on the only outstanding principal	
amount		amount	
Changes in fair value during		Changes in fair value during	
Fair value	year	Fair value	year
Held-to-maturity investments which are measured at amortized cost			
Government and state enterprise securities	-	-	6,600,000.00
Private sector debt securities	-	-	288,041,853.10
Deposits at financial institutions which matured over 3 months	-	-	134,481,174.55
Total	-	-	429,123,027.65

11.5 Other components of equity

(Unit: Baht)

		For the year ended 31 December	
		2020	2019
Available-for-sale investments which are measured at fair value through other comprehensive income			
Balance - beginning of the year		37,178,088.98	-
Cumulative effect of changes in accounting policy (Note 5)		12,492,772.81	-
Balance as at January 1, 2020		49,670,861.79	-
Other comprehensive income (expenses) for the year		(29,673,711.42)	-
Balance - end of the year		19,997,150.37	-

11.6 Investments subject to restriction

As at December 31, 2020 and 2019, the Company pledged bank deposit Baht 64.93 million and Baht 89.93 million, respectively as collateral as stated in note 38 .

(Sign) Directors

(Mr. Sukich Charanvas Mr.Pon Titipanichayangoon)

12. LOANS

As at December 31, 2020 and 2019, loans and accrued interest aged by principal and accrued interest are as follows:

(Unit : Baht)

Classification	December 30, 2020		
	LOANS		Total
	Mortgage loans	Other	
Loans which credit risk has not significantly increased (Stage 1)	4,384,310.97	316,629.94	4,700,940.91
Loans which credit risk has significantly increased (Stage 2)	-	-	-
Credit-impaired loans (Stage 3)	2,055,988.91	-	2,055,988.91
Total	6,440,299.88	316,629.94	6,756,929.82
Less: Allowance for expected credit losses	(2,055,988.91)	-	(2,055,988.91)
Total - Loans and interest receivables	4,384,310.97	316,629.94	4,700,940.91

(Unit : Baht)

Classification	December 31, 2019		
	LOANS		Total
	Mortgage loans	Other	
Loans which credit risk has not significantly increased (Stage 1)	7,026,491.11	255,275.45	7,281,766.56
Loans which credit risk has significantly increased (Stage 2)	-	-	-
Credit-impaired loans (Stage 3)	-	-	-
Total - Loans and interest receivables	7,026,491.11	255,275.45	7,281,766.56

12.1 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.

12.2 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.

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

(Sign) Directors

(Mr. Sukich Charanvas Mr.Pon Titipanichayangoon)

13. PROPERTY, PLANT AND EQUIPMENT

(Unit : Baht)

	December 31, 2020				
	Land	Building	Fixture and office equipment	Vehicle	Total
Cost :					
At December 31, 2019	41,549,000.00	80,536,138.70	4,470,676.57	13,540,094.31	140,095,909.58
Additions	-	-	253,038.31	-	253,038.31
Disposal	-	-	(317,594.59)	-	(317,594.59)
At December 31, 2020	41,549,000.00	80,536,138.70	4,406,120.29	13,540,094.31	140,031,353.30
Accumulated depreciation :					
At December 31, 2019	-	80,133,004.41	3,701,193.35	13,388,945.73	97,223,143.49
Depreciation for the year	-	78,685.63	361,044.63	151,128.58	590,858.84
Disposal	-	-	(309,333.78)	-	(309,333.78)
At December 31, 2020	-	80,211,690.04	3,752,904.20	13,540,074.31	97,504,668.55
Net book value :					
At December 31, 2019	41,549,000.00	403,134.29	769,483.22	151,148.58	42,872,766.09
At December 31, 2020	41,549,000.00	324,448.66	653,216.09	20.00	42,526,684.75
Depreciation for the year :					
At December 31, 2020					590,858.84

(Sign) Directors

(Mr. Sukich Charanvas Mr.Pon Titipanichayangoon)

13. PROPERTY, PLANT AND EQUIPMENT (Cont.)

(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

As at December 31, 2020 and 2019, the Company has furniture, fixtures and office equipment at cost before deducting accumulated depreciation amount of Baht 95.20 million and Baht 93.65 million, respectively which are fully depreciated and still used in its operation.

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(Mr. Sukich Charanvas Mr.Pon Titipanichayangoon)

14. INTANGIBLE ASSETS

	(Unit : Baht)
	<u>Computer software</u>
Cost:	
At December 31, 2018	1,941,571.03
Additions	<u>-</u>
At December 31, 2019	1,941,571.03
Additions	<u>-</u>
At December 31, 2020	<u>1,941,571.03</u>
Accumulated amortization	
At December 31, 2018	1,885,421.18
Amortization charge	<u>43,700.37</u>
At December 31, 2019	1,929,121.55
Amortization charge	<u>12,444.48</u>
At December 31, 2020	<u>1,941,566.03</u>
Net book value:	
At 31 December 2019	<u>12,449.48</u>
At 31 December 2020	<u>5.00</u>
Amortization for the year 2020	12,444.48
Amortization for the year 2019	43,700.37

(Sign) Directors

(Mr. Sukich Charanvas

Mr.Pon Titipanichayangoon)

15. DEFERRED TAX

15.1 As at December 31, 2020 and 2019, the component of deferred tax assets and liabilities consist of following items.

	(Unit: Baht)	
	December 31, 2020	December 31, 2019
Deferred tax assets		
Premium reserve	-	2,815,075.28
Loss reserves and outstanding claims	11,945,736.87	9,520,027.38
Loss reserves incurred but not reported (IBNR)	3,415,387.99	3,482,462.01
Allowance for expected credit losses / Allowance for doubtful accounts	4,779,754.33	193,444.27
Employee benefit obligation	2,457,220.20	2,658,953.40
Total	22,598,099.39	18,669,962.34
Deferred tax liabilities		
Premium reserve	4,120,275.73	-
Unrealized gain from investment valuation – Available for sale	4,999,287.60	9,294,522.24
Total	9,119,563.33	9,294,522.24
Deferred tax assets (liabilities) - net	13,478,536.06	9,375,440.10

15.2 Income tax for the year ended December 31, 2020 and 2019, is summarized as follows:

	(Unit: Baht)	
	2020	2019
Current income tax:		
Income tax for the year	8,629,568.45	-
Deferred income tax:		
Deferred tax from temporary difference	28,324.69	(6,633,921.95)
Income tax presented in statement of comprehensive income	8,657,893.14	(6,633,921.95)

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(Mr. Sukich Charanvas Mr.Pon Titipanichayangoon)

15. DEFERED TAX (Cont.)

15.3 The amount of income tax relating to each component of other comprehensive incomes for the year ended December 31, 2020 and 2019, are summarized as follows:

	(Unit : Baht)	
	2020	2019
Deferred tax relating to Remeasurements of post-employment benefit obligations for the year	(163,814.00)	83,529.60
Deferred tax relating to gain (loss) from investment valuation Available for sale	7,418,427.85	2,640,012.37
	<u>7,254,613.85</u>	<u>2,723,541.97</u>

15.4 Reconciliation amount between income tax expenses and multiplication of taxable profit and tax rate used for the year ended December 31, 2020 and 2019, are presented as follows:

	(Unit : Baht)	
	2020	2019
Profit (Loss) from accounting before income tax	<u>59,882,419.78</u>	<u>(37,684,858.71)</u>
Income tax rate	20%	20%
Profit (Loss) from accounting before income tax multiplied by income tax rate	11,976,483.95	(7,536,971.75)
Income tax adjusted of previous year		
The effect from changing income tax rate of deferred tax	20,075,181.58	-
The effect of income tax:		
Current year tax profit (loss) for which no deferred tax asset was recognized	(22,133,005.23)	2,195,164.83
Non-taxable revenues and expenses	(1,260,767.16)	(1,393,644.63)
Non-deductible expenses	-	101,529.60
Income tax presented in statement of comprehensive income	<u>8,657,893.14</u>	<u>(6,633,921.95)</u>

(Sign) Directors

(Mr. Sukich Charanvas Mr.Pon Titipanichayangoon)

16. OTHER ASSETS

	(Unit: Baht)	
	December 31, 2020	December 31, 2019
Prepaid long-term commission	1,477,825.83	2,288,304.51
Loss recovery from counter parties	4,376,924.10	3,627,883.76
Other receivables	4,845,290.21	3,229,010.23
Others	4,584,875.75	4,313,323.62
Total	15,284,915.89	13,458,522.12
Less: Allowance for expected credit losses	(1,627,518.69)	-
Other assets - net	13,657,397.20	13,458,522.12

17. INSURANCE CONTRACT LIABILITIES

	December 31, 2020		
	Insurance contract liabilities	Liabilities on reinsurance	Net
Loss reserves and outstanding claims			
- Incurred and agreed claim reserves	71,616,427.81	(867,212.84)	70,749,214.97
- Incurred but not reported claim reserves	20,488,549.56	(3,411,609.63)	17,076,939.93
Premium liabilities - Unearned premium reserves	68,613,230.91	(15,975,969.46)	52,637,261.45
Total	160,718,208.28	(20,254,791.93)	140,463,416.35

	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

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(Mr. Sukich Charanvas

Mr.Pon Titipanichayangoon)

17. INSURANCE CONTRACT LIABILITIES (Cont.)

Loss reserves and outstanding claims

	(Unit: Baht)	
	December 31, 2020	December 31, 2019
Beginning balances	85,105,272.39	55,882,661.30
Claim incurred in this year	136,796,733.48	160,768,900.65
Changes in claim reserves in previous year	(5,488,650.96)	(10,695,634.97)
Changes in claim reserves assumptions	(3,745,340.18)	11,301,226.23
Claim paid in this year	(120,563,037.36)	(132,151,880.82)
Ending balances	92,104,977.37	85,105,272.39

As at December 31, 2020, the Company had loss reserves and outstanding claims under reinsurance contracts of Baht 3.18 million (31 December 2019: Baht 3.17 million).

Unearned premium reserve

	(Unit: Baht)	
	December 31, 2020	December 31, 2019
Beginning balances	190,252,535.03	98,236,743.50
Premium written for the year	198,555,938.09	414,856,166.34
Premium earned for the current year	(320,195,242.21)	(322,840,374.81)
Ending balance	68,613,230.91	190,252,535.03

Unexpired risk reserve

	(Unit: Baht)	
	December 31, 2020	December 31, 2019
Balance as at January 1	91,890,236.68	35,158,902.71
Estimated claims for the year	91,670,175.19	172,275,812.81
Expired risk during the year	(154,651,377.38)	(115,544,478.84)
Ending balance	28,909,034.49	91,890,236.68

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(Mr. Sukich Charanvas Mr.Pon Titipanichayangoon)

17. INSURANCE CONTRACT LIABILITIES (Cont.)

As at December 31, 2020, the Company has not provided for unexpired risk reserve for the amount of Baht 28.91 million (December 31, 2019, Baht 91.89 million) since unexpired risk reserve is lower than unearned premium reserve.

Gross claims table

							(Unit: Baht)
Accident year/Reporting year	2015	2016	2017	2018	2019	2020	Total
Claim estimates:							
- as at accident year	60,702,000	64,010,739	55,364,197	71,469,051	171,146,908	131,607,373	
- Next one year	58,031,013	63,261,824	55,203,840	65,399,721	175,520,628		
- Next two years	58,553,284	65,920,735	51,323,420	55,573,021			
- Next three years	57,884,918	65,700,784	51,353,630				
- Next four years	57,884,918	65,700,784					
- Next five years	57,884,918						
Cumulative claim estimates	57,884,918	65,700,784	51,353,630	55,573,021	175,520,628	131,607,373	537,640,354
Cumulative payments 2014 - 2019	57,884,918	65,700,784	51,343,430	53,706,008	150,986,267	70,983,566	450,604,974
Total	-	-	10,199	1,867,013	24,534,361	60,623,807	87,035,380
Claims before 2014							2,873,229
Others							2,196,368
Total gross loss reserves							92,104,977

Net claims table

							(Unit: Baht)
Accident year/Reporting year	2015	2016	2017	2018	2019	2020	Total
Claim estimates:							
- as at accident year	52,321,459	47,303,374	45,887,288	60,216,395	133,884,158	113,889,725	
- Next one year	49,355,510	46,158,395	46,222,054	57,141,350	136,393,962		
- Next two years	49,779,703	48,653,956	43,058,124	48,547,921			
- Next three years	49,830,805	48,501,457	43,080,788				
- Next four years	49,830,805	48,501,457					
- Next five years	49,830,805						
Cumulative claim estimates	49,830,805	48,501,457	43,080,788	48,547,921	136,393,962	113,889,725	440,244,657
Cumulative payments 2014 - 2019	49,830,805	48,501,457	43,074,618	46,755,510	111,951,125	58,030,212	358,143,727
Total	-	-	6,170	1,792,411	24,442,837	55,859,513	82,100,930
Claims before 2014							571,979
Others							(3,072,055.14)
Total net loss reserves							79,600,854

(Sign) Directors

(Mr. Sukich Charanvas

Mr.Pon Titipanichayangoon)

17. 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.

18. DUE TO REINSURERS

	(Unit: Baht)	
	December 31, 2020	December 31, 2019
Premium ceded payables	11,473,389.78	11,118,758.19
Amount withheld on reinsurance	9,200,878.32	10,554,755.72
Total reinsurance payables	20,674,268.10	21,673,513.91

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(Mr. Sukich Charanvas Mr.Pon Titipanichayangoon)

19. BANK OVERDRAFTS

As at December 31, 2020 and 2019, 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 38.

20. EMPLOYEE BENEFIT OBLIGATIONS

<u>Employee benefits expenses project as determined :</u>	<u>(Unit: Baht)</u>	
	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Current service cost	1,004,281.00	675,244.00
Interest cost	165,297.00	219,159.00
Remeasurements of post-employment benefit obligations for the year	(819,070.00)	417,648.00
Total expenses	<u>350,508.00</u>	<u>1,312,051.00</u>
<u>The statement of financial position obligation was determined as follows :</u>		
Present value of the defined benefit obligations	9,184,024.00	8,766,376.00
Unrecognized actuarial (gain) loss	(819,070.00)	417,648.00
Defined benefit obligation at end of year	<u>8,364,954.00</u>	<u>9,184,024.00</u>
<u>Movement in the present value of the defined benefit obligations :</u>		
Defined benefit obligations at January 1,	13,294,767.00	8,766,376.00
Current service cost	1,004,281.00	675,244.00
Interest cost	165,297.00	219,159.00
Less Benefits paid	(1,359,174.00)	-
Past Service Cost – Plan Changes	-	3,216,340.00
Remeasurements of post-employment benefit obligations for the year	(819,070.00)	417,648.00
Defined benefit obligation at December 31,	<u>12,286,101.00</u>	<u>13,294,767.00</u>

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(Mr. Sukich Charanvas Mr.Pon Titipanichayangoon)

20. EMPLOYEE BENEFIT OBLIGATIONS (Cont.)

Actuarial assumptions to use for calculation :

	2020	2019
	Percentage	Percentage
Retirement age	60 ปี	60 ปี
Discount Rate	1.09	1.32
Long term salary increase	2.00	2.25
Employees turn over	0.00–20.00	0.00–20.00
Mortality Rate	TMO2017	TMO2017

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

Assumptions	(Unit : Baht)	
	December 31, 2020	December 31, 2019
Experience Adjustments on Plan Liabilities	(841,281.00)	(740,178.00)
Change in Demographic Assumptions on Plan Liabilities	-	(6,572.00)
Change in Financial Assumptions on Plan Liabilities	22,211.00	1,164,398.00
Total	(819,070.00)	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, 2020	(Unit : Baht)	
	Increase	Decrease
Discount Rate (1.0% movement)	(708,389.00)	784,507.00
Long term salary increase (1.0% movement)	710,702.00	(656,381.00)
Employees turn over (10.0% movement)	(103,580.00)	106,276.00

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.

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(Mr. Sukich Charanvas Mr.Pon Titipanichayangoon)

21. OTHER LIABILITIES

	(Unit: Baht)	
	December 31, 2020	December 31, 2019
Accrued expense	3,574,589.85	14,724,486.93
Accrued commission	2,407,693.36	4,281,584.10
Others	11,985,839.74	20,536,271.43
Total	17,968,122.95	39,542,342.46

22. DIVIDEND PAYMENT

According to the resolution of annual general shareholders' meeting for the year 2019 held on July 22, 2020. The company passed resolution to pay dividend to the shareholders from result of its operation of the year 2019 at the rate Baht 0.50 per share for 12 million shares total amount of Baht 6 million. The company already paid dividend on April 30, 2020 was approved by the shareholder meeting of the year 2020 held on March 30, 2020.

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.

23. OPERATING EXPENSES

	(Unit: Baht)	
	For the year ended	
	December 31, 2020	December 31, 2019
Personal expenses which are not expenses for underwriting and claims	22,201,672.59	25,281,375.59
Premises and equipment expenses which is not expenses for underwriting	7,502,313.20	9,188,840.89
Taxes and duties	1,089,141.90	2,390,263.74
Bad debts and doubtful accounts	-	208,605.14
Directors' remuneration	1,015,000.00	1,145,000.00
Other operating expenses	7,295,067.63	8,012,920.59
Total operating expenses	39,103,195.32	46,227,005.95

(Sign) Directors

(Mr. Sukich Charanvas Mr.Pon Titipanichayangoon)

24. NET IMPAIRMENT LOSSES ON FINANCIAL ASSETS

	(Unit : Baht)	
	For the year ended	
	December 31, 2020	December 31, 2019
Loans and interest receivables	2,055,988.91	-
Other assets	1,627,518.69	-
Investment in securities	19,406,972.35	-
Total net impairment losses on financial assets	23,090,479.95	-

25. EMPLOYEE BENEFIT EXPENSE

	(Unit : Baht)	
	For the year ended	
	December 31, 2020	December 31, 2019
Management		
Wages and salaries	11,537,824.00	11,667,824.00
Pension costs - defined contribution plans	179,808.00	179,808.00
Others	697,008.00	1,957,803.90
	12,414,640.00	13,805,435.90
Other employees		
Wages and salaries	17,265,256.00	17,605,887.00
Pension costs - defined contribution plans	237,312.59	239,586.18
Others	1,286,932.00	3,413,658.51
	18,789,500.59	21,259,131.69
Total	31,204,140.59	35,064,567.59
Employee benefit expenses has been allocated to:		
Other underwriting expenses	5,161,263.00	6,170,000.00
Insurance claim and loss adjustments	2,826,205.00	2,468,192.00
Operating expenses	23,216,672.59	26,426,375.59
Total	31,204,140.59	35,064,567.59

(Sign) Directors

(Mr. Sukich Charanvas Mr.Pon Titipanichayangoon)

26. BENEFITS PAID TO DIRECTORS AND KEY MANAGEMENT

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

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

Directors' remuneration and management benefit expenses for the year ended December 31, 2020 and 2019, are presented as follows.

	(Unit : Baht)	
	December 31, 2020	December 31, 2019
Short-term benefits	11,746,762.00	11,928,987.90
Long-term benefits	667,878.00	1,876,448.00
Total	12,414,640.00	13,805,435.90

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

	(Unit : Baht)		
	Amount before Tax	Benefit (Expense) Tax	Net amount from Tax
As at December 31, 2020			
Gains on changes in values of investments	(37,092,139.27)	7,418,427.85	(29,673,711.42)
Remeasurements of post-employment benefit obligations	819,070.00	(163,814.00)	655,256.00
Total	(36,273,069.27)	7,254,613.85	(29,018,455.42)
As at December 31, 2019			
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)

(Sign) Directors

(Mr. Sukich Charanvas Mr.Pon Titipanichayangoon)

28. RISKS OF NON-LIFE INSURANCE BUSINESS

28.1. 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, 2020			December 31, 2019		
	Outward					
	Gross premium	premium		Gross Premium	Outward loss	
	reserves	reserves	Net	reserves	reserves	Net
Fire	18,502,814.66	(5,095,601.37)	13,407,213.29	18,947,680.17	(4,366,272.47)	14,581,407.70
Marine and						
transportation	4,346,331.93	(2,184,528.90)	2,161,803.03	4,107,181.94	(1,543,432.21)	2,563,749.73
Motor	30,789,296.00	(1,660,200.24)	29,129,095.76	145,535,508.49	(7,358,299.06)	138,177,209.43
Personal accident	594,040.52	(235,698.43)	358,342.09	622,862.91	(261,505.49)	361,357.42
Miscellaneous	14,380,747.80	(6,799,940.52)	7,580,807.28	21,039,301.52	(12,873,941.96)	8,165,359.56
Total	68,613,230.91	(15,975,969.46)	52,637,261.45	190,252,535.03	(26,403,451.19)	163,849,083.84

(Sign) Directors

(Mr. Sukich Charanvas Mr.Pon Titipanichayangoon)

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

28.1. Insurance risk (Cont.)

(Unit: Baht)

	December 31, 2020			December 31, 2019		
	Gross	Outward loss		Gross	Outward loss	
	loss reserves	reserves	Net	loss reserves	reserves	Net
Fire	4,231,085.92	(38,608.03)	4,192,477.89	5,032,978.69	94,676.67	5,127,655.36
Marine and transportation	2,706,414.58	(163,404.55)	2,543,010.03	4,700,537.60	(631,598.56)	4,068,939.04
Motor	82,778,195.95	(2,855,777.92)	79,922,418.03	63,286,004.37	(1,427,612.19)	61,858,392.18
Personal accident	59,020.97	(8,714.27)	50,306.70	191,956.40	(20,285.06)	171,671.34
Miscellaneous	2,330,259.95	(1,212,317.70)	1,117,942.25	11,893,795.33	(8,372,120.09)	3,521,675.24
Total	92,104,977.37	(4,278,822.47)	87,826,154.90	85,105,272.39	(10,356,939.23)	74,748,333.16

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, 2020			
	Assumption	Provision for gross	Provision for net	Profit (loss) before
	change	loss reserves	loss reserves	income tax
Ultimate Loss Ratios	+1%	3,270,527	2,882,596	(2,882,596)
	-1%	(3,270,527)	(2,882,596)	2,882,596
ULAE Ratio	+1%	541,535	541,535	(541,535)
	-1%	(541,535)	(541,535)	541,535

(Sign) Directors

(Mr. Sukich Charanvas Mr.Pon Titipanichayangoon)

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

28.1. Insurance risk (Cont.)

(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

28.2. Financial instruments and risk management

The Company's financial instruments, comprise cash and cash equivalents, premium receivables, investments, loans, reinsurance assets and reinsurance receivables. The financial risks associated with these financial instruments and how they are managed is described below.

(a) Credit risk

Concentrations of the credit risk with respect to premium receivables, reinsurance assets and reinsurance receivables are considered low because the Company's policy holders and reinsurers are dispersed across different industries and geographic regions in Thailand and in foreign countries.

The maximum exposure to credit risk is limited to the carrying value of those assets after deduction of allowance for doubtful accounts as stated in the statement of financial position.

Credit risk arising from collection of premium receivables

The Company has managed the risk arising from the collection of insurance premiums, establishing stricter criteria and conditions as to determination of a credit limit and credit terms of agents and brokerages and authorization control in order to facilitate business expansion.

Credit risk arising from reinsurance

The Company has managed the risk arising from reinsurance, developing reinsurance strategies and establishing criteria and guidelines in assessing the credibility of reinsurance companies in order to minimize credit risk arising from reinsurance. The select reinsurance companies' credit ratings are not to be lower than that specified.

(Sign) Directors

(Mr. Sukich Charanvas Mr.Pon Titipanichayangoon)

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

28.2. Financial instruments and risk management (Cont.)

(a) Credit risk (Cont.)

Credit risk arising from investments

The Company has managed the risk arising from investments, establishing investment limits for each agreement and the minimum credit rating criteria for counterparties that the Company is able to make an investment within the Company's investment policy framework.

The criteria used in determining measurement of expected credit losses in the next 12 months are as follows:

Stage 1: Financial assets with no significant increase in credit risk (12-mth ECL)

An investment asset, with a credit rating performed by a reliable credit rating agency or, if unavailable, a credit rating performed by an issuer, or comparable credit rating of BBB- or higher that can be obtained without incurring any costs, is classified to be in this stage. The Company uses the asset's credit rating at the end of the reporting period or on the most recent date the credit rating has been changed.

Stage 2: Financial assets with a significant increase in credit risk (Lifetime ECL - not credit impaired)

An investment asset, with a credit rating lower of BBB- at the end of the reporting period.

Stage 3: Financial assets that are credit-impaired (Lifetime ECL - credit impaired)

Only after a payment of interest or principals missed by 1 day.

(Sign) Directors

(Mr. Sukich Charanvas Mr.Pon Titipanichayangoon)

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

28.2. Financial instruments and risk management (Cont.)

(a) Credit risk (Cont.)

The table below shows the credit quality of financial assets exposed to credit risk. The amounts presented for financial assets are gross carrying amount (before deducting allowance for expected credit losses)

(Unit: Million Baht)

	2020				
	Financial assets with no significant increase in credit risk (12-mth ECL)	Financial assets with a significant increase in credit risk (Lifetime ECL - not credit impaired)	Financial assets that are credit-impaired (Lifetime ECL - credit impaired)	Financial assets that applied simplified approach to calculate expected credit losses (Lifetime ECL - simplified approach)	Total
Cash and cash equivalents					
Investment grade	31,416,733.73	-	-	-	31,416,733.73
Allowance for expected credit loss	-	-	-	-	-
Held-to-maturity investments which are measured at amortized cost					
Investment grade	413,530,000.00	-	-	-	413,530,000.00
Non-investment grade	-	-	35,000,000.00	-	35,000,000.00
Allowance for expected credit loss	(961,972.35)	-	(18,445,000.00)	-	(19,406,972.35)
Accrued investment income					
Investment grade	2,764,061.01	-	-	-	2,764,061.01
Allowance for expected credit loss	-	-	-	-	-

(Sign) Directors

(Mr. Sukich Charanvas Mr.Pon Titipanichayangoon)

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

28.2. Financial instruments and risk management (Cont.)

(a) Credit risk (Cont.)

The table below shows the movement in the allowance for expected credit losses for the year ended 31 December 2020.

(Unit: Baht)

	2020			
	Financial assets with no significant increase in credit risk (12-mth ECL)	Financial assets with a significant increase in credit risk (Lifetime ECL - not credit impaired)	Financial assets that are credit-impaired (Lifetime ECL - credit impaired)	Total
Cash and cash equivalents				
Beginning balance	-	-	-	-
Change due to remeasurement of allowance for impairment	-	-	-	-
Ending balance	-	-	-	-
Held-to-maturity investments which are measured at amortized cost				
Beginning balance	-	-	-	-
Change due to remeasurement of allowance for impairment	(961,972.35)	-	(18,445,000.00)	(19,406,972.35)
Ending balance	(961,972.35)	-	(18,445,000.00)	(19,406,972.35)
Accrued investment income				
Beginning balance	-	-	-	-
Change due to remeasurement of allowance for impairment	-	-	-	-
Ending balance	-	-	-	-

As at 31 December 2020, the details of the maximum exposure to credit risk are as follows: (The Company was of the opinion that the disclosure is to be made from 2020 onwards since the financial reporting standards have been adopted since 1 January 2020.)

(Unit: Baht)

	2020
Cash and cash equivalents	31,416,733.73
Held-to-maturity investments which are measured at amortized cost	448,530,000.00
Accrued investment income	2,764,061.01
Total maximum exposure to credit risk	482,710,794.74

(Sign) Directors

(Mr. Sukich Charanvas Mr.Pon Titipanichayangoon)

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

28.2. Financial instruments and risk management (Cont.)

(b) Market risk

Market risk is the risk that changes in interest rates, foreign exchange rates and securities prices may have an effect on the Company's financial position.

(1) Interest rate risk

The Company's exposure to interest rate risk relates primarily to its investments in securities and loans.

Significant assets and liabilities classified by type of interest rates are summarized in the table below, with those assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date.

(Unit: Baht)

	December 31, 2020						
	Fixed interest rates			Floating interest rate	Non- Interest bearing	Total	Effective interest rate (% per annum)
	Within 1 year	1 - 5 years	Over 5 years				
Financial Assets							
Cash and cash equivalents	-	-	-	31,416,733.73	-	31,416,733.73	0.00 – 1.10
Premium receivables	-	-	-	-	13,242,928.80	13,242,928.80	-
Reinsurance assets – claim reserves refundable from reinsurers	-	-	-	-	4,278,822.47	4,278,822.47	-
Reinsurance receivables	-	-	-	-	15,793,665.78	15,793,665.78	-
Investment in securities							
Government and state enterprise securities	1,600,000.00	5,000,000.00	-	-	-	6,600,000.00	0.00-5.00
Equity securities	-	-	-	-	182,881,995.68	182,881,995.68	-
General investments	-	-	-	-	8,279,839.29	8,279,839.29	-
Private sector debt securities	69,562,097.97	208,486,882.09	9,992,873.04	-	-	288,041,853.10	1.21-5.50
Deposits at financial institutions which matured over 3 months	134,481,174.55	-	-	-	-	134,481,174.55	0.20-1.70
Loans	-	-	-	4,700,940.91	-	4,700,940.91	5.275-5.900
Financial Liabilities							
Insurance contract liabilities - claim reserves	-	-	-	-	92,104,977.37	92,104,977.37	-
Amounts due to reinsurances	-	-	-	-	20,674,268.10	20,674,268.10	-

(Sign) Directors

(Mr. Sukich Charanvas Mr.Pon Titipanichayangoon)

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

28.2. Financial instruments and risk management (Cont.)

(b) Market risk (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)
<u>Financial Assets</u>							
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
<u>Financial Liabilities</u>							
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	-

The sensitivity analysis of the interest rate

The sensitivity analysis of changes in interest rates represents the effect of possible interest rate changes to comprehensive income statement, with all other variables held constant.

(Sign) Directors

(Mr. Sukich Charanvas Mr.Pon Titipanichayangoon)

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

28.2. Financial instruments and risk management (Cont.)

(b) Market risk (Cont.)

The effects of changes in interest rates to profit or loss as of 31 December 2020 are summarized below:

	Increase (decrease)	Effect on profit or loss
	(%)	(Baht)
Investments which are measured at fair value		
through profit or loss - Debt	1%	4,585,300.00
	(1%)	(4,197,045.00)

The above analysis has been prepared assuming that the amounts of debt instruments and all other variables remain constant over one year. Moreover, the floating legs of these debt instruments are assumed to not yet have set interest rates. As a result, a change in interest rates affects the value of debt instruments. This information is not a forecast or prediction of future market conditions and should be used with care.

(2) Equity position risk

Equity position risk is the risk that changes in the market prices of debt securities and equity securities are to result in fluctuations in revenues and in the value of financial assets.

As at 31 December 2020 and 2019, the Company had risk from investments in securities, of which the prices are to change with reference to market conditions.

(c) Liquidity risk

Liquidity risk is the risk that the Company will be unable to liquidate its financial assets or procure sufficient funds to discharge its obligations in a timely manner, resulting in the occurrence of a financial loss.

(Sign) Directors

(Mr. Sukich Charanvas Mr.Pon Titipanichayangoon)

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

28.2. Financial instruments and risk management (Cont.)

(c) Liquidity risk (Cont.)

The maturity profile of the Company's financial assets and liabilities as at 31 December 2020 and 2019 based on contractual undiscounted cashflows are as follows:

(Unit: Baht)

	December 31, 2020					
	At call	Within 1 year	1 - 5 years	Over 5 years	Unspecified	Total
Financial Assets						
Cash and cash equivalents	31,416,733.73	-	-	-	-	31,416,733.73
Premium receivables	-	13,242,928.80	-	-	-	13,242,928.80
Reinsurance assets – claim reserves refundable from reinsurers	-	20,254,791.93	-	-	-	20,254,791.93
Reinsurance receivables	-	15,793,665.78	-	-	-	15,793,665.78
Investment in securities	-	205,643,272.52	213,486,882.09	9,992,873.04	191,161,834.97	620,284,862.62
Loans	-	-	774,660.28	3,926,280.63	-	4,700,940.91
Financial Liabilities						
Insurance contract liabilities - claim reserves	-	92,104,977.37	-	-	-	92,104,977.37
Amounts due to reinsurances	-	20,674,268.10	-	-	-	20,674,268.10

(Unit: Baht)

	December 31, 2019					
	At call	Within 1 year	1 - 5 years	Over 5 years	Unspecified	Total
<u>Financial Assets</u>						
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
<u>Financial Liabilities</u>						
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

(Sign) Directors

(Mr. Sukich Charanvas Mr.Pon Titipanichayangoon)

29. 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).

30. CONTRIBUTION TO NON-LIFE GUARANTEE FUND

	(Unit: Baht)	
	For the years ended December 31	
	2020	2019
Accumulated contribution at the beginning of the year	5,413,064.83	4,384,967.69
Contribution during the year	487,101.46	1,028,097.14
Accumulated contribution at the end of the year	5,900,166.29	5,413,064.83

31. ASSETS PLEDGED WITH REGISTRAR

As at December 31, 2020 and 2019, 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).

32. ASSETS RESERVE PLEDGED WITH REGISTRAR

As at December 31, 2020 and 2019, bank deposit amount of Baht 30.00 million and Baht 55.00 million respectively used as collateral against premium reserve with the registrar.

33. Net investment revenues

As at December 31, 2020 and 2019, the Company had revenues relating to investment as follows.

	(Unit: Baht)	
	For the years ended December 31	
	2020	2019
Interest income	11,944,222.46	13,110,204.07
Dividend	5,576,889.87	6,993,223.15
Total	17,521,112.33	20,103,427.22

(Sign) Directors

(Mr. Sukich Charanvas Mr.Pon Titipanichayangoon)

34. 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, 2020 and 2019, the Company contributed to Fund approximately Baht 0.42 million and Baht 0.42 million respectively.

35. 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.

36. 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, 2020	December 31, 2019
Profit for the year	51,224,526.64	(31,050,936.76)
Weighted average number of ordinary shares	12,000,000	12,000,000
Earnings per share	4.27	(2.59)

37. 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.

(Sign) Directors

(Mr. Sukich Charanvas Mr.Pon Titipanichayangoon)

37. 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, 2020 and 2019, respectively.

	(Unit: Baht)					
	For year ended December 31, 2020					
	Fire	Marine and transportation	Motor	Personal accident	Miscellaneous	Total
<u>Underwriting income</u>						
Premium written	36,469,859.76	7,599,497.48	123,131,088.21	1,131,649.53	30,223,843.11	198,555,938.09
Less: Premium ceded	9,368,808.29	3,471,122.35	6,364,642.04	431,486.91	14,830,342.84	34,466,402.43
Net premium written	27,101,051.47	4,128,375.13	116,766,446.17	700,162.62	15,393,500.27	164,089,535.66
Add/Less: Unearned premium reserves	1,174,194.41	401,946.70	109,048,113.67	3,015.33	584,552.28	111,211,822.39
Earned premium written	28,275,245.88	4,530,321.83	225,814,559.84	703,177.95	15,978,052.55	275,301,358.05
Fee and commissions income	4,299,322.13	1,565,620.53	1,070,509.10	153,560.47	5,869,793.26	12,958,805.49
Total underwriting income	32,574,568.01	6,095,942.36	226,885,068.94	856,738.42	21,847,845.81	288,260,163.54
<u>Underwriting expenses</u>						
Claims and losses adjustment	2,687,633.19	(557,451.19)	103,457,348.67	321,814.78	1,769,034.13	107,678,379.58
Commissions and brokerages	8,527,629.81	1,094,046.87	15,568,857.29	201,508.49	5,189,103.61	30,581,146.07
Other underwriting expenses	2,689,551.14	1,853,530.10	46,359,555.47	6,000.72	730,423.03	51,639,060.46
Total underwriting expenses						
before operating expenses	13,904,814.14	2,390,125.78	165,385,761.43	529,323.99	7,688,560.77	189,898,586.11
Operating expenses						39,103,195.32
Net impairment losses on financial assets						23,090,479.95
Total underwriting expenses						252,092,261.38
Profit from underwriting						36,167,902.16
Net investment income						17,521,112.33
Other income						6,193,405.29
Loss before income tax expenses						59,882,419.78
Income tax (expenses) income						(8,657,893.14)
Loss for the year						51,224,526.64

(Sign) Directors

(Mr. Sukich Charanvas Mr.Pon Titipanichayangoon)

37. FINANCIAL INFORMATION BY SEGMENT (Count.)

	(Unit: Baht)					
	For year ended December 31, 2019					
	Fire	Marine and transportation	Motor	Personal accident	Miscellaneous	Total
<u>Underwriting income</u>						
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	<u>35,896,056.31</u>	<u>6,943,548.01</u>	<u>221,701,082.21</u>	<u>1,473,485.52</u>	<u>23,690,235.19</u>	<u>289,704,407.24</u>
<u>Underwriting expenses</u>						
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
Total underwriting expenses						
before operating expenses	<u>28,455,719.56</u>	<u>6,713,448.18</u>	<u>281,188,772.87</u>	<u>849,904.63</u>	<u>17,918,554.67</u>	<u>335,126,399.91</u>
Operating expenses						46,227,005.95
Total underwriting expenses						<u>381,353,405.86</u>
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						<u>(31,050,936.76)</u>

(Sign) Directors

(Mr. Sukich Charanvas

Mr.Pon Titipanichayangoon)

37. FINANCIAL INFORMATION BY SEGMENT (Count.)

The following table presents segment assets and liabilities of the Company's operating segments as at December 31, 2020 and 2019, are as follows:

(Unit: Baht)

	Fire	Marine and transportation	Motor	Personal accident	Miscellaneous	Unallocated assets	Total
Assets							
As at December 31, 2020	23,663,222.45	4,228,079.16	13,226,601.24	395,540.93	12,640,418.99	733,086,308.35	787,240,171.12
As at December 31, 2019	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
Liabilities							
As at December 31, 2020	46,985,934.23	8,987,757.89	114,433,222.93	677,570.39	19,389,764.23	39,505,152.22	229,979,401.89
As at December 31, 2019	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

Mayor customers

For the years 2020 and 2019, the Company has no major policyholder with revenue of 10 percent or more of the Company's gross premium.

38. RESTRICTED ASSETS WITH COMMITMENT

As at December 31, 2020 and 2019, the Company pledged bank deposit of Baht 64.93 million and Baht 89.93 million respectively as collaterals follows:

(Unit: Baht)

	December 31, 2020	December 31, 2019
Bank deposit as collateral for :		
Bank overdraft	20,000,000.00	20,000,000.00
Assets pledged with registrar	14,000,000.00	14,000,000.00
Assets reserve pledged with registrar	30,000,000.00	55,000,000.00
Credit card usage	500,000.00	500,000.00
Electricity usage	430,000.00	430,000.00
Total	64,930,000.00	89,930,000.00

(Sign) Directors

(Mr. Sukich Charanvas Mr.Pon Titipanichayangoon)

39. CONTINGENT LIABILITIES AND COMMITMENT

Litigation

As at December 31, 2020 and 2019, the Company was sued from act as insurer with the prosecution value of Baht 3.53 million and Baht 0.18 million, respectively. However, the Company's contingent liabilities from prosecution cases in the value not more than the policy custody amount of Baht 1.49 million and Baht 0.18 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 1.49 million and Baht 0.19 million respectively in the financial statements.

Guarantees

As at December 31, 2020 and 2019, 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, 2020 and 2019, the Company has commitments to pay under the rental and service agreement as follows:

		(Unit : Baht)	
		December 31, 2020	December 31, 2019
Due within 1 year		1,765,984.11	2,464,236.00
Total		1,765,984.11	2,464,236.00

40. EVENTS AFTER THE REPORTING PERIOD

According to the Board of Director meeting held on February 24, 2021, the Company passes resolution to pay dividend to shareholders from, operating performance of the year 2020 at the rate Baht 2.60 per share total amount of Baht 31.20 million.

41. Reclassification

The financial position as at December 31, 2019 has been reclassified in accordance with presentation statement of financial position as at December 30, 2020.

(Unit: Baht)			
As at December 31, 2019			
	As Previously reported	Reclassification	As reclassified

STATEMENT OF FINANCIAL POSITION

Due to reinsurers:

Due to reinsurers	20,985,069.98	688,443.93	21,673,513.91
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Others liabilities:

Other	40,230,786.39	(688,443.93)	39,542,342.46
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(Sign) Directors

(Mr. Sukich Charanvas Mr.Pon Titipanichayangoon)

	- 61 -		
Total	61,215,856.37	-	61,215,856.37

42. APPROVAL OF INTERIM FINANCIAL STATEMENTS

These financial statements have been approved to be issued by authorized directors on February 24, 2021.

(Sign) Directors

(Mr. Sukich Charanvas Mr.Pon Titipanichayangoon)