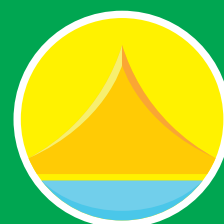


*Annual* | 2017  
Report



**THAIVIVAT**  
INSURANCE

# Content

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# Financial **Highlights**

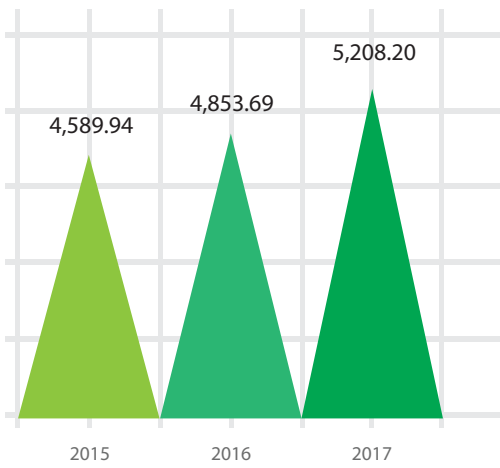


# Financial Highlights

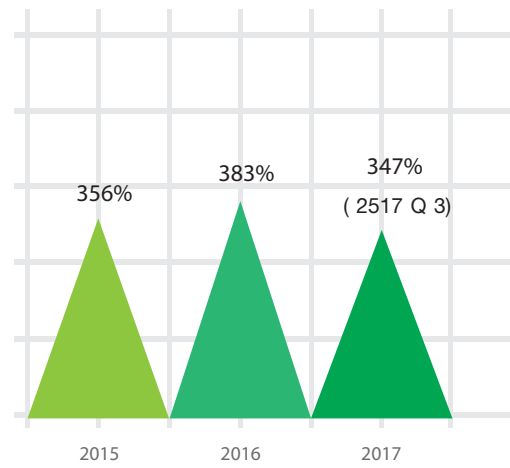
FINANCIAL STATUS AT YEAR END (BAHT Million)	2015	2016	2017	CHANGE PERCENT 2017/2016
Total assets	4,589.94	4,853.69	5,208.20	7.30
Premium reserve	1,574.10	1,576.08	1,656.11	5.08
Cash and cash equivalents	326.83	228.89	237.38	3.71
Investment assets	2,514.55	2,709.15	2,990.42	10.38
Total liabilities	3,495.17	3,749.11	4,037.24	7.69
Total equity	1,094.77	1,104.58	1,170.96	6.01
<b>OPERATING RESULTS FOR THE YEAR (BAHT Million)</b>				
Net earned premium	2,307.47	2,462.08	2,508.98	1.91
Total income	2,527.88	2,705.36	2,737.29	1.18
Claims and loss adjustment expenses	1,515.15	1,659.50	1,562.50	-5.85
Operating expenses	333.82	375.91	422.91	12.50
Profit (loss) from underwriting	(77.74)	(116.38)	(63.01)	-45.86
Investment and other income	99.16	141.77	96.92	-31.64
Profit from operations	21.42	25.39	33.91	33.54
Profit before corporate income tax	21.42	25.39	33.91	33.54
Profit for the period	22.32	25.10	34.25	36.47
<b>PER SHARE (BAHT)</b>				
PAR VALUE PER SHARE	1.00	1.00	1.00	0.00
BOOK VALUE PER SHARE	3.61	3.65	3.86	6.01
EARNING PER SHARE	0.07	0.08	0.11	36.47
DIVIDEND PER SHARE	0.05	0.05	0.07	40.00
PAYOUT RATIO (%)	67.86	60.37	61.93	2.59
SHARE PRICE AT YEAR END	4.54	4.06	3.68	-9.36
PRICE PER EARNING RATIO (TIME)	61.62	49.02	32.56	-33.58
<b>FINANCIAL RATIOS (%)</b>				
Return on Assets	0.50%	0.53%	0.68%	
Return on Equities	2.03%	2.28%	3.01%	



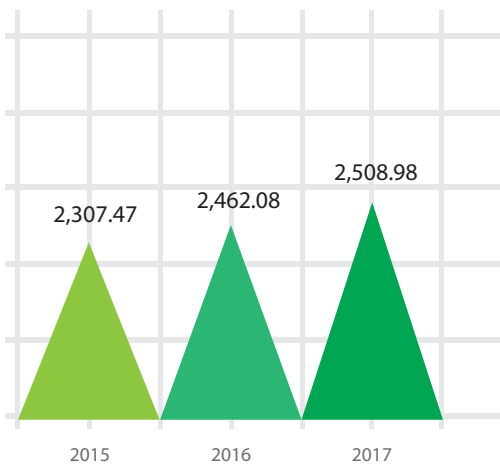
Total assets (BAHT Million)



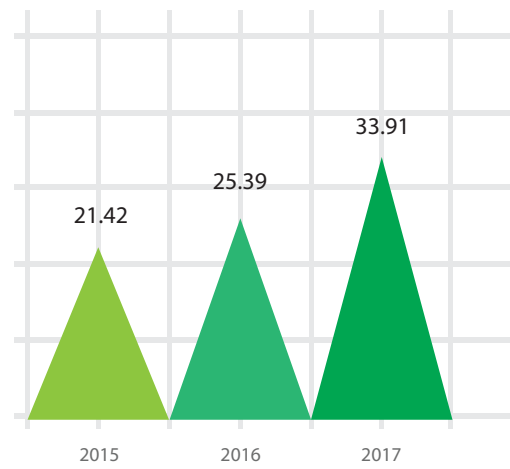
Capital Adequacy Ratio (CAR) (%)



Net earned premium (BAHT Million)



Profit before corporate income tax (BAHT Million)



# Message from the Chairman

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The recovery of the global economy and the implementation of government measures had allowed the Thai economy to be strengthened by various positive outlooks in 2017, achieving a remarkable growth of 3.9 percent compared to a 3.3-percent shift in 2016. This year, the Office of the National Economic and Social Development Board (NESDB) has anticipated that the Thai economy will continue to expand at least by 3.6-4.6 percent, backed by supporting factors derived from the global economic expansion, which helps boost the continuing growth for Thai exports. As the number of public investment projects has also been expected to shift, it will result in greater employment and maximizing incomes for people at large. Aside from desirable economic and investment aspects, tourism is considered another significant industry to boost greater revenues for the country in the long run.

Throughout 2017, Thaivivat Insurance Public Company Limited had operated its business based on effective risk management, resulting in highly satisfactory performances and continuing insurance premium growth. We were capable of achieving higher growth rate of insurance premium than that of entire non-life insurance market. The Company has successfully earned total insurance premium of 3,545,875,526 baht.

As a consequence of customers' positive feedbacks towards our 'Pay-Per-Use Motor Insurance' product initially introduced in 2016, we made debut of the "TBeacon Technology" connected to the Thaivivat application on smart phone. TBeacon provided automatic start and stop insurance function, as part of the goal to bring the highest satisfaction in terms of value and convenience to all customers. We still maintained several services on customers' mobile phones including car accident hotline, where customers were allowed to contact the company immediately without being required to dial any phone number and the accident location could be identified by GPS. The nearest hospital and partnered garages could also be sought easily, while every premium payment could be more convenient, particularly when insurance policy renewal was required. We aimed to become an innovative insurance company to support the advancement of motor and non-motor products. Moving forward with the advancement of modern and convenient services in accordance with the Thailand 4.0

policy, Thaivivat Insurance was honored with the Thailand ICT Excellence Award 2017 in the Innovation Project category by the Ministry of Digital Economy and Society. Adhering to quality service standards and good corporate governance in all aspects, we also received the Thai Chamber of Commerce Business Ethics Standard Test Award 2017 (TCC BEST Award).

In addition to our strategic product development, we had shifted our clear focus to advancing new channels, where customers would be provided with a more efficient and convenient access to insurance products and services. With the progress of e-commerce and digital technology, we were able to attract a larger amount of targeted customers via digital media, in addition to traditional media including radio, television, newspaper, and magazine. Certified by the Department of Business Development, customers were allowed to enter [www.thaivivat.co.th](http://www.thaivivat.co.th) to purchase their preferred insurance products online and make premium payments via principal channels such as credit card, bank counter, and mobile payment.

The Company believes that employees are the most important assets. To ensure the highest learning efficiency, the Company provides classroom training, learning from experience, and learning from colleagues in teamwork environment, resulting in efficient customer services. The Company carries out business with adherence to customer centric and ethics in accordance with corporate governance principles. In addition to a declaration of the anti-corruption policy, the Company operates its business with adherence to integrity, transparency, and accountability resulting in the recognition of Thaivivat Insurance as a Certified Company from the Private Sector Collective Action Coalition against Corruption (CAC).

In conclusion, I would like to sincerely thank our shareholders, customers, business partners, and stakeholders for their continuous support to the Company. I would also like to thank the Company's talented management and staff for their hard work and dedication to ensuring Thaivivat Insurance to provide excellent service to its customers leading to the Company's reputation and progress.



Mr. Chalaw Fuangaromya  
Chairman

# Audit Committee Report

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## AUDIT COMMITTEE REPORT 2017

### To : Shareholders

Thaivivat Insurance Public Co., Ltd.'s Audit Committee comprises of 3 Independent Directors who have high qualification with experience of Economics, Business Administration, Accounting and Auditing as regulated by the Securities and Exchange Commission and Stock Exchange of Thailand. Mr.Phisit Setthawong (Chairman of the Audit Committee), Mrs.Pilai Piumpongsarn and Mrs.Praanee Phasipol (Audit Committees) with 3 years term.

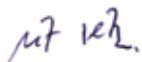
In 2017, the Audit Committee performed independently as the Directors assignment with 6 meetings that all committees attended all meetings to carry out their scope, duties and responsibility. The company provided the Audit Committee meetings with auditor, internal auditor and management representative to consider the problems, exchange opinion including giving advice on matters that are beneficial to the company management as the principles of good corporate governance. The Audit Committee reported the meeting results every time as follows :

- 1) Reviewing the Company's quarterly and fiscal year 2017 by auditor inquiry about the accuracy, reliability of financial report and disclosures adequacy. The Audit Committee agrees that the company financial report is complete according to the generally accepted accounting principles and the auditors propose unqualified report. In addition, the Audit Committee had only once meeting a year with auditor, the auditor reported that it had freedom to practice and got good cooperation from the management.
- 2) Reviewing the adequacy evaluation of internal control system as the evaluation given by the Securities and Exchange Commission that was prepared by management. Asking more information and agrees that the company has sufficient internal control system and management as the principles of good corporate governance.
- 3) Reviewing the risk management including various measures to manage risks that have significant business operations and agrees that the company has appropriately treated and the internal audit department monitors operation result as the Board of Directors specification.
- 4) Reviewing the company has operated legally according the Stock Exchange of Thailand's stipulation, Insurance Act and related laws as the Office of Insurance Commission registrar announcement together with the company regulations operation and agrees that the company has continuously good practice according to laws, regulations and requirements.
- 5) Reviewing and giving opinion in the data disclosures of related transactions or opposite transactions in company benefit according to the Stock Exchange of Thailand by consideration the suitability of transaction details and necessity. The Audit Committee agrees that the transactions were reasonable and fair including complete and adequate disclosures.
- 6) The company has a policy to operate business with mainly transparency, honesty, accuracy, justice and ethics by making a manual of measure and procedure for the Anti-Corruption to suit the environment of business operation. In 2016, the company has been certified CAC (Collective Action Coalition) of the Thai private sector for the Anti-Corruption.
- 7) Consideration and approval in the internal audit plan in 2018 to be consistent with the company business by emphasizing the effective operation auditing, the internal control system assessment and risk management.



- 8) Consideration the Auditor nomination, The Audit Committee agrees that the auditor from EY Office Limited professional, independent, has carried out its duties well and efficiently and proposes to the Board of Directors be re-appointed Ms.Nonglak Pumnoi (Certified Public Accountant No.4172), Ms.Somjai Khunnaprasut (Certified Public Accountant No. 4499), Ms.Ratchada Yongsawasvanich (Certified Public Accountant No.4951) and Ms.Narissara Chaisuwan (Certified Public Accountant No.4812) from EY Office Limited by the ordinary shareholder's meeting as the company's auditor for the year 2018.

On behalf of the Audit Committee



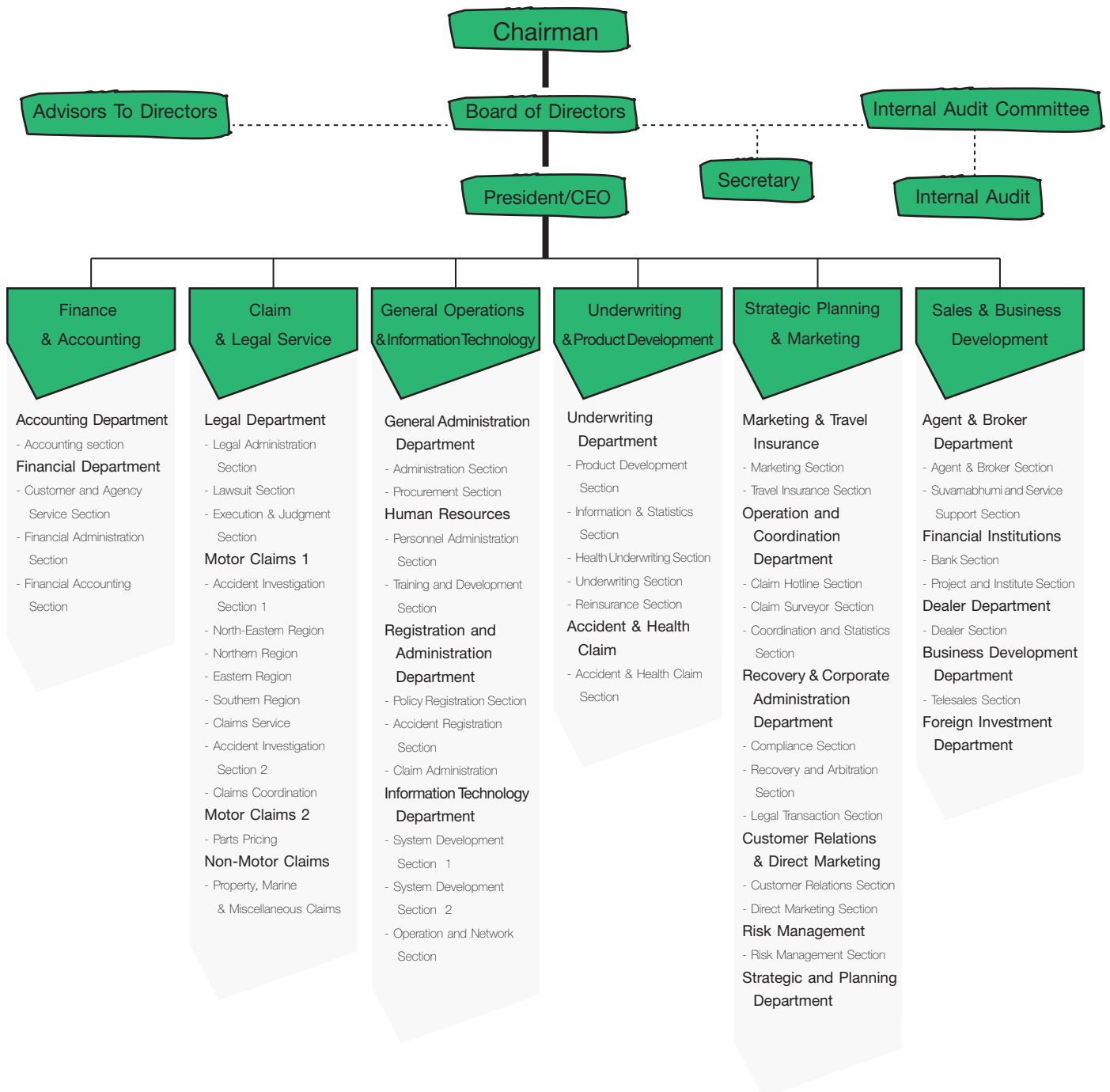
(Mr.Phisit Setthawong)  
Chairman of the Audit Committee



# Organization Chart



# Organization Chart



# The Board of Directors

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**Mr. Chalaw Fuangaromya**

Independent Director, Chairman  
and Chairman of The Investment  
Committee

**Education**

- B.A. Political Science, Phillips University, USA
- M.A. Political Science, Southern Illinois University, USA
- M.A. Social Science Birmingham University, UK
- The National Defence College (Class 27)
- Director Certification Program (DCP), Thai Institute of Directors (IOD)

**Work Experience**

- Director-General, Department of Commercial Registration
- Director-General, Department of International Trade Promotion
- Director-General, Department of Business Economics
- Director, Office of Insurance Commission
- Deputy Permanent Secretary, Ministry of Commerce
- Independent Director and Chairman of the Audit Committee, Standard Chartered Bank (Thai) PCL.
- Chairman, Professional Waste Technology (1999) PCL.
- Director of Monitoring and Evaluation, Office of National Broadcasting and Telecommunications Commission
- Director of the Thai Tapioca Development Institute
- Audit Committee, Thai Re Life Assurance PCL.
- Chairman of the Audit Committee, Thaivivat Insurance PCL.

**Other Current Position(s)**

- Director and Treasurer of the Thai Tapioca Development Institute



**Mrs. Pilai Piamphongsarn**

Independent Director,  
The Audit Committee,  
The Nomination and  
Remuneration Committee

**Education**

- B.A. Commerce and Accountancy, Chulalongkorn University
- Certified Public Accountant (CPA) Thailand
- Certified Internal Auditor (CIA) with honour from The Institute of Internal Auditor, Florida USA.
- Director Certification Program (DCP), Thai Institute of Directors (IOD)

**Work Experience**

- Assistant Governor of Finance and Accounting, Electricity Generating Authority of Thailand
- Director in charge of associated companies under The Electricity Generating PCL.
- Independent Director and the Chairman of Audit Committee, Metro Star Property PCL.
- Advisor, Metro Machinery Co., Ltd.
- Independent Director and the Chairman of Audit Committee, Crown Seal PCL.
- Chairman, Audit and Management Consultant Co., Ltd.

**Other Current Position(s)**

- Independent Director and the Chairman of Audit Committee, Crown Seal PCL.
- Chairman, Audit and Management Consultant Co., Ltd.

**Mr. Phisit Setthawong**

Independent Director,  
Chairman of the Audit Committee,  
Chairman of the Nomination  
and Remuneration Committee

**Education**

- B.A. Commerce and Accountancy (with honour), Chulalongkorn University
- M.A. and Ph.D. Economics, Michigan State University, U.S.A.
- Director Accreditation Program (DAP), Thai Institute of Directors (IOD)

**Work Experience**

- Deputy Permanent Secretary, Ministry of Commerce
- Director-General, Department of Internal Trade
- Consultant to Director, the Agricultural Futures Exchange of Thailand
- Audit Committee, Thaivivat Insurance PCL.
- Consultant, Innovation Center Co., Ltd.

**Other Current Position(s)**

-



**Mrs. Pranee Phasipol**

Independent Director,  
The Audit Committee,  
The Investment Committee

**Education**

- B.A. Major : Accounting (Second Class Honors), Thammasat University
- M.A. Accounting, Thammasat University
- Diploma, National Defence College, The Joint State - Private Sector Course, Class 2003-2004
- Diploma in Public Law, Batch 9, Thammasat University and The Office of the Council of State
- Top Executive Program in Commerce and Trade, Batch 2, Commerce Academy , UTCC
- Certificate of Civil Service Executive Development Program, Course 1, Batch 30, Office of the Civil Service Commission
- Certificate of Change Management, Ripa International, UK
- Certificate of Distance Learning Course for Insurance Supervisors (Module 2), World Bank
- Certified Public Accountant
- Director Certification Program 10/2001, Thai Institute of Directors
- Advance Audit Committee Programs
- HRP : Risk Management Plan class 11/2016 (IOD)
- RNG : Role of the Nomination and Governance Committee class 8/2012 (IOD)

**Work Experience**

- Independent Director, Audit Committee, Compensation Committee and Governance and Nomination Committee, Dusit Thani PCL. , Tourism & Leisure
- Independent Director , Chairman of The audit committee and Chairman of the Nomination and Compensation Committee, SCI Electric PCL. , Energy
- Member of Foreign Business Commission, Ministry of Commerce
- The audit committee The Support Arts and Crafts International Center of Thailand
- Member of Life Insurance Fund Commission, Life Insurance Fund
- Chairman of Ethics /Committee and Member of CPA Examination Committee, Federation of Accounting Professions Under the Royal Patronage of His Majesty the King
- Qualified Person in Finance and Account, Office of the Civil Service Commission

**Other Current Position(s)**

- The audit committee, The Nominating and Cooperate Governance Committee, Dusit Thani PCL.
- Independent Director , Chairman of The audit committee and Chairman of the Nomination and Compensation Committee, SCI Electric Manufacturer Co., Ltd.
- Member of Foreign Business Commission, Ministry of Commerce
- Audit Committee, The Support Arts and Crafts International Center of Thailand
- Member of Life Insurance Fund Commission, Life Insurance Fund
- Chairman of Ethics/Committee and Member of CPA Examination Committee, Federation of Accounting Professions under the Royal Patronage of His Majesty the King
- Qualified Person in Finance and Account, Office of the Civil Service Commission



**Mrs. Supaporn  
Burapakusolsri**

Independent Director

**Education**

- BA. Accounting (Honors), Thammasat University
- MA. Accounting, Thammasat University
- Certified Public Accountant (CPA), Thailand Registration No. 2800
- Public Economy Management for Senior Executive, Class 7, King Prajadhipok's Institute
- Director Certification Program (DCP) DCP172/2013, IOD
- Director Accreditation Program (DAP) DAP87/2011, IOD
- Role of the Compensation Committee Program (RCC) 13/2011 , IOD
- Royal Thai Air Force Air War College (RTAF.AWC.) Class 35,Royal Thai Air Force
- Chief Financial Officer Certification Program Class 4, Federation of Accounting Professions
- Thailand Insurance Leadership Program Class 2 - OIC Advance Insurance Institute
- Strategic Airport Development Program,Germany
- Airport Mangement Commercial Program,Singapore
- Advance Audit Committee (AAP23/2016) , IOD

**Work Experience**

- Director Suvarnabhumi Airport Hotel Company Limited
- Senior Executive Vice President, Planning and Finance Chief Financial Officer (CFO) Airport of Thailand Public Company Limited
- Independent Director, Chairman of the Audit Committee ,Chewathai Company Limited
- Independent Director, Chairman of the Audit Committee, Member of Nomination and Remuneration Committee, Chewathai Public Company Limited

**Other Current Position(s)**

- Independent Director, Chairman of the Audit Committee, Member of Nomination and Remuneration Committee, Chewathai Public Company Limited, Real Estate
- Independent Director,Chairman of The Audit committee, S N Service Solution Company Limited,
- Food Drink and Service
- Managing Director, Coperate Service Company Limited,Accounting and auditing
- Director, WSKP Intertrade Company Limited,Marketing Consultant
- Director, WSKP International Company Limited,Business Consultant



**Mr. Jiraphant Asvatanakul**

Director, President & CEO  
and The Investment Committee

**Education**

- B.A. Economics, Thammasart University, Thailand
- M.P.A. University of Texas at Austin, USA
- Director Accreditation Program (DAP), Thai Institute of Directors (IOD)
- Thailand Insurance Leadership Program (Class 1) OIC Advanced Insurance Institute
- The National Defence College (Class 56)
- Top Executive Program in Commerce and Trade, Batch 8, Commerce Academy , UTCC
- Top Executives Program Class 22, Capital Market Academy

**Work Experience**

- Member of Voluntary Motor Insurance Tariff Committee, Department of Insurance, Ministry of Commerce
- Director, Aberdeen Asset Management Public Co., Ltd.
- Chief of Thailand Delegate In East Asian Insurance Congress
- Chairman of Asean Insurance Council
- Secretary, Thai General Insurance Association
- President, Thai General Insurance Association
- Director, Policy Protection Fund
- Director The Re Life Assurance PCL.
- Director ,Member of the nomination and Remuneration Committee,
- Thai Reinsurance PCL.
- Vice Chairman ,Chairman of The Investment Committee, Road Accident Victims Protection Co., Ltd.
- Director T.I.I. Co.,Ltd. (Thailand - Insurance Institute)
- Director Thai General Insurance Association
- President The Federation of Thai Insurance Organizations
- Board Treasurer, Thai Chamber of Commerce
- Independent Director, Member of the audit committee, Member of of the nomination and Remuneration Committee, Vichitbhan Palmoil PCL.

**Other Current Position(s)**

- Director ,Member of the Nomination and Remuneration Committee, Thai Reinsurance PCL. , Insurance
- Independent Director , Member of the audit committee, Member of of the nomination and Remuneration Committee , Vichitbhan Palmoil PCL., Agribusiness Limited Company
- Vice Chairman ,Chairman of The Investment Committee, Road Accident Victims Protection Co., Ltd. , Insurance
- Director T.I.I. Co., Ltd. (Thailand - Insurance Institute) , Education
- Special Activity
- President, Thai General Insurance Association
- Director, The Federation of Thai Insurance Organizations
- Director, The Thai Chamber of Commerce and Board of Trade of Thailand



**Mr. Thawan Viranont**

Director,  
Advisor of President and CEO  
and The Nomination  
and Remuneration Committee

**Education**

- B.A. Law, Thammasart University
- Director Accreditation Program (DAP), Thai Institute of Directors (IOD)

**Work Experience**

- Director Legal Department, Thaivivat Insurance PCL.
- Executive Vice President, Thaivivat Insurance PCL.
- Senior Executive Vice President, Thaivivat Insurance PCL.

**Other Current Position(s)**

-

**Mrs. Sutepee Asvatanakul**

Director, Managing Director  
and The Nomination  
and Remuneration Committee

**Education**

- B.A. Statistic, Thammasat University
- M.B.A. Tarleton State University, USA
- Director Certification Program (DCP), Thai Institute of Directors
- Thailand Insurance Leadership Program (Class 2) OIC Advanced Insurance Institute

**Work Experience**

- Director Financial Department, Thaivivat Insurance PCL.
- Director and Executive Vice President, Thaivivat Insurance PCL.
- Senior Executive Vice President, Thaivivat Insurance PCL.

**Other Current Position(s)**

-

**Mrs. Sunee  
Theravithayangkura**

Director and  
Company Secretary

**Education**

- B.A. Law, Thammasart University
- Director Accreditation Program (DAP), Thai Institute of Directors (IOD)

**Work Experience**

- Manager of Recovery Department, Thaivivat Insurance PCL.
- Recovery & Corporate Administration Director, Thaivivat Insurance PCL.
- Company Secretary, Thaivivat Insurance PCL.

**Other Current Position(s)**

-





# The Audit Committee

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## Mr. Phisit Setthawong

Chairman

### Education

- B.A. Commerce and Accountancy (with honour), Chulalongkorn University
- M.A. and Ph.D. Economics, Michigan State University, U.S.A.
- Director Accreditation Program (DAP), Thai Institute of Directors (IOD)

### Work Experience

- Deputy Permanent Secretary, Ministry of Commerce
- Director-General, Department of Internal Trade
- Consultant to Director, the Agricultural Futures Exchange of Thailand
- Audit Committee, Thaivivat Insurance PCL.
- Consultant, Innovation Center Co., Ltd.

### Other Current Position(s)

-

## Mrs. Pilai Piamphongsarn

Committee

### Education

- B.A. Commerce and Accountancy, Chulalongkorn University
- Certified Public Accountant (CPA) Thailand
- Certified Internal Auditor (CIA) with honour from The Institute of Internal Auditor, Florida USA.
- Director Certification Program (DCP), Thai Institute of Directors (IOD)

### Work Experience

- Assistant Governor of Finance and Accounting, Electricity Generating Authority of Thailand
- Director in charge of associated companies under The Electricity Generating PCL.
- Independent Director and the Chairman of Audit Committee, Metro Star Property PCL.
- Advisor, Metro Machinery Co., Ltd.
- Independent Director and the Chairman of Audit Committee, Crown Seal PCL.
- Chairman, Audit and Management Consultant Co., Ltd.

### Other Current Position(s)

- Independent Director and the Chairman of Audit Committee, Crown Seal PCL.
- Chairman, Audit and Management Consultant Co., Ltd.



**Mrs. Pranee Phasipol**

Committee

**Education**

- B.A. Major : Accounting (Second Class Honors), Thammasat University
- M.A. Accounting, Thammasat University
- Diploma, National Defence College, The Joint State - Private Sector Course, Class 2003-2004
- Diploma in Public Law, Batch 9, Thammasat University and The Office of the Council of State
- Top Executive Program in Commerce and Trade, Batch 2, Commerce Academy , UTCC
- Certificate of Civil Service Executive Development Program, Course 1, Batch 30, Office of the Civil Service Commission
- Certificate of Chang Management, Ripa International, UK
- Certificate of Distance Learning Course for Insurance Supervisors (Module 2), World Bank
- Certified Public Accountant
- Director Certification Program 10/2001, Thai Institute of Directors
- Advance Audit Committee Programs
- HRP : Risk Management Plan class 11/2016 (IOD)
- RNG : Role of the Nomination and Governance Committee class 8/2012 (IOD)

**Work Experience**

- Independent Director, Audit Committee, Compensation Committee and Governance and Nomination Committee, Dusit Thani PCL. , Tourism & Leisure
- Independent Director , Chairman of The audit committee and Chairman of the Nomination and Compensation Committee, SCI Electric PCL. , Energy
- Member of Foreign Business Commission, Ministry of Commerce
- The audit committee The Support Arts and Crafts International Center of Thailand
- Member of Life Insurance Fund Commission, Life Insurance Fund
- Chairman of Ethics /Committee and Member of CPA Examination Committee, Federation of Accounting Professions Under the Royal Patronage of His Majesty the King
- Qualified Person in Finance and Account, Office of the Civil Service Commission

**Other Current Position(s)**

- The audit committee, The Nominating and Cooperate Governance Committee, Dusit Thani PCL.
- Independent Director , Chairman of The audit committee and Chairman of the Nomination and Compensation Committee, SCI Electric Manufacturer Co., Ltd.
- Member of Foreign Business Commission, Ministry of Commerce
- Audit Committee, The Support Arts and Crafts International Center of Thailand
- Member of Life Insurance Fund Commission, Life Insurance Fund
- Chairman of Ethics/Committee and Member of CPA Examination Committee, Federation of Accounting Professions under the Royal Patronage of His Majesty the King
- Qualified Person in Finance and Account, Office of the Civil Service Commission



# The Nomination and Compensation Committee

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## Mr. Phisit Setthawong

Chairman

### Education

- B.A. Commerce and Accountancy (with honour), Chulalongkorn University
- M.A. and Ph.D. Economics, Michigan State University, U.S.A.
- Director Accreditation Program (DAP), Thai Institute of Directors (IOD)

### Work Experience

- Deputy Permanent Secretary, Ministry of Commerce
- Director-General, Department of Internal Trade
- Consultant to Director, the Agricultural Futures Exchange of Thailand
- Audit Committee, Thaivivat Insurance PCL.
- Consultant, Innovation Center Co., Ltd.

### Other Current Position(s)

-

## Mrs. Pilai Piamphongsarn

Committee

### Education

- B.A. Commerce and Accountancy, Chulalongkorn University
- Certified Public Accountant (CPA) Thailand
- Certified Internal Auditor (CIA) with honour from The Institute of Internal Auditor, Florida USA.
- Director Certification Program (DCP), Thai Institute of Directors (IOD)

### Work Experience

- Assistant Governor of Finance and Accounting, Electricity Generating Authority of Thailand
- Director in charge of associated companies under The Electricity Generating PCL.
- Independent Director and the Chairman of Audit Committee, Metro Star Property PCL.
- Advisor, Metro Machinery Co., Ltd.
- Independent Director and the Chairman of Audit Committee, Crown Seal PCL.
- Chairman, Audit and Management Consultant Co., Ltd.

### Other Current Position(s)

- Independent Director and the Chairman of Audit Committee, Crown Seal PCL.
- Chairman, Audit and Management Consultant Co., Ltd.



**Mr. Thawan Viranont**

Committee

**Education**

- B.A. Law, Thammasart University
- Director Accreditation Program (DAP), Thai Institute of Directors (IOD)

**Work Experience**

- Director Legal Department, Thaivivat Insurance PCL.
- Executive Vice President, Thaivivat Insurance PCL.
- Senior Executive Vice President, Thaivivat Insurance PCL.

**Other Current Position(s)**

-

**Mrs. Sutepee Asvatanakul**

Committee

**Education**

- B.A. Statistic, Thammasat University
- M.B.A. Tarleton State University, USA
- Director Certification Program (DCP), Thai Institute of Directors
- Thailand Insurance Leadership Program (Class 2) OIC Advanced Insurance Institute

**Work Experience**

- Director Financial Department, Thaivivat Insurance PCL.
- Director and Executive Vice President, Thaivivat Insurance PCL.
- Senior Executive Vice President, Thaivivat Insurance PCL.

**Other Current Position(s)**

-



# The Investment Committee

---

## Mr. Chalaw Fuangaromya

Chairman

### Education

- B.A. Political Science, Phillips University, USA
- M.A. Political Science, Southern Illinois University, USA
- M.A. Social Science Birmingham University, UK
- The National Defence College (Class 27)
- Director Certification Program (DCP), Thai Institute of Directors (IOD)

### Work Experience

- Director-General, Department of Commercial Registration
- Director-General, Department of International Trade Promotion
- Director-General, Department of Business Economics
- Director, Office of Insurance Commission
- Deputy Permanent Secretary, Ministry of Commerce
- Independent Director and Chairman of the Audit Committee, Standard Chartered Bank (Thai) PCL.
- Chairman, Professional Waste Technology (1999) PCL.
- Director of Monitoring and Evaluation, Office of National Broadcasting and Telecommunications Commission
- Director of the Thai Tapioca Development Institute
- Audit Committee, Thai Re Life Assurance PCL.
- Chairman of the Audit Committee, Thaivivat Insurance PCL.

### Other Current Position(s)

- Director and Treasurer of the Thai Tapioca Development Institute



**Mrs. Pranee Phasipol**

Committee

**Education**

- B.A. Major : Accounting (Second Class Honors), Thammasat University
- M.A. Accounting, Thammasat University
- Diploma, National Defence College, The Joint State - Private Sector Course, Class 2003-2004
- Diploma in Public Law, Batch 9, Thammasat University and The Office of the Council of State
- Top Executive Program in Commerce and Trade, Batch 2, Commerce Academy , UTCC
- Certificate of Civil Service Executive Development Program, Course 1, Batch 30, Office of the Civil Service Commission
- Certificate of Chang Management, Ripa International, UK
- Certificate of Distance Learning Course for Insurance Supervisors (Module 2), World Bank
- Certified Public Accountant
- Director Certification Program 10/2001, Thai Institute of Directors
- Advance Audit Committee Programs
- HRP : Risk Management Plan class 11/2016 (IOD)
- RNG : Role of the Nomination and Governance Committee class 8/2012 (IOD)

**Work Experience**

- Independent Director, Audit Committee, Compensation Committee and Governance and Nomination Committee, Dusit Thani PCL. , Tourism & Leisure
- Independent Director , Chairman of The audit committee and Chairman of the Nomination and Compensation Committee, SCI Electric PCL. , Energy
- Member of Foreign Business Commission, Ministry of Commerce
- The audit committee The Support Arts and Crafts International Center of Thailand
- Member of Life Insurance Fund Commission, Life Insurance Fund
- Chairman of Ethics /Committee and Member of CPA Examination Committee, Federation of Accounting Professions Under the Royal Patronage of His Majesty the King
- Qualified Person in Finance and Account, Office of the Civil Service Commission

**Other Current Position(s)**

- The audit committee, The Nominating and Cooperate Governance Committee, Dusit Thani PCL.
- Independent Director , Chairman of The audit committee and Chairman of the Nomination and Compensation Committee, SCI Electric Manufacturer Co., Ltd.
- Member of Foreign Business Commission, Ministry of Commerce
- Audit Committee, The Support Arts and Crafts International Center of Thailand
- Member of Life Insurance Fund Commission, Life Insurance Fund
- Chairman of Ethics/Committee and Member of CPA Examination Committee, Federation of Accounting Professions under the Royal Patronage of His Majesty the King
- Qualified Person in Finance and Account, Office of the Civil Service Commission



**Mr. Jiraphant Asvatanakul**

Committee

**Education**

- B.A. Economics, Thammasart University, Thailand
- M.P.A. University of Texas at Austin, USA
- Director Accreditation Program (DAP), Thai Institute of Directors (IOD)
- Thailand Insurance Leadership Program (Class 1) OIC Advanced Insurance Institute
- The National Defence College (Class 56)
- Top Executive Program in Commerce and Trade, Batch 8, Commerce Academy , UTCC
- Top Executives Program Class 22,Capital Market Academy

**Work Experience**

- Member of Voluntary Motor Insurance Tariff Committee, Department of Insurance, Ministry of Commerce
- Director, Aberdeen Asset Management Public Co., Ltd.
- Chief of Thailand Delegate In East Asian Insurance Congress
- Chairman of Asean Insurance Council
- Secretary, Thai General Insurance Association
- President, Thai General Insurance Association
- Director, Policy Protection Fund
- Director The Re Life Assurance PCL.
- Director ,Member of the nomination and Remuneration Committee, Thai Reinsurance PCL.
- Vice Chairman ,Chairman of The Investment Committee, Road Accident Victims Protection Co., Ltd.
- Director T.I.I. Co.,Ltd. (Thailand - Insurance Institute)
- Director Thai General Insurance Association
- President The Federation of ThaiInsurance Organizations
- Board Treasurer, Thai Chamber of Commerce
- Independent Director, Member of the audit committee, Member of of the nomination and Remuneration Committee, Vichitbhan Palmoil PCL.

**Other Current Position(s)**

- Director ,Member of the nomination and Remuneration Committee, Thai Reinsurance PCL.
- Independent Director , Member of the audit committee, Member of of the nomination and Remuneration Committee , Vichitbhan Palmoil PCL.
- Vice Chairman, Chairman of The Investment Committee, Road Accident Victims Protection Co., Ltd.
- Director T.I.I. Co.,Ltd. (Thailand - Insurance Institute)
- Director Thai General Insurance Association
- President The Federation of ThaiInsurance Organizations
- Board Treasurer, Thai Chamber of Commerce



# The Executive

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**Mr. Jiraphant Asvatanakul**

CEO & president

**Date Attended**

- July 1984

**Education**

- B.A. Economics, Thammasart University, Thailand
- M.P.A. University of Texas at Austin, USA

**Mrs. Sutepee Asvatanakul**

Managing Director

**Date Attended**

- July 1986

**Education**

- B.A. Statistic, Thammasat University
- M.B.A. Tarleton State University, USA

**Mr. Thawan Viranont**

Advisor to President & CEO

**Date Attended**

- January 1975

**Education**

- B.A. Law, Thammasat University

**Mr. Praphid Dhiraprayudti**

Senior Executive Vice President

**Date Attended**

- June 1981

**Education**

- B.A. Economics, Ramkhamhang University

**Mr. Suraphong  
Theravithayangkura**

Senior Executive Vice President

**Date Attended**

- August 1986

**Education**

- B.B.A. Business Administration, Hanover College, USA
- M.B.A. Southwest Texas State University, USA





**Mr. Krailoes Hanvivadhanakul**  
Executive Vice President

**Date Attended**

- January 2007

**Education**

- B.A. Economics, Thammasart University
- M.A. Economics, Thammasart University
- M.B.A. University of Chicago, USA

**Mr. Lucius Antoine Julien  
Maria Heijstee**  
Executive Vice President

**Date Attended**

- July 2008

**Education**

- Foundation course in Economics, Erasmus University, Netherlands
- M.A. Japanology (Doctorandus), Leiden University, Netherlands

**Ms. Janejira Asvatanakul**  
Executive Vice President

**Date Attended**

- December 2013

**Education**

- B.S. Nutritional Science, Pepperdine University, USA
- M.S. Nutrition and Dietetics, Case Western Reserve University, USA

**Mr. Thepphan Asvatanakul**  
Executive Vice President

**Date Attended**

- June 2016

**Education**

- B.S. Industrial Engineering, Economics (2nd major), Northwestern University, USA
- M.B.A. Wharton, University of Pennsylvania, USA

**Mr. Pimol Chantaveerakul**  
Vice President,  
Claims Operations and Coordination

**Date Attended**

- October 1997

**Education**

- B.S. Engineer, King Mongkut's University of Technology Thonburi

**Mr. Somkrit Surachewakit**  
Vice President, Agent & Broker

**Date Attended**

- May 1990

**Education**

- B.B.A. Marketing, Bansomdejchopraya Rajabhat University

# Business Characteristics

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Thaivivat Insurance Public Co., Ltd.

THAIVIVAT INSURANCE PUBLIC COMPANY LIMITED, established in 1951, is an independent, single entity, with non-life insurance as its core business. The head office is located in Bangkok and 27 regional offices service customers throughout the Kingdom. The company's customer base consists of both individuals and corporate clients. The Company offers a complete range of insurance products and services which can be categorized as follows :

## Fire Insurance

The Company offers a wide range of fire policies, covering damages to insured property caused by fire, lighting or explosion, where the explosion is brought about by gas or boilers not used for industrial purposes.

## Motor Insurance

Offering both compulsory and voluntary insurance, this product category became the Company's main business line.

## Marine Cargo Insurance

The Company offers all clauses of the international standard insurance policy which provides coverage for damage to the insured goods during the transportation from one location to another, by sea, air and over land.

## Miscellaneous Insurance

Besides the above listed main categories, the Company offers a variety of other non-life insurance products. Grouped together under miscellaneous insurance, each of these product lines has been carefully developed to ensure the same dedicated level of service expected from the Company. They include :

- Personal Accident Insurance
- Travel Insurance
- Health Insurance
- Burglary Insurance
- Liability Insurance

## Reinsurance

In addition to offering the complete range of insurance products to consumers directly, the company also provides reinsurance to other insurance companies



# Independent Auditor's Report

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## To the Shareholders of Thavivat Insurance Public Company Limited

### Opinion

I have audited the accompanying consolidated financial statements of Thavivat Insurance Public Company Limited and its subsidiary (the Group), which comprise the consolidated statement of financial position as at 31 December 2017, and the related consolidated statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and have also audited the separate financial statements of Thavivat Insurance Public Company Limited for the same period

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Thavivat Insurance Public Company Limited and its subsidiary and of Thavivat Insurance Public Company Limited as at 31 December 2017, their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

### Basis for Opinion

I conducted my audit in accordance with Thai Standards on Auditing. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Group in accordance with the Code of Ethics for Professional Accountants as issued by the Federation of Accounting Professions as relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### Key Audit Matters

Key audit matters are those matters that, in my professional judgement, were of most significance in my audit of the financial statements of the current period. These matters were

addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

I have fulfilled the responsibilities described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report, including in relation to these matters. Accordingly, my audit included the performance of procedures designed to respond to my assessment of the risks of material misstatement of the financial statements. The results of my audit procedures, including the procedures performed to address the matters below, provide the basis for my audit opinion on the accompanying financial statements as a whole.

Key audit matters and how audit procedures respond for each matter are described below.

#### *Insurance premiums recognition*

In 2017, the Group had revenue from insurance premium amounting to Baht 3,547 million, which were derived from retail insured and had a large number of policies. The insurance premiums are collected from variety customers and insurance premiums amount rely on the processing of information technology system. I therefore focused the recognition of insurance premiums with respect to the amount and appropriate timing.

I have assessed and tested the internal controls of information technology system and its internal controls with respect to underwriting, insurance premiums calculation and revenue recognition of insurance premiums by making enquiry of responsible executives, gaining an understanding and selecting representative samples to test the operation of the designed controls with respond to the amount and timing of revenue recognition in



financial statements. In addition, I selected representative samples of insurance policies and related supporting documents to assess whether revenue recognition was consistent with conditions specified in the insurance policies and whether it was in compliance with the Group's policy. I reviewed the insurance policies and endorsement transactions occurring during the accounting period, before and after period-end, which were recognised as revenues of the Group. Moreover, I performed analytical procedures to compare insurance premiums recognised throughout the period and examined on sampling basis for accounting entries related to insurance premiums made through journal vouchers.

***Insurance contract liabilities - claim reserves and outstanding claims***

Insurance contract liabilities - claim reserves and outstanding claims account is highly significant to the financial statements. As at 31 December 2017, the Company and its subsidiary had claim reserves and outstanding claims amounted to Baht 1,168 million (representing 29 percent of total liabilities). Claim reserves and outstanding claims included both claims incurred and reported and claims incurred but not reported, which were calculated by the Company's management using actuarial techniques. The key assumptions applied were based on historical data and required the management to exercise substantial judgement in estimating such reserves so I addressed the adequacy of claim reserves and outstanding claims as a key audit matter. In addition, such claim reserves and outstanding claims are directly relevant to the claim reserves and outstanding claims refundable from reinsurers which were also calculated by the Company's management using actuarial techniques.

As at 31 December 2017, the Company and its subsidiary had claim reserves and outstanding claims refundable from reinsurers amounting to Baht 187 million.

I assessed and tested the internal controls relevant to claims, loss adjustments, estimation of claim reserves and outstanding claims and reinsurance, by making enquiry of responsible executives regarding the criteria and assumptions used in the estimates made by the actuary. I selected, on a sampling basis, data used by the actuary in calculating claim reserves, performed random test on major claims file, and performed analytical procedures on the frequency of claims and average loss per claim. In addition, I reviewed the actuarial report to assess whether it was consistent with the reserve recognised in the accounts, assessed the assumptions and methods used in the calculation, and compared the assumptions to those used in the prior year. Moreover, I reviewed the estimates of claim reserves and outstanding claims refundable from reinsurers.

**Other Information**

Management is responsible for the other information. The other information comprise the information included in annual report of the Company, but does not include the financial statements and my auditor's report thereon. The annual report of the Company is expected to be made available to me after the date of this auditor's report.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information



is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated.

When I read the annual report of the Company, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance for correction of the misstatement.

#### **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Thai Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

#### **Auditor's Responsibilities for the Audit of the Financial Statements**

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee

that an audit conducted in accordance with Thai Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Thai Standards on Auditing, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as



- concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

I am responsible for the audit resulting in this independent auditor's report.



Somjai Khunapasut  
Certified Public Accountant (Thailand) No. 4499

*EY Office Limited*

*Bangkok: 27 February 2018*



# Financial Statements



# Statements of Financial Position

As at 31 December 2017

(Unit: Baht)

	Note	Consolidated	Separate financial statements	
		financial statements	31 December 2017	31 December 2016
		31 December 2017	31 December 2017	31 December 2016
<b>Assets</b>				
Cash and cash equivalents	6	240,644,140	237,379,687	228,894,842
Premium receivables	7	483,827,953	483,761,041	373,438,176
Accrued investment income		9,005,242	6,905,382	6,811,253
Reinsurance assets	8	476,374,747	476,374,747	514,900,410
Reinsurance from receivables contracts	9	51,583,665	52,070,930	19,112,519
Investment assets				
Investments in securities	10	3,034,526,290	2,984,710,290	2,701,321,914
Loans	11	5,714,562	5,714,562	7,380,528
Investment in subsidiary	12	-	67,200,000	-
Property, buildings and equipment	13	292,108,672	284,832,877	288,055,820
Goodwill	12	18,720,000	-	-
Intangible assets - computer software	14	6,361,779	6,172,919	7,381,302
Deferred tax assets	15	79,009,259	79,009,259	80,927,799
Other assets	16	523,785,290	524,067,481	625,462,585
<b>Total assets</b>		<b>5,221,661,599</b>	<b>5,208,199,175</b>	<b>4,853,687,148</b>





As at 31 December 2016

(Unit: Baht)

	Note	Consolidated	Separate financial statements	
		financial statements	31 December 2017	31 December 2016
		31 December 2017	31 December 2017	31 December 2016
<b>Liabilities and equity</b>				
<b>Liabilities</b>				
Insurance contract liabilities	17	2,825,442,132	2,824,322,807	2,576,140,340
Amount due to reinsurers	18	507,547,684	507,547,684	480,104,794
Income tax payable		2,733,885	2,733,885	178,364
Employee benefit obligations	19	87,820,420	87,820,420	75,194,822
Other liabilities	20	615,364,431	614,815,140	617,492,072
<b>Total liabilities</b>		<b>4,038,908,552</b>	<b>4,037,239,936</b>	<b>3,749,110,392</b>
<b>Equity</b>				
Share capital				
Registered				
303,000,000 ordinary shares of Baht 1 each		303,000,000	303,000,000	303,000,000
Issued and paid-up				
303,000,000 ordinary shares of Baht 1 each		303,000,000	303,000,000	303,000,000
Premium on share capital		163,800,007	163,800,007	163,800,007
Retained earnings				
Appropriated - statutory reserve	21	30,300,000	30,300,000	30,300,000
Unappropriated		528,219,520	529,707,855	514,867,659
Other components of equity				
Surplus on changes in value of available-for-sale investments	10.3	144,151,377	144,151,377	92,609,090
Exchange differences on translation of financial statements in foreign currency		(4,800,000)	-	-
Equity attributable to shareholders of the Company		1,164,670,904	1,170,959,239	1,104,576,756
Non-controlling interests of the subsidiary		18,082,143	-	-
<b>Total equity</b>		<b>1,182,753,047</b>	<b>1,170,959,239</b>	<b>1,104,576,756</b>
<b>Total liabilities and equity</b>		<b>5,221,661,599</b>	<b>5,208,199,175</b>	<b>4,853,687,148</b>
		-	-	-

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



# Statements of Comprehensive Income

For the year ended 31 December 2017

(Unit: Baht)

	Note	Consolidated	Separate financial statements	
		financial statements	2017	2016
		2017	2017	2016
<b>Profit or loss:</b>				
<b>Income</b>				
Gross premium written		3,547,253,747	3,545,875,526	3,229,683,365
Less: Premium ceded to reinsurers		(848,001,403)	(848,001,403)	(843,531,608)
Net premium written		2,699,252,344	2,697,874,123	2,386,151,757
Add (less): Unearned premium reserves (increase)				
decrease from prior year		(189,922,199)	(188,893,176)	75,924,536
Net earned premium		2,509,330,145	2,508,980,947	2,462,076,293
Fee and commission income		228,307,473	228,307,473	243,288,457
Investment income		68,262,209	66,130,535	59,020,862
Gain on investments		4,360,844	4,360,844	51,711,660
Gain on fair value adjustment of investments		20,107,379	20,107,379	10,488,732
Other income		6,303,235	6,316,880	20,550,308
<b>Total income</b>		<b>2,836,671,285</b>	<b>2,834,204,058</b>	<b>2,847,136,312</b>
<b>Expenses</b>				
Claims and loss adjustment expenses		2,048,394,503	2,047,672,062	1,987,110,058
Less: Claim recovered from reinsurers		(485,216,633)	(485,169,821)	(327,605,666)
Commission and brokerage expenses		588,633,081	588,497,580	546,869,893
Other underwriting expenses		226,867,777	226,384,957	239,459,816
Operating expenses	22	426,211,019	422,911,550	375,911,189
<b>Total expenses</b>		<b>2,804,889,747</b>	<b>2,800,296,328</b>	<b>2,821,745,290</b>
<b>Profit before income tax</b>		<b>31,781,538</b>	<b>33,907,730</b>	<b>25,391,022</b>
Income tax revenue (expenses)	15	341,695	341,695	(293,972)
<b>Profit for the year</b>		<b>32,123,233</b>	<b>34,249,425</b>	<b>25,097,050</b>



For the year ended 31 December 2017

(Unit: Baht)

	Note	Consolidated	Separate financial statements	
		financial statements	2017	2016
<b>Other comprehensive income:</b>				
Other comprehensive income to be reclassified to profit or loss in subsequent periods				
Exchange differences on translation of financial statements in foreign currency (loss)		(6,240,000)	-	-
Gain (loss) on changes in value of available-for-sale investments		64,427,859	64,427,859	(8,580,481)
Less: Income tax effect	15.2	(12,885,572)	(12,885,572)	1,716,096
Net other comprehensive income to be reclassified to profit or loss in subsequent periods (loss)		45,302,287	51,542,287	(6,864,385)
Other comprehensive income not to be reclassified to profit or loss in subsequent periods				
Actuarial gain (loss)		(5,324,087)	(5,324,087)	8,402,621
Less: Income tax effect	15.2	1,064,818	1,064,818	(1,680,524)
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods (loss)		(4,259,269)	(4,259,269)	6,722,097
<b>Other comprehensive income for the year - net of income tax (loss)</b>		<b>41,043,018</b>	<b>47,283,018</b>	<b>(142,288)</b>
<b>Total comprehensive income for the year</b>		<b>73,166,251</b>	<b>81,532,443</b>	<b>24,954,762</b>
<b>Profit for the year attributable to:</b>				
Equity holders of the Company		32,761,090	34,249,425	25,097,050
Non-controlling interests of the subsidiary (loss)		(637,857)		
		<u>32,123,233</u>		
<b>Total comprehensive income for the year attributable to:</b>				
Equity holders of the Company		75,244,108	81,532,443	24,954,762
Non-controlling interests of the subsidiary (loss)		(2,077,857)		
		<u>73,166,251</u>		
<b>Earnings per share</b>				
Basic earnings per share	25			
Profit attributable to equity holders of the Company		0.11	0.11	0.08

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



# Statements of Cash Flows

For the year ended 31 December 2017

(Unit: Baht)

	Consolidated		
	financial statements	Separate financial statements	
	2017	2017	2016
<b>Cash flows from (used in) operating activities</b>			
Direct premium written	3,390,462,437	3,388,519,558	3,310,865,363
Cash paid for reinsurance	(252,687,654)	(252,687,654)	(148,386,420)
Interest income	27,281,495	27,249,681	19,815,393
Dividend income	39,602,225	39,602,225	40,295,722
Other investment income	2,480,160	2,480,160	3,073,690
Other income	3,688,975	3,702,620	16,128,948
Claim incurred on direct insurance	(1,683,499,735)	(1,683,280,989)	(1,710,347,426)
Loss adjustment expenses on direct insurance	(31,201,735)	(31,201,734)	(29,621,573)
Commission and brokerage on direct insurance	(569,745,381)	(569,539,995)	(561,194,217)
Other underwriting expenses	(126,146,305)	(126,146,305)	(145,081,874)
Operating expenses	(590,329,638)	(587,514,509)	(609,349,485)
Income tax	(7,089,902)	(7,129,268)	(7,288,650)
Investments in securities	(176,911,318)	(176,911,318)	(381,434,145)
Loans	3,636,177	3,636,177	1,245,658
Deposits at financial institutions	50,118,792	79,134,792	150,672,286
<b>Net cash from (used in) operating activities</b>	<b>79,658,593</b>	<b>109,913,441</b>	<b>(50,606,730)</b>
<b>Cash flows from (used in) investing activities</b>			
Investments in subsidiary	(22,394,540)	(67,200,000)	-
Purchases of property, buildings and equipment	(27,348,420)	(19,262,651)	(32,258,425)
Disposals of equipment	184,015	184,015	75,504
<b>Net cash used in investing activities</b>	<b>(49,558,945)</b>	<b>(86,278,636)</b>	<b>(32,182,921)</b>
<b>Cash flows from (used in) financial activities</b>			
Dividend paid	(15,149,960)	(15,149,960)	(15,149,990)
<b>Net cash used in financial activities</b>	<b>(15,149,960)</b>	<b>(15,149,960)</b>	<b>(15,149,990)</b>
<b>Decrease in translation adjustments</b>	<b>(3,200,390)</b>	<b>-</b>	<b>-</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>11,749,298</b>	<b>8,484,845</b>	<b>(97,939,641)</b>
Cash and cash equivalents at beginning of year	228,894,842	228,894,842	326,834,483
<b>Cash and cash equivalents at end of year</b>	<b>240,644,140</b>	<b>237,379,687</b>	<b>228,894,842</b>
	-	-	-

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



# Statements of Changes in Equity

For the year ended 31 December 2017

(Unit: Baht)

## Consolidated financial statements

	Equity attributable to equity holders of the Company								
	Issued and paid-up share capital	Premium on share capital	Retained earnings		Other components of equity		Total equity attributable to shareholders of the Company	Equity attributable to non-controlling interests of the subsidiary	Total equity
			Appropriated - statutory reserve	Unappropriated	Surplus on changes in value of available-for-sale investments	Exchange differences on translation of financial statements in foreign currency			
<b>Balance as at 1 January 2017</b>	303,000,000	163,800,007	30,300,000	514,867,659	92,609,090	-	1,104,576,756	-	1,104,576,756
Profit for the year	-	-	-	32,761,090	-	-	32,761,090	(637,857)	32,123,233
Other comprehensive income for the year (loss)	-	-	-	(4,259,269)	51,542,287	(4,800,000)	42,483,018	(1,440,000)	41,043,018
Total comprehensive income for the year (loss)	-	-	-	28,501,821	51,542,287	(4,800,000)	75,244,108	(2,077,857)	73,166,251
Increase in non-controlling interest from investment in the subsidiary	-	-	-	-	-	-	-	20,160,000	20,160,000
Dividend paid during the year (Note 26)	-	-	-	(15,149,960)	-	-	(15,149,960)	-	(15,149,960)
<b>Balance as at 31 December 2017</b>	<u>303,000,000</u>	<u>163,800,007</u>	<u>30,300,000</u>	<u>528,219,520</u>	<u>144,151,377</u>	<u>(4,800,000)</u>	<u>1,164,670,904</u>	<u>18,082,143</u>	<u>1,182,753,047</u>

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



For the year ended 31 December 2017

(Unit: Baht)

	Separate financial statements					Total equity
	Issued and paid-up share capital	Premium on share capital	Retained earnings		Other components of equity - surplus on changes in value of available-for-sale investments	
Appropriated - statutory reserve			Unappropriated			
<b>Balance as at 1 January 2016</b>	303,000,000	163,800,007	30,300,000	498,198,502	99,473,475	1,094,771,984
Profit for the year	-	-	-	25,097,050	-	25,097,050
Other comprehensive income for the year (loss)	-	-	-	6,722,097	(6,864,385)	(142,288)
Total comprehensive income for the year (loss)	-	-	-	31,819,147	(6,864,385)	24,954,762
Dividend paid during the year (Note 26)	-	-	-	(15,149,990)	-	(15,149,990)
<b>Balance as at 31 December 2016</b>	303,000,000	163,800,007	30,300,000	514,867,659	92,609,090	1,104,576,756
<b>Balance as at 1 January 2017</b>	303,000,000	163,800,007	30,300,000	514,867,659	92,609,090	1,104,576,756
Profit for the year	-	-	-	34,249,425	-	34,249,425
Other comprehensive income for the year (loss)	-	-	-	(4,259,269)	51,542,287	47,283,018
Total comprehensive income for the year (loss)	-	-	-	29,990,156	51,542,287	81,532,443
Dividend paid during the year (Note 26)	-	-	-	(15,149,960)	-	(15,149,960)
<b>Balance as at 31 December 2017</b>	303,000,000	163,800,007	30,300,000	529,707,855	144,151,377	1,170,959,239

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



# Notes to Financial Statements



# Notes to Financial Statements

For the year ended 31 December 2017

## 1. General information

Thaivivat Insurance Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. The Company is principally engaged in non-life insurance. The registered office of the Company is at 71 Thaivivat Insurance Building, Dindaeng Road, Samsen Nai, Phayathai, Bangkok.

## 2. Basis for preparation of the financial statements

### 2.1 Basis for preparation of the financial statements

The financial statements have been prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Professions Act B.E. 2547, and in accordance with Thai accounting practices related to insurance and the guidelines prescribed by the Office of Insurance Commission (“OIC”), and in accordance with the format of financial statements specified in the Notification of the OIC regarding criteria, procedures, conditions and terms for preparation and submission of financial statements and operating performance reports of non-life insurance companies B.E. 2559 dated 4 March 2016

The financial statements have been prepared on a historical cost basis except where otherwise disclosed in the accounting policies.

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 Basis for consolidation financial statements

- a) The consolidated financial statements include the financial statements of Thaivivat Insurance Public Company Limited (“the Company”) and the following subsidiary (“the Group”):

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			2017	2016
			Percent	Percent
Laovivat Insurance Co., Ltd.	Non-life insurance	Lao PDR	70.0	-

On 29 June 2016, the Company has entered into a share purchase agreement with shareholders of Laovivat Insurance Company Limited (“LVI”), a company incorporated and domiciled in Lao People's Democratic Republic (“Lao PDR”), to purchase 1.4 million ordinary shares at a net price of LAK 16,000 million from the former shareholders, representing 70% of its registered capital. The investment has been approved by the OIC.





On 19 January 2017, the Company made payment of LAK 4,800 million and recorded as advance payment for share subscription. On 31 May 2017, the Company made payment to purchase 1.4 million ordinary shares of subsidiary amounting to Baht 67.2 million, accounted for 70% of shareholding. The subsidiary was therefore fully consolidated, being the date on 31 May 2017 which the Company obtained control.

- b) The Company is deemed to have control over an investee or subsidiary if it has rights, or is exposed, to variable returns from its involvement with the investee, and it has the ability to direct the activities that affect the amount of its returns.
- c) The financial statements of the subsidiary is prepared using the same significant accounting policies as the Company.
- d) The assets and liabilities in the financial statements of overseas subsidiary company are translated to Baht using the exchange rate prevailing on the end of reporting period, and revenues and expenses translated using monthly average exchange rates. The resulting differences are shown under the caption of “Exchange differences on translation of financial statements in foreign currency” in the statements of changes in equity.
- e) Material balances and transactions between the Company and its subsidiary have been eliminated from the consolidated financial statements.
- f) Non-controlling interests represent the portion of profit or loss and net assets of the subsidiary that are not held by the Company and are presented separately in the consolidated profit or loss and within equity in the consolidated statement of financial position.

### **2.3 Basis for preparation of separate financial statements**

The separate financial statements present investments in subsidiary under the cost method.

## **3. New financial reporting standards**

### **3.1 Financial reporting standards that became effective in the current year**

During the year, the Company and its subsidiary have adopted the revised (revised 2016) and new financial reporting standards and accounting treatment guidance issued by the Federation of Accounting Professions which became effective for fiscal year beginning on or after 1 January 2017. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards. The adoption of these financial reporting standards does not have any significant impact on the Company and its subsidiary’s financial statements. The Financial Reporting Standards that has key changes in principle and directly relates to the Company and its subsidiary are as follows:

#### **TAS 27 (revised 2016) Separate Financial Statements**

This revised standard stipulates an additional option to account for investments in subsidiaries, joint ventures and associates in separate financial statements under the equity method, as described in TAS 28 (revised 2016) Investments in Associates and Joint Ventures. However, the entity is to apply the same accounting treatment for each category of investment. If an entity elects to account for such investments using the equity method in the separate financial statements, it has to adjust the transaction retrospectively.



The management has decided to use accounting policy for investments in subsidiary under cost method in the separate financial statements.

### **3.2 Financial reporting standard that will become effective in the future**

During the current year, the Federation of Accounting Professions issued a number of the revised financial reporting standards and interpretations (revised 2017) and new accounting treatment guidance which is effective for fiscal years beginning on or after 1 January 2018. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards.

The management of the Group believes that the revised financial reporting standards will not have any significant impact on the Company and its subsidiary's financial statements when they are initially applied.

## **4. Significant accounting policies**

### **4.1 Revenue recognition**

#### **(a) Premium income**

Premium income consists of direct premium and reinsurance premium less premium of canceled policies and premiums refunded to policyholders and adjusted with unearned premium reserve.

Direct premium income is recognised on the date the insurance policy comes into effect. For long-term insurance policies with coverage periods of longer than 1 year, related premium are recorded as unearned items, and recognised as income over the coverage period each year.

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

#### **(b) Commission and brokerage fees income**

Commission and brokerage fees from ceded premium are recognised when the insurance risk is transferred to another insurer.

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

#### **(c) Investment income**

##### *Interest and dividend income*

Interest income is recognised on an accrual basis based on the effective interest rate. Dividend is recognised when the right to receive the dividend is established.



### *Interest income on loan*

Interest income on loan is recognised as income on an accrual basis, based on the amount of principal outstanding.

#### **(d) Gain (loss) on investments**

Gain (loss) on investments is recognised as income or expense on the transaction date.

## **4.2 Expenses recognition**

#### **(a) Ceded premium**

Ceded premium is recognised as expenses when the insurance risk is transferred to another reinsurance company under relevant direct policies.

For long-term reinsurance policies with coverage periods longer than 1 year, ceded premium is recorded as prepaid expenses and recognised as expenses over the coverage period each year.

#### **(b) Claim and loss adjustment expenses**

Claim and loss adjustment expense consist of claim and loss adjustment expenses of direct insurance and reinsurance of both reported claim and not reported claim, and include the amounts of claim, related expenses, and loss adjustments of current and prior period incurred during the year, less residual value and other recoveries (if any), and claim recovery from reinsurers.

Claims recovery from reinsurer is recognised when claim and loss adjustment expenses are recorded as the condition in the relevant reinsurance contract.

Claim and loss adjustment expenses of direct insurance are recognised upon the receipt of the claim advice from the insured, based on the claim notified by the insured and estimates made by the management. The maximum value of claim estimated is not however, to exceed the sum-insured under the relevant policy.

Claim and loss adjustment expenses of reinsurance are recognised when the reinsurer places the loss advice with the Company.

#### **(c) Commission and brokerage expenses**

Commission and brokerage are expended when incurred.

Commission and brokerage paid for policies with coverage periods of longer than 1 year are recorded as prepaid items and recognised as expenses over the coverage period each year.

#### **(d) Other underwriting expenses**

Other underwriting expenses are other insurance expenses for both direct and indirect expenses, including contributions, which are recognised as expenses on accrual basis.



#### **(e) Operating expenses**

Operating expenses are operating expenses, not related to underwriting and claim, which are recognised as expenses on accrual basis.

#### **4.3 Product classification**

The Company and its subsidiary classified the insurance contracts and outward reinsurance contracts based on the nature of the insurance contract. Insurance contracts are those contracts where the insurer has accepted significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder. To determine whether a significant insurance risk has been accepted, the insurer compares the benefits payable after an insured event occur with the benefits payable if the insured event did not occur. If the criteria are not met, the Company and its subsidiary classify the insurance contract as an investment contract. Investment contracts have the legal form of insurance contracts and transfer financial risk to the insurer, but not significant insurance risk. Financial risks are specified as interest rate risk, exchange rate risk, or price risk.

The Company and its subsidiary classify contracts based on 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 an investment contract at an inception date, it can, however, be reclassified as insurance contracts after inception if insurance risk becomes significant.

#### **4.4 Cash and cash equivalents**

Cash and cash equivalents consist of cash in hand and at banks, and all highly liquid investments with an original maturity of three months or less and not subject to withdrawal restrictions.

#### **4.5 Premium receivables and allowance for doubtful accounts**

Premium receivable from direct insurance is stated at its net realisable value. The Company and its subsidiary set up an allowance for doubtful account based on estimated loss that may incur in collection of the premium receivable, on the basis of collection experience, analysis of debtor aging and a review of current status of the premium receivable as at the end of reporting period.

Increase (decrease) in allowance for doubtful accounts is recognised as expenses during the year.

#### **4.6 Reinsurance assets**

Reinsurance assets consist of insurance reserve refundable from reinsurers which is estimated based on the related reinsurance contract of loss reserves and outstanding claim in accordance with the law regarding insurance reserve calculation and unearned premium reserves.

The Company set up an allowance for doubtful accounts, of reinsurance assets when had indicator for impairment, based on losses that may be incurred due to uncollectible, taking into account collection experience, aged of balance, and the status of receivables from reinsurers as at the end of the reporting periods.

Increase (decrease) in allowance for doubtful accounts is recorded as expenses during the year.



#### **4.7 Reinsurance receivables and amount due to reinsurers**

- (a) Reinsurance receivables are stated at the outstanding balance of amount due from reinsurers and amounts deposit on reinsurance.

Amounts due from reinsurers consist of inward premium receivable, accrued fee and commission income, claim and various other items receivable from reinsurers, less allowance for doubtful accounts. The Company set up an allowance for doubtful accounts for estimated loss 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) Due to reinsurers consist of outstanding balance of amount due to reinsurers and amounts withheld on reinsurance.

Amounts due to reinsurers consist of reinsurance premiums, and other items payable to reinsurers, excluding loss reserve from reinsurance.

The Company presents net of reinsurance to the same entity (reinsurance receivables or amounts due to reinsurers) when the following criteria for offsetting are met.

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

#### **4.8 Investments**

##### **(a) Investment securities**

Investments in securities held for trading are stated at fair value. Changes in the fair value of these securities are recorded in profit or loss.

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

Investments in debt securities, both due within one year and expected to be held to maturity, are recorded 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.

Investments in non-marketable equity securities, which the Company and its subsidiary classify as other investments, are stated at cost net of 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 rate quoted by the Thai Bond Market Association. The fair value of unit trust is determined from its net asset value.

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



In the event the Company and its subsidiary reclassify investments 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 investments and the fair value on the date of reclassification are recorded in profit or loss or recorded as other components of equity, depending on the type of investments that is reclassified.

On disposal of an investment, the difference between net disposal proceeds and the carrying amount of the investment is recognised as part of profit or loss in the statement of comprehensive income.

#### **(b) Investment in subsidiary**

Investments in subsidiary is accounted for in the separate financial statements using the cost method net of allowance for impairment (if any). Loss on impairment is recognised as expense in the statement of income.

#### **4.9 Loans and allowance for doubtful accounts**

Loans are stated at net realisable value. Allowance for doubtful accounts is provided for the estimated loss that may be incurred in collection of loans based on an evaluation of the current status of the debtors, taking into consideration the recovery risk and the value of collateral.

Increase (decrease) in allowance for doubtful accounts is recorded as expenses in profit or loss.

#### **4.10 Property, buildings and equipment and depreciation**

Land is stated at cost. Buildings and equipment are stated at cost less accumulated depreciation and allowance for impairment of assets (if any).

Depreciation of buildings and equipment is calculated by reference to their costs on the straight-line basis over the following estimated useful lives:

Buildings	- 20 years
Furniture and equipment, motor vehicles	- 3 and 5 years

Depreciation is included in determining income.

No depreciation is provided on land.

An item of property, buildings and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on disposal of an asset is included in profit or loss when the asset is derecognised.



#### **4.11 Intangible assets and amortisation**

Intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment loss (if any).

Intangible assets with finite lives are amortised on a systematic basis over the economic useful life and tested for impairment whenever there is an indication that the intangible assets may be impaired. The amortisation period and the amortisation method of such intangible assets are reviewed at least at each financial year end. The amortisation expense is charged to profit or loss.

The intangible assets with finite useful lives which are computer software are 10 years.

#### **4.12 Goodwill**

Goodwill is initially recorded at cost, which equals to the excess of cost of business combination over the fair value of the net assets acquired.

Goodwill is carried at cost less any accumulated impairment loss (if any). Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the Company's cash generating units (or group of cash-generating units) that are expected to benefit from the synergies of the combination. The Company estimates the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in profit or loss. Impairment losses relating to goodwill cannot be reversed in future periods.

#### **4.13 Impairment of assets**

At the end of each reporting period, the Company and its subsidiary perform impairment review in respect of the property, buildings and equipment and intangible assets whenever events or changes in circumstances indicate that an asset may be impaired. An impairment loss is recognised 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 recognised in profit or loss as part of the statement of comprehensive income.

In the assessment of asset impairment if there is any indication that previously recognised impairment loss may no longer exist or may have decreased, the Company and its subsidiary estimate the asset's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The increased in carrying amount of the asset attributable to a reversal of an impairment loss shall not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss.

#### **4.13 Insurance contract liabilities**

Insurance contract liabilities consist of claim reserve and outstanding claims and premium reserves.



**(a) Claim reserves and outstanding claims**

Outstanding claims are recorded at the amount to be actually paid. Loss reserves are provided upon receipt of claim advices from the insured based on the claims notified by the insured and estimates made by the management. The maximum value of claims estimate is however, not to exceed the sum-insured under the relevant policy.

Claim reserves are calculated by using an actuarial method based on a best estimate of claims which are expected to be paid in respect of losses that occurred before or as at the end of the reporting date, covering both reported and not reported loss, and including loss adjustment expense, after deducting salvage values and other recoverable value. The different between the calculated claim reserves and the claim already recognised are recorded as incurred but not yet reported claims (IBNR).

**(b) Premium reserves**

Premium reserves consist of unearned premium reserve and unexpired risk reserve.

**(1) Unearned premium reserve**

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

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	- Daily average basis by the period of coverage under policy

**(2) Unexpired risk reserve**

Unexpired risk reserve is the reserve for the claims that may be incurred in respect of in-force policies. Unexpired risk 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.

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

**4.14 Employee benefits**

**(a) Short-term employee benefits**

Salaries, wages, bonuses and contributions to the social security fund are recognised as expenses when incurred.





## **(b) Post-employment benefits**

### *Defined contribution plans*

The Company and its employees have jointly established a provident fund. The fund is monthly contributed by employees and by the Company. The fund's assets are held in a separate trust fund and the Company's contributions are recognised as expenses when incurred.

### *Defined benefit plans*

The Company has obligations in respect of the severance payments it must make to employees upon retirement under labor law. The Company treats these severance payment obligations as a defined benefit plan.

The obligation under the defined benefit plan is determined by an independent actuary based on actuarial techniques, using the projected unit credit method.

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

## **4.15 Provisions**

Provisions are recognised when the Company and its subsidiary have a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

## **4.16 Long-term lease**

Leases of premises or equipment which transfer substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lower of the fair value of the leased assets and the present value of the minimum lease payments. The outstanding rental obligations, net of finance charges, are included in other payables, while the interest element is charged to statements of income over the lease period. The premises or equipment acquired under finance leases is depreciated over the useful life of the asset.

Leases of assets which do not transfer substantially all the risks and rewards of ownership are classified as operating leases. Operating lease payments are recognised as an expense in statements of income on a straight-line basis over the lease term.

## **4.17 Foreign currencies**

The financial statements are presented in Baht, which is also the Company's functional currency.

Transactions in foreign currencies are translated into Baht at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Baht at the exchange rate ruling at the end of reporting period.

Gain and loss on exchange are included in the statement of income.



#### **4.18 Income tax**

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

##### *Current tax*

Current income tax is provided in the accounts at the amount expected to be paid to the taxation authorities, based on taxable profits determined in accordance with tax legislation.

##### *Deferred tax*

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

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

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

The Company and its subsidiary record deferred tax directly to equity if the tax relates to items that are recorded directly to equity.

#### **4.19 Related party transactions**

Related parties comprise enterprises and individuals that control, or are controlled by, the Company and its subsidiary, whether directly or indirectly, or which are under common control with the Company and its subsidiary.

They also include individuals or parties which directly or indirectly own a voting interest in the Company and its subsidiary that gives them significant influence over the Company and its subsidiary, key management personnel, directors, and officers with authority in the planning and direction of the Company and its subsidiary's operations.

#### **4.20 Fair value measurement**

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

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



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

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

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

At the end of each reporting period, the Company and its subsidiary determine 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.

## **5. Significant accounting judgements and estimates**

The preparation of financial statements in conformity with Thai 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:

### **5.1 Recognition and derecognition of assets and liabilities**

In considering whether to recognise or to derecognise assets or liabilities, the management is required to make judgement on whether significant risk and rewards of those assets or liabilities have been transferred, based on their best knowledge of the current events and arrangements.

### **5.2 Allowance for doubtful accounts on loan receivables/ premium receivables/ amounts due from reinsurers and claim receivable from litigants**

In determining an allowance for doubtful accounts on loan receivables/ premium receivables/ amounts due from reinsurers and claim receivable from litigants, the management needs to make judgement and estimates based upon, among other things, past collection history, aging of outstanding debts and the prevailing economic condition.

### **5.3 Impairment of investments in securities**

The Company and its subsidiary treat investments in securities as impaired when management considers that such investments has an indication of impairments. The determination of indication of investments requires judgement of the management.

### **5.4 Property, buildings and equipment/Depreciation**

In determining depreciation of buildings and equipment, the management is required to make estimates of the useful lives and residual value of the buildings and equipment, and to review estimate useful lives and residual value when there are any changes.

In addition, the management is required to review property, buildings and equipment for impairment on a periodical basis and record impairment loss 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.



## **5.5 Deferred tax assets**

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

## **5.6 Loss reserves and outstanding claims**

At the end of each reporting period, the Company and its subsidiary have to estimate loss reserves and outstanding claims taking into account two factors. These are claims incurred and reported, and the claims incurred but not yet reported (IBNR). The ultimate loss of outstanding claims is established using a range of standard actuarial claims projection techniques. The main assumptions underlying these techniques relate to historical experience, including the development of claims estimates, paid and incurred loss, average costs per claim and claim numbers, etc. Nevertheless, the estimation requires the management's judgements reflecting the best estimate available at that time, such estimates are forecasts of future outcomes, and actual results could differ.

## **5.7 Unexpired risk reserve**

Unexpired risk reserve is calculated using an actuarial method, based on a best estimate of the claims expected to be paid over the remaining term of the insurance. Estimating the reserve requires the management to exercise judgement, with reference to historical data and the best estimates available at that time.

## **5.8 Post-employment benefits under defined benefit plans**

The obligation under the defined benefit plan is 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.

## **5.9 Litigation**

The Company has contingent liabilities as a result of litigation. The Company's management has used judgement to assess the results of the litigation and believes that loss incurred will not exceed the recorded amounts as at the end of reporting period.

## **5.10 Fair value of financial instruments**

In determining the fair value of financial instruments that are not actively traded and for which quoted market prices are not readily available, the management exercise judgement, using a variety of valuation techniques and models. The input to these models is taken from observable markets, and includes consideration of credit risk, liquidity, correlation and longer-term volatility of financial instruments. Change in assumptions about these factors could affect the fair value and disclosures of fair value hierarchy.



## 6. Cash and cash equivalents

(Unit: Baht)

	Consolidated financial statements	Separate financial statements	
	2017	2017	2016
Cash on hand	889,444	883,465	7,160,496
Deposits at banks with no fixed maturity date	236,347,640	233,089,166	218,435,457
Deposits at banks and certificate of deposit with fixed maturity date	3,407,056	3,407,056	3,298,889
Cash and cash equivalents	240,644,140	237,379,687	228,894,842

As at 31 December 2017, saving deposits and fixed deposits carried interest between 0.25% and 1.00% per annum (Separate financial statements: 0.25% and 0.75% per annum) (2016: between 0.25% and 0.75% per annum).

## 7. Premium receivables

The balances as at 31 December 2017 and 2016 of premium receivables from direct insurance are classified by aging from the maturity date under the stipulated law of the premium collection as follows:

(Unit: Baht)

	Consolidated financial statements	Separate financial statements	
	2017	2017	2016
Not yet due	365,115,966	365,110,684	313,609,226
Not over 30 days	26,238,767	26,179,021	32,536,083
Over 30 days to 60 days	10,198,385	10,196,501	11,116,255
Over 60 days to 90 days	4,358,689	4,358,689	5,116,527
Over 90 days	81,272,927	81,272,927	14,169,291
Total premium receivables	487,184,734	487,117,822	376,547,382
Less: Allowance for doubtful accounts	(3,356,781)	(3,356,781)	(3,109,206)
Total premium receivables, net	483,827,953	483,761,041	373,438,176

For premium receivables due from agents and brokers, the Company has stipulated the collection guideline in accordance with the law of the premium collection. For overdue premium receivables, the Company takes legal actions with such agents and brokers on a case by case basis.



## 8. Reinsurance assets

(Unit: Baht)

	Consolidated financial statements	Separate financial statements	
	2017	2017	2016
Insurance reserves refundable from reinsurers			
Claim reserves and outstanding claims	187,269,811	187,269,811	116,933,537
Unearned premium reserves	289,104,936	289,104,936	397,966,873
Reinsurance assets	<u>476,374,747</u>	<u>476,374,747</u>	<u>514,900,410</u>

## 9. Receivables from reinsurance contracts

(Unit: Baht)

	Consolidated financial statements	Separate financial statements	
	2017	2017	2016
Amounts due from reinsurers	51,583,665	52,070,930	19,112,519
Receivables from reinsurance contracts	<u>51,583,665</u>	<u>52,070,930</u>	<u>19,112,519</u>

As at 31 December 2017 and 2016, the balances of amounts due from reinsurers are classified by aging as follows:

(Unit: Baht)

	Consolidated financial statements	Separate financial statements	
	2017	2017	2016
Not yet due	23,370,044	23,857,309	10,246,384
Not over 1 year	27,873,657	27,873,657	8,526,171
Over 1 year to 2 years	339,964	339,964	339,964
Total amounts due from reinsurers	<u>51,583,665</u>	<u>52,070,930</u>	<u>19,112,519</u>



## 10. Investments in securities

### 10.1 Classified by type of investments

As at 31 December 2017 and 2016, carrying amount of investments in securities are classified as follows:

(Unit: Baht)

	Consolidated financial statements	
	2017	
	Cost/Amortised cost	Fair value
<b>Trading investments</b>		
Equity securities	274,723,621	277,621,774
Warrants	-	567,230
Total	274,723,621	278,189,004
Add: Unrealised gain	3,465,383	-
<b>Trading investments, net</b>	278,189,004	278,189,004
<b>Available-for-sale investments</b>		
Government and state enterprise securities	90,023,019	91,757,455
Private debt securities	485,102,103	492,564,411
Equity securities	50,506,668	127,527,671
Unit trusts	1,443,836,555	1,537,808,029
Total	2,069,468,345	2,249,657,566
Add: Unrealised gain	180,189,221	-
Less: Allowance for impairment	(176,283)	(176,283)
<b>Available-for-sale investments, net</b>	2,249,481,283	2,249,481,283
<b>Held-to-maturity investments</b>		
Government and state enterprise securities	347,238,505	
Private debt securities	841,000	
Deposits at financial institutions which amounts maturing in over 3 months	155,896,848	
Total	503,976,353	
Less: Allowance for impairment	(841,000)	
<b>Held-to-maturity investments, net</b>	503,135,353	
<b>Other investments</b>		
Equity securities	3,720,650	
<b>Other investments, net</b>	3,720,650	
<b>Total investments in securities</b>	<b>3,034,526,290</b>	



(Unit: Baht)

	Separate financial statements			
	2017		2016	
	Cost/ Amortised cost	Fair value	Cost/ Amortised cost	Fair value
<b>Trading investments</b>				
Equity securities	274,723,621	277,621,774	271,693,053	254,070,659
Warrants	-	567,230	-	980,398
Total	274,723,621	278,189,004	271,693,053	255,051,057
Less: Unrealised gain (loss)	3,465,383	-	(16,641,996)	-
<b>Trading investments, net</b>	<b>278,189,004</b>	<b>278,189,004</b>	<b>255,051,057</b>	<b>255,051,057</b>
<b>Available-for-sale investments</b>				
Government and state enterprise securities	90,023,019	91,757,455	10,000,000	10,394,582
Private debt securities	485,102,103	492,564,411	280,141,486	284,315,549
Equity securities	50,506,668	127,527,671	40,056,668	112,529,198
Unit trusts	1,443,836,555	1,537,808,029	1,521,399,310	1,560,119,497
Total	2,069,468,345	2,249,657,566	1,851,597,464	1,967,358,826
Add: Unrealised gain	180,189,221	-	115,761,362	-
Less: Allowance for impairment	(176,283)	(176,283)	(176,283)	(176,283)
<b>Available-for-sale investments, net</b>	<b>2,249,481,283</b>	<b>2,249,481,283</b>	<b>1,967,182,543</b>	<b>1,967,182,543</b>
<b>Held-to-maturity investments</b>				
Government and state enterprise securities	347,238,505		289,905,071	
Private debt securities	841,000		841,000	
Deposits at financial institutions which amounts maturing in over 3 months	106,080,848		185,462,593	
Total	454,160,353		476,208,664	
Less: Allowance for impairment	(841,000)		(841,000)	
<b>Held-to-maturity investments, net</b>	<b>453,319,353</b>		<b>475,367,664</b>	
<b>Other investments</b>				
Equity securities	3,720,650		3,720,650	
<b>Other investments, net</b>	<b>3,720,650</b>		<b>3,720,650</b>	
<b>Total investments in securities</b>	<b>2,984,710,290</b>		<b>2,701,321,914</b>	





## 10.2 Classified by remaining period of debt securities

Investment in debt securities as at 31 December 2017 and 2016 have period to maturity as follow:

(Unit: Baht)

	Consolidated financial statements				
	2017				
	Period to maturity				Total
Overdue	Within 1 year	1 - 5 years	Over 5 years		
<b>Available-for-sale investments</b>					
<b>Government and state enterprise securities</b>					
State enterprise bonds	-	-	90,023,019	-	90,023,019
<b>Private debt securities</b>					
Debentures	93,940	215,008,163	180,000,000	90,000,000	485,102,103
Total	93,940	215,008,163	270,023,019	90,000,000	575,125,122
Add : Unrealised gain	-	719,059	4,654,306	3,823,379	9,196,744
<b>Total available-for-sale investments</b>	<b>93,940</b>	<b>215,727,222</b>	<b>274,677,325</b>	<b>93,823,379</b>	<b>584,321,866</b>
<b>Held-to-maturity investments</b>					
<b>Government and state enterprise securities</b>					
Thai government bonds	-	88,102,194	96,174,343	142,961,968	327,238,505
State enterprise saving lotteries	-	-	20,000,000	-	20,000,000
Total	-	88,102,194	116,174,343	142,961,968	347,238,505
<b>Private debt securities</b>					
Debentures	841,000	-	-	-	841,000
Less: Allowance for impairment	(841,000)	-	-	-	(841,000)
Total	-	-	-	-	-
<b>Deposit at financial institutions which amounts maturing in over 3 months</b>					
Deposit at banks	-	112,546,228	43,350,620	-	155,896,848
Total	-	112,546,228	43,350,620	-	155,896,848
<b>Total held-to-maturity investments</b>	<b>-</b>	<b>200,648,422</b>	<b>159,524,963</b>	<b>142,961,968</b>	<b>503,135,353</b>



(Unit: Baht)

	Separate financial statements				
	2017				
	Period to maturity				
	Overdue	Within 1 year	1 - 5 years	Over 5 years	Total
<b>Available-for-sale investments</b>					
<b>Government and state enterprise securities</b>					
State enterprise bonds	-	-	90,023,019	-	90,023,019
<b>Private debt securities</b>					
Debentures	93,940	215,008,163	180,000,000	90,000,000	485,102,103
Total	93,940	215,008,163	270,023,019	90,000,000	575,125,122
Add : Unrealised gain	-	719,059	4,654,306	3,823,379	9,196,744
<b>Total available-for-sale investments</b>	<b>93,940</b>	<b>215,727,222</b>	<b>274,677,325</b>	<b>93,823,379</b>	<b>584,321,866</b>
<b>Held-to-maturity investments</b>					
<b>Government and state enterprise securities</b>					
Thai government bonds	-	88,102,194	96,174,343	142,961,968	327,238,505
State enterprise saving lotteries	-	-	20,000,000	-	20,000,000
Total	-	88,102,194	116,174,343	142,961,968	347,238,505
<b>Private debt securities</b>					
Debentures	841,000	-	-	-	841,000
Less: Allowance for impairment	(841,000)	-	-	-	(841,000)
Total	-	-	-	-	-
<b>Deposit at financial institutions which amounts maturing in over 3 months</b>					
Deposit at banks	-	105,994,228	86,620	-	106,080,848
Total	-	105,994,228	86,620	-	106,080,848
<b>Total held-to-maturity investments</b>	<b>-</b>	<b>194,096,422</b>	<b>116,260,963</b>	<b>142,961,968</b>	<b>453,319,353</b>



(Unit: Baht)

	Separate financial statements				
	2016				
	Period to maturity				
	Overdue	Within 1 year	1 - 5 years	Over 5 years	Total
<b>Available-for-sale investments</b>					
<b>Government and state enterprise securities</b>					
State enterprise bonds	-	-	10,000,000	-	10,000,000
<b>Private debt securities</b>					
Debentures	93,940	50,000,000	210,047,546	20,000,000	280,141,486
Total	93,940	50,000,000	220,047,546	20,000,000	290,141,486
Add : Unrealised gain	-	58,792	2,793,343	1,716,510	4,568,645
<b>Total available-for-sale investments</b>	<b>93,940</b>	<b>50,058,792</b>	<b>222,840,889</b>	<b>21,716,510</b>	<b>294,710,131</b>
<b>Held-to-maturity investments</b>					
<b>Government and state enterprise securities</b>					
Thai government bonds	-	160,346,227	94,558,844	15,000,000	269,905,071
State enterprise saving lotteries	-	-	20,000,000	-	20,000,000
Total	-	160,346,227	114,558,844	15,000,000	289,905,071
<b>Private debt securities</b>					
Debentures	841,000	-	-	-	841,000
Less: Allowance for impairment	(841,000)	-	-	-	(841,000)
Total	-	-	-	-	-
<b>Deposit at financial institutions which amounts maturing in over 3 months</b>					
Deposit at banks	-	185,462,593	-	-	185,462,593
Total	-	185,462,593	-	-	185,462,593
<b>Total held-to-maturity investments</b>	<b>-</b>	<b>345,808,820</b>	<b>114,558,844</b>	<b>15,000,000</b>	<b>475,367,66</b>



### 10.3 Other components of equity - surplus on changes in value of available-for-sale investments

(Unit: Baht)

	Consolidated financial statements	Separate financial statements	
	For the year ended 31 December	For the year ended 31 December	
	2017	2017	2016
Balance - beginning of the year	115,761,362	115,761,362	99,473,475
Changes during the year			
Gain on revaluation during the year	76,274,071	76,274,071	53,864,900
Gain on sales recognised in profit or loss during the year	(11,846,212)	(11,846,212)	(37,577,013)
Balance - end of the year	180,189,221	180,189,221	115,761,362
Less: Income tax	(36,037,844)	(36,037,844)	(23,152,272)
Balance - end of the year, net of income tax	144,151,377	144,151,377	92,609,090

### 10.4 Investments subject to restriction

As at 31 December 2017 and 2016, the Company had pledged the following assets as collateral.

(Unit: Baht)

	Consolidated financial statements	Separate financial statements	
	2017	2017	2016
	Government debt securities which pledged for		
Bail bond in cases where insured drivers have been charged with criminal offense	504,570	504,570	510,651
Guarantee electricity use	1,029,529	1,029,529	1,049,446
Deposit at bank which pledged for			
Bail bond in cases where insured drivers have been charged with criminal offense	3,172,932	3,172,932	5,853,382
Bank overdraft	3,000,000	3,000,000	3,000,000
Letter of bank guarantee	5,000,000	5,000,000	5,000,000
Total	12,707,031	12,707,031	15,413,479

Furthermore, the Company and its subsidiary placed part of its investments in securities with the Registrar as described in Note 28 to the financial statements.



## 11. Loans

CAs at 31 December 2017 and 2016, loans and accrued interest are provided to employees in accordance with employee's benefits plan. The balances are aged by principal and interest receivables as follows:

(Unit: Baht)

Outstanding period	Consolidated and separate financial statements						
	2017						
	Mortgage loans		Other loans		Total		Total
Principal	Accrued interest	Principal	Accrued interest	Principal	Accrued interest		
Not yet due	3,549,261	-	2,165,301	-	5,714,562	-	5,714,562
Overdue							
Over 12 months	600,873	152,939	-	-	600,873	152,939	753,812
Total	4,150,134	152,939	2,165,301	-	6,315,435	152,939	6,468,374
Less: Allowance for doubtful accounts	(600,873)	(152,939)	-	-	(600,873)	(152,939)	(753,812)
Loans, net	3,549,261	-	2,165,301	-	5,714,562	-	5,714,562

(Unit: Baht)

Outstanding period	Separate financial statements						
	2016						
	Mortgage loans		Other loans		Total		Total
Principal	Accrued interest	Principal	Accrued interest	Principal	Accrued interest		
Not yet due	4,796,596	-	2,583,932	-	7,380,528	-	7,380,528
Overdue							
Over 12 months	2,571,084	1,015,446	-	-	2,571,084	1,015,446	3,586,530
Total	7,367,680	1,015,446	2,583,932	-	9,951,612	1,015,446	10,967,058
Less: Allowance for doubtful accounts	(2,571,084)	(1,015,446)	-	-	(2,571,084)	(1,015,446)	(3,586,530)
Loans, net	4,796,596	-	2,583,932	-	7,380,528	-	7,380,528

The assets used as collateral for mortgage loans are mainly land and construction thereon. The mortgage value of these assets according to mortgage agreements have been used in assessing the loan loss allowance.

The Company has set the criteria for loans granted to employees, which include term of repayment and applicable interest rate. The Company charges interest on such loan at the rate of 5.5% per annum, 8.5% per annum on the first consecutive loan and an additional 2.0% per annum on further consecutive loans. The Company has determined the credit limit of each project as follows:



Project	Collateral	Credit line
General loan	Personal guarantees	- Not exceeding 4 times monthly salary, with a limit of Baht 50,000
Housing loan	Land and/or construction thereon	- Not exceeding 40 times monthly salary, with a limit of Baht 2 million, and not exceeding 70% of the appraisal value of the land
		- Not exceeding 40 times monthly salary, with a limit of Baht 2 million, and not exceeding 85% of the appraisal value of the land and construction thereon
Housing maintenance loan	Personal guarantees and/or securities	- Not exceeding 40 times monthly salary, with a limit of Baht 2 million, and not exceeding 85% of the appraisal value of the housing

## 12. Investment in subsidiary

### 12.1 Detail of investment in subsidiary as presented in separate financial statements is as follow:

Company's name	Paid up capital		Shareholding percentage		Cost	
	2017	2016	2017	2016	2017	2016
	Baht	Baht	%	%	Baht	Baht
Laovivat Insurance Co., Ltd.	67,200,000	-	70.0	-	67,200,000	-

On 31 May 2017, the Company acquired ordinary shares of Laovivat Insurance Co., Ltd., total 1.4 million ordinary shares for total amounting to Baht 67.2 million, accounted for 70 percent of its registered capital which was considered as investment in subsidiary. That company is principally engaged in non-life insurance.

Fair values of the assets acquired and the liabilities assumed on the acquisition date of Laovivat Insurance Co., Ltd. are presented below.

(Unit: Baht)

Assets - Cash and cash equivalents	67,200,000
Liabilities	-
Net assets value	<u>67,200,000</u>
Cost of business combination	67,200,000
Value of net assets acquired by the Company	<u>47,520,000</u>
Cost of business acquisition higher than net assets value - Goodwill	<u>19,680,000</u>
<b>Reconcile net cash</b>	
Cash paid for acquisition of the subsidiary	67,200,000
Less: Cash and cash equivalents of the subsidiary	<u>(44,805,460)</u>
Net cash paid for acquisition of the subsidiary	<u>22,394,540</u>



## 12.2 Summarised financial information about subsidiary that based on amounts before inter-company elimination

(a) Summarised information about financial position as at 31 December 2017

	<i>(Unit: Baht)</i>
Assets	64,564,278
Liabilities	<u>4,290,469</u>
Net book value	<u><u>60,273,809</u></u>

(b) Summarised information about comprehensive income for the year ended 31 December 2017

	<i>(Unit: Baht)</i>
Revenue	<u>2,594,341</u>
Loss for the year	<u>(2,126,192)</u>
Other comprehensive income	<u>-</u>
Total comprehensive income (loss)	<u><u>(2,126,192)</u></u>

(c) Summarised information about cash flow for the year ended 31 December 2017

	<i>(Unit: Baht)</i>
Cash flow from operating activities	<u>(30,254,848)</u>
Cash flow from investing activities	<u>(8,085,769)</u>
Cash flow from financing activities	<u>-</u>
Net decrease in cash and cash equivalents	<u><u>(38,340,617)</u></u>



### 13. Property, buildings and equipment

(Unit: Baht)

	Consolidated financial statements					Total
	Land	Buildings	Furniture and fixtures	Office equipment	Motor vehicles	
<b>Cost</b>						
As at 1 January 2016	185,377,780	197,525,786	94,896,454	106,749,078	79,671,140	664,220,238
Additions	6,265,500	4,534,500	7,102,230	5,641,195	8,715,000	32,258,425
Disposals	-	-	(5,979,612)	(9,381,073)	(10,055,000)	(25,415,685)
As at 31 December 2016	191,643,280	202,060,286	96,019,072	103,009,200	78,331,140	671,062,978
Additions	2,384,000	3,116,000	10,438,555	9,019,072	2,491,409	27,449,036
Adjustment/reclassification	-	-	518,822	(619,439)	-	(100,617)
Disposals	-	-	(62,994,892)	(30,443,283)	(594,000)	(94,032,175)
As at 31 December 2017	194,027,280	205,176,286	43,981,557	80,965,550	80,228,549	604,379,222
<b>Accumulated depreciation</b>						
As at 1 January 2016	-	148,256,560	86,766,043	94,019,580	57,630,694	386,672,877
Depreciation for the year	-	3,429,666	2,998,322	6,445,688	8,800,786	21,674,462
Accumulated depreciation on disposals	-	-	(5,918,969)	(9,366,217)	(10,054,995)	(25,340,181)
As at 31 December 2016	-	151,686,226	83,845,396	91,099,051	56,376,485	383,007,158
Depreciation for the year	-	3,327,194	5,221,607	6,728,996	7,833,755	23,111,552
Accumulated depreciation on adjustment/reclassification	-	-	518,798	(525,794)	-	(6,996)
Accumulated depreciation on disposals	-	-	(62,994,723)	(30,252,442)	(593,999)	(93,841,164)
As at 31 December 2017	-	155,013,420	26,591,078	67,049,811	63,616,241	312,270,550
<b>Net book value</b>						
As at 31 December 2016	191,643,280	50,374,060	12,173,676	11,910,149	21,954,655	288,055,820
As at 31 December 2017	194,027,280	50,162,866	17,390,479	13,915,739	16,612,308	292,108,672
<b>Depreciation for the year</b>						
2016						21,674,462
2017						23,111,552





(Unit: Baht)

	Separate financial statements					
	Land	Buildings	Furniture and fixtures	Office equipment	Motor vehicles	Total
<b>Cost</b>						
As at 1 January 2016	185,377,780	197,525,786	94,896,454	106,749,078	79,671,140	664,220,238
Additions	6,265,500	4,534,500	7,102,230	5,641,195	8,715,000	32,258,425
Disposals	-	-	(5,979,612)	(9,381,073)	(10,055,000)	(25,415,685)
As at 31 December 2016	191,643,280	202,060,286	96,019,072	103,009,200	78,331,140	671,062,978
Additions	2,384,000	3,116,000	5,622,594	6,892,674	1,348,000	19,363,268
Adjustment/reclassification	-	-	518,822	(619,439)	-	(100,617)
Disposals	-	-	(62,994,892)	(30,443,283)	(594,000)	(94,032,175)
As at 31 December 2017	194,027,280	205,176,286	39,165,596	78,839,152	79,085,140	596,293,454
<b>Accumulated depreciation</b>						
As at 1 January 2016	-	148,256,560	86,766,043	94,019,580	57,630,694	386,672,877
Depreciation for the year	-	3,429,666	2,998,322	6,445,688	8,800,786	21,674,462
Accumulated depreciation on disposals	-	-	(5,918,969)	(9,366,217)	(10,054,995)	(25,340,181)
As at 31 December 2016	-	151,686,226	83,845,396	91,099,051	56,376,485	383,007,158
Depreciation for the year	-	3,327,194	4,579,622	6,599,000	7,795,763	22,301,579
Accumulated depreciation on adjustment/reclassification	-	-	518,798	(525,794)	-	(6,996)
Accumulated depreciation on disposals	-	-	(62,994,723)	(30,252,442)	(593,999)	(93,841,164)
As at 31 December 2017	-	155,013,420	25,949,093	66,919,815	63,578,249	311,460,577
<b>Net book value</b>						
As at 31 December 2016	191,643,280	50,374,060	12,173,676	11,910,149	21,954,655	288,055,820
As at 31 December 2017	194,027,280	50,162,866	13,216,503	11,919,337	15,506,891	284,832,877
<b>Depreciation for the year</b>						
2016						21,674,462
2017						22,301,579

As at 31 December 2017, certain equipment items of the Company have been fully depreciated but are still in use. The gross carrying amount (before deducting accumulated depreciation) of those assets amounted to approximately Baht 277.9 million (2016: Baht 290.2 million).



#### 14. Intangible asset - computer software

(Unit: Baht)

	Consolidated financial statements	Separate financial statements
	Computer software	Computer software
<b>Cost</b>		
As at 1 January 2016	44,204,043	44,204,043
Additions	340,001	340,001
As at 31 December 2016	44,544,044	44,544,044
Additions	1,044,157	846,100
As at 31 December 2017	45,588,201	45,390,144
<b>Accumulated amortisation</b>		
As at 1 January 2016	35,431,703	35,431,703
Amortisation for the year	1,731,039	1,731,039
As at 31 December 2016	37,162,742	37,162,742
Amortisation for the year	2,063,680	2,054,483
As at 31 December 2017	39,226,422	39,217,225
<b>Net book value</b>		
As at 31 December 2016	7,381,302	7,381,302
As at 31 December 2017	6,361,779	6,172,919
<b>Amortisation for the year</b>		
2016	1,731,039	1,731,039
2017	2,063,680	2,054,483
Remaining useful life as at 31 December 2017	5 - 10 ปี	5 - 10 ปี

As at 31 December 2017, certain computer software items of the Company have been fully amortisation but are still in use. The gross carrying amount (before deducting accumulated depreciation) of those assets amounted to approximately Baht 32.7 million (2016: Baht 27.3 million).



## 15. Deferred tax assets/Income tax expenses

### 15.1 Deferred tax assets

As at 31 December 2017 and 2016, the components of deferred tax assets and deferred tax liabilities are as follows:

(Unit: Baht)

	Consolidated and separate financial statements	Separate financial statements	Change in deferred tax assets/ liabilities that are recognised in profit or loss for the years ended 31 December	
			2017	2016
<b>Deferred tax assets</b>				
Allowance for doubtful accounts	7,212,358	7,318,937	(106,579)	(3,382,703)
Unearned premium reserves	57,571,667	44,730,820	12,840,847	(12,160,912)
Provision for claim incurred but not yet reported and outstanding claims	33,392,071	33,691,739	(299,668)	23,984,412
Loss on changes in value of trading securities	-	3,328,400	(3,328,400)	(2,097,746)
Post employee benefit obligations	17,564,084	15,038,964	1,460,302	1,301,677
<b>Total</b>	<b>115,740,180</b>	<b>104,108,860</b>		
<b>Deferred tax liabilities</b>				
Gain on changes in value of Trading securities	693,077	-	(693,077)	-
Available-for-sale securities	36,037,844	23,152,272		
Gain on exchange rate	-	28,789	28,789	(28,789)
<b>Total</b>	<b>36,730,921</b>	<b>23,181,061</b>		
Deferred tax assets, net	79,009,259	80,927,799		
<b>Total change</b>			<b>9,902,214</b>	<b>7,615,939</b>

### 15.2 Income tax expenses

The income tax expenses for the years ended 31 December 2017 and 2016 are as follows:

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	For the year ended 31 December		For the years ended 31 December	
	2017	2017	2017	2016
<b>Current income tax:</b>				
Corporate income tax charge in accordance with Revenue Code	9,560,519	9,560,519	7,909,911	
<b>Deferred tax:</b>				
Relating to origination and reversal of temporary differences	(9,902,214)	(9,902,214)	(7,615,939)	
<b>Income tax expenses (revenues) reported in the statements of comprehensive income</b>	<b>(341,695)</b>	<b>(341,695)</b>	<b>293,972</b>	



The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2017 and 2016 are as follows:

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	For the year ended 31 December		For the years ended 31 December	
	2017		2017	2016
Deferred tax relating to:				
Changes in value of available-for-sale investments	(12,885,572)		(12,885,572)	1,716,096
Changes in actuarial gain loss	1,064,818		1,064,818	(1,680,524)
	<u>(11,820,754)</u>		<u>(11,820,754)</u>	<u>35,572</u>

Reconciliation between income tax expenses and the product of accounting profit and the applicable tax rate for the years ended 31 December 2017 and 2016 are as follows:

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	For the year ended 31 December		For the years ended 31 December	
	2017		2017	2016
Accounting profit before income tax expenses	31,781,538		33,907,730	25,391,022
Applicable corporate income tax rate	20%, 24%		20%	20%
Income tax at the applicable tax rate	6,271,260		6,781,546	5,078,204
Net tax effect on income or expenses that are not taxable or not deductible in determining taxable profits	(6,612,955)		(7,123,241)	(4,784,232)
Income tax expenses (revenues) reported in the statements of comprehensive income	<u>(341,695)</u>		<u>(341,695)</u>	<u>293,972</u>

## 16. Other assets

(Unit: Baht)

	Consolidated financial statements	Separate financial statements	
	2017	2017	2016
Claim receivables from litigants, net	213,944,329	213,944,329	200,624,755
Advance payment of ceded premium	130,140,655	130,140,655	144,163,026
Deposits on rice field insurance scheme	72,835,390	72,835,390	129,694,643
Prepaid commission expenses	45,269,123	45,269,123	54,318,385
Receivable from sale of investments	7,198,913	7,198,913	49,517,705
Cash equivalents which subject to restrictions	8,270,000	8,270,000	8,023,048
Others	46,126,880	46,409,071	39,121,023
Total other assets	<u>523,785,290</u>	<u>524,067,481</u>	<u>625,462,585</u>



As at 31 December 2017, the Company has pledged deposit at financial institutions which amount maturing within 3 months totaling Baht 8.2 million (2016: Baht 8.0 million) as security against bank overdraft facilities, and as bail bond in cases where insured drivers have been charged with criminal offence.

## 17. Insurance contract liabilities

	Consolidated financial Statements <i>(Unit: Baht)</i>		
	2017		
	Insurance contract liabilities	Liabilities on reinsurance	Net
Claim reserves and outstanding claims			
- Provision for reported claims	1,107,998,324	182,138,692	925,859,632
- Provision for claim incurred but not reported	60,301,867	5,131,119	55,170,748
Premium reserves			
- Unearned premium reserves	1,657,141,941	289,104,936	1,368,037,005
<b>Total</b>	<b>2,825,442,132</b>	<b>476,374,747</b>	<b>2,349,067,385</b>

*(Unit: Baht)*

	Separate financial Statements		
	2017		
	Insurance contract liabilities	Liabilities on reinsurance	Net
Claim reserves and outstanding claims			
- Provision for reported claims	1,107,946,241	182,138,692	925,807,549
- Provision for claim incurred but not reported	60,263,649	5,131,119	55,132,530
Premium reserves			
- Unearned premium reserves	1,656,112,917	289,104,936	1,367,007,981
<b>Total</b>	<b>2,824,322,807</b>	<b>476,374,747</b>	<b>2,347,948,060</b>

*(Unit: Baht)*

	Separate financial Statements		
	2016		
	Insurance contract liabilities	Liabilities on reinsurance	Net
Claim reserves and outstanding claims			
- Provision for reported claims	945,474,658	107,936,976	837,537,682
- Provision for claim incurred but not reported	54,584,002	8,996,561	45,587,441
Premium reserves			
- Unearned premium reserves	1,576,081,680	397,966,873	1,178,114,807
<b>Total</b>	<b>2,576,140,340</b>	<b>514,900,410</b>	<b>2,061,239,930</b>



During the years 2017 and 2016, the management of the Company entered into reinsurance agreements in order to mitigate insurance risk. Although positions are managed on a net basis by management, insurance contract liabilities disclosures have been made on both a gross and net basis in order to provide a comprehensive set of disclosures.

### 17.1 Claim reserves and outstanding claims

(Unit: Baht)

	Consolidated financial	Separate financial statements	
	statements		
	For the year ended	For the years ended	31 December
	31 December	2017	2016
	2017	2017	2016
Balance - beginning of the year	1,000,058,660	1,000,058,660	907,610,011
Claim incurred and loss adjustment expenses for the year	2,030,296,600	2,030,025,768	1,998,972,004
Changes in claim reserves and outstanding claims of prior year	33,275,633	33,275,633	(17,698,990)
Changes in claim reserves and assumptions	5,717,863	5,679,646	29,482,462
Claim and loss adjustment expenses paid during the year	(1,901,048,565)	(1,900,829,817)	(1,918,306,827)
Balance - end of the year	<u>1,168,300,191</u>	<u>1,168,209,890</u>	<u>1,000,058,660</u>

As at 31 December 2017, the Company has claim reserves and outstanding claims under reinsurance contracts of Baht 0.3 million (2016: Baht 0.6 million).

### 17.2 Unearned premium reserves

(Unit: Baht)

	Consolidated financial	Separate financial statements	
	statements		
	For the year ended	For the years ended	31 December
	31 December	2017	2016
	2017	2017	2016
Balance - beginning of the year	1,576,081,680	1,576,081,680	1,574,100,477
Premium written for the year	3,547,253,747	3,545,875,526	3,229,683,365
Premium earned for the current year	(3,466,193,486)	(3,465,844,289)	(3,227,702,162)
Balance - end of the year	<u>1,657,141,941</u>	<u>1,656,112,917</u>	<u>1,576,081,680</u>

### 17.3 Claims development table



### 17.3 Claims development table

#### (a) Gross claims table

(Unit: Million Baht)

Consolidated financial Statements									
31 December 2017									
Reporting year / Accident year	Prior until	2011	2012	2013	2014	2015	2016	2017	Total
Claim provision:									
- as at accident year		1,341	1,309	1,662	1,773	1,684	1,820	1,969	
- Next one year		1,420	1,172	1,484	1,653	1,645	1,775		
- Next two years		992	1,150	1,556	1,599	1,630			
- Next three years		980	1,154	1,531	1,589				
- Next four years		984	1,173	1,529					
- Next five years		1,017	1,174						
- Next six years		1,021							
Ultimate claim reserves		1,021	1,174	1,529	1,589	1,630	1,775	1,969	10,687
Cumulative payment to date		978	1,154	1,510	1,584	1,625	1,693	1,169	9,713
Net		43	20	19	5	5	82	800	974
Adjusted claim incurred but not reported									147
Unallocated loss adjustment expenses									47
Total claim reserves and outstanding claims before reinsurance									<u>1,168</u>

(Unit: Million Baht)

Separate financial Statements									
31 December 2017									
Reporting year / Accident year	Prior until	2011	2012	2013	2014	2015	2016	2017	Total
Claim provision:									
- as at accident year		1,341	1,309	1,662	1,773	1,684	1,820	1,969	
- Next one year		1,420	1,172	1,484	1,653	1,645	1,775		
- Next two years		992	1,150	1,556	1,599	1,630			
- Next three years		980	1,154	1,531	1,589				
- Next four years		984	1,173	1,529					
- Next five years		1,017	1,174						
- Next six years		1,021							
Ultimate claim reserves		1,021	1,174	1,529	1,589	1,630	1,775	1,969	10,687
Cumulative payment to date		978	1,154	1,510	1,584	1,625	1,693	1,169	9,713
Net		43	20	19	5	5	82	800	974
Adjusted claim incurred but not reported									147
Unallocated loss adjustment expenses									47
Total claim reserves and outstanding claims before reinsurance									<u>1,168</u>



**(b) Net claims table***(Unit: Million Baht)*

## Consolidated financial Statements

Reporting year / Accident year	31 December 2017							Total
	Prior until 2011	2012	2013	2014	2015	2016	2017	
Claim provision:								
- as at accident year	1,017	1,080	1,317	1,403	1,346	1,494	1,511	
- Next one year	1,036	993	1,173	1,321	1,314	1,465		
- Next two years	937	967	1,239	1,287	1,316			
- Next three years	925	972	1,213	1,279				
- Next four years	930	991	1,212					
- Next five years	963	992						
- Next six years	967							
Ultimate claim reserves	967	992	1,212	1,279	1,316	1,465	1,511	8,742
Cumulative payment to date	926	973	1,193	1,275	1,312	1,398	872	7,949
Net	41	19	19	4	4	67	639	793
Adjusted claim incurred but not reported								141
Unallocated loss adjustment expenses								47
Total claim reserves and outstanding claims before reinsurance								<u>981</u>

*(Unit: Million Baht)*

## Separate financial Statements

Reporting year / Accident year	31 December 2017							Total
	Prior until 2011	2012	2013	2014	2015	2016	2017	
Claim provision:								
- as at accident year	1,017	1,080	1,317	1,403	1,346	1,494	1,511	
- Next one year	1,036	993	1,173	1,321	1,314	1,465		
- Next two years	937	967	1,239	1,287	1,316			
- Next three years	925	972	1,213	1,279				
- Next four years	930	991	1,212					
- Next five years	963	992						
- Next six years	967							
Ultimate claim reserves	967	992	1,212	1,279	1,316	1,465	1,511	8,742
Cumulative payment to date	926	973	1,193	1,275	1,312	1,398	872	7,949
Net	41	19	19	4	4	67	639	793
								141
								47
								<u>981</u>

**17.4 Methodology and assumptions**

The methodology and assumptions adopted by the Company and its subsidiary for the gross and net valuations of insurance liabilities (claim reserves and outstanding claims) as at 31 December 2017 are presented as follows:





**(a) Estimation method for best estimate of claims liabilities**

**Direct and Inward Facultative Business**

There are three main actuarial methods applied in determining the best estimate of claims liabilities as follows.

- (i) Chain Ladder method (CL) based on both claims paid and claims incurred
- (ii) Bornhuetter-Ferguson method (BF) based on both claims paid and claims incurred
- (iii) Expected Loss Ratio method (ELR)

The Company mostly relies on the Chain Ladder method on claims incurred to derive the best estimate of claims liabilities. The BF and ELR methods are also used where appropriate. The subsidiary mostly relies on the ELR method.

Net claims data provided is net of salvage and subrogation and proportional reinsurance, but gross of non-proportional reinsurance. Hence, to determine the best estimate of net direct and facultative business, the Group deducted the XOL recovery outstanding case reserves as provided by the Group from ultimate net claims projection.

**Inward Treaty Business**

The Group employed a simple approach in estimating the IBNR reserves for inward treaty. This approach assumes that the IBNR requirements for the inward treaty business would be similar in proportion (as a percentage of outstanding case reserves) to the direct and inward facultative business.

**(b) Estimation of relevant expenses**

There are 4 types of expenses relevant to determining insurance contract liabilities, as follows:

**2.1 Allocated Loss Adjustment Expenses - ALAE**

Since the ALAE are not included in claims paid triangles, a separate ALAE valuation is made, using the proportion of loss adjustment expenses to claims paid to determine an ALAE rate in triangles and ultimate claims projection.

**2.2 Unallocated Loss Adjustment Expenses - ULAE**

In determining the allowance for future ULAE (which is equivalent to Claims Handling Expenses), the Group derived assumptions from an estimate made using the Kittel method, with ULAE ratio computed separately for motor and non-motor classes.

The Group noted that for the purposes of this valuation, the gross outstanding liabilities exclude outstanding liabilities arising from the severe floods. For premium liabilities, the ULAE ratio was applied to the gross URR to obtain the Claims Handling Expenses for premium liabilities.

**2.3 Maintenance Expenses**

A percentage of historical maintenance expenses to historical gross earned premiums each year was applied onto the gross UPR to obtain the maintenance expense reserves for the premium liabilities at the end of the year.



## 2.4 Reinsurance Cost

Allowance for future costs of reinsurance is estimated based on the ratio of excess of loss reinsurance XOL premiums divided by net written premiums then applied to the net UPR.

### 18. Amount due to reinsurers

(Unit: Baht)

	Consolidated financial statements	Separate financial statements	
	2017	2017	2016
Outward premium payable	383,781,937	383,781,937	376,343,664
Amounts withheld on reinsurances	123,765,747	123,765,747	103,761,130
Total amounts due to reinsurers	507,547,684	507,547,684	480,104,794

### 19. Employee benefit obligations

Provision for long-term employee benefits, which represents compensation payable to employee after they retire, for the years ended 31 December 2017 and 2016 was as follows:

(Unit: Baht)

	Consolidated financial statements	Separate financial statements	
	For the year ended 31 December	For the year ended 31 December	
	2017	2017	2016
Provision for employee benefits at beginning of year	75,194,822	75,194,822	77,089,053
Current service cost	4,925,887	4,925,887	5,527,129
Interest cost	2,556,624	2,556,624	2,389,761
Actuarial loss (gain) arising from			
Demographic assumptions changes	2,013,263	2,013,263	(309,261)
Financial assumptions changes	2,911,132	2,911,132	(6,066,901)
Experience adjustments	399,692	399,692	(2,026,459)
Benefits paid during the year	(181,000)	(181,000)	(1,408,500)
Provision for employee benefits at end of year	87,820,420	87,820,420	75,194,822



Long-term employee benefit expenses included in the profit or loss for the years ended follows:

31 December 2017 and 2016 were as

(Unit: Baht)

	Consolidated financial statements	Separate financial statements	
	For the year ended 31 December	For the year ended 31 December	
	2017	2017	2016
Claims and loss adjustment expenses	3,215,132	3,215,132	3,458,921
Other underwriting expenses	2,006,719	2,006,719	2,118,564
Operating expenses	2,260,660	2,260,660	2,339,405
Total expenses recognised in profit or loss	7,482,511	7,482,511	7,916,890

As at 31 December 2017, the weighted average duration of the liabilities for long-term employee benefit is 14.1 years and the Company expects to pay Baht 0.2 million of long-term employee benefits during the next year (2016: 14.1 years and Baht 0.2 million respectively). Principal actuarial assumptions at the valuation date were as follows:

	Consolidated financial statements	Separate financial statements	
	For the year ended 31 December	For the year ended 31 December	
	2017	2017	2016
	% per annum	% per annum	% per annum
Discount rate	3.0	3.0	3.4
Salary increase rate	5.1	5.1	5.0
Staff turnover rate (depending on age)	0.0 - 12.0	0.0 - 12.0	0.0 - 12.0

The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at 31 December 2017 and 2016 are summarised below.

(Unit: Million Baht)

	Consolidated financial statements	
	2017	
	Rate increase 0.5% per annum	Rate decrease 0.5% per annum
Discount rate	Liabilities decrease 3.8	Liabilities increase 4.1
Salary increase rate	Liabilities increase 4.2	Liabilities decrease 3.9
Staff turnover rate	Liabilities decrease 0.8	Liabilities increase 0.9



(Unit: Million Baht)

	Separate financial statements			
	2017		2016	
	Rate increase 0.5% per annum	Rate decrease 0.5% per annum	Rate increase 0.5% per annum	Rate decrease 0.5% per annum
Discount rate	Liabilities decrease 3.8	Liabilities increase 4.1	Liabilities decrease 3.3	Liabilities increase 3.6
Salary increase rate	Liabilities increase 4.2	Liabilities decrease 3.9	Liabilities increase 3.7	Liabilities decrease 3.4
Staff turnover rate	Liabilities decrease 0.8	Liabilities increase 0.9	Liabilities decrease 0.7	Liabilities increase 0.7

## 20. Other liabilities

(Unit: Baht)

	Consolidated financial statements	Separate financial statements	
	2017	2017	2016
Premium received in advance	240,284,247	240,284,247	286,207,495
Accrued commissions	92,285,778	92,228,550	82,497,015
Accrued operating expenses	60,561,966	60,098,856	52,788,086
Payables on purchase of investments	3,127,233	3,127,233	11,322,460
Commission received in advance	60,177,350	60,177,350	65,891,436
Other payable	57,331,941	55,669,675	36,888,846
Others	101,595,916	103,229,229	81,896,734
Total other liabilities	615,364,431	614,815,140	617,492,072

## 21. Statutory reserve

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside a statutory reserve at least 5% of its net income after deducting accumulated deficit brought forward (if any), until the reserve reaches 10% of the registered capital. The statutory reserve is not available for dividend distribution.



## 22. Operating expenses

(Unit: Baht)

	Consolidated financial statements	Separate financial statements	
	2017	2017	2016
Personal expenses which are not expenses for underwriting and claims	89,675,100	88,707,724	84,537,226
Property and equipment expenses which are not expenses for underwriting	82,818,753	81,448,284	76,030,450
Taxes and duties	1,683,166	1,655,525	1,494,373
Bad debts and doubtful accounts (reverse)	(2,715,242)	(2,715,242)	(4,393,483)
Support services expenses	161,091,170	161,091,170	136,809,469
Advertising and promotion expenses	60,721,763	60,606,570	49,492,654
Other operating expenses	32,936,309	32,117,519	31,940,500
Total operating expenses	<u>426,211,019</u>	<u>422,911,550</u>	<u>375,911,189</u>

## 23. Expenses by nature

Significant expenses classified by nature are as follows:

(Unit: Baht)

	Consolidated financial statements	Separate financial statements	
	2017	2017	2016
Net claims and loss adjustment expenses	1,427,369,651	1,427,141,798	1,534,843,927
Commissions and brokerage expenses	588,633,082	588,497,580	546,869,893
Personnel expenses	318,838,154	317,004,186	298,321,802
Other underwriting expenses	128,118,938	128,118,938	145,130,705
Other service expenses	161,091,170	161,091,170	136,809,469
Premises and equipment expenses	82,818,753	81,448,284	76,030,450
Advertise and promotion expenses	60,721,763	60,606,570	49,492,654
Other operating expenses	32,936,309	32,117,519	31,940,500
Other expenses	4,361,927	4,270,283	2,305,890
Total expenses	<u>2,804,889,747</u>	<u>2,800,296,328</u>	<u>2,821,745,290</u>

## 24. Provident fund

The Company and its employees jointly established a provident fund under the Provident Fund Act B.E. 2530. The fund is contributed to by the employees on a monthly basis at rate of 5% of the employees' basic salaries, and by the Company on a monthly basis at rate of 7.5% of the employees' basic salaries. The fund is managed by a fund manager which has been approved by the Ministry of Finance. The contributions for the year 2017 amounting to approximately Baht 12.2 million (2016: Baht 11.4 million) were recognised as expenses.



## 25. Earnings per share

Basic earnings per share is calculated by dividing profit for the year attributable to equity holders of the Group (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the year.

## 26. Dividend paid

Dividend declared during the year 2017 and 2016 consists of the following:

	Approved by	Total dividends <i>(Million Baht)</i>	Dividend per share <i>(Baht)</i>
Final dividends for 2016	Annual General Meeting of the shareholders on 8 April 2017	15.15	0.05
Final dividends for 2015	Annual General Meeting of the shareholders on 8 April 2016	15.15	0.05

## 27. Related party transactions

During the years, the Company had significant business transactions (related by way of common directions and shareholding) with related parties. Such transactions, which are summarised below, arose in the ordinary course of business and were concluded on commercial terms and bases agreed upon between the Company and those related parties.

*(Unit: Thousand Baht)*

Consolidated financial statements	Separate financial statements		Pricing policies
	For the year ended 31 December	For the years ended 31 December	
2017	2017	2016	

### Transactions with subsidiary

#### Laovivat Insurance Co., Ltd.

(eliminated from the consolidated financial statements)

Reinsurance premium written	-	632	-	- Normal commercial terms for reinsurance depending on type of insurance and reinsurance contracts
Commission expenses	-	127	-	- As stated in the agreement upon normal commercial terms
Claim expenses	-	17	-	- As actually incurred



(Unit: Thousand Baht)

	Consolidated financial statements	Separate financial statements		Pricing policies
	For the year ended 31 December	For the years ended 31 December		
	2017	2017	2016	
<b>Transactions with related parties</b>				
<b>Thai Reinsurance Plc.</b>				
Premium ceded	137,686	137,686	160,741	- Normal commercial terms for reinsurance depending on type of insurance and reinsurance contracts
Commission income	25,919	25,919	65,130	- As stated in the agreement upon normal commercial terms
Claims refunded	88,724	88,724	23,878	- As actually incurred, in proportions per agreement
Reinsurance premium written	28	28	42	- Normal commercial terms for reinsurance depending on type of insurance and reinsurance contracts
Commission expenses	17	17	11	- As stated in the agreement upon normal commercial terms
Claim expenses	330	330	177	- As actually incurred
Dividend income	367	367	367	- As declared
<b>Road Accident Victims Protection Co., Ltd.</b>				
Contribution expenses	10,454	10,454	10,330	- 12.25% of premium written received from insurers under the Public Protection of Traffic Injury Act B.E. 2535
Other income	6,003	6,003	7,478	- As stated in the agreement upon normal commercial terms
<b>Transactions with related parties (Continued)</b>				
<b>T.I.I. Co., Ltd.</b>				
Dividend income	20	20	20	- As declared
<b>J&amp;A Jewelry Co., Ltd.</b>				
Premium written	82	82	85	- Normal commercial terms for underwriting
<b>Paiboonwattana Co., Ltd</b>				
Other income	55	55	55	- As stated in the agreement upon normal commercial terms



As at 31 December 2017 and 2016, the Company had the following significant balances of assets and liabilities with its related parties:

(Unit: Baht)

	Consolidated financial statements	Separate financial statements	
	2017	2017	2016
<b><u>Transactions with subsidiary</u></b>			
<b>Laovivat Insurance Co., Ltd.</b>			
Receivables from reinsurance contracts	-	487,265	-
Advances payment	-	1,678,568	-
<b><u>Transactions with related parties</u></b>			
<b>Thai Reinsurance Plc.</b>			
Receivables from reinsurance contracts	21,350,852	21,350,852	9,793,193
Investments in equity securities	6,459,054	6,459,054	7,632,605
Amount due to reinsurers	100,860,278	100,860,278	82,466,736
<b>Road Accident Victims Protection Co., Ltd.</b>			
Investments in equity securities	3,518,150	3,518,150	3,518,150
Other liabilities	2,733,161	2,733,161	2,432,167
<b>T.I.I. Co., Ltd.</b>			
Investments in equity securities	202,500	202,500	202,500
<b>Vichitbhan Palmoil Plc.</b>			
Investments in equity securities	79,000	79,000	147,000

#### Directors and management's remuneration

During the years ended 31 December 2017 and 2016, the Company had employee benefit expenses to their directors and management as below.

(Unit: Baht)

	Consolidated financial statements	Separate financial statements	
	2017	2017	2016
Short-term employee benefits	83,766,616	83,766,616	75,581,931
Post-employment benefits	6,829,428	6,829,428	5,574,372
<b>Total</b>	<b>90,596,044</b>	<b>90,596,044</b>	<b>81,156,303</b>





## 28. Assets pledged and assets reserved with the Registrar

As at 31 December 2017 and 2016, the following assets have been pledged and reserved with the Registrar in accordance with the Non-life Insurance Act.

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements			
	2017		2017		2016	
	Amortised cost	Fair value	Amortised cost	Fair value	Amortised cost	Fair value
<b>Asset pledged</b>						
Fixed deposit	20.8	20.8	-	-	-	-
Government bonds	15.1	15.1	15.1	15.1	15.1	16.1
<b>Total</b>	<b>35.9</b>	<b>35.9</b>	<b>15.1</b>	<b>15.1</b>	<b>15.1</b>	<b>16.1</b>
<b>Assets reserved</b>						
Government bonds	128.0	130.6	128.0	130.6	150.3	150.4
Certificate of deposits	50.0	50.0	50.0	50.0	80.0	80.0
State enterprise debt securities	80.0	81.4	80.0	81.4	-	-
Private debt securities	50.0	54.5	50.0	54.5	50.0	53.5
<b>Total</b>	<b>308.0</b>	<b>316.5</b>	<b>308.0</b>	<b>316.5</b>	<b>280.3</b>	<b>283.9</b>
<b>Total</b>	<b>343.9</b>	<b>352.4</b>	<b>323.1</b>	<b>331.6</b>	<b>295.4</b>	<b>300.0</b>

## 29. Contribution to the General Insurance Fund

(Unit: Million Baht)

	Separate financial statements	
	2017	2016
Accumulated contribution at the beginning of the year	48,221,955	40,148,883
Contribution during the year	8,862,533	8,073,072
Accumulated contribution at the end of the year	<u>57,084,488</u>	<u>48,221,955</u>

## 30. Commitments and contingent liabilities

### 30.1 Operating lease commitments

The Company and its subsidiary have entered into several lease agreements of office building space. The terms of the agreements are 3 years. As at 31 December 2017 and 2016, future minimum lease payments required under these non-cancellable operating lease contracts were as follows.

(Unit: Million Baht)

	Consolidated financial statements	Separate financial statements	
	2017	2017	2016
Payable:			
Within 1 year	1.2	0.7	0.8
Over 1 year and not over 5 years	3.1	1.3	2.0



### **30.2 Bank guarantees**

As at 31 December 2017, there were outstanding bank guarantees of Baht 1.3 million issued by banks on behalf of the Company in respect of certain performance bonds as required in the normal course of business (2016: Baht 0.4 million).

### **30.3 Litigation**

As at 31 December 2017, the Company has been sued as insurer for damages totaling approximately Baht 55.6 million (amount claimed). The cases have yet to be finalised. However, the Company has set aside reserves for contingent losses in the financial statements amounting to approximately Baht 17.8 million, with the recoverable portion from reinsurers amounting to Baht 1.0 million. The Company's management believes that such reserve is adequate (2016: Baht 54.5 million, Baht 18.5 million and Baht 2.8 million, respectively).

## **31. Segment information**

The Company is principally engaged in the provision of all types of non-life insurance products and for the purpose of underwriting and operation management, the Company has divided into business units that correspond to the types of insurance product offered i.e. Fire, Marine and transportation, Motor and Miscellaneous. The operating segment information presented below is consistent with the internal reports that the Company's Chief Operating Decision Maker (who is granted authority by the Board of Directors) regularly receives and reviews for use in making decisions about the allocation of resources to the segment and assess its performance. The Chairman of the Executive Board has been identified as Chief Operating Decision Maker, with decisions passing through the Board of Directors.

Segment performance is measured based on operating profit or loss on a basis consistent with that used to measure operating profit or loss and total assets in the financial statements.

The basis of accounting for any transactions between reportable segments is consistent with that for third party transactions.

The subsidiary company is principally engaged in non-life insurance. However, since the subsidiary just started the operation during 2017, the segment information is therefore presented in the combined basis.



Segment revenue and profit information of the Company and its subsidiary for the years ended 31 December 2017 and 2016 are as follows:

(Unit: Baht)

Consolidate financial statements								
For the year end 31 December 2017								
Total of the Company								
	Fire	Marine and transportation	Motor	Miscellaneous	Total	Total of subsidiary	Elimination	Total
<b>Underwriting income</b>								
Premium written	162,705,354	12,560,689	2,611,759,773	758,849,710	3,545,875,526	2,009,791	(631,570)	3,547,253,747
Less: Premium ceded								
Net premium written	(112,825,402)	(4,390,936)	(281,314,622)	(449,470,443)	(848,001,403)	(631,570)	631,570	(848,001,403)
Add (Less): Unearned premium reserves (increase) decrease from prior year	49,879,952	8,169,753	2,330,445,151	309,379,267	2,697,874,123	1,378,221	-	2,699,252,344
	959,763	1,167,520	(218,573,355)	27,552,896	(188,893,176)	(1,029,023)	-	(189,922,199)
Earned premium	50,839,715	9,337,273	2,111,871,796	336,932,163	2,508,980,947	349,198	-	2,509,330,145
Fee and commission income	56,619,397	667,423	102,288,711	68,731,942	228,307,473	127,114	(127,114)	228,307,473
<b>Total underwriting income</b>	<u>107,459,112</u>	<u>10,004,696</u>	<u>2,214,160,507</u>	<u>405,664,105</u>	<u>2,737,288,420</u>	<u>476,312</u>	<u>(127,114)</u>	<u>2,737,637,618</u>
<b>Underwriting expenses</b>								
Claims and loss adjustment expenses	5,526,815	901,218	1,376,009,679	180,064,529	1,562,502,241	675,629	-	1,563,177,870
Commission and brokerage expenses	36,662,896	1,547,996	462,144,825	88,141,863	588,497,580	262,615	(127,114)	588,633,081
Other underwriting expenses	5,369,731	539,133	182,374,474	38,101,619	226,384,957	482,820	-	226,867,777
<b>Total underwriting expenses before operating expenses</b>	<u>47,559,442</u>	<u>2,988,347</u>	<u>2,020,528,978</u>	<u>306,308,011</u>	<u>2,377,384,778</u>	<u>1,421,064</u>	<u>(127,114)</u>	<u>2,378,678,728</u>
<b>Profit from underwriting before operating expenses</b>	<u>59,899,670</u>	<u>7,016,349</u>	<u>193,631,529</u>	<u>99,356,094</u>	<u>359,903,642</u>	<u>(944,752)</u>	<u>-</u>	<u>358,958,890</u>
Operating expenses					(422,911,550)	(3,299,469)	-	(426,211,019)
<b>Loss from underwriting</b>					(63,007,908)	(4,244,221)	-	(67,252,129)
Investment income					66,130,535	2,131,674	-	68,262,209
Gain on investments					4,360,844	-	-	4,360,844
Gain on fair value adjustment of investments					20,107,379	-	-	20,107,379
Other income (expense)					6,316,880	(13,645)	-	6,303,235
<b>Profit before income tax expenses</b>					<u>33,907,730</u>	<u>(2,126,192)</u>	<u>-</u>	<u>31,781,538</u>
Income tax revenue					341,695	-	-	341,695
<b>Profit (loss) for the year</b>					<u>34,249,425</u>	<u>(2,126,192)</u>	<u>-</u>	<u>32,123,233</u>



Segment revenue and profit information of the Company and its subsidiary for the years ended 31 December 2017 and 2016 are as follows:

(Unit: Baht)

	Separate financial statements				
	For the year ended 31 December 2016				
	Fire	Marine and transportation	Motor	Miscellaneous	Total
<b>Underwriting income</b>					
Gross premium written	169,128,506	17,541,751	2,336,668,803	706,344,305	3,229,683,365
Less: Premium ceded to reinsurers	(124,331,886)	(6,861,677)	(327,245,302)	(385,092,743)	(843,531,608)
Net premium written	44,796,620	10,680,074	2,009,423,501	321,251,562	2,386,151,757
Add (less): Unearned premium reserves (increase) decrease from prior year	2,653,004	654,924	90,095,698	(17,479,090)	75,924,536
Net earned premium	47,449,624	11,334,998	2,099,519,199	303,772,472	2,462,076,293
Fee and commission income	58,941,322	816,039	111,081,326	72,449,770	243,288,457
<b>Total underwriting income</b>	<b>106,390,946</b>	<b>12,151,037</b>	<b>2,210,600,525</b>	<b>376,222,242</b>	<b>2,705,364,750</b>
<b>Underwriting expenses</b>					
Claims and loss adjustment expenses	5,508,254	6,338,104	1,500,017,970	147,640,064	1,659,504,392
Commission and brokerage expenses	38,778,114	1,639,930	413,602,945	92,848,904	546,869,893
Other underwriting expenses	6,061,527	958,494	193,601,516	38,838,279	239,459,816
<b>Total underwriting expenses before operating expenses</b>	<b>50,347,895</b>	<b>8,936,528</b>	<b>2,107,222,431</b>	<b>279,327,247</b>	<b>2,445,834,101</b>
<b>Profit from underwriting before operating expenses</b>	<b>56,043,051</b>	<b>3,214,509</b>	<b>103,378,094</b>	<b>96,894,995</b>	<b>259,530,649</b>
Operating expenses					(375,911,189)
<b>Loss from underwriting</b>					<b>(116,380,540)</b>
Investment income					59,020,862
Gain on investments					51,711,660
Gain on fair value adjustment of investments					10,488,732
Other income					20,550,308
<b>Profit before income tax expenses</b>					<b>25,391,022</b>
Income tax expenses					(293,972)
<b>Profit for the year</b>					<b>25,097,050</b>



Segment assets and liabilities as at 31 December 2017 and 2016 are as follows:

(Unit: Baht)

Consolidated financial statements									
Total of the Company									
	Fire	Marine and transportation	Motor	Miscellaneous	Unallocated	Total	Total of subsidiary	Eliminations	Total
<b>Assets</b>									
As at 31 December 2017	185,103,157	2,295,578	719,158,421	444,894,610	3,856,747,409	5,208,199,175	64,564,278	(51,101,854)	5,221,661,599
<b>Liabilities</b>									
As at 31 December 2017	308,072,686	6,064,717	2,518,134,711	794,072,500	410,895,322	4,037,239,936	4,290,469	(2,621,853)	4,038,908,552

(Unit: Baht)

Separate financial statements						
	Fire	Marine and transportation	Motor	Miscellaneous	Unallocated	Total
<b>Assets</b>						
As at 31 December 2016	213,157,101	2,636,008	659,399,356	413,729,990	3,564,764,693	4,853,687,148
<b>Liabilities</b>						
As at 31 December 2016	345,131,532	8,693,610	2,240,548,494	816,994,503	337,742,253	3,749,110,392

### Geographic information

The Company is operated its business in Thailand. The subsidiary is operated in Lao People's Democratic Republic. The Company presents its subsidiary's information separately, as a result, all of the revenues and assets as reflected in these financial statements pertain to the aforementioned geographical reportable.

### Major customer

For the years ended 31 December 2017 and 2016, the Company has premium written from three major brokers in amounting of Baht 1,643.6 million and Baht 1,570.3 million, respectively.

## 32. Non-life insurance company's risks and risk management policy

### 32.1 Insurance risk

Insurance risk refers to the risk resulting from fluctuations in the frequency, the severity and the timing of damage deviations from assumptions that are used to determine premium rates, calculation of reserves and underwriting.

The Company risk management policy is to selectively accept loss risk business with good insurance loss records, and not to retain limit per risk in excess of the OIC regulation.



In cases where its risk capacity is limited, the Company has arranged the transfer of risk to reinsurance companies which have stable financial positions, and capacity and expertise in both treaty reinsurance and facultative reinsurance, in order to reassure customers.

In addition, the Company has the following policies.

- The guidelines for sums insured, coverage and terms of insurance that are appropriate to the level of risk.
- The provision of reinsurance support as needed, in case of the Company cannot accept the full sum insured due to the requirements of the OIC, allowed to retain risk not excess of 10 percent of the Company's capital.
- Selects highly rated reinsurers with a credit rating of at least A, according to the creditor ratings of S&P and A.M. Best.
- Assigned responsible persons for each stage, from reviewing the accuracy of the underwriting to authorisation to approve underwriting based on the sum insured.

As at 31 December 2017 and 2016 concentration of insurance contract liabilities segregated by insurance type are shown below.

(Unit: Million Baht)

	Consolidated financial statements			Separate financial statements		
	2017		Net	2016		Net
	Gross premium reserves	Outward premium reserves		Gross premium reserves	Outward premium reserves	
<b>The Company</b>						
Fire	83.7	56.8	26.9	87.1	59.3	27.8
Marine and transportation	2.0	0.6	1.4	3.2	0.6	2.6
Motor	1,351.2	141.8	1,209.4	1,151.8	160.9	990.9
Personal accident	17.0	5.1	11.9	14.8	4.3	10.5
Miscellaneous	202.2	84.8	117.4	319.2	172.9	146.3
Total of the Company	1,656.1	289.1	1,367.0	1,576.1	398.0	1,178.1
<b>Total of subsidiary</b>	1.0	-	1.0	-	-	-
<b>Total</b>	<b>1,657.1</b>	<b>289.1</b>	<b>1,368.0</b>	<b>1,576.1</b>	<b>398.0</b>	<b>1,178.1</b>



(Unit: Million Baht)

	Consolidated financial statements			Separate financial statements		
	2017			2016		
	Gross loss reserves	Outward loss reserves	Net	Gross loss reserves	Outward loss reserves	Net
The Company						
Fire	19.0	5.4	13.6	14.3	9.2	5.1
Marine and transportation	2.6	0.3	2.3	4.2	0.3	3.9
Motor	951.1	65.5	885.6	867.4	65.3	802.1
Personal accident	13.0	4.6	8.4	15.8	5.2	10.6
Miscellaneous	182.5	111.5	71.0	98.4	36.9	61.5
Total of the Company	1,168.2	187.3	980.9	1,000.1	116.9	883.2
Total of subsidiary	0.1	-	0.1	-	-	-
Total	1,168.3	187.3	981.0	1,000.1	116.9	883.2

Sensitivity analysis is performed to analyse the risk that insurance liabilities will increase or decrease as a result of changes in the assumptions used in the calculation of claim liabilities, which will impact the claims liabilities both before and after reinsurance. The risk may occur because the frequency or severity of losses, or loss adjustment expenses are not in line with expectations.

As at 31 December 2017, the impact on the best estimate of insurance liabilities of the changes in key variables assumptions is shown in the following table.

(Unit: Million Baht)

	Consolidated financial statements				
	2017				
Assumption change	Increase (decrease) in provision for gross claim liabilities	Increase (decrease) in provision for net claim liabilities	Increase (decrease) in profit before tax	Increase (decrease) in equity	
Ultimate loss ratio in latest accident year	+5%	111	83	(83)	(66)
Ultimate loss ratio in latest accident year	-5%	(111)	(83)	83	66
ALAE ratio	+10%	1	1	(1)	(1)
ALAE ratio	-10%	(1)	(1)	1	1
ULAE ratio	+10%	5	5	(5)	(4)
ULAE ratio	-10%	(5)	(5)	5	4



(Unit: Thousand Baht)

	Separate financial statements				
	2017				
	Assumption change	Increase (decrease) in provision for gross claim liabilities	Increase (decrease) in provision for net claim liabilities	Increase (decrease) in profit before tax	Increase (decrease) in equity
Ultimate loss ratio in latest accident year	+5%	111	83	(83)	(66)
Ultimate loss ratio in latest accident year	-5%	(111)	(83)	83	66
ALAE ratio	+10%	1	1	(1)	(1)
ALAE ratio	-10%	(1)	(1)	1	1
ULAE ratio	+10%	5	5	(5)	(4)
ULAE ratio	-10%	(5)	(5)	5	4

(Unit: Thousand Baht)

	Separate financial statements				
	2016				
	Assumption change	Increase (decrease) in provision for gross claim liabilities	Increase (decrease) in provision for net claim liabilities	Increase (decrease) in profit before tax	Increase (decrease) in equity
Ultimate loss ratio in latest accident year	+5%	101	94	(94)	(75)
Ultimate loss ratio in latest accident year	-5%	(101)	(82)	82	66
ALAE ratio	+10%	1	1	(1)	(1)
ALAE ratio	-10%	(1)	(1)	1	1
ULAE ratio	+10%	4	4	(4)	(3)
ULAE ratio	-10%	(4)	(4)	4	3

## 32.2 Risk management policy

### 32.2.1 Credit risk

Credit risk is the risk of default by counter party that inability to comply with the terms of a financial instruments such as premium receivables, reinsurers or debtors. If a customer is unable to fulfill an agreement, it affects the Group's revenue and operations. The Group manage the risk by uses credit rating at lease "A" as the basis for selecting reinsurers and makes loans to staff in accordance with the Office of Insurance Commissions rules. The Group also has an audit system and constantly monitors counterparties in order to mitigate credit risk.





### 32.2.2 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 and its subsidiary's financial position.

#### a. Interest rate risk

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rate.

The Company manages interest rate risk through an emphasis on stable long term investments offering long-term returns exceeding inflation, and analysis of the type of investment to match cash flows.

As at 31 December 2017 and 2016, significant assets and liabilities classified by type of interest rate are summarised 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)

Consolidated financial statements								
2017								
Fixed interest rates								
Remaining periods to repricing dates or maturity dates								
Overdue	Within 1 year	1 - 5 years	Over 5 years	Floating interest rate	Non-interest bearing	Total	Interest rate (ร้อยละ)	
<b>Assets</b>								
Cash and cash equivalents	-	3.4	-	-	236.3	0.9	240.6	0.50 - 2.50
Investments in securities								
Government and state enterprise securities	-	88.1	207.9	143.0	-	-	439.0	1.49 - 5.00
Private debt securities	-	215.8	182.8	93.8	-	-	492.4	1.89 - 5.35
Deposits at financial institutions	-	112.5	43.4	-	-	-	155.9	1.50 - 6.50
Equity securities	-	-	-	-	-	1,947.2	1,947.2	-
Loans	-	-	2.3	3.4	-	-	5.7	5.50 - 12.50
<b>Insurance contract assets/liabilities</b>								
Premium receivables	-	-	-	-	-	483.8	483.8	-
Reinsurance assets								
- claim reserves	-	-	-	-	-	187.3	187.3	-
Receivables from reinsurance contracts	-	-	-	-	-	51.6	51.6	-
Claim receivables from litigants	-	-	-	-	-	213.9	213.9	-
Insurance contract liabilities								
- claim reserves and outstanding claims	-	-	-	-	-	1,168.3	1,168.3	-
Amount due to reinsurers	-	-	-	-	-	507.5	507.5	-



(Unit: Baht)

## Separate financial statements

2017

## Fixed interest rates

## Remaining periods to repricing dates or maturity dates

	Remaining periods to repricing dates or maturity dates				Floating interest rate	Non-interest bearing	Total	Interest rate (ร้อยละ)
	Overdue	Within 1 year	1 - 5 years	Over 5 years				
<b>Assets</b>								
Cash and cash equivalents	-	3.4	-	-	236.3	0.9	240.6	0.50 - 2.50
Investments in securities								
Government and state enterprise securities	-	88.1	207.9	143.0	-	-	439.0	1.49 - 5.00
Private debt securities	-	215.8	182.8	93.8	-	-	492.4	1.89 - 5.35
Deposits at financial institutions	-	112.5	43.4	-	-	-	155.9	1.50 - 6.50
Equity securities	-	-	-	-	-	1,947.2	1,947.2	-
Loans	-	-	2.3	3.4	-	-	5.7	5.50 - 12.50
<b>Insurance contract assets/liabilities</b>								
Premium receivables	-	-	-	-	-	483.8	483.8	-
Reinsurance assets								
- claim reserves	-	-	-	-	-	187.3	187.3	-
Receivables from reinsurance contracts	-	-	-	-	-	51.6	51.6	-
Claim receivables from litigants	-	-	-	-	-	213.9	213.9	-
Insurance contract liabilities								
- claim reserves and outstanding claims	-	-	-	-	-	1,168.3	1,168.3	-
Amount due to reinsurers	-	-	-	-	-	507.5	507.5	-



(Unit: Baht)

	Separate financial statements							
	2016							
	Fixed interest rates				Floating interest rate	Non-interest bearing	Total	Interest rate ( <i>๕๐๒:๐๐</i> )
	Remaining periods to repricing dates or maturity dates							
Overdue	Within 1 year	1 - 5 years	Over 5 years					
<b>Assets</b>								
Cash and cash equivalents								
Investments in securities	-	3.3	-	-	218.4	7.2	228.9	0.50 - 3.20
Government and state enterprise securities								
Private debt securities	-	160.3	125.0	15.0	-	-	300.3	1.42 - 5.00
Deposits at financial institutions	0.1	50.1	212.4	21.7	-	-	284.3	1.89 - 5.35
Equity securities	-	185.4	-	-	-	-	185.4	1.70 - 3.25
Loans	-	-	-	-	-	1,931.3	1,931.3	-
<b>Insurance contract assets/liabilities</b>	-	0.1	3.4	3.9	-	-	7.4	5.50 - 12.50
Premium receivables								
Reinsurance assets	-	-	-	-	-	373.4	373.4	-
- claim reserves								
Receivables from reinsurance contracts	-	-	-	-	-	116.9	116.9	-
Claim receivables from litigants	-	-	-	-	-	19.1	19.1	-
Insurance contract liabilities	-	-	-	-	-	200.6	200.6	-
- claim reserves and outstanding claims								
Amount due to reinsurers	-	-	-	-	-	1,000.1	1,000.1	-
	-	-	-	-	-	480.1	480.1	-

## b. Foreign currency risk

The Company's exposure to foreign currency risk arises mainly from deposit at banks in foreign currencies. The Company does not utilise forward foreign currency contracts to mitigate its exposure to foreign currency risk since it has determined that such risk has no significant effect to the financial statements.

As at 31 December 2017 and 2016, the balances of financial assets denominated in foreign currencies are summarised belows.

Foreign currency	Financial assets		Average exchange rate	
	2017 (Million)	2016 (Million)	2017 (Baht per 1 foreign currency unit)	2016
US Dollar	-	0.05	-	35.66
LAK	-	70.26	-	0.004



### c. Equity position risk

Equity position risk is the risk that change in the market prices of equity securities will result in fluctuations in revenues and in the value of financial assets.

As at 31 December 2017 and 2016, the Company has risk from its investments in securities of which the price will change with reference to market conditions.

The Company manages equity risk arising from fluctuations in market prices through a diversification of asset allocations in order to disperse risk, with investments weighted in accordance with the guidelines of the OIC, with an emphasis on conservative, safe investments. The Company has a framework that divides investments based on asset class and the Company elects to invest in securities of blue chip companies with stable revenues and earnings, not high fluctuate, high liquidity and that pay high dividends, which helps to generate higher returns.

### 32.2.3 Liquidity risk

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

The Company manages its liquidity risk through monitoring of whether the level of the Fund Solvency Ratio and cash level comply with the requirements by the Board of Directors on a monthly basis, and monitoring of the daily liquidity position by the Responsible Division. Moreover, the Company executes prudent financial decisions in the following areas:

Counting from the financial position date, the periods to maturity of financial assets and liabilities held as at 31 December 2017 and 2016 are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements				
	2017				
	Within 1 year	1 - 5 years	Over 5 years	Unspecified	Total
<b>Assets</b>					
Cash and cash equivalents	3.4	-	-	237.2	240.6
Investments in securities					
Government and state enterprise securities	88.1	207.9	143.0	-	439.0
Private debt securities	215.8	182.8	93.8	-	492.4
Deposits at financial institutions	112.5	43.4	-	-	155.9
Equity securities	-	-	-	1,947.2	1,947.2
Equity securities	-	2.3	3.4	-	5.7
Loans					
<b>Insurance contract assets/liabilities</b>	483.8	-	-	-	483.8
Premium receivables					
Reinsurance assets - claim reserves	139.0	48.3	-	-	187.3
Receivables from reinsurance contracts	51.6	-	-	-	51.6
Claim receivables from litigants	213.9	-	-	-	213.9
Insurance contract liabilities					
- claim reserves and outstanding claims	804.3	364.0	-	-	1,168.3
Amount due to reinsurers	507.5	-	-	-	507.5



(Unit: Thousand Baht)

	Separate financial statements				
	2017				
	Within 1 year	1 - 5 years	Over 5 years	Unspecified	Total
<b>Assets</b>					
Cash and cash equivalents	3.4	-	-	237.2	240.6
Investments in securities					
Government and state enterprise securities	88.1	207.9	143.0	-	439.0
Private debt securities	215.8	182.8	93.8	-	492.4
Deposits at financial institutions	112.5	43.4	-	-	155.9
Equity securities	-	-	-	1,947.2	1,947.2
Loans	-	2.3	3.4	-	5.7
<b>Insurance contract assets/liabilities</b>	483.8	-	-	-	483.8
Premium receivables					
Reinsurance assets - claim reserves	139.0	48.3	-	-	187.3
Receivables from reinsurance contracts	51.6	-	-	-	51.6
Claim receivables from litigants	213.9	-	-	-	213.9
Insurance contract liabilities					
- claim reserves and outstanding claims	804.3	364.0	-	-	1,168.3
Amount due to reinsurers	507.5	-	-	-	507.5

(Unit: Thousand Baht)

	Separate financial statements				
	2016				
	Within 1 year	1 - 5 years	Over 5 years	Unspecified	Total
<b>Assets</b>					
Cash and cash equivalents	3.3	-	-	225.6	228.9
Investments in securities					
Government and state enterprise securities	160.3	125.0	15.0	-	300.3
Private debt securities	50.1	212.5	21.7	-	284.3
Deposits at financial institutions	185.4	-	-	-	185.4
Equity securities	-	-	-	1,931.3	1,931.3
Loans	-	3.4	4.0	-	7.4
<b>Insurance contract assets/liabilities</b>	373.4	-	-	-	373.4
Premium receivables					
Reinsurance assets - claim reserves	84.2	32.7	-	-	116.9
Receivables from reinsurance contracts	19.1	-	-	-	19.1
Claim receivables from litigants	200.6	-	-	-	200.6
Insurance contract liabilities					
- claim reserves and outstanding claims	700.2	299.9	-	-	1,000.1
Amount due to reinsurers	480.1	-	-	-	480.1



### 32.3 Fair value measurement for financial instruments

As at 31 December 2017 and 2016, the Company had the following financial assets and liabilities that were measured at fair value, and had financial assets and liabilities that were measured at cost but has to disclose fair value, using different levels of inputs as follows:

(Unit: Thousand Baht)

	Consolidated financial statements				
	2017				
	Book value	Fair value			Total
Level 1		Level 2	Level 3		
<b>Financial assets measured at fair value</b>					
Trading investments	277.6	277.6	-	-	277.6
Equity securities	0.6	0.6	-	-	0.6
Warrants					
Available-for-sale investments					
Government and state enterprise securities	91.8	-	91.8	-	91.8
Private debt securities	492.4	-	492.4	-	492.4
Equity securities	127.5	127.5	-	-	127.5
Unit trusts	1,537.8	142.4	1,395.4	-	1,537.8
<b>Financial assets which fair value are disclosed</b>					
Cash and cash equivalents	240.6	240.6	-	-	240.6
Held to maturity investments					
Government and state enterprise securities	347.2	-			
Deposits at banks with maturity period over 3 months	155.9	155.9	-	-	155.9
Other investments	3.7	-	-	237.9	237.9
Loans	5.7	-	-	5.7	5.7



(Unit: Thousand Baht)

	Separate financial statements				
	2017				
	Book value	Fair value			Total
Level 1		Level 2	Level 3		
<b>Financial assets measured at fair value</b>					
Trading investments	277.6	277.6	-	-	277.6
Equity securities	0.6	0.6	-	-	0.6
Warrants					
Available-for-sale investments					
Government and state enterprise securities	91.8	-	91.8	-	91.8
Private debt securities	492.4	-	492.4	-	492.4
Equity securities	127.5	127.5	-	-	127.5
Unit trusts	1,537.8	142.4	1,395.4	-	1,537.8
<b>Financial assets which fair value are disclosed</b>					
Cash and cash equivalents	240.6	240.6	-	-	240.6
Held to maturity investments					
Government and state enterprise securities	347.2	-			
Deposits at banks with maturity period			351.7	-	351.7
over 3 months	155.9	155.9	-	-	155.9
Other investments	3.7	-	-	237.9	237.9
Loans	5.7	-	-	5.7	5.7



(Unit: Thousand Baht)

	Separate financial statements				
	2016				
	Book value	Fair value			Total
Level 1		Level 2	Level 3		
<b>Financial assets measured at fair value</b>					
Trading investments	254.1	254.1	-	-	254.1
Equity securities	1.0	1.0	-	-	1.0
Warrants					
Available-for-sale investments					
Government and state enterprise securities	10.4	-	10.4	-	10.4
Private debt securities	284.3	-	284.3	-	284.3
Equity securities	112.4	112.4	-	-	112.4
Unit trusts	1,560.1	140.9	1,419.2	-	1,560.1
<b>Financial assets which fair value are disclosed</b>					
Cash and cash equivalents	228.9	228.9	-	-	228.9
Held to maturity investments					
Government and state enterprise securities					
Deposits at banks with maturity period	289.9	-	289.9	-	289.9
over 3 months	185.4	185.4	-	-	185.4
Other investments	3.7	-	-	228.6	228.6
Loans	7.4	-	-	7.4	7.4

The fair value hierarchy of financial assets as at 31 December 2017 and 2016 presents according to Note 4.20 to the financial statements. The methods used for fair value measurement depends upon the characteristics of the financial instruments. The Company and its subsidiary establish the fair value of its financial instruments by adopting the following methods:

- (a) Financial assets maturing in the short-term, which consist of cash and cash equivalents and deposit at financial institutions, their fair value is estimated based on the book value presented in the statements of financial position.
- (b) For debts securities, their fair value is generally derived from quoted market prices or determined by using the yield curve as announced by the Thai Bond Market Association.
- (c) For equity securities, their fair value is generally derived from quoted market prices. For investments in non-market able equity securities, fair value is determined using valuation technique i.e. discounted future cash flow or book value.
- (d) The fair value of fixed rate loans is determined by discounting the expected future cash flows by using the current market interest rate.





### **33. Capital management**

The primary objectives of the Company's capital management are to maintain its ability to continue its business as a going concern, to provide a return to its shareholders and other related parties, maintain a balanced financial structure, and to maintain risk-based capital in accordance with Declaration of the OIC.

### **34. Events after the reporting period**

On 27 February 2018, a meeting of the Board of Directors of the Company passed a resolution to propose to the Annual General Meeting of Shareholders for approval dividends in respect of the operating results for the year 2017, at Baht 0.07 per share, or a total of Baht 21.21 million. Payment is scheduled to be made on 18 May 2018.

### **35. Approval of financial statements**

These financial statements were authorised for issue by the Company's Board of Directors on 27 February 2018.



# Service Center

# Service Center

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