



Bangkok Union Insurance
 Bangkok Union Insurance

รายงานประจำปี | 2558

Annual Report 2015



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Report of the Board of Director

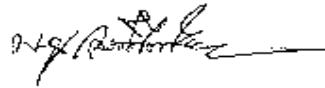
To: The shareholders

The overall world economy in 2015 is recovered slowly especially China's economic that having the trend of decelerating from economic policy adjustment by relying on the domestic product and reduction of import. For Thailand's economy in 2015, facing with negative factors such as the low price of consuming product, continuous reduction of Thai private sector's investment. However Thai economic has the higher expansion than the former year because the government rush in investment of basic facilities and issue the economic active measure continuously in another half year. Furthermore the tourism sector is a key service sector that pushes Thai economy is still expanding. However, the expansion of Thai economy still sensitive and obtain the pressure from delayed recovery of world economy that effect on the trading and investment become stagnant. The investment from private sector and export sector that still reducing continuously, the impact of drought and lower agricultural product price. This result of lower purchasing power of farmers, the debt ratio of household sector is in the high rate and result of lower purchasing power of household sector with low expansion of domestic consuming demand. (Source: Bank of Thailand)

The growth of insurance business in 2015 expanded by 1.90% from 014 with insurance premium of 209,278 million Baht (Source: Business Analysis and Statistics Department, Office of Insurance Commission)

The performance of company in 2015 had expansion rate of direct insurance premium by 26.79% from strategy adjustment in management by using the variety of strategy of product, price and coverage condition that respond the need of customer and market. Besides, it aim to select the insurance with higher quality and control the cost of management to stay in competitive level to increase the income and market share as well as to create more revenue to company to support the challenges and factors that can impact to the expansion and growth of company such as AEC free trade market, more amendments of law and regulation as well as the more competitive condition. The company concerns in the importance of such topic very well, so it develop the strategy to balance in all areas including the creation of market growth and financial strengthen, elevation of service and value for customer as well as focusing in life quality development and personnel efficiency to make the reliability of customer who get the insurance from the company and base on social responsibility. The company adhere that it will provide the protection for all assured who holding the insurance policy with the faithfulness.

The company strongly believed that the management and employees' determination driven the company achieving the profit in 2015 and confident that it will continue for the upcoming years. The company will maintain the highest service quality, social responsibility and return on shareholders' equity. On behalf of the Bangkok Union Insurance Public Company Limited's Board of Directors, we would like to express our sincere gratitude to all stakeholders, the management and all employees of the company who have remain firmly stood and support the company.



(Mr.Manu Leopaibrote)

Chairman of the Board of Director

Report from the Audit Committee

To: The shareholders

The Audit Committee appointed by the Board of Directors of the Company held on May 15, 2015 and it is composed of four members, all of them are independent directors in accordance with the requirements and best practices of the Audit Committee of the Stock Exchange of Thailand. All of them are capable, experience in accounting and finance, and personnel management, including

- | | | |
|-----------------------|----------------|---------------------------------|
| 1. Mr. Pichit | Sinpatanasakul | Chairman of the Audit Committee |
| 2. Asso. Prof. Pramom | Kowinwipat | Audit Committee |
| 3. Mr. Thavich | Taechanavakul | Audit Committee |
| 4. Mr. Soontorn | Konantakiat | Audit Committee |

The Audit Committee performs the duty according to the charter approved by the Board of Directors and the Stock Exchange of Thailand (SET) regulations. During 2015, the Audit Committee held 5 meetings with management, external and internal auditors. The main issues are as following

Review Financial Statements

The Audit Committee reviewed company's 2015 quarterly, annual financial statements and notes to financial statements audited by the auditor of Suttitham Law & Auditing Co.,Ltd. a CPA who did not get approval from The Securities and Exchange Commission (SEC.) By inviting Accounting and Finance manager, Internal Audit manager to confer, discuss and answer questions on the preparation of financial statement. This would ensure the completeness and correctness before endorsement on the financial statements and notes to financial statements.

Review of Internal Control

The company has effective internal control which specified scopes and objectives both in management and operational level. In order to control and make use of assets, the company has segregation and internal control system to ensure that the operating business is in accordance to the company directives.

Review of the Compliance with rules relation to the Stock Exchange of Thailand, non-life insurance business and corporate good governance.

The Audit Committee reviewed and evaluated the operation in order to be in accordance with the Stock Exchange of Thailand and non-life insurance regulations. This will ensure that

the company has sufficient corporate good governance.

Review of Internal audit

The Audit Committee examined and reviewed internal audit plan to be in accordance with Professional Practice of Internal Auditing. Reviewed the company's 2015 internal audit result to ensure appropriateness and efficiency of the audit plan.

Review of Risk Management

The Company's Committee evaluated and managed the risk that would affect the company performance. All risk factors considered are covered and stipulated by the Office of Insurance Commission (OIC)'s regulations.

Review of the External Auditor

The auditor for the year 2014 from S.K.Accountant Services Co.,Ltd. has withdrawn from the auditor for the year 2015 after bidding audit fee already. The company can not find auditors who have been approved by the SEC within a limited time. The company must submit the quarterly and yearly of financial statements 2015 to the Office of Insurance Commission (OIC).,To mitigate the damage that might occur later The Audit Committee recommended to the Company's Board of Directors to appoint the CPA from Suttitham Law & Auditing Co.,Ltd. as the company's auditor in 2015 and submitted to the extraordinary Shareholders' meeting for approval.

Opinion on conflict of interest transaction

-none-

The Audit Committee opined that the company observed good governance in providing accuracy and credibility of financial statements and accountancy in compliance to the 2004 regulations which related to the business. The company also has proper internal control system and comply with the regulations.



Mr. Pichit Sinpatanasakul
Chairman of the Audit Committee

Report from the Nomination and Remuneration Committee

To Shareholders of Bangkok Union Insurance Public Company Limited

The Nomination and Remuneration Committee comprising of 3 independent directors appointed by the company's Board of Directors. All directors are non-authorized management. The main duty is to nominate and determine the remuneration of company directors and submit to company's Board of Directors and Shareholders. The scope of duties of Nomination and Remuneration Committee are as followings.

1. Consider the appointment of company's director in replacement of those completing his term. The director qualifications will be according to the Act of Public Company B.E. 2535. Having the leadership, vision, moral and have good knowledge and strong working experience background to serve the company. The director must devote sufficient time to the company and ensure that the number and composition of the company's directors are appropriated to the changes in business environment, the directors who has conflict of interest will be excluded.

2. Determine the director remuneration to be in accordance with the international standard. In order to be suitable with the responsibility and commensurate with the size and business environment both listed and non-listed non-life insurance. This will reflect to the effectiveness of company's performance.

For B.E.2558, the Nomination and Remuneration Committee has devoted to the company with prudent, transparent and independent as for the benefit of all stakeholders and shareholders.



Associate Professor, Pranom Kowinwipat
Chairman of the Nomination and Remuneration Committee

Policy and Overall Business

Bangkok Union Insurance Public Company Limited was the first Thai non-life insurance company in Thailand. It was established on 5 February, 1929 serving all classes of underwriting, i.e., fire, marine and transportation, motor and miscellaneous. The company underwrite both direct insurance and reinsurance from domestic and foreign non-life insurance. In addition, the company also diversified the risk and reinsured with the top notch reinsurer both domestic and foreign reinsurer.

The company also spent its income in investment which is in compliance with the Office of Insurance Commission (OIC) regulations A.D. 1992 and notification of Ministry of Commerce regarding the investment guideline for non-life insurance. The company will only invest in strong and reliable business to ensure sustainable return.

Vision and Company Objectives.

Over more than 87 years in non-life insurance business, the company has strong determination to serve with honest, fair and maximize clients' satisfaction. Including of fast and fair service with high quality as per the company vision "Up-to-date, Efficient, care, Trust".

In order to achieve the vision above, the company continues to develop by implementing Balance Scorecard to measure and evaluate performance in the company.

The company aimed in 3-5 years ahead is to increase total premium written by growing in personal line and use new technology to improve its operation.

Company objectives

1. To provide good, fast and fair service for customer with maximum satisfactory.
2. To provide sustainable return to shareholders. Have transparent management with good corporate governance
3. To provide customer with best products by continuing development in services and products.
4. To provide appropriated benefit, retain and improve knowledge and operation skills of employee.
5. To maintain company reputation, adhere to social responsibilities, support and contribute to social activities i.e., donation.

Previously, the company was able to operate our business in compliance with the specified policies and strategies through our system of monitoring and supervision called War Room in order to control the performance to be in accordance with our target, to adapt the important strategies to reduce the impact of the economic slowdown as well as to expand the retail market to cover the wider area because of the upside trend and potential expansion of retail market.

Significant Developments

Bangkok Union Insurance Public Company Limited was established on 5 Feb, 1929 as "Hua Chew Lin Ha Kong Sri Company Limited" and was the first non-life insurance company which underwrite fire insurance in Thailand.

In 1962, the company was renamed its Chinese name to Thai name in order to maintain first Thai non-life insurance and changed its name to "Bangkok Insurance Company Limited" on 4 June 1962. The company logo was changed to " Victory Monument" which symbolized the start point of Bangkok at that time.

Listed on the Stock Exchange of Thailand

In 1988, the company was listed on the Stock Exchange of Thailand and increased the registered capital from 12 million baht to 20 million baht.

At present, the company has the registered capital 200 million, 10 baht per share.

Other significant development

The company continued developing in various issues such as

- Improve operational efficiency, by implement the Balance Scorecard management. This tools will help measure and evaluate performance in order to accomplish the company vision.
- Improve and develop the motor claim services by using tools to investigate the claim caused and collect the statistics so as to define appropriate and competitive premium. The company also provided company profiles and insurance data in the company website <http://www.bui.co.th>.

2016 Thailand's Economic Outlook

It trend to expand for 3.0-4.0% by getting the support from driving force of purchasing and investment of government sector in infrastructure while world economy trends to facilitate to the recovery of export sector in both expansion of world economy and trend of slow recovery of product price in world market. This is expected to lead the export value can be raised up to 3.0%. The depreciation of Baht currency will make the income and fluidity in form of Baht currency of entrepreneur be better as well as the fuel price that trend to stay in low level and the tourism still be the support factor of economy expansion continuously. However, the deceleration of China economy, the depreciation trend of Yuan money and key currency in partner country and competitor, the impact of drought is the limitation and risk factor for Thai economy. Economic stability has the good trend with average inflation rate of entire year in the range of 1.0 - 2.0% according to the recovery trend of fuel price in world market, the depreciation of Baht currency and domestic demand that become better.

- **Support factor of economic expansion**
 - **The acceleration of capital from government** that be supported from the deficit

of expense balance in fiscal year of 2016 of 390,000 million Baht raised up from the deficit limit of 250,000 Baht in fiscal year of 2015 and trend of progress of investment project in infrastructure include (1) infrastructure investment project expected to bid within 2015 for 6 projects with total value of 249,514 million Baht (2) infrastructure investment project which can be started in 2016 of 12 projects with total value of 1.5 trillion Baht (3) Project according to water resource management plan and development project of land transportation in urgent period under the investment project plan to emerge the economy in second phase which expected that the withdrawal rate of capital of private enterprise become better.

- **Driving force from economic stimulus measure (Phase 3)** in another half year of 2015. The government has announced 6 additional key economic stimulus measures including (1) measure of enhancing the people with low income and stimulate the small investment of government throughout country (2) measure of finance to support the SMEs entrepreneurs in urgent period (3) financial measure to stimulate the economy of property sector (4) tax measure to support the domestic investment (5) intensive measure for investment of BOI and (6) strengthen measure for rubbery farmer even the driving force form the most loan and budget occurred in 2015, but driving force from tax measure will go on until 2016.
- **The slow recovery of world economy and export product price** that will be support factor for export value in 2016 return to expand slowly and support more economic expansion. It is expected that world economy will expand by 3.4%, better than the lowest expansion rate in last 7 years by 3.0%. in 2015, product need in world market will raise up as well as the product price in world market become recover together with fuel price in world market that expected to be more stable and may result to export price of Thailand become expand and result of export value in 2016 return to expand and support the economic expansion more compare with the shrinkage of 5.0% in 2015
- **The depreciation of Baht currency supporting the income and fluidity in form of Baht currency of entrepreneur** because the Baht currency trends to lower down continuously according to the increment of interest rate of Central Bank of America's policy and trend of depreciation of key currency in the region that would boost up the export in Baht currency and support the income and fluidity of the entrepreneur continuously.
- **The slow increment of agricultural price** trend of world economic recovery and slow change of fuel price in world market expected that it will result of the agricultural product price getting more stable even the household income of agricultural sector still suffer from the drought.
- **Trend of slow increment rate of fuel price and stay in low level** would support the real purchasing power of people and facilitate to perform the financial policy to support the economic recovery continuously.

- **The expansion of tourism sector** expected that there are the large amount of travelers to travel in Thailand around 32.5 million travelers with estimated tourism income around 1.65 trillion Baht increased from 2014 by 7.5% and 9.3% respectively that is the key factor in driving the expansion of Thai economy and compensate the income of export sector. In 2016, the tourism sector has the good trend of expansion from the support factors of (1) capital of travel that trends to stay in low level according to the fuel price situation in world market (2) trend of depreciation of Baht currency which result of the decrease of Thai tourism cost (3) the far travelers has the good trend according to the economic recovery of main industrial countries and key countries.
- **Risk Factors and Treat**
 - **The slowdown of China's economy and the country having the weak basic economic factors** even the world economy trends to be better due to economy of US, European, Japan and economic recovery of key developing country while China economy has a bit slow trend but it still risky to decelerate faster than expected. While the country having the weak basic economic factors especially the country where have high international debt and relying on the export and fast depreciation of money may be risk to face with economic crisis continuously. Such condition may make the world economic recovery and world product price are delayed than expected.
 - **The depreciation of key currency in partner countries and competitors** especially Yuan money that trends to be weak according to the policy of economic free trade and finance, reduction of gross reserve and the need in taking care of domestic fluidity that would intervene to carry the currency has more limitation as well as there is the possibility to announce the additional expansion as well as the depreciation of currency in the region where performing the financial policy through currency exchange rate management. The depreciation of key currency is another limitation of the expansion of export amount event Baht currency trend to be weak as well as be the factor to press to the recovery of world product price.
 - **The impact of drought** still having the heavy trend continuously according to the available water in the large 4 dams (Bhumibol Dam, Sirikit Dam, Kwaenoi Barmungdan Dam and Pasak Chonlasit Dam) that cause the farmer to refrain the double-crop field in farming year of 2016. Such conditions make the agricultural production and base income of household in agricultural sector still be risk to reduce continuously and be the limitation of economic expansion in holistic.

Nature of Business

Nature of Product or Service

Bangkok Union Insurance Public Company Limited has two businesses, first is non-life insurance business, and second is rental and services business in two Buildings (BUI 1 and BUI 2)

For insurance Business, the company providing to both Corporate and Consumer Clients through a diversified range of tailored products such as fire, marine, automobile, miscellaneous insurance and reinsurance etc. of which cover the specific requirements and economic background of each insured. The summaries of our basic insurance policies are as follows:

1. Fire Insurance

Provide cover for losses or damages to insured properties i.e. buildings, goods in stock, furniture etc. that caused by fire, lightning and explosion.

2. Marine Insurance

Provide cover for losses or damage to insured goods transported and delivered by sea, land and air, the storage of these goods and the means by which they moved. It covers the hulls of large cargo ships down to private pleasure, all classes of aviation insurance and cargo policies of various types.

3. Motor Insurance

Provide protection for loss or damage to the insured vehicles and its accessories resulting from fire, theft, malicious and accidental damage as well as cover for third party liability; body injury and / or property damage. The automobile insurance is divided to 2 types:

1. Compulsory: According to Act of Protection for Automobile Victims B. E. 2535
2. Voluntary: The insurance covers are varied from type 1, 2 and 3 depending on car owner decision.

4. Miscellaneous Insurance

Provide cover for other losses or damages excluded from the above lists such as personal Accident, Health, travel accident, liabilities to third parties, construction and installation, industrial all risks etc.

Industry environment trends and future competitive outlook

Competition Strategy

The company aimed to improve product quality and provide maximum satisfaction to the customer. To attain this goal, the company continued developing in these following;

1. Product development and new market penetration
2. Maintain renewal rate and expand new sales channels.
3. Quick response to customer needs and environment development.

Target customers are divided in 2 groups.

1. Corporate group such as factory, company and entrepreneurs.
2. Retails group

Industry Competition

It is forecast that the insurance market will keep growing every year where the miscellaneous insurance is the key factor focusing on potential retail market which tends to expand to regional levels. The overall of the industry competition is forecast to be more competitive especially financial institutes, department stores and retailers which begin to provide the insurance products. Such new insurers' activities will inevitably affect retail market of the company but we still have the advantage over the regular major customers. Consequently, the company needs to adapt to this situation both in products and services and maintain the regular customers to be competitive.

Non-life Insurance market share

In 2015, Business Analysis and Statistics Division of the Office of Insurance Commission - OIC collected that total number of policies grew 2.55% to record 56 million policies, total sum insured amounted decreased 8.26% to 103.57 trillion baht and direct premium grew 1.90% to 209,278 million baht.

The company recorded 82,740 policies in 2015, with total sum insured amounted 380,288 million baht and direct premium written 830.93 million baht. Direct premium written increased 26.79% and the market share increased to 0.40% from 0.32%.

Lines of Business	2015		2014	
	Market share	Ranked	Market share	Ranked
Fire	1.02%	20/54	0.89%	19/54
Marine & Transportation	0.54%	27/53	0.61%	25/53
Automobile -Compulsory	0.28%	39/52	0.33%	36/52
-Voluntary	0.14%	40/50	0.12%	41/50
Miscellaneous-Industrial All Risks	0.84%	23/46	0.82%	24/46
-Public Liability	0.33%	20/36	0.26%	26/36
-Engineering Insurance	1.22%	27/36	0.52%	23/36
-Personal Accident	0.22%	29/57	0.04%	42/57
-Healty Insurance	2.47%	13/31	1.53%	15/31
Total	0.40%	40/63	0.32%	46/63

Source : Market Analysis and Statistic Department Dept. OIC

Products

For over 87 years, the company provided a service to customer whose mostly refer from broker, agent, financial institutions and direct sales. Consequently, consumer has more

knowledge and need protection to their assets which drive competition to be more intense. Broker became an important channel to offer the best protection product that suits business need and appetite.

Due to the above development, the company starts focusing more through brokers and financial institutions channels but still maintain direct sales to customer. However, sub-agent is still provides stable source of income. In summary, the customer source can be divided in 2 categories, as follows

1. Commercial Line : Major sources are from company's broker and financial institutions
2. Personal Line : Major sources are from company's agent and direct sales.

The company offered insurance policy which is according to the guideline from the Office of Insurance Commission (OIC), standard insurance policy or more sophisticated policy, which depending on the customer's requirement. The company has continued development in staff, equipment and system.

Income Structure

Unit: Baht

Table of Income	2015			2014			2013		
	Amount	Size	%Diff	Amount	Size	%Diff	Amount	Size	%Diff
Premium Written									
Fire	103,651,466	11.27	(4.86)	108,943,277	14.19	8.47	100,435,061	12.48	(3.86)
Marine	27,854,770	3.03	(13.90)	32,352,357	4.21	106.12	15,695,549	1.95	(19.24)
Automobile	193,498,255	21.03	11.85	172,991,594	22.53	(5.13)	182,347,002	22.65	(64.53)
Miscellaneous	524,697,567	57.03	41.58	370,608,178	48.27	(14.42)	433,048,874	53.79	35.09
Total Premium Written	849,702,058	92.36	24.06	684,895,406	89.20	(6.37)	731,526,486	90.87	(23.68)
Other Income	70,298,279	7.64	(15.23)	82,930,008	10.80	12.82	73,508,120	9.13	(35.80)
Total Income	920,000,337	100.00	19.82	767,825,414	100.00	(4.62)	805,034,606	100.00	(24.98)

Operating performance of the previous year increases compared to 2014 because of the company have change various strategies of pricing and insurance policy's conditions affecting the overall of insurance business. However, the company has continuously monitored the situation of the market and industry competition which the strategy has been revised and adapted as a response to the changes. The screening and selection of better quality insurance as well as control of operating cost is prioritized to maintain the competitiveness and market shares.

Risk factors

For the efficiency of the company's business operation and achieving the company's objectives, we have emphasized the importance of development and improvement of risk management. The company is also committed to promoting such awareness to its staff in all levels so that the risks could be controlled and limited to the acceptable level.

The company has set the board of risk management to control and manage risk management of the company according to the risk management policy that has been defined suitably with sub-board including board of insurance consideration, board of compensation, board of investment consideration and board of management to follow up and manage the risk related to the assigned task of each board to let the risk management going on effectively. Furthermore, the company has improved and revised the policy and risk management in each category to correspond to the regulations and related laws.

For the risk management process, the company has set the key method as 4 steps including risk identification, risk assessment, risk response and risk monitoring and review as per integrated risk management policy. For the risk identification, the company has considered the coverage of risk in various fields such as the strategy risk, insurance risk, marketing risk, concentration risk, credit risk, fluidity risk, operation risk and legal-respect risk.

1. Strategic Risk is a risk arising from failure or inappropriateness of operation in business activities specified in the plans, policies, or strategies.

To manage this kind of risk, the company has formulated the 3 years strategic plan based on the financial key indicators, and analysis of internal and external information. With approval of the company's executives, this strategic plan is designed to be able to suitably manage the risks arising from the changes of such business environment.

2. Insurance Risk is a risk arising directly from inappropriate insurance policies and pricing causing ineffective and inefficient compensation and reimbursement which will finally result in financial loss. The following actions are undertaken by the company to manage this risk:

2.1. The committee on underwriting is established for development of products and pricing to match the needs of customers as well as maintain competitiveness of the company.

2.2. The policy and underwriting standard practice are introduced along with the instruction of underwriting and authority of underwriters which is used as a guideline to consider and control the risk to acceptable level.

2.3. Adopting the re-insurance strategy according to the company's policy on reinsurance.

3. Market Risk is a risk arising from the fluctuation of assets value such as interest

rate, stock prices, and exchange rates resulting in decrease of the company's assets value. The risk management for this risk is as follows:

3.1. Management of Investment - the company has hired the expert financial institute to manage the company's portfolio in order to gain an appropriate return from the investment and reduce the risks from market fluctuation. The report and update will be continuously sent to the company.

3.2. Monitoring and updating the changes of interest rate, the key currency exchange rate so that the company can adapt its financial policy in accordance with the economic trends.

4. **Concentration Risk** is a risk arising from the concentration of the business activities such as investing in bonds or equities to one institutes in an appropriate and large amount, loan granted by the company to one debtor in the large amount, holding real properties and operating assets with high value, or reinsuring to one company or concentrating on only one type of insurance in the large and inappropriate amount. The company has decided to the risk management for this kind of risk as follows:

4.1. For underwriting, limitation of risk taking and diversification of each type of risks are introduced with control and monitoring through the system called Block Management.

4.2. For management of reinsurance to reduce the concentration risks, the process of selection of the reinsurance company is prioritized where the credit rating will be considered in order to get only quality companies. Moreover, the importance of monitoring and assessing the financial stability and diversification of reinsurers are also taken into account.

5. **Credit Risk** is a risk resulting from the case where the contractual party cannot perform its contractual duties as agreed with the insurance company affecting the credit rating in the negative way.

In order to manage such risk, the company through the Risk Management Committee has provided the supervision and control of the company's investment scheme and status to be in compliance with the company's policies and regulations stipulated by the related state agencies. Additional, the appropriateness of the investing ratio will also be decided depending on the credibility of invested entities

6. **Liquidity Risk** is a risk arising from an inappropriate management of investment, obligations, income and outcome resulting in the lack of ability to pay debt or perform other obligations when such debts or obligations are due. The premium which cannot be collected or late payment or the high operating cost are the causes of this risk. The risk management for this risk are as follows:

6.1. Management, control and monitoring process of the liquidity of company must

be provided in order to have enough cash flow and liquidity used for debt payment.

6.2. Periodically monitoring the outstanding premium both in direct insurance premium and reinsurance premium to maintain the appropriate amount of such outstanding premiums.

7. **Operation Risk** is a risk arising from the failure or error of company's operation including fraud and corruption of the employees. The risk management for this risk are as follows:

7.1. Providing the appropriate and clear work manuals, instructions, and regulations in accordance with the company's policy and related laws and regulations to reduce the potential errors.

7.2. Introducing the appropriate process of monitoring and internal control to cover all the critical working process. The internal audit section has been established to response to such process and ensures the legality and transparency of all company's activities as well as being in standard and compliance with legal requirements.

7.3. Cultivating the raise awareness of the great work honestly to employees at all levels.

7.4. Introducing the regulations on security of computer system and information in order to prevent the inappropriate computer activities.

8. **Compliance Risk** is a risk arising from the violation of law relating to the company's business.

The company has set up the compliance section assigned to be responsible for monitoring and updating the changes of law, regulation, or any other rules enforced by the state agencies which may affect the company operation, as well as keeping the related sections informed in order to instantly adjust and comply with the changes

In addition, in the specified period, the company has continuously reviewed the risk factors and re-assessed the risks as well as considered any changes which may affect the company's operation. The appropriate measures for risk management must be adopted and implemented together with sufficient improvement of risk management system.

General Information

Name	Bangkok Union Insurance Public Company Limited
Type of business	Non-Life Insurance
Head Office	175 - 177 Bangkok Union Insurance Building, Surawongse, Bangrak, Bangkok 10500 Tel : 0-2233-6920-9, 0-2238-4111 Fax : 0-2237-1856 Website http://www.bui.co.th/ E-mail : bui @ bui.co.th

Branch Offices :

1. Nakornsawan Branch 36/13-14 Kositai Road, Tumbol Paknampo Amphur Muang,
Nakornsawan 60000
Tel : 0-5633-1885-7 Fax : 0-5622-7098
2. Amphur Klongluang Branch 25-27 Moo 12, Phaholyothin Road, Tumbol Kolngneung, Amphur
Klongluang, Phatumthani 12120
Tel : 0-2529-0963, 0-2529-1615 Fax : 0-2529-3082
3. Chonburi Branch 192/3 Moo 1 Sukhumvit Road, Tumbol Klongtumru Amphur
muang, Chonburi 20000
Tel : 0-3827-8440, 0-3827-8441 Fax : 0-3827-8441
4. Suratthani Branch 182/100 Moo 2 Surath-Punpin Road, Tumbol Makhamtia
Amphur Muang, Suratthani 84000
Tel : 0-7722-0159, 0-7722-0149 Fax : 0-7722-0149

Sub branch:

1. Lampang 199/2 Moo 13 Lampang-Ngao Road, Tumbol Pichai, Amphur
Muang, Lampang 52000
Tel. 0-5438-2847
2. Trang 2/11 Lak-Jan Road, Tumbol Thap Thiang, Amphur Muang, Trang
92000
Tel. 0-7521-7770-1
3. Ko Yo 618/2 Moo2 Tumbol pavong, Amphur Muang, Songkhla 90100
Tel 0-7433-4128-9

Paid Capital	Baht 200,000,000 (Two hundred Million Baht)
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Type of Shares	Common Shares : 20,000,000, Valued at Baht 10 per share
Ordinary Shares Registrar	Securities Depository (Thailand) Co.,Ltd. 62 Rachadapisek Road, Klongton, Klongtoey, Bangkok 10110 Tel : 0-2359-1200-01 Fax : 0-2359-1259
Auditor 2013	Miss Chantira Womgsri-Udomporn Certified Public Account (Thailand) No. 4996 S.K.Accountant Services Co.,Ltd. 128/150-153 Phayatai Plaza Building, 14 th Floor, Sai 1 Road, Phayatai Road., Thungphayatai, Ratchatavee, Bangkok 10400 Tel : (66) 0-2214-6464, 0-2214-6465-70 Fax : 66) 0-2215-4772, 0-2214-6065, 0-2214-6067 E-mail : skaudit @ skaccountant.com
Auditor 2014	Miss.Wanraya Puttasatien Certified Public Account (Thailand) No. 4387 S.K.Accountant Services Co.,Ltd. 128/150-153 Phayatai Plaza Building, 14 th Floor, Sai 1 Road, Phayatai Road., Thungphayatai, Ratchatavee, Bangkok 10400 Tel : (66) 0-2214-6464, 0-2214-6465-70 Fax : 66) 0-2215-4772, 0-2214-6065, 0-2214-6067 E-mail : skaudit @ skaccountant.com
Auditor 2015	Miss Siriboonyong Wongsuwat Certified Public Account (Thailand) No. 10016 Suttitham Law & Auditing Co.,Ltd. Thonglor Tower 786/25-27 Floor 3A, Soi Thonglor 18 Sukhumvit 55 Road, Klongtonnarn, Watthana, Bangkok 10110 Tel : (66) 0-2185-0214 - 16 Fax : 66) 0-2185-0213

The Shareholders

Shares holders

The top-ten major shareholders as at December 30, 2015, are as follow :- (Report from Securities Depository (Thailand) Co., Ltd.)

No.	Name of Shareholders	Amount	Percentage
1	Liewpairat Enterprises Co., Ltd.	5,164,830	25.82
2	BUI Life Insurance Co., Ltd.	1,837,500	9.19
3	Hong Yiah Seng Real Estates and Investment Co., Ltd.	1,598,220	7.99
4	Mr. Sukit kamolsiriwat	1,100,000	5.50
5	Mr. Prachai Leophairatana	810,000	4.05
6	Ms. Malinee Leopairat	763,052	3.82
7	Ms. Maneeratt Iamsopana	549,968	2.75
8	Dr. Chavin Iamsopana	472,650	2.36
9	Ms. Tanyaratt Iamsopana	317,226	1.59
10	Patjakit Paisan Underwriting Co.,Ltd.	262,313	1.31

Name of Shareholders	Relationship
Liewpairat Enterprises Co., Ltd.	Partial co-directors and shareholder holding at 25.82% of shares.
BUI Life Insurance Co., Ltd.	Partial co-directors and holding at 9.60% of shares in that company and shareholder holding at 9.19% of shares.
Hong Yiah Seng Real Estates and Investment Co., Ltd.	Partial co-directors and shareholder holding at 7.99 % of shares.

Dividend policy

The company dividend policy is 60% from the net profit. Though also depends on the business competition, economic and strategic plan. Dividend payment once a year in May.

year	2010	2011	2012	2013	2014
Net Profit per Share (baht)	1.40	0.29	(2.40)	1.54	3.03
Divident per Share (baht)	0.80	-	-	0.80	0.40
Divident Payout Ratio (%)	57.06	-	-	51.87	13.22

Management Structure

Board of Directors

1. Mr. Manu Leopairote	Chairman / Independent Director
2. Mr. Prateep Leophairatana	Vice Chairman / Director
3. Mr. Tavich Taychanavakul	Director / Independent Director
4. Assoc. Prof. Pranom Kowinwipat	Director / Independent Director
5. Mr. Soonthorn Konuntakiet	Director / Independent Director
6. Mr. Pichit Sinpatanasakul	Director / Independent Director
7. Ms. Malinee Leophairatana	Chairman of Executive Director
8. Ms. Tanyaratt Iamsopana	Managing Director
9. Mr. Kittha Leelavanichkul	Director
10. Dr. Chavin Iamsopana	Director
11. Mr. Prachai Leophairatana	Director
12. Ms. Sujintana Champeesri	Director / Secretary Company

Leadership and Vision

The Board of Directors, consisting of directors who has expertise and strong experience in business operation, has participated in establishing policy, strategies, operating goals as a framework for the business operation. This is to ensure that management team can implement the company's policy effectively and efficiently to create the economic values for the company and its shareholders. As the Board of Directors has realized the importance of the Good Corporate Governance, then the internal control system are established for the internal audit supervised by the Audit Committee to ensure the appropriation and the effectiveness of the system. There is a continuous monitor on this issue in the Board of Directors' Meeting.

The authority of the Board of Directors

1. The Board of Directors has the authority as followed;
 - 1.1 To control and manage the company to be conformed to the laws, the objectives, regulation and consensus of shareholder's meeting
 - 1.2 To have the power to appoint one committee to be the chairman and appoint another committee or many committees to be vice chairman upon the situation
 - 1.3 To appoint the administrative committee to conduct the business according to the committee's determination
 - 1.4 To determine and make amendment for the persons who can have the authorized signature on behalf of company
 - 1.5 To fix the dividend for shareholders during the period of time

- 1.6 To appoint or demote the company's employee; this power can be assigned to any directors or many directors of company
- 1.7 To fix the date to pay bonus, reward to company's employees, workers or job-holders to the company and they can be permanent or temporary
2. The Board of Directors has the duty and accountability as followed:
 - 2.1 To have the duty as company's regulation which includes to control and operate the business in conformity with the law, the objectives and the company's regulation and also the consensus of shareholder's meeting
 - 2.2 To view as proper for the policy, vision, mission, expected value and ethic in conducting the business
 - 2.3 To consider and approve the strategies, business plan and annual budget and to follow up the operation and the execution of top management to run business in line with business plan and set budget in effectiveness
 - 2.4 To determine the internal control system to continue effectively and arrange the risk management appropriately
 - 2.5 To control the check-up from both internal auditors and external auditors to carry out their duty in effective manner
 - 2.6 The committee has to hold 3 times of meeting per month
 - 2.7 The committee has to arrange the meeting for shareholders. It is the ordinary meeting and it should be held within 4 months counting from the last day of company's fiscal year. The other shareholder's meeting is considered extraordinary or uncommon and it can be held at any time or upon the situation
 - 2.8 The committee has to arrange the balanced sheet and Profit & Loss statement on the last day of company's fiscal year in order to propose such information in the annual ordinary meeting of shareholders for their approval. The committee has to provide CPA auditors to conduct the audit before proposing to the meeting of shareholder
 - 2.9 To pay the dividend at intervals to shareholders when the company can make the profit in a level. The paid dividend should be reported in the next meeting of shareholder
3. Duties and Responsibilities of Managing Director are as follows:
 - 3.1 Manage, carry out or operate the company's business effectively and efficiently in compliance with the company's objectives, the Articles of Association, policies, plans, regulations, orders, and budget as being assigned or approved by resolutions of the Board of Directors and/or the meeting of shareholders.

- 3.2 Develop budget plans and business policies and propose to the Board of Directors for approval as well as report the progress of approved business and budget plans to the Board of Directors.
- 3.3 Command, direct, undertake, and sign documents or statements in order to achieve the company's operation with effectiveness.
- 3.4 Command staff and employees as well as hire, appoint, remove, promote, demote, decrease salaries or wages, take disciplinary action and punishment such as dismiss or fire from the positions according to regulations, rules, or orders set by the Board of Directors and/or the company in compliance with the labor law.

Balance of Power from Non-Management Directors

Board of Directors should consist of no fewer than 12 directors, of whom six directors with management position and six directors who are non-management directors. Among the five non-management directors, there will be all independent directors (where their independence is based on the rules of the Stock Exchange of Thailand) or one-third of the directors. The four independent directors also perform as the Audit Committee, and the three independent directors also perform as the Nomination and Remuneration Committee.

Unification and Separation of the Significant Official Position

Chairman of the Board of Directors is the independent director. Duties of Chairman of the Board and Chief Executive Officer have been clearly separated where a policy is the two persons holding these two offices must not be the same. The recruitment and appointing persons to become the directors of the company do not go through the process of the recruit committee. However, the company has established the recruit guidelines for these positions in accordance with the rules and regulations of the company.

The definition of Independent Director

Independent Director means the Director with all qualification and has the independence to express their idea pertaining to the business direction, business operation in order to improve and develop the administration of organization in good corporate governance. There should have following qualifications:

1. To hold the shares not over 1 percent out of all shares that can vote for the whole of company, affiliates, joint ventures, or other juristic persons that are relative or have the conflicts and it also includes the shares held by the related persons
2. No involvement in the management of company, affiliates, joint ventures, or other related juristic persons, including not being employees, staffs, auditors, lawyers or advisors who obtain the salary from the company or being the authorized person or being a person to have any conflicts

3. Not being the person who has the same blood lineage or do legal registration with the executives, major shareholders, persons in authority or persons who are expected to be executives or authorized persons
4. No gain and loss from the company's benefit for both direct or indirect ways in part of Finance and the management of affiliates, joint ventures, or other juristic persons that might have the conflict
5. No business relation with the company or being the person who might have the conflict in the manner of opposing the discretion
6. To express their idea independently concerning the work operation of company and their expression should not be under the control of executives or company's major shareholders including other related persons or relatives. Besides, there should not have any influencing situation on their opinion.

Bangkok Union Insurance Public Company Limited has definition of Independent Directors which is equal to those defined by Securities and Exchange Commission and the Stock Exchange of Thailand.

Board of Directors' Meeting

The Board of Directors must meet at least one time in three months period where its meeting dates must be on the first Thursday of the month. The ad-hoc meetings are call as necessary. Invitations to attend the Board of Directors' Meeting must be delivered at least seven day prior to the meeting date together with adequate supporting information for the meeting. Generally, the meeting is last for two hours. In addition, the minutes of the meeting with all significant information are prepared and the previous minutes of meeting, approved by all of the directors, are also kept systematically for reference.

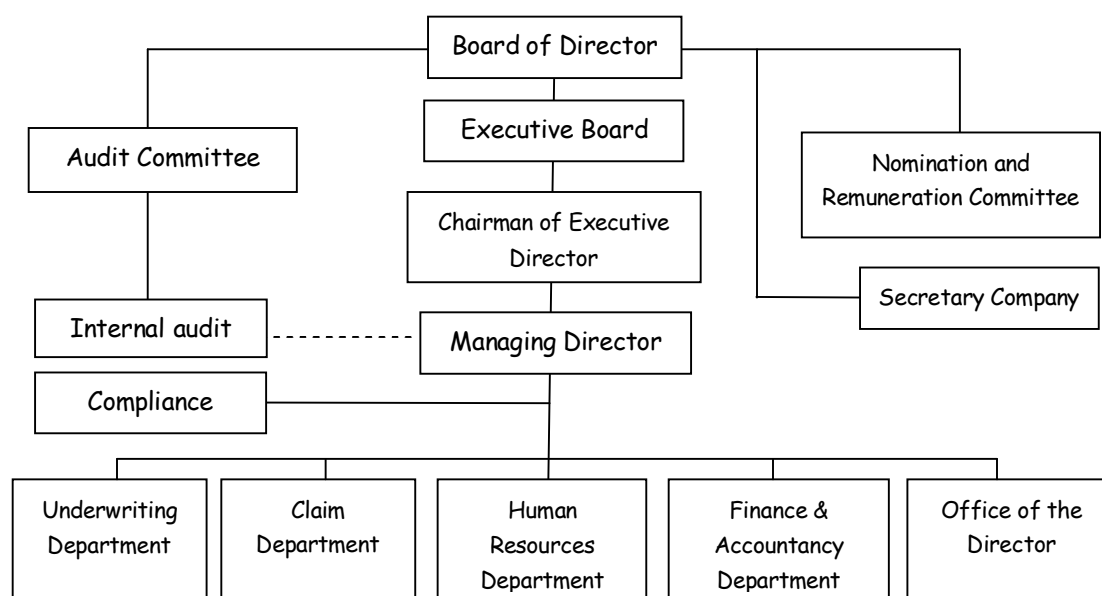
In 2015 The Board of Directors held 5 meetings. The attendance of these meetings by each of Directors can be summarized as follow:

Name	Attendance (times) Number of Meeting (times)
1. Mr. Manu Leopairote	5 / 5
2. Mr. Prateep Leophairatana	5 / 5
3. Mr. Tavich Taychanavakul	4 / 5
4. Assoc. Prof. Pranom Kowinwipat	4 / 5
5. Mr. Soonthorn Konuntakiet	5 / 5
6. Mr. Pichit Sinpatanasakul	4 / 5
7. Ms. Malinee Leophairatana	5 / 5
8. Mr. Kitcha Leelavanichkul	5 / 5
9. Dr. Chavin Iamsopana	5 / 5
10. Mr. Prachai Leophairatana	5 / 5
11. Ms. Tanyaratt Iamsopana	3 / 5
12. Ms. Sujintana Champeesri	5 / 5

Board of Directors' Reports

The Board of Director is responsible for the financial statement and financial information, which published, in the annual report. The company's financial report has been prepared in accordance with the standard of general accepted accounting principles in Thailand. The Board also considers the appropriation of accounting policy to apply and ensure the consistent implementation of that policy. Moreover, the Board also uses the thorough judgment and good estimation in preparing such financial statement. The Board also provides adequate notes to financial statement.

Management Team, as of December 31, 2015	
1. Ms. Malinee Leopairat	Chairman of Executive Director
2. Ms. Tanyaratt Iamsopana	Executive Director / Managing Director / Manager
3. Dr. Chavin Iamsopana	Executive Director / Senior Manager , Claim Department
4. Mrs. Kobkul Wongsantimeth	Manager, Underwriting Department
5. Ms. Sujintana Champeesri	Executive Director / Secretary Company / Manager, Finance & Accountancy Department
6. Ms. Sunee Khunavorathum	Manager, Human Resources Department



Good Corporate Governance

Good Corporate Governance Policy

The Board of Director has knowledgeable and strongest determination to perform according to the company's principle and policies. The company realized the significant of good corporate governance and viewed it as an important factor in enhancing company's performance and business growth. This will lead to the generating of greatest benefit to shareholders. The committee has performed according to the principle of good corporate governance as in the following :

- Equal treatment to stakeholders and shareholders
- The directors will strictly adhere to the company's principle, policies and good corporate governance. This will enhance economic values and to the greatest benefit of shareholders and stakeholders.
- Sufficient data disclosure and transparency
- Observing the important of internal control system and internal audit system at both managerial and operational level. Assess the adequacy of internal control and keep update to environment changes.
- Promote good practices and code of ethics to management and employee. The company's awareness motto as per the followings;

Up-to-date : Keep development in products to suit customer's need

Efficient : Perform efficiently

Care : Good service and customer satisfaction

Trust : maintain company reputation and achieve company's target

1. Executive Board

- | | |
|---------------------------------|--------------------|
| 1. Ms. Malinee Leophairatana | Chairman |
| 2. Mr. Chainarong Taepaisitpong | Executive Director |
| 3. Mr. Prateep Leophairatana | Executive Director |
| 4. Mr. Kitcha Leelavanichkul | Executive Director |
| 5. Dr. Chavin Iamsopana | Executive Director |
| 6. Ms. Tanyaratt Iamsopana | Executive Director |
| 7. Ms. Sujintana Champeesri | Executive Director |

The authority of Executive Board

1. To control the business operation based on company's policy assigned by the company's committee

2. To scrutinize the issues that will be proposed to the committee for their consideration and approval
3. To run the company to get conformed to the laws, the objectives and the regulations and the consensus of shareholder's meeting with the responsibility, the loyalty and the carefulness with regards to the utmost benefit of company, shareholders or person who have gain and loss in order to add the economics value of company

2. Audit Committee

- | | |
|-----------------------------------|------------------------|
| 1. Mr. Pichit Sinpatanasakul | Chairman |
| 2. Assoc. Prof. Pranom Kowinwipat | Audit Committee Member |
| 3. Mr. Soonthorn Konuntakiet | Audit Committee Member |
| 4. Mr. Tavich Taychanavakul | Audit Committee Member |

The authority of Audit Committee

1. To control and check up that the company has financial report which is reliable and accurate
2. To countercheck that the company has the suitable and effective internal control system and internal audit
3. To consider the selection and appointment CPA auditors
4. To manage the company to run the operation in conformity with the regulation and relative laws
5. To make report for the governance of audit committee in the company's annual report

Audit Committee Meeting

In 2015 Audit Committee held 5 meetings. The attendance of these meetings by each of member can be summarized as follow:

Name	Attendance (times) Number of Meeting (times)
1. Mr. Pichit Sinpatanasakul	4 / 5
2. Assoc. Prof. Pranom Kowinwipat	4 / 5
3. Mr. Soonthorn Konuntakiet	5 / 5
4. Mr. Tavich Taychanavakul	4 / 5

3. Nomination and Remuneration Committee

- | | |
|-----------------------------------|--|
| 1. Assoc. Prof. Pranom Kowinwipat | Chairman |
| 2. Mr. Soonthorn Konuntakiet | Nomination and Remuneration Committee Member |
| 3. Mr. Pichit Sinpatanasakul | Nomination and Remuneration Committee Member |

The authority of the Nomination and Remuneration committee

1. To determine the policy, the qualification and the selection way for searching the committee and top management
2. To set the criteria for selection which is in line with specified laws and company's regulation
3. To select and propose the qualified persons to be in the position of committee and top management
4. To foster the company to have the company's committee, this is appropriate with the organization including the adjustment to be suitable for changing environment. The company's committee should be the persons with the knowledge, the capability and the various kinds of experience

Remarks: According to the section 68 in Public Company Act, it defines the qualification of the committee in Public Co. as followed;

Section 68 The committee should be ordinary persons and

- (1) Reach the one's majority
- (2) Not to be bankrupted person, incompetent person, or quasi-incompetent person
- (3) Never be sentenced in prison by the final judgment to the last with the culpability concerning the money by corruption
- (4) Never be penalized to get fired or dismissed from the government or the organization or the state agency by the allegation of corruption

Besides, the company determines that the committee to fix the compensation rate is the selecting committee to consider the compensation. The standard rate is referred to the compensation rate of the same line industry and similar size of organization including the overall operation of company to be considered as well. It should be considered before proposing to the meeting of shareholder for their approval.

In 2015 the Nomination and Remuneration Committee held 1 meeting. The attendance of these meetings by each of member can be summarized as follow:

Name	Attendance (times).Number of Meeting (times)
1. Assoc. Prof. Pranom Kowinwipat	1 / 1
2. Mr. Soonthorn Konuntakiet	1 / 1
3. Mr. Pichit Sinpatanasakul	1 / 1

Voting on election of Company Directors in Shareholders' meeting

1. The voting approach in shareholders' meeting
 - (1) Each shareholder shall have one vote for each share held

- (2) The shareholder will determine the number of director to be appointed, which could be one director or more than one of the directors. However, the shareholders must cast all their votes under (1) and may not divide their votes among other more than one of the candidates.
- (3) The election of candidates is decided by a majority vote, and in the event of a tie of votes, the Chairman of the meeting shall be entitled to a casting vote.
2. Election of replacement director for reason other than retirement by rotation by the board of directors' resolution passed not less than three-quarters of the remaining directors. The replacement shall serve only the remaining of term of the director whom he replaces but should be more than 2 months.

Term of Office

1. At every annual general meeting of shareholders, one-third of all directors shall retire by rotation. If the number of directors is not a multiple of three, the number nearest to one-third shall retire. The directors retired by rotation shall be re-elected.
2. In addition to retirement by rotation, the directors shall retire when
 - (1) Deceased
 - (2) Resign
 - (3) Disqualified
 - (4) The shareholders' resolution of not less than three quarters of quorum,
 - (5) Court dispel

Control over the Use of Insider Information

Business ethics

The Board of Directors, management and employee adhered to the company's code of ethics. This aims at communicating good practice to staff so that they will perform duty with code of ethics, abide with company's principle and regulations. The company also assigned committee and internal audit to investigate. Employee who is not abided to or against the code of ethics shall receive disciplinary punishment.

In prevention of conflict of interest, company information which is not ready for disclosure such as financial statement, the changes of shareholders' structure or dividend payout will be disclosed to only specific person. Managements are also required to disclose their own securities holdings in compliance to the Security and Exchange Commission's requirement.

In addition, according to company's principle no.5 regarding the reward/punishment also stipulated that the disciplinary action are

- 5.1.3 Keep company's information confidentially and shall not disclose to anyone not related to
- 5.1.7 Not to be an agent or engaged in other business that may adversely affect to the company

5.3 Disciplinary action : Employee who performed against company principles shall be punished by

5.3.1 Written warning

5.3.2 Lower pay

5.3.3 Dismissal

Other good corporate governance implementations

1. The company appointed Company Secretary to coordinate with the Board of Directors and sub-committee, arrange the meeting, prepare and keep all other relevant documents in a safe place.
2. The company has Risk Management Policy approved by the Company Board of Directors which applied to all operation units. The report on risk management will be reviewed and submitted to the Board of Directors at least once a year.

Directors and Management Team

Name - Surname	Mr. Manu Leopaiprote
Position	Chairman, Independent Director
Nationality	Thai
Age	73
Qualification	<ul style="list-style-type: none"> ❖ Honorary Doctorate, Business Administration, Thammasat University ❖ M.Sc. (Economics) University of Kentucky, U.S.A. ❖ B.S.C Economics (Honour) Thammasat University ❖ Certificate, Industrial Development, "Nagoya, Japan" ❖ National Defense College class 34 ❖ Certificate from Thai Institute of Directors Association <ul style="list-style-type: none"> ➢ Directors Certification Program - DCP Class 30/2003 ➢ Role of Chairman -RCM Class 3/2001
Working Profile	<p><u>Current Position</u></p> <ul style="list-style-type: none"> ❖ Member of the Council of State, group 5 (Trade and Industrial Law), The Council of State. ❖ Chairman Thai Oil Power Co., Ltd. ❖ Chairman Khon Kaen Sugar Industry Plc. ❖ Chairman of the Audit Committee Siam Steel International Plc. ❖ Chairman / Chairman of the Audit Committee Polyplex (Thailand) Plc. <p><u>Past Experience</u></p> <ul style="list-style-type: none"> ❖ Permanent Secretary, Ministry of Industry ❖ Director PTT Exploration and Production Public Company Limited ❖ Director, PTT Plc. ❖ Director General Ministry of Industry ❖ Chairman, PTT Plc.

	<ul style="list-style-type: none"> ❖ Chairman of the Cane and Sugar Board, Office of the Cane and Sugar Board ❖ Director Thai Oil Plc. ❖ Chairman of the Executive Director, Neighboring Countries Economic Development Cooperation Agency (Public Organization) : NEDA ❖ Chairman Technonet Asia (Singapore) ❖ Director PTT Chemical Plc
Name - Surname	Mr. Prateep Leophairatana
Position	Vice Chairman / Executive Director
Nationality	Thai
Age	70
Qualification	<ul style="list-style-type: none"> ❖ M.S. (Engineering), Stanford University, U.S.A. ❖ Bachelor of Engineering, Chulalongkorn University ❖ National Defense College Government and Private ❖ Certificate from Thai Institute of Directors Association <ul style="list-style-type: none"> ➢ Directors Accreditation Program - DAP Class 28/2004 ➢ Directors Certification Program - DCP Class 53/2005 ➢ Audit Committee Program - ACP Class 8/2005 ➢ Finance for Non Finance - FND Class 15/2005 ➢ Improving Board Decision Class 1/2005 ➢ Understanding the Fundamental of Finance Statements (UFS) Class 1/2006 ➢ Chartered Director Class (CDC) Class 5/2009
Working Profile	<u>Current Position</u> <ul style="list-style-type: none"> ❖ Managing Director TPI Concrete Co., Ltd. ❖ Executive Director Union Grains Woven Bag Industry Co., Ltd. ❖ Executive Director Rangsit Pratumporn Housing Co., Ltd ❖ Managing Director TPI Polene Public Co., Ltd. ❖ Managing Director TPI Polene Power Co., Ltd. ❖ Director Tanapornchai Co., Ltd.
Name - Surname	Mr. Tavich Taychanavakul
Position	Audit Committee, Director, Independent Director
Nationality	Thai
Age	67
Qualification	<ul style="list-style-type: none"> ❖ Bachelor of Business Administration Kinki University Osaka Japan ❖ National Defense College Government and Private Class 366 ❖ Certificate from Thai Institute of Directors Association <ul style="list-style-type: none"> ➢ Directors Accreditation Program - DAP Class 27/2004 ➢ Finance for Non Finance Directors - FND Class 30/2006

Working Profile	<u>Current Position</u> <ul style="list-style-type: none"> ❖ Chairman of the Board of University Affairs, Mae Fah Luang University ❖ Chairman of Executive Board Hi-Tech Nissu Co., Ltd ❖ Chairman of Executive Board Ayudhaya Technical Training Center ❖ Secretary-General Thai Industrial Estates Association ❖ Managing Director Thai Industrial Estates Co., Ltd.
Name - Surname	Assoc. Professor Pranom Kowinwipat
Position	Independent Director, Audit Committee Member , Chairman of the Nomination and Remuneration Committee
Nationality	Thai
Age	74
Qualification	<ul style="list-style-type: none"> ❖ Master of Business Administration (Accounting) Georgia State University, Atlanta, Georgia. U.S.A. ❖ Bachelor of Commercial and Accounting Thammasat University ❖ Audit Committees in a New ERA of Government, Harvard Business School, U.S.A. ❖ Certificate from Thai Institute of Directors Association <ul style="list-style-type: none"> ➢ Directors Certification Program - DCP Class 12/2001 ➢ Role of Chairman Program -RCP Class 10/2004 ➢ Corporate Fraud Detection and Prevention ➢ Audit Committee Program -ACP Class 15/2006 ➢ Role of Compensation Committee -RCC Class 11/2010 ➢ What the Board Should Do in a Downturn Situation ➢ Monitoring Fraud Risk Management
Working Profile	<u>Current Position</u> <ul style="list-style-type: none"> ❖ Director, Audit Committee Member Thai Industrial Coating Plc. ❖ Professor, Faculty of Accountancy and Management, Mahasarakham University ❖ Luminaries Director, Faculty of Commerce and Accountancy, Thammasat University <u>Past Experience</u> <ul style="list-style-type: none"> ❖ Director, Audit Committee Member The Bangchak Petroleum Plc. ❖ Director The Office of National Education Standard and Quality Assessment (Private Organization) ONESQA ❖ Director, Faculty of Commerce and Accountancy, Thammasat University ❖ Consultants, Audit Committee Member The Bangchak Petroleum Plc.
Name - Surname	Mr. Soonthon Konantakiat
Position	Independent Director, Audit Committee Member, Nomination and Remuneration Committee Member

Nationality	Thai
Age	59
Qualification	<ul style="list-style-type: none"> ❖ Business Administration University of Detroit, Michigan, U.S.A. ❖ Certificate from Thai Institute of Directors Association <ul style="list-style-type: none"> ➢ Directors Accreditation Program - DAP Class 6/2003 ➢ Finance for Non Finance Directors - FND Class 12/2004 ➢ Understanding the Fundamental Statements -UFS Class 2/2006 ➢ Role of the Compensation Committee (RCC) Class 11/2010
Working Profile	<u>Current Position</u> <ul style="list-style-type: none"> ❖ Assistant, Marketing Manager Good World Intertrade Co.,Ltd. <u>Past Experience</u> <ul style="list-style-type: none"> ❖ Manager Sea Value Co.,Ltd.
Name - Surname	Mr. Pichit Sinpatanasakul
Position	Director, Chairman of the Audit committee, Nomination and Remuneration Committee Member, Independent Director
Nationality	Thai
Age	59
Qualification	<ul style="list-style-type: none"> ❖ Master of Business Administration "Sasin College, Chulalongkorn University" ❖ Bachelor of Business Administration "Boston University Massachusetts U.S.A." ❖ Certificate from Thai Institute of Directors Association <ul style="list-style-type: none"> ➢ Directors Accreditation Program - DAP Class 6/2003 ➢ Directors Certification Program - DCP Class 46/2004 ➢ Audit Committee Program - ACP Class 15/2006 ➢ Monitoring Fraud Risk Management ➢ Role of the Compensation Committee (RCC) Class 11/2010
Working Profile	<u>Current Position</u> <ul style="list-style-type: none"> ❖ Director Bangkok Cotton Factory Co., Ltd.
Name - Surname	Ms. Malinee Leopairat
Position	Chairman of Executive Director
Nationality	Thai
Age	74
Qualification	<ul style="list-style-type: none"> ❖ Master Degree in Actuarial Science, "Georgia University, U.S.A." ❖ Bachelor of Commerce and Accounting Major in Statistics (Second Honour), Chulalongkorn University ❖ Certificate from Thai Institute of Directors Association <ul style="list-style-type: none"> ➢ Directors Certification Program - DCP Class 22/2002 ❖ Actuary License #๓7/2558, under section 78/2 of the Non-Life Insurance ACT B.E.2535. As amended by the Non-Life Insurance

	<p>ACT (No.2) B.E.2551.</p> <ul style="list-style-type: none"> ❖ Actuary License #20/2558, under section 83/2 of the Life Insurance ACT B.E.2535. As amended by Life Insurance ACT (No.2) B.E.2551.
Working Profile	<p><u>Current Position</u></p> <ul style="list-style-type: none"> ❖ Director Liewpariat Enterprises Co., Ltd. ❖ Director Thai Special Steel Industry Public Co., Ltd ❖ Director Bangkok Union Life Insurance Co., Ltd <p><u>Past Experience</u></p> <ul style="list-style-type: none"> ❖ Managing Director Bangkok Union Insurance Public Co., Ltd. ❖ President of Thai General Insurance Association
Name - Surname	Mr. Kitcha Leelavanichkul
Position	Director, Executive Director
Nationality	Thai
Age	70
Qualification	<ul style="list-style-type: none"> ❖ Accounting, Bangkok Commercial College
Working Profile	<p><u>Current Position</u></p> <ul style="list-style-type: none"> ❖ Director Imperial Industry Co., Ltd. <p><u>Past Experience</u></p> <ul style="list-style-type: none"> ❖ Managing Director Imperial Industry Co., Ltd.
Name - Surname	Dr. Chavin Iamsopana
Position	Director, Executive Director
Nationality	Thai
Age	74
Qualification	<ul style="list-style-type: none"> ❖ Doctor of Engineering, OSAKA CITY University, Japan. ❖ Master of Engineering and Bachelor of Engineering, Doshesa University, Tokyo, Japan. ❖ Certificate from Thai Institute of Directors Association <ul style="list-style-type: none"> ➢ Directors Certification Program - DAP Class 28/2004
Working Profile	<p><u>Current Position</u></p> <ul style="list-style-type: none"> ❖ Director TPI Polene Public Co., Ltd. ❖ Managing Director BUI Life Co., Ltd ❖ Director Union Grains Industry Co., Ltd. ❖ Chairman Thai Plastic Film Co., Ltd. ❖ Chairman Thai Plastic Product Co., Ltd.
Name - Surname	Mr. Prachai Leopairat
Position	Director
Nationality	Thai

Age	72
Qualification	<ul style="list-style-type: none"> ❖ Master of Engineering University of California (Berkeley), U.S.A. ❖ Bachelor of Engineering (First Honor) University of Canterbury, New Zealand.
Working Profile	<u>Current Position</u> <ul style="list-style-type: none"> ❖ Chief Executive Officer TPI Polene Public Co., Ltd. ❖ Chairman Thai Nittrade Co.,Ltd ❖ Chairman Union Grains Woven Bag Industry Co., Ltd. ❖ Chairman Thai Plastic Film Co.,Ltd ❖ Chairman Thai Plastic Product Co.,Ltd ❖ Chairman Leopirat Enterprises Co.,Ltd
Name - Surname	Ms. Tanyaratt Iamsopana
Position	Executive Director, Managing Director
Nationality	Thai
Age	39
Qualification	<ul style="list-style-type: none"> ❖ Master of Engineering, Technical University Berlin, Germany. ❖ Bachelor of Engineering, Thammasat University ❖ Certificate from Thai Institute of Directors Association <ul style="list-style-type: none"> ➢ Directors Certification Program - DAP Class 58/2006
Working Profile	<u>Current Position</u> <ul style="list-style-type: none"> ❖ Managing Director Bangkok Union Insurance Public Co., Ltd. <u>Past Experience</u> <ul style="list-style-type: none"> ❖ Assistant, Managing Director Bangkok Union Insurance PCL ❖ Manager, Marketing Department Bangkok Union Insurance PCL. ❖ Director, Young Insurer Club (YIC), Thai General Insurance Association ❖ Director, Subcommittee on Property Insurance, Thai General Insurance Association
Name - Surname	Ms. Sujintana Champeesri
Position	Executive Director, Secretary Company , Manager, Finance & Accountancy Department
Nationality	Thai
Age	56
Qualification	<ul style="list-style-type: none"> ❖ Master of Arts (Business Economics), Thammasat University ❖ Bachelor of Accounting, Ramkhamhang University ❖ Certificate from Thai Institute of Directors Association <ul style="list-style-type: none"> ➢ Directors Certification Program - DAP Class 60/2006 ➢ Company Secretary Program - CSP Class 20/2006

	<ul style="list-style-type: none"> ❖ Certificate of “Corporate Secretary Development Program” Class 2/1994, Chulalongkorn University
Working Profile	<p><u>Current Position</u></p> <ul style="list-style-type: none"> ❖ Manager Finance & Accountancy Department Bangkok Union Insurance PCL. ❖ Secretary Company Bangkok Union Insurance PCL. <p><u>Past Experience</u></p> <ul style="list-style-type: none"> ❖ Assistant Manager, Office of the Managing Director Bangkok Union Insurance PCL. ❖ Internal Audit Manager Bangkok Union Insurance PCL. ❖ Manager Accountant Bangkok Union Insurance PCL.
Name - Surname	Mrs. Kobkul Wongsantimeth
Position	Manager, Underwriting Department
Nationality	Thai
Age	61
Qualification	<ul style="list-style-type: none"> ❖ Bachelor of Business Administration (International Business Management), University of the Thai Chamber of Commerce
Working Profile	<p><u>Current Position</u></p> <ul style="list-style-type: none"> ❖ Manager, Underwriting Department Bangkok Union Insurance PCL. <p><u>Past Experience</u></p> <ul style="list-style-type: none"> ❖ Assistant Manager, Underwriting Department Bangkok Union Insurance PCL. ❖ Manager, International Division Bangkok Union Insurance PCL.
Name - Surname	Ms. Sunee Khunvoratham
Position	Manager ,Human Resources Department
Nationality	Thai
Age	53
Qualification	<ul style="list-style-type: none"> ❖ Bachelor of Business Administration, Sukhothai Thammathirat Open University ❖ Certificate of “Financial Management” Class 5/1994, Chulalongkorn University ❖ Certificate of “Insurance Management Development Program (IMDP)” Class 14/2006, Chulalongkorn University ❖ Certificate of “Human Resource and Organization Development ” Class 11/2010, National Institute Development Administration
Working Profile	<p><u>Current Position</u></p> <ul style="list-style-type: none"> ❖ Human Resources Department Bangkok Union Insurance PCL. <p><u>Past Experience</u></p> <ul style="list-style-type: none"> ❖ Finance Manager Department Bangkok Union Insurance PCL.

Corporate Social Responsibilities

The company realizes its responsibilities to society and to the preservation of the environment. Management and employee are aware of good governance and contribute to corporate social responsibilities (CSR). The good corporate governance included of the reporting of financial statement according to GAPP and the disclosure of financial data which defined by the Security and Exchange Commission - SEC. The activities during 2013 are as followings

- **The fair business operation:** the company has recognized the importance of the fair business operation which will benefit not only the customers and the company itself. To implement such idea with efficiency, two specific committees have been established: the committee on standardization of garages, spare parts suppliers, surveyor companies, companies providing car lift and tow services, and mirror suppliers; and the committee on auction of car wrecks and remains of spare parts responsible for controlling such operation to meet the standard and fairness to all stakeholders and interested persons.

The company has also regulated its activities to be in accordance with such principle such as: to treat all shareholders and business partners with equality and fairness on the ethical basis, to receive only fair remuneration in business operation without unfair benefits and with regards to equality, fairness, and ethics in business, to promote satisfaction for the shareholders under the good governance principles, to cooperate with the controlling agencies both in public and private sectors including Office of Insurance Committee, Office of Securities and Exchange Commission, Stock Exchange of Thailand, and General Insurance Association in all aspects which benefit the insurance business operation in order to efficiently achieve stability, quality development, and standard of the company's operation.

Additional, with the fair competition taken into account, the company aims to compete under the rules without any prevention from the fair business operation or any attempt to cause damage to competitors' reputations or any other unfair practices.

- **Respect for human rights:** the company has emphasized to the human right respect, the respect of basic right of all stakeholders without discrimination of race, religion, sex, age and any status regarded as human right.

The company open the chance for the employees to share the opinion evidently and equally. Additional, the company also realize to the equality of the disabled, support and promote the income making for the disabled by coordinating with Department of Empowerment of the Person with Disabilities to set the place inside the company for the disabled development center of Nonthaburi Province to sell the product of the disabled as another channel of product distribution more and more annually.

- **Treating employee fairly :** The company provide a welfare committee which comprising of representatives from employer and employee to oversee the employee benefit, welfare and suitable working environment.

As for the employment, the company has treated its employees and job candidates with fairness and without gender, race and religion discrimination. All candidates are equally considered for employment through the standard testing. Moreover, the training programs on insurances will also be provided for development of skills and capability of employees.

- **Customer responsibility:** the company aim to create the satisfaction toward the insured by developing the product to satisfy the need, the elevation of service to be qualified and fast, the setting of customer relationship management : CRM to do the satisfaction survey and receive the dissatisfaction from customers to improve the service quality and serve the satisfaction to customer.
- **Protection of Environment:** the company has emphasized to energy conservation and supported the worth resource usage. Therefore it has set the policy in energy conservation obviously by announcing in organization's database to communicate to the employee throughout the firm and be acknowledged as well as support the employee learned and realized to the importance of energy conservation. The company cooperate with Department of Alternative Energy Development and Efficiency (DEDE) in performing the energy conservation annually and set the board of energy management to run as the energy conservative plan strictly as well as to revise, analyze and improve the defection of energy management regularly and result of the company has been awarded Mea Energy Saving Building from MEA.

For waste management and wastewater treatment, waste segregation and wastewater treatment system are provided. Some of such waste will be recycled and hazardous waste will be taken care by the state agencies in the appropriate manner. The wastewater treatment system of the company is strictly established in compliance with regulations stipulated by Ministry of Natural Resources and Environment. The company has also coordinated with Environment and Sanitation Section of Bangrak District Office in order to closely monitor and fix the wastewater treatment system. The summary report of the performance of the wastewater treatment system must be submitted to the state agencies monthly.

- **Community and Social Development:** the company realizes that all persons should have an equal right to receive quality education; therefore, the company together with Siam Smiles Broker (Thailand) Co., Ltd and its subsidiaries then awards the scholarship to underprivileged students in every year.
- **Anti-corruption:** the company intends to conduct the business with transparency and fairness and is against all kinds of corruption of state agencies or within private sectors including but not limited to conflict of interest, embezzlement, money laundering or support for the terrorist. The practices for control, prevention and monitoring of the risks of corruption are regulated. The employees will be provided with needed knowledge and training in order to be aware of this kind of risk and the aim of the company to comply with the good governance principles.

Internal Control and Risk Management

The Board of Directors provides and maintains an efficient internal control system to ensure that the recording of accounting data is accurate, complete and adequate for the protection of Company's assets and the prevention of fraud and malpractices.

In this regard, the Board of Directors appointed the Audit Committee from 4 non-authorized managements to perform duties as summarized below.

- Supervising and responsible for company's financial statement preparation to be in accordance with appropriate accounting standards that required by the Securities and Exchange Commission (SEC) or the Provision of Law.
- Ensure the company implemented a good corporate governance
- Ensure the company has proper risk management and effective internal control system
- Ensure the audit plan is efficiency and effective.
- Selecting and proposing an appointment of Auditor to the company Board of Directors and get approval from the Shareholders' meeting.
- Other duty as assigned from the Board of Directors

The Audit Committee will examine and set the audit scope and plan of internal auditors to formulate and ensure that the internal control systems and practices comply with the company regulations. The audit report will submit directly to the Audit Committee and the Chairman. The internal auditors will evaluate and report to the Audit Committee quarterly. The Audit Committee will regularly cooperate with the management, internal auditors and external auditors in conducting a review.

The Audit opinions will be disclosed in the company's annual report.

The Company 's Board of Director is opined that the overall internal control system of the company is satisfactory and confidence in the reliability of the company's financial statements as at December 31,2015.

For the risk management of company, it has set the board of risk management to take the responsibilities to control and manage the risk management system in holistic frame of company according to the risk management policy as defined suitably with sub-boards including board of insurance consideration, board of compensation, board of investment consideration and board of management to follow up and manage the risk related to the assigned task of each board to let the risk management going on effectively and corresponding to the regulations and related laws. The company has set the key method as 4 steps including risk identification, risk assessment, risk response and risk monitoring and review as per integrated risk management policy. For the risk identification, the company has considered the coverage of risk in various fields such as the strategy risk, insurance risk, marketing risk, concentration risk, credit risk, fluidity risk, operation risk and legal-respect risk. In additional, the company supports the employees in all level to concern and realize to the risk control to stay in the acceptable level.

Related Party Transactions

Characteristic Transaction

During a year period, the company had related transaction in a from of shareholders and / or share member of board - that were consistent basis operation of which based on the highest benefit for the company itself and at the same time strictly comply with the regulation of the business supervised by the Department of Insurance. The related transaction incurred were insurance premium of the related companies which the insurance cover and premium rate will be disclosed in the notes to financial statement (note 29).

- Inter-Revenues and Expenses**

For the year ended 31 December 2015 and 2014 as follows:

		(Unit: Baht)		Pricing policies
		2015	2014	
<u>Related Parties</u>				
Premium written	163,376,886	164,516,309	Premium rates for general customers	
Rental and service income	5,178,226	5,191,663	Rental rate and service fee for general customers	

- Inter-Assets and Liabilities**

		(Unit: Baht)	
		As at	As at
		31 December 2015	31 December 2014
<u>Related Parties</u>			
Premium due and uncollected			
TPI Polene Pcl.		36,589,364	48,251,572
Other liabilities - Deposit			
Bangkok Union Life Insurance Pcl.		1,503,894	1,503,894

- Key management personnel compensation**

		(Unit: Baht)	
		For the year ended 31 December	
		2015	2014
Short-term Benefits		13,122,200	9,601,000
Post-Employment Benefits		-	1,757,246
Total		13,122,200	11,358,246

- **Nature of relationship**

<u>Company's name</u>	<u>Relationship</u>
Bangkok Union Life Insurance Pcl.	Partial co-directors and holding at 9.60% of shares in that company and shareholder holding at 9.19% of shares.
TPI Polene Pcl.	Partial co-directors and holding at 0.12% of shares in that company

Necessity and Reason of Related Transaction

The related business transactions supported the operation of the company including keep and extend our customer groups. The insurance premiums provided to customers were approved and comply with the regulation and condition of Department of Insurance. Besides, the company also had internal control and supervision system to ensure to efficiency of the operation.

Standard of Approval Process of Related Transaction

In Term of limitation of coverage and insurance premium, the underwriter will carefully underwrite by considering on the particular risks including property survey, The approval of each steps were compliance with both company's regulation and Department of Insurance.

Related Transaction Policy in future

The company will operate business with related companies by necessity and reason explained as the above and would run the business with honesty to customers, business partners and shareholders and maintain every benefit of company as our priority.

Financial Information

Unit: million Baht

	2015	2014	2013
<u>Operation Results</u>			
Premium Written	849.32	684.90	731.53
Net Premium Written	567.72	447.89	396.30
Total Underwriting Income	589.69	463.63	559.81
Insurance Claims and Loss adjustment expenses - normal operation	225.92	168.84	270.31
Insurance Claims and Loss adjustment expenses - severe flooding in Thailand	(1.85)	(25.92)	27.48
Unexpired Risk Reserve Increase (Decrease)	-	(0.07)	(29.97)
Profit (loss) from Underwriting	46.17	54.27	40.63
Net Investments Income	11.30	10.04	9.54
Gains on Rental	11.37	5.84	6.32
Gains on Sale of Investments	(8.68)	10.04	0.65
Net Profit (Loss)	44.36	60.52	30.85
<u>Financial Status</u>			
Total Assets	1,573.30	1,390.32	1,526.10
Total Liabilities	890.03	790.21	989.97
Shareholder's Equity	683.27	600.12	537.13
<u>Liquidity Ratio</u>			
Liquidity Ratio (Times)	1.35	1.13	1.10
Premium Receivable Turnover (Days)	58.73	58.85	55.13
<u>Profitability Ratio</u>			
Retention Rate (%)	66.84	65.40	54.17
Loss Ratio (%)	40.44	33.97	51.74
Underwriting Expenses Ratio (%)	57.66	63.37	48.56
Gross Profit Margin (%)	8.13	12.12	10.25
Return on Investment (%)	0.40	4.04	2.37
Net Premium Written to Equity Ratio (%)	88.47	78.77	75.42
Net Profit Margin (%)	4.82	7.88	3.83
<u>Efficiency Ratio</u>			
Return on Assets (%)	2.99	4.15	1.75
Asset Turnover (Times)	0.62	0.53	0.46
<u>Leverage Ratio</u>			
Debt to Equity Ratio (Times)	1.30	1.32	1.84
Policy Liability to Capital Fund (Times)	0.93	0.99	1.32
Unearned Premium Reserve to Equity (Times)	0.47	0.44	0.52
Unearned Premium Reserve to Assets (%)	20.21	19.14	18.37
Dividends Payout Ratio (%)		13.22	51.87

Explanation and Analysis of Financial Status and Performance

The auditor for the year 2014 from S.K.Accountant Services Co.,Ltd. has withdrawn from the auditor for the year 2015 after bidding audit fee already. The company can not find auditors who have been approved by the SEC within a limited time. The company must submit the quarterly and yearly of financial statements 2015 to the Office of Insurance Commission (OIC).,To mitigate the damage that might occur later The Audit Committee recommended to the Company's Board of Directors to appoint the CPA from Suttitham Law & Auditing Co.,Ltd. as the company's auditor in 2015 .

Report of Independent Auditor for the year 2015 from Suttitham Law & Auditing Co.,Ltd. shown auditor's opinion that "The financial statements present fairly, in all material respects, the financial position of BANGKOK UNION INSURANCE PUBLIC COMPANY LIMITED as at December 31, 2015, and their financial performance and cash flows for the year then ended in accordance with Financial Reporting Standards."

Operating performance for 2015

In 2015, the income from the total written premium was 849.62 million baht, increased by 164.73 million baht or 24.05%. The company has continuously monitored the situation of the market and industry competition which the strategy has been revised and adapted as a response to the changes including the better underwriting process and cost control. The profit from underwriting decreased in an amount of 46.17 million baht representing a decrease of 8.10 million baht or 14.93% compared to the previous year. Additional, the revenue from other income was 70.30 million baht decreased by 12.63 million baht or 15.23% which was the income from rent and services of real properties, net investment and investment in securities. Therefore, the total net profit of the company was 44.36 million baht and equivalent to profit per share of 2.22 baht.

Overall underwriting

In 2015, the company had the net profit from underwriting at the amount of 46.17 million baht from the written premium revenue of 849.62 million baht with profit margin ratio of 5.44% of the income which was lower than 2014 which the net profit was 54.27 million baht from the written premium income of 684.89 million baht equivalent to the profit margin ratio of 7.92%, proportion are as follow

Lines of Business	2015		2014		% Increased (decreased)
	premium written (baht)	Proportion (%)	premium written (baht)	Proportion (%)	
Fire	103,651,467	12.20	108,945,277	15.91	8.47
Marine & Transportation	27,854,770	3.28	32,352,357	4.72	106.12
Automobile	193,498,255	22.77	172,991,594	25.26	(5.13)
Miscellaneous	524,617,237	61.75	370,608,178	54.11	(14.42)
Total	849,621,729	100.00	684,895,406	100.00	(6.37)
Underwriting expenses	543,521,857	63.99	409,351,563	59.77	(21.15)
Profit from underwriting	46,173,045	5.44	54,274,210	7.92	33.58

The company had accepted the risk without reinsurance at the rate of 66.82 % of 849.62 million baht which was more than the rate of 65.40% in 2014. Therefore, the company had the net written premium of 567.72 million baht increasing by 26.76%. The cost of insurance has increased by 32.78% from the previous year, because of loss ratio had 40.44% from 33.97% but expenses ratio decreased to 57.66% from 63.37%. The company was able to control the expenses more efficiently through the quality underwriting. The profit from underwriting was 46.17 million baht received from most of insurance types increased compared to the previous year except for fire insurance with the profit margin ratio of 8.13% in 2015 and 12.12% in 2014.

Fire underwriting

As for the operating performance of fire insurance in 2015, the company received the premium of 103.65 million baht decreasing by 4.86% compared to the previous year. The amount of insurances from direct sales did not increase however such previous insurances were renewed so there was just minor change. For fire insurance in 2015, the company accepted the risk without reinsurance increase of 66.41% from 61.15%. The underwriting cost had amount of 88.84 million baht increasing by 59.43% consisting of insurance claims and loss adjustment expenses, underwriting cost, and operating cost. The most impact on the total cost was insurance claims and loss adjustment expenses increasing by 40.63 million baht, loss ratio had 64.43% increasing from the previous year, but underwriting expenses and operating cost amount to 45.24 million baht decrease by 7.51 million baht or 14.24% (underwriting expenses ratio had 43.65% compared to the previous year at a rate of 48.42%). Although, the underwriting expenses were lower than previous year but loss ratio in 2015 was high, as a result the operating of fire insurance was loss amount 15.80 million baht. (Previous year's profit of 34,21 million baht.)

Marine underwriting

As for the operating performance of marine and transportation insurance in year 2015, the company received the premium of 27.85 million baht decreasing by 13.90%. The company accepted the risk without reinsurance down to 67.30% which was the previous year at 80.17%. The total cost was 16.21 million baht decreasing by 3.55% consisting of insurance claims and loss adjustment expenses, underwriting cost, and operating cost. The underwriting cost and operating cost was 10.69 million baht representing decreasing 2.57%. As a result, the profit from operating of marine and transportation insurance was 8.82 million baht. (The previous year was 7.02 million baht.)

Motor insurance

The operating performance of motor insurance in year 2015 showed that the company received the premium of 193.50 million baht increasing by 11.85%, by the increase of sales of motor voluntary insurance but motor compulsory insurance under the Third-Party Insurance Act B.E. 2535 was decreasing. Motor insurance policies of the company can be divided into 2 types: the compulsory insurance and the voluntary insurance both could be sold by brokers or direct sales. The premium of voluntary insurance was 148.38 million baht increasing from the previous year by 21.05%. While the premium from compulsory insurance was 45.12 million baht decreasing from the previous year by 10.50%. The strategy for underwriting of compulsory insurance has

been revised to be more cautious. The company accepted all risk in the motor insurance without reinsurance. The total cost was 156.04 million baht increasing by 0.45% consisting of insurance claims and loss adjustment expenses, underwriting cost, and operating cost. Loss ratio was lower by 42.61% compared to 54.58% of the previous year. The underwriting cost and operating cost was 77.00 million baht increasing by 8.74%. The ratio of underwriting cost and operating cost / premium written for 2015 was 39.80% lower than the previous year of 40.94%. As a result, the profit from operating of motor insurance was 32.46 million baht. (The previous year was 0.77 million baht.)

Miscellaneous insurance

Miscellaneous insurance covers all other kinds of risks such as accidents, travelling, health, liability and others. The operating performance for 2015 showed that the company received the premium of 524.62 million baht increasing by 41.56% by the increase of sales of accidents insurance, health insurance, and all risk insurance. In addition, the company has received the project of erection of the natural gas platform which is the national mega project funded by Thai and Malaysian governments under the supervision of Thai and Malaysian governmental organizations. The site was situated in the area of Thai Gulf between the territory of Thailand and Malaysia with approximate area of 7,000 square kilometers. Previously, the Malaysian insurance company has provided the insurance to cover the whole projects which is worth 5.7 ten thousand million baht. Now there are 8 companies providing insurance for this projects which the company has gained the total insured share of 20% of the whole project. Most of the risks from this project has been reinsured with only 0.4% of the insured sum was accepted by the company. The company get involved in this project since 2008.

In 2015, the company accepted the risk without reinsurance up to 54.64% increasing which was higher than the previous year at 49.20%. The total cost was 282.43 million baht increasing by 55.63% consisting of insurance claims and loss adjustment expenses, underwriting cost, and operating cost. Loss ratio increased by 34.52% comparing to 28.54% of the previous year. The underwriting cost and operating cost was 186.51 million baht increasing by 8.74%. The ratio of underwriting cost and operating cost / premium written for 2015 was 35.55% which was close to the previous year of 35.60% but the company has taken more risks. As a result, the profit from operating of miscellaneous insurance was 23.69 million baht. (The previous year was 12.28 million baht.)

Investment Asset

As of 31 December 2015, the company has the investment asset at the amount of 434.73 million baht increasing from 2014 by 22.46 million baht or 5.45%. In 2015, the company has assigned 2 asset management companies to manage the company's portfolio and deposited some investing fund to the financial institute which shall be regarded as investment asset in accordance with the regulation of the Insurance Committee. Additional, another part of fund has been deposited to the financial institutes which shall be used as asset-backed.

In 2015, the income from investment was 2.62 million baht which was 86.97% lower than the previous year consisting of bank deposit interest, dividend payment and net profit(loss) from trading of stocks. The return yield was 0.92% comparing to 5.45% of the previous year.

Investment Property

The company has received some income from rent and services of the office workspace situated at BUI Building 1 (7 story building) and BUI Building 2 (20 story building). The net income from rent and services was 11.37 million baht. The real properties' value was 117.80 million baht. The return yield was 9.08%

Assets

(1) **Contents of assets** as of 31 December 2015 comprised of cash and cash equivalents 13.67%, accrued investment income 0.084%, premium receivable 9.70%, reinsurance assets 21.78%, investment assets 27.63 %, investment prpperty 7.49%, property, plant and equipment 17.79%, intangible assets 0.18%, and other assets 1.67%.

As of 31 December 2015, the company's total assets amount Baht 1,573.30 million, a increased from 2014 of Baht 182.97 million or 13.16%.

(2) Quality of assets

Cash and cash equivalents as of 31 December 2015 the company had Baht 215.09 million in cash and cash equivalents, a increased from 2014 of Baht 130.70 million or 154.88% include cash on hand and at financial institutions with an original maturity of 3 months or less, and free form restrictions.

Investment assets as of 31 December 2015, the company has invested in securities, such as bonds, common stocks, unit trusts, bill of exchange and cash at financial institutions due over 3 months amounting to Baht 434.73 million, which was the fair value. The company pledged bonds with a face value of Baht 14.00 million as collateral with the Registrar in accordance with Non-life Insurance Act of 1992.

Investment Property as of 31 December 2015, the company had a net value on Investment Property of Baht 117.80 million which is Buildings (BUI2) for rental and services business.

Property, Plant and Equipment as of 31 December 2015, the company had a net value on premises and equipment of Baht 279.89 million. In the year 2015, the Company reappraised the value of land by using the independent appraisal company (Thai Property Appraisal lynn Phillips Co., Ltd). The appraisal company valued the land by using comparison method with market price. The Company has a policy to reappraise the value of land every period approximate of 3 years.

Reinsurance assets as of 31 December 2015, the company had a reinsurance assets Baht 342.67 million decreased by Baht 4.70 million or 1.35%.

Premiums due and uncollected as of 31 December 2015, the company had a total of Baht 152.60 million in net uncollected premiums, increased of Baht 28.09 million or 22.56%. Premium receivables are classified by aging as follows:

(Unit : Million Baht)

	As at 31 December 2015				As at 31 December 2014			
	From assured	From insurance agents and brokers	From re-insurance	Total	From assured	From insurance agents and brokers	From re-insurance	Total
Not due	15.55	56.22	0.18	71.95	8.13	26.61	0.04	34.77
Over due within 30 days	0.86	22.80	0.08	23.74	1.85	23.27	-	25.11
Over due 30 - 60 days	23.46	11.71	-	35.17	25.08	16.08	0.00	41.16
Over due 60 - 90 days	0.18	4.64	0.37	5.19	0.07	8.85	0.00	8.92
Over due 90 day - 1 years	8.07	10.62	1.24	19.93	0.30	14.47	0.17	14.94
Over due 1 years	0.03	2.89	-	2.92	0.41	4.91	1.14	6.46
Total Premium receivable	48.15	108.87	1.87	158.89	35.84	94.18	1.35	131.37
Less : Allowance for doubtful accounts	(0.05)	(6.20)	(0.05)	(6.29)	(0.47)	(6.34)	(0.05)	(6.86)
Premium receivable - net	48.11	102.67	1.83	152.60	35.37	87.85	1.30	124.51

The uncollected premium was 152.60 million baht. The premium which is not due and uncollected less than 60 days was 130.87 million baht or 85.76% of all uncollected premiums. The company has improved and developed the debt collection system periodically to be more efficient.

Liquidity

Cash flow Cash flow from the operation of the company has always been positive except for the year 2012 where the company was required to pay the large amount of compensation of 670.56 million due to the floor in 2011. In 2012-2015 the cash flow becomes positive with 215.09 million cash or cash-like as of 31 December 2015 increasing by 130.70 million baht or 154.88% from the previous year.

	<u>2015</u>	<u>2014</u>
Cash flows from operating activities	148.48	51.47
Cash flows from (used) investing activities	(9.78)	(56.97)
Cash flows from (used) financing activities	(8.00)	(16.01)
Net increase (decrease) in cash and cash equivalents	<u>130.70</u>	<u>(21.51)</u>

Cash flow received from the operating activities at the amount of 148.48 million baht - has been received from the underwriting activities such as collecting premium, claim paid and has been paid for underwriting cost total of 252.04 million baht, received from income on investment 23.46 million baht, has been operating cost 120.41 million baht, and paid for corporate taxes 6.61 million baht.

The cash flow used in investment was 9.78 million baht consisting of sale and purchase of the investment asset and operating assets. Net cash flow from investing activities was 590.66 million baht and net cash flows used in investing activities was 600.44 million baht.

The cash flow used in financing activities at the amount of 8 million baht was paid as dividends of 2014.

Liquidity ratio Liquidity Ratio - As of 31 December 2015, the financial status of the

company has the liquidity ratio of 1.35 times with premium receivable turnover at 58.73 days which was quickly when compared to the previous year. Liquidity of the company financial status is considered to be sufficient.

Sources of funds

The company's sources of funds were underwriting revenue, rent and services of buildings and fund. No loan is made from any financial institute. All of these funds will be invested for increasing return.

About the reserve fund, the company has enough reserve in accordance with the regulation of Office of Insurance Committee with sufficient liquidity and capacity to pay debt in the good level. For the efficiency of financial management, the company's ratio of the reserve according to the regulation of the Office of Insurance Committee was at 207.01% higher than the average ratio of 140%.

Main factors and influences effecting future operation and financial status.

Considered from risk factors of the company

Maintaining various ratios according to the regulations of the relevant agencies and other important ratios specific to the industry.

The company has allocated Baht 17.11 million as reserve fund or 8.56% of the company's registered capital in accordance with the Public Company Limited Act of 1992, which the company was required to appropriate at least 5% of net income after deduction of the deficit brought forward (if any) until this reserve reaches at least 10% of the registered capital.

The company has allocated reserve fund according the Ministry of Commerce's Notice regarding Reserve funds for Unearned Premiums Income and for Insurance Claims for Non-life Insurance Companies. As at 31 December 2015, the Company had Unearned premium reserve amount 317.89 million baht and Loss reserve and outstanding claims amount 314.21 million baht. The Company had Insurance reserve refundable from reinsurers amount 317.61 million baht, insurance liability net amount 314.50 million baht. The company put securities amount baht 295.47 million including government bonds, bank statement and stock which was free from encumbrances to the OIC and some placed with a financial institution to the requirements of the asset-backed security.

Independent Auditor's Report

To The Shareholders of Bangkok Union Insurance Public Company Limited

I have audited the accompanying financial statement of BANGKOK UNION INSURANCE PUBLIC COMPANY LIMITED, which comprise the statement of financial position as at 31 December 2015, and the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

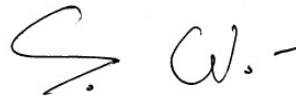
My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of BANGKOK UNION INSURANCE PUBLIC COMPANY LIMITED as at 31 December 2015, and their financial performance and cash flows for the year then ended in accordance with Financial Reporting Standards.



(Miss Siriboonyong Wongsuwat)

Certified Public Accountant

Registration No. 10016

Bangkok, Thailand

March 7, 2016

Financial Statements

BANGKOK UNION INSURANCE PUBLIC COMPANY LIMITED

STATEMENTS OF FINANCIAL POSITION

AS AT DECEMBER 31, 2015

(Unit: Baht)

	Notes	December 31, 2015	December 31, 2014
Assets			
Cash and cash equivalents	6	215,094,619	84,391,680
Accrued investment income		1,300,281	2,011,192
Premium receivable - net	7	152,600,140	124,508,280
Reinsurance assets - net	8	342,668,948	347,364,720
Investment assets			
Investment in securities - net	9		
Held for trading investment securities		-	143,043,448
Available for sale investment securities		210,583,948	137,461,568
Held to maturity investment securities		176,573,442	84,030,829
Other investments		47,514,422	47,514,902
Loans - net		56,811	214,636
Investment property - net	10	117,795,192	134,758,126
Property, plant and equipment - net	11	279,894,594	251,307,485
Intangible assets - net	12	2,891,229	2,524,083
Deferred tax assets	13	-	8,169,746
Other assets			
Withholding tax deducted at source		6,225,574	2,837,922
Prepaid expenses		496,693	728,021
Others	14	19,604,601	19,458,835
Total other assets		26,326,868	23,024,778
Total assets		1,573,300,494	1,390,325,472

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

BANGKOK UNION INSURANCE PUBLIC COMPANY LIMITED

STATEMENTS OF FINANCIAL POSITION (CONT.)

AS AT DECEMBER 31, 2015

(Unit: Baht)

	Notes	December 31, 2015	December 31, 2014
LIABILITIES AND SHAREHOLDERS' EQUITY			
Income tax payable		-	-
Due to reinsurers	15	95,816,078	51,694,454
Insurance contract liabilities			
Loss reserve and outstanding claims	16	314,214,065	330,575,045
Unearned premium reserve	17.1	317,894,627	266,125,080
Unexpired risk reserve	17.2	-	-
Employee benefit obligations	18	6,218,996	12,766,473
Deferred tax liabilities	13	14,091,192	-
Commission and brokerages payable		26,162,160	19,355,064
Other liabilities			
Accrued expenses		55,472,697	47,308,379
Premium received in advance		533,516	329,308
Deposit		17,061,594	15,669,261
Others		42,564,762	47,031,646
Total other liabilities		115,632,569	110,338,594
Total liabilities		890,029,687	790,209,501
Shareholders' equity			
Share capital	19		
Registered			
20,000,000 ordinary shares of Baht 10 each		200,000,000	200,000,000
Issued and paid-up			
20,000,000 ordinary shares of Baht 10 each		200,000,000	200,000,000
Premium on share capital		86,593,183	86,593,183
Retained earnings			
Appropriated			
Legal reserve	20	17,112,523	14,894,475
Unappropriated		138,207,716	104,064,831
Other components of equity		241,357,388	194,563,483
Total shareholders' equity		683,270,808	600,115,972
Total liabilities and shareholders' equity		1,573,300,494	1,390,325,472

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

BANGKOK UNION INSURANCE PUBLIC COMPANY LIMITED
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2015

(Unit: Baht)

	Notes	2015	2014
Revenues			
Net premium earned	22	554,073,357	420,560,670
Fee and commission income	22	32,389,430	41,837,533
Revenue from data service on motor insurance		3,232,115	1,227,570
Total revenues		589,694,902	463,625,773
Expenses			
Underwriting expenses			
Insurance claims			
Insurance claims and loss adjustment expenses - normal operation	22	225,918,881	168,844,426
Insurance claims and loss adjustment expenses - severe flooding in Thailand	22	(1,851,836)	(25,920,348)
Unexpired risk reserve increase (decrease)	22	-	(70,000)
Commissions and brokerages expenses	22	103,924,282	91,930,802
Other underwriting expenses	22	65,604,853	49,456,465
Contributing to Road Accident Victims Protection Co., Ltd.	22	5,527,419	6,175,577
Operating expenses	23	144,398,258	118,934,641
Total underwriting expenses		543,521,857	409,351,563
Profit (loss) from underwriting		46,173,047	54,274,210
Net investment income		11,296,992	10,040,037
Gains on sale of investment		(8,681,498)	10,037,547
Other income		163,400	150,529
Rental income		67,519,386	62,701,895
Other expenses - premises and equipment expenses for rental		(56,148,130)	(56,863,257)
Profit (loss) from operations		60,323,196	80,340,961
Contribution to office of insurance commission		2,490,584	1,964,452
Contribution to non-life guarantee fund		2,076,159	1,635,532
Contribution to road victims protection fund		451,218	504,129
Finance cost		-	10,114
Profit (loss) before income tax		55,305,235	76,226,734
Tax expense (income)	26	10,944,303	15,710,550
Net profit (loss) for the year		44,360,932	60,516,184

Notes to financial statements form an integral part of these statements

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

(Unit: Baht)

	Notes	2015	2014
Other comprehensive income			
Gain (losses) on land revaluation		28,296,000	-
Gain(losses) on remeasuring available-for-sale investments		18,497,904	18,471,782
Total other comprehensive income for the period - net of income tax		<u>46,793,904</u>	<u>18,471,782</u>
Total comprehensive income (expenses) for the year		<u>91,154,835</u>	<u>78,987,966</u>
Earnings (loss) per share			
Basic earnings (loss) per share		2.22	3.03

Notes to financial statements form an integral part of these statements

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

(Unit: Baht)

	Notes	Issued and Paid-up	Share premium account	Retained earnings		Other components of equity		Total shareholders' equity	
				Appropriated - legal reserve	Unappropriated	Other comprehensive income			Total
						Revaluation of land - Net of income tax	Available - for-sale investments- Net of income tax		
Balance as at December 31, 2013		200,000,000	86,593,183	11,868,666	62,574,456	174,880,000	1,211,701	176,091,701	537,128,006
Legal reserve	20	-	-	3,025,809	(3,025,809)	-	-	-	-
Total comperhensive income (expense) for the year		-	-	-	60,516,184	-	18,471,782	18,471,782	78,987,966
Payment for dividends	21	-	-	-	(16,000,000)	-	-	-	(16,000,000)
Balance as at December 31, 2014		200,000,000	86,593,183	14,894,475	104,064,831	174,880,000	19,683,483	194,563,483	600,115,972
Legal reserve	20	-	-	2,218,047	(2,218,047)	-	-	-	-
Total comperhensive income (expense) for the year		-	-	-	44,360,932	28,296,000	18,497,904	46,793,904	91,154,836
Payment for dividends	21	-	-	-	(8,000,000)	-	-	-	(8,000,000)
Balance as at December 31, 2015		200,000,000	86,593,183	17,112,522	138,207,716	203,176,000	38,181,387	241,357,388	683,270,807

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

BANGKOK UNION INSURANCE PUBLIC COMPANY LIMITED
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2015

(Unit: Baht)

	Notes	2015	2014
Cash flows from (used) operating activities :			
Direct premium written		800,980,822	629,548,596
Cash received from (paid for) reinsurance		(116,846,097)	8,845,237
Losses incurred of direct insurance		(236,366,452)	(321,566,372)
Loss adjustment expenses of direct insurance		(30,551,379)	(43,875,989)
Commissions and brokerages of direct insurance		(100,019,328)	(84,394,140)
Other underwriting expenses of direct insurance		(65,154,433)	(46,620,378)
Interest income		5,548,442	8,560,796
Dividend income		5,916,848	6,103,451
Other income		11,996,274	7,151,614
Operating expenses		(120,413,548)	(92,855,508)
Income tax		(6,607,415)	(19,430,316)
Net cash flows from (used in) operating activities		148,483,735	51,466,991
Cash flows from (used) investing activities :			
Cash inflows from			
Investment in securities		525,500,814	234,306,770
Deposit		65,000,000	60,000,000
Loans		157,825	82,792
Property, plant and equipment		-	43,500
Net cash flows from investing activities		590,658,639	294,433,062
Cash flows from (used) investing activities			
Cash outflows for			
Investment in securities		(478,138,384)	(350,111,725)
Deposit		(120,000,000)	-
Loans		-	(100,000)
Property, plant and equipment		(2,301,050)	(1,188,885)
Net cash flows used in investing activities		(600,439,434)	(351,400,610)
Net cash flows from (used in) investing activities		(9,780,795)	(56,967,548)
Cash flows from (used) financing activities :			
Payment of interest expenses		-	(10,114)
Payment for dividends		(8,000,000)	(16,000,000)
Net cash flows from (used in) financing activities		(8,000,000)	(16,010,114)
Net increase (decrease) in cash and cash equivalents		130,702,940	(21,510,671)
Cash and cash equivalents at beginning of the year	6	84,391,680	105,902,351
Cash and cash equivalents at ending of the year	6	215,094,619	84,391,680

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

BANGKOK UNION INSURANCE PUBLIC COMPANY LIMITED
NOTES TO FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2015

1. General Information

1.1 Legal status

The Company was incorporated as a public limited company under Thai laws and listed in the Stock Exchange of Thailand.

1.2 Address

The registered office address of the Company is located at 175-177 Surawong Road, Suriyawong, Khet Bangrak, Bangkok, Thailand.

1.3 Nature of the Company's business

The Company operates its business in Thailand and its principal activities are non-life insurance and rental of office space.

2. Accounting policies

2.1 Basis of preparation

The financial statements have been prepared in accordance with Thai generally accepted accounting principles under the Accounting Act B.E. 2543, being those Thai Accounting Standards (TAS) and Thai Financial Reporting Standards (TFRS) issued under the Accounting Profession Act BE. 2547. In addition, the financial statements presentation are also based on the formats prescribed by the notification of the Office of Insurance Commission (OIC) "Principle methodology, condition and timing for preparation, submission and reporting of financial statements and operation performance for non-life insurance company (No.4)" dated 31 July 2013 which follows the format of the previous notification dated 27 May 2010.

The financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with Thai generally accepted accounting principles requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

An English version of the financial statements has been prepared from the statutory financial statements that are in the Thai language. In the event of a conflict or a difference in interpretation between the two languages, the Thai language statutory financial statements shall prevail.

2.2 New financial reporting standards and revised financial reporting standards

2.2.1 New financial reporting standards and revised financial reporting standards which are effective on 1 January 2015 and relevant to the Company.

a. Financial reporting standards, which are relevant to the Company are as follows:

TAS 1 (revised 2014)	Presentation of financial statements
TAS 19 (revised 2014)	Employee benefits
TFRS 13	Fair value measurement

TAS 1 (revised 2014), the main change is that a requirement for entities to group items presented in 'other comprehensive income' (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). The amendments do not address which items are presented in OCI.

TAS 19 (revised 2014), the key changes are (a) actuarial gains and losses are renamed 'remeasurements' and will be recognized immediately in 'other comprehensive income' (OCI). Actuarial gains and losses will no longer be deferred using the corridor approach or recognized in profit or loss; and (b) past-service costs will be recognized in the year of a plan amendment; unvested benefits will no longer be spread over a future-service year. This standard has no significant impact to the financial statements of the Company.

TFRS 13 aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across TFRSs. The standard has no impact to the financial information of the Company, except for disclosures that are disclosed in Note 4.

b. Financial reporting standards with minor changes

There are 41 financial reporting standards with minor changes which do not impact the Company.

2.2.2 New financial reporting standards, which are effective for the years beginning on or after 1 January 2016 and are relevant to the Company, are as follows.

a. Financial reporting standards, which are relevant to the Company are as follows:

TAS 16 (revised 2015)	Property, plant and equipment
TAS 19 (revised 2015)	Employee benefits
TAS 24 (revised 2015)	Related party disclosures
TAS 36 (revised 2015)	Impairment of assets
TFRS 4 (revised 2015)	Insurance contracts
TFRS 8 (revised 2015)	Operating segments
TFRS 13 (revised 2015)	Fair value measurement
TFRIC 21 (revised 2015)	Levies

TAS 16 (revised 2015), 'Property, plant and equipment' clarifies how the gross carrying amount and the accumulated depreciation are treated where an entity uses the revaluation model.

TAS 19 (revised 2015), 'Employee benefits' is amended to apply to contributions from employees or third parties to defined benefit plans and to clarify the accounting treatment of such contributions. The amendment distinguishes between contributions that are linked to service only in the year in which they arise and those linked to service in more than one year.

TAS 24 (revised 2015), 'Related party disclosures' includes as a related party an entity that provides key management personnel services to the reporting entity or to the parent of the reporting entity (the 'management entity'). Disclosure of the amounts charged to the reporting entity is required.

TAS 36 (revised 2015), 'Impairment of assets' is amended to provide additional disclosure requirement when the recoverable amount of the assets is measured at fair value less costs of disposal. The disclosures include 1) the level of fair value hierarchy, 2) when fair value measurement categorized within level 2 and level 3, disclosures is required for valuation technique and key assumption.

TFRS 4 (revised 2015) applies to all insurance contracts (including reinsurance contracts) that an entity issues and to reinsurance contracts that it holds. The standard exempts an insurer temporarily from some requirements of other standards, including the requirement to consider the Framework in selecting accounting policies for insurance contracts. However, the standard (a) prohibits provision for possible claims under contracts that are not in existence at the end of the reporting year; (b) requires a test for the adequacy of recognized insurance liabilities and an impairment test for reinsurance assets; and (c) requires an insurer to keep insurance liabilities in its statement of financial position until they are discharged or cancelled, or expired, and to present insurance liabilities without offsetting them against related reinsurance assets.

TFRS 8 (revised 2015), 'Operating segments' requires disclosure of the judgements made by management in aggregating operating segments. It is also amended to require a reconciliation of segment assets to the entity's assets when segment assets are reported to chief operating decision maker.

TFRS 13 (revised 2015), 'Fair value measurement' is amended to clarify that the portfolio exception in TFRS 13 applies to all contracts (including non-financial contracts) within the scope of TAS 39 (when announced) or IFRS 9 (when announced).

TFRIC 21, 'Levies', the Interpretation addresses the accounting for a liability to pay a levy if that liability is within the scope of TAS 37. It also

addresses the accounting for a liability to pay a levy whose timing and amount is certain.

Management is currently assessing the impact of those financial reporting standards.

b. Financial reporting standards with minor changes

There are 40 financial reporting standards with minor changes which do not impact the Company.

2.3 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates ('the functional currency'). The financial statements presented in Thai Baht which is the Company's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the profit or loss.

When a gain or loss on a non-monetary item is recognized in other comprehensive income, any exchange component of that gain or loss is recognized in other comprehensive income. Conversely, when a gain or loss on a non-monetary item is recognized in profit and loss, any exchange component of that gain or loss is recognized in profit and loss.

2.4 Cash and cash equivalents

Cash and cash equivalents comprise cash balances, call deposits and highly liquid short-term investments, with maturities of three months or less from the date of acquisition and not subject to withdrawal restrictions. Bank overdrafts that are repayable on demand are a component of cash and cash equivalents.

2.5 Premiums due and uncollected

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

2.6 Reinsurance receivables and assets

Reinsurance receivables and assets are stated at the outstanding balance of amounts due from reinsurers and the reinsurers share of insurance contract liabilities.

Amounts due from reinsurers consist of accrued commission and brokerage income, claims and various other items receivable from reinsurers, except for reinsurance premiums due which are included in premium due and uncollected.

The reinsurers share of insurance contracts liabilities consist of the reinsurers portion of loss reserves and outstanding claims and the reinsurance premium attributable to premium reserves.

An allowance for doubtful accounts is deducted from reinsurance receivables and assets when there may be an inability to make collections from the reinsurer. This is determined taking into account collection experience and the status of the receivables as at the end of the reporting year.

The Company will net reinsurance balances due to and from the same reinsurer when the following criteria for offsetting are met:

- (1) the Company has a legal right to offset amounts presented in the statement of financial position; and
- (2) the Company will settle the amount recognized in the statement of financial position on a net basis.

2.7 Investments in securities

Investments are classified into the following three categories: (1) held-to-maturity investments; (2) available-for-sale investments; and (3) general investments. The classification is dependent on the purpose for which the investments were acquired. Management determines the appropriate classification of its investments at the time of the purchase and re-evaluates such designation on a regular basis.

1. Investments with fixed maturity that management has the intent and ability to hold to maturity are classified as held-to-maturity.
2. Investments intended to be held for an indefinite time, which may be sold in response to liquidity needs or changes in interest rates, are classified as available-for-sale.
3. Investments in non-marketable equity securities are classified as general investments.

All categories of investment are initially recognized at cost, which is equal to the fair value of consideration paid plus transaction cost.

Investments in available-for-sale securities are stated at fair value. Changes in the carrying amounts of securities are recorded as other comprehensive income and recognized this accumulation to owners' equity until sold out these securities that will be recorded in the statements of comprehensive income.

Investments in held-to-maturity debt securities are recorded at amortized cost. The premium/discount on debt securities is amortized by the effective interest rate method with the amortized amount presented as an adjustment to the interest income.

Investments in non-marketable equity securities, which the Company classifies as general investments, are stated at cost net of allowance for the impairment (if any).

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

Loss on impairment of investments in available-for-sale securities, held-to-maturity debt securities, and other investments is included in the statements of comprehensive income when the carrying amount exceeds its recoverable amount.

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

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

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the profit or loss. When disposing of part of the Company's holding of a particular investment in debt or equity securities, the carrying amount of the disposed part is determined by the weighted average carrying amount of the total holding of the investment.

2.8 Loans

Loans are stated at their principal amount less allowance for doubtful accounts. 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.

2.9 Land, premises and equipment

Recognition and measurement

Land, premises and equipment are stated at cost less accumulated depreciation and impairment losses except for land and buildings which are stated at their revalued amounts. The revalued amount is the fair value determined on the basis of the property's existing use at the date of revaluation less any subsequent accumulated depreciation and impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. Purchased software that is integral to the functionality of the related equipment is

capitalised as part of that equipment. When parts of an item of premises and equipment have different useful lives, they are accounted for as separate items (major components) of lands, premises and equipment.

Gains and losses on disposal of an item of premises and equipment are determined by comparing the proceeds from disposal with the carrying amount of land, premises and equipment, and are recognized net within other income in profit or loss.

Revalued assets

Revaluations are performed by independent professional valuers with sufficient regularity to ensure that the carrying amount of these assets does not differ materially from that which would be determined using fair values at the reporting date.

Any increase in value, on revaluation, is recognized in other comprehensive income and presented in the revaluation reserve in equity unless it offsets a previous decrease in value recognized in profit or loss in respect of the same asset. A decrease in value is recognized in profit or loss to the extent it exceeds an increase previously recognized in other comprehensive income in respect of the same asset. The revaluation surplus is utilised by reference to the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the asset's original cost and transferred directly to retained earnings. Upon disposal of a revalued asset, any remaining related revaluation surplus is transferred directly to retained earnings and is not taken into account in calculating the gain or loss on disposal.

Subsequent costs

The cost of replacing a part of an item of land, premises and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company, and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of land, premises and equipment are recognized in profit or loss as incurred.

Depreciation

Depreciation is calculated based on the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of each component of an item of assets or component of assets. The estimated useful lives are as follows:

Building and improvement	20 years
Furniture and office equipment	5 , 10 years
Other equipment	5 , 10 years
Vehicles	5 years

No depreciation is provided on freehold land or assets under construction and installation.

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

The asset's carrying amount is written-down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

2.10 Intangible assets

Software licenses

Software licenses which are acquired by the Company and have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses.

Amortisation

Amortisation is calculated based on the cost of the asset, or other amount substituted for cost, less its residual value.

Amortisation is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful lives are as follows:

Software licenses 5 years

Amortisation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

2.11 Impairment

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognized for the amount by which the carrying amount of the assets exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows. Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2.12 Leases - where a Company is the lessee

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the year of the lease.

2.13 Leases - where a Company is the lessor

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating

leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the year of the lease.

2.14 Premium Reserve

(a) Unearned premium reserve

Unearned premium reserve is set aside in compliance with the Notification of the Office of Insurance Commission governing the appropriation of unearned premium reserves of non-life insurance companies as follows:-

Type of insurance	Reserve Calculation Method
Fire, marine and transportation (Hull) Motor and Miscellaneous	Monthly average basis (the one-twenty forth basis)
Marine and transportation (cargo)	Net premium written for the past 90 days.
Travelling accident	Net premium written for the past 30 days.

(b) Unexpired risks reserve

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

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

2.15 Loss reserves and outstanding claims

The Company records outstanding claims at the amount to be paid, while loss reserves are provided upon receipt of claim advices from the insured. They are recorded at the value appraised by an independent appraiser, or by the Company's officer as each case but not exceed the maximum of sum insured of each policy.

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

2.16 Reinsurance payables

Due to reinsurers are stated at the outstanding balance payable from reinsurance and amounts withheld on reinsurance. Amounts due to reinsurers consist of reinsurance premiums and other items payable to reinsurers, excluding claims. The Company presents net of reinsurance to the same entity (reinsurance assets or amounts due to reinsurers) when the criteria for offsetting as follows:

(1) The Company has a legal right to offset amounts presented in the statements of financial position, and

(2) The Company intends to receive or pay the net amount recognized in the Statements of Financial Position, or to realize the asset at the same time as it pays the liability.

2.17 Employee benefits

Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognized for the amount expected to be paid under short-term cash bonus if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

Defined contribution plan

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognized as an employee benefit expense in profit or loss in the years during which services are rendered by employees.

Defined benefit plan

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior years; that benefit is discounted to determine its present value. The discount rate is the yield at the reporting date on government bonds that have maturity dates approximating the terms of the Company's obligations.

The calculation is performed by a qualified actuary using the projected unit credit method. The Company recognizes all actuarial gains and losses arising from defined benefit plan in other comprehensive income and all expenses related to defined benefit plans in personnel expenses in profit or loss.

Other long-term employee benefits

The Company's net obligation in respect of long-term employee benefits other than the defined benefit plan is the amount of future benefit that the eligible employees have earned in return for their service in the current and prior years before retirement; that benefit is discounted to determine its present value. In the statement of financial position, the obligations represent the present value of the other long-term employee benefit. The obligations are calculated on the same basis as the defined benefit plan. Any actuarial gains and losses are recognized in other comprehensive income in the year they arise.

2.18 Current and deferred income taxes

The tax expense for the year comprises of current and deferred tax. Tax is recognized in profit or loss, except the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case the tax is also recognized in other comprehensive income or directly in owners' equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of reporting year in the countries where the Company operates and generates taxable income. Management yearically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subjected to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognized, using the liability method, on temporary differences arising from differences between the tax base of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates that have been enacted or substantially enacted by the end of the reporting year and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.19 Provisions

Provisions are recognized when: the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

2.20 Dividend paid

Dividend distribution to the Company's shareholders is recognized as a liability in the Company's financial statements in the year in which the dividends are approved by the Company's shareholders.

2.21 Financial instruments

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

2.22 Segment reporting

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

2.23 Revenue

(a) Direct and reinsurance premium

Premium income is recognized on the date the relevant insurance policy comes into effect after deducting premium ceded and cancelled, and adjusting for unearned premiums.

For long-term insurance policies, the Company records the amount of premium received in respect of the year after one year as advance premium, and records related commission as prepaid long-term commission in other assets. The Company recognises the premium and prepaid commission as income and expense respectively, in accordance with the coverage year.

Reinsurance premium income is recognized when the reinsured company places the written documents, such as the reinsurance application or statement of accounts, with the Company.

(b) Ceded premium

Ceded premium is recognized as an expense when the insurance risk is transferred to another reinsurer, and after adjustment for unearned premium.

(c) Commission and brokerage income

Commission and brokerage income from ceded premium are recognized as income over the year in which the related services are performed.

(d) Net investment income

Net investment income comprises dividend and interest income from investments, loans, and bank deposits net of investment expenses.

Dividend income is recognized in profit or loss on the date the Company's right to receive payments is established.

Interest income is recognized in profit or loss as it accrues.

(e) Rental and service income

Rental and service income from premises are recognized in profit or loss on a straight-line basis over the term of the lease and are recognized as income in the accounting year in which they are earned.

(f) Other income

Other income is recognized on an accrual basis.

2.24 Expenses

(a) Claims and loss adjustment expenses

Claims and loss adjustment expenses consist of claims and loss adjustment expenses of direct insurance and reinsurance, and include the amounts of claims, related expenses and loss adjustments of current and prior year incurred during the year, less residual value and other recoveries (if any) and claims refundable from reinsurers.

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

Claims and loss adjustment expenses of reinsurance are recognized as expenses when the reinsured company submits the loss advice or the statement of accounts with the Company.

(b) Commissions and brokerages

Commissions and brokerages are charged to profit and loss on an accrual basis

2.25 Earnings per share

The Company presents basic earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

3. Critical accounting estimates, assumptions and judgements

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates

and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below.

3.1 Impairment of premium receivable

The Company maintains an allowance for doubtful accounts to reflect impairment of premium due and uncollected receivables. The allowance for doubtful accounts is based on collection experience and a review of current status of the premium due as at the date of statement of financial position.

3.2 Impairment on reinsurance assets

The objective evidence of impairment on reinsurance assets is based on latest credit rating or solvency capital data available as at closing date and other public information.

3.3 Buildings and equipment and intangible assets

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

3.4 Deferred tax

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

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

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

3.6 Employee benefits obligations

Employee benefits obligations are determined by independent actuary. The amount recognized in the Statement of Financial Position is determined on an estimation basis utilising various assumptions. The assumptions used in determining the cost for employee benefits includes the rate of salary inflation and employee turnover. Any change in these assumptions will impact the cost recorded for employee benefits. On an annual basis the Company determines the appropriate assumptions, which represents the provision expected to be required to settle the employee benefits.

3.7 Unexpired risk reserve

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

3.8 Litigation

The Company has contingent liabilities as a result of litigation. The Company's management has used judgment to assess of the results of the litigation and believes that loss incurred will not exceed the recorded amounts as at the end of reporting period. However, actual results could differ from the estimates.

4. Financial risk management

Financial risk management policies

The Company is exposed to normal business risks from changes in market interest rates and currency exchange rates and from non-performance of contractual obligations by counterparties. The Company does not hold or issue derivative financial instruments for speculative or trading purposes.

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 risk occurring and the cost of managing the risks. Management continually monitors the Company's risk management process to ensure that an appropriate balance between risk and control is achieved.

Capital management

The Company maintains its capital fund in accordance with the requirements of the Office of Insurance Commission.

The Company's objectives in managing capital are to ensure that it has appropriate financial resources to continue its business as a going concern in order to protect policyholders and to provide returns for shareholders and benefits for other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain an appropriate capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares.

Interest rate risk

Interest rate risk is the risk that future movements in market interest rates will affect the results of the Company's operations and its cash flows and it will affect the interest income from investments. The investments include both short-term and long-term investments that have fixed and floating interest rates. The Company manages the risk by considering the risk of investments together with the return on such investments. (see note 28.2)

Foreign currency risk

As at 31 December 2015 and 2014, the Company was not exposed to foreign currency risk and all financial assets and liabilities were denominated in Baht.

Credit risk

Credit risk is the potential financial loss resulting from the failure of the counterparty to settle its financial and contractual obligations to the Company as and when they fall due.

Key areas that the Company is exposed to credit risk are cash positions, premium due and uncollected, Reinsurance receivables and assets and investments in debt securities.

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all policyholder, and debt securities on an ongoing basis. At the reporting date there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position.

Concentrations of credit risk with respect to premiums due and uncollected are insignificant due to the large number of customers comprising the customer base and their dispersion across different industries and geographic regions in Thailand.

Liquidity risk

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

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1)
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2)
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

Fair value estimation

There were no transfers between levels 1 and 2 during the year.

(a) Financial instruments in level 1

The fair value of financial instruments traded in active markets is based on quoted market prices at the statement of financial position date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Company is the current bid price. These instruments are included in Level 1.

(b) Financial instruments in level 2

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

Level 2 debt investments of marketable securities are fair valued based on yield curve of the Thai Bond Market Association under discounted cash flow model.

The Company's policy is to recognise transfers into and transfers out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer.

There were no other changes in valuation techniques during the year.

The Company has a general investment in limited companies and is not in the stock exchange. These investment do not have any market prices which can be used as fair value and the Company also do not have any plan for selling these investments, so the Company did not assess the fair value for the general investment. Therefore, the Company cannot disclose the fair value of the general investment in the notes to the financial statements and have stated these investments at cost net allowance for impairment (if any).

5. Change in accounting estimates

During the year, the Company no changed the method it.

6. Cash And Cash Equivalents

	(Unit: Baht)	
	As at December 31, 2015	As at December 31, 2014
Cash on hand	79,200	243,880
Cheques due on hand	703,265	1,736,733
Cash at bank - uncallable term	214,312,154	47,136,788
Cash at bank - callable term	-	35,274,279
Total cash and deposits at financial institutions	215,094,619	84,391,680
<u>Less</u> Cash at financial institutions and other financial institutions due over 3 months	-	-
Cash and cash equivalents	<u>215,094,619</u>	<u>84,391,680</u>

7. Premium receivables - net

As at December 31, 2015 and 2014, Premium receivables are classified by aging as follows :

(Unit: Baht)

	As at 31 December 2013				As at 31 December 2014			
	From assured	From insurance agents and brokers	From reinsurance	Total	From assured	From insurance agents and brokers	From reinsurance	Total
Premium receivables :-								
Not due	15,548,412	56,219,747	177,114	71,945,273	8,127,578	26,607,181	35,289	34,770,048
Due								
Over due within 30 days	864,210	22,802,047	80,373	23,746,630	1,848,036	23,265,110	-	25,113,146
Overdue 30 - 60 days	23,464,664	11,712,915	-	35,177,579	25,083,312	16,076,697	2,550	41,162,559
Overdue 60 - 90 days	176,277	4,636,711	369,037	5,182,025	74,564	8,848,087	1,199	8,923,850
Overdue 90 day - 1 years	8,069,115	10,616,444	1,244,382	19,929,941	297,381	14,473,376	166,659	14,937,416
Overdue 1 years	26,073	2,885,876	-	2,911,948	405,500	4,912,406	1,140,472	6,458,378
Total Premium receivable	48,148,752	108,873,739	1,870,906	158,893,397	35,836,371	94,182,857	1,346,169	131,365,397
Less: Allowance for								
doubtful accounts	(46,252)	(6,201,154)	(45,850)	(6,293,257)	(468,888)	(6,337,711)	(50,518)	(6,857,117)
Premium receivable - net	48,102,500	102,672,585	1,825,055	152,600,140	35,367,483	87,845,146	1,295,651	124,508,280
Lawsuit-Account Receivable								
Due								
Overdue 1 years	-	91,295,119	-	91,295,119	-	91,077,255	-	91,077,255
Less: Allowance for								
doubtful accounts	-	(91,295,119)	-	(91,295,119)	-	(91,077,255)	-	(91,077,255)
Lawsuit-Account Receivable - net	-	-	-	-	-	-	-	-
Premium receivable - net	48,102,500	102,672,585	1,825,055	152,600,140	35,367,483	87,845,146	1,295,651	124,508,280

As at 31 December 2015 and 2014, premium receivable from an agent amount of Baht 65.15 million, equal both periods, respectively. The company has provided fully allowance for doubtful accounts in the amount of Baht 65.15 million, equally. At present, the Company is in the legal proceedings with such agent as mentioned in note 37.

8. Reinsurance assets - net

Consist of :

	(Unit: Baht)	
	As at December 31, 2015	As at December 31, 2014
Amount receivable from reinsurers - net	24,319,187	38,520,460
Insurance reserve refundable from reinsurers	317,606,307	308,844,260
Other receivable from reinsurance	743,453	-
Reinsurance asset - net	342,668,948	347,364,720

Insurance reserve refundable from reinsurers as at 31 December 2015 and 2014, includes insurance reserve refundable from reinsurers from flooding loss amounting to Baht 7.76 million and Baht 6.61 million, respectively.

As at 31 December 2015 and 2014, amount receivable from reinsurers were classified by aging as follows:

	(Unit: Baht)	
	As at December 31, 2015	As at December 31, 2014
Not due	12,178,297	16,757,835
Over due less than 12 months	2,085,153	13,038,898
Over due 1- 2 years	5,125,527	5,434,455
Over due more than 2 years	10,045,949	8,405,011
Total receivable from reinsurers	29,434,926	43,636,199
<u>Less</u> : Allowance for doubtful accounts	(5,115,739)	(5,115,739)
Amount receivable from reinsurers - net	24,319,187	38,520,460

9. Investments in securities - net

As at 31 December 2015 and 2014, investments in securities are as follows:

9.1 Held for trading investment securities

	(Unit: Baht)				
	2015				
	Cost	Unrealised gains	Unrealised losses	Fair value	Percentage of Investments to total assets
<u>Private enterprises debt securities</u>					
Equity securities	-	-	-	-	-
Total	-	-	-	-	-

	(Unit: Baht)				
	2014				
	Cost	Unrealised gains	Unrealised losses	Fair value	Percentage of Investments to total assets
<u>Private enterprises debt securities</u>					
Equity securities	143,585,643	5,701,550	(6,243,745)	143,043,448	9.66
Total	143,585,643	5,701,550	(6,243,745)	143,043,448	9.66

9.2 Available-for-sale investments

(Unit: Baht)					
2015					
	Cost	Unrealised gains	Unrealised losses	Fair value	Percentage of investments to total assets
Private enterprises debt securities					
Equity securities	108,491,254	46,634,087	(1,152,659)	153,972,683	9.79
Unit trust	56,690,171	1,824,876	(1,903,782)	56,611,265	3.60
Total	165,181,425	48,458,963	(3,056,440)	210,583,948	13.38
<u>Less</u> Allowance for impairment	-	-	-	-	-
Total	165,181,425	48,458,963	(3,056,440)	210,583,948	13.38
(Unit: Baht)					
2014					
	Cost	Unrealised gains	Unrealised losses	Fair value	Percentage of investments to total assets
Private enterprises debt securities					
Equity securities	108,491,254	34,416,189	(10,757,089)	132,150,354	8.92
Unit trust	6,690,171	1,400,459	(1,626,757)	6,463,873	0.44
Total	115,181,425	35,816,648	(12,383,846)	138,614,227	9.36
<u>Less</u> Allowance for impairment	(1,152,659)	-	-	(1,152,659)	(0.08)
Total	114,028,766	35,816,648	(12,383,846)	137,461,568	9.28

9.3 Held-to-maturity investments

(Unit: Baht)				
2015				
	Amortized cost	Percentage of investments to total assets	Amortized cost	Percentage of investments to total assets
Government and state enterprise securities				
Thai government bonds	51,573,442	3.28	64,030,829	4.61
Private enterprises debt securities				
Debenture	70,000,000	4.45	20,000,000	1.44
Fixed deposit at bank	55,000,000	3.50	-	-
Total	176,573,442	11.22	84,030,829	8.20

9.4 Other investments

	(Unit: Baht)			
	2015		2014	
	Cost	Percentage of investments to total assets	Cost	Percentage of investments to total assets
Equity	47,521,166	3.02	47,521,166	3.42
<u>Less</u> Allowance for impairment	(6,744)	(0.00)	(6,264)	(0.00)
Total other investments	<u>47,514,422</u>	<u>3.02</u>	<u>47,514,902</u>	<u>3.42</u>

Other investments are the long-term investment in equities, consist of the following

Companies	Type of Business	Relationship	Paid-up capital (Baht)		Holding portion (%)		Amount (Baht)	
			As at December 31,		As at December 31,		As at December 31,	
			2015	2014	2015	2014	2015	2014
1. ANUMAN SPAREPARTS CO., LTD.	Trading	Co - shareholders	200,000	200,000	10	10	20,000	20,000
2. ROAD VICTIMS PROTECTION CO., LTD.	Insurance	Co - shareholders	100,000,000	100,000,000	0.58	0.58	577,910	577,910
3. THAI INSURERS DATA net CO., LTD.	Service	Co - shareholders	100,000,000	100,000,000	0.88	0.88	87,500	87,500
4. T.I.I. COMPANY LIMITED	Training	Co - shareholders	21,500,000	21,500,000	0.09	0.09	20,000	20,000
5. BUI LIFE INSURANCE CO., LTD.	Life insurance	Co - shareholders	500,000,000	500,000,000	9.60	9.60	46,815,756	46,815,756
Total other investments							47,521,166	47,521,166
<u>Less</u> Allowance for loss on impairment in other investments								
- ANUMAN SPAREPARTS CO., LTD.							(6,744)	(6,264)
Total other investments - net							<u>47,514,422</u>	<u>47,514,902</u>

9.5 Maturity of debt securities

	(Unit: Baht)							
	2015				2014			
	Period to maturity				Period to maturity			
	Within 1 year	1 - 5 years	Over 5 years	Total	Within 1 year	1 - 5 years	Over 5 years	Total
<u>Held-to-maturity investments</u>								
<u>Government and state enterprise securities</u>								
Thai government bonds	36,009,781	7,953,808	7,609,853	51,573,442	54,995,156	9,035,673	-	64,030,829
<u>Private enterprises debt securities</u>								
Debenture	-	60,000,000	10,000,000	70,000,000	-	20,000,000	-	20,000,000
Cash at banks	55,000,000	-	-	55,000,000	-	-	-	-
Total held-to-maturity investment - net	<u>91,009,781</u>	<u>67,953,808</u>	<u>17,609,853</u>	<u>176,573,442</u>	<u>54,995,156</u>	<u>29,035,673</u>	<u>-</u>	<u>84,030,829</u>

As at December 31 2015 and 2014, available-for-sale investment, stock, bonds and time deposit totaling amount Baht 50.41 million and Baht 62.51 million, respectively, have been used as security with registrar. For assets allocated as a reserve with the registrar and assets that have restrictions and obligations are presented under the note to financial statements no.30, 31 and 32.

10. Investment property – net

Consist of:

	(Unit: Baht)
	<u>Building</u>
As at 31 December 2014	
Cost	458,457,698
<u>Less</u> Accumulated Depreciation	<u>(323,699,572)</u>
Book Value	<u>134,758,126</u>
Transactions During the Year Ended 31 December 2015	
Depreciation for the Year	<u>(16,962,935)</u>
Ending Book Value	<u>117,795,191</u>
As at 31 December 2015	
Cost	458,457,698
<u>Less</u> Accumulated Depreciation	<u>(340,662,507)</u>
Book Value	<u>117,795,192</u>

One building is located on lease land from a company (Note 34.1)

As at December 31 2015 and 2014, investment property had book value amount of Baht 117.80 million and 134.76 million, respectively. The Company reappraised the value of land at June 8, 2015 by using the independent appraisal company (Thai Property Appraisal Lynn Philips Co., Ltd.) The appraisal company valued the land by using comparison method with market price. The fair value at 31 December 2015 amount of Baht 510.11 million and at 31 December 2014, amount of Baht 479.30 million.

11. Property, plant and equipment - net

Consist of:

	(Unit: Baht)					
	Land	Land revaluation	Buildings and Buildings Improvement	Fixtures and Office Equipments	Vehicles	Total
As at 31 December 2014						
Cost	10,718,000	218,600,000	115,990,570	116,169,988	12,759,612	474,238,170
<u>Less</u> Allowance for Impairment	-	(1,458,000)	-	-	-	(1,458,000)
<u>Less</u> Accumulated Depreciation	-	-	(99,145,695)	(112,967,293)	(9,359,697)	(221,472,685)
Book Value	10,718,000	217,142,000	16,844,875	3,202,695	3,399,915	251,307,485
Transactions During the Year Ended 31 December 2015						
Purchase	-	36,828,000	-	912,250	-	37,740,250
Disposal	-	-	-	-	-	-
Depreciation for the year	-	-	(5,292,940)	(1,503,478)	(2,356,723)	(9,153,141)
Depreciation for Disposal/written-off assets	-	-	-	-	-	-
Ending Book Value		36,828,000	(5,292,940)	(591,227)	(2,356,723)	28,587,109
As at 31 December 2015						
Cost	10,718,000	255,680,000	115,990,570	117,082,238	12,759,612	512,230,420
<u>Less</u> Allowance for Impairment	-	(1,710,000)	-	-	-	(1,710,000)
<u>Less</u> Accumulated Depreciation	-	-	(104,438,635)	(113,975,162)	(12,212,029)	(230,625,826)
Book Value	10,718,000	253,970,000	11,551,935	3,107,077	547,583	279,894,594

The Company's property, plant and equipment are mainly leased out under operating lease agreements.

In the year 2011, the Company reappraised the value of land by using the independent appraisal company (Thai Property Appraisal lynn philips Co., Ltd). The appraisal valued the land by using comparison method with market price. The surplus on revaluation amount of Baht 218.60 million. The Company has a policy to reappraise the value of land every period approximate of 3 years.

12. Intangible assets-Net

Consist of:

	(Unit: Baht)
	Computer software
As at 31 December 2013	
Cost	9,663,736
<u>Less</u> Accumulated Amortization	(6,743,239)
Book Value	2,920,497
Transactions During the Year Ended 31 December 2013	
Purchase	458,547
Sales / Transfer Out	(123,000)
Amortization for the Year	(854,960)
Accumulated Depreciation for Sale / Transfer Out	122,999
Ending Book Value	2,524,083
As at 31 December 2014	
Cost	9,999,283
<u>Less</u> Accumulated Amortization	(7,475,200)
Book Value	2,524,083
Transactions During the Year Ended 31 December 2015	
Purchase	1,388,800
Amortization for the Year	(1,021,654)
Book Value	367,146
As at 31 December 2015	
Cost	11,388,083
<u>Less</u> Accumulated Amortization	(8,496,854)
Ending Book Value	2,891,229

13. Deferred tax assets

Deferred income taxes are calculated in full on temporary differences, using the liability method and applying a principal tax rate of 20%. The deferred taxation related to the temporary differences between the carrying amounts and the tax bases of assets and liabilities of the company are summarized below :

	(Unit : Baht)	
	As at December 31,2015	As at December 31,2014
Deferred tax assets		
Premium receivables - net	19,517,675	19,586,874
Held-for-trading investment securities	-	108,439
Other securities	1,349	1,253
Other assets	16,075,856	16,312,088
Loss reserves and outstanding claims	49,689,436	57,458,870
Employee benefit obligations	1,243,799	2,553,295
Deposit	3,406,319	3,111,852
Total	89,934,434	99,132,671
Deferred Tax Liabilities		
Reinsurance Assets-Net	34,831,020	40,615,286
Available for sale investment securities	9,080,505	4,456,029
Property, plant and equipment	50,794,000	43,428,400
Premium Reserves	9,320,102	2,463,210
Total	104,025,626	90,962,925
Deferred tax assets-net		8,169,746
Deferred tax liabilities- net	14,091,192	

14. Other assets - net

	(Unit : Baht)	
	As at December 31,2015	As at December 31,2014
Accrued value added tax	274,922	-
Accrued rental income	2,537,588	2,109,965
Guarantee deposit	5,673,360	13,305,766
Compensation receivable	3,007,249	3,055,250
Short money receivable from agent	77,405,967	77,405,967
Others	11,084,797	5,142,327
Total	99,983,883	101,019,275
<u>Less</u> Allowance for doubtful accounts	(80,379,281)	(81,560,440)
Net	19,604,601	19,458,835

As at 31 December 2015 and 2014, the short money receivable from agent amount of Baht 77.41 million, equally. The Company has provided fully allowance for doubtful accounts in the amount of Baht 77.41 million, equally. At present, the Company is in the legal proceeding with such agent as mentioned in Note no.37 .

For the year ended 31 December 2015 and 2014, allowance for doubtful debts has movement as follows :

	(Unit: Baht)	
	For the year ended 31 December 2015	For the year ended 31 December 2014
Beginning Balance	(81,560,440)	(81,786,964)
Increase During the Period	-	-
Refund Doubtful Accounts During the Period	1,181,159	226,524
Ending Balance	(80,379,281)	(81,560,440)

15. Due to reinsurers

Due to reinsurers present by type of debt as follows :

	(Unit: Baht)	
	As at December 31, 2015	As at December 31, 2014
Reinsurance premium payable	1,572,105	4,058,806
Amount withheld on reinsurance treaties	61,337,748	42,004,792
Amount deposit on reinsurance treaties	(149)	17,478
Other due to reinsurers	32,906,373	4,968,169
Total due to reinsurers	95,816,077	51,049,245

16. Loss reserves and outstanding claims

Changing in the loss reserves and outstanding claims consist of :

	(Unit: Baht)	
	As at December 31, 2015	As at December 31, 2014
Beginning balance	330,575,045	430,097,173
Loss incurred and loss adjustment expenses in this period		
- Incurred but not reported	(2,876,832)	2,876,832
- Incurred but not yet agreed and adjustment	(12,161,987)	(52,976,742)
- Incurred and agreed	279,908,668	323,374,211
Loss paid and loss adjustment paid in this period	(281,230,829)	(372,796,429)
Ending balance	314,214,065	330,575,045

As at 31 December 2015 and 2014, The company has loss reserve and outstanding claims from flooding claim amounting to Baht 10.61 million and Baht 14.68 million, respectively.

17. Premium reserve

17.1 Unearned premium reserves

	(Unit : Baht)	
	As at December 31, 2015	As at December 31, 2014
Beginning balance	266,125,080	280,340,674
Premium written for the year	567,722,161	684,895,406
Premium earned for the current year	(515,952,614)	(699,111,000)
Ending balance	317,894,627	266,125,080

17.2 Unexpired risk reserves

The Company do not have to set unexpired risk reserves. Because the estimated unexpired risk reserves of the Company as at December 31, 2015 and 2014 has total amount lower than unearned premium reserves.

18. Employee benefit obligations

	(Unit : Baht)	
	As at December 31, 2015	As at December 31, 2014
Beginning balance	12,766,473	9,352,914
Current service costs	-	2,363,777
Past service cost (recognized 5 years)	-	2,041,065
<u>Less</u> Actuarial (Gain)	(4,720,858)	(991,283)
Benefits paid	(1,826,620)	-
Ending balance	6,218,996	12,766,473

The principal assumptions used for the purposes of the actuarial valuation were as follows:

	Percentage	
	2015	2014
Discount rate	3.00	5.00
Salary increase rate	5.00	5.00
Employee turnover rate	0 - 28.0	0 - 45.0
Mortality rate	50% of TMO 08 : Mortality Table	50% of TMO 08 : Mortality Table

19. Share Capital

		For the year ended December 31, 2015		For the year ended December 31, 2014	
	Per value Baht	Number of Share Shares	Amount Baht	Number of Share Shares	Amount Baht
Authorized Share Capital					
- Beginning Ordinary Shares	10.00	20,000,000	200,000,000	20,000,000	200,000,000
- Ending Ordinary Shares	10.00	20,000,000	200,000,000	20,000,000	200,000,000
Issued and Paid-up Share Capital					
- Beginning Ordinary Shares	10.00	20,000,000	200,000,000	20,000,000	200,000,000
- Ending Ordinary Shares	10.00	20,000,000	200,000,000	20,000,000	200,000,000

20. Legal reserve

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

For the year ended 31 December 2015 and 2014, The Company has allocation of net profit as the legal reserve 5% of the net profit amount Baht 2.22 million and 3.03 million, respectively.

21. Payment for Dividends

In accordance with the Minutes of the Annual General Shareholders' Meeting for the year 2015, held on 23 April 2015, resolved to approve net profit for the 2014 to pay dividend for shareholders in the amount of shares 20.00 million as per share Baht 0.40 in the amount of Baht 8.00 million.

22. Reporting by insurance type

Underwriting income, claims expenses and underwriting expenses for the year ended December 31, 2015 by type consist of:-

	(Unit: Baht)					
	Fire	Marine	Motor	Personal accident	Miscellaneous	Total
Underwriting income						
Premium written	103,651,467	27,854,770	193,498,255	58,406,500	466,210,737	849,621,728
<u>Less</u> reinsurance premium	(34,816,628)	(9,109,807)	-	(37,728,791)	(200,244,341)	(281,899,567)
Net premium written	68,834,839	18,744,963	193,498,255	20,677,709	265,966,396	567,722,161
<u>Plus(Less)</u> unearned premium reserves	(1,372,403)	2,374,022	(8,019,770)	(5,791,794)	(838,858)	(13,648,804)
Net premium earned	67,462,437	21,118,984	185,478,485	14,885,914	265,127,538	554,073,357
Free and commission income	5,424,199	863,766	-	14,254,278	11,847,187	32,389,430
Revenue from data service on motor insurance	159,360	45,900	3,025,255	-	1,600	3,232,115
Total underwriting income	73,045,996	22,028,650	188,503,740	29,140,192	276,976,325	589,694,903
Underwriting expenses						
Insurance claims and loss adjustment expenses - normal operation	44,174,047	5,514,846	79,035,317	6,719,461	90,475,209	225,918,881
Insurance claims and loss adjustment expenses - severe flooding in Thailand	(573,131)	-	-	-	(1,278,705)	(1,851,836)
Unexpired risk reserve increase (decrease)	-	-	-	-	-	-
Commissions and brokerages expenses	22,036,055	3,010,044	20,015,521	10,220,237	48,642,425	103,924,282
Other underwriting expenses	5,590,147	2,951,387	18,573,830	2,017,670	36,471,819	65,604,853
Contribution Road accident Victims Protection Co., Ltd.	-	-	5,527,419	-	-	5,527,419
Total underwriting expenses	71,227,118	11,476,277	123,152,088	18,957,368	174,310,748	399,123,598

Underwriting income, claims expenses and underwriting expenses for the year ended December 31, 2014 by type consist of:-

	(Unit: Baht)					
	Fire	Marine	Motor	Personal accident	Miscellaneous	Total
Underwriting income						
Premium written	108,943,277	32,352,357	172,991,594	11,608,126	359,000,052	684,895,406
<u>Less reinsurance premium</u>	<u>(42,321,012)</u>	<u>(6,415,183)</u>	<u>-</u>	<u>(5,044,822)</u>	<u>(183,225,382)</u>	<u>(237,006,399)</u>
Net premium written	66,622,265	25,937,174	172,991,594	6,563,304	175,774,670	447,889,007
<u>Plus(Less) unearned premium reserves</u>	<u>2,957,811</u>	<u>(3,335,654)</u>	<u>(18,109,600)</u>	<u>(1,662,497)</u>	<u>(7,178,397)</u>	<u>(27,328,337)</u>
Net premium earned	69,580,076	22,601,520	154,881,994	4,900,807	168,596,273	420,560,670
Free and commission income	20,356,672	1,223,828	-	1,761,280	18,495,753	41,837,533
Revenue from data service on motor insurance	-	-	1,227,570	-	-	1,227,570
Total underwriting income	<u>89,936,748</u>	<u>23,825,348</u>	<u>156,109,564</u>	<u>6,662,087</u>	<u>187,092,026</u>	<u>463,625,773</u>
Underwriting expenses						
Insurance claims and loss adjustment expenses - normal operation	6,762,137	5,830,243	84,598,275	1,141,417	70,512,354	168,844,426
Insurance claims and loss adjustment expenses - severe flooding in Thailand	(3,790,708)	-	-	-	(22,129,640)	(25,920,348)
Unexpired risk reserve increase (decrease)	-	-	(70,000)	-	-	(70,000)
Commissions and brokerages expenses	28,640,722	3,060,375	15,732,662	2,076,323	42,420,720	91,930,802
Other underwriting expenses	5,193,840	2,298,623	18,866,977	381,128	22,715,897	49,456,465
Contribution Road accident Victims Protection Co., Ltd.	-	-	6,175,577	-	-	6,175,577
Total underwriting expenses	<u>36,805,991</u>	<u>11,189,241</u>	<u>125,303,491</u>	<u>3,598,868</u>	<u>113,519,331</u>	<u>290,416,922</u>

23. Operating expenses

Operation expenses for the year ended 31 December 2015 and 2014 are summarized as follows :

	(Unit: Baht)	
	2015	2014
Personal expenses which are not expenses for underwriting and claims	49,389,407	60,910,837
Building and equipment expenses which is not expenses for under writing	18,265,758	15,865,534
Tax and duties	95,480	95,480
Bad debts and doubtful accounts	(892,299)	(713,660)
Other operation expense	77,539,912	42,776,450
Total operation expense	144,398,257	118,934,641

24. Employee expenses

Employee expenses for the year ended December 31, 2015 and 2014 are summarized as follows :

	(Unit: Baht)	
	2015	2014
Salary and wages	69,557,421	68,206,844
Social security fund	1,557,728	1,594,678
Contribution to provident fund	1,571,383	1,667,703
Defined benefit plans	12,312,513	24,276,555
Total employee expenses	84,999,045	95,745,780

25. Capital management

The primary objectives of the Company's capital management are to maintain the Company's ability to Continue as a going concern and to maintain net capital rule in accordance with Notifications of the Office of Insurance Commission.

26. Tax expense (income)

Income tax recognized in the profit (loss) for the period consisted of :

	(Unit: Baht)	
	For the year ended December 31,	
	2015	2014
Current income tax expense	10,562,462	10,586,384
Expenses (revenues) deferred income tax	381,841	5,124,166
Expenses (revenues) income tax is recognized in the profit (loss) for the year	10,944,303	15,710,550

The difference between income tax expense (revenue) calculated from accounting profit at the tax rate for the year ended 31 December 2015 and 2014 rate of 20% are presented as follows :

	(Unit : Baht)	
	For the year ended December 31,	
	2015	2014
Profit (Loss) before income tax	55,305,235	76,226,734
Expenses (revenue) tax calculated at the tax rate of 20%	11,061,047	15,245,347
(Revenues) expenses not deductible for income tax	(116,744)	465,203
Impact of change in tax rate	-	-
Expenses (revenues) income tax is recognized in the profit (loss) for the year	10,944,303	15,710,550

Income tax recognized in the other comprehensive profit (loss) consisted of:

	(Unit : Baht)		
	Amount Before Taxes	Tax (expense) income	Net of Taxes
For the year ended 31 December 2015			
Gains (loss) on remeasuring available-for-sale investments	35,370,000	(7,074,000)	28,296,000
For the year ended 31 December 2014			
Gains (loss) on land revaluation	23,122,380	(4,624,476)	18,497,904
Gains (loss) on remeasuring available-for-sale investments	23,089,728	(4,617,946)	18,471,782

27. Financial Information by Segment

The Company mainly operates in two main industrial segments, insurance and rental of office space. These business are mainly carried on in Thailand.

The operating results for the year ended December 31, 2015 and 2014 which are classified by segments are as follows :-

	(Unit : Baht)					
	For the year ended December 31,					
	Insurance		Rental of office space		Total	
	2015	2014	2015	2014	2015	2014
Income	589,694,903	463,625,773	67,519,386	62,701,895	657,214,288	526,327,668
Net investment income	11,296,992	10,040,037	-	-	11,296,992	10,040,037
Gains (loss) on investment in securities	(8,681,498)	10,037,547	-	-	(8,681,498)	10,037,547
Other income	163,400	150,529	-	-	163,400	150,529
Total revenues	592,473,796	483,853,886	67,519,386	62,701,895	659,993,182	546,555,781
Operating profit	193,350,198	193,436,964	22,310,954	12,348,373	215,661,152	205,785,337
Operating expenses					160,355,917	129,548,489
Interest expenses					-	10,114
Tax Expense (Income)					10,944,303	15,710,550
Net earnings (loss) for the year					44,360,932	60,516,184

Assets classified by segment as at December 31, 2015 and 2014 as reflected in the financial statements of the Company are as follows :--

	(Unit : Baht)					
	Insurance		Rental of office space		Total	
	As at	As at	As at	As at	As at	As at
	December 31,	December 31,	December 31,	December 31,	December 31,	December 31,
	2015	2014	2015	2014	2015	2014
Investment property-net	-		117,795,192	134,758,126	117,795,192	134,758,126
Property, plant and equipment - net	126,434,604	109,815,729	153,459,991	141,491,756	279,894,594	251,307,485
Other assets					1,175,690,708	1,004,259,861
Total assets					1,573,380,494	1,390,325,472

Additional cash flows information classified by segments are as follows:-

	(Unit : Baht)					
	For the year ended December 31,					
	Insurance		Rental of office space		Total	
	2015	2014	2015	2014	2015	2014
Cash flows:-						
Operating activities	100,497,540	17,219,943	47,986,194	34,247,048	148,483,735	51,466,991
Investing activities	(9,780,795)	(56,967,548)	-	-	(9,780,795)	(56,967,548)
Financing activities	(8,000,000)	(16,010,114)	-	-	(8,000,000)	(16,010,114)
	82,716,745	(55,757,719)	47,986,194	34,247,048	130,702,939	(21,510,671)

28. Financial Instruments

The Company is not hold or issue derivative instruments for speculative or trading purposes.

Financial instruments were show in the financial statement include cash at bank, investment in securities, premium Financial instruments were show in the financial statement include cash at bank, investment in securities, premium in the respective accounting policies.

28.1 Credit Risk

Concentrations of the credit risk with respect to premium receivables and reinsurance assets are insignificant due to the large number of customers comprising the customer base and their dispersion across different industries and geographic regions in Thailand and the maximum exposure to credit risk is limited to the book value of assets after deduction of allowance for doubtful debts as stated in the statements of financial position.

28.2 Risk from Interest Rates

The Company mainly operates in two main industrial segments, insurance and rental of office space. These business are mainly carried on in Thailand.

The financial assets that carry fixed interest and no interest which are classified

as follows :-

	(Unit: Baht)			
	Balance as at 31 December 2015			
	Floating interest rate	Fixed interest rate	No interest rate	Total
<u>The financial assets</u>				
Deposits at financial institutions	193,766,572	75,000,000	545,583	269,312,154
Investments in securities				
Equity securities	-	-	201,487,105	201,487,105
Unit trust	-	-	56,611,265	56,611,265
Bonds	-	51,573,442	-	51,573,442
Debenture	-	70,000,000	-	70,000,000
	<u>193,766,572</u>	<u>196,573,442</u>	<u>258,643,952</u>	<u>648,983,966</u>

The financial assets that carry fixed interest rates further classified based on the maturity date , or the repricing date if this occurs before the maturity date as follow :

	(Unit: Baht)					
	At call	Within 1 year	2-5 years	6-10 years	Total	Average interest rates
<u>The financial assets</u>						
Deposits at financial institutions	-	75,000,000	-	-	75,000,000	1.95
Investments in securities						
Bonds	35,000,000	1,009,781	7,953,808	7,609,853	51,573,442	3.56
Debenture	-	-	70,000,000	-	70,000,000	4.71
	<u>35,000,000</u>	<u>76,009,781</u>	<u>77,953,808</u>	<u>7,609,853</u>	<u>196,573,442</u>	

28.3 Fair value

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

Investments in securities

The fair value of equity securities and debt securities are based on their quoted market price. The fair value of other securities and investments in associates cannot be properly calculated, and therefore no disclosure is made.

As at December 31, 2015 the book value of financial instruments do not materially differ from fair value.

29. Related party transactions

During the period, the Company had significant business transactions with related company.

Such transactions, which have been concluded on commercial terms and bases, agreed upon between the Company, and are in ordinary course of business are summarized below :

29.1 Inter-Revenues and Expenses

For the year ended December 31, 2015 and 2014 as follows :

	(Unit: Baht)		
	2015	2014	Pricing policies
<u>Related Parties</u>			
Premium written	163,376,886	164,516,309	Premium rates for general customers
Rental and service income	5,178,226	5,191,663	Rental rate and service fee for general customers
Rent expenses	3,000,000	3,000,000	Rent rate fee for contract

29.2 Inter-Assets and Liabilities

	(Unit: Baht)	
	As at 31 December 2015	As at 31 December 2014
<u>Related Parties</u>		
Premium due and uncollected		
TPI Polene Pcl.	36,589,364	48,251,572
Other liabilities - Deposit		
Bangkok Union Life Insurance Pcl.	1,503,894	1,503,894

29.3 Key management personnel compensation

Executive compensation is a benefit paid to executives and directors of the Company consists of monetary compensation, including salaries, related benefits. And Compensation Committee The post-employment benefits. The management of the company stands for. Individuals who are defined under the Securities and Stock Exchange

For the year ended December 31, 2015 and 2014, the Company's remuneration to the executive.

	(Unit: Baht)	
	For the year ended December 31, 2015	2014
Short-term Benefits	13,122,200	9,601,000
Post-Employment Benefits	-	1,757,246
Total	13,122,200	11,358,246

29.4 Nature of relationship

Consist of :-

<u>Company's name</u>	<u>Relationship</u>
Bangkok Union Life Insurance Pcl.	Partial co-directors and holding at 9.60% of shares in that company and shareholder holding at 9.19% of shares
TPI Polene Pcl.	Partial co-directors and holding at 0.12% of shares in that company

30. Securities deposited with the registrar

As at 31 December 2015 and 2014, investments in held to maturity debt securities were deposited with the Registrar in accordance with the Non-Life Insurance Act No.2 B.E. 2551 (2008) as follows :

	(Unit: Baht)	
	As at	As at
	December 31, 2015	December 31, 2014
Bonds	14,000,000	14,000,000
Total	14,000,000	14,000,000

31. Assets reserve with the registrar

As at 31 December 2015 and 2014, investment in securities were deposited in accordance with the Notification of the Office of Insurance Commission regarding "Rates, Rules and Procedures for pledge of unearned premium reserve of Non-life Insurance Company B.E.2552" as follows :

	(Unit: Baht)	
	As at	As at
	31 December 2015	31 December 2014
Bonds	35,000,000	46,700,000
Total	35,000,000	46,700,000

32. Collateralized Assets

As at December 31, 2015 and 2014, the Company's collateralized assets are as follows :-

	(Unit: Baht)	
	As at	As at
	31 December 2014	31 December 2014
Bonds as collateral for - Drivers in Criminal Court	1,410,000	1,810,000
Letters of guarantee - Electrical usage	1,710,000	1,710,000
Total	3,120,000	3,520,000

33. Rental Office Space Agreements

The Company entered into certain office rental and service agreements to rent out office spaces with many customers.

Under these agreements, the Company shall receive rental and service payments as classified by time period as follows :-

	(Unit: Baht)	
	As at	As at
	December 31, 2015	December 31, 2014
Receivable within :		
1 year	42,515,499	48,529,184
Over 1 year but under 5 years	37,055,624	50,645,640

34. Commitments

34.1 As at 31 December 2015 and 2014, the Company has entered into a land rental agreement with a relate a company, for a period of 30 years, commencing on 6 July 1992 to 6 July 2022. The outstanding balance of commitment as at 31 December 2015 and 2014, payable as follows:

	(Unit: Baht)	
	As at December 31, 2015	As at December 31, 2014
<u>Payable within :</u>		
1 year	3,000,000	3,000,000
Over 1 year but under 5 years	12,000,000	12,000,000
Over 5 years	4,500,000	7,500,000
Total	19,500,000	22,500,000

34.2 As at 31 December 2015 and 2014, the company has outstanding commitments in respect of leases agreements; for the building of 5 agreements, equipment of 7 agreements, commitments in respect of service of 1 agreements and building of 5 agreements, equipment of 7 agreements and commitments in respect of service of 3 agreements, respectively. These agreements have a term of 1 year to 3 years. The Company is committed to pay monthly rental and services approximately Baht 141,023 and Baht 150,423, respectively, and the outstanding balance of commitments are payable as follows:

	(Unit: Baht)	
	As at December 31, 2015	As at December 31, 2014
<u>Payable within :</u>		
1 year	1,311,400	1,561,780
Over 1 year but under 5 years	338,700	876,760
Total	1,650,100	2,438,540

35. Contingent Liabilities

As at 31 December 2015 and 2014, the Company has been sued for damaged totaling approximately Baht 91.67 million and Baht 77.96 million, respectively, as insurer, The outcomes of these causes have not yet been finalized but the Company has set aside reserves for its contingent losses amounting to approximately Baht 39.64 million and Baht 40.93 million, respectively.

36. Effect From The Floods

From the severe flooding situation that occurred in the end of 2011 in several areas of Thailand. The Company's management has estimated loss reserve on the loss affected from floods area and the surveyor reports and for claims refundable from reinsurers, with reference to the related reinsurance contracts. The financial statements for the three months period ended 31 December 2015 and 2014, the Company adjusted to record to record additional compensation of Baht 1.85 million and Bath 25.38 million (net from reinsurance), respectively. However, there are inherent uncertainties in the assumptions used by the management in

preparing the loss reserves, which could affect the amount of claim reserve refundable from reinsurers and claim from reinsurance. Actual result could significantly differ from the estimates.

The impact of flooding in the financial statements for the year ended 31 December 2015 and 2014 described as follows :

	(Unit : Baht)	
	For the year ended December 31,	
	2015	2014
Gross claims	2,055,771	4,520,270
Claims reserve refundable from reinsurers	(2,234,504)	302,770
Net Claims	(178,733)	4,823,040
Claims reserve refundable under Excess of Loss contracts	(1,673,103)	(30,743,388)
Net claims expense - statements of comprehensive income	(1,851,836)	(25,920,348)

37. Significant Event

The agent No. 1

In respect of the audit operation of the insurance company from the Office of Insurance Commission (OIC) since September 2012, the Company has received the audit report dated 25 September 2012 and will rectify the problems by 30 November 2012. The Company has revised the practice guidelines according to the mandate periodically. Moreover, on 1 February 2013, OIC has issued an instruction no. 1/2013 dated 1 February 2013 that the Company has not rectified the problems within the specified period. The letter no. 3210/560 has set the Company to operate in the following issues to be completed by 31 March 2013.

1. To adjust the vehicles fuel expense transactions that have no documentation including the calling for the amount of short money to be returned from the agent.
2. To track and return the insurance policy from such agent.
3. To return the copy of car insurance policy under the regulations of the law; in case, the policy has been registered to the Department of Land Transport but it has not recorded the insurance vehicle registration for the outstanding portion.

The Company has clarified and resolved this issue in the letter dated 5 February 2013. The Company will take an action in asking for documentation of expenses to the agent and track the outstanding insurance policy from the agent. If the agency fails to comply with these terms and conditions, the Company will take the legal proceedings against such agents, including preparing the letter for calling the payment regarding the letter of guarantee to a commercial bank as the issuer of the letter of guarantee to the Company which will be liable at the amount of Baht 47,245,353. However, on 28 February 2013, the Company cancellation agent already.

On 9 May 2013, the Company has filed with the Civil Court to claim damages from such agent at the amount of Baht 203.31 million, and such agent has countersued to claim for income compensation and contract amount of Baht 47.45 million.

On March 9, 2015 appeal court had sentence as follows:-

1. Allow such agent pay Insurance Act which deduct commission and guarantee money base on agent agreement amount of Baht 28.74 million plus interest 15% per year of principle amount, since the date of default until payment of the principle amount outstanding finish.
2. Allow such agent pay insurance fee from insurance policy copy which the first defendant no refund to company amount 278,452 data deduct commission yet , amount of Baht 153.62 million plus interest 15% per year of principle amount, since the date of default until payment of the principle amount outstanding finish.
3. Allow the third defendant , Siam Commercial Bank Company Limited (public) , combined liabilities and pay to company not over principle amount of Baht 47.24 million plus interest 15% per year , since the date of default until payment of the principle amount outstanding finish.

Now, this case is currently under the supreme court.

The agent No. 2

On 19 November 2013, the Company had filed a suit against civil court to claim damages from an agent on the violation of non-delivered the insurance policy act with cash premium amounting to Baht 15.99 million. Such agent had made a counterclaim for compensation on lack of income at the amount of Baht 3.00 million.

Later on 23 December 2014, the Southern Civil Court had made the judgment as follows:

1. Such agent had to pay the compensation from non-delivered the insurance policy amounting to Baht 4.05 million.
2. Such agent had to pay cash premium after deducting the commission at the amount of Baht 8.74 million.
3. It had to put down the guarantee from such agent amounting to Baht 20.93 million deducted with the amount that the agent had to pay to the Company in accordance with No. 1 and No. 2. It rendered the remaining amount that the Company had to pay to such agent amounting to Baht 8.14 million with the interest rate of 7.50 percent per annum from the date of the counterclaim (3 January 2014) onwards, until the payment to the agent will be completed.
4. The case was dismissed on the agent had made a counterclaim for compensation on lack of income at the amount of Baht 3.00 million.

The Company had filed an appeal in accordance with No. 3 and the agent had filed an appeal in accordance with No. 4. This case is currently under the appeal court.

38. Approval of the Financial Statements

The financial statements have been approved by authorized directors of the Company on March 10, 2016



บางกอกสหประกันภัย
Bangkok Union Insurance

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