
*SRI AYUDHYA GENERAL INSURANCE
PUBLIC COMPANY LIMITED*

Financial Statements

Year ended December 31, 2017

REPORT OF THE INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

TO THE SHAREHOLDERS AND BOARD OF DIRECTORS SRI AYUDHYA GENERAL INSURANCE PUBLIC COMPANY LIMITED

Opinion

We have audited the financial statements of Sri Ayudhya General Insurance Public Company Limited (the “Company”), which comprise the statement of financial position as at December 31, 2017, and the related statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Sri Ayudhya General Insurance Public Company Limited as at December 31, 2017, and its financial performance and its cash flows for the year then ended in accordance with Thai Financial Reporting Standards (“TFRSs”).

Basis for Opinion

We conducted our audit in accordance with Thai Standards on Auditing (“TSAs”). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Federation of Accounting Professions’ Code of Ethics for Professional Accountants together with the ethical requirements that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises information included in the annual report, which is expected to be made available to us after the date of this auditors' report.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and the management of the Company.

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

Our 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 our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with TSAs 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 TSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We 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 our 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 Company'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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We 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 we identify during our audit.



Dr. Suphamit Techamontrikul
Certified Public Accountant (Thailand)
Registration No. 3356

BANGKOK
February 21, 2018

DELOITTE TOUCHE TOHMATSU JAIYOS AUDIT CO., LTD.

SRI AYUDHYA GENERAL INSURANCE PUBLIC COMPANY LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2017

BAHT

	Notes	As at December 31, 2017	As at December 31, 2016
ASSETS			
Cash and cash equivalents	5	1,220,798,325	1,348,605,389
Premium due and uncollected - net	6	238,127,440	217,433,184
Accrued investment income		5,149,438	7,386,889
Reinsurance assets	7	892,037,914	1,050,275,918
Due from reinsurers	8	55,744,894	58,568,876
Investments			
Investments in securities	9	2,406,626,993	2,294,375,636
Loans	10	15,060	121,990
Leasehold improvement and equipment	11	45,759,765	57,917,167
Intangible assets	12	67,039,729	75,159,057
Deferred tax assets	13	160,686,584	166,507,988
Deferred commissions expenses		62,324,187	63,404,173
Other assets	14	96,169,001	49,449,103
TOTAL ASSETS		<u><u>5,250,479,330</u></u>	<u><u>5,389,205,370</u></u>

Notes to the financial statements form an integral part of these statements

SRI AYUDHYA GENERAL INSURANCE PUBLIC COMPANY LIMITED

STATEMENT OF FINANCIAL POSITION (CONTINUED)

AS AT DECEMBER 31, 2017

BAHT

	Notes	As at December 31, 2017	As at December 31, 2016
LIABILITIES AND EQUITY			
Insurance contract liabilities	15	2,068,995,204	2,249,888,625
Due to reinsurers	16	667,858,859	705,692,485
Income tax payable		3,449,724	-
Employee benefit obligations	17	82,529,313	72,012,916
Premium written received in advance		348,345,708	337,983,016
Commissions and brokerages payables		46,327,191	50,978,828
Accrued expenses		41,690,303	49,401,673
Other liabilities	18	72,721,087	86,488,162
TOTAL LIABILITIES		3,331,917,389	3,552,445,705

SRI AYUDHYA GENERAL INSURANCE PUBLIC COMPANY LIMITED

STATEMENT OF FINANCIAL POSITION (CONTINUED)

AS AT DECEMBER 31, 2017

BAHT

		As at December 31, 2017	As at December 31, 2016
LIABILITIES AND EQUITY (CONTINUED)			
EQUITY			
Share capital			
Authorized share capital			
240,000,000 ordinary shares of Baht 10.00 each		<u>2,400,000,000</u>	<u>2,400,000,000</u>
Issued and paid-up share capital			
180,000,000 ordinary shares of Baht 10.00 each		1,800,000,000	1,800,000,000
Retained earnings			
Appropriated			
Legal reserve	19	6,150,000	1,850,000
Unappropriated		110,391,253	32,185,135
Other components of equity			
Changes in fair value of available-for-sale securities		<u>2,020,688</u>	<u>2,724,530</u>
TOTAL EQUITY		<u>1,918,561,941</u>	<u>1,836,759,665</u>
TOTAL LIABILITIES AND EQUITY		<u>5,250,479,330</u>	<u>5,389,205,370</u>

Notes to the financial statements form an integral part of these statements

SRI AYUDHYA GENERAL INSURANCE PUBLIC COMPANY LIMITED
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2017

BAHT

	Notes	2017	2016
Revenues			
Gross premium written	20	2,953,655,613	3,082,391,856
<u>Less</u> Premium ceded	20	1,266,311,577	1,286,529,458
Net premium written		1,687,344,036	1,795,862,398
<u>Less</u> Unearned premium reserve increase (decrease) from previous year	20	32,145,567	(96,622,982)
Net premium earned		1,655,198,469	1,892,485,380
Fee and commission income	20	368,033,904	323,319,252
Net investment income		47,361,112	47,328,377
Gain on investment	23	1,104,498	-
Other income		2,860,828	7,281,461
Total revenues		2,074,558,811	2,270,414,470
Expenses			
Loss incurred	20	1,388,581,039	1,413,350,138
<u>Less</u> Loss refundable from reinsurers	20	600,004,263	498,263,026
Commissions and brokerage expenses	20	415,100,134	455,696,848
Other underwriting expenses	20	476,443,777	473,318,278
Operating expenses	21	288,994,505	308,079,075
Total expenses		1,969,115,192	2,152,181,313
Income before income tax expense		105,443,619	118,233,157
Income tax expense	13	20,055,755	23,305,662
Net income		85,387,864	94,927,495

SRI AYUDHYA GENERAL INSURANCE PUBLIC COMPANY LIMITED
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2017

BAHT

	Notes	2017	2016
Other comprehensive income (loss)			
Items that will not be reclassified subsequently to profit or loss			
Actuarial loss on defined employee benefit plans		(3,602,183)	(979,909)
Income tax relating to items that will not be reclassified subsequently		720,437	195,982
		<u>(2,881,746)</u>	<u>(783,927)</u>
Items that will be reclassified subsequently to profit or loss			
Changes in fair value of available-for-sale securities		(879,803)	(3,991,506)
Income tax relating to items that will be reclassified subsequently		175,961	798,301
		<u>(703,842)</u>	<u>(3,193,205)</u>
Other net comprehensive loss for the years - net of income tax		<u>(3,585,588)</u>	<u>(3,977,132)</u>
Total comprehensive income for the years		<u><u>81,802,276</u></u>	<u><u>90,950,363</u></u>
Earnings per share			
Basic earnings per share	25 Baht	0.47	0.53

Notes to the financial statements form an integral part of these statements

SRI AYUDHYA GENERAL INSURANCE PUBLIC COMPANY LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2017

BAHT

	Issued and paid-up share capital	Retained earnings (deficits)		Other components of equity Changes in fair value of available-for-sale securities	Total equity
		Appropriated Legal reserve	Unappropriated		
Beginning balance as at January 1, 2016	1,800,000,000	-	(60,108,433)	5,917,735	1,745,809,302
Comprehensive income (loss)	-	-	94,143,568	(3,193,205)	90,950,363
Legal reserve	-	1,850,000	(1,850,000)	-	-
Ending balance as at December 31, 2016	1,800,000,000	1,850,000	32,185,135	2,724,530	1,836,759,665
Beginning balance as at January 1, 2017	1,800,000,000	1,850,000	32,185,135	2,724,530	1,836,759,665
Comprehensive income (loss)	-	-	82,506,118	(703,842)	81,802,276
Legal reserve	-	4,300,000	(4,300,000)	-	-
Ending balance as at December 31, 2017	1,800,000,000	6,150,000	110,391,253	2,020,688	1,918,561,941

Notes to the financial statements form an integral part of these statements

SRI AYUDHYA GENERAL INSURANCE PUBLIC COMPANY LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2017

BAHT

	Notes	2017	2016
CASH FLOWS PROVIDED BY (USED IN)			
OPERATING ACTIVITIES			
Direct premium received		2,911,354,288	3,152,635,138
Cash paid from reinsurance		(233,507,233)	(326,319,361)
Interest income		32,549,360	47,701,098
Dividend income		6,224	16,080
Other income		2,211,804	4,047,274
Loss incurred from direct insurance		(1,517,671,414)	(1,334,064,725)
Commission and brokerage paid from direct insurance		(412,188,453)	(467,473,558)
Other underwriting expenses		(465,867,271)	(455,345,812)
Operating expenses		(328,015,941)	(256,709,803)
Income tax expense		(10,617,473)	(38,409,907)
Investment in securities		(91,677,189)	13,296,831
Deposits at bank with maturity over 3 months and deposits used as collateral		(3,308,826)	34,797,051
Loans		106,930	427,936
Net cash provided by (used in) operating activities		(116,625,194)	374,598,242
CASH FLOWS PROVIDED BY (USED IN)			
INVESTING ACTIVITIES			
CASH FLOWS PROVIDED BY			
Leasehold improvement and equipment		1,223,314	5,588,274
Cash provided by investing activities		1,223,314	5,588,274

SRI AYUDHYA GENERAL INSURANCE PUBLIC COMPANY LIMITED
STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2017

BAHT

	Notes	2017	2016
CASH FLOWS PROVIDED BY (USED IN)			
 INVESTING ACTIVITIES (CONTINUED)			
CASH FLOWS USED IN			
Leasehold improvement and equipment		(7,510,356)	(17,130,314)
Intangible assets		(4,894,828)	(5,485,280)
Cash used in investing activities		<u>(12,405,184)</u>	<u>(22,615,594)</u>
Net cash used in investing activities		<u>(11,181,870)</u>	<u>(17,027,320)</u>
Net decrease in cash and cash equivalents		(127,807,064)	357,570,922
Cash and cash equivalents as at January 1,		<u>1,348,605,389</u>	<u>991,034,467</u>
Cash and cash equivalents as at December 31,	5	<u><u>1,220,798,325</u></u>	<u><u>1,348,605,389</u></u>

Notes to the financial statements form an integral part of these statements

SRI AYUDHYA GENERAL INSURANCE PUBLIC COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

1. GENERAL INFORMATION AND OPERATION OF THE COMPANY

Sri Ayudhya General Insurance Public Company Limited (“the Company”) is a limited company incorporated in Thailand on September 21, 1982. The main business is non-life insurance which the Company was awarded its license to operate all classes of non-life insurance on September 24, 1982. On October 3, 2011, the Company was registered to be Public Company Limited with the Ministry of Commerce and has been already approved by the Office of Insurance Commission. The Company’s office was registered at Ploenchit Tower, 18th floor, 898 Ploenchit Road, Lumpini, Pathumwan, Bangkok.

The major shareholder company is Sri Ayudhya Capital Public Company Limited which was incorporated in Thailand, holding 99.99% of its share capital.

The Company has extensive transactions and relationships with the parent company and related parties. Accordingly, the financial statements may not necessarily be indicative of the conditions that would have existed or the results of operations that would have occurred if the Company had operated without such related parties.

2. BASIS FOR PREPARATION OF THE FINANCIAL STATEMENTS

- 2.1 The Company maintains its accounting records in Thai Baht and prepares its statutory financial statements in the Thai language in conformity with Thai Financial Reporting Standards and practices generally accepted in Thailand.
- 2.2 The Company’s financial statements have been prepared in accordance with the Thai Accounting Standard (“TAS”) No. 1 (Revised 2016) “Presentation of Financial Statements”, which was effective for financial periods beginning on or after January 1, 2017 onward, and the Notification of the Office of Insurance Commission regarding the Rules, Procedures, Conditions and Periods for Preparing and Submitting Financial Statements and Reports on the Operations of the Non-Life Insurance Business B.E. 2559 dated March 4, 2016.
- 2.3 The financial statements have been prepared under the historical cost convention except as disclosed in the significant accounting policies.

2.4 Thai Financial Reporting Standards affecting the presentation and disclosure in the current period financial statements

During the period, the Company has adopted the revised and new financial reporting standards issued by the Federation of Accounting Professions which become effective for fiscal years beginning on or after January 1, 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's financial statements.

2.5 Thai Financial Reporting Standards announced in the Royal Gazette but not yet effective

The Federation of Accounting Professions has issued the Notification regarding 56 Thai Financial Reporting Standards ("TFRSs") that will be effective for the financial statements for the period beginning on or after January 1, 2018 onwards, which has been announced in the Royal Gazette on September 26, 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 Company's management will adopt such TFRSs in the preparation of the Company's financial statements when it becomes effective. The Company's management has assessed the impact of these TFRSs and considered that the adoption of these financial reporting standards does not have any significant impact on the financial statements of the Company in the period of initial application.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Insurance contract classification

At the initial date, the Company classified contract as insurance contract by determine that the significant risk has been transferred, in the event (scenario) that an insured would require company to pay significant additional benefits in term of commercial content. Once a contract has been classified as insurance contract, it remains an insurance contract until all right and obligations are expired. Other contract which the Company has entered with the insured may not be classified as an insurance contract when the significant insurance risk has been transferred. Other contracts are reclassified as investment contracts (if any).

3.2 Recognition of revenues and expenses

Premium written

For insurance policies with coverage period for one year, premium income is recognized on the date the insurance policy is effective after deducting premium ceded and premium cancelled and refunded. For long-term insurance policies which coverage periods is longer than one year, related revenues and expenses are recorded as unearned and prepaid items which recognized as income and expenses over the coverage annual.

Reinsurance premium

Reinsurance premium income is recognized when the Company receives the reinsurance application or statement of accounts from the ceding company. Reinsurance profit commissions are recognized when the Company receives the statement of accounts from the reinsurers.

Commissions and brokerages income

Commissions and brokerages income are recognized as income on an accrual basis.

Interest and dividends income

Interest income is recognized as income on an accrual basis. Dividends income are recognized as income on the declaration date.

Commissions and brokerages and other expenses

Commissions and brokerages and other expenses are recognized as expenses on an accrual basis.

3.3 Cash and cash equivalents

Cash and cash equivalents include cash on hand and all types of deposits with banks including investment in securities-notes with original maturity within 3 months or less and not subject to withdrawal restrictions.

3.4 Premium due and uncollected and allowance for doubtful debt

Premium due and uncollected are stated at the net realizable value. The Company records allowance for doubtful accounts for the estimated collection losses on premium due and uncollected. Such estimated losses are based on the Company's collection experience and the analysis of aging of each premium due and uncollected.

3.5 Reinsurance assets

Reinsurance assets are stated at net realizable value. The Company records allowance for doubtful accounts for the estimated collection losses on reinsurance assets. Such estimated losses are based on the Company's collection experience and the analysis of aging of each reinsurance assets.

3.6 Due to and due from reinsurers

Due to and due from reinsurers is recognized in the statement of financial position representing reinsurance receivables and payables. The net amount is represented in the statement of financial position when the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

3.7 Investment in securities

Securities classified as available-for-sale are stated at fair value. Gain or loss on the change in fair value is recognized as other components of equity.

Securities classified as general investments are stated at cost.

Debt securities classified as held-to-maturity are stated at amortized cost.

In case of impairment in value of investment has occurred, the resultant loss for all classification of investments is recognized in the statement of profit or loss and other comprehensive income.

Premiums and discounts on debt securities are amortized and accreted to income as adjustments to interest income by using the effective interest rate method.

The costs of securities sold are determined by the weighted average method.

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

3.8 Loans

Loans are stated at their principal amount less allowance for doubtful accounts, if any. The Company estimates the allowance for doubtful accounts based on an analysis of payment histories, future expectation of each customer payments and the valuation of the assets pledged.

3.9 Leasehold improvement and equipment

Leasehold improvement and equipment are stated at cost, net of accumulated depreciation.

Depreciation is calculated by the straight-line method, based on the estimated useful lives of the assets as follows:

Leasehold improvement	5 years
Furniture, fixtures and office equipment	5 years
Vehicles	5 years

3.10 Intangible assets

Intangible assets with definite useful life are stated at cost less accumulated amortization and impairment losses (if any).

Amortization is charged to the statement of profit or loss and other comprehensive income on a straight-line basis from the date that intangible assets are available for use over the estimated useful lives of the assets. The estimated useful lives are as follows:

Computer software	5 years
Bancassurance agreement	10 years

3.11 Impairment of assets

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

3.12 Insurance liabilities

3.12.1 Unearned premium reserve

Unearned premium reserve is set aside in compliance with the basis as specified in the Notification of the Office of Insurance Commission as follows:

Fire, Marine (Hull), Motor and Miscellaneous	- Monthly average basis (the one- twenty fourth basis)
Transportation (Cargo), travelling accident with coverage periods of not over six-months	- 100% of premiums as from the effective date of the inforce policies over the insurance coverage period

3.12.2 Loss reserve and outstanding claims

Loss reserve and outstanding claims have been provided upon receipt of claim advices from the insured and recorded at the amount appraised by an independent appraiser or by the Company's appraiser. In addition, the Company records a provision for losses incurred but not yet reported (IBNR) which assessed by certified actuary.

3.12.3 Unexpired risks reserve

Unexpired risks reserves are the best estimate of the claims that are expected to be incurred during the remaining period of coverage of in-force policies, based on analysis of historical claims data by an actuary.

Unexpired risk reserves are only recognised in the financial statements to the extent that they exceed unearned premium reserves.

3.13 Foreign currency transactions

Transactions during the year denominated in foreign currencies are translated into Baht at the rates of exchange prevailing at the transaction dates. Monetary assets and liabilities at the statement of financial position date denominated in foreign currencies are translated into Baht at the reference exchange rates established by the Bank of Thailand at that date. Gains and losses on exchange arising on settlements and translation are recognized as income or expense when incurred.

3.14 Employee benefits

3.14.1 Provident fund

The Company has a provident fund which is contributory by the employee and the Company matching the individuals' contributions. The provident fund has been registered in accordance with the Provident Fund Act B.E. 2530 (1987). The Company's contribution to the Fund is recorded as expense for the year.

3.14.2 Employee benefit obligations

The Company provides for employee benefit obligations, payable to employees under the Thai Labor Protection Act. The liability in respect of employee benefits is the present value of the defined benefit obligation which is calculated by an actuary using the projected unit credit cost method. The present value of the defined benefits obligation is determined by discounting estimated future cash flows using yields on the government bonds which have terms to maturity approximating the terms of related liability. The estimated future cash flows shall reflect employee salaries, turnover rate, length of service and other factor. Actuarial gains or losses will be recognized in the statement of profit or loss and other comprehensive income in the period to which they are related. The costs associated with providing these benefits are charged to the statement of profit or loss and other comprehensive income so as to spread the cost over the employment period during which the entitlement to benefits is earned.

3.15 Long-term leases

Lease in which substantially all the risks and rewards of ownership of assets remain with the lessor are accounted for as operating lease. Rentals applicable to such operating leases are charged to the statement of profit or loss and other comprehensive income over the lease term.

3.16 Income tax expense

Income tax expense is based on the taxable profit multiplied by the tax rate that has been enacted at the statement of financial position date and adjusted by the effect of deferred income tax accounting.

Deferred income tax is provided on temporary differences arising from differences between the tax base of assets and liabilities and their carrying amounts in the financial statements, using the tax rates enacted or substantively enacted at the statement of financial position date. Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

3.17 Basic earnings per share

Basic earnings per share are calculated by dividing net income by the number of weighted average ordinary shares outstanding at the end of the year. In the case of a capital increase, the number of shares is equal to the weighted average according to the time of the subscription received for the increase in paid-up share capital. As at December 31, 2017 and 2016, the Company does not have any common share equivalents outstanding which would have had a dilutive effect on earnings per share.

3.18 Use of management's judgements and key sources of estimation uncertainty

The preparation of financial statements in conformity with Thai Financial Reporting Standards (TFRSs) requires the Company's management to exercise various judgments in order to determine the accounting policies, estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expense during the year. Although these estimates are based on management's reasonable consideration of current events, actual results may differ from these estimates.

Key sources of estimation uncertainty

3.18.1 Loss reserves

The Company is required to estimate loss reserves and outstanding claims that arise from the Company's insurance products. These reserves represent the expected cost to settle claims occurring prior to, but still outstanding as of, the reporting period. The Company establishes its reserves by product line and extent of coverage. The reserves consist of reserves for reported losses and reserves for incurred but not reported (IBNR) losses.

The Company's reserves for reported losses are based on estimates of future payments to settle reported insurance claims with an undiscounted basis. IBNR reserves are established to recognize by using historical information and statistical models, based on standard actuarial claims projection techniques.

3.18.2 Fair value measurement and valuation processes

Some asset measured at Level 2 of the fair value in the statements of financial position as of the end of reporting period such as Government and State Enterprise and Private Enterprises debt securities will be valued on the basis of quoted values and other data provided by Thai-BMA and first utilize valuation inputs from actively traded securities, such as bid prices when quoted market prices are unavailable, the pricing will be estimated by discounting expected future cash flows using market interest rate and/or prices for a similar instrument from Thai-BMA at the measurement date.

Information about valuation techniques and inputs used in determining the fair value of various assets and liabilities are disclosed in Note 34.2.6.1.

3.19 Fair value measurements

In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if a producer or supplier of a marketable good would take those characteristics into the consideration the price that would be received to sell and asset or paid to transfer a liability at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. Fair value for disclosure in the financial statements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements as follows:

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

4. ADDITIONAL INFORMATION FOR CASH FLOWS

4.1 Non-cash items of leasehold improvement and equipment for the years ended December 31, 2017 and 2016 consisted of the following:

	2017	2016
	Baht	Baht
Other payable - fixed assets as at January 1,	-	800,681
<u>Add</u> Purchases of fixed assets	7,541,787	16,329,633
<u>Less</u> Cash paid for purchase of fixed assets	(7,510,356)	(17,130,314)
Other payable - fixed assets as at December 31,	<u>31,431</u>	<u>-</u>

4.2 Non-cash items of intangible assets for the years ended December 31, 2017 and 2016 consisted of the following:

	2017	2016
	Baht	Baht
Other payable - intangible assets as at January 1,	20,000	-
<u>Add</u> Purchases of intangible assets	4,874,828	5,505,280
<u>Less</u> Cash paid for purchase of intangible assets	<u>(4,894,828)</u>	<u>(5,485,280)</u>
Other payable - intangible assets as at December 31,	<u>-</u>	<u>20,000</u>

5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents as at December 31, 2017 and 2016 consisted of the following:

	2017	2016
	Baht	Baht
Cash	280,000	260,000
Cheque on hand	6,546,748	5,928,705
Deposits at bank - at call	285,803,914	165,116,365
Deposits at bank - maturity not over 3 months	-	28,214,757
Short term investments	928,167,663	1,149,085,562
Cash and cash equivalents	<u>1,220,798,325</u>	<u>1,348,605,389</u>

6. PREMIUM DUE AND UNCOLLECTED - NET

Premium due and uncollected - net as at December 31, 2017 and 2016 consisted of the following:

	2017	2016
	Baht	Baht
Within credit terms	181,203,746	175,614,323
Less than 30 days	25,575,689	20,840,414
31 - 60 days	10,480,196	6,780,953
61 - 90 days	3,458,805	5,808,252
Over 90 days	21,860,248	12,840,486
Total premium due and uncollected	<u>242,578,684</u>	<u>221,884,428</u>
<u>Less</u> Allowance for doubtful accounts	<u>(4,451,244)</u>	<u>(4,451,244)</u>
Premium due and uncollected - net	<u>238,127,440</u>	<u>217,433,184</u>

For premium receivables due from agents and brokers, the Company has stipulated the collection guideline in accordance with the law of the premium collection. For overdue premium receivables, the Company has process with such agents and brokers in accordance with the Company's policy and procedures.

7. REINSURANCE ASSETS

Reinsurance assets as at December 31, 2017 and 2016 consisted of the following:

	2017 Baht	2016 Baht
Insurance reserve refundable from reinsurers		
Loss reserves	367,077,629	454,209,715
Unearned premium reserve		
- Unearned reinsurance premium reserve	<u>524,960,285</u>	<u>596,066,203</u>
Total reinsurance assets (see Note 15)	<u>892,037,914</u>	<u>1,050,275,918</u>

8. DUE FROM REINSURERS

Due from reinsurers as at December 31, 2017 and 2016 consisted of the following:

	2017 Baht	2016 Baht
Deposit on reinsurance	94	103
Due from reinsurers	<u>55,744,800</u>	<u>58,568,773</u>
Total	<u>55,744,894</u>	<u>58,568,876</u>

Aging analyzes for due from reinsurers as at December 31, 2017 and 2016 were as follows:

	2017 Baht	2016 Baht
Within credit terms	39,482,885	46,192,562
Not over 12 months	15,896,728	10,536,556
Over 1 year to 2 years	63,887	1,837,675
Over 2 years	<u>301,300</u>	<u>1,980</u>
Total due from reinsures	<u>55,744,800</u>	<u>58,568,773</u>

9. INVESTMENTS IN SECURITIES

Investments in securities as at December 31, 2017 and 2016 consisted of the following:

	<u>2017</u>		<u>2016</u>	
	Cost/ Amortized cost Baht	Fair value Baht	Cost/ Amortized cost Baht	Fair value Baht
Held-for-trading securities				
Equity securities	92,565,357	93,669,855	-	-
Add Unrealized gains	<u>1,104,498</u>	-	-	-
Total held-for-trading securities	<u>93,669,855</u>	<u>93,669,855</u>	-	-

	2017		2016	
	Cost/ Amortized cost	Fair value	Cost/ Amortized cost	Fair value
	Baht	Baht	Baht	Baht
Available-for-sale securities				
Government and state enterprise securities	334,276,597	336,296,581	356,624,957	359,620,980
Equity securities	55,167,590	55,673,466	25,376,733	25,786,373
Total	389,444,187	391,970,047	382,001,690	385,407,353
Add Unrealized gains	2,525,860	-	3,405,663	-
Total available-for-sale securities	391,970,047	391,970,047	385,407,353	385,407,353
Held-to-maturity securities				
Government and state enterprise securities used as collateral	1,493,571,430		1,497,711,448	
Deposits at bank with maturity over 3 months	178,290,185		175,663,145	
Deposits at banks used as collateral	202,584,549		201,902,763	
Premium saving certificates used as collateral	25,700,000		12,850,000	
Total held-to-maturity securities	1,900,146,164		1,888,127,356	
General investment				
Equity securities	20,840,927		20,840,927	
Total general investment	20,840,927		20,840,927	
Total investment in securities - net	2,406,626,993		2,294,375,636	

Debt securities classified by the remaining maturity as at December 31, 2017 were as follows:

	Maturities			Total Baht
	Within 1 year Baht	1 - 5 years Baht	Over 5 years Baht	
Available-for-sale debt securities				
Government and state enterprise securities	140,141,161	194,135,436	-	334,276,597
Add Unrealized gains	267,853	1,752,131	-	2,019,984
Total	140,409,014	195,887,567	-	336,296,581
Total available-for-sale debt securities	140,409,014	195,887,567	-	336,296,581
Held-to-maturity debt securities				
Government and state enterprise securities used as collateral	1,493,571,430	-	-	1,493,571,430
Total held-to-maturity debt securities	1,493,571,430	-	-	1,493,571,430
Total debt securities - net	1,633,980,444	195,887,567	-	1,829,868,011

Debt securities classified by the remaining maturity as at December 31, 2016 were as follows:

	Maturities			Total Baht
	Within 1 year Baht	1 - 5 years Baht	Over 5 years Baht	
Available-for-sale debt securities				
Government and state enterprise securities	171,087,365	185,537,592	-	356,624,957
Add Unrealized gains	459,697	2,536,326	-	2,996,023
Total	171,547,062	188,073,918	-	359,620,980
Total available-for-sale debt securities	171,547,062	188,073,918	-	359,620,980

	Within 1 year Baht	Maturities 1 - 5 years Baht	Over 5 years Baht	Total Baht
Held-to-maturity debt securities				
Government and state enterprise securities used as collateral	1,497,711,448	-	-	1,497,711,448
Total held-to-maturity debt securities	<u>1,497,711,448</u>	<u>-</u>	<u>-</u>	<u>1,497,711,448</u>
Total debt securities - net	<u>1,669,258,510</u>	<u>188,073,918</u>	<u>-</u>	<u>1,857,332,428</u>

As at December 31, 2017 and 2016, certain investment in securities are pledged and used for assets reserved with the Registrar amounting to Baht 264.94 million and Baht 265.09 million, respectively (see Note 29).

As at December 31, 2017 and 2016, premium saving certificates were used as collateral for insured driver amounting to Baht 3.55 million and Baht 4.10 million, respectively (see Note 30.1).

As at December 31, 2017 and 2016, certain of bank deposits are pledged as collateral for bank overdrafts amounting to Baht 20 million (see Note 30.2).

10. LOANS

Loans of the Company were loans to employees with personal collateral in accordance with the welfare policy of the Company consisted of the following:

Types of loans	Credit line of loans	Interest rate per year
General loans	Not exceed Baht 100,000 per person	3.85
Loans for residential from the flooding crisis	Not exceed Baht 100,000 per person	2.00

11. LEASEHOLD IMPROVEMENT AND EQUIPMENT

Leasehold improvement and equipment as at December 31, 2017 and 2016 consisted of the following:

	As at January 1, 2017		Increase		Disposal / Write off		Transfer In (transfer out)		As at December 31, 2017		Accumulated depreciation		Disposal / Write off		As at December 31, 2017		Beginning balance of leasehold improvement and equipment - net as at January 1, 2017		Ending balance of leasehold improvement and equipment - net as at December 31, 2017	
	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht
Leasehold improvement	48,519,175	749,828	(99,769)	1,883,583	51,052,817	(21,715,303)	(8,156,131)	99,756	(29,771,678)	26,803,872	21,281,139									
Furniture, fixtures and office equipment	66,225,435	2,347,736	(6,088,135)	-	62,485,036	(53,289,433)	(5,464,994)	6,073,223	(52,681,204)	12,936,002	9,803,832									
Vehicles	32,075,105	2,560,640	(3,488,178)	-	31,147,567	(13,897,812)	(5,511,371)	2,936,410	(16,472,773)	18,177,293	14,674,794									
Leasehold improvement under installation	-	1,883,583	-	(1,883,583)	-	-	-	-	-	-	-									
Total	146,819,715	7,541,787	(9,676,082)	-	144,685,420	(88,902,548)	(19,132,496)	9,109,389	(98,925,655)	57,917,167	45,759,765									

	As at January 1, 2016		Increase		Disposal / Write off		Transfer In (transfer out)		As at December 31, 2016		Accumulated depreciation		Disposal / Write off		As at December 31, 2016		Beginning balance of leasehold improvement and equipment - net as at January 1, 2016		Ending balance of leasehold improvement and equipment - net as at December 31, 2016	
	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	
Leasehold improvement	40,166,700	1,165,103	(2,298,261)	9,485,633	48,519,175	(15,904,785)	(7,811,313)	2,000,795	(21,715,303)	24,261,915	26,803,872									
Furniture, fixtures and office equipment	64,561,219	3,036,029	(1,371,813)	-	66,225,435	(48,716,523)	(5,932,318)	1,359,408	(53,289,433)	15,844,696	12,936,002									
Vehicles	41,300,029	6,475,000	(15,699,924)	-	32,075,105	(21,324,894)	(6,243,627)	13,670,709	(13,897,812)	19,975,135	18,177,293									
Leasehold improvement under installation	3,832,132	5,653,501	-	(9,485,633)	-	-	-	-	-	3,832,132	-									
Total	149,860,080	16,329,633	(19,369,998)	-	146,819,715	(85,946,202)	(19,987,258)	17,030,912	(88,902,548)	63,913,878	57,917,167									

As at December 31, 2017 and 2016, certain leasehold improvement and equipment at cost of Baht 48.59 million and Baht 48.09 million, respectively, were fully depreciated but still in use.

12. INTANGIBLE ASSETS

Intangible assets as at December 31, 2017 and 2016 consisted of the following:

	Cost				Accumulated depreciation				Ending balance of intangible assets - net as at December 31, 2017
	As at January 1, 2017	Increase	Write off	Transfer In (transfer out)	As at December 31, 2017	Amortization	Write off	As at December 31, 2017	
	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht
Purchase/Subsequently acquired									
Computer software	74,669,142	433,827	(9,993,080)	6,061,045	71,170,934	(3,002,271)	9,992,982	(58,193,070)	12,977,864
Computer software in process	27,266,905	4,441,001	-	(6,061,045)	25,646,861	-	-	-	25,646,861
Bancassurance agreement	100,000,000	-	-	-	100,000,000	(9,991,787)	-	(71,584,996)	28,415,004
Total	201,936,047	4,874,828	(9,993,080)	-	196,817,795	(12,994,058)	9,992,982	(129,778,066)	67,039,729

	Cost				Accumulated depreciation				Ending balance of intangible assets - net as at December 31, 2016
	As at January 1, 2016	Increase	Write off	Transfer In (transfer out)	As at December 31, 2016	Amortization	Write off	As at December 31, 2016	
	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht
Purchase/Subsequently acquired									
Computer software	70,835,294	1,077,298	-	2,756,550	74,669,142	(4,000,897)	-	(65,183,781)	9,485,361
Computer software in process	25,595,473	4,427,982	-	(2,756,550)	27,266,905	-	-	-	27,266,905
Bancassurance agreement	100,000,000	-	-	-	100,000,000	(10,019,162)	-	(61,593,209)	38,406,791
Total	196,430,767	5,505,280	-	-	201,936,047	(14,020,059)	-	(126,776,990)	75,159,057

As at December 31, 2017 and 2016, certain intangible assets at cost of Baht 52.79 million and Baht 59.76 million, respectively, were fully depreciated but still in use.

13. DEFERRED TAX ASSETS

Deferred tax assets as at December 31, 2017 and 2016 were as follows:

	2017	2016
	Baht	Baht
Deferred tax assets	<u>160,686,584</u>	<u>166,507,988</u>

Movements of deferred tax assets for the years ended December 31, 2017 and 2016 consisted of tax effects from the following items:

	As at January 1, 2017	Transactions recognized in profit or loss	Transaction recognized in other comprehensive income or loss	As at December 31, 2017
	Baht	Baht	Baht	Baht
Deferred tax assets				
Allowance for doubtful accounts				
- Premium due and uncollected	890,249	-	-	890,249
Allowance for doubtful accounts				
- Other receivable	566,723	-	-	566,723
Unearned premium reserve	79,616,346	6,429,113	-	86,045,459
Loss reserve - net	56,698,768	(10,626,403)	-	46,072,365
Incurred but not reported claims	15,817,937	(451,458)	-	15,366,479
Employee benefits obligations	9,532,570	1,565,974	720,437	11,818,981
Reinsurance payables	4,066,528	(3,635,028)	-	431,500
	<u>167,189,121</u>	<u>(6,717,802)</u>	<u>720,437</u>	<u>161,191,756</u>
Deferred tax liabilities				
Unrealized gain on the change in value of investment in available-for-sale securities	(681,133)	-	175,961	(505,172)
	<u>(681,133)</u>	<u>-</u>	<u>175,961</u>	<u>(505,172)</u>
Deferred tax assets	<u>166,507,988</u>	<u>(6,717,802)</u>	<u>896,398</u>	<u>160,686,584</u>

	As at January 1, 2016	Transactions recognized in profit or loss	Transaction recognized in other comprehensive income or loss	As at December 31, 2016
	Baht	Baht	Baht	Baht
Deferred tax assets				
Allowance for doubtful accounts				
- Premium due and uncollected	978,711	(88,462)	-	890,249
Allowance for doubtful accounts				
- Other receivable	256,500	310,223	-	566,723
Unearned premium reserve	93,809,945	(14,193,599)	-	79,616,346
Loss reserve - net	59,815,912	(3,117,144)	-	56,698,768
Incurred but not reported claims	14,942,829	875,108	-	15,817,937
Employee benefits obligations	7,714,456	1,622,132	195,982	9,532,570
Reinsurance payables	2,736,469	1,330,059	-	4,066,528
	<u>180,254,822</u>	<u>(13,261,683)</u>	<u>195,982</u>	<u>167,189,121</u>
Deferred tax liabilities				
Unrealized gain on the change in value of investment in available-for-sale securities	(1,479,434)	-	798,301	(681,133)
	<u>(1,479,434)</u>	<u>-</u>	<u>798,301</u>	<u>(681,133)</u>
Deferred tax assets	<u>178,775,388</u>	<u>(13,261,683)</u>	<u>994,283</u>	<u>166,507,988</u>

Income tax expense for years ended December 31, 2017 and 2016 consisted of the following:

	2017 Baht	2016 Baht
Income tax expense from taxable income per income tax return	13,337,953	10,043,979
Deferred tax expenses relating to the origination and reversal of temporary differences	<u>6,717,802</u>	<u>13,261,683</u>
Income tax expense per the statements of profit or loss and other comprehensive income	<u>20,055,755</u>	<u>23,305,662</u>

Reconciliation of effective tax rate for the years ended December 31, 2017 and 2016 are as follows:

	2017		2016	
	Tax Rate (%)	Amount (Baht)	Tax Rate (%)	Amount (Baht)
Income before income tax expense		<u>105,443,619</u>		<u>118,233,157</u>
Income tax using the corporation tax rate	20.00	21,088,724	20.00	23,646,631
Tax effect of non-deductible expenses (benefits)	(0.98)	(1,032,969)	(0.29)	(340,969)
Income tax expense per the statements of profit or loss and other comprehensive income	<u>19.02</u>	<u>20,055,755</u>	<u>19.71</u>	<u>23,305,662</u>

14. OTHER ASSETS

Other assets as at December 31, 2017 and 2016 consisted of the following:

	2017	2016
	Baht	Baht
Other receivable	17,489,219	16,230,246
<u>Less</u> Allowance for doubtful accounts	<u>(2,833,615)</u>	<u>(2,833,615)</u>
	<u>14,655,604</u>	<u>13,396,631</u>
Revenue Department receivable	29,493,735	-
Refundable corporate income tax	13,826,983	13,097,739
Prepaid expenses	8,661,303	16,897,405
Due from rice field insurance scheme	20,975,483	-
Others	<u>8,555,893</u>	<u>6,057,328</u>
Total other assets	<u>96,169,001</u>	<u>49,449,103</u>

15. INSURANCE CONTRACT LIABILITIES

Insurance contract liabilities as at December 31, 2017 and 2016 consisted of the following:

	Insurance contract	2017	Net
	liabilities	Reinsurance	liabilities
	Baht	liabilities	Baht
	Baht	(see Note 7)	Baht
Loss reserves			
Loss incurred and agreed	560,141,842	(326,882,217)	233,259,625
Loss incurred but not reported	117,027,807	(40,195,412)	76,832,395
Premium reserve			
Unearned Premium reserve	<u>1,391,825,555</u>	<u>(524,960,285)</u>	<u>866,865,270</u>
Total	<u>2,068,995,204</u>	<u>(892,037,914)</u>	<u>1,176,957,290</u>
		2016	
	Insurance contract	Reinsurance	Net
	liabilities	liabilities	liabilities
	Baht	(see Note 7)	Baht
	Baht	Baht	Baht
Loss reserves			
Loss incurred and agreed	694,871,314	(409,067,995)	285,803,319
Loss incurred but not reported	124,231,405	(45,141,720)	79,089,685
Premium reserve			
Unearned Premium reserve	<u>1,430,785,906</u>	<u>(596,066,203)</u>	<u>834,719,703</u>
Total	<u>2,249,888,625</u>	<u>(1,050,275,918)</u>	<u>1,199,612,707</u>

15.1 Insurance reserve for short term insurance contract

15.1.1 Loss reserves

Loss reserves as at December 31, 2017 and 2016 consisted of the following:

	2017		
	Gross Baht	Reinsurance Baht	Net Baht
Balance as at beginning year	819,102,719	(454,209,715)	364,893,004
Loss incurred and loss adjustment expenses during the year	1,475,254,921	(685,567,921)	789,687,000
Changing on estimated loss and assumptions used in calculating loss reserve	(86,673,882)	85,563,658	(1,110,224)
Loss paid during the year	<u>(1,530,514,109)</u>	<u>687,136,349</u>	<u>(843,377,760)</u>
Balance as at ending year	<u>677,169,649</u>	<u>(367,077,629)</u>	<u>310,092,020</u>
	2016		
	Gross Baht	Reinsurance Baht	Net Baht
Balance as at beginning year	830,966,909	(451,220,018)	379,746,891
Loss incurred and loss adjustment expenses during the year	1,577,788,345	(640,149,912)	937,638,433
Changing on estimated loss and assumptions used in calculating loss reserve	(164,438,207)	141,886,886	(22,551,321)
Loss paid during the year	<u>(1,425,214,328)</u>	<u>495,273,329</u>	<u>(929,940,999)</u>
Balance as at ending year	<u>819,102,719</u>	<u>(454,209,715)</u>	<u>364,893,004</u>

15.1.2 Unearned premium reserve

	2017		
	Gross Baht	Reinsurance Baht	Net Baht
As at January 1,	1,430,785,906	(596,066,203)	834,719,703
Premium written for the year	2,953,655,613	(1,266,311,577)	1,687,344,036
Earned premium for the year	<u>(2,992,615,964)</u>	<u>1,337,417,495</u>	<u>(1,655,198,469)</u>
As at December 31,	<u>1,391,825,555</u>	<u>(524,960,285)</u>	<u>866,865,270</u>

	Gross Baht	2016 Reinsurance Baht	Net Baht
As at January 1,	1,472,282,393	(540,939,707)	931,342,686
Premium written for the year	3,082,391,856	(1,286,529,458)	1,795,862,398
Earned premium for the year	<u>(3,123,888,343)</u>	<u>1,231,402,962</u>	<u>(1,892,485,381)</u>
As at December 31,	<u>1,430,785,906</u>	<u>(596,066,203)</u>	<u>834,719,703</u>

15.1.3 Unexpired risk reserve

As at December 31, 2017 and 2016, no additional reserve for unexpired risk reserve has been established as the unexpired risk reserve estimated by the Company amounting to Baht 759.41 million gross and Baht 532.23 million net of reinsurance (As at December 31, 2016: amounting to Baht 816.17 million and Baht 549.26 million, respectively), is lower than the unearned premium reserve.

15.2 Claims development tables

15.2.1 Analysis of claims development - gross

As at December 31, 2017

Accident year/ reported year	2013	2014	2015	2016	2017	Unit: Baht Total
Estimate of ultimates:						
- End of accident year	1,416,734,959	1,212,296,655	1,254,927,855	1,577,788,345	1,475,254,921	
- One year later	1,497,057,339	1,348,431,604	1,354,581,249	1,495,751,219		
- Two year later	1,462,331,512	1,297,549,606	1,345,364,241			
- Three year later	1,385,429,508	1,260,772,359				
- Four year later	1,385,744,558					
Absolute estimated loss reserve and outstanding claim	1,385,744,558	1,260,772,359	1,345,364,241	1,495,751,219	1,475,254,921	6,962,887,298
Accumulative claim paid	<u>(1,378,001,335)</u>	<u>(1,205,581,583)</u>	<u>(1,265,582,357)</u>	<u>(1,453,581,123)</u>	<u>(1,003,060,662)</u>	<u>(6,305,807,060)</u>
Total Loss reserves	<u>7,743,223</u>	<u>55,190,766</u>	<u>79,781,884</u>	<u>42,170,096</u>	<u>472,194,259</u>	657,080,238
Loss reserves before year 2013						20,089,411
Total Loss reserves						<u>677,169,649</u>

As at December 31, 2016

Accident year/ reported year	2012	2013	2014	2015	2016	Unit: Baht Total
Estimate of ultimates :						
- End of accident year	1,204,292,382	1,416,734,959	1,212,296,655	1,254,927,855	1,577,788,345	
- One year later	1,153,078,733	1,497,057,339	1,348,431,604	1,354,581,249		
- Two year later	1,114,151,515	1,462,331,512	1,297,549,606			
- Three year later	1,119,195,998	1,385,429,508				
- Four year later	1,112,106,240					
Absolute estimated loss reserve and outstanding claim	1,112,106,240	1,385,429,508	1,297,549,606	1,354,581,249	1,577,788,345	6,727,454,948
Accumulative claim paid	<u>(1,104,732,463)</u>	<u>(1,371,250,805)</u>	<u>(1,243,398,193)</u>	<u>(1,224,925,754)</u>	<u>(993,772,560)</u>	<u>(5,938,079,775)</u>
Total Loss reserves	<u>7,373,777</u>	<u>14,178,703</u>	<u>54,151,413</u>	<u>129,655,495</u>	<u>584,015,785</u>	789,375,173
Loss reserves before year 2012						29,727,546
Total Loss reserves						<u>819,102,719</u>

15.2.2 Analysis of claims development - net

As at December 31, 2017

Accident year/ reported year	2013	2014	2015	2016	2017	Unit: Baht
						Total
Estimate of ultimates:						
- End of accident year	831,008,228	768,730,145	776,824,943	937,638,433	789,687,000	
- One year later	915,914,174	827,187,455	843,209,923	910,224,015		
- Two year later	887,549,891	802,549,106	839,193,110			
- Three year later	885,718,931	803,571,388				
- Four year later	886,603,163					
Absolute estimated loss reserve and outstanding claim	886,603,163	803,571,388	839,193,110	910,224,015	789,687,000	4,229,278,676
Accumulative claim paid	(884,831,421)	(798,644,921)	(811,308,236)	(890,628,308)	(539,117,940)	(3,924,530,826)
Total Loss reserves	<u>1,771,742</u>	<u>4,926,467</u>	<u>27,884,874</u>	<u>19,595,707</u>	<u>250,560,060</u>	<u>304,747,850</u>
Loss reserves before year 2013						<u>5,344,170</u>
Total Loss reserves						<u>310,092,020</u>

As at December 31, 2016

Accident year/ reported year	2012	2013	2014	2015	2016	Unit: Baht
						Total
Estimate of ultimates:						
- End of accident year	807,818,286	831,008,228	768,730,145	776,824,943	937,638,433	
- One year later	725,600,791	915,914,174	827,187,455	843,209,923		
- Two year later	720,391,059	887,549,891	802,549,106			
- Three year later	728,685,312	885,718,931				
- Four year later	727,808,322					
Absolute estimated loss reserve and outstanding claim	727,808,322	885,718,931	802,549,106	843,209,923	937,638,433	4,196,924,715
Accumulative claim paid	(726,611,623)	(883,050,019)	(799,440,519)	(797,154,420)	(639,596,424)	(3,845,853,005)
Total Loss reserves	<u>1,196,699</u>	<u>2,668,912</u>	<u>3,108,587</u>	<u>46,055,503</u>	<u>298,042,009</u>	<u>351,071,710</u>
Loss reserves before year 2012						<u>13,821,294</u>
Total Loss reserves						<u>364,893,004</u>

16. DUE TO REINSURERS

Due to reinsurers as at December 31, 2017 and 2016 consisted of the following:

	2017 Baht	2016 Baht
Amount withheld on reinsurance	418,789,363	402,551,575
Reinsurance payables	249,069,496	303,140,910
Total due to reinsurers	<u>667,858,859</u>	<u>705,692,485</u>

17. EMPLOYEE BENEFIT OBLIGATIONS

The Company operates post-employment benefit plans under the Labor Protection Act, which are considered as unfunded defined benefits plans.

The expenses that were recorded in the statement of profit or loss and other comprehensive income for employee benefit obligations for the years ended December 31, 2017 and 2016 consisted of the following:

	2017	2016
	Baht	Baht
Current service cost	7,915,822	7,858,468
Interest cost	1,579,092	1,451,256
Actuarial (gain) loss		
- From financial assumptions changes	(558,086)	2,917,419
- From demographic assumptions changes	5,440,567	(195,652)
- From experience adjustments	<u>(1,280,298)</u>	<u>(1,741,858)</u>
Total employee benefit expenses	<u>13,097,097</u>	<u>10,289,633</u>

For the years ended December 31, 2017 and 2016, the Company recognized actuarial loss in the statement of profit or loss and other comprehensive income amounting to Baht 2.88 million and Baht 0.78 million, respectively (net of deferred tax amounting to Baht 0.72 million and Baht 0.20 million, respectively).

Movements in the present value of employee benefit obligations as at December 31, 2017 and 2016 were as follows:

	2017	2016
	Baht	Baht
Present value of obligation at the beginning of the years	72,012,916	63,046,340
Current service cost of the years	7,915,822	7,858,468
Interest cost	1,579,092	1,451,256
Actuarial loss	3,602,183	979,909
Benefit paid during the years	(2,580,700)	(1,649,750)
Employee benefit obligation transferred from the parent company	-	326,693
Present value of obligation at the ending of the years	<u>82,529,313</u>	<u>72,012,916</u>

The Company calculated employee benefit obligations by an actuary using the projected unit credit cost method. The assumptions consisted of the following:

	2017	2016
Financial assumptions		
Discount rate (%)	2.37	2.27
Expected rate of salary increase (%)	5	5
Demographic assumptions		
Turnover rate (%) subject to range of age of employees	3, 10, 17	4, 10, 17
Retirement age (years)	60	60

Significant actuarial assumptions - impact on increase (decrease) in defined benefit obligation

	2017	2016
	Baht	Baht
Financial assumptions		
Discount rate - 1% increase	(7,630,028)	(6,870,233)
Discount rate - 1% decrease	8,811,856	7,955,881
Expected rate of salary - 1% increase	8,383,486	7,655,239
Expected rate of salary - 1% decrease	(7,426,369)	(6,763,836)
Demographic assumptions		
Turnover rate - 1% increase	(7,982,874)	(7,218,641)
Turnover rate - 1% decrease	2,479,198	2,371,563
Life expectancy - 1 year increase	432,027	575,608
Life expectancy - 1 year decrease	(429,306)	(570,272)

18. OTHER LIABILITIES

Other liabilities as at December 31, 2017 and 2016 consisted of the following:

	2017	2016
	Baht	Baht
Other payable - promotion expense	26,245,481	25,632,769
Amount received in advance - premium	23,912,531	29,334,767
Revenue Department payable	6,277,992	15,624,245
Undue output VAT	1,797,639	2,782,325
Others	14,487,444	13,114,056
Total other liabilities	<u>72,721,087</u>	<u>86,488,162</u>

19. LEGAL RESERVE

Pursuant to the Public Limited Companies Act B.E. 2535, the Company must allocate to a reserve fund from the annual net profit of the year, not less than five percent of the annual net profit deducted by the total accumulated loss brought forward (if any) until the reserve fund reaches an amount of not less than ten percent of the authorized capital. Such reserve fund is not available for distribution as dividend.

As at December 31, 2017 and 2016, the Company has legal reserve of Baht 6.15 million and Baht 1.85 million, respectively.

20. FINANCIAL INFORMATION BY SEGMENT

The business segment results are prepared based on the Management of the company. The operating results by business segment provided to Chief Operating Decision Maker to make decisions about allocating resources to, and assessing the performance of, operating segments is measured in accordance with Thai Financial Reporting Standard.

The Company has four reportable segments, which represent the major products that the Company underwrites and consists of fire, marine, motor and miscellaneous.

The Company is only operated and managed in a single geographic area, namely in Thailand. Therefore, no geographical segment information is presented.

For the years ended December 31, 2017 and 2016, there was no underwriting income with a single external customer contributed 10% or more to the Company's total revenue.

The reporting of underwriting information classified by type of insurance for the years ended December 31, 2017 and 2016 were as follows:

	For the year ended December 31, 2017				Total Baht
	Fire Baht	Marine Baht	Motor Baht	Miscellaneous Baht	
Underwriting income					
Gross premiums written	612,816,106	327,392,187	1,026,527,580	986,919,740	2,953,655,613
<u>Less</u> Premiums ceded	<u>168,910,333</u>	<u>222,964,709</u>	<u>365,324,237</u>	<u>509,112,298</u>	<u>1,266,311,577</u>
Net premiums written	443,905,773	104,427,478	661,203,343	477,807,442	1,687,344,036
<u>Less</u> Unearned premium reserve increase (decrease) from previous period	<u>22,706,385</u>	<u>6,682,402</u>	<u>5,540,074</u>	<u>(2,783,294)</u>	<u>32,145,567</u>
Net premium earned	421,199,388	97,745,076	655,663,269	480,590,736	1,655,198,469
Fee and commission income	<u>45,722,178</u>	<u>59,401,748</u>	<u>135,697,376</u>	<u>127,212,602</u>	<u>368,033,904</u>
Total underwriting income	<u>466,921,566</u>	<u>157,146,824</u>	<u>791,360,645</u>	<u>607,803,338</u>	<u>2,023,232,373</u>
Underwriting expenses					
Loss incurred	73,945,875	47,050,404	632,213,701	635,371,059	1,388,581,039
<u>Less</u> Loss refundable from reinsurers	<u>30,284,108</u>	<u>10,853,081</u>	<u>204,084,098</u>	<u>354,782,976</u>	<u>600,004,263</u>
Commissions and brokerages expenses	135,460,349	40,825,223	119,232,317	119,582,245	415,100,134
Other underwriting expenses	<u>97,136,150</u>	<u>36,470,419</u>	<u>190,163,088</u>	<u>152,674,120</u>	<u>476,443,777</u>
Total underwriting expenses	<u>276,258,266</u>	<u>113,492,965</u>	<u>737,525,008</u>	<u>552,844,448</u>	<u>1,680,120,687</u>
Profit on underwriting before operating expenses	<u>190,663,300</u>	<u>43,653,859</u>	<u>53,835,637</u>	<u>54,958,890</u>	<u>343,111,686</u>
Operating expenses					<u>288,994,505</u>
Profit on underwriting					<u>54,117,181</u>

	For the year ended December 31, 2016				
	Fire Baht	Marine Baht	Motor Baht	Miscellaneous Baht	Total Baht
Underwriting income					
Gross premiums written	604,710,012	349,567,474	1,053,083,805	1,075,030,565	3,082,391,856
<u>Less</u> Premiums ceded	<u>176,986,488</u>	<u>245,048,453</u>	<u>379,164,427</u>	<u>485,330,090</u>	<u>1,286,529,458</u>
Net premiums written	427,723,524	104,519,021	673,919,378	589,700,475	1,795,862,398
<u>Less</u> Unearned premium reserve increase (decrease) from previous period	<u>2,554,272</u> <u>(3,210,019)</u>	<u>(3,210,019)</u> <u>(4,502,727)</u>	<u>(4,502,727)</u> <u>(91,464,508)</u>	<u>(91,464,508)</u> <u>(96,622,982)</u>	<u>(96,622,982)</u> <u>(96,622,982)</u>
Net premium earned	425,169,252	107,729,040	678,422,105	681,164,983	1,892,485,380
Fee and commission income	29,545,718	65,220,229	117,782,856	110,770,449	323,319,252
Total underwriting income	<u>454,714,970</u>	<u>172,949,269</u>	<u>796,204,961</u>	<u>791,935,432</u>	<u>2,215,804,632</u>
Underwriting expenses					
Loss incurred	141,733,216	72,819,398	666,269,054	532,528,470	1,413,350,138
<u>Less</u> Loss refundable from reinsurers	<u>87,134,441</u>	<u>42,594,540</u>	<u>223,435,494</u>	<u>145,098,551</u>	<u>498,263,026</u>
Commissions and brokerages expenses	134,601,863	43,442,932	129,882,928	147,769,125	455,696,848
Other underwriting expenses	<u>99,377,403</u>	<u>32,708,624</u>	<u>180,693,483</u>	<u>160,538,768</u>	<u>473,318,278</u>
Total underwriting expenses	<u>288,578,041</u>	<u>106,376,414</u>	<u>753,409,971</u>	<u>695,737,812</u>	<u>1,844,102,238</u>
Profit on underwriting before operating expenses	<u>166,136,929</u>	<u>66,572,855</u>	<u>42,794,990</u>	<u>96,197,620</u>	371,702,394
Operating expenses					<u>308,079,075</u>
Profit on underwriting					<u>63,623,319</u>

The assets and liabilities of the Company's operating segments as at December 31, 2017 and 2016 were presented as follows:

	Fire Baht	Marine Baht	Motor Baht	Miscellaneous Baht	Unallocated Baht	Total Baht
Assets						
As at December 31, 2017	<u>204,012,032</u>	<u>241,801,235</u>	<u>304,756,600</u>	<u>518,640,051</u>	<u>3,981,269,412</u>	<u>5,250,479,330</u>
As at December 31, 2016	<u>304,107,324</u>	<u>279,880,114</u>	<u>294,055,419</u>	<u>511,639,294</u>	<u>3,999,523,219</u>	<u>5,389,205,370</u>
Liabilities						
As at December 31, 2017	<u>835,781,387</u>	<u>354,958,679</u>	<u>898,861,593</u>	<u>1,041,925,302</u>	<u>200,390,428</u>	<u>3,331,917,389</u>
As at December 31, 2016	<u>894,843,558</u>	<u>381,095,149</u>	<u>935,565,761</u>	<u>1,133,038,486</u>	<u>207,902,751</u>	<u>3,552,445,705</u>

21. OPERATING EXPENSES

Operating expenses for the years ended December 31, 2017 and 2016 consisted of the following:

	2017	2016
	Baht	Baht
Employee benefit expense, excluded underwriting and loss adjustment expenses	99,063,155	100,236,084
Premises and equipment expense, excluded underwriting expenses	106,765,199	108,818,793
Taxes and duties	1,466,554	1,413,960
Bad debt and allowance for doubtful accounts	-	1,108,802
Directors' remuneration	5,246,475	6,584,040
Management fee (see Note 26)	24,074,102	33,171,739
Marketing and promotion expenses	14,377,742	13,446,342
Other operating expenses	38,001,278	43,299,315
Total operating expenses	<u>288,994,505</u>	<u>308,079,075</u>

22. EMPLOYEE EXPENSES

Employee expenses for the years ended December 31, 2017 and 2016 consisted of the following:

	2017	2016
	Baht	Baht
Salary and wage	181,251,102	174,707,499
Social fund expenses	3,635,679	3,670,844
Employee benefit expenses	9,494,914	9,309,724
Provident fund (see Note 28)	10,186,949	9,857,538
Other benefits	54,024,429	54,833,486
Total employee expenses	<u>258,593,073</u>	<u>252,379,091</u>

23. GAIN ON INVESTMENT

Gain on investment for the years ended December 31, 2017 and 2016 consisted of the following:

	2017	2016
	Baht	Baht
Unrealized gain of held-for-trading securities	1,104,498	-
Total gain on investment	<u>1,104,498</u>	<u>-</u>

24. EFFECT FROM INCOME TAX RELATING TO COMPONENTS OF OTHER COMPREHENSIVE INCOME

Effect from income tax relating to components of other comprehensive income for the years ended December 31, 2017 and 2016, are as follows:

	2017			2016		
	Before tax	Benefit (expense) of tax	Net of tax	Before tax	Benefit (expense) of tax	Net of tax
	Baht	Baht	Baht	Baht	Baht	Baht
Item that will not be reclassified subsequently to profit or loss						
Actuarial loss on deficit employee benefit plans	(3,602,183)	720,437	(2,881,746)	(979,909)	195,982	(783,927)
Item that will be reclassified subsequently to profit or loss						
Change in fair value of available-for-sale securities	(879,803)	175,961	(703,842)	(3,991,506)	798,301	(3,193,205)
Total	(4,481,986)	896,398	(3,585,588)	(4,971,415)	994,283	(3,977,132)

25. BASIC EARNINGS PER SHARE

Basic earnings per share for the years ended December 31, 2017 and 2016 were as follows:

	2017	2016
Net profit (Baht)	85,387,864	94,927,495
Number of share capital (shares)	180,000,000	180,000,000
Basic earnings per share (Baht)	0.47	0.53

26. TRANSACTIONS WITH RELATED PARTIES

A portion of the Company's assets, liabilities, revenues and expenses arose from transactions with related parties. The relationship may be by shareholding or the companies may have the same group of shareholders or directors. The Company's management believes that the Company has no significant influence over the related parties. The accompanying financial statements reflect the effects of these transactions determined on the basis of commitments and conditions as in the normal course of business. Transactions with the related parties are mainly as follows:

The relationships between the Company and its related parties are summarized below:

Companies	Relationship	Type of Business
Sri Ayudhya Capital Plc.	Parent company	Holding Company
Bank of Ayudhya Plc.	Some common shareholders and directors	Banking
Krungsri Securities Plc.	Some common shareholders	Finance
Krungsri Asset Management Co., Ltd.	Some common shareholders	Fund Management
Ayudhya Development Leasing Co., Ltd.	Some common shareholders	Hire-purchase and leasing
Siam City Cement Plc.	Some common shareholders and directors	Construction Materials
Bangkok Broadcasting & T.V. Co., Ltd.	Some common shareholders and directors	Television Business
Great Luck Equity Co., Ltd.	Some common shareholders	Advertising
Super Asset Co., Ltd.	Some common shareholders and directors	Investment
BBTV Equity Co., Ltd.	Some common shareholders and directors	Office Space Rental

Companies	Relationship	Type of Business
CKS Holding Co., Ltd.	Some common shareholders and directors	Investments
Allianz Ayudhya Assurance Plc.	Some common shareholders and directors	Life Insurance
Grand Canal Land Plc.	Some common shareholders and directors	Advertising
Krungsri Ayudhya AMC Ltd.	Some common shareholders	Asset Management
Siam Realty and Service Co., Ltd.	Some common shareholders	Services
Ayudhya Capital Auto Lease Plc.	Some common shareholders	Hire-purchase and auto leasing
Krungsriayudhya Card Co., Ltd.	Some common shareholders	Services
Eastern Star Real Estate Plc.	Some common shareholders and directors	Property
Tummy Tech Co., Ltd.	Some directors	Consulting

Significant balances and transactions were as follows:

	As at December 31,	
	2017	2016
	Baht	Baht
Deposits at financial institutions		
Bank of Ayudhya Plc.	448,372,403	326,451,407
Premium due and uncollected		
Bank of Ayudhya Plc.	719,701	542,014
Ayudhya Development Leasing Co., Ltd.	-	7,607
Siam City Cement Plc.	1,497,431	1,949,465
Bangkok Broadcasting & T.V. Co., Ltd.	100,689	205,804
CKS Holding Ltd.	-	53,407
Allianz Ayudhya Assurance Plc.	24,718	33,851
Grand Canal Land Plc.	241,713	263,199
Siam Realty and Services Co., Ltd.	64,556	93,955
Ayudhya Capital Auto Lease Plc.	7,144	500
Eastern Star Real Estate Plc.	19,976	362,886
	<u>2,675,928</u>	<u>3,512,688</u>
Accrued interest income		
Bank of Ayudhya Plc.	934,766	1,094,348
Krungsri Securities Plc.	2,849	-
Rental and facilities deposits		
BBTV Equity Co., Ltd.	4,832,796	4,415,833
Deposits for purchase of securities		
Krungsri Securities Plc.	1,000,000	-
Premium written received in advance		
Bank of Ayudhya Plc.	8,936,218	10,425,587
Accrued expense - custodian fee		
Bank of Ayudhya Plc.	24,897	16,065
Accrued expense - commissions and brokerages		
Bank of Ayudhya Plc.	11,237,215	13,700,280

	As at December 31,	
	2017	2016
	Baht	Baht
Accrued expense - other underwriting expenses		
Bank of Ayudhya Plc.	18,850,646	20,279,107
Accrued expense		
Sri Ayudhya Capital Plc.	4,573,520	16,219,009
	For the years ended	
	December 31,	
	2017	2016
	Baht	Baht
Premium written		
Bank of Ayudhya Plc.	14,782,782	12,531,774
Krungsri Securities Plc.	30,462	50,918
Krungsri Asset Management Co., Ltd.	1,266,662	1,230,034
Ayudhya Development Leasing Co., Ltd.	31,880	95,568
Siam City Cement Plc.	46,598,032	48,619,416
Bangkok Broadcasting & T.V. Co., Ltd.	10,003,618	10,679,051
Great Luck Equity Co., Ltd.	40,624	47,458
Super Assets Co., Ltd.	87,853	74,509
BBTV Equity Co., Ltd.	875,711	902,683
CKS Holding Ltd.	73,170	144,519
Allianz Ayudhya Assurance Plc.	424,792	451,478
Grand Canal Land Plc.	225,000	245,000
Krungsri Ayudhya AMC Co., Ltd.	401,429	477,838
Siam Realty and Services Co., Ltd.	1,974,032	1,838,218
Ayudhya Capital Auto Lease Plc.	100,246	109,162
Krungsriayudhya Card Co., Ltd.	75,852	165,891
Eastern Star Real Estate Plc.	793,295	745,500
Tummy Tech Co., Ltd.	13,925	13,099
	<u>77,799,365</u>	<u>78,422,116</u>

The Company used the same pricing policy and conditions for the above premiums as it did for other customers and other insurance companies.

	For the years ended	
	December 31,	
	2017	2016
	Baht	Baht
Interest income		
Bank of Ayudhya Plc.	2,579,281	3,059,180
Krungsri Securities Plc.	2,849	-

Interest was charged at the same interest rates as the related companies has offered to other insurance companies.

	For the years ended December 31,	
	2017	2016
	Baht	Baht
Other income		
Sri Ayudhya Capital Plc.	540,000	480,000

The Company enters into a management service agreement with the parent company for providing about services of personnel, internal audit and information technology. Service rates are agreed by both parties which are determined based on estimated time spent and cost incurred for the parent company.

	For the years ended December 31,	
	2017	2016
	Baht	Baht
Commissions and brokerages		
Bank of Ayudhya Plc.	154,979,446	183,999,834
Other underwriting expenses		
Bank of Ayudhya Plc.	94,821,037	122,493,991

The Company paid commissions and brokerages and other underwriting expenses as specified in the Bancassurance Agreement made between the Company and such related bank. The commission rates were in compliance with the Office of Insurance Commission criteria and the same basis of the commission rate that the Company has offered to other insurance broker companies.

	For the years ended December 31,	
	2017	2016
	Baht	Baht
Custodian fees		
Bank of Ayudhya Plc.	273,998	175,604
Commission paid		
Krungsri Securities Plc.	173,306	-

Custodian fee and commission were paid at the same rates and conditions as the related parties charged other customers.

	For the years ended December 31,	
	2017	2016
	Baht	Baht
Rental and service fees		
BBTV Equity Co., Ltd.	18,305,282	17,645,837
Management fees		
Sri Ayudhya Capital Plc. (see Note 21)	24,074,102	33,171,739

The Company has office rental, equipment rental and service agreements with related companies for a term of 3 years. Rental rates and conditions are the same as the related parties offer to other companies.

The Company enters into a management service agreement with the parent company for receiving managerial and administrative services of accounting. Service rates are agreed by both parties which are determined based on estimated time spent and cost incurred for the Company.

27. DIRECTORS AND KEY MANAGEMENT PERSONNEL'S REMUNERATION

The Company had salaries, bonuses, directors allowances and other benefits of its directors and key management personnel recognized as expenses for the years ended December 31, 2017 and 2016, as follows:

	For the years ended December 31,	
	2017	2016
	Baht	Baht
Directors and key management personnel's remuneration		
Short-term benefits	37,501,426	35,143,078
Post-employment benefits	1,626,405	1,333,092
Directors' remuneration	411,981	1,244,689
	<u>39,539,812</u>	<u>37,720,859</u>

Directors' remunerations for the years of 2017 and 2016 were approved by the ordinary shareholders' meeting of the Company held on April 24, 2017 and April 25, 2016, respectively.

28. PROVIDENT FUND

The Company has established a contributory registered provident fund, in accordance with the Provident Fund Act B.E. 2530. Under the plan, employees must contribute their basic salaries, with the Company matching the individuals' contributions as follow;

Year of services	Percentage %
Less than 5 years	5
5 years and above	7

A registered provident fund manager has been appointed to manage the fund in compliance with the requirements of the Ministerial Regulations issued under the Provident Fund Act B.E. 2542.

For the years ended December 31, 2017 and 2016, the Company's contributions recorded as expenses were Baht 10.19 million and Baht 9.86 million, respectively (see Note 22).

29. SECURITIES PLEDGED AND ASSETS RESERVED WITH THE REGISTRAR

As at December 31, 2017 and 2016, certain investment in securities of the Company were pledged and used for assets reserved with the Registrar (see Note 9) in accordance with the Insurance Act and according to the announcement of the Office of Insurance Commission regarding "Rates, Rules and Procedures for pledge of unearned premium reserve of Non-Life Insurance Company B.E. 2557" as follows:

	2017 Baht	2016 Baht
Investment in securities used to secure the facilities collateral with the Office of Insurance Commission		
Securities pledged with the registrar		
Deposits at banks	14,000,000	14,000,000
Assets reserved with the registrar		
Government and state enterprise securities	250,941,059	251,085,975
Total investment in securities of pledged	<u>264,941,059</u>	<u>265,085,975</u>

30. RESTRICTED ASSETS AND COMMITMENT

30.1 As at December 31, 2017 and 2016, the Company has premium saving certificates amount of Baht 3.55 million and Baht 4.10 million, respectively were used as collateral in case where the insured driver is an alleged offender (See Note 9).

30.2 As at December 31, 2017 and 2016, the Company had the undrawn committed borrowing facilities for the amount of Baht 20 million which was pledged as collateral by deposit at bank amounting to Baht 20 million (See Note 9).

31. CONTRIBUTION TO NON-LIFE GUARANTEE FUND

The Company has accumulated funding amount which was paid into contribution to non-life guarantee fund as at December 31, 2017 and 2016 amounting to Baht 47.93 million and Baht 40.70 million, respectively.

32. LONG-TERM LEASES AND SERVICE AGREEMENTS

Long-term leases and service agreements as at December 31, 2017 and 2016 consisted of the following:

Type of leases	Remaining periods		Total rental payments for the remaining periods Baht
	Within 1 year Baht	Over 1 year to 5 years Baht	
As at December 31, 2017			
Building			
- related company	5,799,355	6,765,914	12,565,269
- others	6,349,892	6,673,817	13,023,709
Service - related company	5,799,355	6,765,914	12,565,269
Equipment - related company	7,732,474	9,021,219	16,753,693
	<u>25,681,076</u>	<u>29,226,864</u>	<u>54,907,940</u>

Type of leases	Remaining periods		Total rental payments for the remaining periods Baht
	Within 1 year Baht	Over 1 year to 5 years Baht	
As at December 31, 2016			
Building			
- related company	4,338,880	-	4,338,880
- others	2,824,576	3,350,124	6,174,700
Service - related company	3,294,710	-	3,294,710
Equipment - related company	3,254,160	-	3,254,160
	<u>13,712,326</u>	<u>3,350,124</u>	<u>17,062,450</u>

For the years ended December 31, 2017 and 2016, the Company recorded the rental and service fees under operating agreements as expense in statement of profit or loss and other comprehensive income as follows:

	For the years ended December 31,	
	2017 Baht	2016 Baht
Rental and service fees	26,474,103	25,418,047

33. CONTINGENT LIABILITIES AND COMMITMENT

- 33.1 As at December 31, 2017 and 2016, lawsuits have been brought against the Company, as insurer, from which the Company estimates losses totaling Baht 24.65 million and Baht 22.33 million, respectively. The Company's management believes that such estimation is adequate to losses and does not expect the outcome of the litigation to result in losses that differ from the recorded liability by amounts, that would be material to the Company's operating results.
- 33.2 As at December 31, 2017 and 2016, the Company had a capital commitment to pay computer program development expenses in amount of approximately Baht 10.57 million and Baht 14.03 million, respectively.

34. INSURANCE AND FINANCIAL RISK MANAGEMENT

34.1 Insurance risk

34.1.1 Insurance risk management policy

The Company's managements take a responsibility to make a strategic decisions and pre-planned with clear steps to be taken so that the process of translating strategy into implementation is actionable, timely and appropriate to changes.

Insurance risk means the fluctuation of the frequency, extent of damage, and number of events that is out of the standard assumption used in establishing rate of insurance calculations for insurance contract liabilities, and underwriting considerations. The Company examines thoroughly the level of risks that is acceptable to take by referring to the insurance underwriting manual, and insurance rates included the consideration to ensure that there is no concentrated risk by way of geography or by type of risks. If the risks exceed the defined level, the Company extends the risks to reinsurers by proportional reinsurance agreed terms.

Risk management is integral to the whole business of the Company. The Company has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The management continually monitors the Company's risk management process to ensure that an appropriate balance between risk and control is achieved.

The key elements of the Company's insurance risk management framework are as below.

Product Design and Development, and Price Structure

In developing any new non-life insurance product, considerations are given to the range of coverage as well as applying actuarial science methods to calculate insurance rates. This is to ensure that products are competitive and sufficient in covering for claims. Monitoring procedures and evaluations for each product are regularly conducted in order to make appropriate improvements in coverage and/or pricing.

Underwriting strategy

The underwriting strategy is set out in an annual Company business plan that establishes the classes of business to be written, the business to be written and the industry sectors to be written. This strategy is cascaded by the business units to individual underwriters through detailed underwriting authorities that set out the limits that any one underwriter can write by line size, class of business risk, scope and industry in order to ensure appropriate risk selection within the portfolio.

Reinsurance strategy

The Company has a combination of proportionate and non-proportionate reinsurance treaties. In term of significant exposure loss, reinsurer is responsible for claim as specified in the agreement to limit the net exposure loss to the Company.

The Company sets the minimum security criteria for acceptable reinsurance and monitoring the purchase of reinsurance by the business units against those criteria. The Company's management monitors developments in the reinsurance programme and its ongoing adequacy.

34.1.2 Sensitivity analysis

The sensitivity analysis is performed on the net loss reserve and outstanding claims, based on changes in assumptions that may affect the level of liabilities. Effect of risk that changes in assumptions as at December 31, 2017 and 2016, are as follows:

	2017	
	Increase (decrease) in insurance contract liabilities Baht	Increase (decrease) in profit and equity Baht
Gross		
Loss ratio - 10% increase	151,843,464	(151,843,464)
Loss ratio - 10% decrease	(128,888,448)	128,888,448
Net		
Loss ratio - 10% increase	87,812,749	(87,812,749)
Loss ratio - 10% decrease	(72,032,703)	72,032,703

	2016	
	Increase (decrease) in insurance contract liabilities	Increase (decrease) in profit and equity
	Baht	Baht
Gross		
Loss ratio - 10% increase	177,471,690	(177,471,690)
Loss ratio - 10% decrease	(171,630,557)	171,630,557
Net		
Loss ratio - 10% increase	105,996,227	(105,996,227)
Loss ratio - 10% decrease	(100,155,093)	100,155,093

34.1.3 Concentration of insurance risks

Concentrations of risk may where a particular event or a series of events could impact heavily upon the Company's insurance contract liabilities.

The Company sets out the total aggregate exposure that it is prepared to accept in relation to general insurance risk concentrations. It monitors these exposures both at the time of underwriting a risk and on a monthly basis by reviewing reports which show the key aggregations to which the Company is exposed. A number of additional stress and scenario tests are run during the year to identify risk concentrations.

The following table shows the Company's exposure to concentration of insurance contract liabilities per category of business.

	Fire Baht	Marine Baht	Motor Baht	Miscellaneous Baht	Total Baht
31 December 2017					
Gross	82,741,919	126,127,595	189,490,760	278,809,375	677,169,649
Net of reinsurance	38,869,765	32,255,855	126,368,958	112,597,442	310,092,020
31 December 2016					
Gross	167,827,247	135,773,421	201,831,592	313,670,459	819,102,719
Net of reinsurance	54,416,186	27,617,674	131,269,639	151,589,505	364,893,004

34.2 Financial risk

34.2.1 Accounting policies

Details of significant accounting policies and methods adopted, including criteria for recognition of revenues and expenses relating to financial assets and financial liabilities are disclosed in Note 3.

34.2.2 Liquidity risk

The Company monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by the Management to finance the Company's operations and to mitigate the effects of fluctuations in cash flows.

The analysis of the liquidity risk from insurance contracts which estimate base on an analysis of payment histories.

	Payment periods			Unit: Baht
	Less than 1 year	1 - 5 years	5 - 10 years	Total
31 December 2017				
Insurance contract liabilities				
Loss reserves and outstanding claims	440,354,325	223,617,869	13,197,455	677,169,649
31 December 2016				
Insurance contract liabilities				
Loss reserves and outstanding claims	507,843,686	294,876,979	16,382,054	819,102,719

34.2.3 Credit risk

Credit risk is the potential financial loss resulting from the failure of a customer or counterparty to settle its financial and contractual obligations to the Company, including the opportunity to drop in credit rating of counterparty.

Management determines a credit policy to control credit risk on a regularly basis by consider financial performance of customer. At the end of reporting period, the Company does not have significant credit risk transaction. The highest credit risk of financial assets are disclosed in the statement of financial position at the end of reporting date. However, the Company has many client base, the management does not expect to effect from significant loss by uncollected amount.

The Company has the criteria for acceptable reinsurers by considering the reputation and acknowledgement both international and national, and including selection of reinsurance with strong financial background based on financial rating from reliable credit rating agency.

As at December 31, 2017 and 2016, the Company has receivable from reinsurance contracts of Baht 55.74 million and Baht 58.57 million, respectively, consists of local reinsurers in amount of Baht 29.96 million and Baht 31.98 million, respectively, which maintain Capital Adequacy Ratio according to Office of Insurance Commission criteria. In addition, the 98.95% and 90.97% of foreign reinsurers in amount of Baht 25.78 million and Baht 26.59 million have financial rating not lower than A.

34.2.4 Interest rate risk

Interest rate risk refers to changes in interest rates will affect the interest income from investments. The Company's investments include both short-term and long-term investments that have floating rate and fixed rates. The Company manages the risk by considering the risk of investments together with the return on such investments.

As at December 31, 2017 and 2016, significant financial assets classified by type of interest rate are as follows:

	Balance as at December 31,			
	2017		2016	
	Variable interest rate Baht	Fixed interest rate Baht	Variable interest rate Baht	Fixed interest rate Baht
Cash and cash equivalents				
Saving accounts	269,688,370	-	158,768,059	-
Deposits at bank with maturity over 3 months	-	-	-	28,214,757
Short-term investments	-	928,167,663	-	1,149,085,562
Investment in securities				
Available-for-sale securities				
Government and state enterprise securities	-	336,296,581	-	359,620,980
Held-to-maturity securities				
Government and state enterprise securities used as collateral	-	1,493,571,430	-	1,497,711,448
Deposits at bank with maturity over 3 months	178,290,185	-	175,663,145	-
Deposits at bank used as collateral	-	202,584,549	-	201,902,763
Premium saving certificates used as collateral	-	25,700,000	-	12,850,000
Total	<u>447,978,555</u>	<u>2,986,320,223</u>	<u>334,431,204</u>	<u>3,249,385,510</u>

The financial instruments carrying interest at fixed rates were classified below on the basis of the length of time from the statement of financial position date to the date specified for the fixing of a new rate or to the maturity date (whichever is sooner) as follows:

	As at December 31, 2017				
	Period specified for fixing new interest rate				Average interest rate %
	Within 1 year Baht	1 – 5 years Baht	Over 5 years Baht	Total Baht	
Cash and cash equivalents					
Short-term investments	928,167,663	-	-	928,167,663	1.19
Investment in securities					
Available-for-sale securities					
Government and state enterprise securities	140,409,014	195,887,567	-	336,296,581	2.16
Held-to-maturity securities					
Government and state enterprise securities used as collateral	1,493,571,430	-	-	1,493,571,430	1.22
Deposits at bank used as collateral	202,584,549	-	-	202,584,549	1.43
Premium saving certificates used as collateral	12,700,000	13,000,000	-	25,700,000	0.94
Total	<u>2,777,432,656</u>	<u>208,887,567</u>	<u>-</u>	<u>2,986,320,223</u>	

	As at December 31, 2016				Average interest rate %
	Period specified for fixing new interest rate			Total Baht	
	Within 1 year Baht	1 – 5 years Baht	Over 5 years Baht		
Cash and cash equivalents					
Deposits at bank with maturity over 3 months	28,214,757	-	-	28,214,757	1.30
Short-term investments	1,149,085,562	-	-	1,149,085,562	1.50
Investment in securities					
Available-for-sale securities					
Government and state enterprise securities	171,547,062	188,073,918	-	359,620,980	2.41
Held-to-maturity securities					
Government and state enterprise securities used as collateral	1,497,711,448	-	-	1,497,711,448	1.43
Deposits at bank used as collateral	187,902,763	14,000,000	-	201,902,763	1.60
Premium saving certificates used as collateral	12,850,000	-	-	12,850,000	1.50
Total	<u>3,047,311,592</u>	<u>202,073,918</u>	<u>-</u>	<u>3,249,385,510</u>	

34.2.5 Equity risk

The Company manages the capital risk by establishing guideline of investment policy and investment plan in written. The guideline sets the framework and investment direction for the year by specifying the limitation in all types and levels of investments based on targeted rate of returns and liquidity by setting both internal investment limits and compliance to the Office of Insurance Commission.

34.2.6 Fair value measurements

Considerable judgment is necessarily required in estimation of fair value of financial assets or financial liabilities. Accordingly, the estimated fair value presented herein is not necessarily indicative of the amount that could be realized in a current market exchange. The use of different market assumptions and/or estimation methodologies may have a material effect on the estimated fair value. The following methods and assumptions were used by the Company in estimating fair values of financial instruments.

34.2.6.1 Financial assets or financial liabilities measured at fair value

Certain financial assets or financial liabilities of the Company are measured at fair value at the end of reporting period. The following table gives information about how the fair values of these financial assets or financial liabilities are determined:

	Fair value		Fair value hierarchy	Valuation techniques and key inputs
	As at December 31,			
	2017	2016		
	Baht	Baht		
<u>Financial assets</u>				
Government and state enterprise securities	336,296,581	359,620,980	Level 2	Discounted cash flow using yield rates of the last working day of the reporting period as quoted by the Thai Bond Market Associate
Equity securities	123,254,605	-	Level 1	The latest bid price of the last working day of the year as quoted on the Stock Exchange of Thailand.
Equity securities	26,088,716	25,786,373	Level 2	The unit trust's net asset value of the last working day of the reporting period.

34.2.6.2 Financial assets or financial liabilities not measured at fair value

Cash and cash equivalents, Premium due and uncollected - net, Accrued investment income, Reinsurance assets, Due from reinsurers, Loans, Insurance contract liabilities and Due to reinsurers; the fair values approximate their carrying values due to the relatively short period to maturity.

The transactions disclosed in the following tables, are considered that the carrying amounts recognized in the financial statements are different from their fair values. Valuation technique is net present value of expected cash inflow as follows:

	Fair value hierarchy	As at December 31, 2017		As at December 31, 2016	
		Carrying amount	Fair value	Carrying amount	Fair value
		Baht	Baht	Baht	Baht
<u>Financial assets</u>					
Held-to-maturity securities	Level 2	1,900,146,164	1,900,144,334	1,888,127,356	1,888,488,851

The fair value of general investment which are insignificant value are determined based on their carrying value.

34.3 Capital management

The Company's objective in managing capital is to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders.

Monitoring the capital level of the Company is conducted in accordance with Notifications of the Office of Insurance Commission.

As at December 31, 2017 and 2016, the Company's capital level is maintained according such notifications.

35. APPROVAL OF THE FINANCIAL STATEMENTS

These financial statements were approved for issuance by the Company's authorized executive director on February 21, 2018.