



2014
ANNUAL REPORT
THAIRE LIFE ASSURANCE PCL.

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01

Introduction

About The Company >>

Thaire Life Assurance PCL was established in January 5, 2000, in which Thai Reinsurance PCL., a public company under Thai laws and listed on the Stock Exchange of Thailand, was the major shareholder, with a 41.5 percent of issued and paid-up capital. Thaire Life operates business in Thailand, with life reinsurance as the core activity.

Thaire Life registered as a public limited company under the Public limited Companies Act B.E. 2535 and was renamed with the Ministry of Commerce from “Thaire Life Assurance Co., Ltd.” to “Thaire Life Assurance PCL” on September 29, 2011. The Company currently has a total registered capital of THB 600 million, with a fully paid-up.

General Information >>

Company & Head Office Name	Thaire Life Assurance PCL
Location	48/15 Rajchadapisek Soi 20, Rajchadapisek Road, Samsennok, Huaykwang, Bangkok 10310 Phone: 0-2660-1280 Fax: 0-2277-6227
Nature of Business	Provision of reinsurance (life insurance business)
Registered Number	0107554000241
Home Page	www.thairelife.co.th
Registered Capital	Registered Capital of THB 600,000,000, with a fully paid-up
Issued and Paid-up	600,000,000 ordinary shares of THB 1 each, Total THB 600,000,000

Legal Entities in which the Company holds shares more than 10 percent >>

Company & Head Office Name	EMCS Thai Co., Ltd.
Location	183 Regent House, 10th Floor, Rajadamri Road, Lumpini, Pathumwan, Bangkok 10330 Phone: 0-2650-5700 Fax: 0-2651-9091
Nature of Business	Provision of computer services in relation to motor insurance claims
Registered Number	0105543108248
Issued and Paid-up	6,000,000 ordinary shares of THB 5 each, Total THB 30,000,000

Other References >>

Share Registrar/Transfer Agent	Thailand Securities Depository Co., Ltd. 62 The Stock Exchange of Thailand Building, 4 th , 6 th , 7 th Floor, Rachadapisek Road, Klongtoey, Bangkok 10110 Phone: 0-2359-1200 Fax: 0-2359-1259
Auditor	Rachada Yongsawadvanich Certified Public Accountant (Thailand) No. 4951 EY Office Limited 193/136-137 Lake Ratchada Office Complex Fl 33, Rachadapisek Road, Klongtoey, Bangkok 10110 Phone: 0-2264-9090 Fax: 0-2264-0789-90

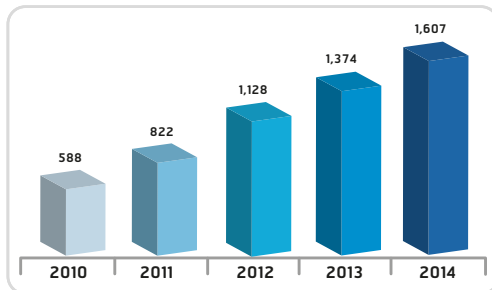
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Financial Highlights

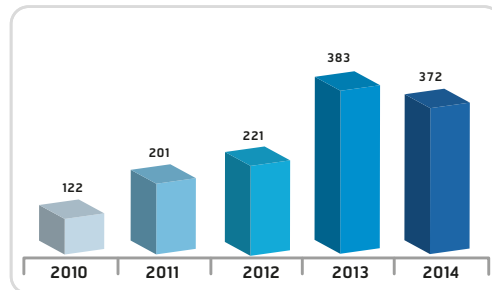
(Unit: THB Million)

Operating Results				Growth (Percent)	
	2012	2013	2014	2013/2012	2014/2013
Gross Written Premiums	1,145	1,388	1,624	21.2	17.0
Net Written Premiums	1,128	1,374	1,607	21.8	17.0
Profit before Tax	287	474	449	65.2	(5.3)
Net Profit	221	383	372	73.5	(2.9)
Net Profit per Share (THB)	0.44	0.71	0.62	61.4	(12.7)

Net Written Premium (THB Million)



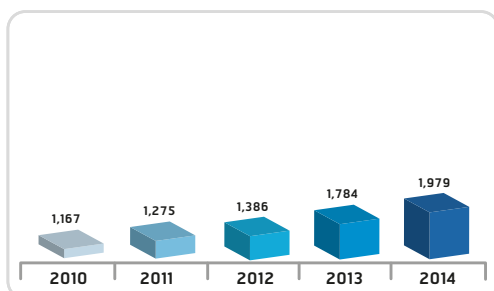
Net Profit (THB Million)



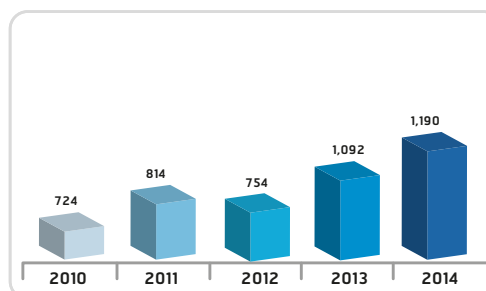
(Unit: THB Million)

Financial Status at the End of Year				Growth (Percent)	
	2012	2013	2014	2013/2012	2014/2013
Total Assets	1,386	1,784	1,979	28.7	10.9
Total Liabilities	632	693	789	9.7	13.9
Paid-up Capital	500	600	600	20.0	-
Capital Funds (Shareholders' Equity)	754	1,092	1,190	44.7	9.0
Book Value per Share (THB)	1.51	1.82	1.98	20.5	8.8
Dividend per Share (THB)	0.42	0.45	0.45	7.1	-

Total Assets (THB Million)



Capital Funds (Shareholders' Equity)

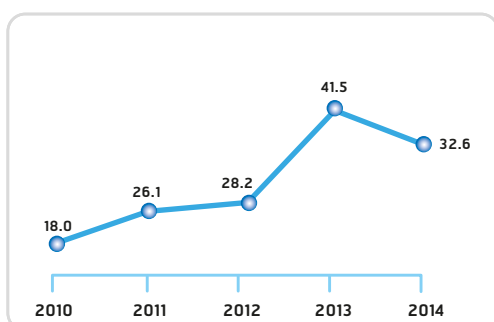


(Unit: Percent)

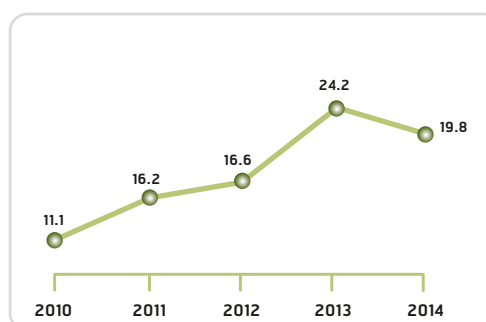
Financial Ratios

	2012	2013	2014
Return on Revenue	20.1	27.2	21.8
Return on Net Written Premium	19.6	27.9	23.1
Return on Equity	28.2	41.5	32.6
Return on Assets	16.6	24.2	19.8
Return on Investments	5.2	4.9	8.2
Combined Ratio	77.3	69.2	79.0

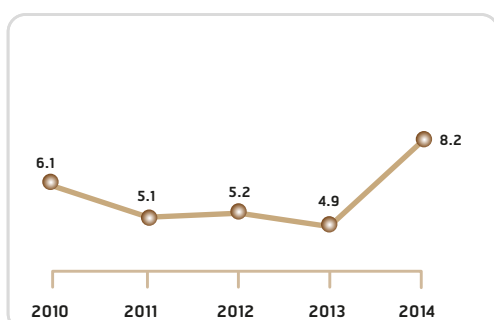
Return on Equity (Percent)



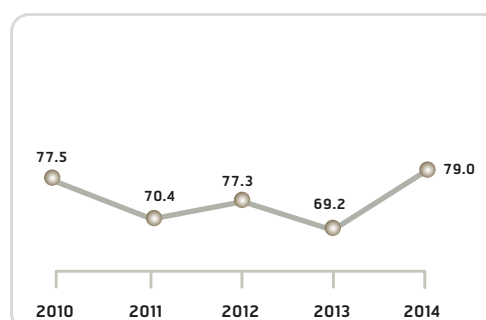
Return on Assets (Percent)



Return on Investments (Percent)



Combined Ratio (Percent)



03

Letter to Shareholders

Due to a weak global economic recovery in 2014, the Thai economy is projected to slow down with an annualized growth rate of 0.7%, lower than the previous year, according to the Fiscal Policy Office. This deceleration of the Thailand growth was a major reason that led to weaker-than-expected business activities in the Kingdom.

Life insurance industry is highly competitive and very much concentrates on improving penetration capacity of distribution models. The industry has heavily relied on two major leading sales channels, which are agent and bancassurance. In 2014, premiums generated through the agent were THB 260,014 million, up 7.5% from the previous year. Bancassurance, on the other hands, brought in THB 210,895 million in 2014, a growth of 22.4%. These two distribution channels accounted for 51% and 42% of total life insurance premium, respectively. Direct sales and other took up the rest 7%. In 2014, direct premiums for the life insurance sector rose to THB 503,851 million, a growth of 13.7% from the previous year. Bancassurance model stands out among other distribution channels. It has the strongest growth potential.

In 2014, performance of life reinsurance business of the Company showed a remarkable growth. Net earned reinsurance premiums were THB 1,583 million, up from THB 1,400 million in 2013, a growth of 13%. Conventional Reinsurance generated THB 1,148 million, up 15.8%, while Non-Conventional Reinsurance earned THB 435 million, up 6.6% from a year earlier. A proportion of net earned reinsurance premiums of Conventional to Non-Conventional Reinsurance was 73:27.

A growing demand for commercial and residential loans leads to a strong growth in life insurance policies. As a result, bancassurance has been gaining more market share in selling life insurance products as mention previously. With solid technical expertise and fast-response commitment, the Company has been in a good position to take advantage of the rising loan activities. Life reinsurance premiums stemming from credit life insurance grew at 18% from the previous year. This growth pattern is consistent with the experience of bancassurance.

The rapidly aging population together with continuous changes in lifestyle has fueled life and health insurance growth in Thailand. These fundamental trends offer enormous opportunities for the life insurance business. With this in mind, the Company has established partnership agreement with numerous life insurers in developing marketable life and health products. The jointed effort includes co-development process of designing product features that meet customer needs, pricing, underwriting guideline as well as risk management strategy.

According to the statement of financial position as of 31 December 2014, the Company earned net profits of THB 371.7 million or THB 0.62 a share. Assets were THB 1,978.5 million, a growth of 10.9% from the previous year. Owner's equity represented THB 1,189.7 million, a growth of 9% from the previous year, or book value THB 1.98 a share. CAR as of Q4 of 2014 remained at 471%.

The Company owes its success to a continued support from shareholders, trust of business partners, loyalty, dedication and an appreciation of team members. These together will drive the company forward on a sustainable growth path with great confidence. I sincerely appreciate all of you for being a part of this success story.



Surachai Sirivallop

Chairman of the Executive Board

04

Milestones

2000 >>

- Established in the name 'Thaire Life Assurance Co., Ltd.' on January 5, 2000 with an initial registered capital of THB 200 million, divided into 20 million ordinary shares with a par value of THB 10 apiece.
- Awarded a life insurance business license No. 1/2543 on March 15, 2000.

2007 >>

Increased the registered capital from the initial THB 200 million to THB 500 million through an issuance of 30 million new ordinary shares with a par value of THB 10 per share on August 7, 2007.

2009 >>

Launched product development and diversification in conjunction with life insurance companies in a bid to explore new marketing channels, thereby leading to an introduction of DRTV as a channel to offer life insurance products via different media such as televisions and publications and sales through telemarketing.

2011 >>

Converted into a public limited company in the name 'Thaire Life Assurance Plc.' on September 29, 2011.

2012 >>

The Extraordinary General Meeting of Shareholders No. 2/2012 on December 24, 2012 resolved to approve a split of the par value from THB 10 to THB 1 per share and an increase of the registered capital by another THB 100 million to accommodate an initial public offering to a total of THB 600 million, divided into 600 million ordinary shares with a par value of THB 1 per share, with an issued and fully paid capital of THB 500 million, divided into 500 million ordinary shares with a par value of THB 1 per share.

2013 >>

- Launched the product development plan on health coverage which is part of the non-conventional reinsurance.

- The Extraordinary General Meeting of Shareholders No. 1/2013 on July 19, 2013 resolved to approve an amendment to allocation of newly issued ordinary shares, as follows :

(1) Allocation of not more than 90,000,000 new ordinary shares with a par value of THB 1 per share by rights offering to the company's existing shareholders at a ratio of 1 existing share to 0.18 new share, with a fraction of the share to be discarded, at an offering price of THB 1 per share.

(2) Allocation of not more than 10,000,000 new ordinary shares together with shares remaining from the rights offering as in (1) (if any) with a par value of THB 1 per share for an initial public offering.

- Approval was granted, allowed the company to have non-Thai nationals (as defined in the Life Insurance Act B.E. 2535 (and subsequent amendments)) held an aggregate of more than 49 percent of total number of voting shares and paid-up shares of the company for a period of 10 years.

- For the preparation of listed Thaire Life to Stock Exchange of Thailand, the company and THRE offered 295,000,000 shares to the Private Placement, by rights offering to the company's existing shareholders. The first public offering price was 9.50 baht per share. The offered shares were brought from two parts, as follows:

1. The existing shares held by THRE in the company, with no more than 285,000,000 shares, thereby leading THRE's earnings or voting rights in the company to decrease from 100 percent to 50.8 percent

2. An offered of 10,000,000 newly issued shares

- The company was listed on the Stock Exchange of Thailand, with the first trading day on October 9, 2013

2014 >>

Extraordinary General Meeting of Shareholders No. 1/2014 on August 4, approved the amendment of Clause 10. of the Article of Association to "Clause 10. The company's shares can be transferred without any restriction", in order to comply with the Office of Insurance Commission (OIC) letter No. 4220/2386 dated August 15, 2013, stated that foreigners can hold more than 49 percent of the total voting and paid-up shares of the company.

THRE partly sold the company's ordinary shares. As a result, THRE's shareholding decreased from 50.8 percent to 41.5 percent.

05

Board Members

**Mr. Suchin Wanglee
Age 78****Chairman**

Date of Appointment

December 1999 - Present

Shareholding

0.04 percent

Education

B.E. (Electrical), Northrop Institute of Technology, U.S.A.

Training Courses

- Chairman 2000, 4 / 2001
- The Role of Chairman (RCM) / 2001
- Directors Certification Program (DCP) / 2002
by the Thai Institute of Directors Association (IOD)

Experience

Listed Company

- Chairman, Thaire Life Assurance PCL.
- Chairman, Independent Director and Director of the Investment Committee, Thai Reinsurance PCL.
- Chairman and Advisor of the Executive Board, Navakij Insurance PCL.
- Vice Chairman, Chairman of the Remuneration and Nomination Committee and Director, Thai Metal Drum MFG. PCL.
- Independent Director, Varopakorn PCL.
- Vice Chairman, Independent Director, Director of the Audit Committee and Chairman of the Compensation Committee, Serm Suk PCL.
- Independent Director, Director of the Audit Committee and Director of the Remuneration and Nomination Committee, BTS Group Holdings PCL.

Non-Listed Company

- Management Advisor, Chairman, Falcon Insurance PCL.
- Chairman, Sathorn Thani Co., Ltd., Rangsit Plaza Co., Ltd.
- Independent Director, Rajadamri Hotel PCL.
- Director, Wanglee Co., Ltd., The Pet Co., Ltd., Nuchaphol Co., Ltd., Wanglee Development Co., Ltd., Aqua Infinite Co., Ltd.
- Director and President, the General Insurance Association of Thailand

Mr. Surachai Sirivallop Age 73	Director, Chairman of the Executive Board, Director of the Investment Committee, Chairman of the Enterprise Risk Management Committee
Date of Appointment	December 1999 - Present
Shareholding	0.02 percent
Education	Bachelor of Laws, Thammasart University
Training Courses	Directors Certification Program (DCP) / 2002 by the Thai Institute of Directors Association
Experience	<p>Listed Company</p> <ul style="list-style-type: none"> • Director and Chairman of the Executive Board and Chairman of Risk Management Committee, Director of the Investment Committee, Thaire Life Assurance PCL. • Director and Chief Executive Officer, Thaire Life Assurance PCL. • Director, Chief Executive Officer, Chairman of the Enterprise Risk Management Committee, Thai Reinsurance PCL. • Managing Director, Thai Reinsurance PCL. • Independent Director, Charoong Thai Wire & Cable PCL. • Independent Director and Director of the Audit Committee, OHTL PCL. <p>Non-Listed Company</p> <ul style="list-style-type: none"> • Chariman, EMCS Thai Co., Ltd., Thaire Traning Co., Ltd., Thaire Services Co., Ltd., Thaire Actuarial Consulting Co., Ltd. • Vice Chairman, Thai Insurer Datanet Co., Ltd.

Mr. Sutti Rajitragson Age 67	Director, Vice Chairman of the Executive Board, President, Director of the Investment Committee
Date of Appointment	August 2012 - Present
Shareholding	0.00 percent
Education	B.S. Honor (Statistics) , Chulalongkorn University
Training Courses	<ul style="list-style-type: none"> • Fellow (FMLI) by LOMA's Life Management Institute Directors Accreditation Program (DAP) by the Thai Institute of Directors Association
Experience	<p>Listed Company</p> <p>Director, Vice Chairman of the Executive Board, President, Director of the Investment Committee, Thaire Life Assurance PCL</p> <p>Non-Listed Company</p> <ul style="list-style-type: none"> • Director, the Thai Life Assurance Association • President, the Thai Life Assurance Association • Director, Thaire Services Co., Ltd.

Mr. Oran Vongsuraphichet Age 45	Director
Date of Appointment	April 2013 - Present
Shareholding	0.04 percent
Education	Ph.D. (International Business), Asian Institute of Technology
Training Courses	-
Experience	<p>Listed Company</p> <ul style="list-style-type: none"> • Director, Thaire Life Assurance PCL. • Director, President and Chief Operating Officer, Thai Reinsurance PCL. • President, Thai Reinsurance PCL. <p>Non-Listed Company</p> <ul style="list-style-type: none"> • Director and Chief Executive Officer, Falcon Insurance PCL. • Director, thongthai textile Co., Ltd. • Director, V.A.S Garment Co., Ltd. • Director, Titansportware Co., Ltd. • Director, Thaire Training and Consulting Co., Ltd. • Director, Thaire Services Co., Ltd. • Director, Thaire Actuarial Consulting Co., Ltd., EMCS Thai Co., Ltd.

Dr. Kopr Kritayakirana Age 75	Independent Director and Director of the Audit Committee
Date of Appointment	December 1999 - Present
Shareholding	0.0014 percent
Education	Ph.D. (Physics), Harvard University, U.S.A.
Training Courses	<ul style="list-style-type: none"> • DCPS Refresher Course (QFR) / 2005 • Audit Committee Program (ACP) / 2005 • Excellent Board Decision / 2004 by the Thai Institute of Directors Association
Experience	<p>Listed Company</p> <ul style="list-style-type: none"> • Independent Director and Director of the Audit Committee, Thaire Life Assurance PCL. • Director, Thai Reinsurance PCL. • Director, Corporate Governance and Nomination Committee, Banpu PCL. <p>Non-Listed Company</p> <p>Advisor to the National Science and Technology Development Agency</p>

Mr.Chalaw Fuangaromya Age 77	Independent Director and Chairman of the Audit Committee
Date of Appointment	October 2012 - Present
Shareholding	- None -
Education	<ul style="list-style-type: none"> • M.A. (Political Science), Southern Illinois University, USA • M.Sc. (Public Administration), Birmingham University, UK
Training Courses	<ul style="list-style-type: none"> • Directors Certification Program (DCP) / 2002 • Corporate Governance / 2004 by the Thai Institute of Directors Association
Experience	<p>Listed Company</p> <ul style="list-style-type: none"> • Independent Director and Chairman of the Audit Committee, Thaire Life Assurance PCL. • Independent Director and Chairman of Audit Committee, Thaivivat Insurance PCL. • Committee, Professional Waste Technology (1999) PCL. <p>Non-Listed Company</p> <ul style="list-style-type: none"> • Director and Treasurer, Thai Tapioca Development Institute • Independent director and Chairman of the Audit Committee, Standard Chartered Bank (Thai) PCL.

Mr.Apirak Thaipatanagul Age 71	Independent Director and Director of the Audit Committee
Date of Appointment	December 1999 - Present
Shareholding	- None -
Education	Ph.D. (Hon), National Institute of Development Administration (NIDA)
Training Courses	Directors Accreditation Program (DAP) by the Thai Institute of Directors Association
Experience	<p>Listed Company</p> <ul style="list-style-type: none"> • Independent Director, Director of the Audit Committee, Thaire Life Assurance PCL. • Director, Thaire Life Assurance PCL. <p>Non-Listed Company</p> <ul style="list-style-type: none"> • Director and Chief Executive Officer, Thai Life Insurance PCL. • Chairman, Thai Health Insurance PCL. • Vice Chairman, TII Co., Ltd. (Thailand Insurance Institute)

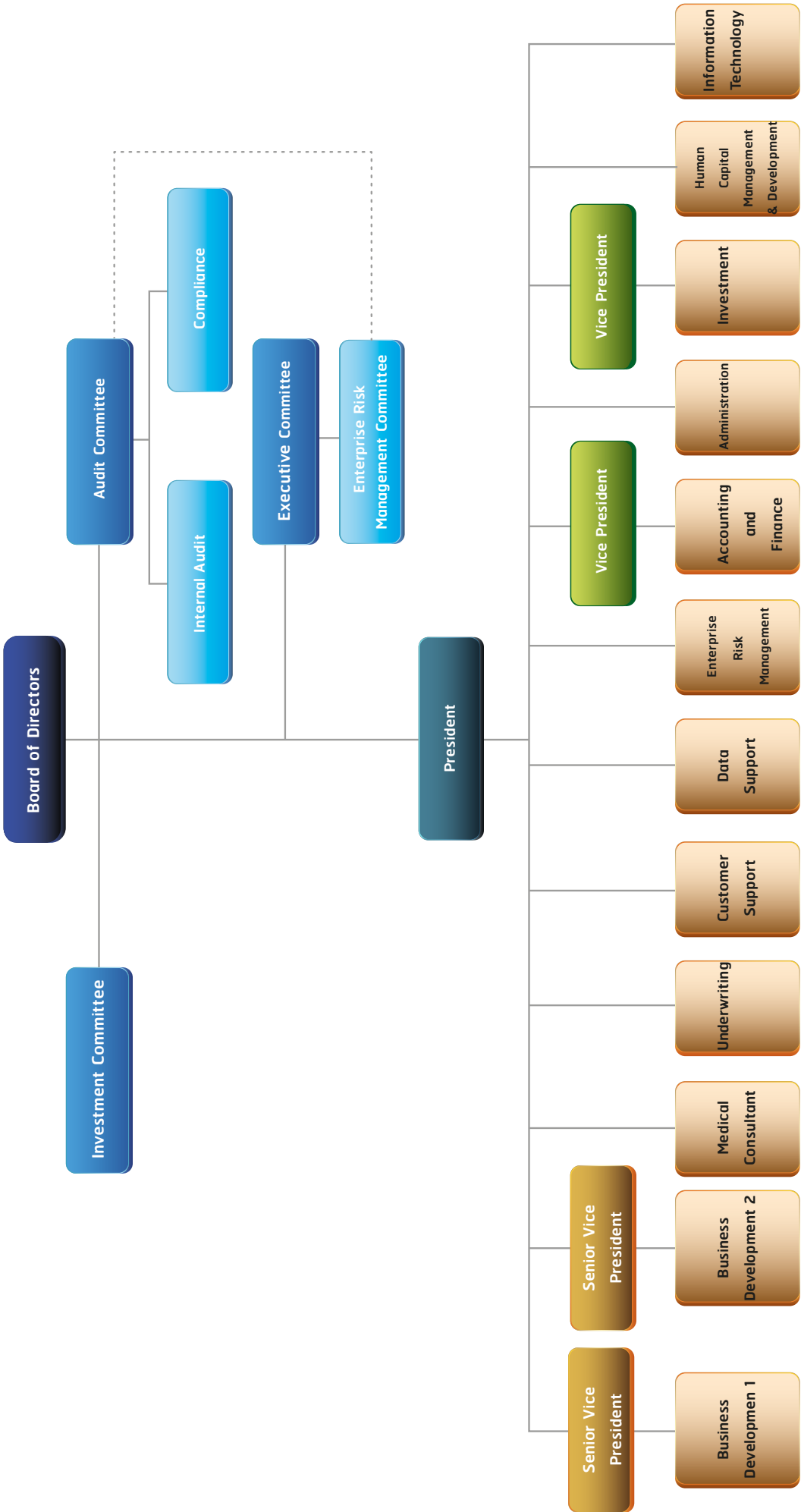
Mr.Jiraphant Asvatanakul Age 55	Director
Date of Appointment	October 2012 - Present
Shareholding	0.00 percent
Education	M.P.A., University of Texas at Austin, U.S.A.
Training Courses	<ul style="list-style-type: none"> • Directors Certification Program (DCP) • Director Accreditation Program (DAP) / 2004 by the Thai Institute of Directors Association
Experience	<p>Listed Company</p> <ul style="list-style-type: none"> • Director, Thaire Life Assurance PCL. • Director and Director of the Remuneration and Nomination Committee, Thai Reinsurance PCL. • Managing Director, Thaivivat Insurance PCL. <p>Non-Listed Company</p> <ul style="list-style-type: none"> • Director, Road Accident Victims Protection Co., Ltd., T.I.I. Co., Ltd. • Director, the General Insurance Association of Thailand • Deputy General Secretary, Thai Chamber of Commerce • Chairman of The Federation of Thai Insurance Organizations

Management

Ms. Navadee Ruangrattanametee Age 39	Senior Vice President and Member of the Executive Board
Education	M.B.A., Assumption University of Thailand
Experience	<p>Listed Company</p> <ul style="list-style-type: none"> • Senior Vice President, Business Development 1, Member of the Executive Board, Thaire Life Assurance PCL. • Vice President, Business Development 1, Thaire Life Assurance PCL.

Mrs. Nutchakorn Suwansathit Age 40	Senior Vice President and Member of the Executive Board
Education	M.M., (International Program), College of Management Mahidol University (CMMU)
Experience	Listed Company <ul style="list-style-type: none"> • Senior Vice President, Business Development 2, Member of the Executive Board, Thaire Life Assurance PCL. • Vice President, Business Development 2, Thaire Life Assurance PCL.
Ms. Duangnaporn Phermnamlap Age 35	Vice President – Accounting and Finance
Education	B.Acc., Thammasart University
Experience	Listed Company <ul style="list-style-type: none"> • Vice President - Accounting and Finance, Thaire Life Assurance PCL. • Deputy Department Manager, Accounting Division, Thai Reinsurance PCL.
Ms. Duangnapa Kanchanawongwut Age 41	Vice President – Investment
Education	M.B.A. (Finance), National Institute of Development Administration (NIDA)
Experience	Listed Company <ul style="list-style-type: none"> • Vice President - Investment, Thaire Life Assurance PCL. • Department Manager, Thai Reinsurance PCL.

Organization Chart

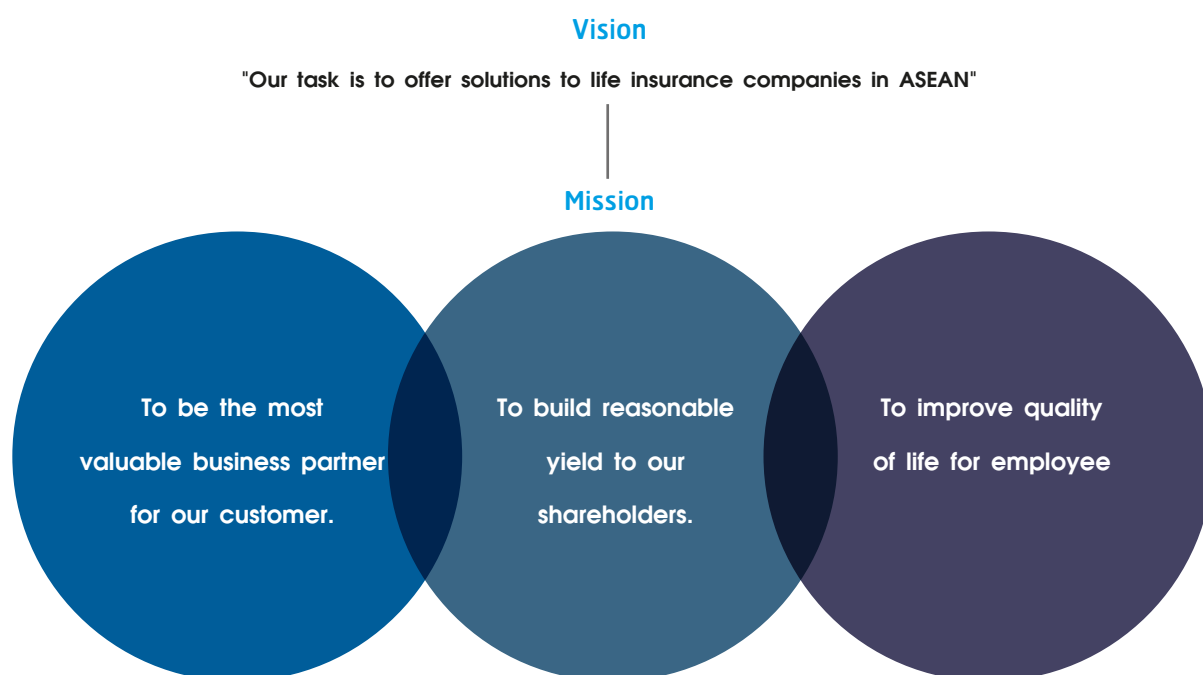


07

Types of Businesses

Thaire Life Assurance Public Company Limited (THREL), with Thai Reinsurance Public Company Limited ("THRE"), a listed company, hold a major shareholder. The company is set up to do all types of life reinsurance services, THRE is intended to separate the life reinsurance business since establishment by transferring the business of life insurance and related assets and liabilities to the company, in order to comply with the Insurance Act and the Insurance Act 2535, which requires the separation of life insurance and general insurance, At present. Thaire Life Assurance Public Company Limited is listed on the Stock Exchange, since October 9, 2013, with an aims of a sustainable growth in the future.

Corporate Vision & Mission >>



Our Business Goals >>

The company not only aims to be a traditional reinsurance provider (Conventional product), it is also committed to develop the organization in order to provide customers with comprehensive insurance services e.g. business development, planning, marketing services and the life reinsurance services.

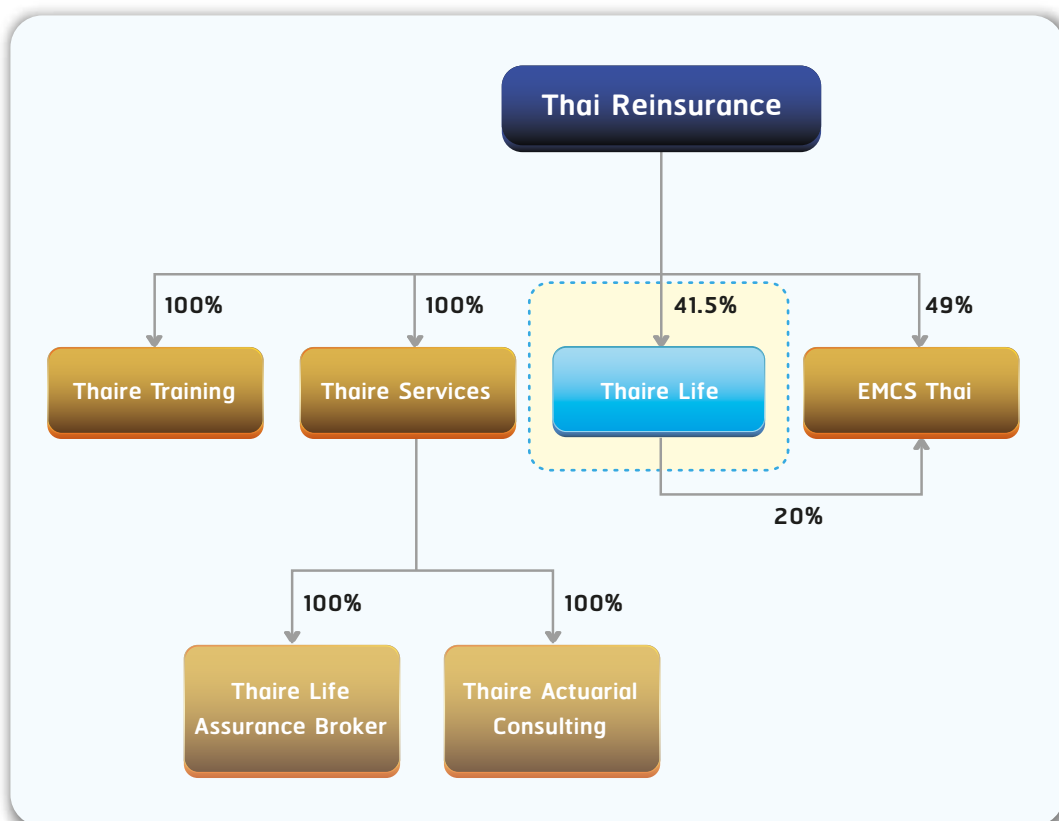
sales via Phone and agents channel. This remained an outstanding feedback from customers who watch television commercials. So the company still aimed to expand this type of project in the future.

The company also develops new health insurance products in consistent with the trend of changing population structure in Thailand, with an extension of the life insurance market. The project was initiated to develop health insurance products with several insurance companies, by setting the coverage, premium rate and the underwriting guideline to meet the needs of customers, manage and control risks to insurance companies. The stated projects are currently under implementation.

The company plans to expand its life reinsurance services to the product advisory and the additional services. For each type of life insurance the insurance company can offer insurance coverage via the bank channel, as a loan, life, personal accident and health insurance. In previous year, the company has expanded the business, with business partners of banks in Thailand.

The Company's core business is to provide all types of life reinsurance. Some part of the insurance premiums will be collected as reserved, and invested such reserved to bring in returns for covering contingent liabilities. Therefore, investment will also be a part of the Company's core business.

The business structure of our group of companies, as of December 31, 2014, is illustrated in the chart below:



General Information of Our Group of Companies

Company & Head Office	Nature of Business	Capital Registered/ Issued & Paid up (THB Million)	Percentage Owned (Percent)
Thai Reinsurance PCL.	Provision of reinsurance (Non-Life insurance business)	4,214.99/4,214.99	-
Thaire Training Co., Ltd.	Training and consulting service whose client base is primarily in the insurance sector	0.5/0.5	-
Thaire Services Co., Ltd.	Claim management and operation supporter for insurance business, for example, Call Center	60/60	-
EMCS Thai Co., Ltd.	Provision of computer services to manage motor insurance claims and related statistics	30/30	20
Thaire Life Assurance Broker Co., Ltd.	Operated as a life insurance broker to support sales through the Call Center.	2/2	-
Thaire Actuarial Consulting Co., Ltd.	Actuarial service	2/2	-

Type of Products or Services

Life insurance industry in Thailand is divided into two segments: life insurance and Life reinsurance. Currently, there are a total of 24 life insurance companies operating in the country, with Thaire Life Assurance Plc. as the only reinsurance company. In 2014, the industry's written premiums totaled THB 499,439 million (including life insurance premiums and reinsurance premiums). A vast percentage of the market share has been occupied by large-scale companies. The top five players with the highest premiums are AIA Plc., Muang Thai Life Assurance Plc., Thai Life Insurance Plc., Bangkok Life Assurance Plc. and Krungthai-AXA Life respectively, altogether constituting approximately 71 percent of total life insurance premiums.

(Source : The Thai Life Assurance Association)

The objectives of life insurance can be divided into two aspects:

1. Death and illness benefit

The insured will gain benefit from life cover. Their insurer will pay a benefit to the beneficiary upon the insured's illness, accident or death. Therefore, the amount of claims to be made in the future is unpredictable for insurance companies. Policies include, for example, whole life insurance, credit life insurance, personal accident insurance, health insurance, critical illness insurance, etc..

2. Savings benefit

The insured will receive a benefit throughout the term of the insurance contract as pre-determined at the beginning of the insurance, irrespective of whether the insured is ill, has an accident or is dead. In this case, insurance companies are able to devise a benefit payment plan in advance. The benefits to be paid to the insured in the future include endowment insurance, investment-linked life insurance, annuity life insurance, life insurance with refund/dividend, etc. Life insurance for savings benefit is in a greater percentage when compared with life insurance for death and illness benefit.

Thus, the risk to which insurance companies are exposed can be categorized into two types according to the above insurance objectives. One is the risk involved with payment for coverage against death or total and permanent disablement with respect to the death and illness benefit. For this type of insurance, the sum insured is typically high and insurance companies are unable to predict the amount of claims to be reimbursed in the future. On the contrary, the life insurance for savings benefit involves smaller sum insured and allows insurance companies to prepare a predictable claim payment plan in advance. To manage such risk, insurance companies will reinsure life insurance of the insured whose total sum insured exceeds their limit, by making estimation from the retention amount and the statutory reserve set aside for an excess of the retention. The estimation is also made based on a guideline set forth in the Office of Insurance Commission (OIC)'s notification concerning determination of retention limit of life insurance companies compared with direct premiums, details of which are as follows :

- A life insurance company whose direct premium is less than THB 1,000 million must have a retention limit of at least THB 500,000.
- A life insurance company whose direct premium is THB 1,000 million or more must have a retention limit of THB 1,000,000 or more.

Life insurance companies will transfer the claim payment risk to the reinsurer. They can take out the reinsurance with more than one reinsurance company and the reinsurance company can further transfer such risk to other reinsurers, depending on the degree of risk and the retention limit of each reinsurer. Considering that life insurance for death and illness benefit creates a risk exposure greater than life insurance for savings benefit, reinsurance is thus taken out more for the former than for the latter.

These are the key factors used for reinsurer selection:

- Reputation, financial status and credit rating of A or higher;
- Advantages of the reinsurance terms and conditions that could fulfill demand under the insurance companies' policies including, among others, insurance underwriting, reinsurance agreement form, reinsurance premium rate, commission, etc.;
- Various service factors that support business operation;
- Satisfaction and rapidity of services.

1. Types of Life Insurance Reinsured by the Company

Here are the types of life insurance reinsured by the Company:

(1) Ordinary Life Insurance

This is a life insurance which pays the insured amount to the beneficiary at the death of the insured or pays the insured amount to the living insured upon expiry of the policy. In general, the policy is set to expire on the date the insured reaches the age of 90 or 99. Premium is paid throughout the insured's lifetime. However, the premium payment period for some types of insurance may be shortened to meet policyholders' requirements, for example, to a term of 15 or 20 years or to the age of 60.

(2) Group Life Insurance

Under group life insurance, it provides coverage for five persons or more, mostly a group of corporate employees. This is a type of staff welfare provided by private organizations and state agencies for their employees. This type of insurance is normally renewed, and premium paid, on a yearly basis. There is also a tailor-made policy where premium is paid in one lump sum for the entire coverage period.

(3) Credit Life Insurance

This insurance plan provides protection against death or against death and total permanent disablement of a borrower of a bank loan. Banks need risk insurance in the event that their borrowers are dead or become totally and permanently disabled. Under this policy, the insured amount and coverage period will be reduced according to the outstanding balance and period of the relevant loan.

(4) Accident & Health Insurance

This is an insurance that provides coverage against death and loss of body part caused by an accident and also provides compensation for medical expenses incurred from either an illness or an accident.

2. Types of Reinsurance Agreement

Reinsurance agreements are divided into two types as follows:

1. Treaty Reinsurance

This is a form of reinsurance made between an insurance company and a reinsurer subject to pre-agreed terms and conditions. The insurance company sets the retention limit based on its financial capability and then cedes the excess of the retention to the reinsurer. The agreement, in general, establishes a broad framework for reinsurance terms and conditions with respect to, for instance, coverage, reinsured amount, etc. Any policy that meets such pre-determined conditions can therefore be instantly reinsured by the Company.

Market Agreement, a type of Treaty Reinsurance, was entered into force by the Company, to provide reinsurance to life insurance companies during the initial period of its inception. Such agreement remains in effect up to today. It aims to enable the Company to participate in life insurance contracts under life insurance market agreement in line with the government's policy that requires part of the premiums written in Thailand to be retained within the country. If the terms and conditions comply with the Market Agreement, a contract can be reinsured forthwith by the Company. However, the Market Agreement has conditions section to insurance controls in general. The contracts can be revoked. Based on the existing business practice, however, the Market Agreement shall remain valid. The Company will retrocede the reinsured contracts to some of the ceding members under the Market Agreement.

2. Facultative Reinsurance

Facultative Reinsurance is made in the case where a life insurance company does not take out Treaty Reinsurance with the Company or where the insurance is not qualified under the Treaty Reinsurance. The offered terms and conditions, coverage and premium rate for Facultative Reinsurance are granted and approved on a case by case basis.

Facultative Reinsurance contracts are automatically renewed on a yearly basis, unless any of the contract parties gives a notice of cancellation three months ahead of the year-end. These contracts allow time for both parties to reconsider the conditions before confirming such cancellation if they cannot reach a mutually agreed solution. In case a Facultative Reinsurance contract is canceled, the Company will terminate coverage under new policies, while reinsurance coverage under renewed policies will remain valid until the policies expire.

3. Characteristics of Reinsurance Business under Marketing Policy

The Company reinsures life insurance for domestic insurance companies and is unable to directly provide life insurance services. Our business can be categorized into two main types :

1. Conventional Reinsurance

Conventional reinsurance is a reinsurance provided for life insurance companies which make all arrangements by themselves, ranging from policy format development to marketing and sales of products. Risks associated with the sum insured are transferred to several reinsurers at home and overseas. There are a large number of reinsurers and the Company, as one among them, has also acquired businesses from this type of reinsurance. Each reinsurer does not have to be involved in insurance companies' product innovation and development, or known as Passive Reinsurance. Conventional reinsurance features the two types of reinsurance contracts: Treaty Reinsurance and Facultative Reinsurance.

2. Non-conventional Reinsurance

Since domestic reinsurance market is an open market where international reinsurers can enter at any time and volume of business is limited, the Company cannot be much selective about reinsurance cases to accept. Against this backdrop, we need to step up our role in this business operation. It has been our policy to serve as an active reinsurer by participating in all activities in conjunction with life insurance companies, ranging from new product launch and development to meet market demand, and marketing planning to seek of new distribution channels. By doing so, we are able to design appropriate policy formats and determine a reasonable premium rate, as well as achieve a higher underwriting sharing ratio. Our income earned in the form of reinsurance premium is in a higher proportion when compared with the underwriting sharing ratio of the conventional reinsurance. Non-conventional reinsurance similarly features the two types of reinsurance contracts: Treaty Reinsurance and Facultative Reinsurance.

Over the past three years, we have developed a direct sale over the phone project (DRTV) and a health insurance project in partnership with leading life insurance companies. Through the DRTV scheme, we offer a fully-fledged service comprising profit/loss analysis, product customization to target groups' liking, trial group arrangement, advertisement on various media such as television and printed media, and monitoring and determination of selling process, especially sales over the phone, in order to attain the established goals. As for the health insurance, we have joined in project management with aims to reduce the loss ratio, and also in personnel development planning for the underwriting and claims operations.

Revenue Structure >>

(Unit: THB Million)

Revenue	2014		2013		2012	
	Amount	Percent	Amount	Percent	Amount	Percent
Net Premiums Income						
• Conventional Reinsurance	1,148.2	67.4	991.9	67.7	767.3	69.7
• Non-conventional Reinsurance	434.7	25.5	407.9	27.8	273.4	24.9
Investments Income	115.6	6.8	58.4	4.0	52.5	4.8
Commission and Brokerage Income	2.7	0.2	4.3	0.3	5.6	0.5
Others Income	2.3	0.1	2.5	0.2	1.4	0.1
Total	1,703.5	100.0	1,465.0	100.0	1,100.2	100.0

Procurement of Products or Services

1. Sources of Funds

Our sources of funds come from shareholders, net written premium and net profit from investments. As of December 31, 2014, the company recorded total shareholders' of THB 1,189.7 million, net earned premium of THB 1,582.9 million and net profit from investments of THB 116.4 million. In October 2013, the company mobilized fresh funds through issuance of 10 million IPO shares at a price of THB 9.50 per share, with the total of THB 95 million to be used for strengthening our capital funds in line with the risk-based capital (RBC) requirement and for accommodating business expansion.

In the future, the company may in the future raise funds in other ways, such as issuance of new shares for rights offering or offering to specific investors on a private placement basis, issuance of warrants, etc. The company does not have a policy to mobilize funds from borrowing or any other external sources.

2. Investments

Investment Policy

The company adopts a conservative investment policy by focusing on investments that ensure consistent income earnings such as government bonds and investment units that pay regular dividends. Importance is given to the quality of securities for the safety of our investments taking into consideration the maintenance of liquidity that could comfortably cover the unpredictable future loss. The company

exercises caution in portfolio management to bring about stable long-term return at an acceptable risk level, while controlling risks at low level under the risk-based capital framework and adhering to the OIC's regulations. Our investment policy is reviewed regularly and is fairly elastic. Our investment strategy is readily changeable to always be in sync with the ever-changing market environment and ensure the maximum long term benefit.

Proportion of Investment asset of the Company

(Unit: THB Million)

Items	2014		2013		2012	
	THB Million	Percent	THB Million	Percent	THB Million	Percent
Cash and cash equivalents	79.79	5.69	62.07	4.65	17.76	1.71
Available for sale investment						
Non-Market equity Securities	90.19	6.43	87.86	6.57	62.99	6.06
Unit trusts	355.66	25.35	323.16	24.19	221.39	21.31
Held to maturity investment						
Government and state enterprise securities	424.44	30.25	431.80	32.32	573.37	55.19
debenture-Convertible Debenture	65.00	4.63	20.00	1.50	-	-
Deposits at banks	367.00	26.16	395.00	29.56	153.00	14.73
Other investments	2.11	0.15	2.11	0.16	2.11	0.20
Investments in subsidiaries	18.80	1.34	14.07	1.05	8.37	0.81
Total	1,402.99	100.0	1,336.07	100.00	1,038.99	100.00

The Company's investments in 2014, 2013 and 2012 amounted to THB 1,402.99 million, THB 1,336.07 million and THB 1,038.99 million respectively, with rate of return of 8.44 percent, 4.92 percent and 5.22 percent respectively.

Particulars	2014	2013	2012
Investment Yield ^{/1} (percent)	8.44	4.92	5.22
Investments ^{/2} (THB million)	1,402.99	1,336.07	1,038.99

^{/1} Investment Yield is calculated from net investment income divided by investment mount.

^{/2} Investments consist of cash and cash equivalents, available-for-sale investments, held-to-maturity investments, general investments, and investments in associated companies.

Operating Procedures of Investment Department

Investment Department considers investments based on the obtainable rate of return and risk to which the Company is exposed and then proposes study results on assets to invest to Head of Investment Department, the President and the Chairman of the Executive Board for approval. Investment is under oversight of the President to ensure its compliance well that the board-approved investment policy.

Lending

Credits extended by the Company include loans under the staff welfare scheme, such as an emergency loan, a housing loan, and a car loan. These loans are intended to help relieve employees' troubles, where necessary, and enable them to have their own house or residence of their own. Interest is charged at either a fixed or a floating rate, depending on type of the loan.

3. Ability in Maintaining Capital Funds

It is our policy to maintain all key ratios at not less than the minimum legal requirements and comparable with international standards. Any ratio deemed crucial to our position and stability will be maintained at a high level, including the capital adequacy ratio as required by law.

As of December 31, 2014, our shareholders' equity stood at THB 1,189.7 million in total and the company could maintain capital funds at THB 1,214.8 million, representing a pre-audit CAR of 470.6 percent, which is substantially higher than the OIC's minimum requirement of 140 percent.

4. Policy on Liquidity Management

Our policy aims to maintain liquidity at an appropriate level by making available sources of funds, whether from cash receivable or from liquid assets, to be able to meet our funding needs in any situations.

5. Significant Rules for Life Insurance Business

THREL operates a life insurance business under oversight of a state agency, the OIC, which has duties to supervise and monitor insurance business. The OIC has established rules and regulations to control and ensure that life insurance companies uphold transparency in operating business and maintain financial position that assures their responsibility for the insured in the future. Significant rules and regulations can be summarized as follows:

Rules and Regulations	Details	THREL's Status as of Dec 31, 2013
Company status	All life insurance companies must be converted into public limited companies by February 2013.	THREL was transformed to a public company on September 29, 2011.
Capital funds	Life insurance companies must maintain capital adequacy ratio (CAR) at not less than 140 percent (effective on Jan 1, 2013)	As of December 31, 2014, our pre-audit CAR stood at 471 percent.
Allocation of reserves	Reserves shall be allocated as (1) reserve for unearned premiums and (2) reserve for losses. Calculation of reserves shall conform to the OIC's notification regarding rules, procedures and conditions for allocation of premiums to a life policy reserve for the insurance policies that remain in force and other reserves of life insurance companies, B.E. 2554.	The company has set aside the reserves under actuarial principles sufficiently and correctly as required by law. As of December 31, 2014, the company had total reserves of THB 454.1 million.
Securities placed with the Insurance Commissioner as security deposit	Under the Life Insurance Act, all life insurance companies must place securities as security deposit with the Insurance Commissioner in an amount not less than THB 20 million.	The company has placed securities with the Insurance Commissioner in an amount of THB 21 million in accordance with the Life Insurance Act.
Placing of insurance reserves	25 percent of insurance reserves for insurance policies remain in force, net of loans, secured by insurance policies of insurance companies. The reserves must be duly placed with the Insurance Commissioner not later than May 31 of each year.	The company has placed securities with the Insurance Commissioner as insurance reserves in an amount of THB 91 million in accordance with the Life Insurance Act.
Foreign shareholding limit	The number of directors who are persons of Thai nationality shall not be less than three-fourths of the total number of directors. Under the Life Insurance Act, the persons defined in (1) or (2)	The company has placed securities with the Insurance Commissioner as insurance reserves in an amount of THB 71 million in accordance with the Life Insurance Act.

Rules and Regulations	Details	THREL's Status as of Dec 31, 2013
	<p>or (1) and (2) shall hold shares in an aggregate of more than 75 percent of the total number of voting and paid-up shares of the company:</p> <p>(1) An individual person of Thai nationality or an unregistered ordinary partnership whose partners are totally of Thai nationality;</p> <p>(2) A juristic entity registered in Thailand and having the following characteristics:</p> <p>(a) Having the person in (1) hold more than 50 percent of the total number of voting and paid-up shares, or</p> <p>(b) Having the person in (1) or the juristic entity in (2) (a) or the person in (1) and the juristic entity in (2) (a) hold more than 50 percent of the total number of voting and paid-up shares. On August 5, 2013, THREL obtained approval to have non-Thai nationals (as defined in the Life Insurance Act B.E. 2535 (and the subsequent amendments)) hold an aggregate of more than 49 percent of the total number of voting and paid-up shares of the Company for a period of 10 years from the approval date (August 5, 2013). The Company's Articles of Association stipulate that foreign shareholders (pursuant to the Foreign Business Act B.E. 2542 (and the subsequent amendments)) may hold not more than 25 percent of the Company's shares.</p>	

Maintenance of Risk-Based Capital

Risk-based capital is capital calculated from actual risk of life insurance companies. Throughout the period of business operation, life insurance companies must maintain capital funds not less than their risk-based capital, in which the rule on which has taken effect as from September 1, 2011. Risk-based capital is computed from the portfolio that involves actual risks, which include four risk categories: 1) insurance risk, 2) market risk, 3) credit risk and 4) concentration risk. In case the calculated capital funds are less than THB 30 million, life insurance companies must maintain their risk-based capital at THB 30 million.

08

Industrial Situation and Competition

Competition Strategies >>

Thaire Life is the only life reinsurer in Thailand, having profound understanding of the domestic business and market environment. Here is our marketing policy:

- Put an emphasis on development of value added products and services and partner with all life insurance companies.
- Serve as an active reinsurer by developing a direct sale via telemarketing project (DRTV), under which the Company offers a fully-fledged service comprising profit/loss analysis, product customization to target groups' liking, trial group arrangement, advertisement on various media such as television and printed media, and monitoring and formulation of selling process, especially sales through telemarketing, in order to attain the established goals.
- Exploit our personnel's specialized skills to provide technical knowledge and guideline on underwriting and claim consideration for our customers to ensure any such product yields a profit and is efficiently managed. The company has reinsured health insurance for life insurance companies since 2012 and participated in product management with aims to reduce the loss ratio, and also in personnel development planning for the underwriting and claims operations.

Competition Strategies and Business Opportunity

- With a profound understanding of reinsurance business and Thai people's life insurance demand, the Company can quickly respond to our clients' needs without any language or communication constraints since the company is the only local life reinsurer in Thailand.
- It is our policy to offer products and premium rates that are flexible and could match market requirements.
- At Thaire Life, our staff is skillful in technical aspect, product development, research and planning, and risk management. The company also has a center to gather information on life insurance in Thailand with a strong database on statistical records about Thai population's mortality rate, causes of illness, mortality statistics by diseases, etc., which are helpful in our efficient business development and risk management.
- Similar to other life insurance companies, the Company has abided by all applicable laws and OIC supervisory rules and regulations, to ensure the same standard of creditworthiness rating and enabling us to gain trust from life insurance companies.

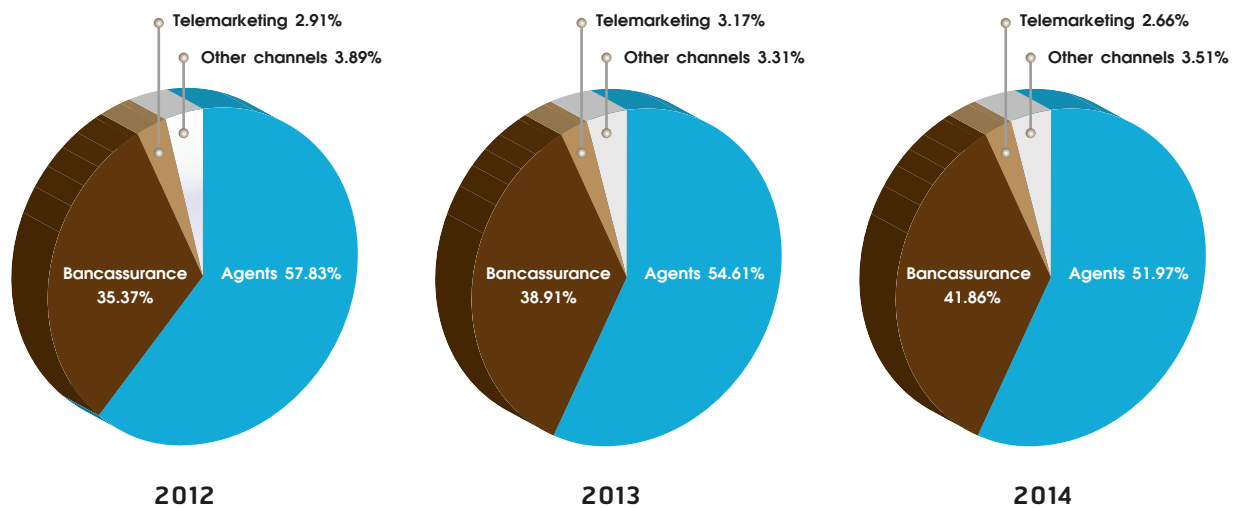
• The company secured a solid capital base. The capital adequacy ratio (CAR) as at December 31, 2013 at 522, and as at December 31, 2014 the pre-audit CAR stood at 471 percent, considerably exceeding 300 percent. As a result, our ceding members can enjoy the lowest credit risk charge of only 1.6 percent, which is comparable with an insurance ceded to a foreign reinsurer with international credit rating of AAA. Our ceding members accordingly maintain capital adequacy for credit risk at a low level, thereby helping to lower their costs.

Distribution and Distribution Channels >>

Life insurance companies in Thailand sell their products through four channels as follows:

- 1) Agents
- 2) Bancassurance
- 3) Telemarketing
- 4) Other channels

Figure: Structure of Distribution Channels in 2012-2014



Source: Office of Insurance Commission

Among all, distribution through agents garnered the largest share, whereas bancassurance witnessed ongoing growth. With their customers' high purchasing power for both individual life insurance and credit life insurance, commercial banks saw their fee income rising annually, which has been a key factor prompting banks to earnestly concentrate on bancassurance. Life insurance companies using bancassurance as their main distribution channel are stimulated by such consistent strong growth to form more alliance with banks.

Thaire Life currently distributes our products via direct sales to all of the 24 domestic life insurance companies.

Target Groups >>

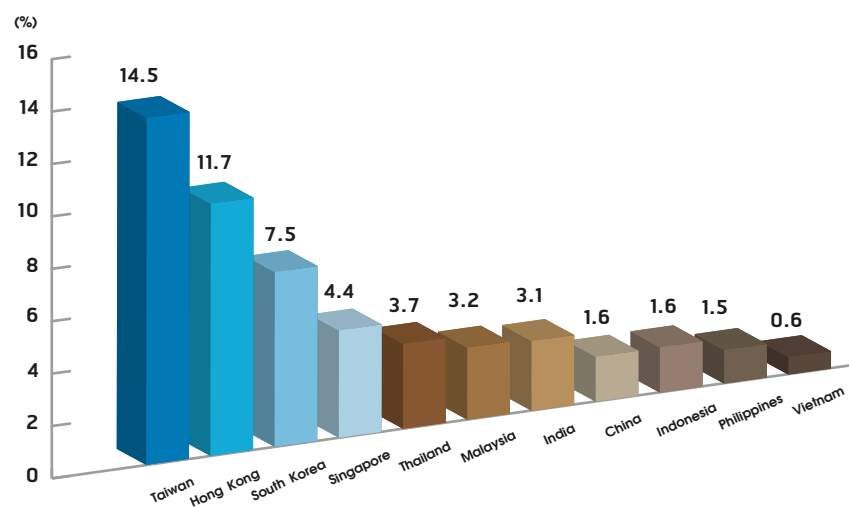
Our target groups are the 24 domestic life insurance companies. Some of these companies also are shareholders of Thai Reinsurance PCL., which is our major shareholder owning 41.5 percent of our paid-up capital. This helps to strengthen our market base.

Market Situation >>

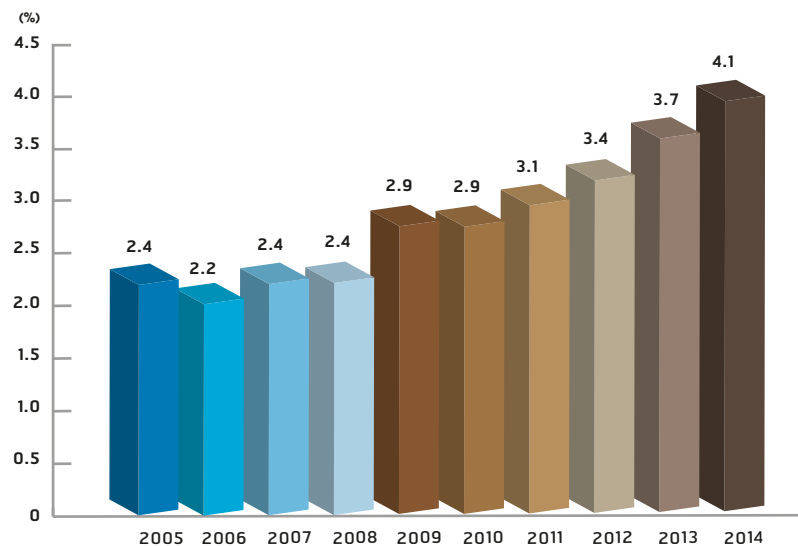
Life Insurance

Today, life insurance is a tool used to insulate people and their family members against risks. Those who are knowledgeable and aware of the necessity of life insurance and earn enough income to save have increasingly given importance to life insurance. Therefore, life insurance is taken out more in countries with high levels of education and per capita income.

Net Premium per GDP, in 2013



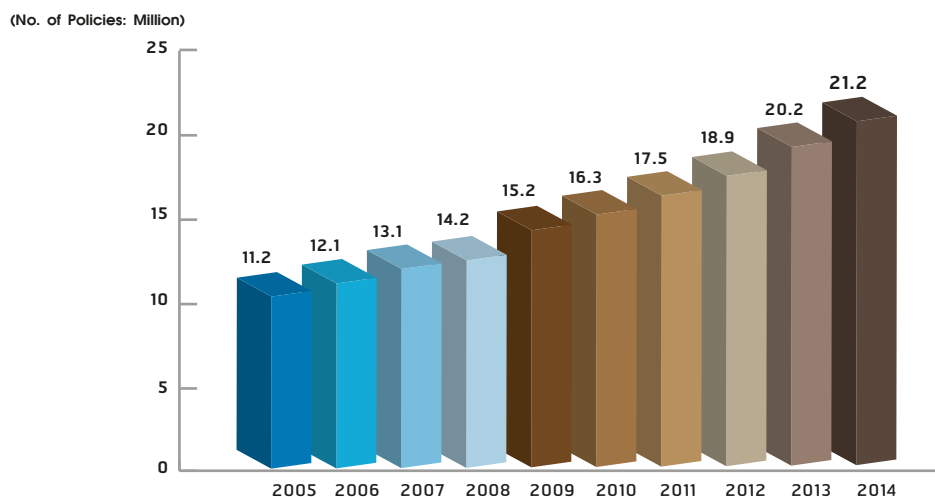
Net Premium per GDP in Thailand during 2005-2014



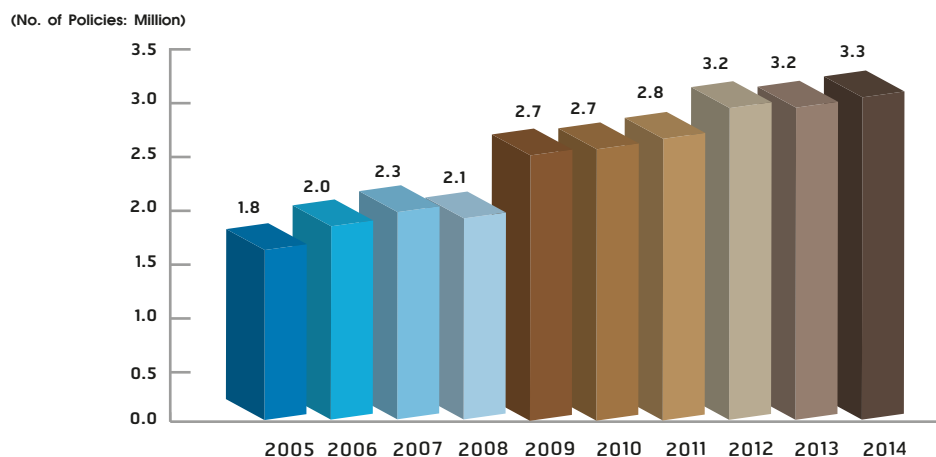
Source : Swiss Reinsurance and The Thai Life Assurance Association

High-income countries in Asia such as Taiwan, Hong Kong, South Korea and Singapore have a net premium per GDP higher than low-income nations such as India, Malaysia, Thailand, China, Indonesia, the Philippines and. In 2013, Taiwan recorded a net premium per national income as high as 14.5 percent. In Thailand whose net premium per national income is lower than those of developed countries, there is still room for life insurance industry to grow, as evident from improvements in education and per capita income and a relative increase in Thailand's net premium per GDP from 2.4 percent in 2005 to 4.1 percent in 2014.

Number of life insurance policies in Thailand During 2005-2014



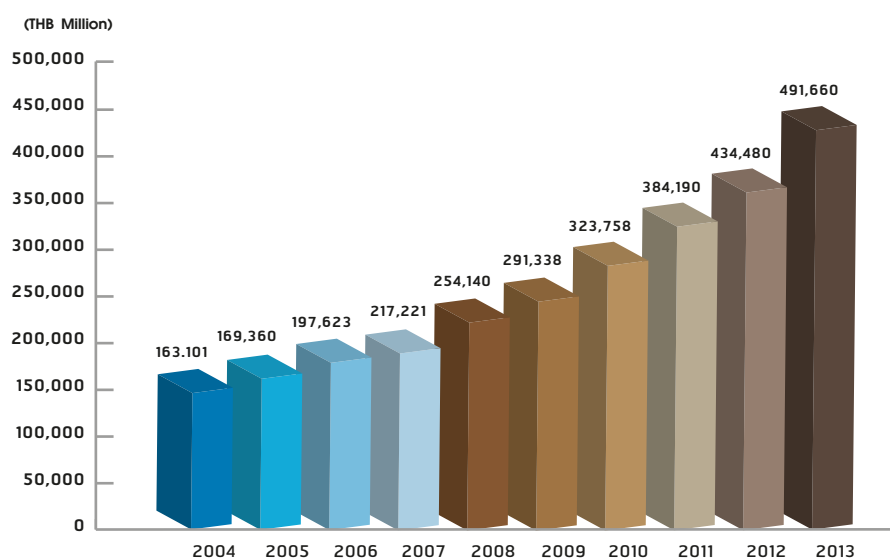
Number of new policies in Thailand During 2005 - 2014



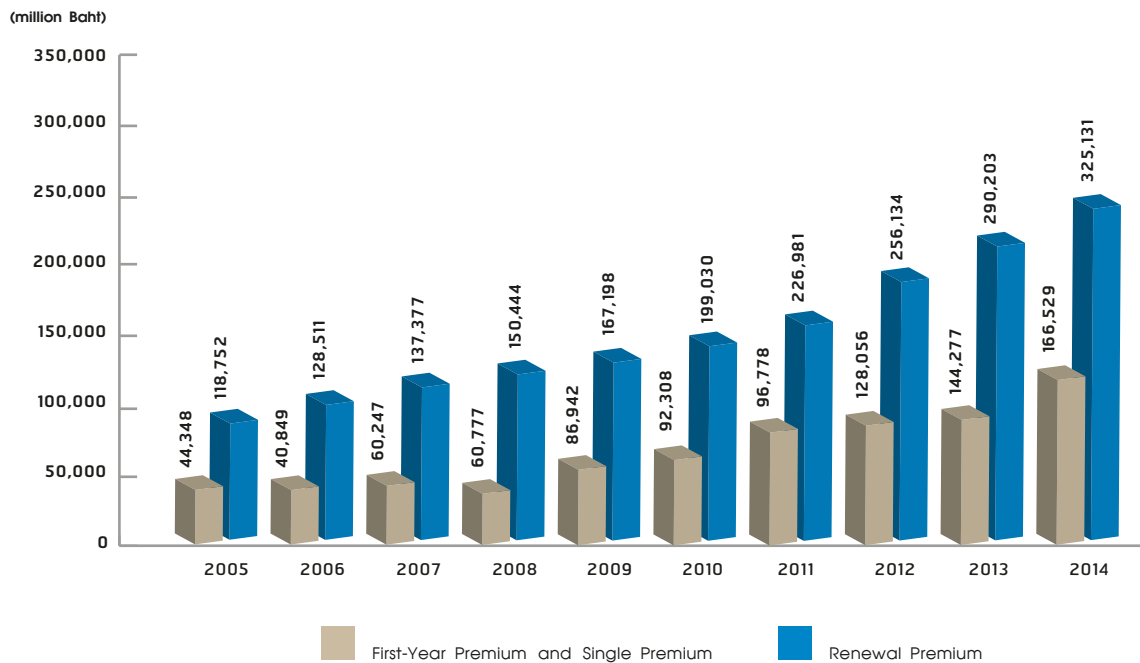
Source: Office of Insurance Commission and The Thai Life Assurance Association

Number of life insurance policies in Thailand jumped from 11.2 million policies in 2005 to 21.2 million in 2014, representing a compound annual growth rate (CAGR) of 7.4 percent. Meanwhile, number of new policies also increased continuously, from 1.8 million in 2005 to 3.3 million in 2014, or a CAGR of 7.2 percent..

Net written premium in Thailand During 2005 - 2014



Net written premium in Thailand (by Type of business) During 2005 – 2014



Remark:

- First-Year Premium means a premium paid in the first year of the contract.
- Single Premium means a premium paid in one lump sum with protection valid for the entire contract term.
- Renewal Premium means a premium paid after the 1st year premium in all subsequent years throughout the contract term.

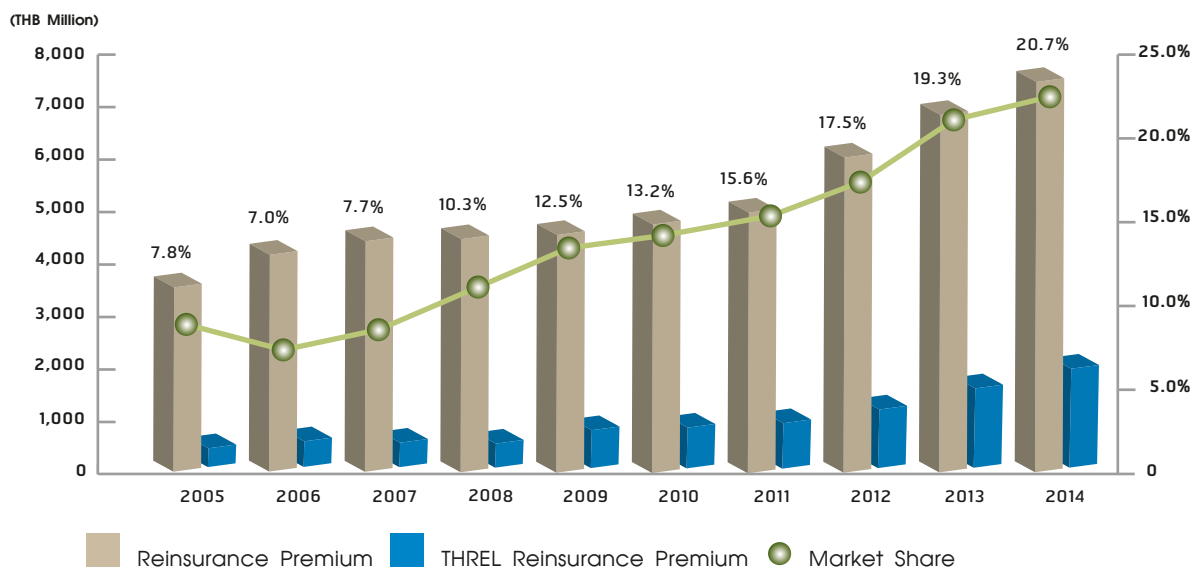
The ever-increasing volume of new policies has relatively driven up the net premium written. Based on OIC's records, Thai life insurance market continued to grow favorably in 2014, with the total written premium rising by 13.0 per cent year-on-year to THB 491,660 million. The key driver of such growth was the new customer base expansion. First-year premiums and one-time premiums surged by 15.4 percent to THB 166,529 million, whereas renewal premiums increased 12.0 percent to THB 325,131 million, suggesting that the market expansion was contributed by the government sector's policies on, for instance, tax rebate for annuity life insurance to encourage long-term savings.

Life Reinsurance

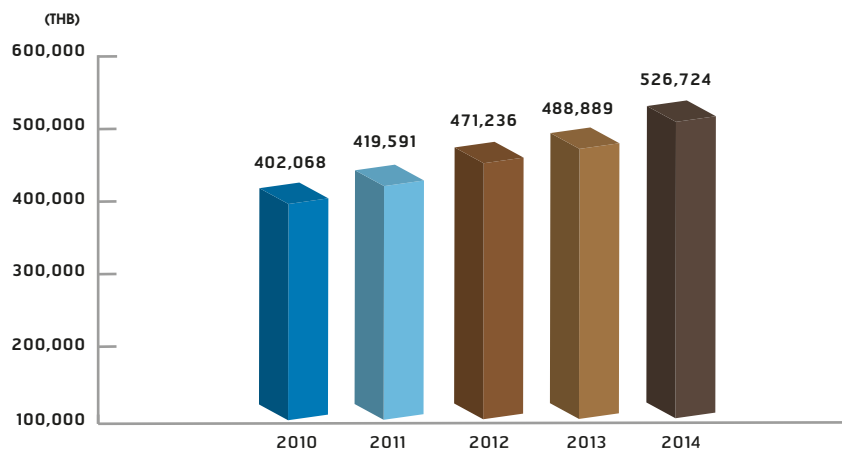
Reinsurance sector grows in tandem with insurance companies' demand for risk transfers to reinsurers. In 2014, Thailand's reinsurance transactions made up 1.6 percent of direct premiums written. This was a small percentage because, given the average sum insured per policy of only THB 526,724 in 2014, insurance companies were able to retain risks which were still within their retention limit. For developed countries, their average sum insured per policy is sharply higher than Thailand's, as

evidenced from the net premium per GDP of Taiwan, Hong Kong, South Korea and Singapore of 14.5 percent, 11.7 percent, 7.5 percent and 4.4 percent, respectively, compared with Thailand's 3.7 percent in 2013. As such, there is still room for Thai reinsurance business to expand. Thailand's average sum insured per policy increased from THB 402,068 in 2010 to THB 526,724 in 2014, representing a CAGR of 7.0 percent.

Reinsurance Written Premium in Thailand During 2005 - 2014



Sum Insured per policy in Thailand During 2010 - 2014



Source : Office of Insurance Commission and THREL

Competition >>

Despite an ability to provide reinsurance themselves, life insurance companies, in general, do not have a policy to conduct cross-reinsurance among them because it is not their core activity and they are direct competitors. Therefore, they primarily cede their risks to domestic and foreign reinsurers. International reinsurers offering reinsurance services in Thailand include Swiss Reinsurance, Reinsurance Group of America (RGA), Hannover Reinsurance Group, Munich Reinsurance, SCOR Reinsurance, including reinsurance affiliates of multinational life insurance corporations that have entered a joint venture with, or taken a majority shareholding in, local life insurance companies.

In Thai reinsurance market, players' competition strategies principally lie in pricing, ability to take risk, and financial stability. There are tremendous barriers to entry for foreign reinsurers who do not have any presence in Thai market due to a lack of market acquaintance and business relationship with local insurance companies. After all, OIC has no policy to allow international reinsurers to open a branch in Thailand.

Thailand's Reinsurance Premium Table in 2012 - 2014

(Unit: THB Million)

	2014		2013		2012	
	Amount	Growth (Percent)	Amount	Growth (Percent)	Amount	Growth (Percent)
Gross Written Premiums	491,660	13	434,480	13	384,190	19
Reinsurance Written Premiums	7,861	9	7,185	9	6,555	22
Reinsurance Premiums of the Company ¹	1,624	17	1,388	21	1,145	36
Proportion of the Company (Percent)	21		19		17	

Remark: ¹ Percentage of remaining written premiums belonged to foreign reinsurers.

Source: Office of Insurance Commission and THREL

Reinsurance market experienced ongoing healthy growth. Based on OIC's records as shown in the above table, the industry's reinsurance premiums increased steadily, from THB 6,555 million in 2012 to THB 7,185 million in 2013 and THB 7,861 million in 2014, by 9 percent in 2013 and 2014. For the Company, our premiums similarly went up, from THB 1,145 million in 2012 to THB 1,388 million in 2013 and THB 1,624 million in 2014, representing an increase rate of 21 percent and 17 percent respectively.

Industry Outlook >>

In 2014, life insurance business continued to expand, as driven by positive political and economic environments and effective economic stimulus schemes, entailing particularly an increase in life insurance premium deductible against personal income tax, an increase in minimum daily wage and a salary increase for civil servants who hold a bachelor's degree, which will likely increase the public's purchasing power for life insurance. In addition, the government has a policy to promote micro insurance and stimulate savings through life insurance products instead of deposits with banks in order that life insurance could provide security for the public's life and property. These could augur well for life insurance business as a whole. In this industry, importance will be placed on new marketing channel diversification to better reach the target groups, especially low-income earners, by delivering life and health products that could protect against risk and interest rate trend in the current market environment. The government's intention to further cut the policy rate will lead the target groups with low risk tolerance to increasingly use life insurance as a savings vehicle. At the same time, bancassurance will continue to expand. The Company forecast for the next 3-5 years that life insurance will grow by at least 10 percent per year.

Moreover, a joint public and private working committee has been formed to devise proactive measures for life insurance business development to extensively serve the public. To such end, products that could fulfill people's needs with a reasonable premium rate will be offered through diverse distribution channels so as to allow people at all levels an easier access to life insurance. In another attempt to expand insurance business operation, a road map has been jointly drawn up to establish an implementation guideline and timeframe for all measures associated with the public and private sectors in a bid to ensure clarity in business liberalization under the forthcoming Asean Economic Community (AEC).

09

Risk Factors

The company believes that effective enterprise risk management plays a crucial role in the success and survival of the Company. The company, therefore, has adopted Enterprise Risk Management (ERM) program as a tool to improve its current risk management effectiveness and help the company sustain its business objectives in the long run.

Key risks are identified, assessed, and managed holistically managed within the company's risk appetite. Upside risks are also explored and exploited. Risk management execution and effectiveness of risk management measures are quarterly assessed. Risk learning from past loss events are taken into account when the Company revises its strategies and operations to provide better results in the future.

Risk appetite is set and risk-based decision making is embedded in all of the company's core activities i.e. product design and development, pricing, underwriting, claim management, reinsurance, investment and assets management. The company aims to ensure an appropriate risk-reward balance in all of the company's risk taking activities.

Key risks affecting the reinsurance business are as follows:

1. Strategic Risk

Strategic risk is the risk arising from inappropriate or adverse business planning, business decisions, or improper implementation of those decisions, which can affect earnings, capital funds, image, and financial stability of the company.

1.1 Customer Risk

Reinsurance industry is an open market where local and international reinsurers can enter the market. Since the company's business comes from local 24 life insurance companies, our operating performance highly depends on growth in life insurance business. In addition some domestic insurance companies have entered a joint venture with, or have major of their shares held by international reinsurers. These companies have a policy to reinsure their exposures to their foreign partners, resulting in the company's loss of income from this group.

Risk Management Measures

The company has taken a more proactive role by exploring new opportunities with its customers. The company has implemented an array of strategies to win the business by participating in all activities with its customers, ranging from launching marketing plans and

developing new products to exploring new distribution channels. The company's understanding of the local market environment enables the company to efficiently and effectively deliver satisfactory solutions for its customers. All existing knowledge and statistics are continuously applied in marketing strategy formulation to penetrate the profitable markets that have strong growth prospects. The co-creation of these new products enables the company to select an appropriate pricing strategy and coverage as well as the amount reinsured to the Company.

1.2 Customer Diversification Risk

One life insurance company has contributed more than 30 percent of the company's overall reinsurance premium whereas the top 4 life insurance companies made up 78 percent of the company's total premium. If the company lost this amount of premium, its revenue and performance would be drastically affected.

Risk Management Measures

Life reinsurance premiums are paid continually because of its long-term in nature, e.g. 10 years or longer. When a life insurance company enters into a contract with the Company, that company must pay reinsurance premiums until the expiration date. In case that the life insurance company wants to cancel such contract, notification must be made in advance at least three months before the end of that year. Such cancellation, however, is in effect only for new business. The life insurance company still has an obligation to pay the reinsurance premiums for the existing portfolios to the company until the policies expire. If the insurance companies wants to stop paying reinsurance premium, that company has to purchase the existing obligations at a high price. This case, therefore, rarely happens.

1.3 Capital Availability Risk

The Office of Insurance Commission requires all insurance companies to comply with its risk-based capital (RBC) regulations and maintain the capital adequate ratio (CAR) of at least 140 percent. This aims to promote insurance companies' good risk management practices and make sure that they have adequate capital to cope with unexpected events.

Risk Management Measures

The company has identified root causes for capital deficiency and implemented risk measurement measures for insurance risk, market risk, credit risk, and concentration risk. The Company has integrated risk and capital management concept into its business strategies and core business activities i.e. underwriting, product design and development, pricing, claim management, reinsurance, and investment to make sure that the Company is financially secured and has sufficient capital to cover both current growth and unexpected future exposures. The company's Capital Adequacy Ratio as of December 31, 2014 is 471 percent.

2. Operational Risk

Operational risk is the risk arising from inadequate or lack of control over internal processes, people, systems, or external events that could affect the company's income, profit, and capital funds. Operational risk includes, but is not limited to, lack of employee skills, knowledge, and expertise, loss of key persons, inefficient business processes, system security and data integrity, accurate and up-to-date data, delegation of power, duties and responsibilities, the appropriateness of performance management system and the like.

2.1 Key Person Risk

Workforce with the right knowledge, expertise, and experience play a vital role in life insurance business. Having high quality of staffs are invaluable in setting the company apart from competitors. Loss of key persons could result in a significant impact on revenue, profit or other financial aspects of a business.

Risk Management Measures

The company's executives has executed a variety of measures to manage this issue e.g. revision of individual development program, more involvement of middle management staff in strategic planning so that they can attain more skills and knowledge, revision of system manual and business systemization to reduce key person dependency, and provision of competitive remuneration and benefits.

2.2 Process and System Risk

Process and system risk is the risk of loss resulting from inappropriate or failed internal processes and/ or systems which might affect operational efficiency and effectiveness.

Risk Management Measures

The company has a clear division of authority and responsibility between the Board of Directors and management teams. A complete organizational structure and detailed operational guideline has been established. Table of authorities are in place and used as operational guideline. Internal operations are monitored and reviewed regularly to ensure that the company's internal control processes and procedures are adequate and being followed appropriately. In addition the compliance reports are submitted to the audit committee every quarter. The company has also put in place IT security measures and backup systems to ensure its operational continuity. IT policies and procedures are clearly documented. System security and data integrity are periodically monitored.

2.3 Shareholding Compliance Risk

The Life Insurance Act B.E. 2551 requires that Thai nationals hold at least 75% shares of the company's total voting and paid-up shares. Since the company's shares are transferable at any time after the listing in the Stock Exchange of Thailand, the 75% shares requirement may not be met. These disqualified shareholders will not be able to exercise their voting rights at the shareholders' meeting and will not receive the company's dividends.

Risk Management Measures

On August 5, 2013 the company was granted an approval for a waiver from the OIC to have non-Thai national shareholders of more than 49 percent of total voting and paid-up shares of the company for a period of 10 years, starting from the approval date. If the Company is unable to extend this waiver, the definition of Thai national is not revised, or the company fails to restructure the shareholding in accordance with the Life Insurance Act B.E. 2551, the company will be subject to a fine and shareholders who do not meet the requirements under the Life Insurance Act will not be able to exercise their voting rights at the shareholders' meeting and will not receive the company's dividends.

3. Insurance Risk

Insurance risk is the risk arising from the conduct of insurance activities such as pricing, product design and development, underwriting, reserving, and change in policyholder behavior.

Risk Management Measures

Underwriting guidelines are developed based on technical knowledge and update statistics and revised periodically to keep up with changes in market conditions. The company put a strong emphasis on underwriting discipline of individuals. The company has a conservative and actuarially sound loss reserve calculation. An excess of loss program, which is known to be one of the most efficient risk management mechanisms, is in place to protect the reinsurance contracts underwritten and adverse claims experience, with the maximum limit of loss per person and per event.

4. Market Risk

Market risk is the risk arising from changes in market variables, such as interest rate, exchange rate, equity price, real estate price, commodity price and the like. This volatility could lead to decreases in value of market prices of assets and inevitably affect the Company's assets, income, and capital funds.

Risk Management Measures

The company regularly monitors and analyzes the volatility of its investment portfolio. Changes in the economic conditions and regulation amendments are taken into consideration as part of the company's ongoing monitoring process and are incorporated into its investment decision making. The company's investment guideline complies with the Life Insurance Act B.E. 2551 which specifies type of security invested and its limit, e.g. the company's investment in each common stock, debenture and unit trust must not exceed 5 percent of its total assets whereas investment limit for each promissory note must not exceed 10 percent of total assets.

The company has adopted a prudent investment policy and avoids speculative investment that would jeopardize its capital. The company, therefore, invests in high quality securities that will generate reasonable and consistent returns. Since investment income is one of the major sources of income for the Company investment activities are closely monitored by the Board of Directors and the company's executive.

5. Credit Risk

Credit risk is the risk arising from possible default by the company's counterparties or from changes in the credit quality of issuers of securities or the company's retrocessionaire. This could lead to an overdue or bad debt and eventually affect the company's cash flow and net profit.

Risk Management Measures

The company usually evaluates credit quality of its retrocessionaires. Financial analysis of the company's counterparties is done periodically. The company also revises its investment and reinsurance portfolios when the ability to fully meet the obligations and creditworthiness of the company's counterparties are in doubt. In addition the company limits its exposure to reinsurance assets through reinsurance contracts with the retrocessionaires that have credit ratings of at least "A." As of December 31, 2014 the company retroceded 1.15 percent of its total written premium.

6. Liquidity Risk

Liquidity risk is the risk arising from the company's inability to meet its debt obligations as they become due, caused by insufficient liquid assets or the lack of marketability of an investment. This may affect the company's earnings and reserves if it cannot match its cash inflows with its cash outflows.

Risk Management Measures

The company manages its liquidity position through prudent investment decisions, cash flow matching of assets and liabilities, and diversification of assets and liabilities to ensure that adequate cash is available when needed. The company's liquidity position is higher than a minimum level of liquidity required by the OIC.

7. Emerging Risk

Emerging risk is the risk that does not currently exist but might emerge at some point in the future due to changes in the political, legal, social, technological, physical, or natural environments. These risks are difficult to identify, appear slowly, and have adverse impacts when they materialize. Examples of emerging risks include pandemic, nanotechnology, genetically modified organisms, and climate changes.

Risk Management Measures

The company reviews its policy terms and conditions, underwriting process, pricing, and new product development to make sure that emerging risk are taken into consideration and exposure to emerging risk is limited. The company consistently gathers and analyzes all existing information to develop sound practices to manage emerging risks.

10

Structure of shareholders and Management

Shareholders >>

Ten major shareholders as at the latest registration book closing date of September 3, 2014 are as follows:

Unit: Percent

	No. of Shares	Percentage
Thai Reinsurance Public Company Limited	304,999,930	50.83
BNP Paribas Securities Services, London Branch	25,205,224	4.20
Mr. Pracha Dumrongsuttipong	20,400,000	3.40
The Hong Kong and Shanghai Banking Corporation Limited, Fund Services Department	20,068,200	3.34
Bualuang Long-Term Mutual Funds (LTF)	15,321,400	2.55
Bualuang Long-Term Equity Fund 75/25	9,350,300	1.56
HWIC Asia Fund	9,000,000	1.50
Thai NVDR Company Limited	6,886,581	1.15
Bualuang Flexible RMF	6,531,400	1.09
Aberdeen Long Term Equity Fund	6,526,403	1.09
Other shareholders	175,710,562	29.29
Total	600,000,000	100.00

As regards the shareholding by the group of shareholders above, an amount of 6,886,581 shares, or 1.15 percent, are held by Thai NVDR Co., Ltd. to accommodate the non-voting depository receipt (NVDR). Investors can check the latest number of shares held by Thai NVDR Co., Ltd. from website of the Stock Exchange of Thailand at www.set.or.th.

An update on our ten major shareholders profile is available from our website (www.thairelife.co.th) or website of the Stock Exchange of Thailand at www.set.or.th. after the closing of the shareholders registration book.

Shareholding of Director and Management >>

No.	Name	No. of Shares as of Dec 31, 2013	No. of Shares as of Dec 31, 2014	Change Increase (Decrease) in 2013	Percentage
Director					
1.	Mr.Suchin Wanglee	241,471	241,471	-	0.04
	their spouses and children who have not reached maturity	-	-	-	-
2.	Mr.Surachai Sirivallop	41,321	41,321	-	0.0069
	their spouses and children who have not reached maturity	89,705	89,705	-	0.01
3.	Mr.Sutti Rajitragson	3,360	3,360	-	0.0006
	their spouses and children who have not reached maturity	-	-	-	-
4.	Mr.Oran Vongsuraphichet	250,000	230,000	(20,000)	0.04
	their spouses and children who have not reached maturity	-	-	-	-
5.	Dr.Kopr Kritayakirana	8,018	8,018	-	0.0013
	their spouses and children who have not reached maturity	672	672	-	0.0001
6.	Mr.Chalaw Fuangaromya	-	-	-	-
	their spouses and children who have not reached maturity	-	-	-	-
7.	Mr.Apirak Thaipatanagul	-	-	-	-
	their spouses and children who have not reached maturity	-	-	-	-
8.	Mr. Jiraphant Asvatanakul	23,550	23,550	-	0.004
	their spouses and children who have not reached maturity	-	-	-	-
Management					
1.	Ms. Navadee Ruangrattanametee	-	-	-	-
	their spouses and children who have not reached maturity	-	-	-	-
2.	Mrs. Nutchakorn Suwansathit	-	-	-	-
	their spouses and children who have not reached maturity	-	-	-	-
3.	Ms. Duangnaporn Phermnamlap	-	1,500	1,500	0.00
	their spouses and children who have not reached maturity	-	-	-	-
4.	Ms. Duangnapa Kanchanawongwut	1,500	1,500	-	0.0003
	their spouses and children who have not reached maturity	-	-	-	-

Management Structure >>

The company's management structure is composed of the Board of Directors and 4 subcommittees, namely the Executive Board, the Audit Committee, Investment Committee and the Risk Management Committee.

Board of Directors

As of December 31, 2014, the Board of Directors is composed of 8 members of whom 6 are non-executive directors and 2 are executive directors. 3 of them are qualified as independent directors, as defined by the company based on the SEC's guideline. Each term of directorship is three years, as stipulated in the company's Articles of Association. However, there is no limitation on the number of terms of office of the directors, independent directors and members of subcommittees because the company needs to especially retain some board members who are knowledgeable and specialized in insurance business and are scarce. Profile of each director is presented in Board Members.

Term of Office

At every annual general meeting of shareholders, one-third of the total number of directors shall vacate office. If the number of directors is not divisible into a multiple of three, the number of directors nearest to one-third shall retire from office. The directors to retire from office in the first and second years following the registration of the company shall be drawn by lots. In subsequent years, the directors who have remained in office for the longest time shall vacate office. A vacating director may be eligible for re-election.

Limitations of Authorities and Responsibilities

The scope of power and duties of the Board of Directors is defined as follows:

1. Perform a duty and oversee the company to ensure compliance with the laws, objectives and Articles of Association of the company, resolutions of the Board of Directors and resolutions of the shareholders' meeting, by upholding accountability with due care and integrity.
2. Formulate and approve the vision, strategy, business direction, policy, goal, guideline, action plans and budgets of the company and its subsidiary, prepared and proposed by the management, and supervise the business administration and performance of the management or the persons designated to handle such task to ensure compliance with the policy outlined by the Board of Directors.
3. Follow up on the performance of duty, on a continuous basis, to ensure it meets with the action plans and budgets.
4. Ensure that the company and its subsidiary have in place a sound and efficient accounting system, a reliable financial reporting and auditing system, and an adequate and proper internal control and audit system.
5. Review the risk management process and policy and follow up on the performance thereof.
6. Ensure that there is no conflict of interest between stakeholders of the company and its subsidiary.

7. Establish a policy on good corporate governance and ensure an efficient use of such policy.
8. Appoint subcommittees such as the Audit Committee or any other committees to assist in and support the Board of Directors' discharge of duty, as deemed fit.
9. Appoint the company Secretary to assist the Board of Directors in performing of duty to make certain that the company's business operation conforms to the applicable laws and regulations.
10. Seek professional advice from external organizations, where necessary, to form a basis for proper decision-making.
11. Prepare an annual report and assume responsibility for the preparation and disclosure of financial statements to present financial position and working results in the past year to the annual shareholders' meeting.
12. Arrange for an annual general meeting of shareholders to be held within four months after the end of each fiscal year of the company.

The delegation of power, duties and responsibilities of the Board of Directors excludes the authorization or sub-authorization of the directors or their appointees in the approval of transactions in which they or persons with potential conflict of interest (as defined in notification of the Securities and Exchange Commission or notification of the Capital Market Supervisory Board) may have a vested interest or may obtain benefits in any form or may have any other conflict of interest with the company or its subsidiary, unless it is the approval of transactions that are in line with the policy and guideline approved by the shareholders' meeting or the Board of Directors of the company.

Limitations of Authorities and Responsibilities of Board Chairman

1. The Board Chairman or person designated by the Board Chairman has duty to call a meeting of the Board of Directors by submitting an invitation letter at least 14 days before the meeting date in order to allow the directors enough time to study, consider and make a right decision on all matters at the meeting.
2. The Board Chairman has a role in determining the meeting agenda jointly with the CEO.
3. The Board Chairman encourages the directors' participation in the board meeting and acts as chairman of the meeting with duty to control and ensure that the meeting is efficient, allocate sufficient time for the management or concerned parties to present their information, encourage and allow the directors to raise questions and express their opinions freely, control the discussion, and draw a conclusion on the meeting's resolution.
4. The Board Chairman plays a key role in encouraging the directors to comply with the corporate governance principles.
5. The Board Chairman communicates all crucial information to the directors.
6. The Board Chairman encourages the directors' participation in the shareholders' meeting and acts as chairman of the meeting to control and ensure that the meeting is efficient and to answer questions raised by shareholders.
7. The Board Chairman encourages the Board of Directors to perform duty within the purview of power, duty and responsibility of the Board of Directors under the laws and the corporate governance principles of the company.

Structure of the Board of Directors

According to the company's Articles of Association, the Board of Directors shall be composed of at least five, but not more than 15 members.

(1) The board members are categorized into two types:

Type 1: classified by management into

- Executive director
- Non-executive director

Type 2: classified by independence into

- Independent director
- Non-independent director

(2) The directors' term of office shall be three years at a time. At every annual general meeting of shareholders, one-third of the total number of directors shall vacate office. If the number of directors is not divisible into a multiple of three, the number of directors nearest to one-third shall retire from office. The directors to retire from office in the first and second years following the transformation of the company shall be drawn by lots. In subsequent years, the directors who have remained in office for the longest time shall vacate office. A vacating director may be eligible for re-election at a shareholders' meeting.

Apart from retiring by rotation, a director shall vacate office upon his

1. death;
2. resignation;
3. disqualification or possession of legally prohibited characteristics;
4. being retired by resolution of a shareholders' meeting with votes not less than three-fourths of total number of shareholders attending the meeting and having voting rights, provided that their aggregate shareholding is not less than half of total number of shares held by the shareholders attending the meeting and having voting rights;
5. being retired by a court order.

(3) The independent directors shall have the qualifications as regulated by the SEC and the SET.

(4) The Board of Directors shall be composed of independent directors in the number not less than one-third of total number of the board members, but not fewer than three persons.

(5) The Board Chairman and the President shall be elected by the Board of Directors. It has been made a policy to elect the Board Chairman on a yearly basis at the first board meeting held after every annual general meeting of shareholders.

(6) The directors and executives are allowed to assume the position of director and executive of affiliated companies or other companies, which shall comply with regulations of the SEC, the SET and concerned authorities and shall be informed to the Board of Directors' meeting.

(7) The Board of Directors shall designate a Company Secretary, whose duties are to give advice on legal issues and all rules and regulations necessary for the Board of Directors, to support the board activities, to coordinate and ensure that the board resolutions are implemented, and to liaise with the shareholders, the SEC, the SET and all regulatory bodies concerned.

Meeting of the Board of Directors

(1) The Board of Directors shall pre-determine dates of the meeting to be held at least four times a year (once every three months) and shall clearly specify regular items on the meeting agenda such as consideration and approval of reviewed/audited financial statements, etc.

The agenda other than such regular items shall be jointly determined by the Board Chairman, Chairman of the Executive Board and the President as deemed crucial and necessary. If the meeting is not held monthly, the company shall prepare and submit a performance report to the Board of Directors on a monthly basis to enable the Board of Directors to continuously monitor, control and supervise the management's operation.

(2) The Executive Board shall convene a meeting once a month on average to consider and acknowledge the monthly performance and results of other administration.

(3) Other Subcommittees may hold a meeting to consider the issues under their power and duties delegated by the Board of Directors, with the company Secretary to coordinate the meeting.

(4) Details of the meeting agenda and meeting documents shall be submitted to the directors at least seven days in advance. The documents shall provide a brief summary of the proposed matters. Confidential issues that are not to be disclosed in writing shall be put forward for discussion at the meeting.

(5) The non-executive directors may, as deemed fit and necessary, arrange a meeting without presence of the management, with the company Secretary to coordinate the meeting, and shall report results of such meeting to the executive directors.

(6) The directors may additionally request essential information directly from the President and the company Secretary, including the executives assigned to handle such matter.

(7) At every meeting, the executives and concerned parties should be invited to join the meeting in order to provide information and details as a basis for making the right and timely decision.

Meeting Attendance of the Board of Directors and the Subcommittees in 2014

Board of Directors ¹	Position	No. of meetings attended / No. of meetings held		
		Board of Directors	The Audit Committee	The Investment Committee
1. Mr.Suchin Wanglee	Chairman	5/5	-	-
2. Mr.Surachai Sirivallop	Director	5/5	-	0/0
3. Dr.Kopr Kritayakirana	Director	4/5	2/2	-
4. Mr.Sutti Rajitragson	Director and President	5/5	-	0/0
5. Mr.Chalaw Fuangaromya	Independent Director and Chairman of the Audit Committee	5/5	4/4	-
6. Mr.Apirak Thaipatanagul	Independent Director and Director of the Audit Committee	4/5	4/4	-
7. Mr.Oran Vongsuraphichet ²	Director	3/4	-	-
8. Mr. Jiraphant Asvatanakul ⁴	Independent Director and Director of the Audit Committee	3/3	-	-
9. Mr. Alan Chi Yim Kam ³	Independent Director and Director of the Audit Committee	0/1	0/2	-
10. Mr.Chuanchai Cheausamut ⁵	Independent Director and Director of the Audit Committee	-	-	0/0

Note:

- 1 As at December 31, 2014, the Board of Directors was composed of 8 members, no. 1-8
- 2 Mr.Oran Vongsuraphichet has been appointed as the director instead of Mr.Chai Sophonpanich who resigned as the director on June 31, 2013
- 3 Mr. Alan Chi Yim Kam resigned as the director on May 20, 2014.
- 4 Mr. Jiraphant Asvatanakul has been appointed as the director instead of Mr. Alan Chi Yim Kam.

The authorized directors are Mr.Suchin Wanglee Mr.Surachai Sirivallop and Mr.Sutti Rajitragson. Two out of the three directors co-signed with company's seal. The company secretary was Ms. Duangnaporn Phermnamlap.

Management

As at December 31, 2014, our management team was composed of five members as follows:

Name	Position
1. Mr. Sutti Rajitragson	President
2. Ms. Navadee Ruangrattanametee	Senior Vice President
3. Mrs. Nutchakorn Suwansathit	Senior Vice President
4. Ms. Duangnaporn Phermnamlap	Vice President
5. Ms. Duangnapa Kanchanawongwut	Vice President

Roles and Duties

The scope of power and duties of the President is defined as follows:

1. Be responsible for, supervise and manage the company's day-to-day operation and/or administration, including overall operational monitoring, to be in line with the policy, business strategy, operational goal and action plans, financial targets, and budgets of the company as approved by the Board of Directors and/or resolved by the shareholders' meeting.
2. Map out business plans, define the administration authority and prepare the yearly budgets for business operation and capital expenditure for the Board of Directors' approval, and report the actual performance against such approved business plans and budgets to the Board of Directors.
3. Set out the organization structure, management approach, and employee recruitment, training, employment and termination of employment, and determine employees' wage rate, salary rate, compensation, bonus and fringe benefits under the framework and budgets approved by the Board of Directors (except for the remuneration, salary, compensation, bonus and fringe benefits for the President and the Senior Executive Vice President which shall be determined by the Board of Directors).
4. Follow up on and report the company's status and position and recommend alternatives and strategies that fit with the policy and market environment.
5. Supervise and control the company's operations in the areas of, among others, finance, risk management, internal control, back-office operation, and resources.

6. Act as representative of the company and have authority to contact government agencies and other regulatory bodies.
7. Communicate with the public, shareholders, customers and employees to promote a good reputation and image of the company.
8. Ensure that good corporate governance practices are in place.
9. Have power to issue, amend, add and revise rules, orders and regulations pertaining to the company's operations such as employment, appointment, removal and discipline of staff and employees, fixing of salary and other monies including aids and welfare provision.
10. Consider, negotiate and approve the entering into agreements and/or any other acts relating to the company's day-to-day operation and/or administration under the delegation of power framework approved by the Board of Directors.
11. Assume any power, duty and responsibility as assigned or under the policy designated by the Board of Directors.
12. Have power to sub-authorize and/or assign other person to perform any particular act on his behalf, whereby any such sub-authorization and/or assignment shall be within the scope of authorization specified in the letter of attorney and/or shall conform to the rules, regulations or orders set forth by the Board of Directors. The said delegation of power, duties and responsibilities of the President excludes the authorization or sub-authorization of the President or his appointees in the approval of transactions in which he or persons with potential conflict of interest (as defined in notification of the Securities and Exchange Commission or notification of the Capital Market Supervisory Board) may have a vested interest or may obtain benefits in any form or may have any other conflict of interest with the Company or its subsidiary, unless it is the approval of transactions that are in line with the policy and guideline approved by the shareholders' meeting or the Board of Directors of the company.

We have documented the delegation of power to serve as an operational handbook and a reference and to follow the procedure in a systematic manner. We determine and approve the yearly budgets which consist of the estimated underwriting income and expenses, capital expenditure, operating expenses, and purchase of fixed assets.

Company Secretary

The Board of Directors resolved to appoint Ms.Duangnaporn Phermnamlap as the Company Secretary, effective December 7, 2012. The company Secretary has the main duties to prepare and maintain the director register, invitation letters to the Board of Directors' meetings, minutes of the Board of Directors' meetings, the company's annual reports, notices of the shareholders' meetings and minutes of the shareholders' meetings; maintain reports on interest prepared by the directors or the executives; perform other tasks according to the regulations specified in

notifications of the Capital Market Supervisory Board; and deliver copies of the reports on interest in accordance with Section 89/14 prepared by the directors to Chairman of the Board of Directors and Chairman of the Audit Committee for acknowledgement within seven business days from the date the company receive such reports.

The Company Secretary also has the duties as follows:

1. Provide initial advice to the directors with respect to the laws and the Company's rules and regulations as requested by the Board of Directors and ensure that those rules and regulations are always correctly complied with, as well as keep the Board of Directors informed of any significant development of the laws.
2. Hold a shareholders' meeting and Board of Directors' meeting in compliance with the laws, the company's Articles of Association and the code of best practice.
3. Take minutes of the shareholders' meeting and Board of Directors' meeting and ensure that resolutions of the shareholders' meeting and Board of Directors' meeting are implemented.
4. Ensure that the information under the company Secretary's responsibility is disclosed and reported to the supervisory authorities in accordance with rules and regulations of those authorities.
5. Look after the Board of Directors' activities and perform other tasks as specified by laws or as assigned by the Board of Directors or in accordance with notifications of the Capital Market Supervisory Board.

Remuneration of the Board of Directors and Executives

Monetary Remuneration

Remunerations for the Directors

The remunerations in 2014 as the resolution of the Annual General Meeting of Shareholders No. 3 on April 25, 2014 are listed below:

Board of Directors	Remunerations (Monthly per person)		Conference fee *		Gratuity
	Chairman	Director	Chairman	Director	
Board of Directors	-	-	20,000	20,000	No more than 2.7 million baht allocated to the Chairman and Executive Board and, with 2 parts each. The other directors are allocated one part per person.
Audit Committee	-	-	30,000	20,000	-
Investment Committee	-	-	20,000	20,000	-
Executive Board	-	-	30,000	-	-
Enterprise Risk Management Committee	-	-	-	-	-

Remark * Meeting allowance per person was paid to only the attendees of the meeting.

In 2014, remuneration of the Board of Directors consisted of meeting allowance paid based on number of meeting attendances, details of which are shown in the below table:

Board of Directors	Gratuity ³	Remuneration (THB)				
		Board of Directors	Audit Committee	Investment Committee	Executive Board ²	Total
1. Mr.Suchin Wanglee	600,000	92,500	-	-	-	692,500
2. Mr.Surachai Sirivallop	600,000	92,500	-	-	270,000	962,500
3. Dr.Kopr Kritayakirana	300,000	72,500	40,000	-	-	412,500
4. Mr.Sutti Rajitragson	300,000	92,500	-	-	-	392,500
5. Mr.Chalaw Fuangaromya	300,000	92,500	115,000	-	-	507,500
6. Mr.Apirak Thaipatanagul	300,000	72,500	72,500	-	-	445,000
7. Mr.Oran Vongsuraphichet	-	60,000	-	-	-	60,000
8. Mr.Jiraphant Asvatanakul	-	60,000	-	-	-	60,000
9. Mr. Alan Chi Yim Kam	300,000	-	-	-	-	300,000
10. Mr.Chuanchai Cheausamut ³	-	-	-	-	-	-
รวม	2,700,000	635,000	227,500	-	270,000	3,832,500

Remark :

1 The remuneration of committee did not include in the remuneration as the management. Also, there was no remuneration to the Risk Management Committee

2 The remuneration of Executive Committee only paid to Executive Board.

3 the remuneration only paid to directors holding their position as of December 31, 2013, which consisted of 7 persons such as No. 1-6 and No. 9.

Monetary remuneration for executives

In 2557, the Company paid the remuneration, including salary and bonus, to the 5 executives with a total of 16.0 million baht.

(2) Other Remuneration

Other remunerations for directors

- None -

Other remunerations for executives

- The company provided the provident fund for the company's executives with 5 - 10 percent contribution on their salary. In 2014, the company totally contributed Baht 1.1 million for 5 executives.

Personnel

As at December 31, 2014, we had a total workforce of 19 persons, broken down as follows:

Department	Employees
President	1
Business Development	4
Data Support	5
Accounting and Finance	3
Investment	1
Internal Audit	1
Others	4
Total	19

Employees' Compensation

The company totally paid the employee benefits amounting to Baht 8.3 million as salary, bonus, and contributions to social security fund and provident fund, etc.

Personnel Development Policy

Being aware of and attaching tremendous importance to personnel development, we have concretely devised a long-term training road map for the individual employees, aiming to enhance their teamwork skills and instill in them the good ethical standards, positive working attitudes, a sense of ownership, creative thinking and efficient customer servicing ability. We provide our employees with scholarships to further their studies in the necessary fields both in Thailand and overseas and also grant low-interest educational loans to them. Aside from the personnel development plans described above, we arrange the executive development program with a focus on young talents to prepare and give all of them career opportunities for advancement to executive positions in the future. A consultant specialized in personnel development has been engaged to help assess and single out a group of potential staff, prepare the training road map for the individual employees, assign a proper and challenging job to them, and measure their individual success.

Labor Dispute in the Past Three Years

- None -

Dividend Policy

We have a policy to pay dividends at not less than 40 percent of net profit from the separate financial statement after corporate income tax and all types of reserves as required by law and as specified in the company's Articles of Association. However, the dividend payment is subject to change as deemed necessary and appropriate by the Board of Directors. The company's dividend payment must be approved by OIC pursuant to Section 32 of the Life Insurance Act B.E. 2535 (and the subsequent amendments).

11

Corporate Governance

Corporate Governance Policies of THRE Group >>

The Board of Directors of THREL and its subsidiaries mutually agrees that in order for an organization or business to achieve sustainable growth, it must have in place a good corporate governance system that is compatible with its status. This is a key fundamental for enhancing both operational efficiency and benefit for all stakeholders. Therefore, the Board of Directors is committed to operating business under good corporate governance and management practices by upholding the code of business ethics and transparency and focusing on creating value for shareholders, employees, customers, business partners and all stakeholders. The company has accordingly set out policies on corporate governance for the directors, executives and staff members to observe in performing their duties, as follows :

1. The Board of Directors, executives and employees shall perform duties with strong determination, integrity and responsibility to generate the utmost benefit to the company by adhering to good corporate governance principles and business ethics in their operation.

2. The Board of Directors plays a crucial role in formulating the company's vision, strategy, policy, management structure and significant business plans and must take action to ensure that the internal control system, accounting-finance system and financial reporting are reliable.

3. The Board of Directors and executives shall take the lead on ethics and act as a role model for performing duties with strong determination and integrity under corporate governance principles.

4. The Board of Directors, executives and employees shall uphold fairness and treat all groups of stakeholders on an equitable basis, and shall monitor, control, prevent and eradicate any conflict of interest that may take place.

5. The Board of Directors, executives and employees shall adhere to the anti-fraud policy.

6. The Board of Directors shall ensure that the shareholders are treated equally, have the right to access information, and have an appropriate channel to communicate with the Company, and shall form an investor relations center to be responsible for providing information to investors and the general public.

7. The Board of Directors and executives shall ensure that personnel at all levels are properly selected and that the selection process is fair and transparent.

Compliance with THRE Group's corporate governance policy is a key indicator to measure the business management performance of the Board of Directors and executives and to evaluate the performance of all employees.

The company encourages compliance with the corporate governance principles and code of business ethics and communicates with the directors, executives and employees to ensure that they would realize and acknowledge the significance of corporate governance and ethics and that all employees have studied, familiarized themselves with, and signed to acknowledge the corporate governance and ethics as a guideline for their operation. Moreover, the Company has to maintain corporate governance policies on its website and regularly monitors the compliance program in general. An assigned working party must report all updates and progresses to the Board of Directors. For instance, the Audit Committee has been entrusted with duties to monitor issues concerning a conflict of interest, internal control and audit, and compliance with laws and regulations prescribed by relevant authorities, and to regularly report the Board of Directors on a quarterly basis. The company Secretary is responsible for reporting on securities holding by directors and executives and informing the results thereof to the Board of Directors on a quarterly basis; and so on.

Subcommittees >>

(1) The Board of Directors may form Subcommittees in various aspects of concerns to assist in studying and scrutinizing details of particular matters. Qualifications and scope of duties and responsibilities of each committee shall be clearly defined.

- It is stipulated that an Executive Board shall be set up with duties to determine policies and decide on crucial activities.
- It is stipulated that an Audit Committee shall be set up to assist the Board of Directors in reviewing and ensuring the accuracy and adequate disclosure of the company's financial reports and the appropriateness and effectiveness of its internal control and internal audit systems, and to perform all duties as outlined in the regulations and policies of the company and the applicable regulatory rules and notifications. For each board-level committee, a meeting shall be convened to assess the performance or review all policies at least once a year.

(2) The Board Chairman shall not act as either chairman or member of the Subcommittees so as to ensure that each committee can truly exercise their independent judgment.

Scope of Authorities and Responsibilities

To enhance efficiency in business administration and supervision, the Board of Directors has appointed subcommittees to specially oversee and follow up on the routinely important activities or the activities that need close attention. There are 4 subcommittees at present. 4, namely the Audit Committee, the Nomination and Remuneration Committee, the Enterprise Risk Management Committee, and the Investment Committee. Their structures and responsibilities are clearly identified as follows:

a) The Executive Board

The Executive Board was established on November 5, 2012, consisting of directors and Executives members. As at December 31, 2014, the Executive Board was composed of 4 members:

Name	Position
Mr.Surachai Sirivallop	Chairman of the Executive Board
Mr.Sutti Rajitragson	Vice Chairman of the Executive Board
Mrs.Nutchakorn Suwansathit	Member of the Executive board
Ms.Navadee Ruangrattanametee	Member of the Executive board

Ms. Navadee Ruangrattanametee acted as Secretary to the Executive Board.

Roles and Duties

The scope of power and duties of the Executive Board is as follows:

1. Formulate a strategic direction, management structure, yearly business plans and budgets for the company and seek approval thereof from the Board of Directors.
2. Undertake business administration, monitor and follow up on the company's performance and financial position to ensure it meets the established strategic direction, business plans and budgets, and regularly report the working results and financial position to the Board of Directors on a quarterly basis.
3. Monitor and ensure the company's compliance with the law governing securities and exchange, the Life Insurance Act, the Public Limited Companies Act, and all other laws relating to its business operation including regulations and notifications issued under such laws.
4. Monitor and ensure that the company abides by generally accepted accounting principles
5. Evaluate and analyze risks associated with the company's business operation, devise proper risk management measures, and oversee the Enterprise Risk Management Committee.
6. Consider and approve related party transactions within the purview of authority delegated by the Board of Directors.
7. Screen and give recommendation on all issues requiring the Board of Directors' approval, except for the activities assigned by the Board of Directors to other committees.
8. Sub-authorize the management or any person to perform any act or several acts as deemed fit by the Executive Board, whereby the transactions approved by the Executive Board and/or the sub-authorized person must not involve a connected transaction or a transaction with possible conflict of interest or a transaction in which the Executive Board has a vested interest.
9. Perform any other task or the task under its authority and responsibility as assigned by the Board of Directors case by case.

The delegation of power, duties and responsibilities of the Executive Board excludes the authorization or sub-authorization of the Executive Board members or their appointees in the approval of transactions in which they or persons with potential conflict of interest (as defined in notification of the Securities and Exchange Commission or notification of the Capital Market Supervisory Board) may have a vested interest or may obtain benefits in any form or may have any other conflict of interest with the company or its subsidiary, unless it is the approval of transactions that are in line with the policy and guideline approved by the shareholders' meeting or the Board of Directors of the Company.

b) The Audit Committee

The Audit Committee was established on November 5, 2012, consisting of three independent directors. The Audit Committee's Term is three years, as at December 31, 2014, the Audit Committee was composed of three members as follows:

Name	Position
Mr.Chalaw Fuangaromya	Chairman of the Audit Committee and Independent Director
Mr.Apirak Thaipatanagul ^{1, 3}	Audit Committee and Independent Director
Dr.Kopr Kritayakirana ^{1, 2}	Audit Committee and Independent Director

Remark:

1 Being the Audit Committee Member who has knowledge and expertise in the accounting and finance field

2 Dr. Kopr Kritayakirana replaced Mr. Alan Chi Yim Kam as the Audit Committee Member.

3 Mr.Apirak Thaipatanagul is Director and CEO of Thai Life Insurance Plc., which is one of the local insurance companies that are among our clientele. He is a knowledgeable professional with profound understanding and experience in life insurance for more than 30 years, which is useful for our business operation. Value of the current related party transactions between Thaire Life and Thai Life Insurance Plc. is lower than the SEC regulations (please see more details in Related Party Transactions Section). Thus, we believe that such business relationship will by no means have an impact on his discharge of duty and independence in rendering of opinion. If the value of such transactions is higher in the future, we will additionally disclose all essential information in the notice of shareholders' meeting under the agenda item regarding independent director appointment or may otherwise nominate a qualified person according to the SEC regulations for consideration and approval at the shareholders' meeting. Mr. Songchai Phaisan acted as Secretary to the Audit Committee.

Term of Office

Chairman and members of the Audit Committee are in office for a term of three years. The chairman and members who retire by rotation upon the end of each term of office could be reappointed to serve on the Audit Committee.

Roles and Duties

The scope of power and duties of the Audit Committee is as follows:

1. Review and ensure the accuracy and adequate disclosure of the company's financial reports by collaborating with the Company's external auditor and executives who are in charge of financial reporting on a quarterly and yearly basis.

2. Recommend the auditor, during the course of auditing the company's accounts, to review or examine any transactions deemed necessary and significant.

3. Review and ensure the appropriateness and effectiveness of the company's internal control and internal audit systems, assess the independence of the internal audit unit, recommend the appointment, rotation and termination of employment of heads of the internal audit unit or any other units involved with internal audit functions, and approve the audit plans, budgets and manpower for the internal audit unit.

4. Review and ensure the company's compliance with the law governing securities and exchange, including notifications of the Securities and Exchange Commission, notifications of the Capital Market Supervisory Board, notifications of the Board of Governors of the Stock Exchange of Thailand, regulations of the Stock Exchange of Thailand, and any other laws applicable to the company's business.

5. Consider, select and recommend appointment of an independent person to serve as the Company's auditor, propose remuneration for the company's auditor, and participate in a meeting with the auditor, without presence of the management, at least once a year.

6. Consider the connected transactions, assets acquisition/disposal transactions or transactions with potential conflict of interest and ensure their correctness and compliance with the laws, notifications and regulations of the Securities and Exchange Commission, the Capital Market Supervisory Board, the Board of Governors of the Stock Exchange of Thailand, and the Stock Exchange of Thailand including other concerned authorities, to make certain that these transactions are reasonable and bring about the maximum benefit to the company.

7. Review and ensure that the company has in place a risk management policy and assist the Board of Directors in monitoring and ensuring the company's compliance with a sound and effective risk management policy and approach.

8. Prepare the Audit Committee's performance report, duly signed by the Audit Committee Chairman, for publishing in the company's annual report, including at least the following information:

- (a) opinion on accuracy, completeness and reliability of the company's financial reports;
- (b) opinion on adequacy of the company's internal control system;
- (c) opinion on compliance with the law governing securities and exchange, notifications and regulations of the Securities and Exchange Commission, the Capital Market Supervisory Board, the Board of Governors of the Stock Exchange of Thailand, and the Stock Exchange of Thailand, including any other laws applicable to the company's business;
- (d) opinion on appropriateness of the auditor;
- (e) opinion on transactions with possible conflict of interest;
- (f) number of meetings convened by the Audit Committee and meeting attendance by each Audit Committee Member;

(g) opinion or observation in overall received by the Audit Committee from a discharge of duty under the charter;

(h) any other transactions that should be disclosed to the shareholders and general investors within the scope of duties and responsibilities designated by the Board of Directors.

9. Perform any other task as assigned by the Board of Directors with the Audit Committee's consent.

c) The Enterprise Risk Management Committee

The Enterprise Risk Management Committee was established on December 1, 2012, consisting of Director & Chairman of Executive Board as the Committee Chairman, Director & President as Vice Chairman, and senior executives from various departments as members. The Committee is under the supervision of the Audit Committee. The duties and responsibilities of the Enterprise Risk Management Committee are as follows:

Roles and Duties

The scope of power and duties of The Enterprise Risk Management Committee is as follows: To outline a policy and monitor the company's risk management on a systematic basis, we have defined scope of power and duties of the Enterprise Risk Management Committee as follows:

1. Recommend an approach to risk management and policy on risks and risk appetite.
2. Follow up on implementation of risk policy and control adequacy.
3. Monitor overall enterprise risk versus risk appetite.
4. Report risk management performance to the Executive Board and the Audit Committee.
5. Monitor the management of existing risks and risks that will arise in the future.

4. Investment Committee

The Investment Committee was established on February 25, 2014, consisting of directors or executives and personnel with knowledge, skill and experience in investment management, risk management or securities analysis. The Board of Directors appoints the Investment Committee from among the directors, executives or external personnel. The term of office is three years each. As at December 31, 2014, the Investment Committee was composed of three members as follows:

Name	Position
Mr.Surachai Sirivallop	Investment Committee
Mr.Sutti Rajitragson	Investment Committee
Mr.Chuanchai Cheausamut	Investment Committee

Scope of Power and Duties of the Investment Committee

1. Formulate an investment policy framework, covering investment and other business activities of life insurance companies as stipulated in notification of the Insurance Commission, and submit it to the Board of Directors for approval.
2. Consider and approve the Company's investment plan that is aligned with the investment policy framework and risk management policy framework.
3. Monitor and ensure that investments and investment fund management are in conformity with the investment policy framework, overall risk management policy, rules and procedures for investment, and relevant legal provisions.
4. Monitor corporate governance, transparency, and prevention of conflict of interest associated with investment transactions of the company.
5. Monitor work systems, personnel and data used for the company's investments and ensure that they are adequate for the operation.
6. Report results of the investments to the Board of Directors on a regular basis.
7. Perform any other task or the task under its authority and responsibility as assigned by the Board of Directors.

Nomination and Appointment of Directors and Top Management >>

1. Nomination and Appointment of Independent Directors

The company sets out criteria for selection process of independent directors. A candidate must meet the qualifications for director nomination of the Company as well as the qualifications of 'Independent Director' as defined by the SEC, which are:

Definition of Independent Director

"Independent Director" of the company means a person who possesses the complete qualifications and has the minimum independency as required under the Notification of the Board of Governors of the Stock Exchange of Thailand as follows:

1. An independent director must not hold the share exceeding 1 percent of the total number shares with voting right. This includes the share of the company, its subsidiaries, affiliates or any other juristic persons, which may have the conflict of interest. The shareholding of the relatives is taken into account.
2. An independent director must not be or has been employed by the company or its subsidiaries within two years prior to the appointment as a director.
3. An independent director must not have legal and/or biological relationship such as parents, spouse, sibling, children, including spouse of the children with the Management Executives, major shareholders of the company and its subsidiaries.

4. An independent director must not have business relationships with the company and its subsidiaries, affiliates or juristic persons who may have conflicts of interest, and not being a major shareholder, Non-Independent Director, executive of those who has business relation with the Company its subsidiaries. Affiliates or juristic persons who may have conflicts of interest. Unless the foregoing relationship has ended for 2 years at least,

The term “business relationship” aforementioned includes any normal business transaction, rental or lease of immovable property, transaction relating to assets or services or grant or receipt of financial assistance through receiving or extending loans, guarantee, providing assets as collateral, including any other similar actions, which result in the applicant or his counterparty being subject to indebtedness payable to the other party in the amount of 3 percent or more of the net tangible assets of the applicant or THB 20 million or more, whichever is lower.

5. An independent director is neither being nor having been an auditor of the company, its subsidiaries, affiliates or juristic persons who may have conflicts of interest, and not being a major shareholder, Non-Independent Director, executive or partner of an audit firm which employs auditors of the company, its subsidiary, affiliate of juristic person who may have conflicts of interest unless the foregoing relationship has ended not less than two years prior to the date of appointment as the Independent Director.

6. An independent director is neither being nor having been any professional advisor including legal advisor or financial advisor who receives an annual service fee exceeding THB 2 million from the Company, its subsidiary, affiliate or juristic persons who may have conflict of interest, and neither being nor having been a major shareholder, Non-Independent Director, executive or partner of the professional advisor unless the foregoing relationship has ended for 2 years at least.

7. An independent director is not being a Director who has been appointed as a representative of the company's Director, major shareholder or shareholders who are related to the company's major shareholder.

8. An independent director must not have any characteristics, which make him/her incapable of expressing independent opinions with regard to the company's business affairs.

The independent directors who serve as members of the Audit Committee are appointed by the Board of Directors or the meeting of shareholders of the company by selecting from the directors who are qualified in terms of independence under the SEC notification and the Company's corporate governance principles. At least one of the Audit Committee members must have knowledge in accounting and/or finance so as to undertake the task of examining and overseeing the Company's operation, as well as monitoring its financial reporting, internal control system, auditor recruitment, and consideration on conflict of interest.

The Audit Committee member who vacates office by rotation may be re-appointed to assume the post. In case of vacancy on the Audit Committee otherwise than by rotation, the Board of Directors shall appoint a fully qualified person to fill such vacancy so that there shall be a complete number of Audit Committee members as set forth by the Board of Directors. The said replacing member shall hold the office only for the remaining term of the member whom he/she replaces. That is, when there is any vacancy until number of the Audit Committee members is fewer than three, the Board of Directors or the meeting of shareholders shall appoint new members to fill the complete number of Audit Committee members within three months from the date the number of Audit Committee members becomes fewer than three.

2. Nomination of Directors and Executives

Criteria for Director Selection

The company does not form any Nominating Committee. When a director is due to retire by rotation or it becomes necessary to appoint additional directors or executives, the existing board members will jointly consider and select new directors in accordance with the nomination rules and procedures. The policy on diversity of board structure in terms of professional skill, specialized expertise, knowledge, competence and track records is used as a basis for selecting a qualified person with the required experience, knowledge and proficiency that will be useful for the Company to serve as its director or executive. The persons selected to assume the positions of directors and executives must fully meet the qualifications specified in Section 68 of the Public Limited Companies Act B.E. 2535 (and the subsequent amendments) and notification of the SEC, and must not have the prohibited characteristics under the Securities and Exchange Act (and the subsequent amendments) and all other applicable laws, rules and regulations.

Pursuant to the Company's Articles of Association, the Board of Directors shall be composed of at least five, but not more than 15 members. Of this total number, at least one-third (1/3), but not fewer than three persons, shall be independent directors. Not fewer than half (1/2) of the total number of directors shall be domiciled in Thailand and meet the qualifications prescribed by laws.

Nomination and Appointment Process for Directors

In order to nominate a candidate for director position, the Nomination and Remuneration Committee and shareholders' consent is required. There is also no limit to how many candidates a shareholder can nominate. The company offers an opportunity to each shareholder to propose appropriate candidates through the company's website prior to the Annual General Meeting of Shareholders which is usually held 3 months prior to the end of fiscal year. The candidates must be competent and have a proficiency background in various professional fields. Also, the candidates must have leadership skills, vision, virtue and ethic, exceptional working history as well as be able

to express opinion freely. The shareholders may cast their votes for each individual candidate in accordance with the rules and regulations of the company as follows:

- 1) Each shareholder casts a number of votes equal to the number of the share units.
- 2) Each shareholder will cast the votes as stated in rule number 1 and the votes can be for one or many candidates. However, the vote must be evenly split. The Company does not apply cumulative voting due to the structure of the shareholders of the company, which does not have any absolute major shareholder who can influence the company or decide which candidate to vote for.
- 3) Those who receive majority of votes from shareholders will be elected as Directors of the company.

At every annual general meeting of shareholders, one-third of the total number of directors shall vacate office. If the number of directors is not divisible into a multiple of three, the number of directors nearest to one-third shall retire from office. The directors to retire from office in the first and second year following the transformation of the company shall be drawn by lots. In subsequent years, the directors who have remained in office for the longest time shall vacate office. A vacating director may be eligible for re- election at a shareholders' meeting. Apart from retiring by rotation, a director shall vacate office upon his death; resignation; disqualification or possession of legally prohibited characteristics; being retired by resolution of a shareholders' meeting with votes not less than three-fourths of total number of shareholders attending the meeting and having voting rights, provided that their aggregate shareholding is not less than half of total number of shares held by the shareholders attending the meeting and having voting rights; and being retired by a court order.

Criteria for Executive Selection

The Board of Directors appoints management at executive vice president level and higher to be responsible for business operation, based on suitable qualifications for the executive positions and the company's succession plan.

Nomination and Appointment Process for Executives

The Board of Directors is responsible for nominating a qualified candidate for the President position. At the same time, the President and the Board of Directors are jointly responsible for nominating senior executives in the first and second layers below the President. Qualified candidates are screened based on their knowledge, competence, skill and experience that will be useful for the company's business operation, as well as their profound understanding of the company's business and administrative ability to achieve the company's goals and objectives. After completion of the selection and nomination process, names of the qualified persons will be proposed to the Board of Directors for approval.

Monitoring of Associated Companies >>

The Board of Directors and/or the management have been responsible for nominating and voting on appointment of the company's representatives to serve as directors of the associated companies. The persons so appointed shall be obligated to perform duties in the best interest of the associated companies that they serve. Number of director seats in associated companies to which the Company is entitled is allocated according to the Company's shareholding percentage in any such entities or as agreed upon in the shareholders agreement.

Internal Information Disclosure Policy >>

The company has a policy to prohibit executives and employees at all levels from using internal information for personal benefit. Apart from the data security measure that limits number of personnel who could access confidential information and the requirement for directors and executives to comply with the SEC regulations, the company has incorporated best practices into its code of business ethics and clearly stipulated disciplines and disciplinary actions in the company's work regulations. In this respect, all employees are to sign the data security policy compliance agreement in a bid to prevent them from using the company's information for personal benefit or to prevent unauthorized use of such information. Moreover, the company adopts the following policy and measure to monitor the executives' use of internal information for personal benefit and for securities trading:

1. Provide the directors and executives with knowledge about their duty to report their securities holding and the holding of securities by their spouse and minor children to the SEC in accordance with Section 59 and penalty clauses in Section 275 of the Securities and Exchange Act B.E. 1992 (and the subsequent amendments), and also to report their and their spouse's and minor children's acquisition or disposal of securities to the SEC in accordance with Section 246 and penalty clauses in Section 298 of the Securities and Exchange Act B.E. 1992 (and the subsequent amendments).
2. Ensure that the directors and executives, including their spouse and minor children, prepare and disclose reports on their securities holding and the holding of securities by their spouse and minor children of securities in the company including changes in such holdings to the SEC in accordance with Section 59 and penalty clauses in Section 275 of the Securities and Exchange Act B.E. 2535 (and the subsequent amendments), and to submit a copy of such reports to the company on the same day that such reports are submitted to the SEC.
3. Ensure that the directors, executives, staff and employees of the company and its subsidiary who have known of the material insider information that has an effect on prices of the securities shall exercise caution in trading securities of the company during a 30-day period prior to the date on which the financial statement or such insider information is disclosed to the public and during a 24-hour period after the disclosure of such information to the public. Those concerned with the insider information shall not make it available to other parties until the information is notified to the SET. A violation of such rules and regulations shall be deemed as a disciplinary offence pursuant to the Company's working regulations. Persons committing such offence shall be penalized, according to the degree of its severity,

anging from verbal warning to written warning, putting on probation and termination of employment by way of dismissal, removal or discharging, as the case may be.

4. Prohibit the directors, executives, staff and employees of the Company from using the insider information, which has or may have an impact on changes in prices of the Company's securities and has not yet been disclosed publicly and which they have derived from their position or status, for selling or buying or for offering to sell and to buy or for persuading other persons to sell or to buy or to offer to sell or to buy shares or other securities (if any) of the Company, directly or indirectly, in such a manner that could cause damage to the Company, directly or indirectly, irrespective of whether such transaction is performed for personal benefit or for the other's benefit or whether such information is disclosed to allow for other person to perform such transaction in exchange for a benefit for themselves.

Auditors' Remuneration

Audit Fee

Remuneration for the external auditors payable by the company and associated companies is comprised of annual audit fee, review audit fee for quarterly financial statements, fee for review and assessment of internal control on investments, and fee for audit of the risk-based capital report of life reinsurance business under the OIC's regulations. For 2014, a total of THB 1.6 million was paid to EY Office Ltd.

Non-Audit Fee

In the fiscal year 2014, the company:

- Did not pay any audit fee to the auditors or to the person or entity relating to the auditors and the audit firm with which the auditors have worked;
- Did not pay any other service fees unrelated to the audit; and
- Did not bear any future expenses arising from unfinished assignments.

Compliance with Good Corporate Governance Principles by the Company in 2014 >>

The company adheres to and complies with the corporate governance principles for listed companies as outlined by the Stock Exchange of Thailand and in line with the international practices. Thus, a policy and guideline have been clearly defined in the corporate governance and ethics handbook to make certain that the company upholds a good management standard, operates business with responsibility and transparency, has a mechanism of checks and balances, and acts ethically with respect to the organization, third parties and all groups of stakeholders. The company strictly conforms to the corporate governance principles, which consist of

Chapter 1 : Rights of Shareholders

1.1. Rights of Shareholders

The company gives importance to and respects rights to which the shareholders are entitled in their capacity as both investors and owners of the company, and accordingly provides the shareholders with an opportunity to exercise their basic rights under the laws, comprising right to sell, buy or transfer shares held by them, right to receive a fair share of profit from the Company, right to attend a shareholders' meeting, right to cast votes at the meeting, right to express an opinion, right to jointly decide on crucial issues of the Company such as appointment or removal of directors, appointment of an auditor, amendment to the Articles of Association or the Memorandum of Association, etc.

In addition, the company recognizes the shareholders' rights beyond such basic rights, including right to have access to crucial information sufficiently and timely via the company's website, right to communicate with the Board of Directors through the channels designated by the company, etc.

1.2 Shareholders' Meeting

The Company sets out that an annual general meeting of shareholders is held within the first four months after the end of an accounting year and that, where there is an urgent need to consider any matter which could affect or is related to the shareholders' interest and is subject to the shareholders' approval, the Board of Directors may then convene an extraordinary general meeting of shareholders case by case. In 2014, the company held two meetings of shareholders: the Annual General Meeting of Shareholders No. 3 on April 25, 2014 which was attended by 7 out of the total 8 directors, and the Extraordinary General Meeting of Shareholders No. 1/2014 on August 4, 2014, attended by 7 out of the total 8 directors. At these meetings, the company adopted the best practices in accordance with the AGM Checklist project carried out by the Thai Investors Association, as follows:

Treatment of shareholders before the meeting date

- The company provided the shareholders with an opportunity to propose meeting agenda or submit questions about the Company for the 2014 Annual General Meeting of Shareholders and to nominate qualified persons for election as the company's directors in advance during the period from September 18, 2013 until December 31, 2013 through e-mails or letters sent directly to the company Secretary. The result was that after the end of such period none of the shareholders proposed the meeting agenda or nominated qualified persons as the company's directors for the Board of Directors' consideration.
- The notice of the meeting, meeting agenda with the Board of Directors' opinion, proxy forms prescribed by Ministry of Commerce comprising Proxy Form A, Form B and Form C (applicable to only shareholders who were registered as foreign investors and have appointed a custodian in Thailand to accept deposit and take care of their shares), documents or evidence showing identification of the shareholders or proxies entitled to attend the meeting, and documents for all agenda items are publicized via the company's website in both Thai and English languages at least 30 days ahead of the meeting date

and prior to the delivery of those documents to the shareholders by mail. In 2014, the Company posted the notice of the shareholders' meeting on its website 45 days prior to the meeting date.

- The company delivers notice of the shareholders' meeting, clearly giving details of the meeting date, time and venue, meeting agenda, objectives and reasons, opinion of the Board of Directors, minutes of the previous meeting, annual report, proxy forms prescribed by Ministry of Commerce with proxy-granting instructions that are clear and easy for the shareholders to follow, list of independent directors whom the shareholders can select and assign as their proxy to attend the meeting on their behalf, details of documents that the shareholders must bring on the meeting date, the company's Articles of Association pertinent to the shareholders' meeting and method of vote casting, and all other documents to preserve their right to attend the meeting. The Company submits the notice of the meeting and all relevant documents to the shareholders at least 21 days ahead of the meeting date so that the shareholders could obtain sufficient, accurate and complete information and have a chance to study the meeting agenda in advance. Moreover, the notice of the meeting is published in local newspapers for three consecutive days at least three days before the meeting date so that the shareholders would be informed of the meeting notice in advance and could prepare for participation in the meeting. In 2014, the Company submitted the notice of the shareholders' meeting and relevant documents to the shareholders 22 days in advance.

- The company facilitates and encourages all groups of shareholders, whether individual or juristic persons and institutional investors, to participate in a shareholders' meeting in order to allow for all shareholders to equally exercise their right at the meeting, by setting the suitable meeting time and date and arranging the meeting venue that is conveniently accessible to all shareholders. The Company also provides proxy forms, i.e. Proxy Form A, Form B and Form C (applicable to only shareholders who were registered as foreign investors and have appointed a custodian in Thailand to accept deposit and take care of their shares), in order for all groups of shareholders who are unable to attend the meeting to assign a proxy to attend the meeting on their behalf. In addition, the company contacts institutional investors such as asset management companies or custodians to dispatch their representatives to attend the meeting and assists in screening all documents for meeting attendance in advance.

Treatment of shareholders on the meeting date

- On the meeting date, the company provides convenience for the shareholders and proxies on an equitable basis, whether individual, juristic or institutional investors, and arranges for a sufficient number of reception staff, document screening staff and computer equipment to ensure the registration, the meeting and the vote counting are carried out efficiently. English language interpreters are available for foreign investors who wish to attend the meeting.

- Registration begins two hours before the start of the meeting. The company will not perform any act in such a way that will restrict rights of the shareholders to attend the meeting and all shareholders are entitled to register for attending the meeting at any time throughout the meeting.

- The barcode system is used for meeting registration and vote counting to ensure accuracy, convenience and rapidity.

- Before the start of the meeting, the Chairman will introduce to the shareholders the Board of Directors, the management, the auditors and legal advisors who have been assigned as inspectors of the meeting, and will explain to the shareholders about how to cast votes and use voting ballots for each agenda item, whereby the voting ballots for director election will be separated from other agenda items. The shareholders and proxies attending the meeting have the right to cast votes equal to the number of shares they hold. One ordinary share is equal to one vote. The Company has only one type of shares, i.e. ordinary shares, and does not have any preferred shares and any other types of securities.

- The company's legal advisors are assigned to serve as inspectors to independently monitor and ensure that the registration, the meeting and the vote counting are conducted transparently and accurately at every step in accordance with the laws and the Company's Articles of Association, while the shareholders are given an opportunity to volunteer to witness the vote counting and to raise any question regarding the vote counting.

- The company conducts the meeting according to the agenda and will not add any new agenda items or distribute or change material information without so notifying the shareholders in advance. During the meeting, the Chairman allows the shareholders to raise questions and express opinions on each agenda item and will give clarifications to all queries to the shareholders' satisfaction. At the previous meeting of shareholders, the Board Chairman, Chairman of the Nomination and Remuneration Committee, Chairman of the Audit Committee, Director & CEO, top management, the auditors and the legal advisors participated in the meeting to answer the questions raised by shareholders.

- The shareholders who join the meeting after the meeting has already been declared open are given the right to cast votes on the agenda item that is still under consideration and has not yet been voted on.

Treatment of shareholders after the meeting date

- Resolutions of the shareholders' meeting will be disclosed together with voting results by the next business day immediately after the meeting date through a news release to the SET. For the 2014 shareholders' meeting, the company disclosed the meeting resolutions and voting results on the meeting date after adjournment of the meeting.

- The company will prepare minutes of the shareholders' meeting by containing therein all material information such as explanations, questions, comments, voting procedures, voting results, and so on. For the 2014 Annual General Meeting and the previous extraordinary general meeting of shareholders, the company could finish the minutes preparation within 14 days after each meeting in accordance with the SET requirements and already posted the minutes on the Company's website. Audio and visual records of the meeting were also made available in VCD format in order for the absent of the interested shareholders to view.

Moreover, the company will communicate with the shareholders, disclose significant information and disclose the shareholding structure in its subsidiaries and associated companies clearly in its annual report and on its website in order for the shareholders to rest assured that the Company's management structure is efficient, transparent and examinable, which could lead to sustainable growth and generate a reasonable rate of return for the shareholders.

Chapter 2 : Equitable Treatment of Shareholders >>

2.1 Treatment of Shareholders

All groups of shareholders, whether major shareholders, minority shareholders, institutional investors or foreign investors, are treated on a fair and non-discriminatory basis with their rights being equally protected. The company has observed the following best practices :

- All shareholders are given an equal right, regardless of their shareholding percentage, to nominate persons for director election and to propose meeting agenda in advance. The company has disclosed this information via the SET and posted the clearly-defined relevant process on the company's website. For the recent 2014 Annual General Meeting, the shareholders were allowed a period of time from October 25, 2013 until December 31, 2013, or three months before the end of the accounting year, to propose such director nomination and meeting agenda through e-mails or letters sent directly to the company Secretary for compilation and submission to the Board of Directors for further consideration. In the event that the Board of Directors resolves to reject the agenda items proposed by the shareholders, the company will notify the shareholders of reasons for such rejection at the shareholders' meeting. Besides, the shareholders who attend the annual general meeting are also granted the right to additionally nominate persons for director election directly to the meeting. At the recent 2014 Annual General Meeting, none of the shareholders nominated qualified persons for election as directors or proposed any additional agenda items.

- The shareholders are allowed to forward their questions, comments or suggestions in advance through e-mails or letters directly to the company Secretary prior to the meeting date so that all questions could be gathered for answering at the meeting. In 2014, none of the shareholders submitted questions, comments or suggestions in advance through the said channels.

- In order to protect the interest of and facilitate communication with all groups of shareholders, the notice of the meeting, meeting materials, minutes of the previous meeting, and any related information posted on the company's website are available in both Thai and English. The Company also arranges for its staff members proficient in English language to serve as interpreters for the foreign shareholders who attend the meeting.

- The meeting is conducted according to the agenda indicated in the notice of the meeting. The company complies with the policy and does not add any new agenda items at the meeting without so notifying the shareholders in advance.

- All shareholders have an equal access to the company's information. Up-to-date information is always disclosed via the company's website. The shareholders are properly and equitably treated by having an access to information disclosed through the SET's information disclosure system and the Company's website and investor relations unit.

- The company formulates in writing a guideline on data storage and control over the use of internal information to ensure fairness to shareholders; notifies and prohibits the directors, executives, employees and their related persons such as spouse, minor children and nominee from using internal information that is crucial to trading of the company's shares and share price movement and has not yet been disclosed publicly in accordance with the Securities and Exchange Act B.E. 2535; and stipulates that the directors and executives must report to the SEC their holding of securities of listed companies in which they hold office within 30 business days after assuming the position and within three business days after buying or selling the securities and must always submit a copy of such report to the company Secretary.

2.2 Participation in Shareholders' Meeting

- Shareholders who are unable to attend the meeting by themselves are encouraged to appoint other persons or any of the independent directors as their proxy to attend the meeting and cast votes on their behalf by using the proxy form that allows the shareholders to determine their voting direction. The company posts the proxy forms including all relevant details and procedures on its website at least 30 days in advance. At the annual general meeting held in April 2014, there were a total of 269 shareholders attending the meeting, of whom 92 attended the meeting in person and 177 attended by proxy. For the extraordinary general meeting in August 2014, a total of 287 shareholders attended the meeting, of whom 96 attended the meeting in person and 191 attended by proxy.

- Shareholders are encouraged to use ballots for voting on each agenda item. Ballots are separately provided for each agenda item. In particular, ballots for election of directors are arranged on an individual basis so that the shareholders can cast votes as they deem fit. The voted ballots are collected in the meeting room and the total votes derived will be aggregated with the votes pre-determined in the proxy forms, the final voting result of which will be announced in the meeting room.

- The shareholders' meeting is conducted in order of the agenda specified in the notice of the meeting and in line with the policy. Additional items will not be included in the agenda without so notifying the shareholders in advance to ensure that the shareholders have an opportunity to study all information before making decision on any such agenda item.

- Minutes of the shareholders' meeting are correctly and completely recorded and are delivered to the SET and the SEC 14 days after adjournment of the meeting and also posted on the Company's website so that the shareholders, whether absent from or present at the meeting, can view the minutes as well.

- Visual records of the meeting are also available in video format and posted on the company's website.

Chapter 3: Awareness of Stakeholders' Roles >>

3.1 Non-Violation of Human Rights

The company recognizes the importance of and is committed to responsibility for all groups of stakeholders, including shareholders, investors, employees, customers, business partners, competitors, creditors, other stakeholders, communities, society and environment as a whole, to create a sustainable common benefit. The company respects the stakeholders' rights under the laws or the obligations or agreements made between them and shall not perform any act in violation of the rights of those stakeholders. We have formulated a policy on human rights for the Board of Directors, executives and all employees to adhere to and have clearly defined the rights of all groups of stakeholders in the code of ethics and business conduct. We also make certain that all such rights are protected with fair treatment and that the stakeholders receive a fair compensation for any damage arising from violation by the company. The details are as follows :

Policy on Human Rights

THREL conducts business under the corporate governance principles and recognize and give importance to fair and equitable treatment of all groups of stakeholders. The Company shall not perform any act in violation of the rights of all groups of stakeholders and shall adhere to the principles of human rights and labor employment by placing importance on the value of life, body and property and ensuring the employees' quality of life and happiness at work. A guideline on human rights has been drawn up for the directors, executives and all employees to abide by, as follows:

1. The company treats all of its staff members on an equitable and non-discriminatory basis and without division of their national origin, race, religion, gender, age, complexion, education, family background or any other status that is unrelated to their work.
2. The company allows for all employees to have an equal right to work under its rules and regulations.

3. The employees' personal information is treated in strict confidence and shall not be disclosed or forwarded to any unrelated parties.

4. The company adopts a fair practice in the management of wages and all other benefits.

5. The company neither advocates any business activity that infringes on the international human rights principles, nor discriminates against all groups of stakeholders. The Company promotes equality without division of gender and class, never exploits child labor, and resists all forms of fraud and corruption.

3.2 Treatment of All Groups of Stakeholders

A guideline on treatment of all groups of stakeholders has been devised for the Board of Directors, executives and employees to observe, as follows:

Treatment of Shareholders

The company respects the shareholders' basic rights under the laws and the Company's Articles of Association, including right to attend a shareholders' meeting and to cast votes, right to freely express opinion at the meeting, and right to receive a fair return. Moreover, the company recognizes rights of the shareholders beyond their basic rights and strictly protects the shareholders' rights.

- The company ensures that the shareholders receive adequate and appropriate information by disclosing crucial information, both financial and non-financial, to the shareholders in an accurate, complete and timely manner through various channels such as the SET's electronic information disclosure system, the company's website, newspaper, press release, or written letter, etc.

- The company encourages the shareholders to exercise their right to attend the shareholders' meeting, right to cast votes at the meeting, and other rights to which they are entitled, and shall not perform any act that will infringe on or prejudice the shareholders' rights.

- The company grants rights to the shareholders to express their comments or lodge any complaints regarding the company's business operation through channels indicated on the Company's website. All comments are screened and forwarded to the Board of Directors or the concerned units and any development thereof will be informed to the relevant shareholders in due course. In 2014, no suggestions or complaints were submitted to the company and there were only some phone contacts with our Investor Relations unit, inquiring about the company's business operation.

Treatment of Employees

Since THREL has engaged in service business, employees are deemed as a key resource crucial to the business success. The company wishes for all employees to take a pride in the organization and have a good career advancement opportunity and, therefore, gives priority to continuous development and enhancement of our employees' capabilities. Focusing on fair

treatment of employees, the company makes certain that our employee remuneration package is appropriate and comparable to others in the industry. The company also focuses on employees' happiness at work by improving office environment and equipment to ensure readiness, convenience, safety and efficiency and providing proper health-related welfare and recreation benefits. The details are as follows:

- The company treats all staff members under the principles of human rights, dignity and equality and does not perform any act that will infringe on or prejudice rights of the employees.
- The company recruits suitable personnel at all levels through a fair and transparent process, based on factors such as qualification for each position, scholastic requirement, work experience and other requirements essential for such job, without discrimination on the grounds of gender, age, race, religion or any other status unrelated to the work.
- The company places importance on safety, sanitation and pleasant environment by ensuring a good workplace ambience for employees and facilitating customers, business partners and stakeholders' contact with the company. The company conducts a fire drill at least once a year to prepare for unexpected events such as fire and other crisis, and maintains and repairs all equipment to be functional at all times. In order to stress the importance of this among all parties concerned, the company has incorporated the above guideline as part of the code of ethics and business conduct. In 2014, none of the employees had an accident or illness caused by their performing of duty.
- The company has formed a Welfare Committee to represent the employees in improving the welfare in conjunction with the management.
- As a preventive measure, the Company provides a pre-employment health check-up program for new-coming staff and a compulsory annual health check-up program, classified by age group, for all employees. The company also encourages and stimulates employees to maintain regular exercise by providing a fully-equipped standard gym as well as various activities, believing that employees with good health condition will help decrease the illness rate and increase their working efficiency.
- The company adopts a policy and practice that ensures employees' remuneration and fringe benefits are at an appropriate level and commensurate with their duty and responsibility and are comparable with those of similar businesses. To serve this purpose, salary and compensation survey data in insurance and similar industries from different sources and data on yearly performance evaluation of the individual employees are used as a basis for such consideration. In addition, the company provides a provident fund, allowing employees to receive contribution and benefit thereon from the company upon their completion of the required years of service specified by the company so that employees could accumulate fund for their future need. Details of employee remuneration (including contribution to the provident fund) are described in 'Human Resources' Section.

- Realizing that personnel are the organization's most valued resources, the company implements a policy on personnel development by encouraging employees to undergo training and competence development in order to strengthen their working efficiency and advance their career. All employees are developed according to the training road map, career path and career plan designed for the individual employees. Number of employees' training hours are described in 'Human Resources' Section.

- The company allows employees to always be updated on relevant news and information through channels such as the company's Intranet, internal news circular, e-mail, etc. in a bid to promote communication between the organization and employees and, hence, increase teamwork efficiency and relation.

- Every year the company conducts an employee attitude and satisfaction survey in order to use the comments and suggestions obtained from the survey for further corrective actions. Clarifications to all of the employees' comments or suggestions are disclosed to all of them via the Intranet.

- The company also allows employees to convey their opinions and lodge complaints and any other issues relating to their work either to their supervisors or directly to the top management. All comments/complaints are considered on a fair and transparent basis and in conformity with the policy on management of complaints/clues to misconduct and protection of reporting persons.

Treatment of Customers

The company attaches importance to customer satisfaction while upholding the code of best practices towards customers, including, among others, fair and non-discriminatory treatment of customers, promotion of good and sustainable relationship, and others as specified in the Company's good management practices and anti-fraud policy, which can be summed up as follows:

- The company treats customers on a fair and non-discriminatory basis and avoids any unethical acts such as collusion in price fixing or job allocation or use of customers' confidential information for the benefit of a third party.

- The Company strictly honors the conditions made with customers and delivers a quality and reliable service in accordance with its business standards

- The company provides services in a polite and respectful manner and promotes a good and sustainable relationship with its partners to ensure friendliness and satisfaction for all parties, thereby resulting in service rendering with quality, accuracy, rapidity, responsiveness to customer needs, and cost-saving.

- The company shall not disclose customers' information that it could access from business operation but should in usual circumstances be kept confidential, unless otherwise permitted by the customers or where it has the duty or is required by law to make such disclosure or where the disclosure will benefit insurance business or the public as a whole.

- The company gives advice on and assistance in matters relevant to its business or matters that are not beyond its ability.

- The company improves and maintains its service standard in order to timely and truly address customers' requirements by establishing a Customer Solutions unit to closely take care of the individual customers. It conducts a study, survey and co-development of products and services that genuinely meet customers' demand, as well as prepares analytical and research papers and arranges seminars that are useful to customers and trade partners in their business operation. As well,

Treatment of Business Partners, Competitors and Creditors

The company strictly adheres to the policy to treat business partners, competitors and creditors under the rules for ethical, free and fair trade competition and within the purview of the laws and their mutual obligations. This has been incorporated into the code of ethics and business conduct in order for all parties to abide by.

- The company sets out rules for evaluation and selection of partners and counterparties and opts to do business with partners and counterparties who conduct business with accountability, ethics and integrity and do not get involved in any form of frauds.

- The company treats all partners and counterparties on an equitable and non-discriminatory basis and does not take advantage of its partners and counterparties.

- The company puts in place a management and follow-up system to ensure the agreement conditions are completely fulfilled, together with a fraud prevention process at all steps of its operation.

- The company does not perform any act that will tarnish its competitors' reputation through any discredit allegation without any reasonable grounds.

- The company does not seek to obtain confidential information of its competitors by any unethical or improper method.

- The company does not perform any act that will infringe upon intellectual property and invention under the patent of other parties or its competitors.

- The company complies with all conditions under agreements made with creditors in a strict, correct, complete and punctual manner with respect to guarantee, fund management, payment and any other matters agreed upon with the creditors.

- In the event of failure to fulfill the conditions, the Company will promptly notify the creditors and provide reasons and remedial measures for such failure in order to jointly identify solutions to the problems.

- The company abides by the anti-fraud policy and the principle of integrity, and neither gives nor receives any bribe whether in form of a gift or any other benefit. It shall not perform any act that is conducive to fraud and bribery, and shall not perform any act or assist in or support

any act that is deemed as a misconduct according to the relevant laws and notifications, nor perform any act relating to property in bad faith or any act that is detrimental to the national economy or security, nor conceal or take part in a transfer or sale of property obtained from such act.

- The company has a policy to abide by the laws governing intellectual property or copyright and does not infringe on intellectual property or copyright. Besides, before using any invention or information belonging to a third party, the Company shall examine and make certain that it is not an infringement on intellectual property or copyright of other party.

In the past year, the company did not have any dispute or complaint with its customers, partners, competitors and creditors which could cause a material impact.

Treatment of Regulatory Bodies and Government Agencies

The company complies with the laws, notifications, rules and regulations stipulated by the concerned regulatory bodies and government agencies, including Department of Business Development under Ministry of Commerce, Revenue Department under Ministry of Finance, Office of Insurance Commission, Stock Exchange of Thailand, Securities and Exchange Commission, etc. The Company also cooperates and collaborates in corporate governance and other issues as well as anti-corruption that have been supported by the regulatory bodies and government agencies or other private agencies in order to enhance management efficiency and ultimately achieve strong and sustainable development.

Treatment of Society and Environment

In conducting business, the Company pays attention to all concerned parties and acts as a good corporate citizen contributing positively to the community and environment conservation. The Company has incorporated into the code of ethics and business conduct, to which all staff members must adhere, the best practices towards our society and environment including promotion of an efficient use of resources.

- The company encourages all employees to join in activities for social contribution and community development, and operates business without creating any impact on society and environment. In 2014, the Company sent its staffs to participate in the CSR Day event organized by Thai Reinsurance PCL. by inviting a guest speaker from Thaipat Institute to deliver a lecture on CSR, which relatively enabled the employees to gain better understanding that CSR does not have the sole meaning of giving, but also of a unified cooperation among all members of the organization in conducting business without creating any impact on the society, environment and all groups of stakeholders, while still being able to carry on sustainable business development.

- The company is determined to operate business with fairness and responsibility for the society, environment and all groups of stakeholders in its core business process. In the following years,

the company will assess impacts from its operation in the economic, social and environmental aspects and determine the issues that significantly affect its operation or have influence on stakeholders' decision making so that it could identify the operational goals that cause no impact on the society and environment and could disclose only operational information that is crucial to the business and stakeholders.

- The company educates and trains its employees on conservation of natural resources and environment. It encourages all employees to most efficiently use natural resources with the least possible waste rate by, for example, using the computerized data filing technology so as to reduce paper consumption, ensuring that both sides of the paper are used, replacing electrical appliances with the energy-saving type, setting the turn-on/off times for air-conditioners, switching off air-conditioners and lightings during lunchtime or when they are not needed in order to save energy, recycling used items, etc.

- Workplace environment is improved and maintained to be in a tidy, pleasant and healthy condition. Safety standard is upgraded to ensure employees' security while at work.

- The company is aware of the importance of the society and community. As part of Thai society, the company deems that it has duty and responsibility to support and operate CSR activities and community development, which is in line with the main objective of its establishment to operate business for the utmost benefit of insurance business and national economy as a whole. The CSR activities performed by the company in 2014 are described in 'Corporate Social Responsibility' Section.

3.3 Clue or Complaint Report

The company, with the Board of Directors' approval, outlines a policy on management of complaints/clues to misconduct and protection of the reporting persons, or whistleblowers, and puts in place measures, regulations, guidelines and procedures under such policy that are adequate for risks and are communicated to all concerned parties to ensure they understand and could perform relevant tasks correctly and properly. The details are as follows:

Policy on Complaint/Clue Report Management and Whistleblower Protection

All of the directors, executives and employees shall not be ignorant or negligent when becoming aware of any misconduct that is concerned with the Company.

The company shall arrange secure and easily accessible channels for employees or outsiders to report complaints about damages occurring to them or voice concerns/report suspicious incidents and to report clues to possible misconduct concerned with the company, as well as to seek advice on compliance with the code of business conduct and the related policy. The reported information shall be treated confidential and the reporting persons, or 'Whistleblowers,' shall be protected and shall neither be punished nor be adversely affected from their reporting such complaints or clues.

The company shall put in place measures, regulations, guidelines and procedures under such policy that are adequate for risks and shall communicate these to all concerned parties to ensure they understand and could act correctly and properly.

Definition

Misconduct refers to a violation of laws, rules and regulations stipulated by external regulatory bodies and/or a violation of the code of business conduct, policies, measures, regulations and procedures determined by the company.

Complaint Reporting Channels for Stakeholders

Regarding channels for reporting complaints relating to its corporate governance, the company posts on its website the channels for all groups of stakeholders to communicate their complaints or to report clues or provide suggestions to the Board of Directors via letter or e-mail. The Company also has in place a mechanism to protect whistleblowers and their anonymity and gives importance to treating such complaints in strict confidence.

In 2014, the company did not receive any complaints or clues to conduct against its corporate governance principles and code of ethics.

Procedures Formulated for Implementing the Policy on Complaint/Clue Report Management and Whistleblower Protection

3.3.1 The company provides more than one complaint channel and complaints are received by officials from different units in order for the whistleblowers to rest assured that the officials receiving their complaints have no conflict of interest.

3.3.2 Investors, outsiders or directors of the company may provide opinions or report complaints/clues by sending letters or e-mails to

(1) Board Chairman through Company Secretary at the following address:

- Letter addressed to Company Secretary at the company's office
- E-mail: CorporateSec@thaire.co.th; or

(2) Audit Committee Chairman through Secretary of the Audit Committee at the following address:

- Letter addressed to secretary of the Audit Committee at the Company's office
- E-mail: auditsecretary@thaire.co.th; or

3.3.3 Employees who wish to make comments or report complaints/clues to misconduct may send letters or e-mails to

- (1) Immediate supervisor, or
- (2) Human Capital Management & Development Department, or
- (3) Supervisor at a higher level, or
- (4) Audit Committee Chairman through Secretary to the Audit Committee

E-mail: auditsecretary@thaire.co.th, or

(5) Board Chairman through Company Secretary E-mail: CorporateSec@thaire.co.th, whichever is the case.

3.3.4 In reporting complaints/clues to misconduct, a whistleblower shall indicate name/s of the person/s suspicious of committing any misconduct and give details of such act and other information that will be useful for an investigation. Details about name of the whistleblower and how to reach him/her, such as by telephone, need to be provided in order to demonstrate the whistleblower's sincerity with no intention to slander or cause damage to other person/s or to the company.

3.3.5 The company shall follow the examination procedures and record the evidence in writing without revealing names of the whistleblowers and shall keep information on sources of the clues in strict confidence. The whistleblowers shall receive fair treatment and be safeguarded from any adverse action as a result of their report of such complaints or clues. For instance, if a whistleblower is its employee, the company will protect him/her from penalty, termination of employment, demotion, rotation from his/her current job/office to an inferior status, suspension from work, intimidation/disturbance in his/her work, etc.

3.3.6 The directors and employees shall not be ignorant or negligent when discovering or suspecting any conduct against the corporate governance principles or code of ethics of the company, including any fraudulent act, and shall report such act through the channels designated by the company and provide cooperation in the investigation of facts.

3.3.7 The person receiving reports shall handle them in the order of importance in complying with the applicable laws and regulations as well as the corporate governance principles, as follows:

- (a) Complaints about a breach of the company's corporate governance principles or code of ethics, including fraud;
- (b) Complaints or information that might be useful for investigation about fraud or unlawful act of the company or its directors or executives or employees which will cause damage or loss of benefit to the company;
- (c) Complaints about the laws, rules and regulations to be observed by the company;
- (d) Complaints about the established operational policy and accounting and financial policy of the company;
- (e) Complaints about transactions with a conflict of interest or connected transactions as defined under regulations of the SEC or the SET;
- (f) Complaints about financial statements and financial information of the company;
- (g) Complaints about the company's performance and operation; and
- (h) Other complaints as additionally defined by the Board of Directors or the Audit Committee.

Chapter 4 : Information Disclosure and Transparency >>

4.1 Disclosure of Information

The company gives importance to disclosure of significant information such as financial reports or others and discloses such information to the public through various channels as required by laws or by concerned authorities in a strict, complete and timely manner, by ensuring that the information disclosed is accurate, precise and relevant. The company also discloses the following information to demonstrate its governance compliance and business transparency:

- To ensure that its activities are carried on in a fair and correct manner, the company has established the code of business ethics and best practices for the Board of Directors, the management and staff to adhere to since 2012. The code and the good governance policy are posted on the company's website, whereas working rules and regulations are provided on the Intranet. In 2014, the Board of Directors approved a revision of the code of business ethics and issued several new policies to more fully cover all aspects of corporate governance. The company has disseminated a Handbook on Corporate Governance and Business Ethics of THRE Group for all directors, executives and staff members to familiarize themselves with, acknowledge and abide by.
- The company's information, both financial and non-financial, is disclosed. The financial information, especially financial statements, are to be audited/reviewed by the auditors and approved by the Audit Committee and the Board of Directors before submission to the SET, the SEC, shareholders, investors and concerned agencies.
- The information is made available on the company's website in both Thai and English languages, including financial statements, annual reports, etc.
- The company also discloses the roles and duties of the Board of Directors and subcommittees, number of meetings and attendance of each member in the past year, details of which can be found in 'Management Structure' Section.
- The company publishes a report on the Board of Directors' responsibility for the financial report in its annual report (Form 56-2).
- The company discloses information on remuneration for directors and management in the annual registration statement (Form 56-1) and the annual report (Form 56-2) and also discloses the policy on remuneration for directors and top management, including type, nature and amount of remuneration received by each member for serving on the subcommittees and as director in subsidiaries, details of which can be found in 'Management Structure' Section.
- The company sets a requirement to report all trading transactions/securities holdings of directors and executives. The Company Secretary is assigned to collect all of such information for reporting to the Board of Directors' meeting on a quarterly basis.

4.2 Investor Relations

The company gives importance to investor relations management by remaining committed to performing duties with strong determination, dedication, accountability and integrity and providing accurate, adequate and reliable information to ensure that the investors, analysts and concerned parties could receive the information in a correct, sufficient, complete, transparent and equitable manner.

The company has assigned Ms.Duangnaporn Phernamlap, Company Secretary, to be in charge of “Investor Relations” unit. For enquiries, please call 02 660 6111 or e-mail to CorporateSec@thaire.co.th. For activities in 2014, there were 8 meetings with members of the media, securities analysts, investors and fund managers.

4.3 Report on Interest

The company has established rules and procedures for reporting interest of directors, executives and their related persons, which were duly approved by the Board of Directors, as a guideline for all concerned parties to abide by. Such report will be useful in complying with the regulations for connected transactions and monitoring the interest of directors, executives and their related persons insofar as the said interest is relevant to the company’s business management.

- The company has a policy under which the directors and executives are required to disclose their interest and interest of their related persons in form designated by the Company on a yearly basis and when there is a change in such information during the year. The directors and executives who have interest in any transactions of the company shall not participate in decision-making on such transactions, and the transactions shall be processed according to the measures or procedures for approval of related party transactions of the company.

- The company has a policy on trading of the company’s securities and procedures for reporting of securities holding in order for the directors, executives and employees who can access and use internal information to abide by, and requires that the directors and executives have duty to report their securities holding in accordance with the SEC’s regulations.

Chapter 5 : Board of Directors’ Responsibility

5.1 Responsibility of the Board of Directors

(1) Determine the power, duties and responsibilities of the Board of Directors in accordance with the applicable laws, rules and regulations and the power, duties and responsibilities of all Subcommittees so as to enable the Board of Directors and the Subcommittees to correctly make consideration and render opinion within the scope of their power, duties and responsibilities. The roles, duties and responsibilities of the Board of Directors are as follows:

(a) The directors must have knowledge, ability and experience that are useful for business operation, be keen on the activities of the company of which they serve as director, and have strong determination, honesty and integrity in business operation.

(b) The directors must, in performing duties, comply with the laws, objectives and Articles of Association of the company, resolutions of the Board of Directors and resolutions of the shareholders' meeting with honesty, integrity, due care, protection of the company's interest, and accountability to shareholders on a continuous basis.

(c) The Board of Directors has duties to determine the company's business policy and direction, including action plans, budgets, etc., and to monitor and supervise the management to implement the policy efficiently and effectively so as to maximize economic value and shareholders' wealth.

(d) The Board of Directors should always follow up on the company's operation and be kept informed of the company's compliance with the laws and relevant agreements and should see that the management notifies all crucial issues of the company to ensure effective business operation.

(e) The Board of Directors should arrange for the company to have in place an effective internal control and internal audit system under the Audit Committee's advice.

(f) The independent directors and other third-party directors should be prepared to exercise their independent judgment with respect to strategy formulation, business administration, resource utilization, director appointment and determination of operational standard procedures, and also be prepared to object to any acts performed by other directors or the management in the case where there is a conflict in matters that will dampen the equality of all shareholders.

(2) Assess the company's compliance with corporate governance policy and review the policy at least once a year.

(3) Establish a written code of business conduct for the directors, executives and employees to familiarize with and adhere to in business operation.

(4) Arrange for the Audit Committee to render opinion to the Board of Directors regarding the transactions with conflict of interest in material aspect between the Company and persons with vested interest or related persons of the directors or executives, whereby the directors or executives with vested interest shall not be allowed to participate in the meeting or cast votes on any such agenda item. The nature of such relationship and definition of persons with vested interest shall be as specified in regulations of the SET and the SEC.

(5) Arrange for the company's internal control system to be reviewed by the internal unit and/or external agency to reasonably ensure that, once this is fulfilled, the company will be able to achieve its goals in (a) efficient and effective operations and worthwhile utilization of resources; (b) accurate, reliable and timely accounting and financial reporting; and (c) compliance with the company's policies, rules and regulations and the laws. Results of such internal control review shall be reported to the Audit Committee, the Executive Board and the Board of Directors in order to further develop and improve the internal control system.

Most recently, the Board of Directors reviewed and amended the corporate governance policy and the code of ethics and business conduct in December 2014, as disclosed on the company's website.

5.2 Self-Evaluation of Board of Directors

Annually, each member of the board is required to evaluate the overall performance of the Board of Directors, using an evaluation form determined by the SET Corporate Governance Center. The purpose of this is to jointly review performance, problems and obstacles in the past year. The result will be used as a guideline to improve the work of the Board of Directors to ensure greater effectiveness and efficiency. In 2014, the SET Corporate Governance Center's evaluation form was used, similar to the past years. All directors completed the evaluation and the result showed that the Board of Directors made comments on all of the six main subjects of the evaluation as follows:

1. Structure and qualification of the Board of Directors,
2. Roles, duties and responsibilities of the Board of Directors,
3. Board meeting,
4. Performance of directors,
5. Relation with the management, and
6. Self-development of directors and development of executives

In the level of considerably agreed or excellent action, the mean score is 3.87 points out of 4 points. This score has been slightly reduced from last year mean score at 3.80 points.

Apart from that, the committee also held the evaluation of the sub-committees.

The assessment covered the following issues.

1. Structure and qualification of the Audit committee,
2. Roles, duties and responsibilities of the Audit committee,
3. Committee meeting,
4. Performance of the Audit committee,
5. Relation with the management

This overall results of the year 2014 found that sub-committees completely performed their duties and in accordance with the charter. Their opinion in general and specific issues were in the level of strongly agreed or the level of agreed that the operation is excellent.

5.3 Performance Evaluation of Top Management

The Board of Directors sets out that there shall be a performance evaluation of President (CEO) and other executives on an annual basis at the last meeting of the year to be a basis for consideration on their compensation. In this respect, the board of directors shall consider and recommend compensation rate for President (CEO) and executives.

5.4 Development of Directors and Executives

(1) The company encourages the directors, executives and Company Secretary to attend seminars and training programs organized by Thai Institute of Directors, the SET, the SEC and the National Corporate Governance Committee so that they could use the obtained knowledge for operational improvement on a continuous basis. The directors must at least undergo training and participate in the continuing programs as required by the SET and the SEC.

(2) New directors shall be provided with basic information about the company, entailing a listed company director handbook, annual registration statement (Form 56-1), annual report (Form 56-2), minutes of the Board of Directors' meetings, minutes of the shareholders' meetings, the company's corporate governance policy, and others, which will be helpful for the new directors in performing their duties.

(3) The executives and employees shall be rotated to assume the tasks in which they are adept, based primarily on suitability of work and timing. The President shall determine such timing and consider their working performance as a basis for drawing up a development and succession plan. This is also aimed to enrich the executives and employees' knowledge and competence and enable them to replace each other.

5.5 Succession Plan for Top Management

The board of directors collaborates with the CEO in preparing a succession plan and determining qualified persons under the plan, as well as reporting the progress on plan implementation to the Board of Directors at least once a year.

5.6 Remuneration of Directors, Committee Members and Executives

The policy and criteria for director remuneration are consistent with the best practices. Since the Board of Directors plays a vital role in directing the policy and overseeing the operation of the company, the remuneration of directors and members of all committees should be reasonable and commensurate with their respective duties and responsibilities, including their role and engagement, and should be comparable with similar businesses.

The board of directors has duty to consider remuneration of directors and top management at the EVP level and higher. The director remuneration is subject to approval from the shareholders' meeting, whereby approval shall be separately sought for remuneration of directors and remuneration of committee members. Meanwhile, the remuneration of CEO and top management is subject to approval from the Board of Directors' meeting and is decided based on comparison with similar businesses at the same level, considering that the remuneration is commensurate with their duties and responsibilities and sufficient to motivate and retain quality personnel. The Board of Directors will conduct a yearly performance evaluation and use the evaluation result as a basis for determining the remuneration of each member of the top management.

Internal Control and Risk Management

1. At the Board of Directors' meeting No. 1/2014 on February 25, 2014 in which the three Audit Committee members also participated, the Board of Directors assessed the company's internal control system and inquired the management, staff members and concerned units about various pillars of the internal control system, including

1. Organization and environment
2. Risk management
3. Control over the management's performing of duties
4. IT and communication system
5. Follow-up system

The Board of Directors deemed that the company's internal control system was adequate and appropriate for entering into transactions with the major shareholders, directors, executives and related persons of the foregoing persons. As well, other pillars of the internal control system were adequate and could allow for the company to operate business under good corporate governance principles and with transparency.

In addition, the Board of Directors has entrusted the Audit Committee with power and duties to review and ensure that the company has a sound and effective internal control and internal audit system and abides by the law governing securities and exchange, the SET's regulations or the laws applicable to the company's business. The Audit Committee must hold a meeting at least once a quarter to review and ensure correctness of the Company's financial reporting and to consider and make certain that the company's connected transactions or transactions with potential conflict of interest are correct and compliant with the applicable laws and the notifications and regulations of the Securities and Exchange Commission, the Capital Market Supervisory Board, the Board of Governors of the Stock Exchange of Thailand, the Stock Exchange of Thailand and other concerned authorities. Audit committee agreed with the Company's board of directors and auditor.

2. The company established the internal audit department which is also responsible for the compliance audit and reports presenting for the Company's Audit Committee quarterly review. The Company's internal audit department is in charged by Mr. Songchai Phaisan as internal audit manager.

3. The company has established a compliance department, which was approved by the Board of Directors on October 10, 2014. The Department will be under supervision of the Audit Committee.

The department is currently under recruitment process. Meanwhile, the management appointed Mr. Songchai Phaisan, Internal Audit Manager Duty, acting as the head of Compliance department until the completion of recruitment.

During the year, the department performed compliance monitoring and report to the audit committee to review on a regular basis every quarter. The quarter 1-3/2014 revision was done by the internal audit department, and in quarter 4/2014 was done by the compliance department.

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Company and Society

Policy Overview

Thaire Life Assurance PCL has the key objective to conduct business for the optimum benefit of Thai insurance industry and overall economy, in parallel with social and environmental development. The Company has thus formulated a policy on corporate governance and code of business ethics, which also entail duty and responsibility for the society and environment, as a guideline for the directors, executives and staff members to perform duties in a socially and environmentally responsible manner in business process pursuant to the policy on social and environmental responsibility, as follows:

"Thaire Life Assurance PCL encourages all employees to take part in activities intended for social contribution and community development and operates business without creating any social and environmental impact."

CSR Activities and Reports

In its core business process, the Company is mindful of the adverse impact on the society, environment and stakeholders and ensures that its business process does not affect the surrounding community and society, which is in line with its policy on social and environmental responsibility. The Company upholds good corporate governance practices, human right principles and legal provisions, taking into consideration shareholders' profit and return and stakeholders' interest without harming the society and environment in a bid to achieve sustainable business development.

The Company prepares a CSR report based on the SET's 8-point social responsibility guideline. For 2014, the Company operated business on a socially and environmentally responsible basis with respect to its core business process, which can be summarized as follows:

1. Business Operation with Fairness

The Company conducts business under corporate governance principles, recognizing and giving importance not only to treatment of all groups of stakeholders in an equitable, fair and honest manner but also to strict compliance with legal provisions.

The Company ensures fair treatment of customers, business partners, competitors and creditors by putting in place the good practices as follows:

Issue on	THREL Practices
Fair Competition	<ul style="list-style-type: none"> • Treat business partners and competitors within the scope of honest, free and fair competition, legal framework and mutual obligation. • Treat customers on a fair and non-discriminatory basis by avoiding any improper conducts such as collusion in price fixing, bid rigging, task allocation or unethical use of customers' secrets for the benefit of a third party, etc. • Promote co-development of products and services with customers and business partners, which will lead to efficient innovation, cost saving for business bargaining and competition, and equal opportunity for the Company and the related parties in generating returns, by primarily paying attention to consumers, society and environment.
Social Responsibility Promotion	Adopt criteria to evaluate and select business partners and counterparties that operate business in an accountable, ethical and honest manner without involvement in any form of fraudulent act.

2. Respect for Human Rights

Human rights are rights to which all human beings are entitled, including rights to be happy as a member of the society. The Company gives priority to and respects human rights. All employees are entitled to rights and fringe benefits obtainable from the Company on an equitable basis.

The Company has established a policy on human rights and posted this on its website. All employees are given a code of business conduct handbook, the Company's rules and regulations, and policy on confidentiality and security of data and data system in order for them to study and acknowledge the rights and fringe benefits to which they are entitled, including the non-violation of rights of their fellow employees, and to sign in acknowledgement of and abide by those regulations.

The Company's good practices on respect for human rights are as follows :

Issue on	THREL Practices
Human Rights and Participation of Employees and Stakeholders	<ul style="list-style-type: none"> • Communicate to all employees so that they would acknowledge the policy on human rights and all rights to which they are entitled, which are incorporated in writing into the Company's rules and regulations and corporate governance and ethics handbook and are also posted on the company's Intranet. • Set up the Welfare committee to hold negotiation with the employer, to examine, control and monitor welfare arrangement by the employer, and to give suggestions and guidelines on provision of welfare that is useful and appropriate for employees. • Ensure that employees can always access relevant news and information via the Intranet in order to promote intercommunication between the organization and the employees, which will help enhance co-working efficiency and relationship. • Conduct an employee attitude and satisfaction survey on a yearly basis in order to use the comments and suggestions obtained from the survey for further corrective actions, and ensure that clarifications are made to all of the employees' comments or suggestions via the Intranet. • Encourage and provide an opportunity for all groups of stakeholders, including the community and society, to convey their opinions, and notify, through the company's website, all stakeholders of an opportunity given to them to contact, communicate and give suggestions, complaints or information to the Company's Board of Directors, subcommittees or directors. In 2014, none of them reported any complaints to the Board of Directors through the channels provided by the company as well as other communication channels. • Arrange a mechanism for reporting complaints and clues to any misconduct in a way that allows for independent examination and decision-making based on the principles of human rights in order to enable employees or any persons whose rights are believed to be infringed upon or treated unfairly to seek a remedial action. This has been communicated to employees and concerned parties through the company's website.

3. Fair Labor Treatment

Being always aware that personnel are a crucial driving force for business success, the Company places importance on employment and labor relations which span from the first to the last day of their employment, including matters such as employment contract signing, job assignment, work supervision, probation, compliance with the labor protection law, wage/salary payment, arrangement of activities to promote employee relations, etc. These have been set out in the Company's rules and regulations to foster an orderly environment and cordial relationship conducive to a cooperative working condition. The details are as follows:

Issue on	THREL Practices
Employment	<ul style="list-style-type: none"> • Ensure that personnel at all levels are properly selected through a fair and transparent recruitment process and that all candidates are given an equal opportunity to undergo the selection process via written tests and interviews under the Company's employment standards. • Treat all employees on an equitable and non-discriminatory basis and without division of their national origin, race, religion, gender, age, complexion, education, family background or any other status that is unrelated to their work. • Ensure that employees' compensation is commensurate with their duties and responsibilities and comparable with the similar businesses. • Formulate rules and regulations that are clear and cover all aspects such as employment, pay rate, discipline and disciplinary action, termination of employment, complaint, etc. and communicate to all employees the rights to which they are
Personnel Development	<ul style="list-style-type: none"> • Provide training programs for skill and capability development on a continuous basis, covering business knowledge, knowledge relating to trainees' work, and general knowledge, through various forms of training. In 2014, there were 14 employees attending various training courses, with a total of 302 training hours. • Encourage employee self-learning and enable them to transfer knowledge or experience obtained from any interesting events to their fellow workers in order to share opinions. • Provide overseas training and study trip programs. In 2014, total number of employees attending these programs was 2 persons.

Issue on	THREL Practices
Health and Safety	<ul style="list-style-type: none"> • Provide a pre-employment health check-up program for new-coming staff and a compulsory annual health check-up program, classified by age group, for all employees. • Provide flu vaccinations for all employees on a yearly basis. • Encourage and stimulate employees to maintain regular exercise by providing a fully-equipped standard gym as well as various activities. • Prepare and rehearse an emergency plan at least once a year to safeguard against unexpected events such as fire and other disastrous events. • Inspect and repair all office equipment to be functional at all times. • Maintain internal workplace environment and environment of community nearby to ensure cleanliness, safety and comfort and create a pleasant ambience for working and living with the community and society around the organization.

4. Responsibility towards Consumers

Placing importance on business operation that is socially and environmentally responsible, the Company creates a corporate value and culture that encourages an access to business goals and a survey of demand from insurance companies, which are consumers in the Company's business chain. The Company can then leverage on the survey results in developing products and services with value to the society and environment, thereby generating benefits to the Company and responding to the needs of each group of consumers.

Besides, the Company operates business with social responsibility in its business chain to create the utmost benefit to Thai insurance industry and overall economy in line with its core business objective. In 2014, the Company operated business with responsibility towards consumers as follows:

Issue on	THREL Practices
Product and	<ul style="list-style-type: none"> • Arrange for a work unit to make a study and survey on customers' operational goals and a consumer demand survey for joint product development with insurance companies and also for marketing plan development so as to deliver products to society that could truly meet consumers' requirements and at a fair price. • Disclose information about business and services on the Company's website and arrange for some officials to take care of customers and provide them with correct and adequate information such as details of insurance agreements, details of products and insurance policies, etc. • Safely keep customer information and not forward any confidential information of customers or consumers without their prior consent.
Business Operation that is Beneficial to Insurance Business	<p>The Company provides lecture programs for its customers by focusing on the issues that are in market demand and inviting lecturers from leading institutes at home and overseas. In 2014, the Company arranged seminars and workshops for insurance companies on the topic, "Insurance Business: How to Enter the Aging Society," aiming to provide information and knowledge that help to promote a product development process to support Thailand's entry into an aging society. The issues discussed included existing situation and future trend of senior citizens in Thailand and ASEAN, impact and direction of government sector's preparation attempts, viewpoints derived from marketing research, and experience in product design. Another topic of the seminars, "Understanding Mental Status, Living a Happy Life," aimed to provide knowledge and understanding about the nature, symptom and cause of a psychiatric disease, diagnosis and treatment, and risk levels, which would be useful for consideration on life insurance underwriting and proper claim payment</p> <ul style="list-style-type: none"> • Rendering of advice on underwriting and claims condition to life insurance customers. • Provision of product customization services to fulfill particular needs of all target groups such as senior citizens, young generations, working-age people, and so on.

Issue on	THREL Practices
	<ul style="list-style-type: none"> Jointly sign a memorandum of understanding on building of a safe-driving corporate culture in insurance industry under the "Project on Corporate Road Safety Campaigning in Insurance Sector," and appoint the Company's representative to serve on the Committee for Corporate Road Safety in Insurance Sector in collaboration with other participating insurance companies in order to set targets, regulations and guidelines for corporate employee road safety practices.

5. Innovations and Dissemination of Innovations from CSR Activities

Recognizing responsibility towards the society and environment, THREL has developed new innovations in products, services and business process that are beneficial to both the Company and the society, details of which are as follows:

Issue on	THREL Practices
Services	<ul style="list-style-type: none"> The Company offers a fully-fledged service to insurance companies by providing services that are supplemental to services rendered by its affiliated companies such as claim management service for accident and health insurance, operation service and sale over the phone service, etc.
Business Process	<ul style="list-style-type: none"> Employ work systems that help to increase business process rapidity and minimize paper use for data filing, including a procurement-repair system, a leave system, a training request system, etc.

Business Operation with CSR Impact

In 2014, THREL operated business for the utmost benefit of the Company and insurance industry by primarily paying attention to the society's needs without creating any social and environmental impact.

Activities Contributing to Society and Environment

Participation in Community, Social and Environmental Development

THREL conducts business by paying regard to all groups of stakeholders and contributing to community and environmental preservation. To such end, the Company has established social and environmental best practices in the code of business ethics for all parties to follow insofar as it concerns with the society and environment. Efficient use of resources is promoted by, among others, turning off electrical appliances during lunch-breaks, filing data in electronic format to save paper and ink, etc.

Anti-Corruption Activities

The Company has a policy to counter corruption and bribery for commercial benefit and has established this as the best practices for customers, competitors and state agencies in its code of business ethics since 2000. Under the policy, all directors, executives and employees shall abide by the principles of integrity and shall neither give nor receive any bribe whether in form of a gift or any other benefit. They shall not perform any act that is conducive to fraud and bribery; nor perform any act or assist in or support any act that is deemed as a misconduct according to the relevant laws and notifications; nor perform any act relating to property in bad faith or any act that is detrimental to the national economy or security; nor conceal or take part in a transfer or sale of property obtained from such act.

In addition, the Company has drawn up a policy on interest and conflict of interest and a policy on control over the use of internal information, aiming to ensure performing of duties in a transparent and examinable manner in line with its corporate governance principles.

In 2013, the Company signed the declaration of intent on “Private Sector Collective Action Coalition against Corruption (“CAC”)” and disclosure of information in the Company’s annual registration statement, initiated by the Thai Institute of Directors (“IOD”).

In 2014, the Company established an anti-fraud policy, outlining therein the definitions, risk assessment process, and procedures for fraud control and monitoring in the organization. It has also followed up on and evaluated compliance with the anti-fraud policy, as a testimony to the Company’s concrete commitment to conducting business with integrity, transparency and fairness to the society and all groups of stakeholders, which was consistent with the criteria under IOD’s project on Thai listed companies’ corporate governance survey and CAC project. The Company’s anti-fraud policy, which was approved by the Board of Directors’ meeting, has been communicated to all employees through training on policy and procedures for resistance to fraud and production of a corporate governance and ethics handbook in which the anti-fraud policy is included. The handbook is also made available on the Company’s website for the stakeholders and interested persons to access. Details of the anti-fraud policy are as follows:

Anti-Fraud Policy

All directors, executives and employees shall neither commit any fraud nor allow any form of fraud to be committed in relation to the Company, including businesses of the Company and its subsidiaries and transactions made with the government and private agencies, and in conformity with the laws applicable in each country where the Company operates business.

Fraud is deemed as a severe breach of the Company's ethics code and shall be subject to penalty under the Company's regulations and/or the laws.

The directors, executives or employees who resist any act of fraud shall be protected and shall neither be punished nor be adversely affected from their adhering to this policy.

The Company shall put in place the measures/regulations/guidelines/procedures under this policy that are adequate for risk and shall communicate these to all concerned parties to ensure they understand and could act correctly and properly.

Definitions

Fraud refers to a misconduct or omission to perform one's duty in order for that person or his/her related person to acquire or retain the benefit for which he/she is not eligible.

An act of fraud can be classified into the following types:

- Corruption consists of conflict of interest, giving or receipt of bribery, and economic extortion.

However, some acts that are conducive to corruption and may tarnish the Company's reputation, such as political contribution, charitable contribution and sponsorship, gifts and hospitality, are allowed to be performed only insofar as they do not breach the laws and regulations/procedures of the Company.

- Asset Misappropriation includes theft of cash, inventory or other asset, fraudulent disbursements, and misuse of asset.

- Financial statement fraud is a financial over/understatement.

Misconduct refers to a violation of laws, rules and regulations stipulated by external regulatory bodies and/or a violation of the code of business conduct, policies, measures, regulations and procedures determined by the Company.

Measures for Anti-Fraud Policy Implementation

1. Scope – These measures are applicable to THREL and its subsidiaries and are encouraged to also apply to associated companies.

2. The Company has outlined adequate procedures, roles and duties of the parties in charge so as to ensure that the policy is effectively implemented. The Company's procedures range from risk evaluation to measure planning and communication, translation into practice, follow-up and evaluation, and continuous improvement and development.

Roles and duties of the parties in charge as determined by the Company are as follows:

(1) Board of Directors

- Formulate the policy based on the laws, regulations and corporate governance principles.
- Allocate sufficient resources for policy implementation.
- Monitor and follow up on adequacy of the policy and the measures for policy

implementation.

(2) Audit Committee

- Render opinion to the Board of Directors regarding adequacy of the policy and the measures for policy implementation.

(3) Enterprise Risk Management Committee

- Evaluate risk involved with policy achievement and draw up measures for policy implementation.

- Review risk and adequacy of the measures for policy implementation.

(4) Company Secretary

- Communicate the policy and the measures for policy implementation, as well as the outcomes, to investors and the public.

(5) Management (referring to any internal work unit designated by the Enterprise Risk Management Committee to be responsible for the measures for policy implementation)

- Prepare and revise measures for policy implementation as assigned.
- Prepare a plan on and propose need for resources for policy implementation.
- Communicate the policy and the measures for policy implementation to employees

(inclusive of executives).

- Monitor and follow up on policy compliance and measures for policy implementation.
- Evaluate policy compliance and measures for policy implementation and report

evaluation results to the Enterprise Risk Management Committee and the Audit Committee.

(6) Employees (inclusive of executives)

- Familiarize and comply with the policy and the measures for policy implementation.

3. Best Practices

3.1 The directors and employees (inclusive of executives) shall not get involved in any act of fraud and breach of laws, whether directly or indirectly.

3.2 Persons who have committed an act of fraud shall be deemed as having severely breached the Company's code of ethics and business conduct and shall be subject to disciplinary action in accordance with the Company's regulations and/or subject to prosecution if the act is a legal offence.

3.3 The directors and employees shall not be ignorant or negligent when discovering or suspecting any conduct against the corporate governance principles or code of ethics of the Company, including any fraudulent act, and shall report such act through the channels designated by the Company and provide cooperation in the investigation of facts.

3.4 The directors and employees (inclusive of executives) who have declined to participate in fraud and/or have reported clues through the channels designated by the Company shall be protected and shall neither be punished nor be adversely affected. The Company shall put in place a policy and measures for handling complaints/clues to misconduct and whistleblower protection.

3.5 All employees shall strictly abide by the corporate governance principles, code of business ethics, rules and regulations, and operational authority, as well as any relevant policies, measures, regulations, guidelines and procedures of the Company, which include the regulations that the Company must rigidly observe in its capacity as a financial institution such as anti-money laundering policy and measures, internal control policy, rules and procedures for money receipt and payment, etc.

3.6 Some activities are carried out in a way that is highly conducive to corruption and may affect the Company's reputation. Therefore, the persons in charge must comply with the policy specifically determined by the Company as follows:

(1) Political Contribution

The Company has a policy to remain politically neutral and shall not support or act in a way that sides with any political party, whether directly or indirectly, nor use the Company's resources in activities that will cause the Company to lose its political neutrality and/or sustain damage by being involved in such activities.

(2) Charitable Contribution and Sponsorship

The Company has a policy to control charitable contribution and sponsorship by ensuring that they are provided for public benefit and/or with no reasonable ground for suspecting that the activities are part of corruption. The Company sets out that the activities are subject to approval by top management and that filing of all payment evidence and documents must be reliable and allow for checking back on the objective of the activities.

The Company has no policy to accept sponsorship from any third parties.

(3) Gifts and Hospitality

The Company stipulates that giving or receiving gifts and entertainment is permitted only insofar as it is deemed proper according to custom and tradition, and that it has no policy on giving or receiving objects of excessively high value in order to prevent the recipients from being motivated to perform or omit to perform their duty that could lead to corruption.

3.7 The Company communicates the anti-fraud policy and measures, the policy and measures for handling complaints/clues to misconduct and whistleblower protection, and the channels for complaint or clue report to its personnel through various methods such as board meetings, staff orientation programs, the Intranet or e-mail, signing for acknowledgement, etc.

3.8 The Company communicates the anti-fraud policy and measures, the policy and measures for handling complaints/clues to misconduct and whistleblower protection, and the channels for complaint or clue report to investors and the public through various methods such

as the Company's website, annual report, notification letter to business partners, and so forth.

3.9 The Company puts in place a personnel management process that reflects its commitment to the anti-fraud policy and measures, ranging from personnel selection, training, performance evaluation, compensation, promotion, organizational set-up with suitable separation of duties to ensure appropriate checks and balances, to allocation of resources and personnel with adequate skills for implementation of this policy.

3.10 The Company clearly, thoroughly and reasonably stipulates rules on operational authority as a basis for the directors and executives in approving transactions such as payment and disbursement, budgeting, incurrence of obligation, and activities prone to cause negative impact on the Company's image.

3.11 The Company puts in place an internal control system for finance, accounting, data filing and recording, and other processes within the organization relating to anti-fraud measures, and communicates internal control results to the personnel in charge.

3.12 The Company arranges for an audit of internal work system for significant activities such as execution of agreements and expenses thereon, procurement, etc. to ensure that the established goals of internal control are achievable, and gives advice on development of work system efficiency.

3.13 In the case where the directors or employees (inclusive of executives) are unsure of any decision-making or discharge of duty regarding any activities doubtful whether to breach the corporate governance principles, code of business ethics, and relevant policies of the Company, the Company has outlined the procedures for preliminary consideration as follows:

(1) First, ponder on the following checklist:

- Is that activity against the laws?
- Does that activity violate the policy, code of conduct or ethics or damage the Company's image?
- Does that activity have a severely adverse impact on the Company's stakeholders?

Is that activity acceptable and can it be disclosed to the public?

(2) Seek advice through the complaint/clue report channels designated by the Company, whereby there are responsible staffs available to provide suggestions regarding the corporate governance principles, code of ethics and relevant policies of the Company.

3.14 The Enterprise Risk Management Committee holds meetings on a quarterly basis to consider and follow up on progress of key risk management. The assessment of fraud risk and the formulation of monitoring and control procedures for fraud risk prevention and supervision and guidelines on monitoring and evaluation of compliance with anti-fraud policy and policy on complaint/clue report management and whistleblower protection are deemed as part of the management of key risk of the Company with respect to "Reputation."

Declaration of Intent on Other Anti-Fraud Activities

The Company supported Thailand's 5th National Conference on Collective Action against Corruption organized on October 16, 2014 at Chrystal Hall, Plaza Athenee Bangkok, A Royal Meridien Hotel, by Thai Institute of Directors, Thai Chamber of Commerce, Thai Bankers' Association, Joint Foreign Chambers of Commerce, Thai Listed Companies Association, Federation of Thai Capital Market Organizations, the Federation of Thai Industries, and Tourism Council of Thailand.

Related Party Transactions

The company entered into juristic persons with parties possibly having a conflict as follows:

Juristic persons with Possible Conflict of Interest	Relationship	Nature of Transaction	As of Dec 31, 2014 (THB)	As of Dec 31, 2013 (THB)	Rationale and Necessity
1. Bangkok Insurance PCL.	<ul style="list-style-type: none"> Mr.Chai Sophonpanich is a shareholder of Bangkok Insurance PCL and acts as its Chairman and Chief Executive Officer, while also serving as Director of THREL. Mr.Chai Sophonpanich resigned as THREL's Director on July 31, 2013. 	<ul style="list-style-type: none"> Dividend receivable 	<ul style="list-style-type: none"> - - 	<ul style="list-style-type: none"> 1,402,161 - 	<p>Dividend receivable from Investment in securities was made through trading on the SET for long-term investment purpose in the usual course of life insurance business. (The data in 2013 reflected the period while Mr. Chai Sophonpanich was still the Company's director.)</p>
2. Bangkok Life Assurance PCL	<ul style="list-style-type: none"> Mr.Chai Sophonpanich is a shareholder and Director of Bangkok Life Assurance PCL, while also serving as Director of THREL. Mr.Chai Sophonpanich resigned as THREL's Director on July 31, 2013. 	<ul style="list-style-type: none"> Written premium Commission paid Claims 	<ul style="list-style-type: none"> - - - 	<ul style="list-style-type: none"> 79,084,562 25,453,905 53,413,895 	<p>Engaging in life reinsurance business, the company, therefore, earns written premium, commission, claims and others in the normal course of operation, which is in line with the Company's policy. This transaction was made with life insurance companies in general. (The data in 2013 reflected the period while Mr.Chai Sophonpanich was still the company's Director.)</p> <p>Opinion of the Audit Committee</p> <p>This is a normal transaction of life insurance business, with conditions and prices agreed upon with the third parties.</p>
3. Thai Life Insurance PCL	<ul style="list-style-type: none"> Mr. Apirak Thalpatanagul is Director and Chief Executive Officer of Thai Life Insurance PCL, and also serves as Director of THREL. 	<ul style="list-style-type: none"> Written premium Retrocession premium Commission received Commission paid 	<ul style="list-style-type: none"> 16,132,829 2,205,014 404,097 2,117,842 	<ul style="list-style-type: none"> 12,195,883 2,056,577 941,673 2,072,036 	<p>Engaging in life reinsurance business, the company, therefore, earns written premium, commission, claims and others in the normal course of operation, which is in line with the company's policy. This transaction was made with life insurance companies in general.</p>

juristic persons with Possible Conflict of Interest	Relationship	Nature of Transaction	As of Dec 31, 2012 (THB)	As of Dec 31, 2013 (THB)	Rationale and Necessity
		<ul style="list-style-type: none"> Claim recovery Claims paid Accrued accounts receivable (payable), net 	643,082 4,724,729 (1,647)	595,906 1,428,275 1,210,545	Opinion of the Audit Committee This is a normal transaction of life insurance business, with conditions and prices agreed upon with the third parties.
4. Thai Reinsurance PCL	<ul style="list-style-type: none"> Thai Reinsurance PCL is THREL's major shareholder of 41.5 percent 	<ul style="list-style-type: none"> Service fee for human resource and IT 	2,632,200	1,887,480	THREL used human resource and IT service provided by personnel in THRE Group, with service fee charged at cost plus 10 percent margin Opinion of the Audit Committee This transaction is deemed essential and the service charge at cost plus 10 percent margin is reasonable due to resource sharing to ensure cost efficiency and effectiveness
5. Thaire Services Co., Ltd.	<ul style="list-style-type: none"> Thaire Services Co., Ltd. is a subsidiary of Thai Reinsurance PCL, which is THREL's major shareholder. 	<ul style="list-style-type: none"> IT consulting fee and service fee Revenue from office space rentals 	709,130 1,978,365	2,187,080 1,700,010	<ul style="list-style-type: none"> THREL used IT consulting service and IT service provided by personnel of the THRE Group, for advice on procurement, repair and maintenance of computer equipment and core business system, with service fee charged at cost plus 5 percent margin. THREL rented to Thaire Services Co., Ltd. an office space of 215 sq.m. on the 3rd and 4th floors at a rental fee of THB 75,250 per month, with public utility fees of actual use used. From June 17, 2013, THREL additional rented an office space of 104 sq.m. on the 5th floor at a rental fee of THB 36,400 per month. Total rental received from Thaire Services Co., Ltd. was THB 111,650 per month.

juristic persons with Possible Conflict of Interest	Relationship	Nature of Transaction	As of Dec 31, 2014 (THB)	As of Dec 31, 2013 (THB)	Rationale and Necessity
					<p>Opinion of the Audit Committee</p> <ul style="list-style-type: none"> Such IT consulting services are necessary for the Company and the service charge at cost plus 5 percent margin is deemed reasonable due to resource sharing to ensure cost efficiency and effectiveness. Revenue from office space rental is a normal transaction and the conditions and price are comparable with rental charges of the nearby companies.
6. Thalre Actuarial Consulting Co., Ltd.	<ul style="list-style-type: none"> Thalre Actuarial Consulting Co., Ltd. is a subsidiary of Thalre Services Co., Ltd. 	<ul style="list-style-type: none"> Revenue from office space rental 	205,800	211,835	<ul style="list-style-type: none"> THREL rented to TR Actuarial and Consulting Services Co., Ltd. an office space of 49 sq.m. on the 6th floor at a rental fee of THB 17,150 per month, with public utility fees of actual used. From January 1, 2013, the rental was increased to THB 17,150 per month. <p>Opinion of the Audit Committee</p> <p>Revenue from office space rental is a normal transaction and the conditions and price are comparable with rental charges of the nearby companies.</p>

Measures or Procedures for Approval of Related Party Transactions

The company abides by the law governing securities and stock exchange and the regulations, notifications, directives or requirements of the Capital Market Supervisory Board and the Stock Exchange of Thailand. The executives or stakeholders who have a vested interest are not allowed to participate in the approval of such transactions.

In the case where it is legally required to obtain approval from the Board of Directors' meeting, the company will arrange the Audit Committee to join the meeting to consider and advice regarding necessity and reasonableness of any such transactions. The principles for entering into the arm's-length transactions and the non-arm's-length transactions are as follows:

Arm's-length transactions

The Board of Directors gives approval in principle for the management to approve the arm's-length transactions executed by the company and its subsidiaries with the directors, executives or related persons provided that those transactions are under the same trade terms and conditions as those executed by persons of ordinary common sense with general counterparties in the same situation and the bargaining power thereof is free from their influence in their capacity as directors, executives or related persons.

The company will present a summary report on the said transactions to the Audit Committee's meeting and the Board of Directors' meeting on a quarterly basis.

Non-arm's-length transactions

The non-arm's-length transactions are to be considered by the Audit Committee before proposing to the Board of Directors and/or the shareholders' meeting for further consideration and approval. In this respect, the Company must observe the law governing securities and exchange and the regulations, notifications, directives or requirements of the Capital Market Supervisory Board and the Stock Exchange of Thailand, including the disclosure rules for connected transactions.

In the case where the Audit Committee has no expertise in the consideration of any potential related party transactions, the company will appoint an independent specialist or its auditor to render opinion on such transactions to be a basis for decision making by the Audit Committee and/or the Board of Directors and/or the shareholders, as the case may be. This is to ensure that such transactions are necessary and reasonable and are executed in the interest of the company. The Company will disclose information on the related party transactions in the annual registration statement and notes to the financial statements that have been audited by the company's auditor.

Policy or Trend of Related Party Transactions in the Future

In enter into any related party transactions in the future, the Board of Directors must comply with the law governing securities and exchange and the regulations, notifications, directives or requirements of the Capital Market Supervisory Board and the Stock Exchange of Thailand, including the disclosure rules for connect transactions of the company or its subsidiaries, in accordance with the accounting standards set out by the Federation of Accounting Professions.

The current related party transactions with other life insurance companies are the usual transactions executed in line with condition in general. The related party transactions made with companies in the same group, namely Thai Reinsurance PCL. (parent company), Thaire Services Co., Ltd. and Thaire Actuarial Consulting Co., Ltd., include human resource management service fee, IT consulting and service fee, and office space rental, all of which will continue to take place. The human resource management service fee and the IT consulting and service fee are made through resource sharing among THRE Group member companies, to ensure cost saving, whereas the office space rental fee is comparable with space rental by other nearby companies in nearby areas.

Relationship between Mr. Apirak Thaipatanagul and the company

Mr. Apirak Thaipatanagul, is Director and CEO of Thai Life Insurance PCL., one of the local insurance companies among our clientele. He has knowledge, understanding and experience in life insurance business for more than 30 years, which is useful for our business operation. The current related party transactions between the company and Thai Life Insurance PCL. is lower than THB 20 million (please see details in Related party transactions section). Thus, we believe that such business relationship will not have an impact on his duty and independent opinion. If the value of such transactions is higher in the future, we will disclose additional all essential information in the notice of shareholders' meeting under the agenda on independent director appointment or may nominate a qualified person according to the SEC regulations for consideration at the shareholders' meeting.

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Management's Discussion and Analysis of Financial Conditions and Operating Results

1. Operating Performance

Overview

The company has engaged in life reinsurance of all classes. The reinsurance premiums written are partially appropriated for life insurance reserve which is further invested to bring in returns that could cover contingent liabilities. Thus, in addition to life reinsurance, investment is extremely crucial for our business operation. Our major income source is reinsurance premiums which make up 95-96 percent of total income, followed by investment income which is around 3-4 percent of total income. The remainder includes fee and commission income and other incomes.

The company provided reinsurance for domestic life insurance companies. The services are classified by 2 main types of business, which are conventional and non-conventional reinsurance. Over the past 3-4 years, non-conventional reinsurance has played a pivotal role in growing the company's overall premiums. It has experienced robust growth and contributed an increasing proportion in the Company's total written premiums when compared with the past records.

On the investment side, the company enjoyed an average rate of return on investment of 4-5 percent between 2012 and 2013 and 8 percent in 2014. The main investment assets are held-to-maturity investments such as government and state enterprise securities, debentures, etc., which make up about 60-70 percent of total investment assets, followed by available-for-sale investments such as equity securities and unit trusts, accounting for approximately 30 percent of total investment assets.

Income

The company generates income from earned premiums, fee and commission income, and net investment income, details of which are as follows:

Earned Premiums

Earned premiums are calculated from gross written premiums less increase (decrease) in unrealized premiums and premium reserves.

In 2014, 2013 and 2012, the company recorded income from earned premiums of THB 1,583.0 million, THB 1,399.8 million and THB 1,085.5 million respectively, representing a growth rate of

13.1 percent and 28.9 percent respectively. Such premium growth was primarily caused by annual expansion of life insurance business in the country (showing a compound annual growth rate (CAGR) of 13.0 percent during 2005-2014), thereby helping to increase our conventional reinsurance premiums written from our ceding members.

Another contributing factor was growth in non-conventional reinsurance, which the Company has innovated and developed in partnership with a life insurance company, which it has grown remarkably in the past 3-4 years, resulting in a higher market share when compared with the conventional reinsurance.

(Unit: THB Million)

Net Written Premiums	2014		2013		2012	
	Amount	percent	Amount	percent	Amount	percent
Conventional reinsurance	1,148.2	72.5	991.9	70.9	805.4	74.2
Non-conventional reinsurance	434.8	27.5	407.9	29.1	280.1	25.8
Total	1,583.0	100.0	1,399.8	100.0	1,085.5	100.0

Notes to financial statements for the year ended December 31, 2014 and 2013 classified business lines as conventional and non-conventional reinsurance as follows:

(Unit: THB Million)

	2014		2013	
	Conventional Reinsurance	Non-Conventional Reinsurance	Conventional Reinsurance	Non-Conventional Reinsurance
Earned premiums	1,148.2	434.8	991.9	407.9
Underwriting expenses	907.9	301.6	732.6	217.0
Profit from underwriting	240.3	133.2	259.3	190.9
Underwriting profit margin (percent)	20.9	30.6	26.1	46.8

As shown in the above table, the Company earned underwriting profit from the non-conventional reinsurance, for which the Company has introduced and partnered with life insurance companies in innovating and developing new high-demand policies and also in devising a marketing plan and acquiring distribution channels, higher than the conventional reinsurance. In 2014, the underwriting profit margin from the non-conventional reinsurance was 30.6 percent, decreasing from 48.6 percent a year earlier, and the underwriting profit margin for the conventional reinsurance was 20.9 percent, a drop from the previous year's 26.1 percent due to a higher loss ratio and commission.

Commission Income

In our business operation, the Company enters into a reinsurance contract with life insurance companies and then retrocede agreed-ratio risks thereof to some life insurers with which the Company have signed a retrocession agreement with. Terms under the retrocession agreement are (1) retrocession premium, (2) commission income as agreed upon in the contract, and (3) claim recovery based on the liability per policy under such reinsurance contract. Therefore, fee and commission income are comparable to a discount receivable from reinsurance under the retrocession agreement.

In 2014, 2013 and 2012, the Company earned commission income of THB 2.7 million, THB 4.3 million and THB 5.6 million, respectively, a decline of 37.2 percent and 22.6 percent, respectively. Commission income varies according to the percentage change in retrocession premium. In 2013 and 2014, the Company retained more reinsurance premiums while limiting the risk by purchasing the excess of loss protection rather than using the facultative retrocession reinsurance, which led to a decline in the retrocession volume and a drop of fee and commission income.

Net Investment Income

Net investment income is income derived from investments in assets, including loans. It consists of interest, dividend, gain on sales of investment assets, profit sharing from investments in associated companies, and so on.

In 2014, 2013 and 2012, the Company generated net investment income of THB 115.6 million, THB 58.4 million and THB 52.4 million, respectively, up by 97.9 percent and 11.4 percent in that order and representing a rate of return of 8.2 percent, 4.9 percent and 5.2 percent, respectively.

Net investment income depends on investment environment in each year, for example interest on debt securities, dividend yield on investments in securities on the stock market, etc. In 2014, the Company generated higher investment earning from the sale of investment securities available for sale, with a return in the form of interest income from bank deposits and dividends on investments in securities. In 2013, the investment income rose due to an increasing in profit shares from investments in associated companies, in which those companies had a positive turnover, and investment return from the interest rate from bank.

Particulars	2014	2013	2012
Rate of return on investments ¹ (percent)	8.2	4.9	5.2
Investments ² (THB million)	1,483.5	1,336.1	1,039.0

Remark :

¹ Rate of return on investments is calculated from the total sum of net investment income, gain on sales of investment assets, and profit sharing from investments in associated companies, divided by investment amount.

² Investments consist of cash and cash equivalents, available-for-sale investments, held-to-maturity investments, general investments, loans, and investments in associated companies.

Total Income

In 2014, 2013 and 2012, the Company registered total income of THB 1,643.7 million, THB 1,455.6 million and THB 1,138.2 million, respectively, a rise of 12.9 percent and 27.9 percent, respectively. The major income item was net reinsurance premiums written. Such total income growth was largely driven by an increase in net premiums written and also by an increase in net investment income.

Expenses

Two major expense categories for the Company are 1) claim and loss adjustment expenses and 2) underwriting expenses.

Claim and Loss Adjustment Expenses

Claim and loss adjustment expenses consist of claims incurred, whether paid or unpaid to the insured or the beneficiary in case of the insured's becoming ill, having an accident or passing away, and benefits under a life insurance policy payable upon the insured reaching the age specified in the policy or upon completion of a period of time specified in the policy, deducted by claims recovered from reinsurance. These also include actuarial claim liability reserve, which is derived from the best possible estimate of claims expected to be paid to the insured in the future for both the reported and the unreported losses incurred before or on the estimation date, and include loss adjustment expenses.

In 2014, 2013 and 2012, the Company recorded claim and loss adjustment expenses of THB 645.4 million, THB 502.3 million and THB 377.2 million, respectively, representing a loss ratio of 40.8 percent, 37.3 percent and 36.2 percent in that order. Even though the claim and loss adjustment expenses are uncontrollable to some extent since these expenses largely depends on risks faced by the insured and the estimation of claim liability reserve as described above. However, claim payment will affect profit commission, which refers to a sharing of operating profit to our life insurance counterparties. The profit sharing rate will vary with our underwriting profit. If in a given year claims turn out to be at a high level, shared profit will decline (or even no sharing). For instance, if the Company had to pay a huge amount of claims for transactions accepted from any insurance company, profit commission payable to that company as specified in the agreement will decrease or not be paid at all.

Loss ratio is calculated from claims and loss adjustment expenses divided by earned premiums. It is part of the element used for measuring our underwriting efficiency known as "Combined Ratio" which will be described in the following section.

Underwriting Expenses

Underwriting expenses include commissions and brokerages expenses, other underwriting expenses, and operating expenses.

Commissions and brokerages expenses

As mentioned earlier, the Company's core business is to provide reinsurance services for life insurance companies. The contract defines such account items as (1) reinsurance premium, (2) deductible expenses such as commission expenses as agreed upon in the contract, and (3) claim payable based on the liability per policy under such reinsurance contract. Therefore, the commissions and brokerages expenses are comparable to a discount payable from reinsurance under the reinsurance contract. Commissions are divided into two portions: commission payable to the life insurance company when it transfers a transaction to the Company and profit commission which is reliant on quality of the transaction. If the Company has to pay a huge amount of claims for such transaction, the profit commission payable to that company will decrease (or not be paid at all).

In 2014, 2013 and 2012, the company experienced commissions and brokerages expenses of THB 560.3 million, THB 385.7 million and THB 388.7 million, respectively, representing net commissions and brokerages expenses ratio of 35.2 percent, 28.4 percent and 36.8 percent, respectively. In 2014, the company acquired new projects in non-conventional reinsurance that gave commissions on the first year premiums at a higher rate than the renewal premiums. In 2013, the commission rate went down because the proportion of jobs with renewal premiums, which gave commissions lower than the first year premiums, was higher. For 2012, the company acquired new projects that gave commissions at a higher rate than the renewal premiums. The net commission ratio is calculated from commissions less commission income, divided by earned premiums. The net commission ratio is part of the element used for measuring the company's underwriting efficiency known as "Combined Ratio," which will be described in the following section.

Other underwriting expenses

Other underwriting expenses consist of expenses on underwriting-related personnel and expenses on non-conventional reinsurance. These expenses, such as sales campaign expenses, are shared with our insurance partners.

In 2014, 2013 and 2012, the Company recorded other underwriting expenses of THB 6.7 million, THB 11.2 million and THB 19.8 million, respectively, dropping by 39.8 percent and then soaring by 43.6 percent, respectively. In 2013, a decline in other underwriting expenses resulted from the fact that these expenses were previously determined at a fixed rate and then from early 2013 onwards the allocation of expenses on underwriting-related personnel has been adjusted to reflect the actual number of underwriting-related staff.

Operating expenses

Operating expenses are comprised of personnel expenses, premises-related expenses, tax and duty expenses, and other operating expenses.

In 2014, 2013 and 2012, the Company had total operating expenses of THB 39.1 million, THB 34.8 million and THB 25.3 million, respectively, a growth of 12.5 percent and 37.3 percent, respectively. In 2014, the increase in operating expenses caused by an increase in charges to management consulting, counseling and related support services, and compensation committee. In 2013, an increase in operating expenses was caused by a growing number of employees and personnel redeployment for the newly established accounting and finance section (the Company previously shared personnel for these functions with the parent company) in preparation for listing on the SET.

Contribution to the Office of Insurance Commission

All life insurance companies are obligated to contribute to the OIC at a rate of 0.30 percent of written premiums less local reinsurance premiums (first year) and 0.15 percent of written premiums less local reinsurance premiums (renewal years).

In 2014, 2013 and 2012, the Company's contribution totaled THB 3.1 million, THB 2.6 million and THB 2.3 million, respectively, up by 18.2 percent and 14.2 percent, respectively, due to a rise of annual written premiums.

Underwriting Expenses and Operating Expenses Ratio

The underwriting expenses and operating expenses ratio is a part of the element used for measuring our underwriting efficiency known as "Combined Ratio" which will be described in the

following section. The underwriting expenses and operating expenses ratio is calculated from other underwriting expenses plus operating expenses plus contribution to the OIC divided by net written premiums. The net written premiums are derived from the Company's written premiums less reinsurance premiums. The underwriting expenses and operating expenses ratio in 2014, 2013 and 2012 was 3.0 percent, 3.5 percent and 4.2 percent, respectively. The Company has a policy to control such expenses at not higher than 5 percent of net written premiums and not exceeding the industry's average operating expenses.

Combined Ratio

The Company's combined ratios for 2014, 2013 and 2012 were 79.0 percent, 69.2 percent and 77.3 percent, respectively. A fall in the 2013 combined ratio was due to a decrease in the personnel expenses and the net commissions and brokerages expenses ratios.

Table illustrating the combined ratio

(Unit: percent)

	2014	2013	2012
Loss ratio	40.8	37.3	36.3
Net commissions and brokerages expenses ratio	35.2	28.4	36.8
Underwriting expenses and operating expenses ratio	3.0	3.5	4.2
Combined Ratio	79.0	69.2	77.3

Net Profit

In 2014, 2013 and 2012, the Company posted a net profit of THB 371.7 million, THB 383.0 million and THB 220.8 million, respectively, representing a net profit margin of 21.8 percent, 26.1 percent and 19.3 percent, respectively. A drop of net profit in 2014 was due to an increase in the company's claim costs and commission fees. In 2013, a rise in net profit margin was ascribed to a decline in underwriting expenses.

Return on Equity

In 2014, 2013 and 2012, the Company recorded return on equity of 32.6 percent, 41.5 percent and 28.2 percent, respectively.

Financial Position

Assets

The Company's core assets are composed of cash and cash equivalents, accrued investment income, premium receivables, reinsurance assets, investments in securities, and property, building and equipment.

As at the end of 2014, 2013 and 2012, the Company had total assets of THB 1,978.5 million, THB 1,784.4 million and THB 1,386.4 million, respectively, growing by 10.9 percent and 28.7 percent, respectively. Such asset growth was driven by an increase in reinsurance assets and investment assets in line with the Company's growth.

Cash and Cash Equivalents

In 2014, 2013 and 2012, the Company had cash and cash equivalents of THB 79.8 million, THB 62.1 million and THB 17.8 million, respectively, accounting for 4.0 percent, 3.5 percent and 1.3 percent of total assets, respectively. Cash balance at the end of each accounting period was at a sufficient level for operation in general.

Accrued Investment Income

Accrued investment income is derived from interest income and other yields received from held-to-maturity investments.

In 2014, 2013 and 2012, the Company's accrued investment income totaled of THB 11.3 million, THB 9.8 million and THB 5.1 million, respectively, making up 0.6 percent, 0.5 percent and 0.4 percent of total assets, respectively. The increase in accrued investment income was consistent with an expansion of securities investment base of the Company.

Premium Receivables

Premium receivables refer to premiums that are past due and are under a grace period, particularly available for facultative reinsurance. The Company has a policy to grant a grace period not longer than 30 days.

In 2014, 2013 and 2012, the Company's premium receivables totaled THB 10.2 million, THB 3.8 million and THB 3.1 million, respectively, accounting for 0.5 percent, 0.2 percent and 0.2 percent of total assets, respectively. Premium receivables were somewhat small because premium income from facultative reinsurance was in an insignificant percentage when compared with total written premiums. Premium receivables turnover was 1.6 days, 0.9 day and 0.7 day, respectively.

Reinsurance Assets

Reinsurance assets consist of deposits on reinsurance treaties, due from reinsurers, reinsurance reserve recoveries from reinsurers, and deferred commissions and brokerages expenses.

Deposits on reinsurance treaties are premium reserves collected by an insurance company (a reinsured) from a reinsurer as security in the case where the reinsurer encounters financial troubles and is unable to perform the obligations under the reinsurance contract. The reserves will be returned by the reinsured in the following year or upon expiry of the contract.

In 2014, 2013 and 2012, reinsurance assets amounted to THB 405.7 million, THB 369.1 million and THB 272.2 million, respectively, representing 20.5 percent, 20.7 percent and 19.6 percent of total assets, respectively, details of which are described below:

(Unit: THB Million)

Reinsurance Assets	2014	2013	2012
Deposits on reinsurance	75.3	71.8	81.9
Due from reinsurers	253.3	225.9	114.5
Reinsurance reserve refundable from reinsurers	3.3	3.1	2.7
Deferred commissions and brokerages expenses	73.8	68.3	73.1
Total	405.7	369.1	272.2

Overall, the company's reinsurance assets increased annually in line with its business growth. In 2014, the increase in its reinsurance assets was attributed to an increase in a reinsurance premium receivable under Market Agreement and Treaty Reinsurance. The increase in deferred commissions was in line with the increase in commissions from the previous year. In 2013, the increase in reinsurance assets was also explained by similar reasons. The decline in deferred commissions and brokerages expenses was in line with the commission rate specified in each agreement.

Investment Assets

Investment assets are composed of available-for-sale investments, held-to-maturity investments, general investments, and loans, details of which are as follows:

Held-for-Trading Investments

Held-for-trading investments refer to investments made by the Company with the intention of selling them in the near future, consisting of equity securities.

In 2014, the Company had total held-for-trading investments of THB 80.5 million. In 2013 and 2012, the Company did not have any held-for-trading investments. During the year 2014, the Company switched over a part of its investments in shares of a SET-listed entity from available-for-sale investments to held-for-trading investments as a result of a change in its investment policy to respond to the investment situation and share price volatility in the stock market.

Held-for-trading investments in 2014 accounted for 5.7 percent of investment assets.

Available-for-sale investments

Available-for-sale investments refer to investments made by the Company and intended to be sold in the future, comprising of equity securities and unit trusts.

In 2014, 2013 and 2012, available-for-sale investments amounted to THB 445.8 million, THB 411.0 million and THB 284.4 million, respectively, representing 22.5 percent, 23.0 percent and 20.5 percent of total assets, respectively. A ratio of equity securities to unit trusts in the available-for-sale investments portfolio were approximately 20:80.

Available-for-sale investments in 2014, 2013 and 2012 made up 31.8 percent, 32.3 percent and 27.8 percent of investment assets, respectively. In 2014 and 2013, a growth in available-for-sale investments was driven by additional investments in unit trusts and an increase in their fair value.

Held-to-maturity investments

Held-to-maturity investments are investments made by the Company and intended to be held until maturity, comprising of government and state enterprise securities, debentures, and deposits with banks.

In 2014, 2013 and 2012, held-to-maturity investments amounted to THB 856.4 million, THB 846.8 million and THB 726.4 million, respectively, representing 43.3 percent, 47.5 percent and 52.4 percent of total assets, respectively. The majority of investment items were government and state enterprise securities.

Held-to-maturity investments accounted for 61.0 percent, 66.5 percent and 71.1 percent of investment assets in 2014, 2013 and 2012, respectively, growing in tandem with the business expansion.

General investments

General investments are investments in ordinary shares of non-listed entities and are stated at cost in financial statements.

In 2014, 2013 and 2012, general investments totaled THB 2.1 million, THB 2.1 million and THB 2.1 million, respectively, representing 0.1 percent, 0.1 percent and 0.2 percent of total assets, respectively. From 2012 to 2014, the Company had no additional general investments.

Under a conservative investment policy, held-to-maturity investments, mainly comprising of government and state enterprise securities, made up approximately 70 percent of the total investment assets. On the other hands, available-for-sale investments accounted for around 30 percent of total investment assets, which were stated at a fair value and subject to change based on the capital market condition in each period.

Property, Building and Equipment-Net

In 2014, 2013 and 2012, property, building and equipment-net amounted to THB 45.1 million, THB 47.6 million and THB 50.1 million, respectively, representing 2.3 percent, 2.7 percent and 3.6 percent of total assets, respectively. Property, building and equipment-net decreased in 2014 and 2013 as a result of depreciation.

(Unit: THB Million)

Particulars	2014	2013	2012
Land	17.6	17.6	17.6
Building	24.8	26.3	27.9
Furniture and office equipment	1.1	1.5	1.7
Computer	0.1	0.1	0.2
Vehicles	1.5	2.1	2.7
Total – net	45.1	47.6	50.1

Liabilities

As at the end of 2014, 2013 and 2012, the Company had total liabilities of THB 788.8 million, THB 692.8 million and THB 632.1 million, respectively, up by 13.9 percent and 9.6 percent, respectively. The increase in total liabilities in 2014 was chiefly attributed to an increase in amounts due to reinsurers and premium reserves. A rise of total liabilities in 2013 mainly caused by an increase in claim liability reserve and life insurance reserves.

Amounts Due to Reinsurers

Amounts due to reinsurers comprise premium payables, deferred commissions and brokerages expenses, and other amounts due to reinsurers.

In 2014, 2013 and 2012, amounts due to reinsurers totaled THB 283.1 million, THB 170.0 million and THB 179.2 million, respectively, representing 14.3 percent, 9.5 percent and 12.9 percent of total liabilities and equity, respectively. In 2014, the creditor to reinsurer increased as a result of the business expansion of the company. As for 2013, the drop in amounts due to reinsurers stemmed from a year-on-year decrease in premium payables and payables to reinsurers.

Life Insurance Reserves

Life insurance reserves refer to reserves for long-term reinsurance agreements. At every final date of the reporting period, there will be comparison between value of gross premium insurance reserves and unearned premium reserves for policies that still remain in force. If value of gross premium insurance reserves is higher than unearned premium reserves, such difference will be recognized and the gross premium insurance reserves will be presented in the financial statements. The gross premium insurance reserves are life insurance reserves calculated by the actuarial method pursuant to the OIC notification. In 2014, 2013 and 2012, the Company maintained life insurance reserves of THB 215.8 million, THB 215.8 million and THB 160.8 million, respectively, representing 10.9 percent, 12.1 percent and 11.6 percent of total liabilities and shareholders' equity, respectively. In 2014, life insurance reserves were at the same level as in 2013, whereas net premium written for long-term reinsurance agreements increased from the previous year. This was because the premium written in 2014 was recorded more in the first half than in the latter half of the year, thus causing an insignificant change in the life insurance reserves. For 2013, life insurance reserves increased in line with the increase in net premium written for long-term reinsurance agreements.

Premium Reserves

Premium reserves refer to unearned premiums of active policies for short-term reinsurance agreements, with the reserving method in line with the OIC notification. At every final date of the reporting period, there will be a comparison between value of premium reserves and value of unexpired risk reserves. If value of unexpired risk reserves is higher than premium reserves, such difference will be recognized and the unexpired risk reserves will be presented in the financial statements. The unexpired risk reserves, consistent with the actuarial method, are provided for any possible future claims arising from the insurance that remains in force.

In 2014, 2013 and 2012, the Company had premium reserves of THB 203.3 million, THB 179.6 million and THB 205.9 million, respectively, representing 10.3 percent, 10.1 percent and 14.8 percent of total liabilities and shareholders' equity, respectively. For 2014, premium reserves increased in tandem with an increase in net premium written of short-term reinsurance agreements, whereas in 2013 the premium reserves dropped due to adjustment of calculation ratio for premium reserves of group insurance

Loss Reserves and Outstanding Claims

Loss reserves and outstanding claims refer to provisions for claims for losses incurred but not yet agreed upon or reported and claims agreed upon but not yet paid to the insured. Provisions for claims shall conform to the law governing reserve calculation.

In 2014, 2013 and 2012, the Company's loss reserves and outstanding claims amounted to THB 38.3 million, THB 44.4 million and THB 25.1 million, respectively, representing 1.9 percent, 2.5 percent and 1.8 percent of total liabilities and shareholders' equity, respectively. In 2014, the drop in loss reserves and outstanding claims resulted from a decrease in estimates of the incurred but not reported claims (IBNR). In 2013, the loss reserves and outstanding claims went up in line with an increase in premium written of the Company.

Equity

In 2014, 2013 and 2012, the Company's equity stood at THB 1,189.7 million, THB 1,091.6 million and THB 754.3 million, respectively. In 2014, the equity growth was ascribed to the yearly profit. In 2013, the equity growth was also ascribed to the yearly profit, a capital increase of 90 million shares in August, and an initial public offering of 10 million shares in October, bringing in total proceeds of more than THB 180 million.

Statements of Cash Flow

Cash Flow from Operating Activities

Cash flow from operating activities is reinsurance receivables and investment income less commissions and brokerages expenses, operating expenses and corporate income tax. In 2014, 2013 and 2012, the Company had cash flow provided from operating activities of THB 421.2 million, THB 337.4 million and THB 343.8 million, respectively. In 2014, the increase in cash flow from operating activities was due to a growth in reinsurance receivables and investment income, while in 2013 cash flow from operating activities dropped slightly as a result of an increase in operating expenses.

Cash Flow from Investing Activities

In 2014, 2013 and 2012, the Company reported cash flow for investing activities of THB 133.4 million, THB 252.3 million and THB 36.0 million, respectively. The dramatic increase in cash flow from investing activities in 2013 was due to a rise of additional capital.

Cash Flow from Financing Activities

In 2014, 2013 and 2012, cash flow used in financing activities amounted to THB 270.0 million, THB 40.8 million and THB 310.0 million, respectively. In 2014 and 2012, the only cash flow from financing activities was a dividend, in 2013, it consisted of cash provided by capital increase and cash used in dividend payment.

Capital Structure

The Company's D/E ratio as at the end of 2014, 2013 and 2012 stood at 0.7, 0.6 and 0.8 time, respectively. The D/E ratio edged up slightly in 2014 from year-end 2012, attributed to a growth in liabilities in line with the business expansion. In 2013, the equity growth was ascribed to an increase in the capital and profit.

Factors with Possible Impacts on Future Operation and Financial Position

1. Economic Volatility

Economic fluctuation could be a threat to consumers' purchasing power. Particularly in tough economic times, consumers will become more stringent in their spending, including their decision on buying insurance. Some of them choose to take out insurance only when they could save enough money. Besides this, interest rate is another factor influencing consumers' insurance buying decision, which is made based on comparison with yields from other forms of financial instruments. Interest rate also has an effect on the rate of return receivable by the Company from investments, which will further affect our operating performance.

2. Domestic Reinsurance Business Expansion by Foreign Reinsurers

Today, a number of international reinsurance companies are making stronger inroads into Thai market. Certain domestic insurance companies, whose strategic partners or major shareholders are foreign life insurers with solid financial status, cutting-edge technology and ongoing product innovation and development, will more likely reinsure their risks with their foreign partners or major shareholders. As such, the Company may be unable to penetrate this group of insurance companies whose parents are foreign life insurers.

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Financial Information

	2014	2013	2012	2011	2010
OPERATIONS (THOUSAND BAHT)					
• Gross Written Premiums	1,623,774	1,387,856	1,144,948	841,638	606,664
• Net Written Premiums	1,606,600	1,373,504	1,127,988	821,764	588,157
• Earned Premium	1,583,181	1,344,992	1,040,660	839,243	522,012
• Underwriting Profit ¹	331,274	412,793	232,954	248,628	114,514
• Net investment income	115,612	58,406	52,449	48,368	51,960
• Profit before Tax	449,188	473,685	286,680	298,189	166,492
• Net Profit	371,717	382,998	220,798	200,999	121,628
FINANCIAL RATIO (Percent)					
• Loss Ratio ²	40.8	37.3	36.2	31.5	37.2
• Expenses Ratio ³	38.2	31.9	41.3	38.9	40.3
• Combined Ratio	79.0	69.2	77.3	70.4	77.5
• Return on Equity	32.6	41.5	28.2	26.1	18.0
• Investment Yield	8.2	4.9	5.2	5.1	6.1
• Earning per Share (Baht)	0.62	0.71	0.44	0.40	0.24
FINANCIAL INFORMATION (THOUSAND BAHT)					
• Total Assets	1,483,505	1,336,066	1,038,978	970,589	915,804
• Investment Assets	1,978,544	1,784,390	1,386,433	1,274,740	1,167,030
• Total Liabilities	788,832	692,804	632,109	461,119	443,015
• Paid-up Capital	600,000	600,000	500,000	500,000	500,000
• Capital Funds (Shareholders' Equity)	1,189,712	1,091,586	754,324	813,622	724,016
• Book Value per share (Baht)	1.98	1.82	1.51	1.63	1.45
• Dividend per Share (Baht)	0.45	0.45	0.42	0.40	0.20

Description: 1. Since 2011, the Company has changed in accounting policy of commission and brokerage income from reinsurance ("Income") and commission and brokerage expense from reinsurance ("Expense") are deferred and realised as income and expenses on a monthly basis over the term of policy coverage, in proportion to the amount of unearned premium. * 2010 was restated according to the change in accounting policy as above. 2. Since 2013, the Company has prepared financial statements disclosing the investments in associated company by using the equity method which is in accordance with TAS 28 Investment in Associated Company (revised 2009)

Note : 1. Net of other operating expenses and allowance for doubtful debt (if any) 2. Loss incurred expressed as a percentage of earned premiums
3. A ratio of total commission to earned premium plus total incurred expenses to net written premiums

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Report on the Board of Directors' Responsibility Towards the Financial Statements

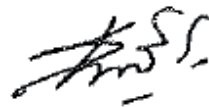
The Board of Directors is responsible for the financial statement of the Company. Such financial statements are prepared in accordance with Thai Accounting Standard. Appropriate accounting policies are cautiously utilized. Sufficient important information is disclosed in the footnotes of the financial statements.

The Board of Directors has provided and maintained an effective internal control system. They also have ensured that appropriate procedures are being utilized to evaluate the adequacy of internal controls and risk management, and monitored the effectiveness of its compliance. In this regard, the Board of Directors has appointed an Audit Committees who are non-management members of the Company as regulators in this matter. The opinion of the Audit Committee in this subject is included in the Audit Committee Report listed in the annual report.

Furthermore, it is the opinion of the Board of Directors that the Company's internal control system is overall satisfactory and capable of creating confidence in the credibility of the financial statements of Thaire Life Assurance Public Company Limited.



Suchin Wanglee
Chairman



Sutti Rajitragson
Director and President

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Audit Committee Report

The Audit Committee comprises of 3 independent members: Mr.Chalaw Fuangaromya as Head of Audit Committee, Mr.Apirak Thaipatanagul and Dr.Kopr Kritayakirana. Mr.Apirak Thaipatanagul and Dr.Kopr Kritayakirana are knowledgeable and experienced in reviewing the credibility of financial statements required by Securities and Exchange Commission.

The Board of Directors assigns the Audit Committees duties and responsibilities. These include reviewing the Company's financial statements thoroughly, ensuring the effectiveness of the internal control system, risk management, and corporate governance, and compliance with laws and regulations. The committee will also supervise any transactions that may have a conflict of interest to be in accordance with regulations and also provide maximum benefit to the Company. The committee is responsible for nominating appropriate auditors for the Company as well.

In 2014, the Audit Committee completed their duties under the scope of responsibilities assigned by the Board of Directors. The committee members met 4 times in 2014 and all meetings met its full quorum. Management, Internal audit officers, auditors, and risk management consultants also attended the meetings. The main duties of the committee can be summarized as follows:

1. Reviewed financial statement of the Company prior to the disclosure to the Stock Exchange of Thailand and Securities Exchange Commission.
2. Nominated auditors and remuneration. In 2014, EY Office Limited was nominated and appointed as auditor of the Company for another year.
3. Attended joint meetings with the auditor 4 times in 2014. One of these meetings was organized without the attendance of management to review the guidelines and scope of performance of auditing. Review the audit plan, results, and recommendations to ensure that the audit was done appropriately consistent with auditing standards.
4. Directed, overlooked and approved the annual internal audit plan based on the company's risks in order of their significance. They audited the inspection reports to ensure that the investigation has been completed in accordance with the auditing standards. This includes the monitoring of the proposed revisions to the internal controls system to improve the efficiency and effectiveness.
5. Reviewed for compliance with laws and regulations every quarter.
6. Reviewed the transaction reports relating to the parties on a regular basis every quarter.

7. Directed and overlooked the Enterprise Risk Management Committee. They reviewed the Company risk management policy, policy implementation and guidelines for effective risk management. The reports on risk management were provided by the Enterprise Risk Management committee as well as the provision of feedback on a regular basis.

8. Provided the self-evaluation of the Audit Committee annually and discuss the evaluation results in the meeting.

9. Provided the internal control evaluation of the Audit Committee annually and proposed the evaluation results to the Board of Directors.

The Audit Committee's opinions are:

1. The Company's financial report is reliable and accurate in accordance with accounting standards. The disclosures in the financial statement are adequate and timely.

2. The Company's internal controls, risk management, operational control of management team, and monitoring system were effective.

3. There were no violation to the laws and regulations of the Securities and Exchange Commission, Terms of the Stock Exchange, or laws related to the business performed by the Company.

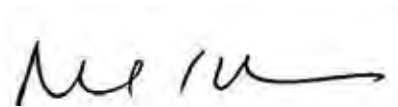
4. The appointed auditor of the Company has experience in auditing many insurance companies and has network accepted by both local and international. This enables the auditing standard of the Company to international level. Moreover, the auditor and every member appointed to certify the financial statement has been approved by the Securities and Exchange Commission (SEC) and were independent. There was no relationship or transactions that might cause a conflict of interest with the Company and that the audit is effective and transparent.

5. All Related Transactions were conformed to the laws and terms of the Stock Exchange. They were reasonable for the maximum benefit of the Company. There was no indication or remark that suggested atypical activity.

6. The Audit Committee performed their duties completely and accurately in accordance with the scope of responsibilities set forth in the Charter of the Audit Committee with good collaboration from all parties.

The Audit Committee has proposed to the Board of Directors in the General Shareholder Meeting to appoint EY Office Limited with Ms.Ratana Jala (No.3734) and/or Ms. Somjai Khunapasut (No.4499) and/or Ms.Rachada Yongsawadvanich (No.4951) as auditors of the Company for 2015 with a total remuneration of 1,700,000 baht, an increase in 5.6 percent from 2014. The details are as follows:

	2015	2014	Increase (%)
Annual Financial Statement Audit Fee	750,000	716,000	4.7
Quarterly Financial Statement Audit Fee	420,000	369,000	13.8
Risk Based Capital Control Audit Fee	530,000	525,000	1.0
Total Audit Fee	1,700,000	1,610,000	5.6



Chalaw Fuangaromya
Chairman of the Audit Committee

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Independent Auditor's Report

To the Shareholders of Thai Reinsurance Public Company Limited >>

I have audited the accompanying statement of financial position, in which the equity method is applied, of Thaire Life Assurance Public Company Limited as at 31 December 2014, the related statements of income, comprehensive income, changes in owners' equity and cash flows, in which the equity method is applied, for the year then ended, and a summary of significant accounting policies and other explanatory information, and have also audited the separate financial statements of Thaire Life Assurance Public Company Limited for the same period.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In my opinion, the financial statements in which the equity method is applied and the separate financial statements referred to above present fairly, in all material respects, the financial position of Thaire Life Assurance Public Company Limited as at 31 December 2014, and its financial performance and cash flows for the year then ended, in accordance with Thai Financial Reporting Standards.



Rachada Yongsawadvanich

Certified Public Accountant (Thailand) No. 4951

EY Office Limited

Bangkok: 24 February 2015



FINANCIAL

statement and Notes to consolidated financial statements

Thaire Life Assurance Public Company Limited**Statements of financial position****As at 31 December 2014 and 2013**

(Unit: Baht)

	Note	Financial statements in which the equity method is applied		Separate financial statements	
		2014	2013	2014	2013
Assets					
Cash and cash equivalents	7	79,792,181	62,069,277	79,792,181	62,069,277
Accrued investment income		11,317,167	9,808,244	11,317,167	9,808,244
Premium receivables	6.3, 8	10,199,176	3,836,988	10,199,176	3,836,988
Reinsurance assets	6.3, 9	405,738,884	369,134,443	405,738,884	369,134,443
Investment assets					
Investments in securities	6.3, 10				
Trading investments	10.1	80,520,000	-	80,520,000	-
Available-for-sale investments	10.2	445,848,997	411,018,234	445,848,997	411,018,234
Held-to-maturity investments	10.3	856,435,610	846,800,953	856,435,610	846,800,953
General investments	10.4	2,105,720	2,105,720	2,105,720	2,105,720
Investment in an associate	11	18,802,744	14,071,596	6,000,000	6,000,000
Premises and equipment - net	12	45,139,348	47,638,904	45,139,348	47,638,904
Intangible assets - net	13	323,040	264,318	323,040	264,318
Deferred tax assets	14.1	21,803,601	17,196,966	21,803,601	18,004,126
Other assets		517,370	444,855	517,370	444,855
Total assets		1,978,543,838	1,784,390,498	1,965,741,094	1,777,126,062

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

Thaire Life Assurance Public Company Limited
Statements of financial position (continued)
As at 31 December 2014 and 2013

(Unit: Baht)

	Note	Financial statements in which the equity method is applied		Separate financial statements	
		2014	2013	2014	2013
Liabilities and owners' equity					
Liabilities					
Income tax payable		38,655,568	59,738,957	38,655,568	59,738,957
Due to reinsurers	15	283,084,919	169,976,827	283,084,919	169,976,827
Insurance contract liabilities					
Life policy reserves	16	215,830,021	215,816,597	215,830,021	215,816,597
Premium reserves	17.1	203,271,825	179,613,359	203,271,825	179,613,359
Loss reserves and outstanding claims	6.3, 18	38,285,820	44,412,547	38,285,820	44,412,547
Employee benefit obligations	19	4,678,054	10,435,106	4,678,054	10,435,106
Liability under a finance lease agreement		335,511	1,091,157	335,511	1,091,157
Other liabilities					
Accrued expenses	6.3	2,671,320	2,282,306	2,671,320	2,282,306
Payable on purchases of securities		-	2,038,854	-	2,038,854
Others		2,018,639	7,398,631	2,018,639	7,398,631
Total liabilities		788,831,677	692,804,341	788,831,677	692,804,341
Owners' equity					
Share capital					
Registered, issued and paid-up					
600,000,000 ordinary shares					
of Baht 1 each		600,000,000	600,000,000	600,000,000	600,000,000
Share premium		79,162,825	79,162,825	79,162,825	79,162,825
Retained earnings					
Appropriated - statutory reserve	20	60,000,000	60,000,000	60,000,000	60,000,000
Unappropriated		430,037,800	328,320,873	417,186,899	321,056,437
Other component of owners' equity					
Revaluation surplus on available-for-sale					
investments - net of income taxes	10.7	20,511,536	24,102,459	20,559,693	24,102,459
Total owners' equity		1,189,712,161	1,091,586,157	1,176,909,417	1,084,321,721
Total liabilities and owners' equity		1,978,543,838	1,784,390,498	1,965,741,094	1,777,126,062

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

Thaire Life Assurance Public Company Limited
Statements of income
For the years ended 31 December 2014 and 2013

(Unit: Baht)

	Note	Financial statements in which the equity method is applied		Separate financial statements	
		2014	2013	2014	2013
Revenues					
Earned premium	6.2	1,582,962,455	1,399,752,513	1,582,962,455	1,399,752,513
Commission and brokerage income	6.2	2,713,103	4,319,267	2,713,103	4,319,267
Net investment revenue	6.2	58,045,928	51,498,669	61,045,928	52,698,669
Total revenues		1,643,721,486	1,455,570,449	1,646,721,486	1,456,770,449
Expenses					
Underwriting					
Life policy reserves increased (decreased) from prior year		(218,317)	54,760,422	(218,317)	54,760,422
Claims and losses adjustment expenses	6.2	645,402,717	502,250,272	645,402,717	502,250,272
Commission and brokerage expenses		560,256,810	385,694,215	560,256,810	385,694,215
Other underwriting expenses		6,718,561	11,160,235	6,718,561	11,160,235
Operating expenses	6.2, 21	39,124,413	34,776,839	39,124,413	34,776,839
Total underwriting expenses		1,251,284,184	988,641,983	1,251,284,184	988,641,983
Profits from underwriting		392,437,302	466,928,466	395,437,302	468,128,466
Share of profit from investment in an associate, accounted for under equity method		7,779,305	6,902,729	-	-
Gains on investments		50,534,092	4,238	50,534,092	4,238
Fair value loss		(746,863)	-	(746,863)	-
Other income		2,301,708	2,485,556	2,301,708	2,485,556
Profits from operations		452,305,544	476,320,989	447,526,239	470,618,260
Contribution to the Office of Insurance Commission		(3,117,554)	(2,636,421)	(3,117,554)	(2,636,421)
Profits before income tax expenses		449,187,990	473,684,568	444,408,685	467,981,839
Income tax expenses	14.2	(77,471,363)	(90,686,495)	(78,278,523)	(90,116,221)
Profits for the years		371,716,627	382,998,073	366,130,162	377,865,618
Earnings per share	23				
Basic earnings per share					
Profits for the years		0.62	0.71	0.61	0.70
Weighted average number of ordinary shares (shares)		600,000,000	536,739,725	600,000,000	536,739,725

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

Thaire Life Assurance Public Company Limited
Statements of comprehensive income
For the years ended 31 December 2014 and 2013

(Unit: Baht)

	Note	Financial statements in which the equity method is applied		Separate financial statements	
		2014	2013	2014	2013
Profits for the years		371,716,627	382,998,073	366,130,162	377,865,618
Other comprehensive income (loss)					
Losses on revaluation of					
available-for-sale investments		(4,476,615)	(6,123,377)	(4,428,458)	(6,123,377)
Add: Income taxes	14.2	885,692	1,224,675	885,692	1,224,675
Other comprehensive losses for the years - net of income taxes		(3,590,923)	(4,898,702)	(3,542,766)	(4,898,702)
Total comprehensive income for the years		368,125,704	378,099,371	362,587,396	372,966,916

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

Thaire Life Assurance Public Company Limited
Statements of changes in owners' equity
For the years ended 31 December 2014 and 2013

	Financial statements in which the equity method is applied						(Unit: Baht)
	Issued and paid-up share capital	Share premium	Retained earnings		Other component of owners' equity	Total owners' equity	
			Appropriated - statutory reserve	Unappropriated			
Balance as at 1 January 2013	500,000,000	-	50,000,000	175,322,800	29,001,161	754,323,961	
	100,000,000	79,162,825	-	-	-	179,162,825	
	-	-	10,000,000	(10,000,000)	-	-	
	-	-	-	(220,000,000)	-	(220,000,000)	
	-	-	-	382,998,073	(4,898,702)	378,099,371	
Balance as at 31 December 2013	600,000,000	79,162,825	60,000,000	328,320,873	24,102,459	1,091,586,157	
Balance as at 1 January 2014	600,000,000	79,162,825	60,000,000	328,320,873	24,102,459	1,091,586,157	
	-	-	-	(270,000,000)	-	(270,000,000)	
	-	-	-	300	-	300	
	-	-	-	371,716,627	(3,590,923)	368,125,704	
	-	-	60,000,000	430,037,800	20,511,536	1,189,712,161	

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

Thaire Life Assurance Public Company Limited
Statements of changes in owners' equity (continued)
For the years ended 31 December 2014 and 2013

	Note	Separate financial statements						(Unit: Baht)
		Issued and paid-up share capital	Share premium	Retained earnings		Other component of owners' equity	Total owners' equity	
				Appropriated - statutory reserve	Unappropriated			
Balance as at 1 January 2013		500,000,000	-	50,000,000	173,190,819	29,001,161	752,191,980	
Issuance of additional ordinary shares		100,000,000	79,162,825	-	-	-	179,162,825	
Appropriated retained earnings to be statutory reserve		-	-	10,000,000	(10,000,000)	-	-	
Dividend paid	25	-	-	-	(220,000,000)	-	(220,000,000)	
Total comprehensive income (loss) for the year		-	-	-	377,865,618	(4,898,702)	372,966,916	
Balance as at 31 December 2013		600,000,000	79,162,825	60,000,000	321,056,437	24,102,459	1,084,321,721	
Balance as at 1 January 2014		600,000,000	79,162,825	60,000,000	321,056,437	24,102,459	1,084,321,721	
Dividend paid		-	-	-	(270,000,000)	-	(270,000,000)	
Reversal of dividend payable due to ineligibility of shareholders	25	-	-	-	300	-	300	
Total comprehensive income (loss) for the year		-	-	-	366,130,162	(3,542,766)	362,587,396	
Balance as at 31 December 2014		600,000,000	79,162,825	60,000,000	417,186,899	20,559,693	1,176,909,417	

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

Thaire Life Assurance Public Company Limited

Statements of cash flows

For the year ended 31 December 2014 and 2013

(Unit: Baht)

	Financial statements in which the equity method is applied		Separate financial statements	
	2014	2013	2014	2013
Cash flows from operating activities				
Cash received for reinsurance	1,030,962,941	779,250,092	1,030,962,941	779,250,092
Other underwriting expenses	(6,718,561)	(11,160,235)	(6,718,561)	(11,160,235)
Investment revenue	110,071,097	47,968,700	110,071,097	47,968,700
Other income	2,301,708	2,485,556	2,301,708	2,485,556
Commission and brokerage expenses	(563,041,967)	(376,604,339)	(563,041,967)	(376,604,339)
Operating expenses	(50,176,274)	(28,147,702)	(50,176,274)	(28,147,702)
Income taxes	(102,275,695)	(77,781,600)	(102,275,695)	(77,781,600)
Others	31,402	1,419,159	31,402	1,419,159
Net cash provided by operating activities	421,154,651	337,429,631	421,154,651	337,429,631
Cash flows from investing activities				
Cash flows from				
Investments in securities	356,972,350	279,151,268	356,972,350	279,151,268
Cash provided by investing activities	356,972,350	279,151,268	356,972,350	279,151,268
Cash flows used in				
Investments in securities	(489,171,945)	(530,306,733)	(489,171,945)	(530,306,733)
Premises and equipment	(1,131,497)	(1,092,279)	(1,131,497)	(1,092,279)
Intangible assets	(100,655)	(30,816)	(100,655)	(30,816)
Cash used in investing activities	(490,404,097)	(531,429,828)	(490,404,097)	(531,429,828)
Net cash used in investing activities	(133,431,747)	(252,278,560)	(133,431,747)	(252,278,560)
Cash flows from financing activities				
Proceeds from increase in share capital	-	185,000,000	-	185,000,000
Cash paid for expenses incurred in respect of share offerings	-	(5,837,175)	-	(5,837,175)
Dividend paid	(270,000,000)	(220,000,000)	(270,000,000)	(220,000,000)
Net cash used in investing activities	(270,000,000)	(40,837,175)	(270,000,000)	(40,837,175)
Net increase in cash and cash equivalents	17,722,904	44,313,896	17,722,904	44,313,896
Cash and cash equivalents at beginning of the years	62,069,277	17,755,381	62,069,277	17,755,381
Cash and cash equivalents at end of the years	79,792,181	62,069,277	79,792,181	62,069,277

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

Thaire Life Assurance Public Company Limited

Notes to financial statements

For the year ended 31 December 2014 and 2013

1. Corporate information

Thaire Life Assurance Public Company Limited ("the Company") is a public company, incorporated under Thai laws, domiciled in Thailand and listed on the Stock Exchange of Thailand dated 9 October 2013. Its parent company is Thai Reinsurance Public Company Limited, a public company incorporated under Thai laws, domiciled in Thailand and listed on the Stock Exchange of Thailand. As at 31 December 2014 and 2013, the parent company held 41.50% and 50.83%, respectively, of the issued and paid-up share capital of the Company. The Company is principally engaged in the provision of life reinsurance. The registered office of the Company is located at No. 48/15 Soi Ratchadapisek 20, Ratchadapisek Road, Samsennok Sub-district, Huaykwang District, Bangkok.

2. Basis for preparation of financial statements

2.1 Basis for preparation of financial statements in which the equity method is applied

The financial statements have been prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Professions Act B.E. 2547, and in accordance with Thai accounting practices related to insurance and the accounting and reporting guidelines prescribed by the Office of Insurance Commission ("OIC"). The presentation of the financial statements has been made in compliance with the Declaration of the Insurance Commission dated 27 May 2010.

The financial statements have been prepared on a historical cost basis except where otherwise disclosed in Note 4 to the financial statements regarding a summary of significant accounting policies.

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

2.2 Separate financial statements

The separate financial statements, which present investment in an associate under the cost method, have been prepared solely for the benefit of the public.

3. New financial reporting standards

Below is a summary of financial reporting standards that became effective in the current accounting year and those that will become effective in the future.

3.1 Financial reporting standards that became effective in the current accounting year

Conceptual Framework for Financial Reporting (revised 2014)

Accounting Standards:

TAS 1 (revised 2012)	Presentation of Financial Statements
TAS 7 (revised 2012)	Statement of Cash Flows
TAS 12 (revised 2012)	Income Taxes
TAS 17 (revised 2012)	Leases
TAS 18 (revised 2012)	Revenue
TAS 19 (revised 2012)	Employee Benefits
TAS 21 (revised 2012)	The Effects of Changes in Foreign Exchange Rates
TAS 24 (revised 2012)	Related Party Disclosures
TAS 28 (revised 2012)	Investments in Associates
TAS 31 (revised 2012)	Interests in Joint Ventures
TAS 34 (revised 2012)	Interim Financial Reporting
TAS 36 (revised 2012)	Impairment of Assets
TAS 38 (revised 2012)	Intangible Assets

Financial Reporting Standards:

TFRS 2 (revised 2012)	Share-based Payment
TFRS 3 (revised 2012)	Business Combinations
TFRS 5 (revised 2012)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 8 (revised 2012)	Operating Segments

Accounting Standard Interpretations:

TSIC 15	Operating Leases - Incentives
TSIC 27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease
TSIC 29	Service Concession Arrangements: Disclosures
TSIC 32	Intangible Assets - Web Site Costs

Financial Reporting Standard Interpretations:

TFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities
TFRIC 4	Determining whether an Arrangement contains a Lease
TFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
TFRIC 7	Applying the Restatement Approach under TAS 29 <i>Financial Reporting in Hyperinflationary Economies</i>
TFRIC 10	Interim Financial Reporting and Impairment
TFRIC 12	Service Concession Arrangements
TFRIC 13	Customer Loyalty Programmes
TFRIC 17	Distributions of Non-cash Assets to Owners
TFRIC 18	Transfers of Assets from Customers

Accounting Treatment Guidance for Stock Dividend

These financial reporting standards were amended primarily to align their content with the corresponding International Financial Reporting Standards. Most of the changes were directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of the accounting standards. These financial reporting standards do not have any significant impact on the financial statements.

3.2 Financial reporting standards that will become effective in the future

The Federation of Accounting Professions has issued a number of revised and new financial reporting standards that become effective for fiscal years beginning on or after 1 January 2015 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 provision of interpretations and accounting guidance to users of accounting standards. The management of the Company believes they will not have any significant impact on the financial statements in the year in which they are adopted. However, some financial reporting standards involve changes to key principles and are relevant to the Company's business and financial statement preparation. Those standards are summarised below.

TAS 19 (revised 2014) Employee Benefits

This revised standard requires that the entity recognises actuarial gains and losses immediately in other comprehensive income while the existing standard allows the entity to recognise such gains and losses immediately in profit or loss, or in other comprehensive income, or to recognise them gradually in profit or loss.

At present, the Company immediately recognises actuarial gains and losses in profit or loss in statements of income for the period in which they occur. The Company's management assessed that when the revised standard is applied in 2015 and the method of recognising those gains and losses is changed to immediately recognise them in other comprehensive income in statements of comprehensive income, there will be no significant impact to the Company's financial statements in the year it is adopted.

TFRS 4 Insurance Contracts

The objective of TFRS 4 is to specify the financial reporting for insurance contracts issued by any entity until the second phase of its project on insurance contracts is completed. In particular, this TFRS requires disclosure that identifies and explains the amounts in an insurer's financial statements arising from insurance contracts and prohibits provisions for possible claims under contracts that are not in existence at the end of the reporting period. In addition, it requires a test for the adequacy of recognised insurance liabilities and an impairment test for reinsurance assets. This TFRS temporarily exempts an insurer from some requirements of other TFRSs, including the requirement to consider the framework in selecting accounting policies for insurance contracts.

The Company's management is still evaluating the first-year impact of TFRS 4 to the financial statements for the year in which TFRS 4 will be adopted and has yet to reach a conclusion.

TFRS 12 Disclosure of Interests in Other Entities

This standard stipulates disclosures relating to an entity's interests in subsidiaries, joint arrangements and associates, including structured entities. This standard therefore has no financial impact to the Company's financial statements in the year it is adopted.

TFRS 13 Fair Value Measurement

This standard provides guidance on how to measure fair value and stipulates disclosures related to fair value measurements. Entities are to apply the guidance under this standard if they are required by other financial reporting standards to measure their assets or liabilities at fair value. The effect of the change from the adoption of this standard is to be recognised prospectively.

Based on the preliminary analysis, the management of the Company believes that this standard will not have any significant impact to the Company's financial statements.

4. Significant accounting policies**4.1 Revenue recognition****4.1.1 Reinsurance Premium**

Reinsurance premium consists of reinsurance premium less premium of canceled policies and premiums refunded to policyholders. Reinsurance premium is recognised as revenue when the reinsurer submits the reinsurance application or the statement of accounts and the Company confirms the coverage under the reinsurance contracts and is adjusted by unearned premium reserves.

4.1.2 Commission and brokerage income

Commission and brokerage are recorded as deferred revenue and will be gradually recognised as revenue on a monthly basis proportionately to the ceded premium.

4.1.3 Investment revenues*Interest on investments*

Interest is recognised as revenue on an accrual basis based on the effective interest rate.

Dividends on investments

Dividends are recognised as revenue when the right to receive the dividends is established.

4.1.4 Gains (losses) on investments

Gains (losses) on investments are recognised as revenues or expenses on the transaction dates.

4.2 Expenses recognition

4.2.1 Ceded Premium

Ceded premium is recognised as expense when the insurance risk is transferred to another reinsurer.

4.2.2 Commission and brokerage expenses

Commissions and brokerages are recorded as deferred expenses and will be gradually recognised as expenses on a monthly basis proportionately of earned premium.

4.2.3 Claims and losses adjustment expenses

Claims and losses adjustment expenses consist of claims and losses adjustment expenses of reinsurance, and include the amounts of the claims, related expenses, and loss adjustments of current and prior period incurred during the year, less claims refundable from reinsurers.

Claims and losses adjustment expenses of reinsurance are recognised upon the receipt of the claims advice from the reinsured, based on the claims notified by the reinsured and estimates made by the Company's management. The maximum value of claims estimated is not exceed the sum-insured under the relevant policy.

4.3 Cash and cash equivalents

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

4.4 Premium receivables

Premium receivables are stated at net realisable value. The Company set up an allowance for doubtful accounts based on the estimated loss that may incur in collection of the premium receivables, on the basis of collection experiences, analysis of debtor aging and a review of current status of the premium receivables as at the end of reporting period.

4.5 Reinsurance assets and due to reinsurers

4.5.1 Reinsurance Assets

Reinsurance assets are stated at the outstanding balances of (a) amount due from reinsurers, (b) amounts deposited on reinsurance, (c) insurance reserves refundable from reinsurers and (d) deferred commissions and brokerages expense.

Amounts due from reinsurers consist of accrued commission and brokerage income, claims and various other items receivable from reinsurers, excluding reinsurance premium receivable, less allowance for doubtful accounts. The Company records allowance for doubtful accounts for the estimated losses that may be incurred due to inability to make collection, taking into account collection experience and the status of receivables from reinsurers as at the end of the reporting period.

Insurance reserves refundable from reinsurers are estimated based on the related reinsurance contract of loss reserves and outstanding claims in accordance with the law regarding insurance reserve calculation.

4.5.2 Due to reinsurers

Due to reinsurers are stated at the outstanding balances of (a) amounts due to reinsurers, (b) amounts withheld on reinsurance, and (c) deferred commission and brokerage revenue.

Amounts due to reinsurers consist of outward premium payables and other reinsurance payable to reinsurers, excluding claims.

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

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

4.6 Investments in securities

The Company measures investments in securities according to classification of investments as follows:

- (a) Trading investments are stated at fair value. Changes in the fair value of these investments are recorded in statements of income.
- (b) Available-for-sale investments are stated at fair value. Changes in the fair value of these investments are recorded in other comprehensive income in statements of comprehensive income, and will be recorded in profit or loss in statements of income when the investments are sold.
- (c) Investments in held-to-maturity debt securities are recorded at amortised cost. The premium/discount on debt securities is amortised/accreted by the effective rate method with the amortised/accreted amount presented as an adjustment to the interest income.
- (d) Investments in non-marketable equity securities, which the Company classifies as general investments, are stated at cost net of allowance for impairment (if any).
- (e) Investment in an associate is accounted for in the financial statements in which the equity method is applied using the equity method and investment in an associate is accounted for in the separate financial statements using the cost method, net of allowance for impairment (if any).

The fair value of marketable securities is based on the latest bid price of the last working day of the year as quoted on the Stock Exchange of Thailand. The fair value of debt instruments is determined based on yield rates quoted by the Thai Bond Market Association. The fair value of investment units is determined from their net asset value.

The Company records purchases and sales of investments in equity securities on trade dates and records purchases and sales of investments in debt securities on settlement dates.

In the event the Company reclassifies investments from one type to another, such investments will be readjusted to their fair value as at the reclassification date. The difference between the carrying amount of the investments and the fair value on the date of reclassification are recorded in statements of income or recorded as revaluation surplus or deficit on available-for-sale investment in other components of owners' equity, depending on the type of investment that is reclassified.

On disposal of an investment, the difference between net disposal proceeds and the cost of the investments is recognised in statements of income. The weighted average method is used for computation of the cost of investments.

4.7 Investment in an associate

4.7.1 Financial statements in which the equity method is applied

Investment in an associate, as presented in the financial statements in which the equity method is applied, is recorded initially at cost and adjusted to reflect the proportionate share of the associate's net income or loss and dividend income.

4.7.2 Separate financial statements

Investment in an associate, as presented in the separate financial statements, is stated at cost net of allowance for impairment (if any). Loss on impairment is recorded as an expense in the statement of income.

4.8 Premises and equipment and depreciation

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

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

Building	-	20 years
Office equipment and furniture	-	5 years
Computers	-	3 years
Motor vehicles	-	5 years

Depreciation is recognised as expenses in statements of income. No depreciation is provided on land.

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

4.9 Intangible assets

Intangible assets are carried at cost less any accumulated amortisation and any allowance for impairment losses.

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

The estimated useful lives of intangible assets with finite useful lives, which are computer softwares, are 10 years.

4.10 Impairment of assets

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

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

4.11 Life policy reserves

Life policy reserves are long term insurance contract reserve. As at the end of reporting period, the Company compares the amounts of gross premium valuation with unearned premium reserve, and if gross premium valuation is higher than unearned premium reserve, the difference is recognised as gross premium valuation in the financial statements.

(a) Unearned premium reserves

Life reinsurance - Treaty	- Monthly average basis (the one-twenty fourth basis)
Life reinsurance - Facultative	- Daily average basis (the one-three hundred and sixty fifth basis)

(b) Gross premium valuation reserves

Gross premium valuation reserves are life policy reserves, calculated using an actuarial method in accordance with the OIC notifications. The main assumptions applied relate to lapse or surrender rate, selling and administrative expenses, mortality, morbidity, discount rate and non-guaranteed dividend payment rate.

4.12 Premium reserves

As at the end of reporting period, the Company compares the amounts of unexpired risk reserve with unearned premium reserve, and if unexpired risk reserve is higher than unearned premium reserve, the difference is recognised as unexpired risk reserve in the financial statements.

(a) Unearned premium reserves

Life reinsurance - Treaty	- Monthly average basis (the one-twenty fourth basis)
Life reinsurance - Facultative	- Daily average basis (the one-three hundred and sixty fifth basis)

(b) Unexpired risk reserves

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

4.13 Loss reserves and outstanding claims

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

The Company has additionally provided reserves for claims incurred but not yet reported (IBNR) to the Company. Such reserves are calculated using an actuarial method based on a best estimate of claims which are expected to be paid in respect of losses occurring before or as at the end of reporting period. The IBNR is calculated for both reported and not reported losses, and net of recorded claims.

4.14 Employee benefits

Short-term employee benefits

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

Post-employment benefits*Defined contribution plans*

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

Defined benefit plans

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

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

Actuarial gains and losses arising from post-employment benefits are recognised immediately in the statement of income.

The defined benefit plan liability comprises the present value of the defined benefit obligation less unrecognised past service cost and unrecognised actuarial gains or losses.

For the first-time adoption of Thai Accounting Standard 19 Employee Benefits in 2009, the Company elected to recognise the transitional liability as an expense on a straight-line basis over up to five years from the date of adoption.

4.15 Provisions

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

4.16 Long-term leases

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

Operating lease payments are recognised as an expense in the statement of income on a straight-line basis over the lease term.

4.17 Foreign currencies

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

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

Gains and losses on exchange are included in statements of income.

4.18 Income taxes

Income tax expenses represent the sum of corporate income tax currently payable and deferred income taxes.

Current income tax

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

Deferred income tax

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

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

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

The Company records deferred taxes directly to equity if the taxes relate to items that are recorded directly to equity.

4.19 Related party transactions

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

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

5. Significant accounting judgments and estimates

The preparation of financial statements in conformity with Thai Financial Reporting Standards at times requires management to make subjective judgements and estimates regarding matters that are inherently uncertain. These judgements and estimates affect reported amounts and disclosures; and actual results could differ from these estimates. Significant judgements and estimates are as follows:

5.1 Allowance for doubtful accounts on premium receivables and amounts due from reinsurers

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

5.2 Impairment of investments in equity securities

The Company treats available-for-sale investments and general investments as impaired when there has been a significant or prolonged decline in the fair value below their cost or where other objective evidence of impairment exists. The determination of what is “significant” or “prolonged” requires judgement of the management.

5.3 Premises and equipment and depreciation

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

In addition, the management is required to review premises and equipment for impairment on a periodical basis and record impairment losses when it is determined that their recoverable amount is lower than the carrying amount. This requires judgements regarding forecast of future revenues and expenses relating to the assets subject to the review.

5.4 Intangible assets and amortisation

The initial recognition and measurement of intangible assets, and subsequent impairment testing, require management to make estimates of cash flows to be generated by the asset or the cash generating units and to choose a suitable discount rate in order to calculate the present value of those cash flows.

5.5 Deferred tax assets

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

5.6 Gross premium valuation reserves

Gross premium valuation reserves are calculated using the actuarial method based on the current assumptions or assumptions determined on the policy inception dates, which reflect the best estimate at that time. The main assumptions used are policy surrender or lapse rates, selling and administrative expenses, mortality, morbidity, longevity, discount rates, non-guaranteed dividend rates and so on. However, the use of different assumptions could affect the amount of life policy reserves and adjustments to the reserve may therefore be required in the future.

5.7 Loss reserves and outstanding claims

At the end of each reporting period, the Company has to estimate loss reserve and outstanding claims taking into account two factors. These are the claims incurred and reported, and the claims incurred but not reported (IBNR). The ultimate cost of outstanding claims is established using a range of standard actuarial claims projection techniques. The main assumptions underlying these techniques relate to historical experience, including the development of claims estimates, paid and incurred losses, average costs per claim and claim numbers etc. Nevertheless, such estimates are forecasts of future outcomes, and actual results could differ.

5.8 Unexpired risk reserves

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

5.9 Obligation under the defined benefit plan

The obligation under the defined benefit plan is determined based on actuarial techniques. Such determination is made based on various assumptions, including discount rate, future salary increase rate, mortality rate and staff turnover rate.

5.10 Leases

In determining whether a lease is to be classified as an operating lease or finance lease, the management is required to use judgement regarding whether significant risk and rewards of ownership of the leased asset has been transferred, taking into consideration terms and conditions of the arrangement.

5.11 Fair value of financial instruments

In determining the fair value of financial instruments that are not traded in an open market or for which quoted market prices are not readily available, the management exercises judgment in estimating the fair value of such financial instruments, using the generally accepted valuation method. The inputs used in such fair value calculation are comparable to those from the observable markets, taking into consideration of liquidity and correlation and long-term volatility in value of financial instruments.

6. Related party transactions

6.1 Nature of relationship

In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

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

Name of related parties	Relationship with the Company
Thai Reinsurance Plc.	Parent company
EMCS Thai Co.,Ltd.	Associated company
Bangkok Insurance Plc.	Related by way of having common directors and shareholding
Bangkok Life Assurance Plc.	Related by way of having common directors and shareholding
Muang Thai Life Assurance Plc.	Related by way of having common directors and shareholding
Thai Life Insurance Plc.	Related by way of having common directors and shareholding

6.2 Significant related party transactions

During the year ended 31 December 2014 and 2013, the Company had significant business transactions with its parent company and related parties. Such transactions, which have been concluded on commercial terms and bases agreed upon in the ordinary course of business between the Company and those related parties are as follows:

(Unit: Thousand Baht)

	For the years ended		
	31 December		
	2014	2013	Pricing policy
Transaction with parent company			
Service fee expenses ⁽¹⁾	2,632	1,887	Contract rate
Transactions with related parties			
Reinsurance premium written ⁽²⁾	810,111	708,963	Normal commercial terms for reinsurance
Commissions and brokerages income	404	942	Normal commercial terms for reinsurance
Dividend income ⁽³⁾	4,199	2,589	As declared
Claims refundable ⁽⁴⁾	643	596	Normal commercial terms for underwriting
Reinsurance premium ceded ⁽²⁾	2,205	2,057	Normal commercial terms for reinsurance
Claim expenses ⁽⁴⁾	280,521	171,567	According to proportionate share as specified in the insurance contracts
Commissions and brokerages expenses	284,759	216,279	Normal commercial terms for reinsurance

⁽¹⁾ Including in "Operating expenses" in statements of income

⁽²⁾ Including in "Earned premium" in statements of income

⁽³⁾ Including in "Net investment revenue" in statements of income

⁽⁴⁾ Presented as a deduction item in "Claims and losses adjustment expenses" in statements of income

6.3 Outstanding balances

As at 31 December 2014 and 2013, the Company had the outstanding balances with its related parties as follows:

(Unit: Thousand Baht)			
31 December			
	Note	2014	2013
Parent company			
Accrued expenses ⁽¹⁾		219	157
Related parties			
Premium receivables	8	5,581	3,604
Amounts deposited on reinsurance	9	5,432	5,158
Amounts due from reinsurers	9	77,925	101,016
Insurance reserves refundable from reinsurers	9	669	718
Deferred commissions and brokerages expenses	9	20,329	19,356
Investments in securities	10	140,611	87,859
Outward premium payables	15	152	19
Amounts due to reinsurers	15	155,045	50,764
Deferred commissions and brokerages income	15	6	13
Loss reserves and outstanding claims	17	6,376	17,883

⁽¹⁾ Including in "Other liabilities" in statements of financial position

6.4 Directors' and key management's remuneration

During the years ended 31 December 2014 and 2013, the Company had salaries, bonuses, meeting allowances and post-employment benefits incurred in respect of its directors and key management personnel as follows:

(Unit: Thousand Baht)		
For the years ended 31 December		
	2014	2013
Short-term employee benefits	21,348	17,065
Long-term employee benefits (reversal)	(2,944)	1,310
Total	18,404	18,375

7. Cash and cash equivalents

(Unit: Baht)

	31 December	
	2014	2013
Cash	3,000	3,000
Deposits at banks with no fixed maturity date		
Saving and current accounts	19,670,709	32,066,277
Investment in money market fund	25,118,472	-
Deposits at banks with fixed maturity date	402,000,000	425,000,000
Total cash and deposits at financial institutions	446,792,181	457,069,277
Less: Deposits at banks with an original		
maturity period of longer than 3 months	(367,000,000)	(395,000,000)
Cash and cash equivalents	79,792,181	62,069,277

As at 31 December 2014 and 2013, saving accounts and fixed deposits carried interests between 0.5 and 3.7 percent per annum and between 0.5 and 4.0 percent per annum, respectively.

8. Premium receivables

As at 31 December 2014 and 2013, the balances of premium receivables from reinsurance, classified by overdue periods, counted from the due dates as specified in statements, are as follows:

(Unit: Baht)

	31 December	
	2014	2013
Not yet due	10,199,176	3,836,988
Total premium receivables	10,199,176	3,836,988

9. Reinsurance assets

(Unit: Baht)

	31 December	
	2014	2013
Amounts deposited on reinsurance	75,277,758	71,845,579
Amounts due from reinsurers	253,316,416	225,875,959
Insurance reserves refundable from reinsurers		
Life policy reserves	3,248,419	3,016,678
Premium reserves	82,069	61,144
Deferred commissions and brokerages expenses	73,814,222	68,335,083
Total reinsurance assets	405,738,884	369,134,443

At 31 December 2014 and 2013, the balances of amounts due from reinsurers, classified by overdue periods of principal, are as follows:

(Unit: Baht)

	31 December	
	2014	2013
Not yet due	247,911,654	218,280,085
Overdue not longer than 12 months	5,404,762	7,546,816
Overdue from 1 year to 2 years	-	49,058
Total amounts due from reinsurers	253,316,416	225,875,959

Investments in securities

10.1 Trading investments

(Unit: Baht)

	31 December 2014				Percentage of investments to total assets in separate financial statements
	Cost	Unrealised gains	Unrealised losses	Fair value	
Private enterprise securities					
Stocks	81,266,863	-	(746,863)	80,520,000	4.10
Total trading investments	81,266,863	-	(746,863)	80,520,000	4.10

During 2014, the Company transferred a part of its investments in a company, listed on the Stock Exchange of Thailand, from “Available-for-sale investments” to “Trading investments” due to the change in its investment policy in respond to the Company’s investment situation and fluctuation of the share price in the stock market. Such investments have the fair value and the cost amounting to Baht 80 million and Baht 30 million, respectively, as at the transfer date, which was later sold with a gain of Baht 50 million recognised as a gain in statement of income for the year 2014.

10.2 Available-for-sale investments

					(Unit: Baht)
31 December 2014					
	Cost	Unrealised gains	Unrealised losses	Fair value	Percentage of investments to total assets in separate financial statements
Private enterprise securities					
Stocks	51,174,774	40,116,460	(1,105,756)	90,185,478	4.59
Investment units	368,974,606	14,016,662	(27,327,749)	355,663,519	18.09
Total available-for-sale investments	<u>420,149,380</u>	<u>54,133,122</u>	<u>(28,433,505)</u>	<u>445,848,997</u>	<u>22.68</u>
					(Unit: Baht)
31 December 2013					
	Cost	Unrealised gains	Unrealised losses	Fair value	Percentage of investments to total assets in separate financial statements
Private enterprise securities					
Stocks	39,216,116	48,642,991	-	87,859,107	4.94
Investment units	341,674,043	10,398,819	(28,913,735)	323,159,127	18.18
Total available-for-sale investments	<u>380,890,159</u>	<u>59,041,810</u>	<u>(28,913,735)</u>	<u>411,018,234</u>	<u>23.12</u>

10.3 Held-to-maturity investments

(Unit: Baht)

	31 December 2014		31 December 2013	
	Cost/ Amortised cost	Percentage of investments to total assets in separate financial statements	Cost/ Amortised cost	Percentage of investments to total assets in separate financial statements
Government and state enterprise securities				
Thai government bonds	311,298,466	15.84	338,800,953	19.06
State enterprise bonds	113,137,144	5.75	93,000,000	5.23
Debentures	65,000,000	3.31	20,000,000	1.13
Total	489,435,610	24.90	451,800,953	25.42
Deposits at financial institutions with an original maturity period longer than 3 months				
Deposits at commercial banks	367,000,000	18.67	395,000,000	22.23
Total	367,000,000	18.67	395,000,000	22.23
Total held-to-maturity investments	856,435,610	43.57	846,800,953	47.65

10.4 General investments

(Unit: Baht)

	31 December 2014		31 December 2013	
	Cost	Percentage of investments to total assets in separate financial statements	Cost	Percentage of investments to total assets in separate financial statements
Investment in non-marketable equity securities - domestic	2,105,720	0.11	2,105,720	0.12
Total general investments	2,105,720	0.11	2,105,720	0.12

10.5 Remaining period of debt securities

As at 31 December 2014 and 2013, Investments in debt securities have the following remaining periods to maturity.

(Unit: Baht)

	31 December 2014				31 December 2013			
	Period to maturity				Period to maturity			
	Within 1 year	1 – 5 years	Over 5 years	Total	Within 1 year	1 – 5 years	Over 5 years	Total
Held-to-maturity investments								
Government and state enterprise securities								
Thai government bonds	80,867,710	89,424,099	141,006,657	311,298,466	62,076,727	170,322,668	106,401,558	338,800,953
State enterprise bonds	-	113,137,144	-	113,137,144	-	93,000,000	-	93,000,000
Debenture	-	45,000,000	20,000,000	65,000,000	-	-	20,000,000	20,000,000
Total	80,867,710	247,561,243	161,006,657	489,435,610	62,076,727	263,322,668	126,401,558	451,800,953
Private enterprises debt securities								
Deposits at commercial banks	272,000,000	95,000,000	-	367,000,000	300,000,000	95,000,000	-	395,000,000
Total	272,000,000	95,000,000	-	367,000,000	300,000,000	95,000,000	-	395,000,000
Total held-to-maturity investments	352,867,710	342,561,243	161,006,657	856,435,610	362,076,727	358,322,668	126,401,558	846,800,953

10.6 Investments subject to restriction

As at 31 December 2014 and 2013, the Company placed bonds as a security with the Registrar as described in Notes 26 and 27 to the financial statements.

10.7 Revaluation surplus on available-for-sale investments

(Unit: Baht)

	Financial statements			
	In which the equity method		Separate financial statements	
	is applied			
	For the year ended 31 December		For the year ended 31 December	
	2014	2013	2014	2013
Revaluation surplus on available-for-sale investments – beginning of the years	30,128,074	36,251,451	30,128,074	36,251,451
Losses on revaluation during the years	(4,428,458)	(6,123,377)	(4,428,458)	(6,123,377)
Recognised share of unrealised losses on revaluation of available-for-sale investments of an associate during the years	(48,157)	-	-	-
Revaluation surplus on available-for-sale investments - end of the years	25,651,459	30,128,074	25,699,616	30,128,074
Less: Income taxes	(5,139,923)	(6,025,615)	(5,139,923)	(6,025,615)
Revaluation surplus on available-for-sale investments - net of income taxes	20,511,536	24,102,459	20,559,693	24,102,459

11. Investment in an associate

11.1 Details of an associate

Company's name	Nature of business	Country of incorporation	Paid-up share capital as at		Shareholding percentage as at	
			31 December		31 December	
			2014	2013	2014	2013
			(Thousand Baht)	(Thousand Baht)	(%)	(%)
EMCS Thai Co., Ltd.	Provision of computer services in relation to motor losses	Thailand	30,000	30,000	20.00	20.00

(Unit: Thousand Baht)

Company's name	Financial statements		Separate financial statements	
	in which the equity method is			
	applied			
	31 December		31 December	
	2014	2013	2014	2013
EMCS Thai Co., Ltd.	18,803	14,072	6,000	6,000

11.2 Summarised financial information of an associate

Company's name	Paid-up share capital		Total assets		(Unit: Thousand Baht) Total liabilities	
	31 December		31 December		31 December	
	2014	2013	2014	2013	2014	2013
EMCS Thai Co., Ltd.	30,000	30,000	109,060	81,164	15,046	10,806

Company's name	Total revenues		(Unit: Thousand Baht) Profits	
	for the year ended 31 December		for the year ended 31 December	
	2014	2013	2014	2013
EMCS Thai Co., Ltd.	93,287	77,617	38,557	34,910

As at 31 December 2014 and 2013, the values of the Company's investment in an associate determined under the equity method (as stated in the financial statements in which the equity method is applied) are based on the financial information, as prepared by the associate's management and are in process of being audited or reviewed by its external auditors. However, the Company obtained financial statements of the associate for the year 2013, which have audited by the associate's auditor under her report dated 28 February 2014, showed the amounts that are not significantly different from the financial information prepared by the associate's management.

11.3 Shares of profits and dividend income from an associate

Company's name	(Unit: Thousand Baht)			
	Financial statements in which the equity method is applied		Separate financial statements	
	Shares of profits from investment in an associate		Dividend income	
	For the years ended 31 December		For the years ended 31 December	
	2014	2013	2014	2013
EMCS Thai Co., Ltd	7,779	6,903	3,000	1,200

12. Premises and equipment

(Unit: Baht)

	Land	Building	Furniture, fixture and equipment	Computer	Motor vehicles	Total
Cost						
As at 1 January 2013	17,640,000	30,937,145	2,721,593	402,003	3,008,606	54,709,347
Additions	-	-	350,389	51,360	-	401,749
As at 31 December 2013	17,640,000	30,937,145	3,071,982	453,363	3,008,606	55,111,096
Additions	-	-	232,311	143,541	-	375,852
As at 31 December 2014	17,640,000	30,937,145	3,304,293	596,904	3,008,606	55,486,948
Accumulated depreciation						
As at 1 January 2013	-	3,078,056	1,021,578	249,185	297,572	4,646,391
Depreciation for the year	-	1,546,855	590,719	86,506	601,721	2,825,801
As at 31 December 2013	-	4,624,911	1,612,297	335,691	899,293	7,472,192
Depreciation for the year	-	1,546,855	620,545	106,286	601,722	2,875,408
As at 31 December 2014	-	6,171,766	2,232,842	441,977	1,501,015	10,347,600
Net book value						
31 December 2013	17,640,000	26,312,234	1,459,685	117,672	2,109,313	47,638,904
31 December 2014	17,640,000	24,765,379	1,071,451	154,927	1,507,591	45,139,348
Depreciation for the year						
2013						2,825,801
2014						2,875,408

As at 31 December 2014 and 2013, the Company had vehicles under finance lease agreements with net book values amounting to Baht 1.5 million and Baht 2.1 million respectively.

As at 31 December 2014 and 2013, certain equipment items have been fully depreciated but are still in use. The original cost before deducting accumulated depreciation of those assets amounted to approximately Baht 0.3 million and Baht 0.1 million respectively.

13. Intangible assets

As at 31 December 2014 and 2013, the net book value of intangible assets (computer softwares) is presented below.

	(Unit: Baht)	
	31 December 2014	31 December 2013
Cost	437,277	336,622
Less: Accumulated amortisation	(114,237)	(72,304)
Net book value	323,040	264,318

A reconciliation of the net book value of intangible assets for the years ended 31 December 2014 and 2013 is presented below.

	(Unit: Baht)	
	For the years ended 31 December	
	2014	2013
Net book value at beginning of year	264,318	265,019
Additions	100,655	30,816
Less: Amortisation for the year	(41,933)	(31,517)
Net book value at end of year	323,040	264,318

14. Deferred tax assets and income tax expenses**14.1 Deferred tax assets**

(Unit: Thousand Baht)

	Financial statements		Separate financial statements	
	in which the equity method is			
	applied			
	31 December		31 December	
	2014	2013	2014	2013
Deferred tax assets arose from:				
Loss reserves	7,657	8,882	7,657	8,882
Commission payable from reinsurance	32,204	25,466	32,204	25,466
Differences between premium/discount on debt securities recognised at effective interest rates and interest income	84	357	84	357
Revaluation surplus on available-for-sale investments	(5,140)	(6,026)	(5,140)	(6,026)
Net deferred commission and brokerage	(14,756)	(13,656)	(14,756)	(13,656)
Share of profits from an associate	-	(807)	-	-
Others	1,755	2,981	1,755	2,981
Deferred tax assets	21,804	17,197	21,804	18,004

14.2 Income tax expenses

Income tax expenses for the year ended 31 December 2014 and 2013 are made up as follows:

(Unit: Thousand Baht)

	Financial statements in which the equity method is applied		Separate financial statements	
	For the year ended 31 December		For the year ended 31 December	
	2014	2013	2014	2013
Current income taxes:				
Corporate income tax charge	(81,192)	(90,666)	(81,192)	(90,666)
Deferred taxes:				
Relating to origination and reversal of temporary differences	2,914	(20)	2,914	550
Adjustment in deferred taxes on temporary differences of prior year	807	-	-	-
Income tax expenses reported in the statements of income	<u>(77,471)</u>	<u>(90,686)</u>	<u>(78,278)</u>	<u>(90,116)</u>

Reconciliation between income tax expenses and the product of accounting profits for the year ended 31 December 2014 and 2013 and the applicable tax rate are as follows:

(Unit: Thousand Baht)

	Financial statements in which the equity method is applied		Separate financial statements	
	For the year ended 31 December		For the year ended 31 December	
	2014	2013	2014	2013
Accounting profits before income tax expenses	449,188	473,685	444,409	467,982
Applicable tax rate	20%	20%	20%	20%
Income taxes at the applicable tax rate	(89,838)	(94,737)	(88,882)	(93,596)
Adjustment in respect of current income tax of previous year	807	-	-	-
Tax effects of:				
Non-taxable revenues	13,339	3,586	12,383	3,015
Taxable revenues	(6,377)	-	(6,377)	-
Non-deductible expenses	(1)	(803)	(1)	(803)
Additional tax-deductible expenses allowed	4,646	1,328	(4,646)	1,328
Others	(47)	(60)	(47)	(60)
Total	11,560	4,051	10,604	3,480
Income tax expenses reported in statements of income	(77,471)	(90,686)	(78,278)	(90,116)

The amounts of income taxes relating to each component of other comprehensive income (loss) for the year ended 31 December 2014 and 2013 are as follows:

(Unit: Thousand Baht)

	Financial statements in which the equity method is applied		Separate financial statements	
	For the year ended 31 December		For the year ended 31 December	
	2014	2013	2014	2013
Deferred income taxes relating to:				
losses on revaluation during the year	886	1,225	886	1,225
Income taxes as reported in statements of comprehensive income	886	1,225	886	1,225

15. Due to reinsurers

(Unit: Baht)

	31 December	
	2014	2013
Outward premium payables	156,266	25,546
Amounts due to reinsurers	282,894,259	169,897,766
Deferred commissions and brokerages income	34,394	53,515
Total due to reinsurers	283,084,919	169,976,827

16. Life policy reserves

(Unit: Baht)

	For the year ended 31 December	
	2014	2013
Beginning balances	215,816,597	160,751,479
Life policy reserves for premium received during the year	215,830,021	215,816,597
Decreases in reserves for enforced policies	(215,816,597)	(160,751,479)
Ending balances	215,830,021	215,816,597

17. Premium reserves**17.1 Unearned premium reserves**

(Unit: Baht)

	For the year ended 31 December	
	2014	2013
Beginning balances	179,613,359	205,856,945
Premium written for the year	695,475,214	553,674,902
Premium earned during the current year	(671,816,748)	(579,918,488)
Ending balances	203,271,825	179,613,359

17.2 Unexpired risk reserves

(Unit: Baht)

	For the year ended 31 December	
	2014	2013
Beginning balances	124,914,713	133,801,409
Estimated claims for the periods	519,197,885	419,436,069
Risk expired during the periods	(492,901,132)	(428,322,765)
Ending balances	151,211,466	124,914,713

18. Loss reserves and outstanding claims

(Unit: Baht)

	For the year ended 31 December	
	2014	2013
Beginning balances	44,412,547	25,113,983
Claims and losses adjustment expenses		
for the year	648,398,217	504,144,863
Claims and losses adjustment expenses paid during the year	(654,524,944)	(484,846,299)
Ending balances	38,285,820	44,412,547

19. Employee benefit obligations

(Unit: Baht)

	31 December	
	2014	2013
Short-term employee benefits	2,170,000	4,000,000
Provision for long-term employee benefits	2,508,054	6,435,106
Employee benefit obligations	4,678,054	10,435,106

The movement of provision for long-term employee benefits, which is compensations to employees when retired, was as follows:

(Unit: Baht)

	For the year ended 31 December	
	2014	2013
Defined benefit obligation at beginning of the year	6,435,106	9,424,531
Current service costs	162,397	93,097
Interest costs (reversal)	(4,906,117)	294,105
Actuarial (gains) losses	816,668	(3,376,627)
Defined benefit obligation at end of the year	2,508,054	6,435,106

Long-term employee benefit expenses included in statements of income for the year ended 31 December 2014 and 2013 were as follows:

(Unit: Baht)

	For the year ended 31 December	
	2014	2013
Current service costs	162,397	93,097
Interest cost (reversal)	(4,906,117)	294,105
Actuarial (gains) losses recognised during the year	816,668	(3,376,627)
Long-term employee benefit expenses for the year	(3,927,052)	(2,989,425)
Obligation of the prior period, which gradually recognised in the current year	-	521,372
Total long-term employee expenses recognised in statements of income	(3,927,052)	(2,468,053)

The main assumption which used for calculation the defined benefit plan was summarised below:

	For the year ended 31 December	
	2014	2013
	(% per annum)	(% per annum)
Discount rate	4.0	4.8
Future salary increasing rate	8.0	8.0
Staff turnover rate (depending on age)	4.9 - 25.4	5.7 - 26.2

Amounts of defined benefit obligation and experience adjustments on the obligation for the current and previous years are as follows:

	(Unit: Baht)	
	Defined benefit obligation	Experience adjustments on the obligation
Year 2014	2,508,054	33,778
Year 2013	6,435,106	(872,465)
Year 2012	8,903,159	688,982
Year 2011	1,944,828	(903)
Year 2010	1,218,585	372,446

20. Statutory reserve

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

21. Operating expenses

	(Unit: Baht)	
	For the year ended 31 December	
	2014	2013
Personnel expenses, which are not expenses for underwriting and claims	16,382,633	16,686,988
Premises and equipment expenses, which are not expense for underwriting	4,273,978	5,469,402
Taxes and duties	420,680	136,345
Other operating expenses	18,047,122	12,484,104
Total operating expenses	39,124,413	34,776,839

22. Employee expenses

	(Unit: Baht)	
	For the year ended 31 December	
	2014	2013
Salary and wages	23,821,892	26,915,272
Social security fund	163,314	116,957
Contribution to defined employee benefit	1,400,335	1,320,955
Retirement benefit (reversal)	(3,927,052)	(2,468,053)
Other benefits	1,090,379	1,313,465
Total employee expenses	22,548,868	27,198,596

The Company and its employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. The fund is contributed to by both the employees and the Company on a monthly basis, at rates ranging from 5% to 10% of the employees' basic salaries, based on the length of employment. The fund is managed by Ayudhya Fund Management Company Limited and will be paid to employees upon termination in accordance with the fund rules. During the year 2014 and 2013, the Company contributed Baht 1.4 million and Baht 1.3 million respectively to the fund.

23. Earnings per share

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

24. Segment information

Operating segment information is reported in a manner consistent with the internal reports that are regularly reviewed by the Chief Operating Decision Maker in order to make decisions about the allocation of resources to the segment and assess its performance. The Chief Operating Decision Maker has been identified as Chairman of Executive Board.

For management purposes, the Company is organised into business units based on its products and services and have two reportable segments are "conventional products" and "non-conventional products". Segments are differentiated based on the design of the product, and specifically whether they are a traditional product line available in the current market or a new type of product introduced by the Company and which it conceived and developed in cooperation with other life insurance companies in expectation of market demand, for which marketing plans and channels have also been developed.

The Chief Operating Decision Maker has reviewed the operating results of the operating segments separately for the purpose of making decisions and assessing performance. Segment performance is measured based on operating profit or loss and on a basis consistent with that used to measure operating profit or loss in the financial statements. However, in the part of assets and liabilities, segment performance is measured based on the same basis applied to the financial statements whereby operating segments were not separately measured.

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

Operating segment information (in the separate financial statement) for the year ended 31 December 2014 and 2013 can be classified by type of insurance products as follows:

	(Unit: Baht)		
	For the year ended 31 December 2014		
	Conventional products	Non-conventional products	Total
Underwriting revenues			
Reinsurance premium written	1,183,002,346	440,771,416	1,623,773,762
Less: Reinsurance premium ceded	(17,173,766)	-	(17,173,766)
Net reinsurance premium written	1,165,828,580	440,771,416	1,606,599,996
Less: Unearned premium reserves	(17,605,225)	(6,032,316)	(23,637,541)
Earned premium	<u>1,148,223,355</u>	<u>434,739,100</u>	<u>1,582,962,455</u>
Underwriting expenses			
Life policy reserves increased (decreased) from prior year	1,800,939	(2,019,256)	(218,317)
Claims and losses adjustment expenses	474,260,386	171,142,331	645,402,717
Commissions and brokerages expenses, net	427,268,403	130,275,304	557,543,707
Other underwriting expenses	4,493,190	2,225,371	6,718,561
Total underwriting expenses	<u>907,822,918</u>	<u>301,623,750</u>	<u>1,209,446,668</u>
Profit from underwriting	<u>240,400,437</u>	<u>133,115,350</u>	<u>373,515,787</u>
Operating expenses			(42,241,967)
Profit from operations			331,273,820
Investment revenue			110,833,157
Other income			2,301,708
Profit before income tax expenses			<u>444,408,685</u>
Income tax expenses			(78,278,523)
Profit for the year			<u>366,130,162</u>

(Unit: Baht)

	For the year ended 31 December 2013		
	Conventional products	Non-conventional products	Total
Underwriting revenues			
Reinsurance premium written	990,173,087	397,682,868	1,387,855,955
Less: Reinsurance premium ceded	(14,351,706)	-	(14,351,706)
Net reinsurance premium written	975,821,381	397,682,868	1,373,504,249
Add: Unearned premium reserve	16,078,702	10,169,562	26,248,264
Earned premium	<u>991,900,083</u>	<u>407,852,430</u>	<u>1,399,752,513</u>
Underwriting expenses			
Life policy reserves increased from prior year	48,662,027	6,098,395	54,760,422
Claims and losses adjustment expenses	368,935,587	133,314,685	502,250,272
Commissions and brokerages expenses, net	307,452,988	73,921,960	381,374,948
Other underwriting expenses	7,500,221	3,660,014	11,160,235
Total underwriting expenses	<u>732,550,823</u>	<u>216,995,054</u>	<u>949,545,877</u>
Profit from underwriting	<u>259,349,260</u>	<u>190,857,376</u>	<u>450,206,636</u>
Operating expenses			(37,413,260)
Profit from operations			<u>412,793,376</u>
Investment revenue			52,702,907
Other income			2,485,556
Profit before income tax expenses			<u>467,981,839</u>
Income tax expenses			(90,116,221)
Profit for the year			<u><u>377,865,618</u></u>

During the year ended 31 December 2014 and 2013, the Company had net reinsurance premium written from 4 major life insurance companies totalling Baht 1,252 million and Baht 1,072 million respectively.

25. Dividend paid

Dividend declared during the year ended 31 December 2014 and 2013 consisted of the following:

	Approved by	Total dividend (Million Baht)	Dividend per share (Baht)
Final dividend from 2013 net income	Annual General Meeting of the shareholders on 25 April 2014	150.0	0.25
Interim dividend for 2014	Board of Director meeting on 19 August 2014	120.0	0.20
Total dividend paid during the year of 2014		270.0	0.45
Final dividend from 2012 net income	Annual General Meeting of the shareholders on 24 April 2013	100.0	0.20
Interim dividend for 2013	Board of Director meeting on 12 November 2013	120.0	0.20
Total dividend paid during the year of 2013		220.0	0.40

26. Assets placed with the Registrar

As at 31 December 2014 and 2013, the Company has the following securities placed with the Registrar in accordance with the Life Insurance Act.

	(Unit: Million Baht)			
	31 December 2014		31 December 2013	
	Cost	Fair value	Cost	Fair value
State enterprise bonds	21.0	19.4	21.0	18.2
Total	21.0	19.4	21.0	18.2

27. Assets reserved with the Registrar

As at 31 December 2014 and 2013, the Company has the following securities placed as life policy reserves with the Registrar in accordance with the Life Insurance Act.

	(Unit: Million Baht)			
	31 December 2014		31 December 2013	
	Cost	Fair value	Cost	Fair value
State enterprise bonds	91.0	94.5	71.0	72.2
Total	91.0	94.5	71.0	72.2

	Fixed interest rates			Floating	Non-		Effective
	Within	1-5	Over	interest	interest	Total	interest
	1 year	years	5 years	rate	bearing		rate
							(% per annum)
Financial Assets							
Cash and cash equivalent	35,000	-	-	44,789	3	79,792	0.00-3.70
Investments in securities							
Government and state							
enterprise securities	80,868	247,561	54,749	106,258	-	489,436	2.27
Deposits at commercial banks	272,000	95,000	-	-	-	367,000	3.10
	387,868	342,561	54,749	151,047	3	936,228	

(Unit: Thousand Baht)

31 December 2013						
	Fixed interest rates			Floating interest rate	Non-interest bearing	Effective interest rate (% per annum)
	Within 1 year	1-5 years	Over 5 years			
Financial Assets						
Cash and cash equivalent	30,000	-	-	32,066	3	62,069
Investments in securities						
Government and state enterprise securities	62,077	263,323	126,401	-	-	451,801
Deposits at commercial banks	300,000	95,000	-	-	-	395,000
	<u>392,077</u>	<u>358,323</u>	<u>126,401</u>	<u>32,066</u>	<u>3</u>	<u>908,870</u>

28.2 Fair values of financial instruments

A fair value is the amount for which an asset can be exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction. The fair value is determined by reference to the market price of the financial instruments or by using an appropriate valuation technique, depending on the nature of the instrument.

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

Investments in securities

The fair value of listed equity and debt securities are based on their quoted market prices.

The fair value of deposits at financial institutions, bonds and debentures with maturity periods of less than 90 days is based on their carrying value. For those with maturity periods longer than 90 days, fair value is estimated using a discounted cash flow analysis based on the current interest rate and the remaining period to maturity.

The aggregate carrying values of the Company's financial instruments which are different from their aggregate fair values can be defined as follows:

(Unit: Baht)

	31 December 2014		31 December 2013	
	Carrying value	Fair value	Carrying value	Fair value
Held-to-maturity securities				
Investments in bonds	424,435,610	427,436,401	431,800,953	424,489,136
Investments in debentures	65,000,000	70,641,249	20,000,000	17,513,993

29. Capital management for life insurance companies

The primary objectives of the Company's capital management are to ensure that it preserves the ability to continue its business as a going concern and to maintain risk-based capital in accordance with Declaration of the Office of the Insurance Commission.

30. Events after the reporting period

On 24 February 2015, the Board of Directors' Meeting passed a resolution to be proposed for approval dividends in respect of the second half year operating results for the year 2014 at Baht 0.25 per share, amounting to a total dividend of Baht 150 million by the Annual General Meeting of the Shareholders.

31. Reclassification

The Company reclassified some transactions in the financial statement of 2013 in order to present the transactions in more detail or to present amounts after offsetting, when possible in accordance with Thai accounting standards. The reclassifications were made for the purpose of comparison with the current year's figures and had no effect to previously reported profit or owners' equity. Such reclassifications were as follows:

		(Unit: Baht)	
		Separate financial statements	
		As at 31 December 2013	
		As previously reported	
	As reclassified		
Statement of financial positions			
Deferred tax assets	18,004,126		37,698,159
Deferred tax liabilities	-		(19,694,033)
Life policy reserves	(215,816,597)		-
Unearned premium reserves	(179,613,359)		(395,429,956)
	<u>(377,425,830)</u>		<u>(377,425,830)</u>
Statement of income			
Earned premium	1,399,752,513		1,344,992,091
Life policy reserves increased from prior year	(54,760,422)		-
	<u>1,344,992,091</u>		<u>1,344,992,091</u>

32. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Director on 24 February 2015.