



Bangkok Union Insurance

รายงานประจำปี 2561
Annual Report 2018

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Report of the Board of Director

To: The shareholders

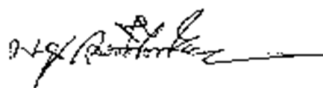
Office of the National Economic and Social Development Board (NESDB) forecasted that The Thai economy in 2018 is expected to grow by 4.2 percent, with 7.2 percent growth of export value, 4.7 percent of private consumption and 3.6 percent of total investment. Headline inflation will be 1.1 percent and the current account will record a surplus of 6.4 percent of GDP.

The growth of insurance business in 2018 expanded by 5.30 percent from 2017 with insurance premium of 862,068 million Baht, consisting of life insurance premium of 632,567 million Baht expanded by 5.38 percent, and non-life insurance premium of 229,500 million Baht expanded by 5.07 percent (Source, Office of Insurance Commission).

The performance of company in 2018 had expansion rate of direct insurance premium by 11.64% , which was better than the industry. The company has adjusted its management strategies using a variety of strategies, price and coverage condition that respond the need of customer and market. Besides, it aim to select the insurance with higher quality 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 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. However, even though the company is able to generate income for insurance premiums to grow higher than industrial costs, but in 2018, the company has higher loss ratio than in previous years, resulting in the company having unsatisfactory performance with the profit decreased from the previous year quite a lot.

The company strongly believes that with the commitment of the management and the unity of employees, the company will be able to make a profit for higher profits 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 Leopaiprote)
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 30, 2016 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 2018, the Audit Committee held 4 meetings with management, external and internal auditors. The main issues are as following:

Review Financial Statements

The Audit Committee reviewed company's 2018 quarterly, annual financial statements and notes to financial statements audited by the auditor of Deloitte Touche Tohmatsu Jaiyos Audit Co., Ltd., a CPA who get approval from The Securities and Exchange Commission (SEC.) By inviting Accounting and Finance managerr 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 specific 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 2018 internal audit result to ensure appropriateness and efficiency of the audit plan.

Review of the External Auditor

The Audit Committee recommended to the Company's Board of Directors to appoint the CPA from Deloitte Touche Tohmatsu Jaiyos Audit co., Ltd. as the company's auditor in 2018 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

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 89 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.

In 2016, the company has increased the registered capital from 200 million baht to 300 million baht and the paid registered capital is 299,997,900 baht and 10 baht per share.

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>.

Economy and Insurance Industry

2019 Thailand's Economic Outlook (source: NESDB ECONOMIC REPORT, Nov 19, 2017)

The Thai economy in 2019 is projected to grow in the range of 3.5 - 4.5 percent, supported by an improvement of total investment attributed by acceleration of public investment and further improvement of private investment, the expansion was supported by the speed up in private consumption and private investment, and the continued expansion of government consumption and public investment. The trend of tourism, foreign tourists increased from increasing safety standards. In addition, there is strong support from the economic growth and world trade volume that can support the export sector continuously, despite the slowdown in the major economies. The election that will take place in early 2019 will affect the credit rating of the Thai economy and affect the confidence of foreign investors in the capital market. Both Thai and foreign investors have more confidence in investing in Thailand. As for the Thai baht, there are still volatile factors following the challenges of the global economy and

in 2019, the Bank of Thailand is expected to increase the Interest rate policy again because the Federal Reserve (Fed) is likely to increase interest rates to prevent capital outflows in the country.

Supporting factors for the economic growth

1. *Private consumption tends to keep its growth momentum*, and correspondingly support the overall economic expansion. Particularly, it grew with stronger. These improvements were in line with (i) the overall improvement of income conditions, especially those related to tourism, exports, and manufacturing sectors in the preceding period, (ii) the improvement of income base of those in the agricultural sector in line, and (iii) the stronger employment conditions as observed that the number of employed to be comprised positive growths of employed persons both in the agricultural and non-agricultural sectors. In addition, the unemployment rate was also lowest in 8 quarters.

2. *Investment tends to show a further improvement led by accelerated growth of public investment*. Specifically, key public infrastructure projects have made significant progresses and entered into the construction phase.

3. *A recovery in the tourism sector will contribute more to the overall economy*. Thai government has been ensuring standards for tourist safety and an additional advocate of Thailand's tourism sector targeting Chinese and other major countries. Thus, once combined with a recovery in the number of European tourists, it is expected that the total number of tourists will bounce back to its normal trend by the end of the first quarter of 2019 and, as a result, would support the economic growth in 2019 significantly.

4. *Exports continue to exhibit a satisfactory growth and continually buttress economic performance*. It is expected that the world economy and trade volume in 2019 will grow by 3.8 and 3.8 percent, respectively. These growth paces of world economy and trade volume will continue to support the Thai exports and overall economic expansion.

5. *Redirection of international trade, global manufacturing, and foreign investment* will become more apparent, as a result of the trade protectionism and retaliation between the major advanced economies. Consequently, the world economy and world trade volumes are likely to slow down and would therefore affect economic growth of export-dependent developing countries, particularly during the early implementation phase of trade barriers and counter measures as the trade and supply chain adaptive capability may be limited. However, without additional trade protection measures, it is expected that the trade and supply chain system will be able to adjust and thus will start to positively affect the Thai economy. A number of products and sectors will likely gain some benefits from the changes in trade direction and supply chain both in terms of rising exports and capacity utilization during the first half of the year as well as production base relocation that is expected to be more pronounced in the second half of the year.

Limitation and Risk Factors:

1. *The global economy and financial system are likely to be vulnerable to fluctuations and lower-than anticipated economic growth*. Key risk factors include: (i) the uncertainty of trade protection and reciprocal retaliation, with additional US trade restrictions imposed on China and its other trade partners, including the EU and Japan, as well as the uncertainty of trade

negotiation outcome under USMCA framework, and the possible extension of Chinese countermeasures. These aforementioned trade barriers would negatively affect trading-partner economies, world trade volume, global economy, and Thai exports to grow slower than expected; (ii) the slowdown trend of the Chinese economy and the risk of instability from imbalanced economy, which might be aggravated by trade protection measures, together with capital movements and manufacturing relocation; (iii) economic instability in some emerging economies that could be worsened during the Fed's normalizing process amid the global economic downturn; (iv) nonaligned US political policy directions between the Democrat party and the Republican party that would hinder the resolution to the US public debt ceiling and may lead to the government shutdown; (v) the risk that the UK may not be able to reach an agreement on the exit from EU (No Deal Brexit); (vi) Italian government's plan increase public spending that causes higher budget deficit amidst the high public debt, which may lead to sovereign bond downgrade and adversely affect overall sentiment and unity of the Eurozone; and (vii) oil price volatility which remains upon the OPEC's decision on production capacity and the US's exemption on 8 oil importers from Iran including China, India, Greece, Italy, Taiwan, Japan, Turkey and South Korea, as well as the unity of OPEC.

2. *The possible delay in the recovery of tourist arrival numbers*, Although numbers of Russian, European, and Chinese tourists are expected to improve and return to the normal level within the second quarter of 2019, there may be some possibilities that the recovery process will be slower than expected, partly under the slowdown of the Chinese economy and the Yuan depreciation.

3. *The global interest rates may rise faster than economic fundamental*, which would affect the recovery of major advanced economies. In particular, the US trade protectionism policies ultimately increased its production cost, and in turn lead to higher-than-expected inflation, together with increasing global bond supply from the US budget deficit, the Fed balance sheet reduction, and the expected completion of ECB asset purchase program, would thus lead to a faster-than-expected rise in the US fund rate as well as the US and the global bond yields.

4. *The uncertainty of politics in Thailand*, after the announcement of the election date in 2019 has caused the share price and investment in Thailand to increase as it increases economic confidence and the credibility level of Thailand for both investors. Thai and foreigners In addition, it also affects the expectation of stability and peace in the country that will increase after the election. However, still have to keep an eye on the impact of the election results and the new government's economic policy that will result in any direction

5. *Fluctuation of the Thai baht*, due to the appreciation of the Thai baht against the US dollar in 2018, the Thai baht value in 2019 is likely to be strengthened by the main factor that investors are exposed to high risks. From the United States and China agreed to suspend the enforcement of the tax increase resolution, both sides will return to negotiate a trade agreement again and the outcome of the negotiations may affect the Thai baht. In addition, volatility is also affected by the Thai economy is likely to be more slow due to various factors, whether it is a slowdown in the export sector due to the value of Thai baht, the tourism sector facing challenges from the global economy and including International capital movements.

2019 Thailand's Insurance industry direction

The Office of Insurance Commission (OIC) predicts that from the current situation, there are still positive support factors, including changes in the direction of trade, production and international investment. As a result, exports are likely to grow at a good level and the improvement of investment in accordance with the acceleration of government investment and private investment continues to expand. Household expenditure tends to grow at a good level, driven by the tourism sector to increase. As a result, the outlook for the end of the year 2019 will be approximately 904,550 million baht, 4.9 - 5.9 percent growth, estimated life insurance premiums of 664,354 million baht, 5 - 6 percent growth, and non-life insurance premiums of 240,197 million baht, growing 4.7 percent. - 5.7.

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, that requires all cars to have this type of insurance.
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.

The company received the insurance business license from the Office of Insurance Commission (OIC)

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.
4. Focus on fast service and efficient service, to satisfy customers and effectively compete.

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 2018, Business Analysis and Statistics Division of the Office of Insurance Commission - OIC collected that Non-life insurance from January - November 2018 with direct premiums of 211,091 million baht, an increase of 6.69 percent compared to the same period of last year. From fire insurance amounting to 9,442 million baht, marine and transportation insurance amount 5,091 million baht, car insurance amount 124,114 million baht and miscellaneous insurance amount 72,443 million baht. Non-life insurance business has assets as of September 30, 2018, a total of 465,369 million baht an increase of 1.04 percent. Most assets are investment assets of 326,770 million baht, accounting for 70.22 percent of total assets. There are total capital available (TCA), 194,257 million baht and total capital required (TCR) 61,873 million baht, causing the non-life insurance business to have a capital adequacy ratio (CAR) 313.96 percent.

During January - November 2018, the company recorded 49,785 policies, a decrease of 2.68% from the same period of 2017, with direct premiums written of 1,068 million baht, an increase of 12.92% over the same period last year.

Lines of Business	2018*		2017**	
	Market share	Ranked	Market share	Ranked
Fire	0.95%	15/51	0.99%	15/52
Marine & Transportation	0.45%	27/48	0.52%	25/49
Automobile -Compulsory	0.12%	41/50	0.14%	42/51
-Voluntary	0.21%	37/49	0.20%	37/50
Miscellaneous-Industrial All Risks	1.03%	21/48	0.92%	20/50
-Public Liability	0.26%	32/46	0.25%	33/48
-Engineering	1.13%	18/44	0.49%	24/43
-Personal Accident	0.46%	28/54	0.18%	35/55
-Healty Insurance	3.51%	9/38	3.59%	7/40
-Other	0.54%	28/47	0.24%	37/48
Total	0.53%	35/59	0.47%	36/60

Source : Market Analysis and Statistic Department Dept. OIC

* Statistics from January to October 2018

** Statistics from January to December 2017

Products

For over 89 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 Tncome	2018			2017			2016		
	Amount	size	%Diff.	Amount	size	%Diff.	Amount	size	%Diff.
Premium Written									
Fire	97,736,564	7.71	(0.50)	98,226,630	8.59	(5.11)	103,511,176	9.68	(0.26)
Marine	22,429,620	1.77	(8.85)	24,606,537	2.15	0.71	24,432,988	2.28	(14.80)
Automobile	265,357,863	20.94	5.79	250,828,556	21.94	15.40	217,362,984	20.32	12.33
Miscellaneous	796,848,715	62.87	16.26	685,387,669	59.96	7.38	638,287,020	59.68	21.63
Total Premium Written	1,182,372,762	93.29	11.64	1,059,049,392	92.65	7.67	983,594,168	91.97	15.62
Other Income	85,054,952	6.71	1.17	84,070,451	7.35	(2.12)	85,893,572	8.03	13.58
Total Income	1,267,427,714	100.00	10.87	1,143,119,843	100.00	6.88	1,069,487,740	100.00	15.45

Operating performance of the previous year increases compared to 2017 because of the company expands sales through various channels, in addition to adjusting strategies and reviewing management annually using various strategies such as strategies of pricing and insurance policy's conditions affecting the overall of insurance business, price and coverage condition that respond the need of customer and market. 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. Strategy management of re-insurance insured with both Proportional Reinsurance and Non-proportional Reinsurance consistent policy towards the company's policy each year.

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. Investment policy that focuses on maximize the benefits to organizations and shareholders, consider on high-security investments both short-term and long-term and consider the rate of return from investment including investment risk.

3.2. Investment plan that focuses on investments with caution. Selection of the appropriate investment, give priority to the safety of principal and return on investment risk.

3.3. 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 Underwriting Committee has policy and management on reinsurance risk to consider insurance against insurance companies with a credit rating of not less than A. The company through the Investment 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. The company controls and the liquidity ratio tracking closely and allocating investments part of bank deposits, which have high liquidity to provide sufficient support to the debt arising from the insurance contract and to demand the money in each time interval.

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,
Nakorsawan 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

From February 1, 2018, the company will relocate its
Suratthani branch to a new location, 123/77, 123/78 Moo 1
Watpo-Bangyai Road, Tumbol Makhamtia Amphur Muang,
Suratthani 84000

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

Share Capital	Baht 300,000,000 (Three hundred Million Baht)
Paid Capital	Baht 299,997,900
Type of Shares	Common Shares : 29,999,790, 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 2016-2018	Mr. Chavala Tienpasertkij Certified Public Account (Thailand) No. 4301 Deloitte Touche Tohmatsu Jaiyos Audit co., Ltd. AIA Sathorn Tower 23 rd -27 th Floor, 11/1 South Sathorn Road, Yannawa, Sathorn, Bangkok, 10120, Thailand Tel : (66) 0-2034-0000 Fax : 66) 0-2034-0100

The Shareholders

Shares holders

The company has registered capital of 300 million baht and Paid capital of BHT 299,997,900 divided into 29,999,790 ordinary shares, baht 10 par value shares.

The company is not issuing shares in other category, in addition to the ordinary shares.

The top-ten major shareholders as at December 28, 2018, are as follow :- (Report from Securities Depository (Thailand) Co., Ltd.)

No.	Name of Shareholders	Amount	Percentage
1	Liewpairat Enterprises Co., Ltd.	8,546,355	28.49
2	Securities Depository (Thailand) Co., Ltd.	5,688,238	18.96
3	BUI Life Insurance Co., Ltd.	2,756,250	9.19
4	Hong Yiah Seng Real Estates and Investment Co., Ltd.	1,598,220	5.33
5	Mr. Sukit kamolsiriwat	1,220,000	4.07
6	Mr. Prachai Leophairatana	1,215,000	4.05
7	Ms. Tanyaratt Iamsopana	857,365	2.86
8	Ms. Maneeratt Iamsopana	824,952	2.75
9	Ms. Malinee Leopairat	763,052	2.54
10	Dr. Chavin Iamsopana	708,975	2.36

Name of Shareholders	Relationship
Liewpairat Enterprises Co., Ltd.	Partial co-directors and shareholder holding at 28.49% 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 5.33 % 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	2014 (Restated)	2015 (Restated)	2016	2017	2018
Net Profit per Share (baht)	3.16	0.72	0.37	1.17	0.13
Divident per Share (baht)	0.40	6.00	Dividend Omission	0.50	
Divident Payout Ratio (%)	12.65	559.17		42.67	

In 2015, the company declared dividends from retained earnings at the rate of 6 baht per share, by a cash rate of 1 baht per share, and stock dividend rate of 5 baht per, at the rate of 2 old ordinary shares for 1 new ordinary share.

Rights of shareholders

The Company requires that the Annual General Meeting of Shareholders be held annually once a year within 4 months from the end of the Company's fiscal year. The company sends the invitation letter to the meeting with details of the meeting agenda as well as supporting documents for the shareholders at least 7 days before the meeting date. The company announced in Thai daily newspapers. Subject: Notice of the Annual General Meeting of Shareholders For at least 3 consecutive days and at least 3 days before the meeting date.

The company gives shareholders the opportunity to propose the meeting agenda and the list of persons who are qualified as directors via direct channels with the company secretary or through the company website. In order to organize the agenda as an agenda for the general meeting of shareholders to promote and support good governance policy.

The Company considered the matter to be the agenda of the Annual General Meeting of Shareholders since the end of January of the year. Propose to the Board of Directors meeting for approval of the agenda and meeting documents. Including the meeting notice in order to provide the meeting documents sent to the shareholders together with the invitation to the meeting with sufficient information for shareholders to use to make decisions on voting on various agenda. The company attaches the proxy form together with the invitation letter to allow shareholders who wish to appoint a proxy to attend the meeting on their behalf.

At the shareholders' meeting, the chairman of the meeting gave the shareholders the opportunity to have equal rights in expressing their opinions and asking questions to the meeting according to the agenda, including various suggestions. Chairman of the Audit Committee and the auditor of the company always attend the shareholders' meeting.

In 2018, the Company held the Annual General Meeting of Shareholders No. 89/2561 on 19 April 2018 at the meeting room of Bangkok Union Life Insurance Public Company Limited, BUI2 Building, Surawongse Road, Bangkok. Chairman of the Board who serves as the Chairman of the meeting, Chief Executive Officer, Managing Director, Chairman of the Audit Committee, And the Chairman of the Nomination and Remuneration Committee attended the meeting to report the performance of the year 2017 and the other 7 directors attended the meeting as well.

If the company is obliged to propose a special agenda as an urgent case which affects or relates to the interests of the shareholders or relating to the conditions or rules of the authorities that must be proposed for approval from the shareholders, the company will call an extraordinary meeting of shareholders.

The Company realizes and gives importance to the rights of shareholders by striving to have excellent operational results continuously in the current and future risk conditions with transparent and fair operations including adding value for shareholders. The company will make every effort to protect assets and maintain the reputation of the company.

Management Structure

Board of Directors

1. Mr. Manu Leopaiprote	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. Dr. Chavin Iamsopana	Director
10. Mr. Prachai Leophairatana	Director
11. 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

The Board of Directors has determined the authority, duties and responsibilities between the Board of Directors and the Sub-Committees as follows:

The directors who are authorized to sign on behalf of the company on behalf of the company are 5 persons, namely Ms. Malinee Leophairatana, Mr. Prateep Leophairatana, Dr. Chavin Iamsopana, Ms. Tanyaratt Iamsopana and Ms. Sujintana Champeesri, two of these five signatures together with the company's seal.

The signing authority in the insurance policy of the company must be signed by one director with the seal of the company's policy.

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 11 directors, of whom five directors with management position and six directors who are non-management directors. Among the four 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. Recruitment and appointment of persons to be directors of the company must go through the nomination process of the board and must be approved by the shareholders' meeting 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 second 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 2017 The Board of Directors held 6 meetings. The attendance of these meetings by each of Directors can be summarized as follow:

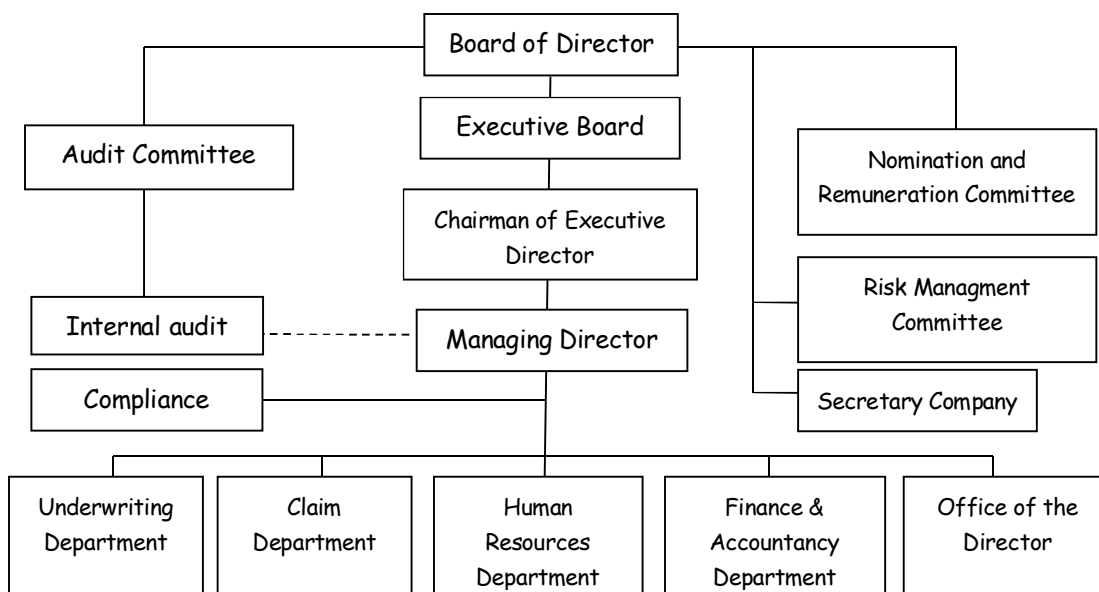
Name	Attendance (times) Number of Meeting (times)
1. Mr. Manu Leopairote	6 / 6
2. Mr. Prateep Leophairatana	6 / 6
3. Mr. Pichit Sinpatanasakul	6 / 6
4. Assoc. Prof. Pranom Kowinwipat	6 / 6
5. Mr. Soonthorn Konuntakiet	6 / 6
6. Mr. Tavich Taychanavakul	5 / 6
7. Ms. Malinee Leophairatana	6 / 6
8. Ms. Tanyaratt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

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, 2018

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. Mr. Sutee Sirivorathum	Manager , Claim Department
7. Ms. Sunee Khunavorathum	Manager, Human Resources Department



For the years ended December 31, 2018, the Company has significant remuneration for directors and key management personnel as follows:

Short-term benefits	17,844,522	baht
Post-employment benefits	347,887	baht
Directors' remuneration	<u>1,790,000</u>	baht
Total	<u>19,982,409</u>	baht

In 2018, the company paid a meeting allowance Committee to the Directors amount 1,790,000 baht.

This Remuneration paid to the Directors of the company pursuant to section 90 of the public limited companies act, it's not including salaries and related benefits paid to the Executive Committee.

The employees

In 2018, the company has a total staff 180 people and paid compensation to employees amount 84.13 million baht, include salary, overtime, pay for cost of living, bonus, social insurance funds and provident Fund, etc.

Unit	The number of employees
Business and marketing	
• Underwriting Department	31
• Marketing Department	18
• Claim Department	43
Operating	68
Account and Finance	20
Total	180

The company has a policy to develop employees at all levels of quality and standards in higher work. There is a continuous development. There are plans for training inside and outside all year round. On the job training is done consistently and with measurement and follow up regularly to achieve knowledge and understanding of both the company's system. In addition, there is a rotation works.

The company has not changed significantly, the number of employees in around 3 years

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. Dr. Chavin Iamsopana | Executive Director |
| 5. Ms. Tanyaratt Iamsopana | Executive Director |
| 6. 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 |

Assoc. Prof. Pranom Kowinwipat, is having the knowledge and experience to review the financial statements.

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 2018 Audit Committee held 6 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 / 4
2. Assoc. Prof. Pranom Kowinwipat	4 / 4
3. Mr. Soonthorn Konuntakiet	4 / 4
4. Mr. Tavich Taychanavakul	4 / 4

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

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 2018 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

Nomination and appointment of Directors and the highest level executives

The company has a Board of Nomination Committee acting selection and appointment of individuals as directors of the company, contains the Non-Executive Director and who are competent, experienced. The company requires all Board of Nomination Committee shall be an independent Director to push the performance of duties as an independent.

The recruitment criteria for directors as follows:

1. According to section 68 of the public limited company in which the Director in public companies must be a natural person and
 - Age of majority
 - Do not become insolvent. Incompetent or incompetent
 - Have never been imprisoned by judgment to imprisonment. In the crime of corruption acts
 - Never be punished or dismissed or laid off from government organization or dishonest Government duties
2. Leadership with vision, integrity, ethics, knowledge and experience that is beneficial to the operations of the company.
3. Have an interest in the Affairs of the company can devote and dedicate time to the company.

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

4. Risk Management Committee

1. Mr. Soonthorn Konuntakiet	Chairman
2. Ms. Malinee Leophairatana	Risk Management Committee Member
3. Mr. Yossakrai Rujipongwatee	Risk Management Committee Member
4. Ms. Pattaraporn Methanon	Risk Management Committee Member
5. Ms. Phuttharat Prasitsinchai	Risk Management Committee Member

The Risk Management Committee consists of 2 directors and internal staff from various departments that have expertise in work related to risk management, in order to support the Risk Management Committee to be able to manage the Risk for efficiency.

The authority of Risk Management Committee

1. To determine Risk management policy.
2. To evaluate the adequacy and effectiveness of the strategic risk management of the company.

3. To arrange meetings at least quarterly for track risks, progress of risk management, and what actions to take to improve, then report to the Board of Directors.

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

The fee of the Auditors

1. Audit fee

Deloitte Touche Tohmatsu Jaiyos Audit co., Ltd as the Auditor that are in the list of Auditors approved by the Office of the Securities and Exchange Commission (sec). Audit fee for review/audit financial statement in fiscal year 2018 is baht 2,450,000.

2. Non-audit fee

Service fee for review/audit RBC reports for the Office of Insurance Committee (OIC.) 550,000. Baht

Other good corporate governance implementations

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.⁶The 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	75
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), The Council of State. ❖ Chairman, ARIP Plc. ❖ Chairman, Khon Kaen Sugar Industry Plc. ❖ Chairman, Polyplex (Thailand) Plc. ❖ Chairman of the Audit Committee, Siam Steel International Plc. ❖ Chairman/ Audit Committee, Asia Precision Plc. ❖ Chairman, Jubilee Enterprise Plc. ❖ Chairman/ Audit Committee Director, T.M.C. Industrial Plc. ❖ Director, Kang Yong Electric Plc. ❖ Chairman/ Audit Committee Director, SVOA Plc. ❖ Chairman of the Audit committee, TPI Polene Power Plc. ❖ Director/ Audit Committee Director, Thai Beverage Plc. (Singapore Stock Exchange: SGX) <p><u>Past Experience</u></p> <ul style="list-style-type: none"> ❖ Permanent Secretary, Ministry of Industry ❖ Chairman, Small and Medium Enterprise Development Bank of Thailand ❖ Chairman of the Executive Director, Neighboring Countries Economic Development Cooperation Agency (Public Organization) : NEDA ❖ Chairman , Asian Productivity Organization (APO), Tokyo, Japan ❖ Chairman of the Executive Committee, Technonet Asia (Singapore) ❖ Chairman of the Cane and Sugar Board, Office of the Cane and Sugar Board, London, England

Name - Surname	Mr. Prateep Leophairatana
Position	Vice Chairman / Executive Director
Nationality	Thai
Age	72
Qualification	<ul style="list-style-type: none"> ❖ Honorary Doctorate, Material Engineering, Rajamangala University of Technology Rattanakosin ❖ 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 ➢ Understanding the Fundamental of Finance Statements (UFS) Class 1/2006 ➢ Chartered Director Class (CDC) Class 5/2009
Working Profile	<p><u>Current Position</u></p> <ul style="list-style-type: none"> ❖ Managing Director TPI Polene PLc. ❖ Executive Director TPI Concrete Co., Ltd. ❖ Director Thai Plastic Film Co., Ltd. ❖ Managing Director Thai Nitrate Co., Ltd ❖ Director Thai Plastic Products Co., Ltd. ❖ Executive Director Union Grains Woven Bag Industry Co., Ltd. ❖ Executive Director Pornchai Enterprises Co., Ltd.. ❖ Executive Director Leophairatana Enterprises Company Limited ❖ Managing Director TPI Polene Bio Organics Co., Ltd. ❖ President Thai Petrochemical Industry and Trade Association ❖ Expert to test the knowledge, expertise and professional level of a special engineer in the field of industrial engineering at the Council of Engineers. ❖ Expert to test the knowledge, expertise and professional level, engineer, industrial engineering, council of engineers. ❖ Subcommittee on Proficiency in Professional Knowledge, Degree Level, Industrial Engineering Engineer, Council of Engineers. ❖ Board of Energy Industry Institute ❖ Working group has prepared guidelines for the promotion of license upgrades to ordinary engineers in the field of industrial engineering, Council of Engineers. ❖ President of the Association of Agro-Industry and Trade

	<ul style="list-style-type: none"> ❖ Technical Subcommittee, Faculty of Engineering, 7/3 Standard, Concrete Block Weight, Thai Industrial Standards Institute. <p><u>Past Experience</u></p> <ul style="list-style-type: none"> ❖ President of the Thai Cement Industry Association ❖ Chairman ASEAN Federation of Cement Manufacturers (AFCM) ❖ Committee of the Federation of Thai Industries ❖ Board of Industrial Environment Institute, The Federation of Thai Industries ❖ Economic Development Board, Logistics and Infrastructure Committee, The Federation of Thai Industries
Name - Surname	Mr. Tavich Taychanavakul
Position	Audit Committee Member, Independent Director
Nationality	Thai
Age	69
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	<p><u>Current Position</u></p> <ul style="list-style-type: none"> ❖ Chairman of the Board of University Affairs, Mae Fah Luang University ❖ Honorary Advisory, Thai Industrial Estate and Strategic Partner ❖ Chairman of Executive Board Hi-Tech Nissu Logistics Co., Ltd ❖ Chairman of Executive Board Ayudhaya Technical Training Center ❖ Managing Director Thai Industrial Estates Co., Ltd. ❖ Director/ Audit Committee Member, TPI Polene PLC. <p><u>Past Experience</u></p> <ul style="list-style-type: none"> ❖ Secretary-General Thai Industrial Estates Association ❖ Chairman of the Audit committee, Bangkok Union Insurance PLC.
Name - Surname	Assoc. Professor Pranom Kowinwipat
Position	Chairman of the Nomination and Remuneration Committee, Audit Committee Member, Independent Director
Nationality	Thai
Age	76
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.

	<ul style="list-style-type: none"> ❖ 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	<p><u>Current Position</u></p> <ul style="list-style-type: none"> ❖ Director, Chairman of Audit Committee, Thai Industrial Coating Plc. ❖ Advisory Committee, Birthday merit making with Thammasat, Thammasat Relations Office, Thammasat University <p><u>Past Experience</u></p> <ul style="list-style-type: none"> ❖ Director, Chairman of Audit Committee, The Bangchak Petroleum Plc. ❖ Director The Office of National Education Standard and Quality Assessment (Public Organization) ONESQA ❖ Director, Faculty of Commerce and Accountancy, Thammasat University ❖ Director /Chairman of Audit Committee, Metropolitan Electricity Authority ❖ Tax Auditor Test Committee, Revenue Department, Ministry of Finance ❖ Luminaries Director, Faculty of Commerce and Accountancy, Thammasat University
Name - Surname	Mr. Soonthon Konantakiat
Position	Chairman of Risk Management Committee, Audit Committee Member, Nomination and Remuneration Committee Member, Independent Director,
Nationality	Thai
Age	61
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>Past Experience</u> ❖ Assistant, Marketing Manager Good World Intertrade Co.,Ltd. ❖ Manager Sea Value Co.,Ltd.
Name - Surname	Mr. Pichit Sinpatanasakul
Position	Chairman of the Audit committee, Nomination and Remuneration Committee Member, Independent Director
Nationality	Thai
Age	61
Qualification	❖ 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> ❖ Director Bangkok Cotton Factory Co., Ltd.
Name - Surname	Ms. Malinee Leopairat
Position	Chairman of Executive Director, Risk Management Committee member
Nationality	Thai
Age	76
Qualification	❖ 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, under section 78/2 of the Non-Life Insurance ACT B.E.2535. As amended by the Non-Life Insurance ACT (No.2) B.E.2551. ❖ Actuary License, 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	<u>Current Position</u> <ul style="list-style-type: none"> ❖ Director, Bangkok Union Life Insurance PCL. ❖ Director, TPI Polene PCL. ❖ Director, TPI Polene Power Co., Ltd. ❖ Director, Liewpariat Enterprises Co., Ltd. ❖ Director, Union Grains Industry Co., Ltd. <u>Past Experience</u> <ul style="list-style-type: none"> ❖ President of Thai General Insurance Association ❖ Managing Director, Bangkok Union Insurance PCL.
Name - Surname	Dr. Chavin Iamsopana
Position	Director, Executive Director
Nationality	Thai
Age	76
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	<u>Current Position</u> <ul style="list-style-type: none"> ❖ Managing Director, BUI Life Co., Ltd ❖ Director, Union Grains Industry Co., Ltd. ❖ Director, Thai Plastic Product Co., Ltd. ❖ Director, Thai Plastic Film Co., Ltd. ❖ Director TPI Polene Public Co., Ltd.
Name - Surname	Mr. Prachai Leopairat
Position	Director
Nationality	Thai
Age	74
Qualification	<ul style="list-style-type: none"> ❖ Honorary Doctorate, engineering and industrial science, Rajamangala University of Technology Krungthep ❖ Master of Engineering University of California (Berkeley), U.S.A. ❖ Bachelor of Engineering (First Honor) University of Canterbury, New Zealand. ❖ Certificate from Thai Institute of Directors Association <ul style="list-style-type: none"> ➢ Directors Certification Program - DAP Class 35/2005

Working Profile	<p><u>Current Position</u></p> <ul style="list-style-type: none"> ❖ Chief Executive Officer, TPI Polene PCL. ❖ Chief Executive Officer, TPI Polene Power PCL. ❖ 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 <p><u>Past Position</u></p> <ul style="list-style-type: none"> ❖ Chief Executive Officer, Thai Petrochemical Industry Co., Ltd. ❖ Chairman of Executive Director, Bangkok Union Insurance PCL. ❖ Chairman,Cathay Finance and Securities PCL.
Name - Surname	Ms. Tanyaratt Iamsopana
Position	Executive Director, Managing Director
Nationality	Thai
Age	41
Qualification	<ul style="list-style-type: none"> ❖ Master of Science, Technical University Berlin, Germany. ❖ Bachelor of Engineering, Thammasat University ❖ The Executive Program for Young Professionals (EYP) 2/2559 by Ministry of Finance ❖ Certificate from Thai Institute of Directors Association <ul style="list-style-type: none"> ➢ Directors Certification Program - DAP Class 58/2006
Working Profile	<p><u>Current Position</u></p> <ul style="list-style-type: none"> ❖ Managing Director Bangkok Union Insurance Public Co., Ltd. <p><u>Past Experience</u></p> <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, Property Insurance committee, Thai General Insurance Association
Name - Surname	Ms. Sujintana Champeesri
Position	Executive Director, Risk Management Committee Member, Secretary Company , Manager, Finance & Accountancy Department
Nationality	Thai
Age	59

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 ❖ Certificate of “Corporate Secretary Development Program” Class 2/1994, Chulalongkorn University
Working Profile	<u>Current Position</u> <ul style="list-style-type: none"> ❖ Executive Director, Bangkok Union Insurance PCL. ❖ Manager, Finance & Accountancy Department, Bangkok Union Insurance PCL. ❖ Company Secretary, Bangkok Union Insurance PCL.
Name - Surname	Mrs. Kobkul Wongsantimeth
Position	Manager, Underwriting Department
Nationality	Thai
Age	64
Qualification	<ul style="list-style-type: none"> ❖ Bachelor of Business Administration (International Business Management), University of the Thai Chamber of Commerce
Working Profile	<u>Current Position</u> <ul style="list-style-type: none"> ❖ Manager, Underwriting Department, Bangkok Union Insurance PCL. <u>Past Experience</u> <ul style="list-style-type: none"> ❖ Assistant Manager, Underwriting Department Bangkok Union Insurance PCL. ❖ Manager, International Division Bangkok Union Insurance PCL.
Name - Surname	Ms. Sutee Sirtvoratham
Position	Manager ,Claim Department
Nationality	Thai
Age	67
Qualification	<ul style="list-style-type: none"> ❖ Bachelor of Business Administration, Ramkhamhang University

Working Profile	<u>Current Position</u> ❖ Manager, Claim Department, Bangkok Union Insurance PCL. <u>Past Experience</u> ❖ Company Advisor, AXA Insurance PCL ❖ Senior Director Car Claims Department, MSIG Insurance (Thailand) PCL.
Name - Surname	Ms. Sunee Khunvoratham
Position	Manager ,Human Resources Department
Nationality	Thai
Age	55
Qualification	❖ 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	<u>Current Position</u> ❖ Manager, Human Resources Department Bangkok Union Insurance PCL. ❖ Acting Manager, Office of Director, Bangkok Union Insurance PCL. <u>Past Experience</u> ❖ 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.

In 2017, the company has participated in the rice insurance program agricultural year 2017, Its Established by the cooperation of the Fiscal Policy Office , the Department of Agriculture Extension, the Bank for Agriculture and Agricultural Co-operatives the Office of Insurance Commission and the General Insurance Association of Thailand. The company as a member of the General Insurance Association of Thailand recognizes the importance of this project that will help farmers grow rice during this project can manage risks from natural disasters.

- **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.

The company held a rally to support the charity project "love the earth rally" - chanthaburi 21 times between the dates 1 -2 November 2018. The objective is to awaken consciousness in environment and natural resource conservation and promoting domestic tourism. Revenue grants scholarships to students' province that learn better, but a lack of funding.

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, then awards the scholarship to underprivileged students in every year. In 2018, the company gave scholarships to schools in the primary education area in Chumphon Province, Chiang Rai Province, Chiang Mai Province, Tak Province, Maha Sarakham Province and Udon Thani Province, totaling

44 schools, totaling 44 grants.

- On October 28, 2018, the company made merit Kathin ceremony at Wat Tham Sarika, Tambon Sarika, Amphoe Mueang, Nakhon Nayok Province.
 - On November 3, 2018, the company made merit Kathin ceremony making at Wat Si Don Mun, Tambon Chomphu, Amphoe Saraphi, Chiang Mai Province.
 - On November 19, 2018, the company, in cooperation with the Office of Insurance Committee (OIC) is host to the annual ceremony in honor of Lord consecrated 2018 cloth at Wat Senasanaram Rajaworawihan, Tumbon Hua Ro, Amphoe Phra Nakhon Sri Ayutthaya, Phra Nakhon Sri Ayutthaya Province.
- **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.

The company announced its intention to join the project Thailand's Private Sector Collective Action Coalition Against Corruption: CAC, supported by the Government and the Office of the National Anti-Corruption Commission (NCC) since 2010. Its Established by the cooperation of 8 leading organizations in the Thai private sector, namely the Thai Institute of Directors (IOD), the Thai Chamber of Commerce, the International Chamber of Commerce, the Thai Listed Companies Association, the Thai Bankers Association, the Federation of Thai Capital Market organizations, the Federation of Thai Industries and the Tourism Council of Thailand. IOD serves as project secretary, and this project is funded by the Center for International Private Enterprise (CIPE) located in the United States.

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 31,2018.

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 26).

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

Companies	Relationship	Type of Business
BUI Life Insurance Public Company Limited	An associate	Life insurance
TPI Polene Pcl.	Some common shareholders and directors	Concrete products
Bangkok Union Broker Co., Ltd.	Some common shareholders	Life and non-life insurance broker
Hong Yiah Seng Realestates and Investment Company Limited	Some common shareholders and directors	Investment in stock and lands
Leophairatana Enterprises Company Limited	Major shareholders and some common directors	Investment in stock
TPI Concrete Co., Ltd.	Some common directors	Concrete products
TPI Polene Bio Organics Co., Ltd.	Some common directors	Chemical fertilizer products
TPI Polene Power Public Co., Ltd.	Some common directors	Production and transmission of electricity
TPI All Seasons Co., Ltd.	Some common directors	Plastic products production
Thai Plastic Products Co., Ltd.	Some common directors	Plastic package products
Thai Plastic Film Co., Ltd.	Some common directors	Plastic products
International Trading Development Corporation Limited	Some common directors	Rice retail and wholesale
Hong Yiah Seng Company Limited	Some common directors	Rice retail and wholesale
Pornchai Enterprises Co., Ltd.	Some common directors	Property rental
Polene Plastic Company Limited	Some common directors	Cement and plastic products
United Grain Industry Co., Ltd.	Some common directors	Plastic package products
Thai Nitrate Co., Ltd.	Some common directors	Nitric acid and Ammonium nitrate products
D.R.Development Co., Ltd.	Some common directors	Property rental
Imperial Industries Co., Ltd.	Some common directors	Industrial paint
Patjakij Paisan Underwriting Company Limited	Some common shareholders	Non-life Insurance agent and brokers

Significant balances and transactions were as follows:

	2018	2017
Premium receivable		
Associate	9,098	10,788
Other related parties	42,545,002	38,304,158
Available-for-sale securities - Equity securities		
Associate	46,815,756	-
Other related parties	62,164,023	64,585,748
Held-to-maturity securities - Debentures		
Other related parties	70,000,000	70,000,000
Accrued interest income - Debentures		
Other related parties	346,589	423,452
Amount due from reinsurers		
Associate	207,783	-
Other related parties	1,178	-
Claim reserves		
Associate	100,000	90,000
Other related parties	267,756,452	452,696,499
Amount due to reinsurer		
Associate	4,999,932	1,564,368
Accrued rental and service income		
Associate	429,090	-
Other liabilities - Rental deposit		
Associate	1,503,894	1,503,894
Other related parties	36,000	36,000
Commissions and brokerages payable		
Other related parties	13,584,090	12,352,167*

* The Company has adjusted amount disclosed in notes to the financial statements to conform to the disclosure in notes to the financial statements for current year.

Gross written premium		
Associate	24,762,079	22,841,430
Other related parties	206,334,942	187,933,826
Premium ceded to reinsurers		
Associate	1,268,054	-

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

	2018	2017
Rental and service income		
Associate	5,168,830	5,189,766
Other related parties	146,527	152,425

The Company entered into office rental and service agreement with related companies. Rental and service rates are agreed by both parties and are the same as the Company offers to other companies.

Rental expense - Land		
Other related parties	3,000,000	3,000,000
Rental expense - Building		
Other related parties	36,000	36,000*

The Company has land and building rental agreement with a related company for a term of 30 years and 3 years respectively. Rental rates and conditions are the same as the related party offers to other companies.

Claims		
Associate	24,524,589	22,693,233
Other related parties	1,761,268	542,210,037
Claim recovery from reinsurers		
Associate	207,783	-

The Company paid insurance claims in compliance with insurance policy criteria and it is normal commercial transaction for insurance.

Commissions and brokerages		
Other related parties	53,692,435	46,567,049*
Commissions and brokerages income		
Other related parties	285,310	-

The Company paid commissions and brokerages expenses in compliance with the Office of Insurance Commission criteria and the same basis of the commission rate that the Company has offered to other companies.

* The Company has adjusted amount disclosed in notes to the financial statements to conform to the disclosure in notes to the financial statements for current year.

Interest income		
Other related parties	3,128,137	3,747,466

Interest was charged at the same interest rates at a related company has offered to other companies.

Dividend income		
Other related parties	694,712	775,826

The Company received dividend income as approval from the Shareholder's related parties.

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

	2018	2017	2016
Operation Results Unit: million Baht			
Premium Written	1,182.37	1,059.05	983.59
Net Premium Written	834.54	736.73	687.19
Total Underwriting Income	861.18	785.32	735.22
Insurance Claims and Loss adjustment expenses - net	427.35	343.89	360.03
Profit (loss) from Underwriting	36.82	100.17	50.78
Net Investments Income	13.94	11.62	12.57
Gains on Rental	18.45	15.12	16.18
Net Profit (Loss)	3.77	35.15	10.96
Financial Status			
Total Assets	1,956.38	2,053.31	1,512.84
Total Liabilities	1,254.40	1,351.90	853.16
Shareholder's Equity	701.98	701.41	659.69
Liquidity Ratio			
Liquidity Ratio (Times)	0.99	1.03	1.11
Premium Receivable Turnover (Days)	43.83	45.00	51.24
Profitability Ratio			
Retention Rate (%)	70.58	69.57	69.86
Loss Ratio (%)	53.14	46.81	52.70
Gross Profit Margin (%)	4.41	13.60	7.39
Underwriting Expenses Ratio (%)	49.36	46.45	47.48
Return on Investment (%)	2.14	1.68	2.02
Net Premium Written to Equity Ratio (%)	118.93	108.26	103.91
Net Profit Margin (%)	0.40	4.04	1.34
Return on Equity (%)	0.54	5.16	1.66
Efficiency Ratio			
Return on Assets (%)	0.19	1.97	0.71
Asset Turnover (Times)	0.47	0.49	0.53
Leverage Ratio			
Debt to Equity Ratio (Times)	1.79	1.93	1.29
Policy Liability to Capital Fund (Times)	1.53	1.63	0.99
Unearned Premium Reserve to Equity (Times)	0.51	1.15	0.48
Unearned Premium Reserve to Assets (%)	18.27	39.40	21.06
Dividends Payout Ratio (%)		42.67	Dividend Omission

Explanation and Analysis of Financial Status and Performance

The Independent Auditor for the year 2016 2017 and 2018 from Deloitte Touche Tohmatsu Jaiyos Audit Co., Ltd. Shown an Unqualified Opinion for the Financial Statements of the year 2016 2017 and 2018.

Operating performance for 2018

In 2018, the income from the total written premium was 1,182.37 million baht, increased by 123.32 million baht or 11.64 percent, due to growth in Automobile insurance and Miscellaneous insurance, but Fire insurance and Marine & Transportation have no growth rate. 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 in an amount of 36.32 million baht representing a decrease of 63.34 million baht or 63.24 percent compared to the previous year, cause of loss ratio increased from 46.81 percent in 2017, increasing to 53.14 percent in 2018. Additional, the revenue from other income was 32.74 million baht increased 19.77 percent from the previous year, which was the income from rent and services of real properties, net investment and investment in securities. When less operating expenses amount 66.22 million baht, a decrease of 17.59 million baht or 20.99 percent from the previous year, the company has income tax income of 0.42 million baht, resulting in the company operating results as a result Net profit of 3.77 million baht, equivalent to 0.13 baht per share.

Overall underwriting

In 2018, the company had underwriting profit at the amount of 36.82 million baht from the gross written premium of 1,182.37 million baht, equivalent to the underwriting profit margin per gross written premium of 3.11 percent, when deducting the premiums ceded to reinsurers of 347.83 million baht, representing a net premium written of 834.54 million baht, equivalent to the underwriting profit margin per net written premium 4.41 percent, a decrease from the previous year. For the year 2017, the company had a profit from underwriting of 100.17 million baht from gross written premium of 1,059.05 million baht, equivalent to the underwriting profit margin per gross written premium 9.46 percent, the net premium written was 736.73 million baht, representing the underwriting profit margin from net premium written was 13.60 percent, proportion are as follow

Unit: Baht

Lines of Business	2018		2017		%
	Gross Written Premium (baht)	Proportion (%)	Gross Written Premium (baht)	Proportion (%)	Increased (decreased)
Fire	97,736,564	8.27	98,226,630	9.27	(0.50)
Marine & Transportation	22,429,620	1.90	24,606,537	2.32	(8.85)
Automobile	265,357,863	22.44	250,828,556	23.68	5.79
Miscellaneous	796,848,715	67.39	685,387,669	64.72	16.26
Total	1,182,372,762	100.00	1,059,049,392	100.00	11.64
Underwriting expenses	824,352,975	69.72	685,151,031	64.69	20.32
Profit from underwriting	36,822,737	3.11	100,166,618	9.46	(63.24)

The company had accepted the risk without reinsurance at the rate of 70.58 percent of 1,182.37 million baht which was increased slightly from the previous year . Therefore, the company had the net written premium of 834.54 million baht increasing by 13.28 percent. The cost of insurance has increased by 20.32 percent from the previous year, because of loss ratio had 53.14 percent from 46.81 percent and insurance costs, which consist of commissions and brokerages and other underwriting expenses increased to 49.39 percent from 46.45 percent. The profit from underwriting was 36.82 million baht, the company had profits from all types of insurance, fire insurance increased from the previous year, but other types of insurance had lower profits from the previous year, with a profit margin of 4.41 percent of the net premium written, while 2017 was at 13.60 percent.

Fire underwriting

As for the operating performance of fire insurance in 2018, the company received the gross premium of 97.74 million baht decreasing by 0.50 percent 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 2018, the company accepted the risk without reinsurance decrease of 45.06 percent from 48.15 percent. The underwriting cost had amount of 47.61 million baht decreasing by 23.31 percent consisting of insurance claims and loss adjustment expenses, commissions and brokerages and underwriting expenses. The most impact on the total cost was insurance claims and loss adjustment expenses decreasing by loss ratio had 26.24 percent from 59.27 percent in 2017. In 2018, although the gross premium did not grow but loss ratio was lower than the previous year, resulting in a fire insurance operation having a profit of 20.56 million baht, while the year 2017 had a profit of 4.04 million baht, with a profit margin of 46.69 percent of the net premium written, while the year 2017 is at the rate of 8.55 percent.

Marine and transportation underwriting

As for the operating performance of marine and transportation insurance in year 2018, the company received the gross premium of 22.43 million baht decreasing by 8.85 percent. The company accepted the risk without reinsurance down to 77.02 percent which was the previous year at 81.09 percent. The total cost was 11.68 million baht increasing by 30.75 percent consisting of insurance claims and loss adjustment expenses, commissions and brokerages and underwriting expenses, especially loss ratio increasing from the previous 14.59 percent to 33.54 percent. Due to the gross premium decreased, loss ratio increased, as a result, the marine and transportation insurance operations decreased from the previous year with a profit of 5.60 million baht, a decrease of 11.89 million baht or 52.89 percent from the previous year, with a profit margin of 32.44 percent of the net premium written, while the year 2017 is at the rate of 59.61 percent.

Motor insurance

The operating performance of motor insurance in year 2018 showed that the company received the gross premium of 265.36 million baht increasing by 5.79 percent, 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 gross premium of voluntary insurance was 243.11 million baht

increasing from the previous year by 7.63 percent. While the premium from compulsory insurance was 22.25 million baht decreasing from the previous year by 10.86 percent. 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 96.64 percent. The total cost was 249.07 million baht increasing by 15.30 percent consisting of insurance claims and loss adjustment expenses, commissions and brokerages and underwriting expenses. Loss ratio was high by 77.32 percent compared to 68.69 percent of the previous year. Although the gross premium of motor insurance is higher than the previous year, but Loss ratio is also higher than the previous year, as a result, the operation of the motor insurance has a profit of 2.66 million baht, 83.88 percent lower than the previous year, while the previous year was 16.52 million baht.

Miscellaneous insurance

Miscellaneous insurance covers all other kinds of risks such as accidents, travelling, health, liability and others. The operating performance for 2018 showed that the company received the premium of 796.85 million baht increasing by 16.26 percent 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 57 thousand million baht. Now there are 8 companies providing insurance for this projects which the company has gained the total insured share of 20 percent of the whole project. Most of the risks from this project has been reinsured with only 0.4 percent of the insured sum was accepted by the company. The company get involved in this project since 2008.

The company has participated in the rice insurance program agricultural year 2018, Its Established by the cooperation of the Fiscal Policy Office , the Department of Agriculture Extension, the Bank for Agriculture and Agricultural Co-operatives the Office of Insurance Commission and the General Insurance Association of Thailand. The company as a member of the General Insurance Association of Thailand recognizes the importance of this project that will help farmers grow rice during this project can manage risks from natural disasters. The company get involved in this project since 2017.

In 2018, the company accepted the risk without reinsurance 64.85 percent, which increases from 2017, which the company accepts its own risk 61.76 percent. The total cost was 515.99 million baht increasing by 29.60 percent consisting of insurance claims and loss adjustment expenses, commissions and brokerages and underwriting expenses. Loss ratio increased by 43.89 percent comparing to 35.07 percent of the previous year. Although the company received more premiums from the previous year but the company has higher loss ratio too. As a result, the operation of the miscellaneous insurance business has decreased from the previous year, with a profit from the miscellaneous insurance of 7.99 million baht, a decrease of 88.19 percent from the previous year, with a profit margin of 1.55 percent of the net premium written, while the year 2017 is at the rate of 15.99 percent.

Investment Asset

As of 31 December 2018, the company has the investment asset at the amount of 681.94 million baht decreasing from 2017 by 15.16 million baht or 2.17 percent. The company invested some assets deposited with financial institute which shall be used as asset-backed in accordance with the regulation of the Insurance Committee.

In 2018, the income from investment was 13.94 million baht increasing from 2017 by 20.02 percent, by consisting of bank deposit interest, dividend payment and net profit(loss) from trading of stocks. The return yield was 2.14 percent.

Investment Property

Investment assets totaled 681.94 million baht with investment properties worth 66.91 million baht. 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 18.45 million baht. The real properties' value was 66.91 million baht. The return yield was 27.58 percent

Assets

(1) **Contents of assets** as of 31 December 2018 comprised of cash and cash equivalents 1.93 percent, premium receivable 7.79 percent, accrued investment income 0.05 percent, reinsurance assets 29.28 percent, amount due from reinsurers 4.78 percent, investment assets 34.86 percent, investment in an associate 2.39 percent, property, plant and equipment 15.61 percent, intangible assets 0.52 percent, deferred tax assets 1.09 percent, and other assets 1.70 percent.

As of 31 December 2018, the company's total assets amount Baht 1,956.38 million, a decreased from 2017 of Baht 96.93 million or 4.72 percent.

(2) Quality of assets

Cash and cash equivalents as of 31 December 2018 the company had Baht 37.73 million in cash and cash equivalents, a decreased from 2017 of Baht 41.37 million or 52.30 percent include cash on hand , cheque on hand and deposits at bank (at call).

Investment assets as of 31 December 2018, 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 681.94 million, which was the fair value. The company pledged bonds with a face value of Baht 15.00 million as collateral with the Registrar in accordance with Non-life Insurance Act of 1992.

Investment Property as of 31 December 2018, the company had a net value on Investment Property of Baht 66.91 million which is Buildings (BUI2) for rental and services business.

Property, Plant and Equipment as of 31 December 2018, the company had a net value on premises and equipment of Baht 305.37 million , as the Office of the company and subsidiaries and part rent under operating leases. In year 2018, the Company revalued land by using value appraised by the independent appraiser licensed by the Securities and Exchange Commission which is determined by using the Sale Price Approach according to the appraisal. The Company has a policy to reappraise the value of land every period approximate of 3 years.

Reinsurance assets as of 31 December 2018, the company had a reinsurance assets Baht 572.76 million decreased by Baht 142.44 million or 19.92 percent.

Premiums receivable as of 31 December 2018, the company had a total of Baht 152.37 million in net uncollected premiums, increased of Baht 16.85 million or 12.43 percent. Premium receivables are classified by aging as follows:

	2018 Baht	2017 Baht
From direct insurance		
Within credit terms	94,436,168	88,543,798
Less than 30 days	35,207,287	33,301,949
31 - 60 days	11,658,227	5,385,150
61 - 90 days	2,285,552	2,623,879
Over 90 days	14,537,977	9,100,845
Total premium receivable	158,125,211	138,955,621
<u>Less</u> Allowance for doubtful accounts	<u>(5,754,940)</u>	<u>(3,436,750)</u>
Premium receivable - net	152,370,271	135,518,871
Receivable under lawsuit		
Over 1 years	72,626,889	81,089,655
<u>Less</u> Allowance for doubtful accounts	<u>(72,626,889)</u>	<u>(81,089,655)</u>
Receivable under lawsuit - net	-	-
Premium receivable - net	152,370,271	135,518,871

The uncollected premium was 152.37 million baht. The premium which is not due and uncollected less than 60 days was 141.30 million baht or 89.36 percent of all uncollected premiums. The policies of the allowance for doubtful accounts are based on the expectation of uncollected premiums from premium receivables which exist, include with the experience of the past and the collection according to the current state. The company has improved and developed the debt collection system periodically to be more efficient.

Liquidity

Cash flow As of 31 December 2018 the company had Baht 37.73 million in cash and cash equivalents, a decreased from 2017 of Baht 41.37 million or 52.30 percent.

	<u>2018</u>	<u>2017</u>	<u>2016</u>
Cash flows (used) operating activities	(21.60)	(35.35)	88.61
Cash flows (used) investing activities	(4.77)	(11.62)	(3.14)
Cash flows (used) financing activities	<u>(15.00)</u>	<u>0.00</u>	<u>(20.00)</u>
Net (decrease) in cash and cash equivalents	<u>(41.37)</u>	<u>(46.97)</u>	<u>65.47</u>

Cash flow used from the operating activities at the amount of 21.60 million baht has been received/used from the underwriting activities such as collecting premium, claim paid and has been paid for underwriting cost, total received of 68.29 million baht, received from income on investment and other income 14.68 million baht, received from investment asset 14.24 million baht, paid for operating expenses 97.07 million baht, and paid for corporate taxes 21.73 million baht.

The cash flow used in investment was 4.77 million baht consisting of sale and purchase of the operating assets.

The cash flow used in financing activities was 15.00 million baht consisting of dividend paid for profit of the year 2017

Liquidity ratio Liquidity Ratio - As of 31 December 2018, the financial status of the company has the liquidity ratio of 0.99 times, which differs slightly from the previous year, but still considered that the company has sufficient liquidity. The premium receivable turnover at 43.83 days, which has a faster rotation than the previous year, shows that the company can collect money from sales faster.

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 capital adequacy ratio of the company according to the Office of Insurance Commission's criteria is 238.12 percent, which is higher than the standard set by the Office of Insurance Commission (OIC), which is 140 percent.

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

The company has allocated Baht 19.60 million as reserve fund or 6.54 percent 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 percent 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 2018, the Company had Unearned premium reserve amount 357.42 million baht and Loss reserve and outstanding claims amount 714.62 million baht, total liabilities from insurance contracts 1,072.03 million baht. The Company had Insurance reserve refundable from reinsurers amount 572.76 million baht, insurance liability net amount 499.27 million baht. The company put securities amount baht 569.30 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.

Report of the Independent Certified Public Accountants

To The Shareholders of Bangkok Union Insurance Public Company Limited

Opinion

We have audited the financial statements in which the equity method is applied and the separate financial statements of Bangkok Union Insurance Public Company Limited (the "Company"), which comprise the statement of financial position in which the equity method is applied and the separate statements of financial position as at December 31, 2018, and the related statements of profit or loss and other comprehensive income in which the equity method is applied and the separate statements of profit or loss and other comprehensive income, the statement of changes in equity in which the equity method is applied and the separate statement of changes in equity and the statement of cash flows in which the equity method is applied and the separate statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the aforementioned financial statements in which the equity method is applied and the separate financial statements present fairly, in all material respects, the financial position of Bangkok Union Insurance Public Company Limited as at December 31, 2018, and financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards ("TFRSs").

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the statement of financial position in which the equity method is applied and separate financial statements of the current period. These matters were addressed in the context of our audit of the statement of financial position in which the equity method is applied and separate financial statements as a whole, and in forming our opinion thereon, and we

do not provide a separate opinion on these matters.

Key Audit Matters	Audit Responses
<p>Recognition of premiums written</p> <p>Recognition of premiums written is a significant risk of material misstatement because the Company had a large number of policies which were derived from direct insurance, insurance brokers and reinsurers caused a variety of supporting documents. This may results that premiums written are not recorded in an appropriate accounting period in which the transaction occurred. Key audit matter is whether the Company recognizes premium written in a correct accounting period in which the transaction occurred in accordance with Thai Financial Reporting Standards.</p> <p>The accounting policy for revenue recognition is disclosed in note 3.2 to the financial statements .</p>	<p>Key audit procedures included;</p> <ul style="list-style-type: none"> • Understanding operating procedures and internal control related to recognition of premiums written • Testing the design and implementation of internal controls • Testing the operating effectiveness around the recognition of premiums written • Performing substantive audit procedures consisted of : <ul style="list-style-type: none"> - Testing recording of recognition of policy and endorsement policy by considering the process of approval supporting documents to determine whether and other significant premiums written are recognized in a correct accounting period in which the transaction occurred - Performing analytical procedures on financial information relating premiums written.

Key Audit Matters	Audit Responses
<p>Claim reserves</p> <p>Claim reserves consists of liabilities from estimated claim incurred and reported and claim incurred but not reported ("IBNR"). Claim reserves are estimated based on the management's judgement and an actuary using actuarial method which requires a number of key assumptions for estimation. Key audit matter is whether the Company recognizes claim reserves completely and accurately in accordance with Thai Financial Reporting Standards.</p> <p>The accounting policy for claim reserves and details of claim reserves are disclosed in note 3.13.2 and note 15.1.1 to the financial statements, respectively .</p>	<p>Key audit procedures included;</p> <ul style="list-style-type: none"> • Understanding the operating procedures and internal control related to recognition of claim reserves and outstanding claims • Testing the design and implementation of internal controls • Performing the operating effectiveness testing around the recognition of claim reserves and outstanding claims • Performing substantive audit procedures as follows: <ul style="list-style-type: none"> - Examining the claim reserves by considering the process of transaction approval and other significant supporting documents to determine whether claim reserves are recognized completely and accurately - Assessing an appropriateness of the calculation method and the key assumptions applied by the management and an actuary in assessing reserve for claim incurred and reported and claim incurred but not reported ("IBNR"), including evaluation of the reasonableness of key assumptions used together with evaluation of the actuary's competency and independency. - Performing analytical procedures on financial information relating to claim reserves.

Other Information

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

Our opinion on the statement of financial position in which the equity method is applied and separate financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the statement of financial position in which the equity method is applied and separate financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

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

Responsibilities of Management and Those Charged with Governance for the statement of financial position in which the equity method is applied and Separate Financial Statements

Management is responsible for the preparation and fair presentation of the statement of financial position in which the equity method is applied and separate financial statements in accordance with TFRSs, and for such internal control as management determines is necessary to enable the preparation of the statement of financial position in which the equity method is applied and separate financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the statement of financial position in which the equity method is applied and Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the statement of financial position in which the equity method is applied and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with TSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these the statement of financial position in

which the equity method is applied and separate financial statements.

As part of an audit in accordance with TSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the statement of financial position in which the equity method is applied and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company's to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the statement of financial position in which the equity method is applied and separate financial statements, including the disclosures, and whether the statement of financial position in which the equity method is applied and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the statement of financial position in

which the equity method is applied and separate financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



Chavala Tienpasertkij
Certified Public Accountant (Thailand)
Registration No. 4301

BANGKOK

February 22, 2019

DELOITTE TOUCHE TOHMATSU JAIYOS AUDIT CO.,LTD.

Financial Statements

BANGKOK UNION INSURANCE PUBLIC COMPANY LIMITED STATEMENTS OF FINANCIAL POSITION

AS AT DECEMBER 31, 2018

Baht

	Notes	FINANCIAL STATEMENTS IN WHICH THE EQUITY METHOD IS APPLIED		SEPARATE FINANCIAL STATEMENTS	
		As at December 31, 2018	As at December 31, 2017	As at December 31, 2018	As at December 31, 2017
ASSETS					
Cash and cash equivalents	4	37,725,418	79,092,848	37,725,418	79,092,848
Premium receivable - net	5	152,370,271	135,518,871	152,370,271	135,518,871
Accrued investment income		1,068,002	890,111	1,068,002	890,111
Reinsurance assets	6 and 15	572,762,088	715,204,885	572,762,088	715,204,885
Amount due from reinsurers - net	7	93,485,601	68,055,526	93,485,601	68,055,526
Investments					
Investments in securities	8	615,037,930	613,230,668	615,037,930	613,230,668
Investment property - net	9	66,906,391	83,869,325	66,906,391	83,869,325
Investment in an associate	10	46,720,921	47,966,978	46,815,756	46,815,756
Property, plant and equipment - net	11	305,366,377	273,327,896	305,366,377	273,327,896
Intangible assets - net	12	10,207,578	9,038,650	10,207,578	9,038,650
Deferred tax assets	13	21,353,953	13,727,485	21,353,953	13,727,485
Other assets	14	33,276,544	14,537,330	33,276,544	14,537,330
TOTAL ASSETS		1,956,281,074	2,054,460,573	1,956,375,909	2,053,309,351

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, 2018

Baht

		Notes FINANCIAL STATEMENTS IN WHICH THE EQUITY METHOD IS APPLIED		SEPARATE FINANCIAL STATEMENTS	
		As at December 31, 2018	As at December 31, 2017	As at December 31, 2018	As at December 31, 2017
LIABILITIES AND EQUITY					
Insurance liabilities	15	1,072,032,574	1,140,557,322	1,072,032,574	1,140,557,322
Amount due to reinsurers	16	81,010,397	89,197,116	81,010,397	89,197,116
Employee benefit obligations	17	11,051,601	12,151,156	11,051,601	12,151,156
Commission and brokerages payable		30,172,751	25,931,303	30,172,751	25,931,303
Accrued expenses		32,941,212	47,848,783	32,941,212	47,848,783
Other liabilities	18	27,191,418	36,213,384	27,191,418	36,213,384
TOTAL LIABILITIES		1,254,399,953	1,351,899,064	1,254,399,953	1,351,899,064
EQUITY					
Share capital					
Authorized share capital					
30,000,000 ordinary shares					
of Baht 10.00 each		300,000,000	300,000,000	300,000,000	300,000,000
Issued and paid-up share capital					
29,999,790 ordinary shares					
of Baht 10.00 each		299,997,900	299,997,900	299,997,900	299,997,900
Premium on share capital		86,593,183	86,593,183	86,593,183	86,593,183
Retained earnings					
Appropriated					
Legal reserve	19	19,606,453	19,418,176	19,606,453	19,418,176
Unappropriated		26,790,416	37,935,532	27,147,786	38,212,070
Other components of equity					
Surplus on revaluation of lands		230,912,000	204,544,000	230,912,000	204,544,000
Change in fair value of available-for-sale securities		37,718,634	52,644,958	37,718,634	52,644,958
Share of other comprehensive income of an associate		262,535	1,427,760	-	-
TOTAL EQUITY		701,881,121	702,561,509	701,975,956	701,410,287
TOTAL LIABILITIES AND EQUITY		1,956,281,074	2,054,460,573	1,956,375,909	2,053,309,351

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

BANGKOK UNION INSURANCE PUBLIC COMPANY LIMITED
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2018

Baht

	Notes	FINANCIAL STATEMENTS IN WHICH THE EQUITY METHOD IS APPLIED		SEPARATE FINANCIAL STATEMENTS	
		2018	2017	2018	2017
REVENUES					
Gross written premiums	20	1,182,372,762	1,059,049,392	1,182,372,762	1,059,049,392
<u>Less</u> Premiums ceded to reinsures	20	(347,832,108)	(322,319,452)	(347,832,108)	(322,319,452)
Net premiums written		834,540,654	736,729,940	834,540,654	736,729,940
<u>Less</u> Unearned premium reserve increase from previous year	20	(30,269,530)	(2,051,152)	(30,269,530)	(2,051,152)
Net premium earned		804,271,124	734,678,788	804,271,124	734,678,788
Fee and commission income	20	56,904,588	50,638,861	56,904,588	50,638,861
Net investment income	20	13,848,981	11,797,473	13,848,981	11,797,473
Gain (loss) on investment	20 and 24	95,924	(178,917)	95,924	(178,917)
Share of loss from investment in an associate	10 and 20	(80,832)	(184,999)	-	-
Other income	20	349,070	599,761	349,070	599,761
Income from rental	20	70,760,977	71,852,134	70,760,977	71,852,134
Total revenues		946,149,832	869,203,101	946,230,664	869,388,100
EXPENSES					
Gross claim	20	601,933,038	1,053,862,047	601,933,038	1,053,862,047
<u>Less</u> Claim recovered from reinsurers	20	(174,580,986)	(709,972,299)	(174,580,986)	(709,972,299)
Commissions and brokerages	20	164,459,742	137,864,687	164,459,742	137,864,687
Other underwriting expenses	20	232,541,181	203,396,596	232,541,181	203,396,596
Operating expenses	20 and 21	66,218,260	83,811,083	66,218,260	83,811,083
Other expenses - expenses for rental	20	52,310,037	56,730,588	52,310,037	56,730,588
Total expenses		942,881,272	825,692,702	942,881,272	825,692,702
Profit before income tax expense		3,268,560	43,510,399	3,349,392	43,695,398
Income tax expense	13	(416,147)	8,545,889	(416,147)	8,545,889
Net profit		3,684,707	34,964,510	3,765,539	35,149,509

Notes to financial statements form an integral part of these statements

BANGKOK UNION INSURANCE PUBLIC COMPANY LIMITED
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONT.)
FOR THE YEARS ENDED DECEMBER 31, 2018

Baht

	Notes	FINANCIAL STATEMENTS IN WHICH THE EQUITY METHOD IS APPLIED		SEPARATE FINANCIAL STATEMENTS	
		2018	2017	2018	2017
Other comprehensive income					
Items that will not be reclassified subsequently to profit or loss					
Surplus on revaluation of land	11	32960000	-	32,960,000	-
Actuarial loss in defined employee benefit plans	17	448,067	(3,894,426)	448,067	(3,894,426)
Income tax relating to components of other comprehensive income that will not be reclassified subsequently		(6,681,613)	778,885	(6,681,613)	778,885
		<u>26,726,454</u>	<u>(3,115,541)</u>	<u>26,726,454</u>	<u>(3,115,541)</u>
Other comprehensive income					
Items that will be reclassified subsequently to profit or loss					
Gain (loss) on remeasuring available-for-sale investment		(18,657,905)	12,113,732	(18,657,905)	12,113,732
Share of other comprehensive income (loss) of an associate	10	(1,456,531)	1,691,135	-	-
Income tax relating to components of other comprehensive income that will be reclassified subsequently		4,022,887	(2,760,973)	3,731,581	(2,422,746)
		<u>(16,091,549)</u>	<u>11,043,894</u>	<u>(14,926,324)</u>	<u>9,690,986</u>
Other net comprehensive income for the years - net of income tax		<u>10,634,905</u>	<u>7,928,353</u>	<u>11,800,130</u>	<u>6,575,445</u>
Total comprehensive income for the years		<u><u>14,319,612</u></u>	<u><u>42,892,863</u></u>	<u><u>15,565,669</u></u>	<u><u>41,724,954</u></u>
Basic earnings per share	BAHT 25	0.12	1.17	0.13	1.17

Notes to financial statements form an integral part of these statements

BANGKOK UNION INSURANCE PUBLIC COMPANY LIMITED
STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2018

Baht

FINANCIAL STATEMENTS IN WHICH THE EQUITY METHOD IS APPLIED								
Notes	Issued and paid-up share capital	Premium on share capital	Retained earnings		Other components of equity			Total
			Appropriated legal reserve	Unappropriated	Surplus on revaluation of asset	Surplus on remeasuring available-for-sale investment	Share of other comprehensive income (loss) of an associate	
Beginning balances as at January 1, 2017	299,997,900	86,593,183	17,660,701	7,844,038	204,544,000	42,953,972	74,852	659,668,646
Legal reserve 19	-	-	1,757,475	(1,757,475)	-	-	-	-
Comprehensive income - equity method	-	-	-	31,848,969	-	9,690,986	1,352,908	42,892,863
Ending balances as at December 31, 2017	299,997,900	86,593,183	19,418,176	37,935,532	204,544,000	52,644,958	1,427,760	702,561,509
Beginning balances as at January 1, 2018	299,997,900	86,593,183	19,418,176	37,935,532	204,544,000	52,644,958	1,427,760	702,561,509
Legal reserve 19	-	-	188,277	(188,277)	-	-	-	-
Comprehensive income (loss) - equity method	-	-	-	4,043,161	26,368,000	(14,926,324)	(1,165,225)	14,319,612
Dividend paid 28	-	-	-	(15,000,000)	-	-	-	(15,000,000)
Ending balances as at December 31, 2018	299,997,900	86,593,183	19,606,453	26,790,416	230,912,000	37,718,634	262,535	701,881,121

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

BANGKOK UNION INSURANCE PUBLIC COMPANY LIMITED
STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2018

Baht

		SEPARATE FINANCIAL STATEMENTS						
		Retained earnings			Other components of equity			
	Notes	Issued and paid-up share capital	Premium on share capital	Appropriated legal reserve	Unappropriated	Other comprehensive income	Total	
						Surplus on revaluation of asset	Surplus on remeasuring available-for-sale investment	
Beginning balances as at January 1, 2017		299,997,900	86,593,183	17,660,701	7,935,577	204,544,000	42,953,972	659,685,333
Legal reserve	19	-	-	1,757,475	(1,757,475)	-	-	-
Comprehensive income for the year		-	-	-	32,033,968	-	9,690,986	41,724,954
Ending balances as at December 31, 2017		299,997,900	86,593,183	19,418,176	38,212,070	204,544,000	52,644,958	701,410,287
Beginning balances as at January 1, 2018		299,997,900	86,593,183	19,418,176	38,212,070	204,544,000	52,644,958	701,410,287
Legal reserve	19	-	-	188,277	(188,277)	-	-	-
Comprehensive income (loss) for the year		-	-	-	4,123,993	26,368,000	(14,926,324)	15,565,669
Dividends paid	28	-	-	-	(15,000,000)	-	-	(15,000,000)
Ending balances as at December 31, 2018		299,997,900	86,593,183	19,606,453	27,147,786	230,912,000	37,718,634	701,975,956

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, 2018

Baht

	Notes FINANCIAL STATEMENTS IN WHICH THE EQUITY METHOD IS APPLIED		SEPARATE FINANCIAL STATEMENTS	
	2018	2017	2018	2017
CASH FLOWS PROVIDED BY (USED IN) OPERATING ACTIVITIES				
Direct premium received	1,140,661,628	1,027,917,644	1,140,661,628	1,027,917,644
Cash paid from reinsurance	(20,474,888)	(31,900,365)	(20,474,888)	(31,900,365)
Interest income	7,830,079	7,127,563	7,830,079	7,127,563
Dividend income	6,509,450	5,556,962	6,509,450	5,556,962
Other income	338,465	133,278	338,465	133,278
Claims incurred from direct insurance	(664,282,168)	(550,766,659)	(664,282,168)	(550,766,659)
Commissions and brokerages from direct insurance	(155,365,930)	(132,585,948)	(155,365,930)	(132,585,948)
Other underwriting expenses	(232,244,751)	(202,902,608)	(232,244,751)	(202,902,608)
Operating expenses	(97,068,559)	(73,230,772)	(97,068,559)	(73,230,772)
Income tax expense	(21,734,912)	(15,294,046)	(21,734,912)	(15,294,046)
Investments in securities	(6,239,392)	(50,930,244)	(6,239,392)	(50,930,244)
Deposits at bank with maturity over 3 months	(14,798,288)	(55,901,712)	(14,798,288)	(55,901,712)
Loans	-	24,629	-	24,629
Investment property	35,273,195	37,405,212	35,273,195	37,405,212
Net cash provided by (used in) operating activities	(21,596,071)	(35,347,066)	(21,596,071)	(35,347,066)
CASH FLOWS PROVIDED BY (USED IN) INVESTING ACTIVITIES				
CASH FLOWS PROVIDED BY				
Property, plant and equipment	11,682	81,267	11,682	81,267
Cash provided by investing activities	11,682	81,267	11,682	81,267
CASH FLOWS USED IN				
Property, plant and equipment	(2,463,225)	(4,235,684)	(2,463,225)	(4,235,684)
Intangible assets	(2,319,816)	(7,466,864)	(2,319,816)	(7,466,864)
Cash used in investing activities	(4,783,041)	(11,702,548)	(4,783,041)	(11,702,548)
Net cash used in investing activities	(4,771,359)	(11,621,281)	(4,771,359)	(11,621,281)
CASH FLOWS USED IN FINANCING ACTIVITIES				
Dividend paid	(15,000,000)	-	(15,000,000)	-
Net cash used in financing activities	(15,000,000)	-	(15,000,000)	-
Net decreased in cash and cash equivalents	(41,367,430)	(46,968,347)	(41,367,430)	(46,968,347)
Cash and cash equivalents as at January 1,	79,092,848	126,061,195	79,092,848	126,061,195
Cash and cash equivalents as at December 31,	4 37,725,418	79,092,848	37,725,418	79,092,848

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

BANGKOK UNION INSURANCE PUBLIC COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS IN WHICH THE EQUITY METHOD IS
APPLIED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31,2018

1. GENERAL INFORMATION AND OPERATION OF THE COMPANY

Bangkok Union Insurance Public Company Limited (the "Company") was registered in The Stock Exchange of Thailand ("SET"). The main business is non-life insurance and rental of office space. The head office is located at 175-177 Surawong Road, Suriyawong, Bangrak, Bangkok, Thailand.

The major shareholder company is Leophairatana Enterprises Company Limited which was incorporated in Thailand, holding 29.24% of the Company's share capital.

2. BASIS FOR PREPARATION AND PRESENTATION OF THE FINANCIAL STATEMENTS IN WHICH THE EQUITY METHOD IS APPLIED AND THE SEPARATE FINANCIAL STATEMENTS

- 2.1 The Company maintains its accounting records in Thai Baht and prepares its statutory financial statements in the Thai language in conformity with Thai Financial Reporting Standards and practices generally accepted in Thailand.
- 2.2 The Company's financial statements have been prepared in accordance with the Thai Accounting Standard (TAS) No. 1 (Revised 2017) "Presentation of Financial Statements", which was effective for financial periods beginning on or after January 1, 2018 onward, and the Regulation of The Stock Exchange of Thailand (SET) dated October 2, 2017, regarding the preparation and submission of financial statements and reports for the financial position and results of operations of the listed companies B.E. 2560 and the Notification of the Office of Insurance Commission regarding the Rules, Procedures, Conditions and Periods for Preparing and Submitting Financial Statements and Reports on the Operations of the Non-Life Insurance Business B.E. 2559 dated March 4, 2016.
- 2.3 The financial statements have been prepared under the historical cost convention except as disclosed in the significant accounting policies.
- 2.4 Thai Financial Reporting Standards affecting the presentation and disclosure in the current period financial statements

During the year, the Company has adopted the revised and new financial reporting standards issued by the Federation of Accounting Professions which become effective for fiscal years beginning on or after January 1, 2018. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards. The adoption of these financial reporting standards does not have any significant impact on the Company's interim financial statements.

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

2.5.1 Thai Financial Reporting Standards which will be effective for the financial statements with fiscal years beginning on or after January 1, 2019

New Thai Financial Reporting Standards and Thai Financial Reporting Standard Interpretation

The Federation of Accounting Professions has issued the Notification regarding Thai Financial Reporting Standards and Thai Financial Reporting Standard Interpretation which have been announced in the Royal Gazette and will be effective for the financial statements for the period beginning on or after January 1, 2019 onwards.

Thai Financial Reporting Standards ("TFRS")

TFRS 1 First-time Adoption of International Financial Reporting Standards

TFRS 15 Revenue from Contracts with Customers

Thai Financial Reporting Standard Interpretation ("TFRIC")

TFRIC 22 Foreign Currency Transactions and Advance Consideration

There is the key change to the core principle of Thai Financial Reporting Standard No.15 "Revenue from Contracts with Customers" which introduces a 5-step approach to revenue recognition, as follow:

Step 1: Identify the contract(s) with a customer

Step 2: Identify the performance obligations in the contract.

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation

Under Thai Financial Reporting Standard No. 15, an entity recognizes revenue when (or as) a performance obligation is satisfied. Thai Financial Reporting Standard No.15 will supersede the Standards and Interpretations relating to revenue upon its effective date.

Thai Financial Reporting Standards (TFRSs) Revised 2018

The Federation of Accounting Professions has issued the Notification regarding Thai Financial Reporting Standards (TFRSs) Revised 2018 which have been announced in the Royal Gazette and will be effective for the financial statements for the period beginning on or after January 1, 2019 onwards. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes directed towards revision of wording and terminology and reference to

other TFRSs except following TFRSs, which there are revision or additional paragraph and accounting guidance.

Thai Accounting Standard No. 28 (Revised 2018) "Investment in Associates and Joint Ventures" clarifies about the election of measurement an investment in an associate or a joint venture at fair value through profit or loss, and clarifies the consideration about the impairment of an investment in an associate or a joint venture. This accounting standard requires retrospective method for such amendment.

Thai Accounting Standard No. 40 (Revised 2018) "Investment Property" clarifies about transfers of investment property to, or from, other accounts when, and only when, there is a change in use. This accounting standard requires prospective method for such amendment.

Thai Financial Reporting Standard No. 2 (Revised 2018) "Share-based Payment" adds the requirements, which require prospective method for the amendment as follows:

- 1) The requirement about treatment of vesting and non-vesting for a cash-settled share-based payment transaction
- 2) The requirement about share-based payment transactions with a net settlement feature for withholding tax obligations
- 3) The requirement about accounting for a modification of a share-based payment transaction that changes its classification from cash-settled to equity-settled

Thai Financial Reporting Standard No. 4 (Revised 2018) "Insurance Contracts" determines the option for insurance industry to temporarily exempt from applying Thai Financial Reporting Standard No.9 "Financial Instruments". An entity can elect to exempt from Thai Financial Reporting Standard No.9 for annual periods beginning before January 1, 2022 or before Thai Financial Reporting Standard No.17 "Insurance Contracts" is effective.

2.5.2 Thai Financial Reporting Standards which will be effective for the financial statements with fiscal years beginning on or after January 1, 2020

The Federation of Accounting Professions has issued the Notification regarding Thai Financial Reporting Standard Group of Financial Instruments which have been announced in the Royal Gazette and will be effective for the financial statements for the period beginning on or after January 1, 2020 onwards, as follows:

Thai Accounting Standards ("TAS")

TAS 32 Financial Instruments: Presentation

Thai Financial Reporting Standards ("TFRS")

TFRS 7 Financial Instruments: Disclosures

TFRS 9 Financial Instruments

Thai Financial Reporting Standard Interpretations (“TFRIC”)

TFRIC 16 Hedges of a Net Investment in a Foreign Operation

TFRIC 19 Extinguishing Financial Liabilities with Equity Instruments

These TFRSs make stipulations relating to the classification of financial instruments and their measurement at fair value or amortized cost; taking into account the type of instrument, the characteristics of the contractual cash flows and the Company's business model, the calculation of impairment using the expected credit loss method, and the concept of hedge accounting. These include stipulations regarding the presentation and disclosure of financial instruments. These TFRSs will supersede the Standards and Interpretations relating to the financial instruments upon its effective date.

The Company's management will adopt such TFRSs in the preparation of the Company's financial statements when it becomes effective. The Company's management has assessed the impact of these TFRSs and considered that the adoption of these financial reporting standards does not have any significant impact on the financial statements of the Company in the period of initial application.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Insurance contract Classification

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

3.2 Recognition of revenues and expenses

Premium written

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

Reinsurance premium

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

Commissions and brokerages income

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

Investment income

Investment income consists of interest income and dividends income. Interest income is recognized as income on an accrual basis and dividends income are recognized as income on the declaration date.

Income from rental

Income from rental consists of rental income and service income which are recognized as income on an accrual basis. Rental income is recognized as income using the straight-line method over the lease term. The proceeds received from lessees before recognition of income are recorded as unearned revenue.

Other income

Other income is recognized as income on an accrual basis.

Premiums ceded

Premiums ceded is recognised as expense when the insurance risk is transferred to another insurer as amounts specified in policies.

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

Claims and losses adjustment expenses

Claims and losses adjustment expenses consist of claims and losses adjustment expenses of direct insurance and reinsurance of both reported claims and not reported claims, and are stated at the amounts of the claims, related expenses, and claims adjustments of the current and prior period incurred during the year, less residual value and other recoveries (if any), and claim recovery from reinsurers. Claims and losses adjustment expenses of direct insurance are recognised 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 and claims and losses adjustment expenses of reinsurance are recognised when the reinsurer places the loss advice with the Company.

Claim recovery from reinsurers

Claims recovery from reinsurers is recognised when claims and loss adjustment expenses are recorded. They are estimated as proportion and condition relevant to reinsurance contracts. The Company presents the claims recoverable amount as a deduction from gross claims.

Commissions and brokerages and other expenses

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

3.3 Cash and cash equivalents

Cash and cash equivalents include cash on hand, cheque on hand and all types of deposits with banks with maturity within 3 months, excluding deposit at banks used as collateral.

Deposits at banks having terms to maturity over 3 months are included in investments in securities.

3.4 Premium receivable and allowance for doubtful debt

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

3.5 Reinsurance assets

Reinsurance assets are stated at insurance reserve refundable from reinsurers which are estimated based on the related premium reserve in accordance with law regarding insurance reserve calculations and unearned reinsurance premium reserve.

3.6 Amount due to and due from reinsurers

Amount due from reinsurers are stated at amount due from reinsurers which consists of premium uncollected from reinsurers, commission and brokerages receivables, outstanding claim recovered from reinsurers. The Company records allowance for doubtful for estimated loss from uncollected receivables based on the Company's collection experience and the analysis of aging of amount due from reinsurers.

Amount due to reinsurers are stated at amount withheld on reinsurance and amount due to reinsurers which consist of premium ceded payables and other reinsurance payables to reinsurers except claim payables. The net amount is represented in the statement of financial position when the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

3.7 Investment in securities

Investments in held-for-trading securities are determined at fair value. Gains or losses arising from changes in value of securities are included in the statement of profit or loss and other comprehensive income.

Investments in available-for-sale securities are determined at fair value, net allowance for impairment. Changes in the value of securities are recorded as items in the statement of profit or loss and other comprehensive income. Unrealized gain (loss) is recorded as separated item in equity until the securities are sold.

Securities classified as general investments are stated at cost net allowance for impairment.

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

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

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

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

Fair value of marketable securities are based on the latest bid price of the last working day of the year as quoted on the Stock Exchange of Thailand. Fair value of debt instruments is determined based on the price quoted by the Thai Bond Market Association ("Thai-BMA"). When quoted market prices are unavailable, the pricing will be estimated by discounting expected future cash flows using market interest rate and/or prices for a similar instrument from Thai-BMA at the measurement date.

Fair value of unit trusts is determined from their net asset value.

3.8 Investments in an associate

Investments in an associate as presented in the separate financial statements are accounted for under the cost method net of allowance for impairment (if any). Investments in an associate as presented in the financial statements in which the equity method is applied are accounted for under the equity method.

3.9 Loans

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

3.10 Investment property

Investment property is property which is held to earn rental income, for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Cost of investment property includes expenditure that is directly attributable to the acquisition of the investment property.

Investment property is stated at cost less accumulated depreciation and allowance for impairment (if any).

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

Building	27 years
Building improvement	10 years

3.11 Property, plants and equipment

Land is stated at the new appraised value. Plants and equipment are stated at cost, net of accumulated depreciation and allowance for impairment, if any.

Land reappraisal is done by independent appraisers approved by The Securities and Exchange Commission based on the sale price approach. The increment resulting from the appraisal is recognized as part of equity as surplus on revaluation of assets. Land reappraisal decrease is charged directly against any prior appraisal increase for the particular asset. The residual appraisal decrease is recognized as other operating expense. Upon disposal, any remaining related revaluation surplus of the land is transferred directly to retained earnings and is not taken into account in calculating the gain or loss on disposal.

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

Building and building improvement	20 years
Furniture and office equipment	5 and 10 years
Vehicles	5 years

3.12 Intangible assets

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

Amortization is charged to the statement of profit or loss and other comprehensive income calculated on the straight-line method based on the estimated useful life of each intangible asset. The estimated useful live is as follow:

Computer software	5 years
-------------------	---------

3.13 Insurance liabilities

3.13.1 Unearned premium reserve

Unearned premium reserve is set aside in compliance with the Notification of the Office of Insurance Commission governing the principle, methodology and condition of unearned premium reserves, loss reserves and other reserves of non-life insurance companies as follows:

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

3.13.2 Loss reserve and outstanding claims

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

3.13.3 Unexpired risks reserve

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

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

3.14 Employee benefit

3.14.1 Provident fund

The Company sets provident fund which is contributory by the employee and the Company matching the individuals' contributions. The provident funds have been registered in accordance with the Provident Fund Act B.E. 2530 (1987). The Company's contributions are recorded as expense for the year by an accrual basis.

3.14.2 Post-employment benefits obligation

The Company provides post-employment benefits obligation, payable to employees under the Thai Labor Protection Act. The liability in respect of employee benefits is calculated by an actuary using the projected unit credit cost method. The present value of the defined benefits obligation is determined by discounting estimated future cash outflows using yields on the government bonds which have terms to maturity approximating the terms of related liability. The estimated future cash outflows shall reflect employee salaries, turnover rate, length of service and other factor. Actuarial gains (losses) are recognized in other comprehensive income.

The costs associated with providing these benefits are charged to the statement of profit or loss and other comprehensive income so as to spread the cost over the employment period.

Past service cost related to the plan amendment is recognized as an expense in the income statement when the plan amendment is effective.

3.15 Long-term lease

Where a Company is the lessee

Leases in which substantial risks and rewards of ownership of assets remained with the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on the straight-line method over the term of lease.

Where the Company is a lessor

Leases in which substantial risks and rewards of ownership of assets remained with the Company are accounted for as operating leases. Rental income is recognized as described in Note 3.2

3.16 Income tax

Income tax expense

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

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The current income tax payable is calculated using tax rates that have been enacted at the end of reporting period.

Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit (tax base). Deferred tax liabilities are generally recognized for all taxable temporary differences, and deferred tax assets are generally recognized for temporary differences to the extent that it is probable that taxable profits will be available against which those temporary differences can be utilized. The carrying amount of a deferred tax assets is reviewed at the end of each reporting period. Deferred tax assets shall be reduced to the extent that utilized taxable profits decreased. Any such reduction shall be reversed to the extent that it becomes probable that sufficient taxable profit will be available to allow total or part of the deferred tax assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that have been enacted or substantially enacted at the end of reporting period.

3.17 Basic earnings per share

Basic earnings per share are calculated by dividing net profit by the number of weighted average ordinary shares outstanding at the date of statement of financial position. In the case of a capital increase, the number of weighted average ordinary shares is calculated according to the period of the subscription received from increase and paid-up share capital.

In case of stock dividend payment, the number of ordinary shares outstanding before the event is adjusted for the proportionate change in the number of ordinary shares outstanding as if the event had occurred at the beginning of the earliest period presented.

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

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

reasonable consideration of current events, actual results may differ from these estimates.

Key sources of estimation uncertainty

3.18.1 Loss reserves

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

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

3.18.2 Fair value measurement and valuation processes

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

Information about valuation techniques and inputs used in determining the fair value of various assets and liabilities are disclosed in Note 35.2.6.

3.18.3 Post-employment benefits under defined benefit plans and other long-term employee benefits

The obligations under the defined benefit plan and other long-term employee benefit plan are determined based on actuarial techniques. Such determination is made based on various assumptions, including discount rate, future salary increase rate, mortality rate and staff turnover rate.

3.19 Fair value measurements

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

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

4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents as at December 31, 2018 and 2017 consisted of the following:

	Financial statements in which the equity method is applied and separate financial statements	
	2018	2017
	Baht	Baht
Cash on hand	229,576	209,718
Cheque on hand	1,017,241	2,774,848
Deposits at bank - at call	36,478,601	76,108,282
Cash and cash equivalents	<u>37,725,418</u>	<u>79,092,848</u>

5. PREMIUM RECEIVABLE - NET

Premium receivable - net as at December 31, 2018 and 2017 consisted of the following:

	Financial statements in which the equity method is applied and separate financial statements	
	2018	2017
	Baht	Baht
From direct insurance		
Within credit terms	94,436,168	88,543,798
Less than 30 days	35,207,287	33,301,949
31 - 60 days	11,658,227	5,385,150
61 - 90 days	2,285,552	2,623,879
Over 90 days	14,537,977	9,100,845
Total premium receivable	158,125,211	138,955,621
<u>Less</u> Allowance for doubtful accounts	<u>(5,754,940)</u>	<u>(3,436,750)</u>
Premium receivable - net	<u>152,370,271</u>	<u>135,518,871</u>
Receivable under lawsuit		
Over 1 years	72,626,889	81,089,655
<u>Less</u> Allowance for doubtful accounts	<u>(72,626,889)</u>	<u>(81,089,655)</u>
Receivable under lawsuit - net	<u>-</u>	<u>-</u>
Premium receivable - net	<u>152,370,271</u>	<u>135,518,871</u>

As at December 31, 2018 and 2017, receivables under lawsuit of Baht 72.63 million and Baht 81.09 million, respectively, were fully reserved allowance for doubtful in which included a major receivable who was an agent of the Company as at December 31, 2018 and 2017 of Baht 46.03 million and Baht 55 million, respectively, which the Company had sued such agent. On October 19, 2017, the Supreme Court had passed a verdict to order such receivable to pay all debt and interest 15% per annum to the Company since prosecution date.

On September 27 2018, the Company obtained the official letter from the Legal Execution Department informing that the Company will receive payment from that major receivable from property investigation. The Company received payment of Baht 7.15 million on October 30, 2018. The remaining amount is in the process of following up from such agent.

For premium receivables due from agents and brokers, the Company has stipulated the collection guideline in accordance with regulation of premium collection. For overdue premium receivables, the Company has process with agents and brokers in case by case basis in accordance with the regulation.

6. REINSURANCE ASSETS

Reinsurance assets as at December 31, 2018 and 2017 consisted of the following:

	Financial statements in which the equity method is applied and separate financial statements	
	2018	2017
	Baht	Baht
Insurance reserve refundable from reinsurers		
Claim reserves	432,109,826	572,183,552
Unearned premium reserve		
- Unearned reinsurance premium reserve	140,652,262	143,021,333
Total reinsurance assets (see Note 15)	<u>572,762,088</u>	<u>715,204,885</u>

7. AMOUNT DUE FROM REINSURERS - NET

Amount due from reinsurers - net as at December 31, 2018 and 2017 consisted of the following:

	Financial statements in which the equity method is applied and separate financial statements	
	2018	2017
	Baht	Baht
Amount due from reinsurers	103,603,642	77,924,987
<u>Less</u> Allowance for doubtful accounts	<u>(10,118,041)</u>	<u>(9,869,461)</u>
Total amount due from reinsurers - net	<u>93,485,601</u>	<u>68,055,526</u>

Aging analyzes for amount due from reinsurers as at December 31, 2018 and 2017 were as follows:

	Financial statements in which the equity method is applied and separate financial statements	
	2018	2017
	Baht	Baht
Within credit terms	91,232,901	52,395,858
Not over 12 months	2,391,575	15,555,952
Over 1 year to 2 years	682,106	535,269
Over 2 years	9,297,060	9,437,908
	103,603,642	77,924,987
<u>Less</u> Allowance for doubtful accounts	(10,118,041)	(9,869,461)
Amount due from reinsurers	93,485,601	68,055,526

8. INVESTMENTS IN SECURITIES

Investments in securities as at December 31, 2018 and 2017 consisted of the following:

	Financial statements in which the equity method is applied and separate financial statements			
	2018		2017	
	Cost/Amortized Cost Baht	Fair value Baht	Cost/Amortized Cost Baht	Fair value Baht
Available-for-sale securities				
Equity securities	100,323,482	135,970,370	100,323,481	158,767,841
Unit trusts	187,103,607	198,605,011	176,691,607	184,053,444
Total	287,427,089	334,575,381	277,015,088	342,821,285
<u>Add</u> Unrealized gains	47,148,292	-	65,806,197	-
<u>Less</u> Allowance for impairment	-	-	(924,062)	(924,062)
Total available-for-sale securities	334,575,381	334,575,381	341,897,223	341,897,223
Held-to-maturity securities				
Government and state enterprise securities	113,766,135		119,434,572	
Private enterprises debt securities	70,000,000		70,000,000	
Deposits at bank with maturity over 3 months	96,000,000		81,201,712	
Total held-to-maturity securities	279,766,135		270,636,284	
General investment				
Equity securities	705,411		705,411	
<u>Less</u> Allowance for impairment	(8,996)		(8,250)	
Total general investment	696,414		697,161	
Total investment in securities - net	615,037,930		613,230,668	

Debt securities classified by the remaining maturity as at December 31, 2018 were as follows:

	Financial statements in which the equity method is applied and separate financial statements			
	Maturities			Total Baht
	Within 1 year Baht	1-5 years Baht	Over 5 years Baht	
Held-to-maturity debt securities				
Government and state enterprise securities	2,782,397	7,314,394	103,669,344	113,766,135
Private enterprises debt securities	20,000,000	50,000,000	-	70,000,000
Total held-to-maturity debt securities	<u>22,782,397</u>	<u>57,314,394</u>	<u>103,669,344</u>	<u>183,766,135</u>
Total debt securities - net	<u>22,782,397</u>	<u>57,314,394</u>	<u>103,669,344</u>	<u>183,766,135</u>

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

	Financial statements in which the equity method is applied and separate financial statements			
	Maturities			Total Baht
	Within 1 year Baht	1-5 years Baht	Over 5 years Baht	
Held-to-maturity debt securities				
Government and state enterprise securities	4,997,428	10,263,739	104,173,405	119,434,572
Private enterprises debt securities	-	65,000,000	5,000,000	70,000,000
Total held-to-maturity debt securities	<u>4,997,428</u>	<u>75,263,739</u>	<u>109,173,405</u>	<u>189,434,572</u>
Total debt securities - net	<u>4,997,428</u>	<u>75,263,739</u>	<u>109,173,405</u>	<u>189,434,572</u>

As at December 31 2018 and 2017, certain investments in securities are pledged and used for assets reserved with the Registrar amounting to Baht 73.17 million and Baht 63.68 million, respectively (see Note 30).

9. INVESTMENT PROPERTY - NET

Investment property - net as at December 31, 2018 and 2017 consist of the following:

Financial statements in which the equity method is applied and separate financial statement									
	Cost			Accumulated depreciation				Beginning balance of investment property - net as at January 1, 2018	Ending balance of investment property - net as at December 31, 2018
	As at January 1, 2018	Increase	Disposal / Write off	As at December 31, 2018	As at January 1, 2018	Depreciation	Disposal / Write off	As at December 31, 2018	
	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht
Building	458,457,698	-	-	458,457,698	(374,588,374)	(16,962,934)	-	(391,551,308)	83,869,324
Building improvement	69,962,939	-	-	69,962,939	(69,962,938)	-	-	(69,962,938)	1
Total	528,420,637	-	-	528,420,637	(444,551,312)	(16,962,934)	-	(461,514,246)	66,906,391

Financial statements in which the equity method is applied and separate financial statement									
	Cost			Accumulated depreciation				Beginning balance of investment property - net as at January 1, 2017	Ending balance of investment property - net as at December 31, 2017
	As at January 1, 2017	Increase	Disposal / Write off	As at December 31, 2017	As at January 1, 2017	Depreciation	Disposal / Write off	As at December 31, 2017	
	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht
Building	458,457,698	-	-	458,457,698	(357,625,440)	(16,962,934)	-	(374,588,374)	100,832,258
Building improvement	69,962,939	-	-	69,962,939	(69,962,938)	-	-	(69,962,938)	1
Total	528,420,637	-	-	528,420,637	(427,588,378)	(16,962,934)	-	(444,551,312)	83,869,325

As at December 31, 2018 and 2017, investment property which are building and building improvement located on land leased from a related company under an operating lease agreement (see Note 32) had carrying value of Baht 66.91 million and Baht 83.87 million, respectively, and the fair value as at December 31, 2018 which is determined by using the Replacement Cost Approach is Baht 451.22 million according to the appraisal reports dated August 1, 2018 and August 6, 2018 and are determined by the independent appraiser licensed by the Securities and Exchange Commission (the fair value as at December 31, 2017 which was determined by using the Replacement Cost Approach is Baht 408.08 million according to the appraisal report dated June 8, 2015 and was determined by the independent appraiser licensed by the Securities and Exchange Commission).

Depreciation for the years ended December 31, 2018 and 2017 amounting to Baht 16.96 million were included in expenses for rental.

As at December 31, 2018 and 2017, certain items of investment property with costs of Baht 69.96 million were fully depreciated but still in use.

10. INVESTMENT IN AN ASSOCIATE

As at December 31, 2018 and 2017, the Company had investment in an associate as follows:

Company name	Nature of business	Percentage of shareholding		Financial statements in which the equity method is applied		Separate financial statements	
				Carrying value under equity method		Cost	
				2018	2017	2018	2017
Associate							
BUI Life Insurance Public Company Limited	Life Insurance	9.60	9.60	46,720,921	47,966,978	46,815,756	46,815,756

As at December 31, 2018 and 2017, an associate had total assets and total liabilities before audit as follows:

	Baht : '000	
	As at December 31,	
	2018	2017
Total assets	779,861.64	734,456.72
Total liabilities	262,170.06	203,789.76

For the years ended December 31, 2018 and 2017, an associate had total revenues, net loss and net other comprehensive income (loss) as follows:

	Baht : '000	
	For the years ended	
	December 31,	
	2018	2017
Total revenues	32,224.13	56,805.51
Net loss	(841.71)	(1,926.42)
Other comprehensive income (loss)		
Items that will be reclassified subsequently to profit or loss		
Gain (loss) on remeasuring available-for-sale investments	(15,167.03)	17,610.04
Income tax relating to components of other comprehensive income that will be reclassified subsequently to profit or loss	3,033.41	(3,522.01)
Other comprehensive income (loss) - net of income tax	<u>(12,133.62)</u>	<u>14,088.03</u>

The statements of profit or loss and other comprehensive income in which the equity method is applied for the years ended December 31, 2018 and 2017 recognized share of loss in portion of shareholding in investment in an associate as follows:

	Baht : '000	
	For the years ended	
	December 31,	
	2018	2017
Share of loss of investment in an associate	(80.83)	(185.00)
Other comprehensive income (loss)		
Items that will be reclassified subsequently to profit or loss		
Share of other comprehensive income (loss) of an associate	(1,456.53)	1,691.14
Income tax relating to components of other comprehensive income that will be reclassified subsequently to profit or loss	291.31	(338.23)
Share of other comprehensive income (loss) of an associate - net of income tax	<u>(1,165.22)</u>	<u>1,352.91</u>

Reconciliation of the above summarized financial information to the carrying amount of the interest in an associate recognized in the financial statements in which the equity method is applied was as follows:

	Baht : '000	
	As at	
	December 31,	
	2018	2017
Net assets of an associate	517,691.58	530,666.96
Proportion of the Company's shareholding in an associate (%)	9.60	9.60
	49,715.12	50,961.18
Investment amount under net assets at investment date	<u>(2,994.20)</u>	<u>(2,994.20)</u>
Carrying amount of the investment in an associate	<u>46,720.92</u>	<u>47,966.98</u>

11. PROPERTY, PLANT AND EQUIPMENT - NET

Property, plant and equipment - net as at December 31, 2018 and 2017 consisted of the following:

	Financial statements in which the equity method is applied and separate financial statement								Beginning balances of property, plant and equipment - net as at January 1, 2018 Baht	Ending balances of property, plant and equipment - net as at December 31, 2018 Baht
	Cost			Accumulated depreciation						
	As at	Increase	Disposal /	As at	As at	Depreciation	Disposal /	As at		
	January 1,		Write off	December 31,	January 1,		Write off	December 31,		
	2018			2018	2018			2018		
	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht		
Land										
Cost	10,718,000	-	-	10,718,000	-	-	-	-	10,718,000	10,718,000
Increase of land revaluation (2018)	255,680,000	32,960,000	-	288,640,000	-	-	-	-	255,680,000	288,640,000
Decrease of land revaluation (2018)	(1,710,000)	-	-	(1,710,000)	-	-	-	-	(1,710,000)	(1,710,000)
Building and building improvement	115,990,570	279,500	-	116,270,070	(114,778,783)	(1,247,208)	-	(116,025,991)	1,211,787	244,079
Fixtures and office equipment	54,966,605	164,675	(948,517)	54,182,763	(47,538,502)	(2,136,459)	947,440	(48,727,521)	7,428,103	5,455,242
Vehicles	12,624,612	-	-	12,624,612	(12,624,606)	-	-	(12,624,606)	6	6
	448,269,787	33,404,175	(948,517)	480,725,445	(174,941,891)	(3,383,667)	947,440	(177,378,118)	273,327,896	303,347,327
Fixtures and office equipment - in process	-	2,019,050	-	2,019,050	-	-	-	-	-	2,019,050
Total	448,269,787	35,423,225	(948,517)	482,744,495	(174,941,891)	(3,383,667)	947,440	(177,378,118)	273,327,896	305,366,377

Financial statements in which the equity method is applied and separate financial statement

	Cost			Accumulated depreciation				Beginning balances of property, plant and equipment - net as at January 1, 2017	Ending balances of property, plant and equipment - net as at December 31, 2017
	As at January 1, 2017	Increase	Disposal / Write off	As at December 31, 2017	As at January 1, 2017	Depreciation	Disposal / Write off	As at December 31, 2017	
	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht
Land									
Cost	10,718,000	-	-	10,718,000	-	-	-	10,718,000	10,718,000
Increase of land revaluation (2015)	255,680,000	-	-	255,680,000	-	-	-	255,680,000	255,680,000
Decrease of land revaluation (2015)	(1,710,000)	-	-	(1,710,000)	-	-	-	(1,710,000)	(1,710,000)
Building and building improvement	115,990,570	-	-	115,990,570	(109,625,618)	(5,153,165)	-	(114,778,783)	1,211,787
Fixtures and office equipment	50,765,811	4,235,684	(34,890)	54,966,605	(45,765,755)	(1,807,635)	34,888	(47,538,502)	7,428,103
Vehicles	12,759,612	-	(135,000)	12,624,612	(12,725,136)	(34,469)	134,999	(12,624,606)	6
Total	444,203,993	4,235,684	(169,890)	448,269,787	(168,116,509)	(6,995,269)	169,887	(174,941,891)	273,327,896

In year 2018, the Company revalued land by using value appraised by the independent appraiser licensed by the Securities and Exchange Commission which is determined by using the Sale Price Approach according to the appraisal reports dated August 1, 2018 and August 6, 2018. (as at December 31, 2017, land value is referred to value appraised by the independent appraiser licensed by the Securities and Exchange Commission which is determined by using the Sale Price Approach according to the appraisal report dated June 8, 2015).

Depreciation for the years ended December 31, 2018 and 2017 amounting to Baht 3.38 million and Baht 7.00 million, respectively, were included in operating expenses.

As at December 31, 2018 and 2017, certain building and equipment with costs of Baht 172.11 million and Baht 61.40 million, respectively, were fully depreciated but still in use.

12. INTANGIBLE ASSETS - NET

Intangible assets - net as at December 31, 2018 and 2017 consisted of the following:

Financial statements in which the equity method is applied and separate financial statement										
	Cost				Accumulated amortization				Beginning balances of intangibles asset - net	Ending balances of intangibles asset - net
	As at January 1,	Increase	Write-off	Transfer In (Transfer Out)	As at December 31,	As at January 1,	Amortization	Write-off	As at December 31,	
	2018				2018	2018			2018	as at January 1, 2018
	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht
Computer software	14,762,147	-	-	-	14,726,147	(10,930,297)	(1,150,888)	-	(12,081,185)	3,831,850
Computer software - under installation	5,206,800	2,319,816	-	-	7,526,616	-	-	-	-	5,206,800
Total	19,968,947	2,319,816	-	-	22,288,763	(10,930,297)	(1,150,888)	-	(12,081,185)	9,038,650

Financial statements in which the equity method is applied and separate financial statement										
	Cost				Accumulated amortization				Beginning balances of intangibles asset - net	Ending balances of intangibles asset - net
	As at January 1,	Increase	Write-off	Transfer In (Transfer Out)	As at December 31,	As at January 1,	Amortization	Write-off	As at December 31,	
	2017				2017	2017			2017	as at January 1, 2017
	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht
Computer software	12,502,083	2,260,064	-	-	14,762,147	(9,722,525)	(1,207,772)	-	(10,930,297)	2,779,558
Computer software - under installation	-	5,206,800	-	-	5,206,800	-	-	-	-	-
Total	12,502,083	7,466,864	-	-	19,968,947	(9,722,525)	(1,207,772)	-	(10,930,297)	2,779,558

Amortization for the years ended December 31, 2018 and 2017 amounting to Baht 1.15 million and Baht 1.21 million, respectively, were included in operating expenses.

As at December 31, 2018 and 2017, certain intangible assets with costs of Baht 9.54 million and Baht 7.57 million, respectively, were fully amortized but still in use.

13. DEFERRED TAX ASSETS

Deferred tax assets as at December 31, 2018 and 2017 were as follows:

	Financial statements in which the equity method is applied and separate financial statements	
	2018	2017
	Baht	Baht
Deferred tax assets	21,353,953	13,727,485

Movements of deferred tax assets (liabilities) for the years ended December 31, 2018 and 2017 consisted of tax effects from the following items:

	Financial statements in which the equity method is applied and separate financial statements			
	As at January 1, 2018	Transactions recognized in profit or loss	Transaction recognized in other comprehensive income or loss	As at December 31, 2018
	Baht	Baht	Baht	Baht
Deferred tax assets				
Allowance for doubtful accounts - Premium receivable	16,905,281	(1,228,915)	-	15,676,366
Allowance for doubtful accounts - Amount due from reinsurers	950,745	49,717	-	1,000,462
Allowance for doubtful accounts - Other receivable	16,073,660	(152,465)	-	15,921,195
Unearned premium reserve	3,521,011	410,230	-	3,931,241
Claim reserve - net	27,763,632	8,764,783	-	36,528,415
Claim incurred but not reported	6,285,853	2,459,610	-	8,745,463
Building lease deposits	3,344,493	90,424	-	3,434,917
Employee benefits obligations	2,430,231	(130,298)	(89,613)	2,210,320
Allowance for impairment - available-for-sale securities	184,812	(184,812)	-	-
Allowance for impairment - general investments	1,650	149	-	1,799
Premium ceded payables - Excess of loss	221,356	498,077	-	719,433
	<u>77,682,724</u>	<u>10,576,500</u>	<u>(89,613)</u>	<u>88,169,611</u>
Deferred tax liabilities				
Gain on asset revaluation	(50,794,000)	-	(6,592,000)	(57,386,000)
Gain on remeasuring available-for-sale investment	(13,161,239)	-	3,731,581	(9,429,658)
	<u>(63,955,239)</u>	<u>-</u>	<u>(2,860,419)</u>	<u>(66,815,658)</u>
Deferred tax assets	<u>13,727,485</u>	<u>10,576,500</u>	<u>(2,950,032)</u>	<u>21,353,953</u>

**Financial statements in which the equity method is applied
and separate financial statements**

	As at January 1, 2017	Transactions recognized in profit or loss	Transaction recognized in other comprehensive income or loss	As at December 31, 2017
	Baht	Baht	Baht	Baht
Deferred tax assets				
Allowance for doubtful accounts - Premium receivable	17,308,680	(403,399)	-	16,905,281
Allowance for doubtful accounts - Amount due from reinsurers	1,683,021	(732,276)	-	950,745
Allowance for doubtful accounts - Other receivable	16,085,294	(11,634)	-	16,073,660
Unearned premium reserve	2,729,761	791,250	-	3,521,011
Claim reserve - net	20,191,845	7,571,787	-	27,763,632
Incurred but not reported claims	7,747,647	(1,461,794)	-	6,285,853
Building lease deposits	3,340,112	4,381	-	3,344,493
Employee benefits obligations	1,027,156	624,190	778,885	2,430,231
Allowance for impairment				184,812
- available-for-sale securities	291,773	(106,961)	-	
Allowance for impairment				1,650
- general investments	1,501	149	-	
Premium ceded payables - Excess of loss	259,777	(38,421)	-	221,356
	<u>70,666,567</u>	<u>6,237,272</u>	<u>778,885</u>	<u>77,682,724</u>
Deferred tax liabilities				
Gain on asset revaluation	(50,794,000)	-	-	(50,794,000)
Gain on remeasuring available-for-sale investment	(10,738,493)	-	(2,422,746)	(13,161,239)
	<u>(61,532,493)</u>	<u>-</u>	<u>(2,422,746)</u>	<u>(63,955,239)</u>
Deferred tax assets	<u>9,134,074</u>	<u>6,237,272</u>	<u>(1,643,861)</u>	<u>13,727,485</u>

Income tax expense for the years ended December 31, 2018 and 2017, consisted of the following:

	Financial statements in which the equity method is applied and separate financial statements	
	2018 Baht	2017 Baht
Income tax expense from taxable income per income tax return	10,160,353	14,783,161
Deferred tax expenses relating to the origination and reversal of temporary differences	(10,576,500)	(6,237,272)
Income tax expense (income) per the statements of profit or loss and other comprehensive income	<u>(416,147)</u>	<u>8,545,889</u>

Reconciliation of effective tax rate for the years ended December 31, 2018 and 2017 are as follows:

	Financial statements in which the equity method is applied			
	2018		2017	
	Tax Rate (%)	Amount (Baht)	Tax Rate (%)	Amount (Baht)
Profit before income tax expense		<u>3,268,560</u>		<u>43,510,398</u>
Income tax using the corporation tax rate	20.00	653,712	20.00	8,702,080
Tax effect of non-deductible income	(32.73)	(1,069,859)	(0.36)	(156,191)
Income tax expense (income) per the statements of profit or loss and other omprehensive income	<u>12.73</u>	<u>(416,147)</u>	<u>19.64</u>	<u>8,545,889</u>

	Separate financial statements			
	2018		2017	
	Tax Rate (%)	Amount (Baht)	Tax Rate (%)	Amount (Baht)
Profit before income tax		<u>3,349,392</u>		<u>43,695,398</u>
Income tax using the corporation tax rate	20.00	669,878	20.00	8,739,080
Tax effect of non-deductible income	(32.42)	(1,086,025)	(0.44)	(193,191)
Income tax expense (income) per the statements of profit or loss and other omprehensive income	<u>12.42</u>	<u>(416,147)</u>	<u>19.56</u>	<u>8,545,889</u>

14. OTHER ASSETS

Other assets as at December 31, 2018 and 2017 consisted of the following:

	Financial statements in which the equity method is applied and separate financial statements	
	2018	2017
	Baht	Baht
Agents receivables	77,624,173	77,624,173
Compensation receivables	3,129,230	3,151,567
<u>Less</u> Allowance for doubtful accounts	<u>(79,605,977)</u>	<u>(80,368,301)</u>
Total	1,147,426	407,439
Accrued service income	480,794	1,243,147
Accrued rental income	2,264,820	507,830
Guarantee deposits	4,100,713	3,052,568
Due from rice field insurance scheme	2,700,686	1,111,163
Prepaid cooperate income tax	10,549,906	510,885
Revenue department receivable	4,938,294	1,498,700
Others	<u>7,093,905</u>	<u>6,205,598</u>
Other assets	<u>33,276,544</u>	<u>14,537,330</u>

15. INSURANCE LIABILITIES

Insurance liabilities as at December 31, 2018 and 2017 consisted of the following:

	Financial statements in which the equity method is applied and separate financial statements		
	As at December 31, 2018		
	Insurance contract liabilities Baht	Reinsurance liabilities (see Note 6) Baht	Net Baht
Claim reserves			
Claim incurred and reported	660,130,704	(421,352,821)	238,777,883
Claim incurred but not reported	<u>54,484,322</u>	<u>(10,757,005)</u>	<u>43,727,317</u>
	<u>714,615,026</u>	<u>(432,109,826)</u>	<u>282,505,200</u>
Premium reserve			
Unearned Premium reserve	<u>357,417,548</u>	<u>(140,652,262)</u>	<u>216,765,286</u>
Total	<u>1,072,032,574</u>	<u>(572,762,088)</u>	<u>499,270,486</u>

**Financial statements
in which the equity method
is applied and
separate financial statements**

As at December 31, 2017

	Insurance contract liabilities Baht	Reinsurance liabilities (see Note 6) Baht	Net Baht
Claim reserves			
Claim incurred and reported	773,014,573	(565,587,159)	207,427,414
Claim incurred but not reported	38,025,659	(6,596,393)	31,429,266
	<u>811,040,232</u>	<u>(572,183,552)</u>	<u>238,856,680</u>
Premium reserve			
Unearned Premium reserve	329,517,090	(143,021,333)	186,495,757
Total	<u>1,140,557,322</u>	<u>(715,204,885)</u>	<u>425,352,437</u>

15.1 Insurance reserve for short term insurance contract

15.1.1 Claim reserves

Claim reserves as at December 31, 2018 and 2017 consisted of the following:

**Financial statements
in which the equity method
is applied and
separate financial statements**

As at December 31, 2018

	Gross Baht	Reinsurance Baht	Net Baht
Balance as at beginning year	811,040,232	(572,183,552)	238,856,680
Claim incurred during the year	875,207,289	(450,018,901)	425,188,388
Changing on estimated claim and assumptions used in calculating claim reserve	(295,996,862)	275,437,915	(20,558,947)
Claim paid during the year	(675,635,633)	314,654,712	(360,980,921)
Balance as at ending year	<u>714,615,026</u>	<u>(432,109,826)</u>	<u>282,505,200</u>

**Financial statements
in which the equity method
is applied and
separate financial statements**

As at December 31, 2017

	Gross Baht	Reinsurance Baht	Net Baht
Balance as at beginning year	331,537,474	(148,460,072)	183,077,402
Claim incurred during the year	1,049,005,429	(717,056,463)	331,948,966
Changing on estimated claim and assumptions used in calculating claim reserve	(16,699,451)	7,084,166	(9,615,285)
Claim paid during the year	(552,803,220)	286,248,817	(266,554,403)
Balance as at ending year	<u>811,040,232</u>	<u>(572,183,552)</u>	<u>238,856,680</u>

15.1.2 Unearned premium reserve

**Financial statements
in which the equity method
is applied and
separate financial statements**

As at December 31, 2018

	Gross Baht	Reinsurance Baht	Net Baht
Balance as at beginning year	329,517,090	(143,021,333)	186,495,757
Premium written for the year	1,182,372,762	(347,832,108)	834,540,654
Earned premium for the year	(1,154,472,304)	350,201,179	(804,271,125)
Balance as at ending year	<u>357,417,548</u>	<u>(140,652,262)</u>	<u>216,765,286</u>

**Financial statements
in which the equity method
is applied and
separate financial statements**

As at December 31, 2017

	Gross Baht	Reinsurance Baht	Net Baht
Balance as at beginning year	318,572,187	(134,127,582)	184,444,605
Premium written for the year	1,059,049,392	(322,319,452)	736,729,940
Earned premium for the year	(1,048,104,489)	313,425,701	(734,678,788)
Balance as at ending year	<u>329,517,090</u>	<u>(143,021,333)</u>	<u>186,495,757</u>

15.1.3 Unexpired risk reserve

As at December 31, 2018 and 2017, no additional reserve for unexpired risk reserve has been established as the gross unexpired risk reserve estimated by the Company amounting to Baht 172.19 million and Baht 140.50 million, net of reinsurance (As at December 31, 2017 : amounting to Baht 154.09 million and

Baht 115.40 million, respectively), is lower than the unearned premium reserve.

15.2 Claims development tables

15.2.1 Analysis of claims development - gross

As at December 31, 2018

Unit : Baht

	2014	2015	2016	2017	2018	Total
Estimate of ultimates :						
- End of accident year	268,045,338	340,852,970	444,860,918	1,060,739,426	860,317,244	
- One year later	277,813,852	351,788,787	422,589,148	775,946,077		
- Two year later	262,414,106	347,068,020	405,436,835			
- Three year later	250,047,689	345,216,106				
- Four year later	249,594,436					
Absolute estimated claim reserve and outstanding claim	249,594,436	345,216,106	405,436,835	775,946,077	860,317,244	2,636,510,698
Accumulative claim paid	(249,269,936)	(344,616,768)	(403,383,185)	(644,445,387)	(317,298,731)	(1,959,014,007)
Total claim reserves	324,500	599,338	2,053,650	131,500,690	543,018,513	677,496,691
Claim reserves before year 2013						37,118,335
Total claim reserves						714,615,026

As at December 31, 2017

	2013	2014	2015	2016	2017	Total
Estimate of ultimates :						
- End of accident year	250,437,802	268,045,338	340,852,970	444,860,918	1,060,739,426	
- One year later	237,820,666	277,813,852	351,788,787	422,589,148		
- Two year later	217,701,622	262,414,106	347,068,020			
- Three year later	222,201,496	250,047,689				
- Four year later	221,471,687					
Absolute estimated claim reserve and outstanding claim	221,471,687	250,047,689	347,068,020	422,589,148	1,060,739,426	2,301,915,970
Accumulative claim paid	(220,660,211)	(248,953,410)	(341,374,146)	(397,772,149)	(358,344,001)	(1,567,103,917)
Total claim reserves	811,476	1,094,279	5,693,874	24,816,999	702,395,425	734,812,053
Claim reserves before year 2013						76,228,179
Total claim reserves						811,040,232

15.2.2 Analysis of claims development - net

As at December 31, 2018

Unit : Baht

	2014	2015	2016	2017	2018	Total
Estimate of ultimates :						
- End of accident year	169,917,196	236,165,780	332,980,624	345,428,860	425,008,295	
- One year later	173,690,193	232,790,772	307,906,757	346,597,356		
- Two year later	165,611,771	234,447,821	291,993,683			
- Three year later	161,369,094	234,388,691				
- Four year later	161,207,191					
Absolute estimated claim reserve and outstanding claim	161,207,191	234,388,691	291,993,683	346,597,356	425,008,295	1,459,195,216
Accumulative claim paid	(161,068,128)	(233,818,153)	(291,024,173)	(294,187,425)	(197,596,525)	(1,177,694,404)
Total claim reserves	139,063	570,538	969,510	52,409,931	227,411,770	281,500,812
Claim reserves before year 2013						1,004,388
Total claim reserves						282,505,200

As at December 31, 2017

	2013	2014	2015	2016	2017	Total
Estimate of ultimates :						
- End of accident year	204,826,509	169,917,196	236,165,780	332,980,624	345,428,860	
- One year later	215,485,754	173,690,193	232,790,772	307,906,757		
- Two year later	196,079,239	165,611,771	234,447,821			
- Three year later	200,701,309	161,369,094				
- Four year later	199,697,408					
Absolute estimated claim reserve and outstanding claim	199,697,408	161,369,094	234,447,821	307,906,757	345,428,860	1,248,849,940
Accumulative claim paid	(199,154,432)	(160,810,306)	(231,134,304)	(286,341,894)	(153,621,847)	(1,031,062,783)
Total claim reserves	542,976	558,788	3,313,517	21,564,863	191,807,013	217,787,157
Claim reserves before year 2013						21,069,523
Total claim reserves						238,856,680

16. AMOUNT DUE TO REINSURERS

Amount due to reinsurers as at December 31, 2018 and 2017 consisted of the following:

	Financial statements in which the equity method is applied and separate financial statements	
	2018	2017
	Baht	Baht
Amount withheld on reinsurance	57,884,168	60,177,831
Other reinsurance payables	23,126,229	29,019,285
Total amount due to reinsurers	81,010,397	89,197,116

17. EMPLOYEE BENEFIT OBLIGATIONS

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

Movements in the present value of employee benefit obligations as at December 31, 2018 and 2017 were as follows:

	Financial statements in which the equity method is applied and separate financial statements	
	2018	2017
	Baht	Baht
Present value of obligation at the beginning of the years	12,151,156	5,135,781
Current service cost of the years	971,948	3,443,819
Interest cost	416,645	460,407
Actuarial (gain) loss in defined employee benefit plans	(448,067)	3,894,426
Benefit paid during the years	(2,040,081)	(783,277)
Present value of obligation at the end of the years	11,051,601	12,151,156

The expenses for employee benefit obligations that were recorded in the statements of profit or loss and other comprehensive income for the years ended December 31, 2018 and 2017 consisted of the following:

	Financial statements in which the equity method is applied and separate financial statements	
	2018	2017
	Baht	Baht
Current service cost	971,948	3,443,819
Interest cost	416,645	460,407
Actuarial (gain) loss in defined employee benefit plans		
- From financial assumptions changes	15,284	128,966
- From demographic assumptions changes	2,464,631	4,564,727
- From experience adjustments	(2,927,982)	(799,267)
Total employee benefit expenses	<u>940,526</u>	<u>7,798,652</u>

The Company calculated employee benefit obligations by an actuary using the Projected Unit Credit Method. The assumptions consisted of the following:

	Financial statements in which the equity method is applied and separate financial statements	
	2018	2017
Financial assumptions		
Discount rate (percent per year)	3.77	3.79
Expect rate of salary increase (percent per year)	4.00	4.00
Demographic assumptions		
Turnover rate (percent per year)	2.35 - 48.72	3.85 - 45.91
Retirement age (years)	60	55 or 60
Mortality rates	Thailand Mortality Ordinary table 2017	Thailand Mortality Ordinary table 2017

Analysis of significant actuarial assumptions which impact on increase (decrease) in defined benefit obligation

	Financial statements in which the equity method is applied and separate financial statements	
	2018 Baht	2017 Baht
Financial assumptions		
Discount rate		
1% increase	(759,021)	(479,164)
1% decrease	856,556	521,762
Expect rate of salary increase		
1% increase	691,186	368,708
1% decrease	(626,894)	(344,896)
Demographic assumptions		
Turnover rate		
1% increase	(42,463)	(56,561)
1% decrease	42,822	57,104
Life expectancy		
1 year increase	43,564	14,408
1 year decrease	(43,455)	(14,383)

The sensitivity analysis presented above may not be representative of the actual change in the employee benefit obligations as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the employee benefit obligations at the end of the report period have been calculated using the Projected Unit Credit Method, which is the same as that applied in calculating the post-employment benefit obligations liability recognized in the statement of financial position.

Maturity analysis of the benefit payments of the post-employment benefits obligation as at December 31, 2018 and 2017 was as follows:

	Financial statements in which the equity method is applied and separate financial statements	
	2018 Baht	2017 Baht
Within 1 year	3,483,675	5,716,161
Over 1 to 5 years	1,339,236	3,708,681
Over 5 years	6,228,690	2,726,314
Total	<u>11,051,601</u>	<u>12,151,156</u>

18. OTHER LIABILITIES

Other liabilities as at December 31, 2018 and 2017 consisted of the following:

	Financial statements in which the equity method is applied and separate financial statements	
	2018	2017
	Baht	Baht
Deposits	17,174,585	16,722,463
Amount received in advance - premium	1,966,486	3,416,147
Deposits from agents	693,505	8,791,284
Others	7,356,842	7,283,490
Total other liabilities	27,191,418	36,213,384

19. LEGAL RESERVE

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

For the years ended December 31, 2018 and 2017, the Company has additionally legal reserve of Baht 0.19 million and Baht 1.76 million, respectively.

20. FINANCIAL INFORMATION BY SEGMENT

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

The Company have been operating in two principal business segments: (1) Non-life insurance business and (2) Rental of office space business, which are only organized and managed in a single geographic area, namely in Thailand. Therefore, no geographical segment information is presented.

For the years ended December 31, 2018 and 2017, the Company has no gross written premium from a single external customer in the amount over 10% of total gross written premium.

For the years ended December 31, 2018 and 2017, the Company has income from rental with a single external customer in the amount over 10% of total income from rental amounting to Baht 8.43 million and Baht 8.38 million, respectively.

The financial information of the Company for the years ended December 31, 2018 and 2017 were presented by business segment as follows:

Financial statements in which the equity method is applied

For the years ended December 31,

	Non-life insurance business										Rental of office space		Non-allocable		Total	
	Fire		Marine		Motor		Miscellaneous		Total		business		2018 Baht	2017 Baht	2018 Baht	2017 Baht
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017				
	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht				
Underwriting income																
Gross written premiums	97,736,564	98,226,630	22,429,620	24,606,537	265,357,863	250,828,556	796,848,715	685,387,669	1,182,372,762	1,059,049,392	-	-	-	-	1,182,372,762	1,059,049,392
Less Premiums ceded to reinsurers	(53,692,769)	(50,934,436)	(5,153,627)	(4,652,840)	(8,924,202)	(4,671,392)	(280,061,510)	(262,060,784)	(347,832,108)	(322,319,452)	-	-	-	-	(347,832,108)	(322,319,452)
Net premiums written	44,043,795	47,292,194	17,275,993	19,953,697	256,433,661	246,157,164	516,787,205	423,326,885	834,540,654	736,729,940	-	-	-	-	834,540,654	736,729,940
Add (Less) Unearned premium reserve (increased) decreased from the previous years	373,968	5,022,880	(187,420)	581,127	(5,296,379)	(14,788,414)	(25,159,699)	7,133,255	(30,269,530)	(2,051,152)	-	-	-	-	(30,269,530)	(2,051,152)
Net premium earned	44,417,763	52,315,074	17,088,573	20,534,824	251,137,282	231,368,750	491,627,506	430,460,140	804,271,124	734,678,788	-	-	-	-	804,271,124	734,678,788
Fee and commission income	23,752,443	13,804,449	199,764	295,646	592,980	1,161,820	32,359,401	35,376,946	56,904,588	50,638,861	-	-	-	-	56,904,588	50,638,861
Total underwriting income	68,170,206	66,119,523	17,288,337	20,830,470	251,730,262	232,530,570	523,986,907	465,837,086	861,175,712	785,317,649	-	-	-	-	861,175,712	785,317,649
Net investment income									13,864,073	11,433,557	-	-	-	-	13,864,073	11,433,557
Other income									-	-	-	-	349,070	599,761	349,070	599,761
Income from rental									-	-	70,760,977	71,852,134	-	-	70,760,977	71,852,134
Total revenues									875,039,785	796,751,206	70,760,977	71,852,134	349,070	599,761	946,149,832	869,203,101
Underwriting expenses																
Gross claim	45,874,526	104,059,784	5,732,098	2,996,736	227,126,855	178,036,008	323,199,559	768,769,519	601,933,038	1,053,862,047	-	-	-	-	601,933,038	1,053,862,047
Less Claim recovered from reinsurers	(34,218,176)	(73,053,726)	-	-	(32,943,138)	(19,114,620)	(107,419,672)	(617,803,953)	(174,580,986)	(709,972,299)	-	-	-	-	(174,580,986)	(709,972,299)
Commissions and brokerages	21,426,186	21,434,006	2,361,318	2,339,730	32,351,809	28,810,440	108,320,429	85,280,511	164,459,742	137,864,687	-	-	-	-	164,459,742	137,864,687
Other underwriting expenses	14,525,687	9,634,776	3,591,120	3,599,849	22,531,737	28,278,765	191,892,637	161,883,206	232,541,181	203,396,596	-	-	-	-	232,541,181	203,396,596
Total underwriting expenses	47,608,223	62,074,840	11,684,536	8,936,315	249,067,263	216,010,593	515,992,953	398,129,283	824,352,975	685,151,031	-	-	-	-	824,352,975	685,151,031
Operating expenses									-	-	-	-	66,218,260	83,811,083	66,218,260	83,811,083
Other expenses - expenses for rental									-	-	52,310,037	56,730,588	-	-	52,310,037	56,730,588
Total expenses									824,352,975	685,151,031	52,310,037	56,730,588	66,218,260	83,811,083	942,881,272	825,692,702
Profit before income tax expense															3,268,560	43,510,399
Income tax expense (income)															(416,147)	8,545,889
Net profit for the years															3,684,707	34,964,510

Separate financial statements
For the years ended December 31,

	Non-life insurance business										Rental of office space business				Total	
	Fire		Marine		Motor		Miscellaneous		Total		2018 Baht	2017 Baht	2018 Baht	2017 Baht	2018 Baht	2017 Baht
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017						
	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht						
Underwriting income																
Gross written premiums	97,736,564	98,226,630	22,429,620	24,606,537	265,357,863	250,828,556	796,848,715	685,387,669	1,182,372,762	1,059,049,392	-	-	-	-	1,182,372,762	1,059,049,392
Less Premiums ceded to reinsurers	(53,692,769)	(50,934,436)	(5,153,627)	(4,652,840)	(8,924,202)	(4,671,392)	(280,061,510)	(262,060,784)	(347,832,108)	(322,319,452)	-	-	-	-	(347,832,108)	(322,319,452)
Net premiums written	44,043,795	47,292,194	17,275,993	19,953,697	256,433,661	246,157,164	516,787,205	423,326,885	834,540,654	736,729,940	-	-	-	-	834,540,654	736,729,940
Add (Less) Unearned premium reserve (increased) decreased from the previous years	373,968	5,022,880	(187,420)	581,127	(5,296,379)	(14,788,414)	(25,159,699)	7,133,255	(30,269,530)	(2,051,152)	-	-	-	-	(30,269,530)	(2,051,152)
Net premium earned	44,417,763	52,315,074	17,088,573	20,534,824	251,137,282	231,368,750	491,627,506	430,460,140	804,271,124	734,678,788	-	-	-	-	804,271,124	734,678,788
Fee and commission income	23,752,443	13,804,449	199,764	295,646	592,980	1,161,820	32,359,401	35,376,946	56,904,588	50,638,861	-	-	-	-	56,904,588	50,638,861
Total underwriting income	68,170,206	66,119,523	17,288,337	20,830,470	251,730,262	232,530,570	523,986,907	465,837,086	861,175,712	785,317,649	-	-	-	-	861,175,712	785,317,649
Net investment income									13,944,905	11,618,556	-	-	-	-	13,944,905	11,618,556
Other income									-	-	-	-	349,070	599,761	349,070	599,761
Income from rental									-	-	70,760,977	71,852,134	-	-	70,760,977	71,852,134
Total revenues									875,120,617	796,936,205	70,760,977	71,852,134	349,070	599,761	946,230,664	869,388,100
Underwriting expenses																
Gross claim	45,874,526	104,059,784	5,732,098	2,996,736	227,126,855	178,036,008	323,199,559	768,769,519	601,933,038	1,053,862,047	-	-	-	-	601,933,038	1,053,862,047
Less Claim recovered from reinsurers	(34,218,176)	(73,053,726)	-	-	(32,943,138)	(19,114,620)	(107,419,672)	(617,803,953)	(174,580,986)	(709,972,299)	-	-	-	-	(174,580,986)	(709,972,299)
Commissions and brokerages	21,426,186	21,434,006	2,361,318	2,339,730	32,351,809	28,810,440	108,320,429	85,280,511	164,459,742	137,864,687	-	-	-	-	164,459,742	137,864,687
Other underwriting expenses	14,525,687	9,634,776	3,591,120	3,599,849	22,531,737	28,278,765	191,892,637	161,883,206	232,541,181	203,396,596	-	-	-	-	232,541,181	203,396,596
Total underwriting expenses	47,608,223	62,074,840	11,684,536	8,936,315	249,067,263	216,010,593	515,992,953	398,129,283	824,352,975	685,151,031	-	-	-	-	824,352,975	685,151,031
Operating expenses									-	-	-	-	66,218,260	83,811,083	66,218,260	83,811,083
Other expenses - expenses for rental									-	-	52,310,037	56,730,588	-	-	52,310,037	56,730,588
Total expenses									824,352,975	685,151,031	52,310,037	56,730,588	66,218,260	83,811,083	942,881,272	825,692,702
Profit before income tax expense															3,349,392	43,695,398
Income tax expense (income)															(416,147)	8,545,889
Net profit for the years															3,765,539	35,149,509

The assets and liabilities of the Company's operating segments as at December 31, 2018 and 2017 were presented as follows:

	Financial statements in which the equity method is applied							
	As at December 31,							
	Non-life insurance		Rental of office		Non-allocable		Total	
	2018	2017	2018	2017	2018	2017	2018	2017
	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht
Total assets	<u>1,487,039,509</u>	<u>1,584,139,673</u>	<u>69,171,211</u>	<u>83,869,325</u>	<u>400,070,354</u>	<u>386,451,575</u>	<u>1,956,281,074</u>	<u>2,054,460,573</u>
Total liabilities	1,189,822,059	1,273,538,961	17,174,585	16,722,463	47,403,309	61,637,640	1,254,399,953	1,351,899,064

	Separate financial statements							
	As at December 31,							
	Non-life insurance		Rental of office		Non-allocable		Total	
	2018	2017	2018	2017	2018	2017	2018	2016
	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht
Total assets	<u>1,487,134,344</u>	<u>1,583,988,451</u>	<u>69,171,211</u>	<u>83,869,325</u>	<u>400,070,354</u>	<u>386,451,575</u>	<u>1,956,375,909</u>	<u>2,054,309,351</u>
Total liabilities	1,189,822,059	1,273,538,961	17,174,585	16,722,463	47,403,309	61,637,640	1,254,399,953	1,351,899,064

21. OPERATING EXPENSES

Operating expenses for the years ended December 31, 2018 and 2017 consisted of the following:

Financial statements in which the equity method is applied and separate financial statements		
	2018	2017
	Baht	Baht
Employee benefit expense, excluded underwriting and claim adjustment expenses	44,417,244	62,001,072
Premises and equipment expense, excluded underwriting expenses	10,651,318	11,968,695
Tax and duties	76,280	76,280
Reversal of bad debts and doubtful accounts	(6,658,319)	(5,736,550)
Directors' remuneration (see Note 27)	1,790,000	1,986,000
Marketing expenses	1,096,687	2,109,822
Other operating expenses	14,845,050	11,405,764
Total operating expenses	66,218,260	83,811,083

22. EMPLOYEE EXPENSES

Employee expenses for the years ended December 31, 2018 and 2017 consisted of the following:

	Financial statements in which the equity method is applied and separate financial statements	
	2018	2017
	Baht	Baht
Salary and wages	77,713,164	75,635,070
Social fund expenses	1,566,616	1,503,901
Employee benefit expenses	1,388,593	3,904,226
Provident fund (see Note 29)	1,361,458	1,718,658
Other benefits	2,096,110	15,389,880
Total employee expenses	<u>84,125,941</u>	<u>98,151,735</u>

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

Effect from income tax relating to components of other comprehensive income for the years ended December 31, 2018 and 2017, are as follows:

	Financial statements in which the equity method is applied					
	2018			2017		
	Before tax	Income tax	Net of tax	Before tax	Income tax	Net of tax
		(expense)			(expense)	
		income			income	
	Baht	Baht	Baht	Baht	Baht	Baht
Item that will not be reclassified subsequently to profit or loss						
Gain on asset revaluation	32,960,000	(6,592,000)	26,368,000	-	-	-
Actuarial gain (loss) on defined employee benefit plans	448,067	(89,613)	358,454	(3,894,426)	778,885	(3,115,541)
Item that will be reclassified subsequently to profit or loss						
Gain on remeasuring available-for-sale investment	(18,657,905)	3,731,581	(14,926,324)	12,113,732	(2,422,746)	9,690,986
Share of other comprehensive income of an associate	(1,456,531)	291,306	(1,165,225)	1,691,135	(338,227)	1,352,908
Total	<u>13,293,631</u>	<u>(2,658,726)</u>	<u>10,634,905</u>	<u>9,910,441</u>	<u>(1,982,088)</u>	<u>7,928,353</u>

	Separate financial statements					
	2018			2017		
	Before tax	Income tax	Net of tax	Before tax	Income tax	Net of tax
		(expense)			-(expense)	
	Baht	income Baht	Baht	Baht	income Baht	Baht
Item that will not be reclassified subsequently to profit or loss						
Gain on asset revaluation	32,960,000	(6,592,000)	26,368,000	-	-	-
Actuarial gain (loss) on defined employee benefit plans	448,067	(89,613)	358,454	(3,894,421)	778,885	(3,115,541)
Item that will be reclassified subsequently to profit or loss						
Gain on remeasuring available-for-sale investment	(18,657,905)	3,731,581	(14,926,324)	12,113,732	(2,422,746)	9,690,986
Total	14,750,162	(2,950,032)	11,800,130	8,219,306	(1,643,861)	6,575,445

24. GAIN (LOSS) ON INVESTMENT

Gain (loss) on investment for the years ended December 31, 2018 and 2017 consisted of the following:

	Financial statements in which the equity method is applied and separate financial statements	
	2018 Baht	2017 Baht
Loss on sale of held-for-trading securities	-	(712,974)
Loss on sale of investment in available-for-sale securities	(827,392)	-
Reversal of loss on impairment of investment in available-for-sale securities	924,062	534,803
Loss on impairment of general investment - Equity stock	(746)	(746)
Total gain (loss) on investment in securities	95,924	(178,917)

25. BASIC EARNINGS PER SHARE

Basic earnings per share for the years ended December 31, 2018 and 2017 were as follows:

	Financial statements in which the equity method is applied		Separate financial statements	
	2018	2017	2018	2017
Net profit (Baht)	3,684,707	34,964,510	3,765,539	35,149,509
Issued and paid-up share capital (shares)	29,999,790	29,999,790	29,999,790	29,999,790
Basic earnings per share (Baht)	0.12	1.17	0.13	1.17

26. TRANSACTIONS WITH RELATED PARTIES

A portion of the Company's assets, liabilities, revenues and expenses arose from transactions with related parties. The relationship may be by shareholding or the companies may have the same group of shareholders or directors. The accompanying financial statements reflect the effects of these transactions determined on the basis of commitments and conditions as in the normal course of business. Transactions with the related parties are mainly as follows:

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

Companies	Relationship	Type of Business
BUI Life Insurance Public Company Limited	An associate	Life insurance
TPI Polene Pcl.	Some common shareholders and directors	Concrete products
Bangkok Union Broker Co., Ltd.	Some common shareholders	Life and non-life insurance broker
Hong Yiah Seng Realestates and Investment Company Limited	Some common shareholders and directors	Investment in stock and lands
Leophairatana Enterprises Company Limited	Major shareholders and some common directors	Investment in stock
TPI Concrete Co., Ltd.	Some common directors	Concrete products
TPI Polene Bio Organics Co., Ltd.	Some common directors	Chemical fertilizer products
TPI Polene Power Public Co., Ltd.	Some common directors	Production and transmission of electricity
TPI All Seasons Co., Ltd.	Some common directors	Plastic products production
Thai Plastic Products Co., Ltd.	Some common directors	Plastic package products
Thai Plastic Film Co., Ltd.	Some common directors	Plastic products
International Trading Development Corporation Limited	Some common directors	Rice retail and wholesale
Hong Yiah Seng Company Limited	Some common directors	Rice retail and wholesale
Pornchai Enterprises Co., Ltd.	Some common directors	Property rental
Polene Plastic Company Limited	Some common directors	Cement and plastic products
United Grain Industry Co., Ltd.	Some common directors	Plastic package products
Thai Nitrate Co., Ltd.	Some common directors	Nitric acid and Ammonium nitrate products
D.R.Development Co., Ltd.	Some common directors	Property rental
Imperial Industries Co., Ltd.	Some common directors	Industrial paint
Patjakij Paisan Underwriting Company Limited	Some common shareholders	Non-life Insurance agent and brokers

Significant balances and transactions were as follows:

	Financial statements in which the equity method is applied and separate financial statements	
	As at December 31,	
	2018	2017
	Baht	Baht
Premium receivable		
Associate	9,098	10,788
Other related parties	42,545,002	38,304,158
Available-for-sale securities - Equity securities		
Associate	46,815,756	-
Other related parties	62,164,023	64,585,748
Held-to-maturity securities - Debentures		
Other related parties	70,000,000	70,000,000
Accrued interest income - Debentures		
Other related parties	346,589	423,452
Amount due from reinsurers		
Associate	207,783	-
Other related parties	1,178	-
Claim reserves		
Associate	100,000	90,000
Other related parties	267,756,452	452,696,499
Amount due to reinsurer		
Associate	4,999,932	1,564,368
Accrued rental and service income		
Associate	429,090	-
Other liabilities - Rental deposit		
Associate	1,503,894	1,503,894
Other related parties	36,000	36,000
Commissions and brokerages payable		
Other related parties	13,584,090	12,352,167*

* The Company has adjusted amount disclosed in notes to the financial statements to conform to the disclosure in notes to the financial statements for current year.

	Financial statements in which the equity method is applied and separate financial statements	
	For the years ended December 31,	
	2018 Baht	2017 Baht
Gross written premium		
Associate	24,762,079	22,841,430
Other related parties	206,334,942	187,933,826
Premium ceded to reinsurers		
Associate	1,268,054	-

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

Rental and service income		
Associate	5,168,830	5,189,766
Other related parties	146,527	152,425

The Company entered into office rental and service agreement with related companies. Rental and service rates are agreed by both parties and are the same as the Company offers to other companies.

Rental expense - Land		
Other related parties	3,000,000	3,000,000
Rental expense - Building		
Other related parties	36,000	36,000*

The Company has land and building rental agreement with a related company for a term of 30 years and 3 years respectively. Rental rates and conditions are the same as the related party offers to other companies.

Claims		
Associate	24,524,589	22,693,233
Other related parties	1,761,268	542,210,037
Claim recovery from reinsurers		
Associate	207,783	-

The Company paid insurance claims in compliance with insurance policy criteria and it is normal commercial transaction for insurance.

Commissions and brokerages		
Other related parties	53,692,435	46,567,049*
Commissions and brokerages income		
Other related parties	285,310	-

The Company paid commissions and brokerages expenses in compliance with the Office of Insurance Commission criteria and the same basis of the commission rate that the Company has offered to other companies.

* The Company has adjusted amount disclosed in notes to the financial statements to conform to the disclosure in notes to the financial statements for current year.

	Financial statements in which the equity method is applied and separate financial statements	
	For the years ended December 31,	
	2018	2017
	Baht	Baht
Interest income		
Other related parties	3,128,137	3,747,466

Interest was charged at the same interest rates at a related company has offered to other companies.

Dividend income		
Other related parties	694,712	775,826

The Company received dividend income as approval from the Shareholder's related parties.

27. DIRECTORS AND KEY MANAGEMENT PERSONNEL'S REMUNERATION

Executive compensation is a benefit paid to executives and directors of the Company consists of monetary compensation, including salaries, related benefits, director's remuneration and post-employment benefits. The management of the Company stands for individuals who are defined according to regulation of Securities and Exchange.

The Company directors and management personnel's remuneration recognized as expenses are as follows:

	Financial statements in which the equity method is applied and separate financial statements	
	For the years ended December 31,	
	2018	2017
	Baht	Baht
Directors and key management personnel's remuneration		
Short-term benefits	17,844,522	22,154,149
Post-employment benefits	347,887	363,427
Directors' remuneration (see Note 21)	1,790,000	1,986,000
Total	<u>19,982,409</u>	<u>24,503,576</u>

Directors' remuneration for the years 2018 and 2017 were approved by the ordinary shareholder's meeting of the Company held on April 19, 2018 and April 28, 2017, respectively

28. DIVIDENDS PAID

On April 19, 2018, the annual general meeting of shareholders of the Company passed a resolution to distribute the dividend for the year 2017 of Baht 0.50 per share for 29,999,790 shares, totaling Baht 15 million which were paid to shareholders on May 18, 2018.

29. PROVIDENT FUND

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

Years of service	Percent (%)
Less than 3 years	3
3 years but less than 5 years	4
5 years and above	5

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

For the years ended December 31, 2018 and 2017, the Company's contributions recorded as expenses in the statements of profit or loss and other comprehensive income were Baht 1.36 million and Baht 1.72 million, respectively (see Note 22).

30. SECURITIES PLEDGED AND ASSETS RESERVED WITH THE REGISTRAR

As at December 31, 2018 and 2017, certain investments in securities of the Company were pledged and used for assets reserved with the Registrar (see Note 8) in accordance with the Insurance Act and 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. 2557", respectively, as follows:

	Financial statements in which the equity method is applied and separate financial statements	
	2018	2017
	Baht	Baht
Investment in securities used to secure the facilities collateral with the Office of Insurance Commission		
Securities pledged with the registrar		
Government and state enterprise securities	15,034,905	14,481,568
Assets reserved with the registrar		
Government and state enterprise securities	58,137,263	49,201,739
Total investment in securities of pledged	73,172,168	63,683,307

31. CONTRIBUTION TO NON-LIFE GUARANTEE FUND

As at December 31, 2018 and 2017, the Company has accumulated funding amount which was paid into contribution to non-life guarantee fund amounting to Baht 19.19 million and Baht 16.31 million, respectively.

32. LONG-TERM LEASES AND SERVICE AGREEMENTS

Long-term leases and service agreements as at December 31, 2018 and 2017 consisted of the following:

Type	Financial statements in which the equity method is applied and separate financial statements		
	Remaining periods		Total rental payments for the remaining periods
	Within 1 year	1 - 5 years	
	Baht	Baht	Baht
As at December 31, 2018			
Land - related party	3,000,000	7,500,000	10,500,000
Building - related party	36,000	34,500	70,500
Building, equipment and service - Other	2,149,080	2,192,450	4,341,530
	<u>5,185,080</u>	<u>9,726,950</u>	<u>14,912,030</u>
As at December 31, 2017			
Land - related party	3,000,000	10,500,000	13,500,000
Building - related party *	36,000	70,500	106,500
Building, equipment and service - Other	2,178,280	2,996,500	5,174,780
	<u>5,214,280</u>	<u>13,567,000</u>	<u>18,781,280</u>

For the years ended December 31, 2018 and 2017, the Company recorded the rental and service fees under operating lease agreements as expense in the statements of profit or loss and other comprehensive income amounting to Baht 5.28 million and Baht 4.96 million, respectively.

* The Company has adjusted amount disclosed in notes to the financial statements to conform to the disclosure in notes to the financial statements for current year.

33. CONTINGENT LIABILITIES AND COMMITMENTS

33.1 As at December 31, 2018 and 2017, lawsuits have been brought against the Company, as insurer, from which the Company estimates and records losses totaling Baht 21.49 million and Baht 8.45 million, respectively. The Company's management believes that such estimation is adequate to losses and do not believe the outcome of the litigation to result in losses that significantly differ from the recorded liability.

33.2 As at December 31, 2018 and 2017, the Company have outstanding commitments in respect of fixed assets improvement and software development with amounts remaining of Baht 3.97 million and 5.21 million, respectively.

34. OFFICE SPACE RENTAL AGREEMENTS

The Company entered into office rental and service agreements to rent out office spaces with many customers. Under these agreements, the Company shall receive rental and service payments which were classified by period as follows:

Type	Financial statements in which the equity method is applied and separate financial statements			
	Remaining periods			Total rental
	Within 1 year Baht	1 - 5 years Baht	Over 5 years Baht	payments for the remaining periods Baht
As at December 31, 2018				
An associate	144,000	204,000	-	348,000
A related company	828,996	-	-	828,996
Others	48,351,418	46,969,121	1,116,000	96,436,539
	<u>49,324,414</u>	<u>42,173,121</u>	<u>1,116,000</u>	<u>97,613,535</u>
As at December 31, 2017				
An associate	4,973,976	828,996	-	5,802,972
A related company	60,000	-	-	60,000
Others	47,047,113	47,411,540	-	94,458,653
	<u>52,081,089</u>	<u>48,240,536</u>	<u>-</u>	<u>100,321,625</u>

For the years ended December 31, 2018 and 2017, the Company recorded the rental and service income under operating agreements as income in the statements of profit or loss and other comprehensive income amounting to Baht 58.89 million and Baht 59.64 million, respectively.

35. INSURANCE AND FINANCIAL RISK MANAGEMENT

35.1 Insurance risk

35.1.1 Insurance risk management policy

The Company has emphasized the importance of development and improvement of risk management by the establishment of the risk management committee to govern and manage risk management system in the Company overview in order to comply with the risk management policy of which the policy frame and guidelines has been appropriately and continuously established by the Board of Directors to control the risk to the acceptable level.

Insurance risk is a risk arising directly from inappropriate insurance policies and pricing causing obligation in ineffective and inefficient payment of claims

which will finally result in financial loss. The following actions are undertaken by the company to manage this risk:

- 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.
- 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 the acceptable level.
- Strategy management of reinsurance is established for both Proportional Reinsurance and Non-proportional Reinsurance and policy and risk management has been established consistent towards the Company's policy regarding underwriting each year.

35.1.2 Sensitivity analysis

The sensitivity analysis is performed on the net loss reserve and outstanding claims, based on changes in assumptions that may affect the level of liabilities. Effect of risk that changes in assumptions as at December 31, 2018 and 2017 is as follows:

	Financial statements in which the equity method is applied and separate financial statements	
	2018	
	Increase (decrease) in insurance contract liabilities Baht	Increase (decrease) in profit and equity Baht
Claim reserves		
Gross		
10 % increase	51,702,181	(51,702,181)
10 % decrease	(26,623,941)	26,623,941
Net of reinsurance		
10 % increase	41,289,291	(41,289,291)
10 % decrease	(21,881,347)	21,881,347
Unallocated claim adjustment expenses		
Gross and net of reinsurance		
10 % increase	1,092,863	(1,092,863)
10 % decrease	(1,092,863)	1,092,863

**Financial statements
in which the equity method
is applied and
separate financial statements**

	2017	
	Increase (decrease) in insurance contract liabilities Baht	Increase (decrease) in profit and equity Baht
Claim reserves		
Gross		
10 % increase	40,061,576	(40,061,576)
10 % decrease	(38,588,817)	38,588,817
Net of reinsurance		
10 % increase	31,734,267	(31,734,267)
10 % decrease	(30,261,501)	30,261,501
Unallocated claim adjustment expenses		
Gross and net of reinsurance		
10 % increase	884,076	(884,076)
10 % decrease	(884,076)	884,076

35.1.3 Concentration of insurance risks

Concentration risk is a risk arising from the concentration of reinsuring to one company or concentrating on only one type of insurance in the large and inappropriate amount. The Company has considered to the risk management for this kind of risk as follows:

- Limitation of risk taking and diversification of each type of risks are introduced with control and monitoring through the system called Block Management.
- 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 reinsurance companies. Moreover, the importance of monitoring and assessing the financial stability and diversification of reinsurers are also taken into account.

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

**Financial statements in which the equity method
is applied and separate financial statements**

	Fire Baht	Marine Baht	Motor Baht	Miscellaneous Baht	Total Baht
As at December 31, 2018					
Claim reserve					
Gross	101,156,386	5,508,868	148,936,148	459,013,624	714,615,026
Net of reinsurance	23,677,398	5,329,869	130,319,788	123,178,145	282,505,200
Unearned premium					
Reserve					
Gross	46,221,323	5,330,300	141,514,262	164,351,663	357,417,548
Net of reinsurance	19,835,458	1,059,502	137,853,854	58,016,472	216,765,286
As at December 31, 2017					
Claim reserve					
Gross	91,784,353	2,526,125	112,078,320	604,651,434	811,040,232
Net of reinsurance	25,620,322	2,347,125	105,078,319	105,810,914	238,856,680
Unearned premium					
reserve					
Gross	45,081,220	5,145,573	136,217,883	143,072,414	329,517,090
Net of reinsurance	20,209,426	872,083	132,557,475	32,856,773	186,495,757

35.2 Financial instrument risk

35.2.1 Accounting policies

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

35.2.2 Liquidity risk

Liquidity risk is a risk arising from lack of ability to pay debt or perform other obligations when such debts or obligations are due.

The Company manages, controls and monitors the liquidity ratio closely to provide sufficient supporting the debt arising from the insurance contract and demanding the money in each time interval. The Company's financial assets mainly comprise cash and deposit at financial institutions and investments in securities which are highly liquid and are able to be sold quickly at close to their fair value when the Company wishes to raise funds.

The analysis of the liquidity risk from claim reserves which estimate base on an analysis of payment histories.

	Financial statements in which the equity method is applied and separate financial statements			
	Payment periods			
	Less than 1 year	1- 5 years	5- 10 years	Total
	Baht	Baht	Baht	Baht
As at December 31, 2018				
Claim reserves	469,272,344	210,534,834	34,807,848	714,615,026
As at December 31, 2017				
Claim reserves	548,836,620	212,955,379	49,248,233	811,040,232

35.2.3 Credit risk

Concentrations of the credit risk with respect to premium receivable are insignificant because the Company's customers diverse across different industries and geographic regions in Thailand. The maximum exposure to credit risk is limited to the carrying value of such premium receivable after deduction of allowance for doubtful debts as stated in the statements of financial position.

35.2.4 Interest rate risk

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

As at December 31, 2018 and 2017, significant financial assets classified by type of interest rate were as follows:

	Financial statements in which the equity method is applied and separate financial statements			
	As at December 31, 2018			
	Floating interest rate	Fixed interest rate	No interest rate	Total
	Baht	Baht	Baht	Baht
Cash and cash equivalents				
Deposits at bank	33,859,673	-	2,618,928	36,478,601
Investment in securities				
Held-to-maturity securities				
Government and state enterprise securities	-	113,766,135	-	113,766,135
Private enterprises debt securities	-	70,000,000	-	70,000,000
Deposits at banks with maturity over 3 months	-	96,000,000	-	96,000,000
Total	33,859,673	279,766,135	2,618,928	316,244,736

Financial statements in which the equity method is applied and separate financial statements				
As at December 31, 2017				
	Floating interest rate	Fixed interest rate	No interest rate	Total
	Baht	Baht	Baht	Baht
Cash and cash equivalents				
Deposits at bank	74,971,444	-	1,136,838	76,108,282
Investment in securities				
Held-to-maturity securities				
Government and state enterprise securities	-	119,434,572	-	119,434,572
Private enterprises debt securities	-	70,000,000	-	70,000,000
Deposits at banks with maturity over				
3 months	-	81,201,712	-	81,201,712
Total	<u>74,971,444</u>	<u>270,636,284</u>	<u>1,136,838</u>	<u>346,744,566</u>

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

Financial statements in which the equity method is applied and separate financial statements					
As at December 31, 2018					
	Period specified for fixing new interest rate				Average
	Within 1 year	1 - 5 years	Over 5 years	Total	interest rate
	Baht	Baht	Baht	Baht	%
Investment in securities					
Held-to-maturity securities					
Government and state enterprise securities	2,782,397	7,314,394	103,669,344	113,766,135	2.83
Private enterprises debt securities	20,000,000	50,000,000	-	70,000,000	4.58
Deposits at banks with maturity over					
3 months	96,000,000	-	-	96,000,000	1.49
Total	<u>118,782,397</u>	<u>57,314,394</u>	<u>103,669,344</u>	<u>279,766,135</u>	

Financial statements in which the equity method is applied and separate financial statements					
As at December 31, 2017					
	Period specified for fixing new interest rate			Total	Average interest rate
	Within 1 year	1 - 5 years	Over 5 years		
	Baht	Baht	Baht	Baht	%
Investment in securities					
Held-to-maturity securities					
Government and state enterprise securities	4,997,428	10,263,739	104,173,405	119,434,572	2.93
Private enterprises debt securities	-	65,000,000	5,000,000	70,000,000	4.58
Deposits at banks with maturity over 3 months	81,201,712	-	-	81,201,712	1.49
Total	86,199,140	75,263,739	109,173,405	270,636,284	

35.2.5 Equity securities risk

Equity securities risk is a risk arising from the fluctuation of equity security value which derives from interest rate, stock prices, and exchange rates resulting in decrease of the Company's assets value. The Company considers the risk and risk management guidance as follows:

- Investment policy and investment plan that focuses on investments with caution is established. Selection of the appropriate investment, giving priority to the safety of principal and return on investment under the acceptable risk is made.
- Management of investment which 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 operation performance report is regularly sent to the Company.
- Monitoring and updating the changes in interest rate and the key currency exchange rate which affect to the Company is established, so that the Company can alter its financial policy to be suitable for the economic trends.

35.2.6 Fair value measurements

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

35.2.6.1 Financial assets or financial liabilities measured at fair value

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

Financial statements in which the equity method is applied and separate financial statements				
	Fair value		Fair value hierarchy	Valuation techniques and key inputs
	As at December 31, 2018	2017		
	Baht	Baht		
<u>Financial assets</u>				
Available-for-sales securities				
Equity stock	135,970,370	158,767,841	Level 1	Latest bid prices of the last working day of the reporting period as quoted on the Stock Exchange of Thailand
Unit trusts	198,605,011	183,129,382	Level 2	Unit trusts' net asset value at the last working day of the reporting period

35.2.6.2 Financial assets or financial liabilities not measured at fair value

Cash and cash equivalents, Premium receivable, Accrued investment income, Reinsurance assets, Amount due from reinsurers, Deposits at bank used as collateral, Insurance liabilities and Amount due to reinsurers; the fair values approximate their carrying values due to the relatively short period to maturity.

The transactions disclosed in the following tables, are considered that the carrying amounts recognized in the financial statements are different from their fair values as follows:

Financial statements in which the equity method is applied and separate financial statements					
Financial assets	Fair value hierarchy	As at December 31, 2018		As at December 31, 2017	
		Carrying amount	Fair value	Carrying amount	Fair value
		Baht	Baht	Baht	Baht
<u>Financial assets</u>					
Held-to-maturity securities	Level 2*	279,766,135	278,372,728	270,636,284	269,938,958

* For debts securities, their fair values are determined based on the prices approached by the Thai Bond Market Association.

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

35.2.6.3 Non-financial assets measured at fair value or measured at cost but their fair values are disclosed

Investment property has fair value as disclosed in Note 9 which fair value is determined based on the Replacement Cost Approach, fair value hierarchy level 3.

Land has fair value equal to its carrying amount which fair value is determined based on the Sale Price Approach, fair value hierarchy level 3.

35.3 Capital management

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

Monitoring the capital level of the Company to be comply with the requirement under the Notifications of the Office of Insurance Commission is conducted.

As at December 31, 2018 and 2017, the Company maintains capital level in compliance with such requirement.

36. APPROVAL OF THE FINANCIAL STATEMENTS

These financial statements were approved for issuance by the Company's authorized executive director on February 22, 2019.



บางกอกสหประกันภัย
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