

ANNUAL REPORT
2015



บพจ.
นวกิจประกันภัย

The Navakij Insurance Public Company Limited

Vision

- To operate a sustainable business with reasonable profit objectives while promoting social stability and ethical integrity.
- To be a leading enterprise of non-life insurance business with a network of offices, highly competent personnel, good services and the best technology.
- Provide quality insurance coverage and quality protection for the benefit of policyholders, employees, shareholders and the general public.

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Mission

- Provide good and high quality services to customers with fairness and integrity.
- Innovate and develop new insurance products for the changing needs of society.
- Focus on quality of service and reasonable cost control to achieve utmost efficiency in the development of management system.
- Support and develop a good working environment and promote unity among employees as well as maintaining competitive benefits and compensation suitable for social environment.
- Invest in human resource development and encourage employees to be professional and maintain high ethical standard.
- Develop and implement new technology to effectively improve our service to the customers.



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The Company's
General Information

FINANCIAL HIGHLIGHTS

For the fiscal year ended 31 December

		Financial Statements in which the equity method is applied		
	Unit	2015	2014	2013
Financial Position				
Total assets	million Baht	5,697.12	5,130.25	6,509.10
Total liabilities	million Baht	3,558.22	2,880.89	4,347.43
Company shareholders' equity	million Baht	2,138.90	2,249.36	2,161.67
Investment in securities	million Baht	3,314.90	2,650.93	2,658.93
Dividend per share	Baht	2.31	3.32	3.33
Paid-up capital	Share	32,000,000	31,000,000	30,000,000
Authorized capital	Share	32,000,000	31,000,000	30,000,000
Operating Performance				
Gross written premium	million Baht	3,368.93	2,685.88	2,532.10
Net written premium	million Baht	2,816.43	2,175.30	2,050.59
Earned premium	million Baht	2,428.50	2,017.56	1,977.24
Net loss incurred	million Baht	1,528.09	1,166.35	1,046.76
Underwriting expenses	million Baht	2,682.94	2,092.39	2,051.73
Income (loss) on underwriting	million Baht	(117.72)	90.09	58.20
Income (loss) on investment	million Baht	192.60	183.18	192.05
Operating expenses	million Baht	374.96	287.71	391.13
Corporate income tax	million Baht	18.20	55.82	37.60
Net profit	million Baht	49.68	246.11	247.81
Liquidity Ratio				
Liquidity ratio	Times	1.34	1.48	1.33
Collection period for premium due and uncollected	Days	46	43	48

		Financial Statements in which the equity method is applied		
	Unit	2015	2014	2013
Profitability Ratio				
Retention rate	%	83.60	80.99	80.98
Loss ratio	%	62.92	57.81	52.94
Underwriting profit margin	%	(4.85)	4.47	2.94
Underwriting expenses ratio	%	42.67	38.45	44.81
Return on investment	%	7.76	7.15	7.22
Net written premium to shareholders' fund	Times	1.28	0.99	0.96
Net profit margin	%	1.75	10.19	10.54
Return on equity	%	2.26	11.16	11.56
Earning per share	Baht	1.55	7.69	7.99
Efficiency Ratio				
Return on assets	%	0.92	4.23	1.84
Assets turnovers	Times	0.52	0.42	0.17
Financial Position Ratio				
Debt to equity ratio	Times	1.66	1.28	2.01
Policy Liability to Capital Fund	Times	1.21	0.91	1.44
Unearned premium reserve to equity	Times	0.84	0.61	0.55
Unearned reserve to total assets	%	31.64	26.68	18.11
Dividend payout ratio	%	148.95	41.85	40.35



Message from the Chairman

The sluggish 2015 economy was once again unfavourable to the non-life insurance industry. Last year the industry grew at a meager rate of two percent. Under the stress and strain of the overall economy, insurance companies both big and small resorted to reduce premium rate in order to maintain market shares.

The Navakij Insurance Public Company Limited not only closely monitors the dynamics of the economy but also implement appropriate directives from the Board of Directors to ensure the Company's competitiveness. Some of these directives include diversifying our channel of distribution, streamlining business processes, investing in appropriate technologies, and expanding the Company's physical presence to better serve our customers. During 2015, the Company opened two sub-branches in Chumphon and Rayong.

In preparation for the Company to successfully thrive in conditions of economic downturn, we strengthened our financial position. We increased the paid up capital by ten million Baht via the issuance of one million ordinary shares at ten Baht per share. The increased in capital was issued as share dividends to our shareholders. Currently the Company, therefore, has a paid up capital of three hundred and twenty million Baht.

The Board of Directors does not concern itself purely with operational performances. It places great value and resources to the risk management aspects of the insurance business. This includes enforcing and upholding good governance and directing the Company to be a socially responsible entity. The board views governance and social responsibility as key drivers for value creation and long term sustainability of the Company. And will use their frameworks to roll out strategies both short term and long term with the belief that wealth co-creation will result to all stakeholders of the Company.

The Company takes active measures to avoid all graft related activities. Since voluntarily joining Thailand's Private Sector Collective Action Coalition Against Corruption in 2013, the Company has implemented anti-corruption manual and measures. With approval from the Board of Directors and the audit committee, the Company petitioned for and received membership certification

from Thailand's Private Sector Collective Action Coalition against Corruption Council on 16 October 2015. Moreover the Company was assessed and awarded with "Excellent" rating for its corporate governance by the Thai Institute of Directors Association.

On behalf of the Board of Directors, I would like to thank you everyone in the Navakij family that has unwavering faith, satisfaction in the job, and confidence in the industry. I thank you for the perseverance, the dedication that you all have contributed to the Company. Without you, we would not have supercede our targets and would not be ready to continue our growth into the future.

(Suchin Wanglee)

Chairman of the Board of Directors

Message from CEO and President

The Thai economy started on a downward trend at the beginning of 2015. Price of agricultural products were at record lows and export growth diminished. The situation was alleviated during the third quarter through to the end of the year due to acceleration of government expenditure and investment, including contribution from the additional economic stimulus measures.



The economic sentiments also adversely affected the insurance industry. The motor insurance sector, the biggest segment of the non-life insurance industry, was particularly affected. Consumers limit their insurance spending either by reducing the sum insured or coverage. Thus the insurance industry has to adapt and grow in order to adequately compete in an increasing severe environment under the regulatory oversight of the Office of Insurance Commissions (OIC).

The Navakij Insurance Public Company Limited remained vigilant in our professional risk management policy. Our focus on a long-term strategy, detailed underwriting, financial health, efficient operations and legal process has resulted in another profitable year for the Company. The Company could maintain adequate levels of Total Risked-Based capital Ratio or RBC and as of September 2015 our Capital Adequacy Ratio (CAR) was at 552% which is significantly higher than the 140% OIC minimum requirement. We ended the year with a gross written premium of 3,369 million Baht, a YoY growth of 25% in a year where the industry grew at a single digit number. The underwriting profit was 332 million Baht, down 26% YoY, investment returns was 257 million Baht, a 36% increase YoY, and net profit of 109 million Baht which is a 50% decrease YoY. The decrease in net profit was resulted from continued increase in costs of motor claims, operating expenses, and augmented accounting standards. Whilst the management has always been diligent in managing the costs associated with motor claims, we anticipated these costs increase in order to being able to penetrate a wider motor market. The increased in penetration into the motor insurance market is in line with our long term strategy for a more balanced portfolio.

The newly implemented organization structure in 2015 was one of the key success factors that facilitated growth relative to the previous year. As for 2016, the Company will retain true to our five year plan, our focus this year is to expand on fire and miscellaneous insurance products. Whilst be more selective on the motor insurance side focusing on renewals. On the technological front we are on

course on our core system overhaul that will reduce work and automated workflow. We aim to bring in technology that will allow seamless online to offline experience for our business partners and policy holders.

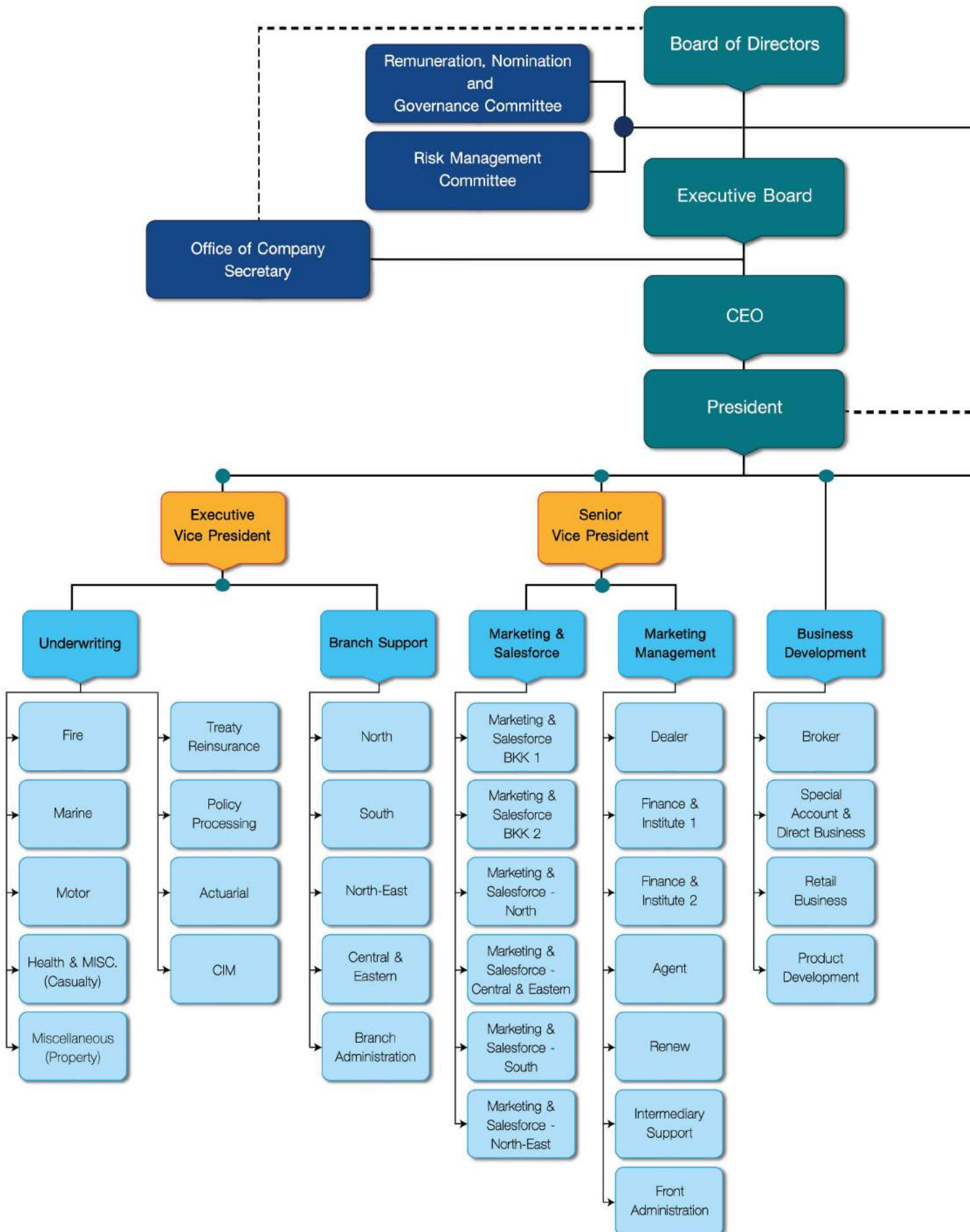
As always the Company continues to manage and operate its businesses in accordance with excellent governance and code of social responsibility. We actively care for the environment, support youth sports and education, employee safety, anti-corruption, and efficient use of energy.

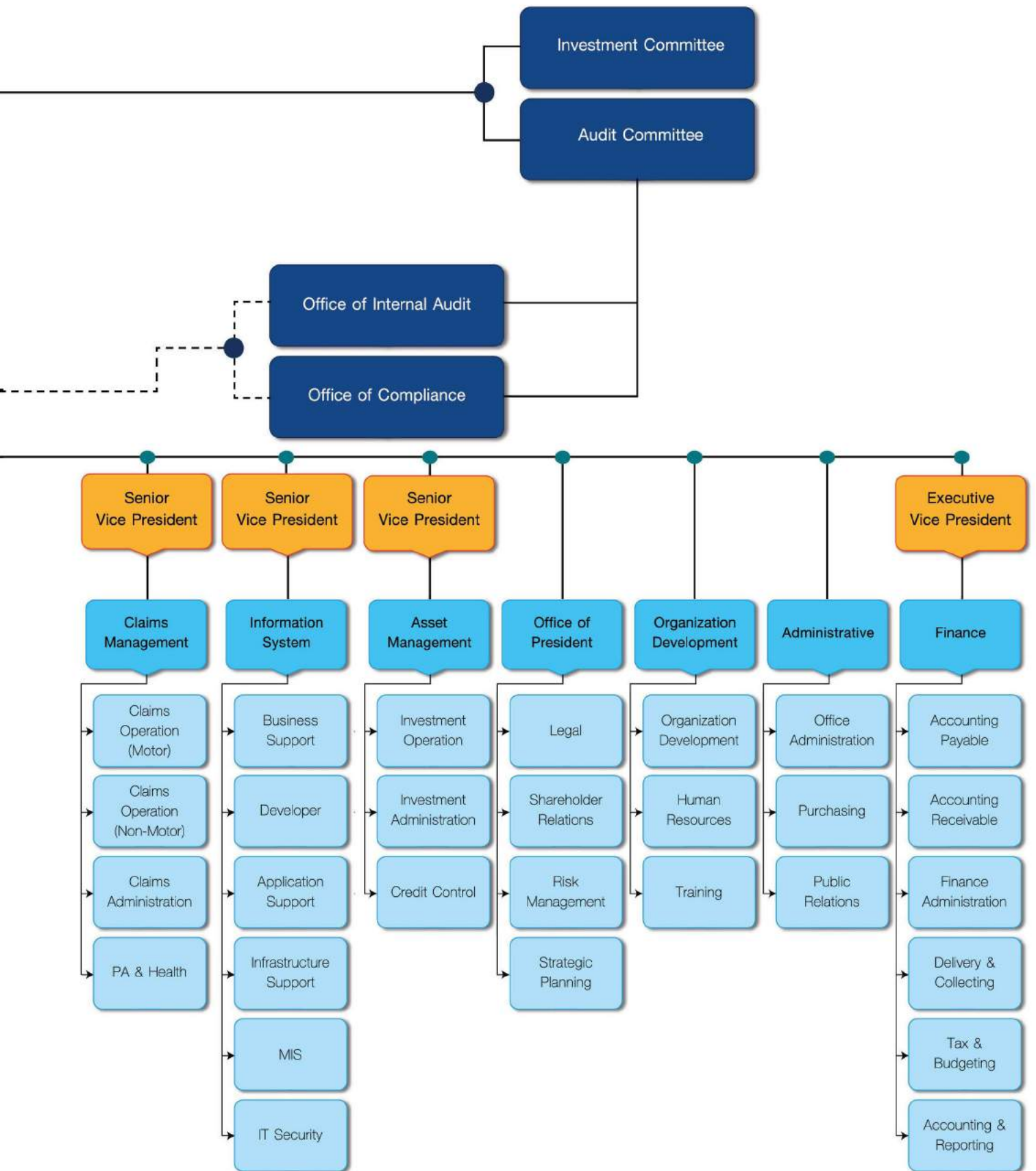
On behalf of the management team, I would like to express my most sincere gratitude to everyone help the Company to be where we are. Please be assured that the Company will continue to look after the best interest of our customers, investors, and partners. We will continue to build confidence with our investors and society.

(Pitiphong Bisalputra)

CEO & President

Organization Chart





Operating Results and Financial Status

Management Discussion and Analysis

Summary of Operating Results in 2015

As of December 2015, the Company's operating results represented a net profit of 49.68 million Baht compared to last year of 246.11 million Baht. Return on Equity was 2.26% compared to last year reported of 11.16%. Gross written premium was 3,368.93 million Baht, an increase of 683.05 million Baht or 25.43% compared to the same period last year. Motor and miscellaneous insurance premium growth of 35.23% and 38.00% respectively were the main drives of growth. Net earned premium was 2,428.50 million Baht, an increase of 410.94 million Baht or 20.37% compared to the same period last year of 2,017.56 million Baht. Fee and commission income was 136.71 million Baht, a decrease of 28.21 million Baht or 17.11% from the previous year. Investment income, other income and profit sharing from investment in associate was 203.79 million Baht, decreased by 22.63 million Baht or 9.99% compared to the same period last year.

The Company's underwriting loss as of December 2014 was 117.72 million Baht, comparing to last year represented underwriting profit of 90.09 million Baht, decreased by 207.81 million Baht or 230.67%. Total underwriting expenses was 2,682.94 million Baht, an increase of 590.54 million Baht or 28.22% from the previous year, mainly consisted of (1) claims and loss adjustment expenses of 1,528.09 million Baht, an increase of 361.73 million Baht or 31.01% from the same period last year, (2) commission and brokerage expenses of 558.04 million Baht, an increase of 80.26 million Baht or 16.80% from the last year and (3) operating expenses of 596.81 million Baht, an increase of 148.55 million Baht or 33.14% compared to the last year of 448.26 million Baht. Underwriting profit margin was 10.03% and 17.31% in 2015 and 2014 respectively.

Major Factors Attributed to Operating Results in 2015 are as follows:

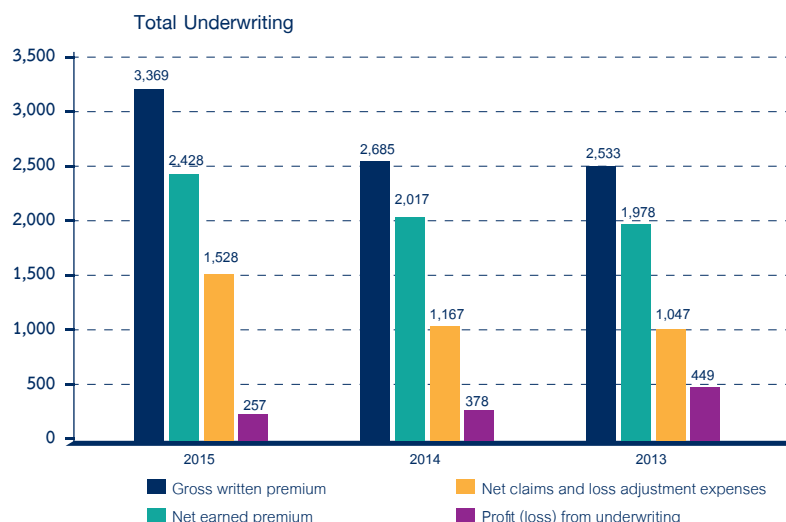
1. Operating Results from Underwriting

The Company's loss from underwriting was 117.72 million Baht, a decrease of 207.81 million Baht or 230.67%.

1.1 Underwriting Income

The Company's underwriting income was 2,565.21 million Baht, an increase of 382.73 million Baht or 17.54% from the previous year, mainly due to:

Gross written premium was 3,368.93 million Baht, an increase of 683.05 million Baht or 25.43% compared to the same period last year, resulted from increasing in direct premium while outward premium was 552.50 million Baht, an increase of 41.92 million Baht from the last year. Net written premium was 2,816.43 million Baht, an increase of 641.13 million Baht or 29.47% from the same period last year. Retention rate was 83.60%, higher than that of 80.99% in the previous year.



The Company's earned premium was 2,428.50 million Baht, an increase of 410.94 million Baht or 20.37% from the same period last year. This was due to motor and miscellaneous insurance earned premium increased by 370.66 million Baht and 10.94 million Baht respectively. Therefore, fire insurance earned premium increased by 32.22 million Baht as a result of the change in retention rate of fire insurance from 43.40% in 2014 to 47.67% in 2015.

Fee and commission income was 136.71 million Baht, a decrease of 28.21 million Baht or 17.11% affected by fee and commission rate reducing from 32.30% in 2014 to 24.74% in 2015 and decreasing in the amount of outward premium.

1.2 Underwriting Expenses

As of December 2015, the Company's underwriting expenses was 2,682.94 million Baht, an increase of 590.54 million Baht or 28.22% comparing with the same period last year of 2,092.39 million Baht.

The underwriting expenses included:

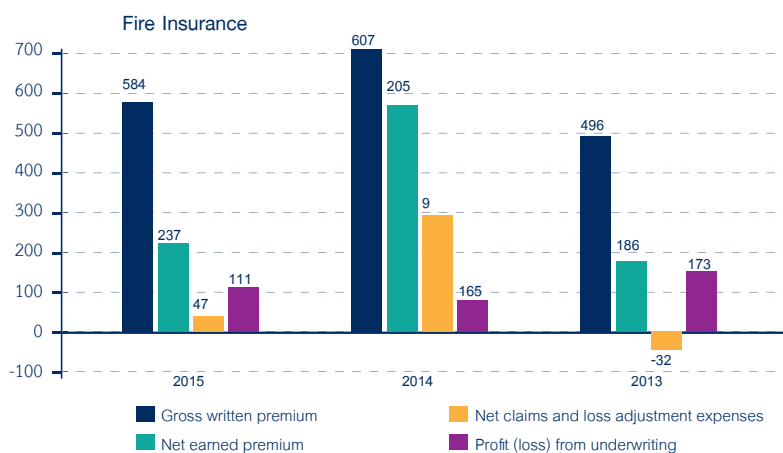
(1) Claims and loss adjustment expenses was 1,528.09 million Baht, an increase of 361.73 million Baht comparing with the previous year of 1,166.35 million Baht, due to the fact that the Company had reduce a loss reserve of 45.38 million Baht from reinsurance in the 2011 mega flood that affected the net claims and loss adjustment expenses. In doing so, this increased the account for the year end 2015 by 316.36 million Baht that represented loss ratio of 62.92%, which was higher than that of 60.06% in the previous year.

(2) Commission and brokerage and other underwriting expenses was 767.37 million Baht, an increase of 139.08 million Baht or 22.14% comparing with same period last year, due to increasing in commission and brokerage expenses of 80.26 million Baht and other underwriting expenses of 58.82 million Baht. These expenses were a variation to direct written premium and reinsurance premium which represented the direct premium in 2015 of 3,368.93 million Baht, increased by 25.43% compared to the last year of 2,685.88 million Baht. Nonetheless, in 2015, the rate of commission and brokerage and other underwriting expenses was at 22.78%, lower than that of 23.39% in 2014.

(3) Contribution to Road Accident Victims Protection Company Limited was 12.52 million Baht, an increase of 2.48 million Baht from the last year of 10.04 million Baht that was variation to earned premium amount of motor insurance in accordance with the Protection for Motor Vehicle Victims Act B.E. 2535 which represented the premium increased by 20.23 million Baht in 2015.

(4) Operating expenses was 374.96 million Baht, an increase of 87.25 million Baht compared to the last year of 287.71 million Baht, due to a decrease of 58.98 million Baht of the doubtful accounts from reinsurance claims as a result of settlement from reinsurer, that affected the other operating expenses to increase in account in 2015 by 28.27 million Baht as well as the recognition and set aside reserve for bad debts from litigants increased by 14.15 million Baht, resulted in setting up an allowance for doubtful accounts increased. Employee expenses had increased 26.34 million Baht from the last year following employment increased to support the Company's strategies plan.

1.3 Profits from Underwriting before Underwriting Expenses

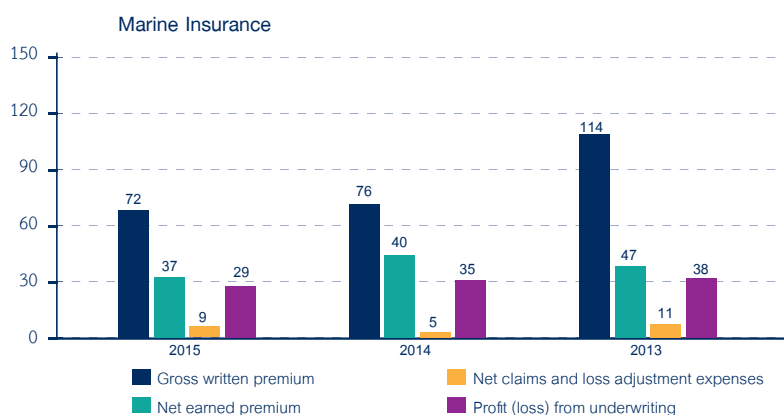


Fire Insurance

As of December 2015, fire underwriting profit before operating expenses was 110.93 million Baht, a decrease of 53.84 million Baht or 32.67% compared to the last year. Fire written premium was 583.59 million Baht, a decrease of 23.63 million Baht from the last year. Net written premium was 278.20 million Baht, an increase of 14.67 million Baht, due to higher in retention rate from 43.40% in 2014 to 47.67% in 2015.

Earned premium was 237.21 million Baht, an increase of 32.22 million Baht or 15.72%, fee and commission income was 72.40 million Baht, a decrease of 44.93 million Baht compared to the same period last year, due to the fee and commission rate reduction from 34.14% in 2014 to 23.71% in 2015.

Underwriting expenses was 198.68 million Baht, an increase of 41.13 million Baht from the last year, mainly due to increasing claims and loss adjustment expenses of 38.38 million Baht as a result of reduction in a loss reserve of 45.38 million Baht from reinsurance in the 2011 mega flood which affected claims and loss adjustment expenses decreased by 7 million Baht. Commission and brokerage expenses was 130.16 million Baht, an increase of 0.92 million Baht from the last year. Other underwriting expense was 21.01 million Baht, an increase of 1.82 million Baht from the previous. Underwriting profit margin was 35.83% lower than that of 37.04% in the previous year.



Marine and Transportation Insurance

As of December 2015, underwriting profit before operating expenses of marine and transportation was 29.02 million Baht, a decrease of 5.7 million Baht or 16.42% compared to the last year. The written premium was 72.46 million Baht, a decrease of 3.45 million Baht or 4.54% from the last year.

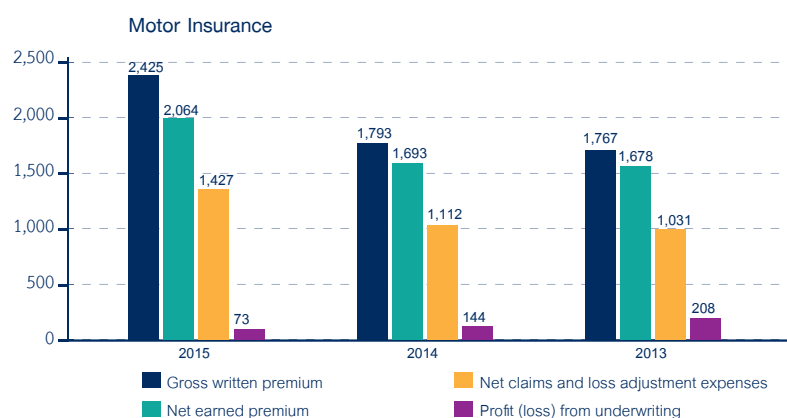
Earned premium was 37.11 million Baht, a decrease of 2.88 million Baht or 7.20% from the last year. Fee and commission income was 11.93 million Baht, a slightly increase from the last year.

Underwriting expenses was 20.02 million Baht, an increase of 3.15 million Baht or 18.67% from the previous year due to the loss ratio increasing from 11.38% in 2014 to 23.14% in 2015. Underwriting profit margin was 59.17 million Baht, which was lower than that of 67.29% in the previous year.

Motor Insurance

Motor underwriting profit before operating expenses was 73.13 million Baht, a decrease of 71.41 million Baht or 49.41% from the previous year. Motor written premium was 2,425.22 million Baht, an increase of 631.81 million Baht or 35.23% compared to same period the last year.

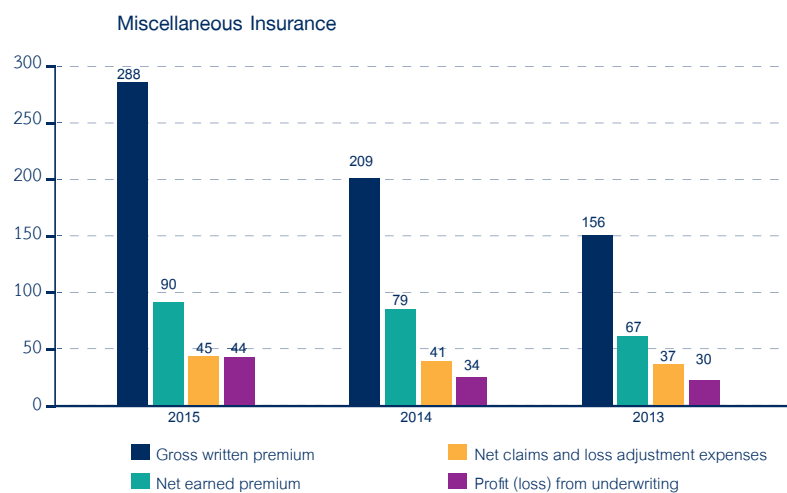
Earned premium was 2,063.79 million Baht, an increase of 370.66 million Baht or 21.89%, fee and commission income was 3.14 million Baht, a slightly decrease from the last year.



Underwriting expenses was 1,993.81 million Baht, an increase of 441.83 million Baht or 24.87% from the last year, mainly due to increasing in claims and loss adjustment expenses which represented the loss ratio of 69.13% in 2015 and 65.67% in 2014. Underwriting profit margin was 3.54%, which was lower than that of 8.52% in the previous year.

Miscellaneous

As of December 2015, underwriting profit before operating expenses was 44.16 million Baht, an increase of 10.38 million Baht or 30.74% compared to same period the last year. Written premium was 90.53 million Baht, a decrease of 7.18 million Baht from the last year due to the Company participated in the project of Rain and Hall Agricultural Insurance.



Earned premium was 90.39 million Baht, an increase of 10.94 million Baht from in the previous year. Fee and commission income was 49.24 million Baht, an increase of 16.63 million baht or 50.97%.

Underwriting expenses was 95.47 million Baht, an increase of 17.18 million Baht or 21.95% from the last year. Underwriting profit margin was 31.63%, higher than that of 30.14% in the previous year.

1.4 Operating Expenses

As of December 2015, the Company's operating expenses was 374.96 million Baht, an increase of 87.25 million Baht or 30.33% compared to the last year, due to a decrease of 58.98 million Baht of the doubtful accounts from reinsurance claims as a result of settlement from reinsurer, that affected the other operating expenses to increase in account in 2015 by 28.27 million Baht as well as the recognition and set aside reserve for bad debts from litigants increased by 14.15 million Baht, resulted in setting up an allowance for doubtful accounts increased. Employee expenses had increased 26.34 million Baht from the last year following employment increased to support the Company's strategies plan.

2. Investment Income and Other

As of December 2015, The Company's investments income and profit on investments was 192.61 million Baht, an increase of 9.43 million Baht or 5.15% compared to the same period last year of 183.18 million Baht, caused by interest and dividend income which represented of 96.62 million Baht, decreased by 1.16 million Baht or 1.19% from the last year as well as a profit from distribution of securities represented of 95.98 million Baht, increased by 10.59 million Baht or 12.4% from the previous year. Return on investment was 7.76% and 7.15% in 2015 and 2014 respectively. Other income was 5.76 million Baht, a decrease of 2.35 million Baht or 29% from the previous year. Profit sharing from investment in associate company was 5.43 million Baht, decreased by 29.7 million Baht or 84.54% from the previous year. In 2015, the Company, therefore, restructured its shareholding in associate company from 36.27% to 20.00% by selling its shareholding 16.27% of the paid-up capital of the associate company and the profit from the transaction was 14.77 million Baht.

Factors Affecting Future Results of Operations

1. The Competitiveness and the liberalization of the insurance industry

The opening of the ASEAN Economic Community which will be affected the liberalization of the insurance industry in 2020 that will result in an increase of fierce competition amongst insurance companies. Foreign insurance companies, with their strong capital base, modern technology, and new products, will help their local joint venture companies in increasing their underwriting capacity in terms of rating competitiveness, strategies, and services. These will impact the insurance company to operate growth strategies to serve greater competition. Nonetheless, the Company continued to develop its strategic roadmap for 2015-2019 preparing for the future of competitions and such plan have been always reviewed to fit with current economic condition.

2. Economic Situation

The economy of Thailand and the World is a significant factor in conducting business of the Company. During recession, the Company's clients; consisting of direct customers, companies, public organizations, may reduce or cancel or not renew their policies. Therefore, to reduce such risk, the Company developed its products and services together with looking for new channels of distribution in order to reach more policy holders.

3. Natural perils and Disasters

The impact of present condition geography will result in an increase of natural perils, disasters, accident, terrorism and burglary may bring disaster to lives and damage to property insured. The Company adopts measures to deal with this risk by implements strict risk selection criteria, client groups and type of business as well as control the risk aggregation for situated in the same locations.

Financial Status

1. Composition of Assets and Liabilities

As of 31 December 2015, the Company's total assets were 5,697.12 million Baht, an increase of 566.87 million Baht or 11.05% compared to the last year of 5,130.25 million Baht. The significantly changed are as follows:

- Cash and cash equivalents was 225.89 million Baht, equivalent to 3.97% of total assets, decreased by 368.90 million Baht or 62.02% comparing with the same period last year.
- Premium receivable was 513.97 million Baht, equivalent to 9.02% of total assets, an increase of 163.72 million Baht or 46.74% from the previous year.
- Investment assets were 3,315.69 million Baht, equivalent to 58.2% of total assets, an increase of 663.83 million Baht or 25.03% from the previous year.

- Investments in associate was 92.83 million Baht, equivalent to 1.63% of total assets, decreased by 85.3 million Baht or 47.89% from the previous year, due to the Company sold its shareholding in associate company of 16.27%. After the transaction, the Company holds 20% of the paid-up capital of its associate company.

Total liabilities were 3,558.22 million Baht, an increase of 677.33 million Baht or 23.51% compared to the last year of 2,880.89 million Baht. The mainly changed was due to:

- Loss reserve and outstanding claim was 793.51 million Baht, an increase of 125.80 million Baht or 18.84%.
- Premium reserve was 1,802.41 million Baht, an increase of 433.73 million Baht or 31.69%.

2. Assets Quality

2.1 Investment in Securities

As of 31 December 2015 investment in securities was 3,314.90 million Baht, mainly divided to (1) Government bonds and treasury bills at the cost price of 692.77 million Baht, (2) Debentures at the cost price of 473.12 million Baht, (3) Listed shares at the cost price of 559.82 million Baht, (4) Unit-trusts at the cost price of 305.41 million Baht. The Company had revised the fair value of financial instruments as of 31 December 2015 that represented a surplus on change in value of investment in securities of 134.40 million Baht as well as allowance for impairment of unit-trusts was recorded by 13.75 million Baht. Deposit at financial institutions and saving lottery was 1,095.10 million Baht and non-listed shares of 68.03 million Baht.

2.2 Property, Building and Equipment, net

In 2015, the book value of property, buildings and equipment before deduct of accumulated depreciation was 699.08 million Baht. The net book value was 268.69 million Baht, an increase of 6.25 million Baht, resulted from the Company's head office renovation of 19.53 million Baht and office furniture and equipment increased by 1.12 million Baht. The depreciation recognition increased by 14.40 million Baht from the previous year.

2.3 Premium Receivable

In 2015, the net premium receivable was 513.97 million Baht, an increase of 163.72 million Baht from the last year. Due from insured and due from agents and brokers totaled to 514.39 million Baht that was not yet due and not over 30 days premium of 491.01 million Baht or 95.45%. Premium due date was 46 days.

The Company set aside allowance for doubtful accounts on premium receivable of 1.02 million Baht which will be sufficient to serve the risk may be occurred.

In addition, due from reinsurers was 0.60 million Baht, a decrease of 0.83 million Baht compared to the last year of 1.43 million Baht.

2.4 Other Assets

In 2015, claims receivable from litigants was 198.48 million Baht, an increase of 42.78 million Baht compared to the last year of 155.70 million Baht, as a result of higher motor insurance growth.

Allowance for doubtful accounts was 108.65 million Baht in 2015 and was 85.07 million Baht in 2014, its ratio was 54.74% and 54.64% respectively, was due to higher increasing in the operating results of motor insurance and ability of precaution which affected allowance for doubtful accounts increased by 23.58 million Baht in 2015.

In 2015, the Company set aside of 42.35 million Baht to support the project of Rain and Hall Agricultural Insurance.

3. Liquidity

During the year 2015, the Company's net cash from operating activities was 279.49 million Baht. Net cash used in investing activities was 553.42 million Baht, of which deposit at financial institutions was 705 million Baht and cash received from sale of investments in associate company was 91.19 million Baht. Net cash used in financing activities was 94.97 million Baht in 2015.

As of 31 December 2015, the Company's liquidity ratio stood at 1.34 times, lower than the last year of 1.48 times. Nonetheless, the Company's liquid assets are cash and cash equivalents, including highly liquid investments these can be readily converted to cash.

In 2015, the Company's capital expenditures included decoration of office building, information systems development and buying a car to continually serve its business expansion.

4. Source of Fund

As of 31 December 2015, the Company total liabilities was 3,558.22 million Baht, total equity was 2,138.90 million Baht which is equivalent to 1.66 times of debt to equity ratio. The majority of funds used in business operations came from a combination of shareholders' equity and income generated from operations. The major liabilities are unearned premium reserves and loss reserves and outstanding claims.

5. Shareholders' Equity

As of 31 December 2015, shareholders' equity was 2,138.90 million Baht, a decrease of 110.47 million Baht or 4.91% compared to the same period last year. This was due to (1) the paid-up capital of 10 million Baht as a result of 103 million Baht stock and cash dividend payment for the year 2014, (2) profit for the year 2015 increased by 49.68 million Baht and (3) the reduction of other components of equity of 65.46 million Baht, which resulted from losses on changes in value of investment in associate company and investment of securities, were presented on the other comprehensive income for the year-net of tax.

6. Commitments and Liabilities and Management of Off-Balance Sheet Transactions

As of 31 December 2015, the Company has been sued for damages totaling 180.9 million Baht. However, the Company's obligations in respect of these lawsuits do not exceed the maximum sum insured per the relevant policies, which is 27 million Baht. Nonetheless, the Company has set aside reserve for contingent loss amounting to 26.1 million Baht, of which the maximum sued was 122.46 million Baht. The Company had obligations 1.5 million Baht was being in the Court of First Instance.

Auditor's fee

1. Auditing Fees

Fees paid for review and audit of the financial statements during the 2015 accounting year totaled to 1,240,000 Baht.

2. Other Fees

Other service fees paid for review and audit of the Risk Based Capital Report as required by Office of Insurance Commission, totaled to 534,000 Baht.

Nature of Business

Revenue Structure		Unit: million Baht					
Income	2015		2014		2013		
	Amount	%	Amount	%	Amount	%	
Written Premium *							
Fire	583.59	16.34	607.21	20.85	496.18	17.89	
Marine & Transportation	72.46	2.03	75.91	2.61	113.54	4.09	
Motor	2,425.22	67.88	1,793.41	61.58	1,766.75	63.70	
Miscellaneous	287.66	8.05	209.36	7.19	155.63	5.61	
Gross Written Premium	3,368.93	94.30	2,685.89	92.23	2,532.10	91.29	
Investment Income	192.61	5.39	183.17	6.29	192.05	6.92	
Other Income	5.76	0.16	8.11	0.28	5.72	0.21	
Total	3,567.30	99.85	2,877.17	98.80	2,729.87	98.42	
Profit sharing from investment in Associate Company	5.43	0.15	35.14	1.20	43.85	1.58	
Total Income	3,572.73	100.00	2,912.31	100.00	2,773.72	100.00	

Note: * Written Premium means direct written premium and reinsurance assumed as displayed in the financial statements in which the equity method is applied that exclude the written premium of the associate company.

The Navakij Insurance Public Company Limited (the "Company") has been engaged in the non-life insurance business since 1933. Founded by the Wanglee Family, the Company was initially known as Luang Lee Insurance Company Limited. At the initial period, there were only two classes of insurance provided by the Company; fire and marine insurance. Subsequently, the Company was listed in the Stock Exchange of Thailand in 1990 with a paid up capital of 40 million Baht. With strong opportunity for growth eminent, the paid up capital was increased to 80 million Baht in 1992 and on 20th August 1993, the Company converted into a public limited company.

The Company further increased its paid-up capital as resolutions of extraordinary shareholders' meeting on 26 December 1996, increased to 210 million Baht (paid-up capital was 200 million Baht) and 28 February 2002, increased to 300 million Baht and its paid-up capital was 279,429,290 million Baht.

In 2006, the Company sold its newly issued shares of 2,057,071 shares on a private placement to Ocean Asset Company Limited.

In 2014, the Company increased its paid-up capital to total 310 million Baht and the resolution of the general shareholders' meeting on 23 April 2015 that increased its registered capital to 320 million Baht for supporting the stock dividend payment to the existing shareholders, by newly-issued the ordinary shares in amount of 1 million shares with the par value of 10 Baht as well as registered the change in its paid-up capital to total 320 million Baht on 2 June 2015.

At present, the Company has an associate company, The Falcon Insurance Public Company Limited (the "Falcon"). On 1 April 2006, the Company accepted underwriting business transferred from the Falcon amounted to 5,561,392 shares or 92.69% of its paid-up stock of 6 million shares.

In February 2007, the Company sold its shareholding in the Falcon, remaining was 2,175,992 shares or 36.27%. The Company; therefore, restructured shareholding in the Falcon by selling its shareholding to comply with the Notification of Insurance Commission Re: Investment in Other Businesses by Non-life Insurance Company B.E. 2556. After the transaction, the Company holds 1,200,000 shares or 20% of the paid-up capital of the Falcon.

Underwriting is the core businesses of the Company and its associate. They write all classes of non-life insurance i.e. fire, marine and transportation, motor and miscellaneous, etc. These are:

- Direct insurance: The direct business comes from agents, brokers, broker firms and branch offices and accounts over 90% of the total written premiums. With regard to the Falcon, channel of sales was direct sales and commercial business from broker companies.
- Reinsurance and retrocession is ceded to and accepted from other insurance companies to spread risks.

In addition to underwriting, the Company also spends its income on investment in compliance with type of investment and limit for line of investment as specified by regulations of the Office of Insurance Commission (OIC). The majority of the investment is in deposits with financial institutions, promissory notes, government bonds, debentures, stock and unit trust.

Business Objective

The Company has long-term objective to establish its presence in the individual as well as small and medium size business sectors of non-life insurance industry. Our aim to increase the customer base in the aforementioned sectors have driven us to explore novel marketing channels as well as to create an innovation insurance products that best suited to the client's needs.

The Company developed a strategic roadmap by setting a mid-term objective for the year 2015-2019 that have focused on sustainable growth of its market share, reduction of operating expenses and maintaining its current return on equity.

Major development in 2015

- Announced the Company's anti-corruption policy and be certified as a member of Thailand's Private Sector Collective Action Coalition against Corruption



- Opened sub-branches Rayong and Chumphon



- Cooperated with ASN Broker Public Company Limited, a leading insurance and assurance broker in Thailand, to presented telemarketing regarding packages of car insurance policies to cultivate client relationship for Isuzu vehicle customers.

CSR



CSR



Sustainable Development

The Company continues to operate under strict vigil of corporate governance and transparent management. We operate in compliance with all regulatory bodies and legal frameworks. At the same time, we instill a corporate culture that is free from all forms of corruption and actively engage in corporate social responsibility activities in order to contribute back to society.

The Company's executes actionable policies incorporating technology into our operations together with new proprietary product developments to serve consumers' insurance needs more efficiently.

The Board sets the Company targets for sustainable business growth in the same direction throughout the organization in order to meet our goals as identified in following vision, mission and strategies of the Company as well as to build up the best interest of all stakeholders.

- To operate a sustainable business with reasonable profit objectives while promoting social stability and ethical integrity.
- To be a leading enterprise of non-life insurance business with a network of offices, highly competent personnel, good services and the best technology.
- To provide quality insurance coverage and quality protection for the benefit of policyholders, employees, shareholders and the general public.
- To provide good and high quality services to customers with fairness and integrity.
- To innovate and develop new insurance products for the changing needs of society.
- To focus on quality of service and reasonable cost control to achieve utmost efficiency in the development of management system.
- To support and develop a good working environment and promote unity among employees as well as maintaining competitive benefits and compensation suitable for social environment.
- To invest in human resource development and encourage employees to be professional and maintain high ethical standard.
- To develop and implement new technology to effectively improve our service to the customers.

The Company produces a sustainable development report, as part of its annual report consistent with guidelines of The Stock Exchange of Thailand (SET). The Company keeps our commitment to operating with unwavering ethics and moral standards that contribute to the greater goods society, while placing great emphasis on quality control and auditing as well as good corporate governance.

1. Corporate Governance

Guidelines on Corporate Governance

The Company operates business that adheres to the Principles of Good Corporate Governance and continued to monitor that its employees understand and implement. We comply with the latest reviewed and adjusted version of the Principles of Good Corporate Governance by the Board of Directors that took place in 2015. In year 2015, the Thai Institute of Directors Association awarded the Company with corporate governance rating of "excellent" in its survey of SET listed companies that the Company adhered to the Principles of Good Corporate Governance as follows:

Rights of Shareholders

- The Company encourages its shareholders, including institutional investors, to attend the general shareholders meeting for participation in any decision making relate to their benefits.

- 2015 Annual General Meeting of Shareholders (2015 AGM) was organized on 23 April 2015, at the Grand Hall, 28th floor, the Bangkok Club, Sathorn City Tower, to be easy to reach as well as served all shareholders attending the meeting adequately, whereby Chairman of the Board, all chairpersons of the committees and the Company's chief executive officer were presented in the meeting.

- Allow shareholders to send their question to the Company prior to the meeting date as criteria determined by the Company and disclose them on the Company's website.

- Encourage the use of proxy form B which shareholders are able to specify their votes that is attached to the notice of the meeting and also downloaded from the Company's website.

- Encourage the Company to use secure, fast, precise and accurate technology in the shareholders meeting, including barcode system in recording attendee registration, printing ballots for the agenda required the shareholders meeting to approve and certify and processing voting results. In addition shareholders are able to register after the meeting has been commenced and be able to giving their votes for agenda that a resolution is not yet made.

- The chairman of the meeting provided opportunities for the shareholders to express their opinions and ask questions related to the Company's operations and the meeting agenda and all inquiries were recorded in the minutes of the meeting.

- The Company informed the SET the resolutions of each agenda of 2015 AGM by indicating the votes as "approved" "disapproved" and "abstained" from voting.

- The minutes of shareholders' meeting was sent to SET within 14 days after the meeting, and also posted on the Company's website promptly for shareholders to acknowledge, express their opinions and verify.

Equitable Treatment of Shareholders

- The Company released 2015 AGM notice, with detailed agenda and explanatory circulars both Thai and English, and presented in the Company's website on 19 March 2015.

- In advance of 2014 AGM date, during 1 September-31 December 2014, The Company set criteria and procedures for the proposal any agenda item and the nomination of candidates by minority shareholders that the Company informed its shareholders via newsletter to SET and posted on the Company's website. However, no shareholders proposed any agenda item or candidate.

- Chairman of the remuneration, nomination and governance committee encouraged members of the Board to nominate qualified person to be director in place of those retiring by rotation.

- Chairman of the meeting conducted 2015 AGM as agenda prepared in the notice chronologically, without adding any agenda item other than those specified in the notice.

- The shareholders were entitled to vote based on the amount of shares held whereby one share was equal to one vote.

- The shareholders are able to elect each director individually on the agenda of an election of directors in place of those retiring by rotation.

- The Company wrote the internal control policy that has been communicated as notification to everyone in the Company to protect against abuse of inside information.

- Every director and executive regularly submit to the office of company secretary a report on their ownership of the Company's shares as regulation specified by the Securities and Exchange Commission (SEC) and the information shall disclose in every meeting of the board of directors.

- The Company sent the notice to the board of directors and the management to avoid from trading the Company's security, at least a month before disclosure of the Company's financial report.

- The director who had conflicts of interest must report to the board of directors meeting before considering the agenda item and to abstain from voting and/or leave the meeting.

Roles of the Stakeholders

Guidelines to various stakeholders are as follows:

- **Shareholders**

The Company is strongly committed to provide values and maintain business growth to preserve the greatest interest of the shareholders, including disclose information to shareholders correctly, completely, and transparently.

- **Employee**

The Company believes that our employees are the most important asset, we treat employees fairly and are determined to ensure that every employee is proud of and were confident in the organization. The Company sets the appropriate compensation and provision of fringe benefits to employees not only complies with but also exceeds relevant standard mandatory requirements, e.g. provident fund, health and accident insurance, annual health check-up, safe and sanitary workplace environment, employee recreational activities, and in-house physical workout facility to promote mutual recreation among employees as well as continually developing progress on career paths including provide both local and overseas scholarships and training courses year plan for employee at each level.

The Company takes into account the safety of its employees so as to provide the knowledge regarding workplace safety and hygiene guidelines via program of new employee orientation in the year 2014 and the Company had zero work-related accidents.

- **Customers**

The Company policy is to respond to customer's satisfaction and to maintain the customers' long-term relationships. We provide advice for appropriate and adequate coverage at a fair price through quality insurance policy and compensations are paid with fairness. The Company's information discloses correctly to the customers and Customer Service Center was set up to provide quick assistance to clients in handling their complaints.

- **Suppliers**

The Company treats suppliers/trade partners with transparency and notifies them to acknowledge of the level-playing field. No nepotism is allowed in our Company. These suppliers/trade partners will be given opportunities to comment and propose suggestions concerning any and all joint business issues. To ensure that the rights of business partners are protected, the Company will treat suppliers/trade partners' secrets as strictly confidential. Selection of suppliers shall in line with the policy for treatment of trading partners based upon seven criteria:

- ▶ Affidavit
- ▶ Pricing
- ▶ Technical capability
- ▶ Expertise and experience
- ▶ Quality of goods and services
- ▶ Business reputation
- ▶ Service policy

- **Competitors**

The Company operates its business within a competitive context by being fair and strictly following the law, never defaming other insurance companies and infringing other intellectual properties. The Company emphasizes the quality and efficiency of its services, stressing the greatest benefit to the customers.

- **Creditors**

The Company has a policy to operate efficiently and extremely maintains the capability to redemption, to maintain the reputation and creditability of the Company and fair basis of both sides, do not violate the rights of the creditors and complies with terms agreed including promptly to discuss with the creditors to find suitable and quick solutions to their mutual benefit.

- **Community, Society and Environment**

The Company realizes its responsibilities to society and to the preservation of environment. The Company promotes awareness of social responsibility and supports many activities that benefit the community as well as encourages all stakeholders of the Company's participation in community development and social sustainability, such as granting scholarships to poor students with a good school-record and supporting a fund for the rehabilitation of academy. Furthermore, the Company has also offered training program of environment and various activities to its management and staff to participate, as well as realize the significance of conducting themselves in a way would benefit society. All activities have been continuously implemented and effectively carried out.

- **Human Rights**

The Company policy is to support and to respect issues that present the organization through to the employees to be involved in human rights violation. This is done by using the principles of freedom, equality and peace as well as promoting knowledge to its employees for applying the human rights principles to the performance of their work and duties suitably.

- **Intellectual Property or Copyright**

The Company had defined policy and guidelines to prevent non-infringement of intellectual property or copyright and an act on the computer offense commission and notified them to the Company's employees together with inspection their using software programs to prevent the misuse or piracy. The Company has an efficient control process for the practices of its employees in compliance with rules and regulations that the Company's confidential business data must not be disclosed to outsiders without the Company's permission. The Company shall be liable for the damage may be arose from carelessness or ignorance, with fairness and reasonable, and will be addresses to relevant person as the Company's procedures.

Disclosure and Transparency

The Company recognizes the importance of information disclosure due to it greatly affects decision-making by investors and stakeholders and has a policy to strictly disclose information transparent, accurate, complete, reliable and timely in accordance with the rules and regulations of SET, SEC, OIC and other relevant regulatory bodies.

The Company provides various channels to communicate with shareholders, investors and other interested parties alike may have access to the information expediently, such as the form 56-1, annual reports, quarterly financial reports, the Company's website, interviewing and making conference call as well as organizing press conference to update important events and new products of the Company to the public.

The Company's website has been prepared both in Thai and English, in the section of "investor relations" that information is always up-to-date such as business operations, the Company's articles of association, financial statements, press releases, shareholding structure, organization structure, board of directors and executives' background, downloadable notice and minutes of shareholders' meeting and downloadable annual reports.

Shareholder Relations division was set up to represent the Company in communicating information useful to shareholders, investors and relevant parties, may contact at +66 2664 7777 Ext. 7719, 1905 and 1906 or submit questions by e-mail to office_president@navakij.co.th or via the Company's website at www.navakij.co.th.

In 2015, the Company had no any record of changing the financial statements by SEC and did not face any sanctions by regulations for failures to make announcement within the requisite time period for material events.

Responsibilities of the Board of Directors

Structure of the Board of Directors

- Directors should be competent with various skill mixes and integrity. At least one director shall be an expert in the area of non-life insurance business that consistent with the Company's strategies, and at least one in the area of accounting and finance.

- The Board shall comprise of directors who competent with skills and extensive experience to benefit the Company's operation. The number of directors is currently limited to thirteen, comprising eleven non-executive directors and two executive directors i.e. the chief executive officer (CEO) and the company secretary. The five directors who have been qualified as independent directors, namely, Professor Hiran Radeesri, Mr.Pramon Sutivong, Mr.Kiet Srichomkwan, Mr.Phornpong Phornprapha

and Mr.Chan Soo Lee, one-third of the total number of the total directors and at least three persons.

- Directors shall have a term of three years and any director vacating the office on due term may be re-elected.
- The board of directors agreed that the Chairman of the board of directors and CEO has separate functions and responsibilities and are not the same person, to enable independent performance of the managements' checks and balances. Further details are clearly defined in the section of "Shareholders and Management Structure".

Limit of board seats in other publicly listed companies

A Board member cannot hold more than five directorship positions in publicly listed companies. The President and CEO cannot hold more than five directorship or the executive positions at other company, including holding a directorship in other rival incorporation or any related business with the Company. Nevertheless, those positions must be approved by the board of directors.

Board of Directors' Meetings

- The Board holds at least seven meetings a year with one meeting to be with non-executive directors only. All meetings will be scheduled at the beginning of the year. The extraordinary meetings are allowed if required. Moreover, the Board shall receive a monthly report on the Company's performance for the month when meetings are not scheduled.
- The Chairman of the Board and the topmost position of executive shall consider and agree to the meeting agenda and all members of the Board are entitled to propose the agenda items.
- The Company Secretary is responsible for the agenda and supporting documents that shall send to all members not less than seven days before the date of meeting, except in the case of emergency.
- Each meeting takes at least two hours, and the Chairman will allow every director to express his/her opinion openly before proceeding with the vote and concluding a resolution of the meeting in each agenda.
- The Company's management will attend the meeting to clarify and answer queries of the Board on the issues that he/she is directly responsible for, and give the Board chance to know more about him/her as well as be useful for preparing succession plans.
- The Board has access to additional information, under prearranged conditions, via CEO, president, company secretary or executive designated as a contact person.
- The company secretary is responsible for preparing the minutes propose to the chairman of the Board to consider before propose to all directors to consider and certify in the next Board's meeting. After approval and duly signed by the chairman, minutes are stored securely at shareholder relations division, office of president. Electronics copies of the documents are also maintained to facilitate the directors and relevant persons for the purpose of examination.
- In 2015, one non-executive directors' meeting was organized to discuss the strategic roadmap and long-term objective as well as business operations management of the Company.

Performance Evaluation of the Board of Directors

The board of directors is required to evaluate their performance annually, it consists of whole and individual self-assessments, to express his/her view on the performance of the board of directors as a whole and to consider and review the results, problems and obstacles on its performance over the past year, as following procedures:

- (1) The company secretary performs and reviews self-assessment evaluations to be accuracy, completeness and in line with the best practices of relevant regulatory bodies.
- (2) The company secretary submits the self-assessment to the directors to evaluate their performance.
- (3) The company secretary summarizes and reports the assessment result to the board of directors' meeting and ensures to improve for the effective performance.

The performance evaluation of the board of directors as a whole contains six major topics those are (1) Board structures and qualifications, (2) Roles, duties and responsibilities of the Board, (3) Board of directors' meetings, (4) The director's function, (5) Relationship with management and (6) Director's self improvement and management training. For the self-assessment of the board of directors on an individual basis contains three major topics those are (1) Qualifications of the director, (2) Roles, duties

and responsibilities of the director, (3) Board of directors' meetings.

The assessment criteria divided into five levels; 90-100% = excellent, 80-89% = very good, 70-79% = good, 60-69% = fair, 50-59% = need improvement. The assessment result can be conducted that the directors performed their duties in compliance with the principles of good governance and the code of conduct, the average score was 91.69% for the self-assessment as a whole and 92.00% for individual self-assessment.

Performance Evaluation of the Committees

The committees at the board level comprising of the audit committee and the remuneration, nomination and governance committee, are required to perform self-assessment once a year to comply with standard of ASEAN Corporate Governance Scorecard. The self-assessment of the committees as a whole contains three major topics those are (1) Board structure and qualifications, (2) Roles, duties and responsibilities of the committees, (3) The committees meeting. The assessment criteria divided into five levels; 90-100% = excellent, 80-89% = very good, 70-79% = good, 60-69% = fair, 50-59% = need improvement. The assessment result of the audit committee and the remuneration, nomination and governance committee was excellent, the average score was 97.37% and 90.58% respectively.

Development Programs for the Directors and the Management

Directors' handbook was prepared by the Company that contains listed companies directors' handbook, the principles of good corporate governance for listed companies, good corporate governance and best practice for insurance companies, related Act for the directors and the Company's general information, how to the Company operates and what is required and expected as a director.

The Board encourages its directors and the management to attend training courses organized by various established institutions in order to broaden their knowledge and perspective that may become useful in their roles within the Company. In 2015, Mr. Kiet Srichomkwan attended the course Director Certification Program Update (DCPU 5/2015) organized by the Thai Institute of Directors Association on 8-9 October 2015.

The Board established a development program for senior executives and the program has been reported by the President on a regular basis that the senior executives shall assign successors in case they cannot perform their duties.

Oversight an Operation of Associate Company

In proposing an individual to become a director in an associate company, the management shall seek ratification from the board of directors. The appointed individual, as a director of the associate company shall in his best duty operate for the best interest of the associate company. Under circumstances where issues of equal gravity with which the board approval would be warranted, should it be the case that stem from the Company's own actions, the appointed individual must have the board of director's approval prior to conclusion or use of his rights to vote.

Internal Information Control and Risk Management

The board of directors has established measure to control the use and prevent misuse of internal information especially as regards insider trading for the board of directors, the management and related employees involved the significant internal information including their spouses and children who are minors.

The board of directors assigned the audit committee to responsible for reviewing of the Company's internal control system to ensure the efficient, properly and sufficient that inclusive the Company's operational flow include administration, operation, finance and accounting and compliance with relevant laws and regulations in line with the guideline of the Committee of Sponsoring Organizations of the Tredway Commission (COSO). Control activities are as follows:

1. Authorization - are designed to provide reasonable assurance that all transactions are within the limits set by policy or that exceptions to policy have been granted by the appropriate officials. Actions taken to minimize risk to be appetite.
2. Clearly separated functions and responsibilities consistent with the organization structure, to enable independent performance of the managements' checks and balances as well as the appropriate length of a job rotation should be taken.

3. Connected transactions or any transactions in compliance with the laws and regulations specified by the SEC must get approval from the audit committee.

4. Set the policy on guidelines for staff on how to use computer networks to encourage them to realize the security of information technology and to check whether authorized access has been implemented.

5. Controlled technology activities have been designed and developed by to support the objective of internal control system based on Control Objective for Information and Related Technology (COBIT).

6. The Office of Compliance is responsible for reviewing of how the Company's operations are operated in accordance with the laws and regulations specified by SEC, SET, OIC as well as other related laws.

7. Submit the notice to all members of the Board and the management to avoid trading of NKI security during one month prior to the date of disclosure the Company's financial reports.

8. The directors and the executives must prepare their reports to the Company at Office of Company Secretary for the purpose of using it to check transactions with the Company and connected transactions as follows:

8.1 Report on interest; (1) First submission after being appointed as director or executive, (2) Every time there is a change on their interests, (3) Review and report at every year end; the company secretary will gather and submit them to Chairman of the Board and Chairman of the Audit Committee for acknowledgement.

8.2 Report their securities holding (Form 59-1) and report of changes in securities holdings, submit the Securities and Exchange Commission (SEC) and a copy of such report shall submit to the company secretary on the same day.

8.3 Report on the securities holdings of the board of directors and the management shall include in the agenda of every the board of directors' meeting.

9. The Company makes regulations in its code of conduct on safe guarding confidential information and all employees must sign an agreement to comply with the policy on confidential data and prevent them from misuse of internal formation. The disciplinary penalties for violations are clearly stated in the employee's manual. Maximum penalty is termination without any compensation.

10. The Company created a manual for business continuity plan (BCP) and provided a practical testing of BCP at the rented computer facility and the outcome was satisfactory. In addition, it also made the risk management policy and a 3-year plan in compliance with the OIC regulations.

Compliance on the Principles of Good Corporate Governance

The Company continues to have a strong commitment to the principles of good corporate governance, except for the following issues:

1. The Chairman is not an independent director, since in the non-life insurance industry, the core business of the Company, strongly needs a knowledgeable chairman with long business experience person to lead the Company to achieve its goals of stability and sustainable growth. Nonetheless, the Chairman is not executive director, the chairman of the executive board is authorized to monitor on the whole policies and the president is authorized to take responsibility for managing the Company's operations.

2. The board of directors composed of 38.46% of independent directors. Nonetheless, there is a clear separation of duties and responsibilities among the Board and management, giving rise to a concise and transparent management, maximum benefit for the Company and fairness to all shareholders. However, the Company will follow for the most of these principles that fit to the Company's business characteristics.

3. The Board has a policy for independent directors to hold a term of three years and shall not hold office no more than three consecutive terms or not exceeding nine years unless the Board considers otherwise. There are four of five independent directors, hold a term more than nine consecutive years, due to those directors have properly and specific qualifications benefit the Company, and it is not simply for nominating of a new director. Nonetheless, the Board would be proposed to the shareholders meeting for reasonable and necessity to re-appoint those directors to serve another term in the Board of Directors.

4. The Company did not participate in the event “opportunity day” which was organized by SET. However, the Company allowed the media and analysts to interview and find out about the Company’s business performance, important events and new products.

2. Operate Business with Fairness

We believe that virtuous operation and accounting, for the rights of all stakeholders, successfully add sustainable values to both the Company and its shareholders as follows:

- 1) Provide advice for appropriate and adequate coverage at a fair price.
- 2) Define criteria to select suppliers with transparency, and notify them to acknowledge the level-playing field. No nepotism. Selection of suppliers shall in line with the policy for treatment of trading partners.
- 3) The Company treats employee fairly, in terms of their opportunities, compensation, benefits and training in comparison with industry peers.
- 4) The Company complies with term agreed and made payment regularly on time.
- 5) The Company has set a policy to its directors, executives and employees to avoid making connected transactions, related transactions or transactions that may cause conflict of interest.
- 6) The Company has the policy to comply with intellectual property or copyright laws, provide a list of monitoring software installed on computer system in both the Server and Client regularly and continuously.
- 7) The Company shall be liable for the damage may be arose from carelessness or ignorance, with fairness and reasonable, and will be addresses to relevant person as the Company’s procedures.

3. Anti-Corruption

The Company is determined to reject all kinds of bribery and always require for a risk assessment in relation to such anti-corruption regularly, which all departments are responsible to assess the risks relating to their operation as well as to identify preliminary risk management strategies. The Risk Management Division is responsible for analyze the processes of operational risk and fraud management, analysis, monitoring and control. It also comply the overall risk position to remain within an appropriate risk appetite. Therefore, office of internal audit is responsible for evaluate and monitor risk of fraud beyond corporate risk assessment.

In 2013, the Company has joined the Thailand's Private Sector Collective Action Coalition Against Corruption, which is a national coalition with the support from the government and the Office of the National Anti-Corruption Commission. Thailand's Private Sector Collective Action Coalition against Corruption Council third quarter meeting on 16 October 2015 resolved that The Navakij Insurance Public Company Limited be certified as a member of “Thailand's Private Sector Collective Action Coalition against Corruption”.

The Board approved the anti-corruption policy. It has been announced to all employees in the organization and also communicated to the third parties such as customers, suppliers and all stakeholders through commercial contract, the Company's website and the Company's journal, and annual report, to strictly comply with it guidelines, it is prohibited that all directors, executives and staffs at all level including our business partners be associated with corruption. All activities of the Company's business must be operated without corruption. The Company shall train employees about the anti-corruption policy to cultivate a culture of honesty, recognize the importance of the policy and understand the guidelines set out in this policy as well as notice in the Company's intranet.

The Anti-Money Laundering and Combating the Financing of Terrorism Policy of the Company has been approved by the board of directors since 2012 and the Board will strictly oversee and examine the Company's business operation in compliance with such policy, Anti-Money Laundering Act, related laws and the guidelines as specified by Anti-Money Laundering Office as well as communicate with each other e.g. the customers, the suppliers or the third parties to acknowledge such policy. Nevertheless, the Company has set up a communication channel through its announcements and orientation of new employee.

- **Communications with Stakeholders**

The Company provided whistleblowing and grievance policy to its stakeholders to give suggestions, complaints and reports illegal acts. Whistleblower may raise a concern through various channels provided in the Company's website for all stakeholders properly selection and the Company will store securely those complaints and offer whistleblowers protection from harassment or disciplinary proceedings.

- Vice President of Organization Development Department
Tel: +66 2664 7712 Email: phatarawipha_w@navakij.co.th
- Vice President of Office of Compliance
Tel: +66 2664 7719 Email: charuwan_c@navakij.co.th
- Chief Executive Officer
Tel: +66 2664 7738 Email: pitiphong@navakij.co.th
- Chairman of the Audit Committee through Secretary of the Audit Committee
Tel: +66 2664 7777 ext. 1728 Email: phisit_p@navakij.co.th

In addition, may raise by send mail to the Company at 100/47-55, 90/3-6, North Sathorn Road, Silom, Bangrak, Bangkok 10500

Consideration and Process

1. The information of the matter must be substantially true and clear enough for the investigation process.
2. Whistleblowers must identify themselves for further information.
3. The matter disclosure and the investigation process are kept confidential. Concerns and complaints of staff will be responsible only by those related to investigation. Concerns related to Executives are disclosed directly to the Audit Committee for investigation and report the findings directly to the Audit Committee.
4. Vice Presidents of Organization Development Department, Office of Compliance and Office of Internal Audit are responsible for the investigation and report the findings to the President and the Audit Committee
5. The investigation must be conducted with justice.
6. The duration of the investigation depends on the complexity of the issues, the sufficiency of the evidence provided by whistleblowers and those involved with the process of investigation.
7. Any individual found responsible for making allegations maliciously or in bad faith may be subject to disciplinary or legal action.

4. Respect to Human Rights

The Company policy is neither to support nor to respect issues that may put the organization and its employees to be involved in human rights violation. This is done by using the principles of freedom, equality and peace the following guidelines:

- 1) Set recruitment criteria regardless of race, religion and sexual orientations.
- 2) Have sexual equality, and forbid sexual oppression and harassment.
- 3) Give the freedom of thought and participation in political activities as long as it does not affect or damage the organization.
- 4) Give the right to file complaints and provide written procedures in the employee handbook for employees who have faced various issues to submit complaints. The right of complaint includes channels for other parties such as third party stakeholders.
- 5) Provide a welfare committee to oversee employee well-being and ensure that they are entitled to equal legal rights.

5. Treating Employee Fairly

Employee remuneration and welfare

- 1) Arrange appropriate and fair compensation structure, consistent with duties and responsibilities.
- 2) Increase annual salary by being fair and in line with the Company's business performance, cost of living, competency level and performance assessment result.

3) Arrange welfare compliance with related laws and others appropriately, to support and response the employees' needs to have a good quality of work life, such as sickness benefit, accident and health insurance, provident fund, emergency loan etc.

4) Employee welfare committee is responsible for the consideration and review a scheme of welfare and benefits as guidelines for the employees, and to implement them correctly and efficiently. The committee consists of representative of the employee and the employer.

Training and Development

The Company has a policy to encourage employees to enhance their knowledge and potential in line with the Company's core competency, to grow in their career paths and to serve the Company's business expansion, of which guidelines was defined as follows:

1) Define training courses yearly plan in both functional and management competencies to the employees of each level.

2) Map out a concrete succession plan and talent management to establish and maintain for high potential and performance employees. Define individual development plan that the employees have to participate in training, seminar and observation courses organized in both local and overseas.

3) Store valuable knowledge in term of electronics system, for the benefit of employees' learning.

4) Support the Company's staff to share their knowledge and work experience as well as solve problems together, to enhance more efficient work process.

Policy concerns of Safety and Health Issues

1) Promotion and maintenance of healthy conditions both physically and mentally in the workplace.

2) Prevention of employees' declining health resulting from work.

3) Protection of employees against working in hazardous working condition which could result in illness and injury.

4) Placing of employees in appropriate working environment.

5) Adaptation of work appropriate to the nature of the work and the workers.

6. Product Responsibility

The Company stresses the importance of responding to customer needs that cause to achieve the Company goals. We also try to seek other technique to serve the customer needs more efficiently; to emphasize on prompt service with the policy to reach accident site within thirty minutes for survey and process claims payment within fifteen days after settlement, to sell of quality insurance policy, to provide advice for appropriate and adequate coverage at fair price and provide customer service center to accommodate clients to report a claim quickly 24 hours together with giving non-life insurance information through Navakij Call Center 1748 and the Company also performs surveys form send to the clients who had motor claims in order to evaluate and improvement to service.

There was no significant complaint report arise from the Company's services received throughout the year 2015. The Company also provides various information benefits both manufacturer and consumer such as insurance news, public relations news in marketing and corporate social responsibilities and frequently asked questions.

7. Environmental Responsibility

Despite being a predominantly service industry with no direct impact on the environment, however the company has set a policy pertaining to social and environmental well being as follows:

1) Conduct business with an aim to benefit economy and society as a whole.

2) Comply with the law and regulations as well as cooperate with authorities in projects.

3) Support the underprivileged and victims of natural disasters.

4) Promote awareness of social and environmental responsibility.

The Company has encouraged employee awareness of saving energy and reduction to global warming policies e.g.

- Use recycled paper on both sides.
- Print document that require printing only.
- Turn off main air-conditioning system 130 minutes before lunch break and ending of office hour.
- Turn off the lights every time existing from the working areas or meeting rooms and turn off the main lighting during lunch.
- Use energy saving light bulbs for the Company's office.
- Turning off computer screens when not in use.
- All the Company's cars use gasohol as opposed to petrol.

8. Community Development

The Company continually emphasizes on human resources development by encouraged the Company's employees "NKI Volunteer" to participated in social activities in conjunction with both public and private sectors to support educational and quality of life of Thai people to be better, with the belief that "A lot of knowledge can be made people will realize the necessity of procuring insurance protections before the unexpected happens".

Educational Supports

- 1) "NKI Volunteer", the Company representative, donated for scholarships luncheon, consumer goods, medical supplies, sporting goods and used paper to produce instructional media to the Educational Technology for the Blind Center.
- 2) Co-sponsored the construction of buildings at Ban Khao Wai schools, Ban Khai District, Rayong Province, organized by Sathorn Thani Co., Ltd., Future Mart Rama 3 and STMS Co., Ltd.
- 3) Supported a project "Pilgreens Tuk Tuk Thailand to France", a collaborative project between the School of Management Mahidol University and the College of Management, Toulouse University, France. To encourage the worldly to aware of environmental issues and stimulate the adoption of alternative energy that does not pollute the environment with driving the world's first electric Tuk Tuk. Departure from Bangkok to Toulouse, France that took the time for 120 days, travel through 16 countries, a total distance of over 20,000 kilometers.
- 4) Distributed relief kits, sporting equipment, and medications to families who affected by cold air in the area of San Kamphaeng District, Chom Thong District and Mae Taeng District, Chiangmai Province, in conjunction with members and associate Relief and Community Health Bureau, The Thai Red Cross Society. Furthermore, they also supported them health and dentistry check-up.
- 5) Supported cash donation for charity golf cup honors Prime Minister Gen. Prayut Chan-o-cha organized by Thailand National Defence College, to supported social activities and charitable.
- 6) Cooperated with Thai General Insurance Association donated cash to help earthquake victims in Nepal.
- 7) Being in the process of building houses for the poor who are affected by disasters and providing of equipment for development of children with special needs in Samutsongkram Province.

Social Activities

- 1) Participated in a project of "Sathorn Model" to create cooperation prototype between the government, the private sector and citizens, to reduce the problem of traffic congestion on Sathorn Road. Intelligent traffic measurement solutions such as initiatives shuttle bus, park and ride measures and traffic management.

9. Socially Responsible Innovation

The Company continues to leverage on technological advancements that are become widely available and relevant to the insurance industry and also gives importance to social responsibilities issues. We streamlined our information technology, revised our operational flow in the organization and continue cultivate client relationship, making sure that they are satisfied with our range of services. New proprietary product developments has enabled the Company to become more able at efficiently serving consumers' insurance needs and we also concern the economy conditions both local and overseas. A range of product availability includes motor and non-motor products.

Economic and Non-life Insurance Industry Trends

Thailand's Economy in 2015

Economic Growth

Thailand's economic growth rate in 2015 was 2.8% accelerating from that of previous year which was 0.8%. The main supporting factor is the continuing growth of public investment which expanded 29.8%, due to economic stimulus package launched in Quarter 4/2015 such as salary increase to government workers, investment to improve the water resource management and road transport system projects, living standard of low-income earners promotion measures, measures to mitigate farmers who were affected from drought and measures in supporting low lending rates for the SMEs entrepreneurs. Meanwhile, private investment tends to recover from the previous year due to the government measures to support economic recovery including lower oil price and inflation rate as well as ongoing easing monetary policies. However, private investment declined by 2.0% due to the decreases of major agricultural products and prices lowered farmers' income was affected by the drought and impacted in purchasing power of agricultural households as well as continuing decrease of consumer confidence for the economic situation. The quantity of export of goods and services declined by 3.4%, was a consequence of unfavorable economic conditions of key trading partners, especially China and depreciation of major currencies of trading partners and competitors. In addition, the expansion of the number of inbound foreign tourists is another supporting factor for the Thai economy; the number of inbound tourists at the end of the year was 29.9 million people or a 20.4% growth whilst the volume of import of goods and a service is expected to contract at the rate of 0.6%.

Economic Stability

Domestic stability in terms of general inflation in 2015 stood at -0.9% decreasing from previous year due to declining prices in oil and commodities and the global demand increase slowly according to a decelerate of China's economic. Unemployment rate remained low at 0.9% of the total labor force. Thailand external stability, current account registered a larger surplus of USD 34.8 billion which is equivalent to 8.9% of GDP, compared with a surplus of USD 15.4 billion in 2014 according to a contraction of lower the import quantity of 11.3% last year whilst export growth represented a decline of 5.6%.

Thailand's Economy in 2016

Economic Growth

Thailand's economy in 2016 is expected to grow with accelerating rate of 3.3% (with a range between 2.8% to 3.8%), supported by the acceleration of government expenditure and public investment. Public consumption and total investment are expected to grow by 3.7% and 11.2% respectively due to continually increase of government expenditure and off-budget expenditure, especially for project in transport infrastructure investment and water resource management and road transport system projects and also expected that mega project such as construction of motorway between the cities and double track railway project may have progressed in 2016 that would support the recovery and the expansion of private investment in the targeted industries. Furthermore, the economy improvement of trading partners and depreciation of Thai baht will enhance income and liquidity for exporters and producers as well as the continual expansion of the tourism sector. In 2016, it is expected that the numbers of inbound tourists will be 32.5 million people, resulted in the volume of exports of goods and services is expected to expand by 2.5%. Private consumption is expected to expand faster at a rate of 2.7% following an increase in non-agricultural income, whilst low oil price and easing monetary policy will raise real purchasing power of household consumers. However, agricultural production continued to drop following drought and lower price of

agricultural products which led to continued contraction of farmers' income that will also constrain purchasing power of agricultural households and will be impacted the private consumption as well. Private investment is expected to grow by 3.2%, supported by an increase in mega infrastructure investment projects and economic recovery and export of goods as well as the necessity of investment in production improvement to support the problem of labor force.

Economic Stability

In 2016, inflation rate is expected to be in the range of -0.1% to 0.9%, remaining low due to the decline of crude oil price and the depreciation of Thai Baht will affect the high prices import goods. Unemployment rate is expected to remain low at 0.8% of the working population. Regarding external stability, it is expected that to record a surplus of USD 32.1 billion which is equivalent to 8.2% of GDP; this could be explained by the trade balance that is expected to record a surplus of USD 34.8 billion following the accelerated import growth of 1.3% being higher than export growth of 1.2%.

The Non-life Insurance Industry in 2015 and trends for 2016

In 2015, the non-life insurance industry is expected to grow at approximately a rate of 1.9% due to economic slowdown from agricultural and manufacturing sectors, insufficient economic stimulus measures, termination of key infrastructure projects, these factors impacted the domestic automotive industry that the sales of passenger cars declined by 15%, resulted in the motor insurance sector, the biggest segment of the non-life insurance industry, had a slightly increased approximately by 2.12% whilst the size of non-motor insurance had an average increased by 1.61% compared with the previous year as a result of increasing in miscellaneous insurance of 2.74%, marine and transportation insurance of 0.74% whilst fire insurance recorded a contraction of 5.21%.

In 2016, the non-life insurance industry is expected to grow at a rate of 3.5% with overall premium approximately of 216,881 million Baht, in line with the economic growth that forecasted to be 3.7 of GDP percent, higher than that of 2015. These forecasted supported by increasing trend in Thailand's economy from the expectation to expand of volume of export of goods, increasing in household expenditure and the growth of public and private investment.

Although, consumers limit their insurance spending either by reducing the sum insured or coverage such as the change of motor insurance form Motor Type 1 to Motor Type 3+, of which premium rate is approximately 3 times lower, nonetheless, motor insurance is the core business that generates premium for the non-life insurance industry and also highly competitive as a result of severe price competition, its impact that insurance companies resorted to reduce premium rate in order to maintain their market shares. Furthermore, the non-life insurance industry was expect unfavorable conditions especially in the motor insurance to be affected by a slow pace of global recovery that will constrain purchasing power of agricultural households which possibly continue to be affected from the severe drought.

Nevertheless, insurance companies must to comply with the regulatory oversight of Office of Insurance Commission (OIC) and have to arrange for the size of their businesses in order to enhance competitiveness. The OIC, in addition designed its Risk-Based Capital Phase 2 (RBC2) Road Map which is continuing plan of 5 years that the main objectives are to improve and develop criteria for determining capital, to develop a guideline for the supervision of capital for those risks which had not been required to provide capital so far, e.g. catastrophe risk and operational risk etc. Insurance companies, therefore, will have a tendency to increase their capital or engaging merger to strengthen their financial position and to serve intensified competition due to the economic deceleration.

Furthermore, non-life insurance industry must to comply with Anti-Money Laundering Act and International Association of Insurance Supervisor (IAIS) under its strengthened regulators for the supervision of the business's risks, operational risk; technology and transnational terrorism. These are to prepare for increasing in their potential to expand their businesses into ASEAN in line with the formation of the ASEAN Economic Community (AEC). The OIC issued its Notification (1) Re: guidelines

to get approval of equity securities holding for the joint venture with insurance and assurance overseas company, to support insurance business expansion by forming a joint venture in ASEAN and (2) Re: guidelines to get approval setting of overseas office and agent of insurance and assurance companies to encourage insurance business to be the part of AEC and to increase its competitiveness as well.

The Company's market share as of 31 December 2015

Line of business	Direct Premium (Thousand Baht)		Product proportion (%)	Growth (%)	Market share (%)
	2015	2014			
Fire	316,061	341,160	9.48	-7.36	3.01
Marine & Transportation	68,155	71,054	2.04	-4.08	1.28
Motor	2,425,224	1,793,410	72.72	35.23	2.01
Miscellaneous	525,739	446,822	15.76	17.66	0.72
Total	3,335,179	2,652,447	100.00	25.74	1.59

Source: Office of Insurance Commission as of 25 February 2016

Risk Factors and Risk Management

The Company focuses on the principles risk factors as follows:

Strategic Risk

1. The competitiveness and the liberalization of the insurance industry

The liberalization of the insurance industry will result in an increase of fierce competition amongst insurance companies. Foreign insurance companies, with their strong capital base, modern technology, and new products, will help their local joint venture companies in increasing their underwriting capacity in terms of rating competitiveness, strategies, and services. Small and medium Thai companies will face greater competition.

The strategies are

1. Adjusting competitive strategy by looking for new and high potential marketing channels. Developing new products to effectively respond to changes in customers' needs, economy, and social conditions.
2. Consider merger plan with other small and medium-sized local companies in order to increase customer base and shareholders' fund to increase its retention capacity. Moreover, it will reduce operating cost by sharing resources with subsidiaries.

2. Economic situation

The economy is a significant factor in conducting business. During recession, the Company's clients; consisting of direct customers, companies, public organizations, may reduce or cancel or not renew their policies due to reduction of production, reduce in export volume and expense cut. All of which effects underwriting operation.

To mitigate this, we carefully analyze the impact of the economy on the client's business and inform them that some insurance covers are orthogonal to the impact of the economy. While we emphasize the importance of having property insurance covers, we also suggest to clients to reevaluate their property more carefully to purchase the necessary cover without being over insured. For certain clients, we may offer alternative products that are best suited to their needs given the circumstances.

Insurance Risk

1. **Increasing of amount and frequency of loss.** The impact of external factors whether physical or geographical factors, natural perils, disasters, accident, terrorism and burglary may bring disaster to lives and damage to property insured.

2. **Suboptimal proportion of types of insurance.** The Company provides all types of non-life insurance. Motor insurance constitutes the core market for the industry's total premium; it is also the class of insurance that is consistently very difficult to see profitable bottom line. This is mainly due to high acquisition cost and increasing claims ratio. Focusing too much on the top-line premium growth may thus impact profitability.

3. **Ethics and moral.** The risk may arise from insurers who intend to take advantage of insurance company. In this respect, insurers may have to pay for a higher settlement than the fair amount.

The Company adopts measures to deal with the above risks by

1. Analyzing on the basis of Loss ratio and Combined ratio.
2. Implements strict risk selection criteria, client groups and type of business.

3. Reinsures to spread risk exposure by placing treaty and facultative reinsurance with local and overseas financial secured companies. In addition it also purchases excess of loss reinsurance to reduce exposure to catastrophe losses and to protect its operation and financial status.

4. Manages composition of the portfolio by writing all classes of business and monitors for the portfolio mix according to market situation. Technical knowledge and up to date statistics are used to plan marketing strategies to penetrate target markets by introducing products that are profitable and have high potential to expand.

Liquidity Risk

The risk arises from a given security or asset that cannot be traded quickly enough, and at the required quantity, price and time to enable the Company to have cash to pay loans or meet its obligations as they become due. Liquidity is critical to insurance operation as it can create damages in terms of monetary as well as non-monetary damages such as reputation, image, and credibility to clients, business partners, public and industry.

The Company establishes policy to manage liquidity risk on investment operation by

1. Making investment on securities that are liquid such as fixed income securities from government sector or private sector that has good credit rating. It also spreads out investment funding and balances the portfolio with taking into account time horizons and fund needs to pay loans and meet obligations, managing account receivable, account payable, remaining useful life of assets and changes in value of assets, deals with the remaining useful life of assets and liabilities was taken into consideration and anticipated quantity and duration properly needed in circumstances whether inside and outside the Company.

2. Maintain adequate shareholders' equity to meet its liabilities and have an appropriate ratio to handle exposure from business and operation risks and provides other funding sources for its contingency plans for handling liquidity crisis.

3. Responsibilities and line of report to those who manage liquidity risk are clearly defined as well as establish reporting system to generate an early warning report to executives for transactions that are not conform to the Company' policy or promptly, timely and accurately report warning signs to key risk indicators.

Operational risk

1. **Personnel:** There exists limited skilled and specialized workforce for insurance industry. The strategies are to support continuing growth in career path through training programs both domestic and international, to sponsored higher education scholarship, to keep high potential employees to work permanently.

2. **Processing system:** The risk arises from the insufficient or inappropriate internal control system also including the classification of responsibility ineffectively as well as there exists no guideline for examining any person who commits an offense under Anti-Money Laundering Act and Counter Terrorism Financing Act that may cause the Company shall be liable to fine and discredit. **The strategies are**

1) Endorse and establish code of work ethics based on good governance on a continuous basis.

2) Adopt work manual, authority to exercise power and responsibilities are clearly defined in writing and periodically revised.

3) Build up a culture that values corporate risk management and work integrity and ethics.

3. **Technology:** Statistical data and information of clients were lost or leaked to outsiders or competitors, the Company will suffer negative image. The operation will be interrupted if after a disaster occurred the central computer unit is lost or damaged, causing system failure or losing part of or all of its data.

There are effective information security solutions to protect electronic information and contingency plan for central computer unit. There is a back-up system in preparation for emergency disaster. A contingency business continuity plan has been designed and tested on a yearly basis.

In addition, procedures and regulations have been clearly defined and practiced in respect of security of data and system, are

1) Software Security and Data, the Company installs a program to check and detect computer viruses, firewall and the patch programs from each particular program producers to get rid of bugs and errors in the computer system. Two sets of backup data are kept. They are updated daily, monthly and yearly at secured outside locations in preparation for emergency disaster.

2) Hardware and Network, the Company has a contingency plan to use an outside backup site if disaster occurs.

3) Physical security of the central computer unit, the Company provides backup power system to support short term power outage. It also has a generator capable of keeping the unit live should we experience longer term power outage. The Company has installed fire protection system and fire extinguishers specifically for electronic system protection.

4) Personnel security, the Company establishes clearly defined procedures identify those who can access to send mail out of the office, set size limit to sent mail, and report of sent mail.

5) The Company has done computer audit to make improvements to procedures and work processes by external computer auditor in accordance to international standard procedures.

Market Risk

The risk arises from decreasing in value of securities from fluctuations in exchange rates, interest rating and security prices as well as from external factors such as economic, social and political situations.

The Company manages investment risk by diversifying the portfolio and spread investment funding to include various lines of investment as well as categories of business in order to reduce fluctuations in aggregate value of investment. It closely monitors and regularly assesses factors that may cause fluctuations to value of investment instruments in order to make a proper investment transaction according to situation. It has policy not to invest in speculative securities that price fluctuation is high but concentrates on blue-chip securities and ones that have steady yield. The Company has an investment committee who considers and sets up investment policy, in addition to the Office of Insurance Commission's rule of practice promulgated under the Non-Life Insurance Act B.E.2535, in order to reduce exposure from the loss of investment funding. The committee considers and reviews structure of the portfolio mix on a regular basis.

Asset Liabilities Management Risk

A mismatch between assets and liabilities either due to liquidity or changes in interest rates, stock prices and property prices, especially claim liabilities, unearned premium reserve, advance premium and duration of asset is longer than the average life of liability which affected the Company's financial standing and liquidity.

The strategy is defining asset and liability management as a mechanism to address the investment risk in line with investment policy, investment plan and procedure of the Company as well as guideline for investment in other business set by the Company's investment committee and have been approved by the Board of Directors in order to ensure that the Company has a suitable asset and liability management, investment in equity securities, cash ratio and liquid assets.

Credit Risk

The counterparty is unable to meet the agreement which has been stated in the contract and the probability that the counterparty's credit rating is downgraded.

1. **Investment:** More than 50% of the Company asset is securities investment, so the Company is taking on the risk should the issuer is default.

The strategy is making selection of investment base on credit rating of issuers of fixed income securities, assigned by reliable outside credit rating agencies such as TRIS and FITCH. It is the Company policy to invest in fixed income securities of at least "Investment Grade" quality. All invested fixed income securities will be periodically monitored for an adjustment of the debtors' credit rating and relevant information will be gathered to review business potential of the issuers. It also regularly monitors and reviews the limit for investment to ensure adequate investment limit of individual line is maintained at all time.

2. **Reinsurance:** The reinsurance companies cannot pay claim recovery the Company as specify in the contract so the Company's liquidity is affected consequently. However, the Company will consider and choose only the A- credit rating reinsurer and will be periodically monitored for an adjustment of the credit rating of reinsurance companies.

Concentration Risk

The risk arises from the value of specific asset concentration is too high including investment and reinsurer. As the issuer and reinsurer have credit difficulties and unable to pay obligation, the Company will have liquidity problem subsequently.

1. **Investment:** The Company is investing in both equity and security market in order to get high return as targeted. Therefore, if the Company invests on one specific equity in order to get high return might cause the big loss when the value of equity is dramatically decreased.

The Concentration restriction is applicable through the investment diversification. The Company is investing on various types of securities which is categorized the level of risk. We are strictly tightening the Concentration policy because it might affect the severity to the Company in term of Liquidity, Reinsurance risk, and Capital Adequacy Ratio and Risk Based Capital.

2. **Reinsurance:** The Company is facing the risk if choosing one reinsurer more than 50% of total reinsurance value. In the case that reinsurer are bankrupt, the Company will possibly be defaulted from the reinsurer.

The Company has the reinsurance counterparty with both local and international reinsurers. The reinsurance policy of the Company is restricted though the ceiling of the amount of reinsurance. The diversification to each reinsurer does not exceed half of the aggregate reinsurance value of the Company.

Legal and Regulatory Risk

The Company abuses, neglects or an offense to comply with the law, the rules and regulations stipulated by the regulatory specifications. **The strategies are**

1. The Company requires all employees to follow the relevant regulations properly as their responsibilities.
2. The Company communicates and gives the understanding to the employee to the effect and the loss that will be occurred according to the law discipline.
3. The Company records and pursues the legal and regulation policy issued.

4. Each division in the organization set their work instructions to prevent offense against the serious law such as Anti-Money Laundering Act and Counter Terrorism Financing Act.

Group Risk

The risk that the financial status of another company in the group impacts that of the Company does not exist since the Company operates independently and does not constitute a part of any group of companies.

Emerging Risk

Risk that has not happened yet but is likely to happen in the future according to the changing of the environment. This risk may occur gradually and has low probability but if it happens, this will cause a large damage to the Company. This risk is based on statistically and expectation of the reliable evidence.

According the uncertainty and highly deviation of the physical environment, scientific and Information Technology, the Company has noticed the importance of such new invention and innovation. The risk management plan is applicable though the product development in order to cover cost of loss and restricting the threshold of underwriting process.

Shareholders and Management Structure

Shareholders Structure

Top ten major shareholders as of 30 December 2015

Shareholders	Shareholding	
	No. of Shares	Percentage of Total Number of Shares
1. Mr. Suchin Wanglee Group	4,518,665	14.12
2. The United Indemnity Company Limited	2,255,733	7.05
3. Thanasarn Sombat (Thai) Company Limited	1,611,569	5.04
4. Mr. Nataphol Srichomkwan	1,507,608	4.71
5. Siam Motors Company Limited	1,292,800	4.04
6. Mrs. Saijit Wanglee Group	1,141,474	3.57
7. Wanglee Company Limited	870,775	2.72
8. Mr. Pradit Rodloytuk	863,766	2.70
9. Poon Phol Company Limited	853,332	2.67
10. Mr. Chan Chi Keung	712,905	2.23

Note: Mr. Suchin Wanglee Group consisted of (1) Mr. Suchin Wanglee holds 3,240,560 shares (2) Mrs. Rujiraporn Wanglee holds 1,120,000 shares (3) Dr. Saran Wanglee holds 158,105 shares

Mrs. Saijit Wanglee Group consisted of (1) Mrs. Saijit Wanglee holds 584,452 shares (2) Ms. Jittinan Wanglee holds 218,228 shares (3) Mr. Nattachai holds 124,978 shares (4) Jittipat Co., Ltd. holds 213,816 shares

Dividend policy

The Company has a policy to pay dividend at the rate of not less than 40% of the net profit base on consolidate financial statements, the separate financial statement has no accumulated loss and after it is resolved by the opinion of the Board and the general meeting of shareholders.

Management Structure

1. Board of directors consists of the following:

- | | | |
|--------------------|-------------|--|
| 1. Mr. Suchin | Wanglee | Chairman of the Board/Non-executive Director |
| 2. Mr. Pitiphong | Bisalputra | Executive Director |
| 3. Professor Hiran | Radeesri | Independent Director/Chairman of the Audit Committee |
| 4. Mr. Pramon | Sutivong | Independent Director/Member of the Audit Committee/
Chairman of the Remuneration, Nomination & Governance Committee |
| 5. Mr. Kiet | Srichomkwan | Independent Director/Member of the Audit Committee/
Member of the Remuneration, Nomination & Governance Committee |

6. Mr. Phornpong	Phornprapha	Independent Director/ Member of the Remuneration, Nomination & Governance Committee
7. Mr. Chan Soo Lee		Independent Director
8. Mr. Nipol	T. Jeerawong	Non-executive Director/Chairman of the Risk Management Committee
9. Mr. Thamnu	Wanglee	Non-executive Director
10. Mr. Vuttichai	Wanglee	Non-executive Director
11. Ms. Jittinan	Wanglee	Non-executive Director
12. Mr. Kaet	Wanglee	Non-executive Director
13. Ms. Charuwan	Chabchamrun	Executive Director
* Miss Charuwan	Chabchamrun was appointed to be the Company's director on 26 February 2015	

Duties and Responsibilities of the Board of directors

1. To oversee that the Company's operations are operated in accordance with the objects, the articles of association of the Company, and the resolutions of the shareholders' meeting, as well as the regulations specified by related laws in good faith and with due care to preserve the greatest interests of the Company.

2. To consider and approve vision, mission, directions, as well as overseeing and superintend the management to be in line with the vision or framework with effectiveness and efficiency.

3. To regularly monitor and evaluate the implementation of the corporate governance policy and the code of conduct of the Company at least once a year.

4. To approve connected transactions and any transactions in compliance with the laws and regulations specified by all regulatory agencies such as OIC, SEC Etc., to prevent transactions that may have a conflict of interest.

5. To approve the acquisition and disposition of assets and any transactions in compliance with the laws and regulations specified by all regulatory agencies such as OIC, SEC Etc., to prevent transactions that may have a conflict of interest.

6. To approve a significant matters submitted by the management such as business plan, budget or any project that the transaction value is greater than the authority of the management.

7. To set up a control system for financial reports, compliance with regulatory, risk management and internal control as well as providing units or personnel with an independent duty to act in the audit practice to ensure the efficient and transparent management.

8. To oversee selection of directors and set up the efficient succession plan of the top executives.

9. To appoint the committees to be adequate and appropriate of its duties, and to appoint or delegate any power to any other person(s) to conduct the Company's business subject to the control of and within the time frame as may be specified by the Board.

10. Assessing the performance of the board of directors and its committees annually.

11. To approve the criteria for annual special bonus payment for the employees.

12. To appoint the Company Secretary.

2. The Committees

1) **Audit Committee** consists of a team of independent directors. Term of office is three years and subject to a three-year term. In November 2015 all members as below names list have been re-elected by the Board to serve another term in the audit committee.

- | | | |
|----|---------------------------|----------|
| 1. | Professor Hiran Radeesri* | Chairman |
| 2. | Mr. Pramon Sutivong | Member |
| 3. | Mr. Kiet Srichomkwan | Member |

* The first member in the list has expertise and vast experience in accounting, finance practice and experienced to review of creditability the financial report.

Mr. Phisit Photisatian, vice president, office of internal audit, is a secretary to the Committee.

Duties and Responsibilities of the Audit Committee

1. To review the Company's financial reports to ensure the quality that are completely and accurately prepared according to the accounting standards.

2. To review the Company's internal control system and internal audit systems to ensure the efficient and to approve the appointment, transfer, removal and considering compensation and merit increases of internal audit chief as well as to define duties and responsibilities of internal audit unit.

3. To review the Company's operations are operated in accordance with the laws and regulations specified by SEC, SET, OIC as well as other related laws.

4. To consider, select, nominate and lay-off an independent person to be the Company's external auditor, and to propose such person's remuneration, as well as to attend a non-management meeting with the auditor at least once a year.

5. To review connected transactions or any transactions in compliance with the laws and regulations specified by SET, to prevent transactions that may have a conflict of interest, to ensure the transactions are reasonable and to preserve the greatest interest of the Company.

6. To review the efficiency of the Company's risk management system.

7. To report the Committee's performance to the board of directors at least 4 times a year.

8. To prepare report of the Committee that would be signed by the Committee's Chairman to be disclosed in the Company's annual report. The report must be consisted of at least following items;

8.1 An opinion on the accuracy, completeness and creditability of the Company's financial reports

8.2 An opinion on the adequacy of the Company's internal control system

8.3 An opinion on complying with the laws and regulations specified by all regulatory agencies and others relating to the Company's operations

8.4 An opinion on the suitability of the auditor

8.5 An opinion on the transactions that may have a conflict of interest

8.6 Number of the Committee's meetings and the attendance of each member

8.7 An opinion or overview comment received by the Committee from its performance of duties in accordance with the charter

8.8 Other transactions which should be known to the shareholders and general investors, subject to the scope of duties and responsibilities assigned by the Company's board of directors

9. To perform any other tasks as assigned by the board of directors thereof with the approval of the Committee.

10. In performing of their duties, if it is found or suspected that there is a transaction or any of the following acts which may materially affect the Company's financial condition and operating results, the Committee shall report to the board of directors for rectification within the period of time that the Committee thinks fit;

10.1 The transactions that may have a conflict of interest

10.2 Any fraud, irregularity, or material defect in the internal control system

10.3 An infringement of the laws and regulations specified by all regulatory agencies and others relating to the Company's operations

If the Company's board of directors or management fails to make a rectification within the period of time under the first paragraph, any member of the Committee may report on the transaction or act under the first paragraph to SEC or SET and the Committee must be reported to OIC immediately.

11. If the external auditor discovers any suspicious circumstance that the director, manager or any other person responsible for the operation of the Company commits an offense as defined by laws and the auditor informed the fact relating to such circumstance to the Committee in order to continue the inspection without delay. The Committee shall inspect the circumstance and report the result of preliminary inspection to SEC and the external auditor within 30 days from the date received the external auditor noticed. The suspicious circumstance to be reported and the process to uncover facts of such circumstance shall be as specified by the Capital Market Supervisory Board.

Meeting of the Audit Committee shall set at least 6 times a year.

2) **Remuneration, Nomination and Governance Committee** consists of at least 3 members, of which chairman and at least two of three of the Committee members must be independent directors and hold a term of 3 years. In February 2016 all members as below names list have been re-elected by the Board to serve another term in the remuneration, nomination and governance committee.

- | | | |
|------------------|-------------|----------|
| 1. Mr. Pramon | Sutivong | Chairman |
| 2. Mr. Kiet | Srichomkwan | Member |
| 3. Mr. Phornpong | Phornprapha | Member |

Duties and Responsibilities of Remuneration

1. Proposed to the board of directors' meeting or shareholder's meeting (as it may be) to consider approval of structure and procedures of remunerations for the board of directors, the committees and senior executives.

2. Consider and fix bonus for the board of directors and the committees propose to the board of directors and shareholders' meeting for approval.

3. Consider and fix bonus for senior executives propose to the Board of directors for approval.

4. Consider and review authority and duties of the remunerating to appropriate and comply with legal, regulations and regulatory agencies such as OIC, SET and SEC etc.

Duties and Responsibilities of Nominating

1. Determine criteria and procedures for selection of nominees to serve as the Company's Directors, member of the committees and senior executives propose to the board of directors for approval.

2. Recruit and nominate a qualified person serve as the Company's director, the committees and senior executives when retiring by rotation or the position is vacant, propose to the board of directors' meeting or shareholder's meeting for approval.

3. Review structure and composition of the board of directors appropriate to the organization and accountability to the shareholders.

4. Consider and review authority and duties of the nominating to appropriate and comply with legal, regulations or regulatory agencies such as OIC, SET and SEC etc.

Duties and Responsibilities of Governance

1. To consider and reviewing whether policy and the practice concerning the Corporate Governance policy and Code of Conduct of the Company are appropriate and adequate to the Board for approval.

2. To monitor and evaluate the implementation of the Corporate Governance policy and the Code of Conduct of directors and staffs at least once a year.

3. To consider the appointing of working group to support relating works to the Corporate Governance and the Code of Conduct suitability.

Meeting of the Remuneration, Nomination and Governance Committee shall set at least twice a year.

3) **Risk Management Committee** consists of following the Company's director or senior executives at least five members and holds a term of three years. In February 2016 all members as below names list have been re-elected by the Board to serve another term in the risk management committee.

- | | | |
|------------------|--------------|----------|
| 1. Mr. Nipol | T. Jeerawong | Chairman |
| 2. Mr. Pitiphong | Bisalputra | Member |
| 3. Ms. Anukul | Thitikulrat | Member |
| 4. Mrs. Nalina | Bodharamik | Member |
| 5. Mr. Anak | Wanglee | Member |

Duties and Responsibilities of the Risk Management Committee

1. Review and propose risk management policy and risk appetite to the board of directors for approval.

2. Oversee development and ensure that all division/ department within the Company to perform by the risk management system.

3. Review the risk management reports and periodically follow up on major risks and make sure the Company has managed risks appropriately and with efficiency.

4. Submit to the board of directors, a report of overall risk exposure to the Company including review whether the internal audit system is appropriate to manage exposure from major risks.

5. Give advice to all division/ department of the risk management sector, consider and resolve development system of the risk management.

Meeting of the Risk Management Committee shall set at least 4 times a year.

4) **Investment Committee** consists of following the Company's executives who served as chief executive officer and president and vice president of asset management department and the other must be appointed by the Board. Term of office shall effective consistent with the status of the Company's executive officers.

- | | | |
|------------------|--------------|----------|
| 1. Mr. Pitiphong | Bisalputra | Chairman |
| 2. Mr. Nipol | T. Jeerawong | Member |
| 3. Mr. Anak | Wanglee | Member |

Mr. Suchin Wanglee is an advisor to the Committee.

Duties and Responsibilities of the Investment Committee

1. To set investment policy and submit to the board of directors for approval.

2. To review investment plans and complying with the policies designed by the board of directors, the Company's risk management strategy and to ensure its consistency and compliance with regulations of the Office of Insurance Commission and related laws.

3. To consider and define guidelines for investment risk management strategy.

4. To consider and set investment procedures for the Company.

5. To oversee the investment management in accordance with the policies, plans, procedures and risk management strategy have been approved by the board of directors.

6. To review and adjust investment policy and investment plans so as to fit in a change in investment climate and propose a revised investment policy to the board of directors for approval.

7. To consider approval of investment in securities.

8. To consider approval of general loan.

9. To consider approval of disposition of real property.

Meeting of the Investment Committee shall set at least 4 times a year.

5) **Executive Board** consists of following the Company's executive officers who have been appointed by the Board. Term of office shall effective consistent with the status of the Company's executive officers.

1. Mr. Pitiphong Bisalputra Chairman

2. Ms. Anukul Thitikulrat Member

3. Mrs. Nalina Bodharamik Member

Mr. Suchin Wanglee is an advisor to the Committee.

Duties and Responsibilities of the Executive Board

1. To control and supervise the Company's operation and its subsidiaries are carried out according to the policies and major operating plans, with utmost efficiency and effectiveness, as assigned by the Board.

2. To make corporate policy, budget, guideline and other operating plans of the Company and its subsidiaries and report of such to the Board.

3. To control and supervise the Company and its subsidiaries conducts in compliance with the Securities and Stock Exchange Act, the Non-Life Insurance Act, the Public Company Act and other related applicable regulations thereof.

4. To control and supervise the Company to follow generally accepted accounting standards and prepare financial statements to show accurately and reasonably the financial and operation results of the Company and its subsidiaries.

5. To evaluate and assess risks in operating business of the Company and its subsidiaries and make appropriate measures to manage such risk and inform the Board thereof.

6. To perform any other tasks as assigned by the Board thereof.

Authority

1. To manage the Company's operation and its subsidiaries according to the policy, budget and operating plans.

2. To delegate the management authority to the respective responsible executives of the Company and its subsidiaries according to level of command.

3. To manage and handle all matters related to Underwriting, claims management, investment and general management.

4. To purchase, hire, sell and transfer assets, and to authorize expenditure within the limit of Baht 50 million.

5. To authorize expenditure that exceeds the budget but not over 20% of the budget.

6. In the event that the Board has given authority to the executive board or in the event that the executive board has given authority to the President and/or any executives to act on behalf of the Company or its subsidiaries, the authority given so does not include the power to approve transactions that the assignee or the involved person may have interest, or conflict of interest with the Company or its subsidiaries.

Meeting of the Executive Board shall set at least twice a month.

3. Management consists of:

- | | | |
|--------------------|--------------|--|
| 1. Mr. Pitiphong | Bisalputra | CEO and President |
| 2. Ms. Anukul | Thitikulrat | Executive Vice President - Finance |
| 3. Mrs. Nalina | Bodharamik | Executive Vice President - Underwriting/Branch Support |
| 4. Mr. Adul | Pattanaphum | Senior Vice President - Marketing Salesforce/ Marketing Management |
| 5. Mr. Anak | Wanglee | Senior Vice President - Asset Management |
| 6. Mr. Anin | Wanglee | Senior Vice President - Claims Management |
| 7. Ms. Worrakansri | Danpadungsub | Senior Vice President - Information System |

* Ms. Worrakansri Danpadungsub resigned from the Company's executive on 31 January 2016

Duties and Responsibilities of the Chief Executive Officer

1. To monitor and provide advises to the president and the management in managing the Company to achieve its vision and overall objectives set by the board of directors, will all units in the organization cooperatively to achieve their respectively responsible objectives.

2. To motivate and/or oversee participation from all members of the organization towards common directions and objectives.

3. To establish sound working understandings of roles and duties of the management with the board of directors to work towards a common direction.

4. To provide recommendations to the management including review and oversee management direction and business strategies as a whole including normal business operation plans before presenting to the board of directors.

5. To oversee the adequacy of having strategies, annual budget and operation plans in accordance with the Board's policy.

6. To oversee development of good culture and sound environment in work place for the Company's personnel with taking in consideration of their pride and respect for human dignity including having code of moral and equal treatment for them.

7. To consider and evaluate the president's performance than report it directly to the board of directors and/or assigned sub-committees.

8. Cooperating with the president to consider and evaluate performance of executives to ensure fairness.

Duties and Responsibilities of the President

1. To perform policy, strategic direction, business plan and annual budget of the Company propose to the board of directors for approval and to proceed as the resolutions approved by the board of directors

2. To report the Company's operating performance by monthly and quarterly compared to business plan and budget with suggestion to the board of directors

3. To approve the Company's expenditure with limit of not over Baht 1 million that he must be reported to the Executive Board in case of inconsistent with the authority

4. Other matters assigned by the board of directors

4. Company Secretary

The board of directors appointed Miss Charuwan Chabchamrun who has the qualifications, in term of skills and knowledge to be the company secretary. Office of Company Secretary supports the Company secretarial work to be efficiency and effectiveness as well as compliance with the principles of good corporate governance.

Duties and Responsibilities of Company Secretary

1. Organizing the meetings of shareholders and the Board as stipulated by law, the Company's Articles of Association, and other guidelines.
2. Preparing and the minutes of shareholders' meetings and the minutes of the Board's meetings as well as filing documents.
3. Ensuring disclosure of the Company's operations and the Board activities to compliance with rules and regulations of SET and SEC.
4. Providing appropriate advice to the Board regarding related laws, the Company's rules and regulations, as well as monitoring to comply with accuracy on a regular basis.
5. Communicating to the Company's shareholders to acknowledge the Company's news and general information.

5. Nomination of Directors and the Top executives

The remuneration, nomination and governance committee will nominate new directors who shall replace those retiring on rotation or otherwise based on the following procedures:

(1) Independent Director

The Company defined definition of independent directors as well prescribed by the Office of Securities and Exchange Commission, these qualifications are as follows:

1. Shall not hold shares exceeding 1% of the total number of voting share of the Company, its parent company, subsidiary, associate, major shareholders or controlling person, including shares held by related persons of such independent director.
2. Shall neither be nor have ever been a director with management authority, employee, staff member, advisor who receives a salary or is a controlling person of the Company, its parent company, subsidiary, associate, same-tier subsidiary company, major shareholder or controlling person unless the foregoing status has ended not less than 2 years prior to the date of becoming a director.
3. Shall not be a person related by blood relation or legal registration as father, mother, spouse, sibling, or child, including spouse of child, of an executive, major shareholder, controlling person, or person to be nominated as executive or controlling person of the Company or its subsidiary.
4. Shall neither have nor have ever had a business relationship with the Company, its parent company, subsidiary, associate, major shareholder or controlling person. The term of business relationship being subject to indebtedness payable to the other party in amount of 3% or more of the net tangible assets of the Company or 20 million Baht or more, whichever is lower, unless the foregoing relationship has ended not less than 2 years prior to the date of becoming an independent director.
5. Shall not be nor have ever been an auditor of the Company, its parent company, subsidiary, associate, major shareholder or controlling person, and not be a significant shareholder, controlling person, or partner of an audit firm which employs auditors of the Company, its parent company, subsidiary, associate, major shareholder or controlling person, unless the foregoing relationship has ended not less than 2 years prior to the date of becoming an independent director.

6. Shall not be nor have ever been a provider of any professional services including legal advisor or financial advisor who receives service fees exceeding 2 million Baht per year from the Company, its parent company, subsidiary, associate, major shareholder or controlling person, and not be a significant shareholder, controlling person or partner of the provider of professional services, unless the foregoing relationship has ended not less than 2 years prior to the date of becoming an independent director.
7. Shall not be a director appointed as representative of the board of directors, major shareholder or shareholder who is related to a major shareholders of the Company.
8. Shall not undertake any business in the same nature and in competition with the business of the Company or its subsidiary, nor be a significant partner in a partnership or director with management authority, employee, staff member or advisor who receives salary or hold shares exceeding 1% of the total number of shares with voting rights of another company which undertakes business in the same nature and in competition with the business of the Company or its subsidiary.
9. Shall not have any other characteristic that limits his/her ability to express independent opinions regarding the Company's operations.

The Business Relationship of Independent Directors

The board of directors approved the rules to waiver the prohibitive business relationship of independent directors. The value size is not more than 3% of the value of Net Tangible Assets (NTA) of the Company and the business relationships must be an ordinary business and must support the Company's operations in the general condition the company should treat contract parties in the same situation. Furthermore, the business relationship is not going to provide the benefit and the effect with independent opinions that may lead to conflict of interest. The steps of supervision are as follows.

- To review and report the business relationship of independent direction size are more than 3% of the value of NTA of the Company to the board of directors to review the independence.
- To illustrate the business relationship of independent directors during the board of directors and the shareholders' meeting to nominate independent directors.
- To disclose the business relationship of the independent directors in the Annual Report and Form 56-1 or the criteria specified in the notification.

(2) Nomination of Director and Top Executive

The remuneration, nomination and governance committee, comprising a team of independent directors, in charge for election and nominate the qualified person to be the Company's director and chief executive officer as well as president, and shall propose to the Board and shareholders' meeting for approval respectively.

At the meeting of shareholders, there shall be not less than one-half the total number of votes of the shareholders attending the meeting and having the rights to vote and shareholders shall consider and elect each board member individually, except the director having interests in any matter shall have no right to vote on such matter.

Quality of the Director

1. Directors must possess the qualifications as specified by law such as the Public Company Act, the Securities and Stock Exchange Act and the Non-life Insurance Act.
2. Directors should be competent with skills and extensive experience to benefit the Company's operations. Directors must have willingness and good ethical business practices.
3. Directors should have the ability to exercise sound and independent judgments, free from the management and other interest groups.
4. Directors could dedicate appropriate time to the Company that he/she serves director and perform he/she duty with due care.

6. NKI's Shareholding of the Board of Directors and the Management

Name list	Ordinary Shares (Shares)					
	As of 31 December 2015		As of 31 December 2014		Increase (Decrease) during Financial Year	
	Held Personally	Held by Spouse/Minor Child	Held Personally	Held by Spouse/Minor Child	Held Personally	Held by Spouse/Minor Child
1. Mr. Suchin Wanglee	3,240,560	3,116,819	3,116,819	1,085,000	123,741	35,000
2. Mr. Pitiphong Bisalputra	126,555	118,726	118,726	-	7,829	-
3. Professor Hiran Radeesri	-	-	-	-	-	-
4. Mr. Pramon Sutivong	-	-	-	160,166	-	5,166
5. Mr. Kiet Srichomkwan	38,211	37,017	37,017	-	1,194	-
6. Mr. Phompong Phomprapha	-	-	-	250	-	8
7. Mr. Chan Soo Lee	315,856	305,986	305,986	-	9,870	-
8. Mr. Nipol T. Jeerawong	52,916	51,263	51,263	62,126	1,653	2,004
9. Mr. Thamnu Wanglee	392,860	380,584	380,584	14,968	12,276	482
10. Mr. Vuttichai Wanglee	557,869	540,436	540,436	12,503	17,433	403
11. Ms. Jittinan Wanglee	218,228	211,409	211,409	-	6,819	-
12. Mr. Kaet Wanglee	68,532	62,516	62,516	-	6,016	-
13. Ms. Charuwan Chabchamrun	-	-	-	-	-	-
14. Ms. Anukul Thitikulrat	-	-	-	-	-	-
15. Mrs. Nalina Bodharamik	-	-	-	-	-	-
16. Mr. Adul Pattanaphum	-	-	-	-	-	-
17. Mr. Anak Wanglee	45,782	40,477	40,477	-	5,305	-
18. Mr. Anin Wanglee	76,917	70,639	70,639	-	6,278	-
19. Ms. Worrakansri Danpadungsub	-	-	-	-	-	-

Note

1. The Company's shareholders received the stock dividend on 18 May 2015, at the ratio of 31 existing ordinary shares to 1 newly issued ordinary share.

7. Meeting Attendance of the Board of directors and the Committees in 2015

Directors	Board of Directors/ Non-executive Director	Audit Committee	Remuneration, Nomination & Governance Committee	Risk Management Committee	Investment Committee	Executive Board
1. Mr. Suchin Wanglee	6/6 1/1	-	-	-	-	-
2. Mr. Pitiphong Bisalputra	6/6 -	-	-	4/5	4/4	43/48
3. Professor Hiran Radeesri	6/6 1/1	11/11	-	-	-	-
4. Mr. Pramon Sutivong	6/6 1/1	11/11	2/2	-	-	-
5. Mr. Kiet Srichomkwan	6/6 1/1	11/11	2/2	-	-	-
6. Mr. Phornpong Phornprapha	5/6 1/1	-	1/2	-	-	-
7. Mr. Chan Soo Lee	4/6 1/1	-	-	-	-	-
8. Mr. Nipol T. Jeerawong	6/6 1/1	-	-	5/5	1/4	-
9. Mr. Thamnu Wanglee	5/6 1/1	-	-	-	-	-
10. Mr. Vuttichai Wanglee	5/6 0/1	-	-	-	-	-
11. Ms. Jiittinan Wanglee	4/6 0/1	-	-	-	-	-
12. Mr. Kaet Wanglee	5/6 0/1	-	-	-	-	-
13. Ms. Charuwan Chabchamrun	5/6 -	-	-	-	-	-
Executive officers who served as director in the Committees						
14. Ms. Anukul Thitikulrat	- -	-	-	5/5	-	47/48
15. Mrs. Nalina Bodharamik	- -	-	-	5/5	-	42/48
16. Mr. Anak Wanglee	- -	-	-	4/5	4/4	-

Note:

- The Board meeting totaling 6 times a year. The 5 independent directors are number 3, 4, 5, 6 and 7.
- The non-executive directors' meeting one time and members are number 1 and 3-12
- The 3 audit committee members are number 3, 4 and 5/ Total meetings are 11 times a year.
- The 3 remuneration, nomination and governance committee members are number 4, 5 and 6/ Total meeting 2 times
- The risk management committee members are number 2, 8 and 14- 16/ Total meetings are 5 times a year.
- The investment committee members are number 2, 8 and 16 (Number 1 is an advisor to the Committee)/ Total meetings are 4 times.
- The executive board members are number 2, 14 and 15 (Number 1 is an advisor to the Committee)/ Total meetings are 48 times.

8. Remuneration of the Board of Directors and the Management in 2015

1) Cash Remuneration

The remuneration, nomination and governance committee responsible for review the remuneration of directors and the Company's top executives and propose to the meeting of the board of directors and/or shareholders for approval.

Remuneration of Directors

The remuneration of directors is determined by the board of directors and has been approved by the shareholders, with consideration to the duties, responsibilities and performance of directors, by comparing to the same type of industry and at the level closely applicable in the industry including dividend payment.

Meeting allowances: Pay to directors who attend the meeting, payable to the chairman and other directors in amounting of 30,000 Baht and 20,000 Baht per meeting respectively

Bonus: Pay to the Board as a whole at approximately 5% of dividend payment, payable to the chairman and the chairman of the executive board at the rate of 2.0 times of the Board members rate.

The Committees paid to the members who attend the meeting as following:

The audit committee

Chairman 30,000 Baht

Other members 20,000 Baht

The remuneration, nomination and governance committee/The risk management committee/The investment committee, shall be paid only to non-executive director:

Chairman 20,000 Baht

Other members 10,000 Baht

The remuneration is paid to the Board of Directors and the Committees in 2015

Directors	Board of Directors/ Non-executive Director	Audit Committee	Remuneration, Nomination & Governance Committee	Risk Management Committee	Investment Committee	Director's Bonus	Total
1. Mr. Suchin Wanglee ¹	180,000	30,000	-	-	-	735,714.29	945,714.29
2. Mr. Pitiphong Bisalputra ²	120,000	-	-	10,000	-	613,095.24	743,095.24
3. Professor Hiran Radeesri ³	120,000	20,000	330,000	-	-	367,857.14	837,857.14
4. Mr. Pramon Sutivong ⁴	120,000	20,000	220,000	40,000	-	367,857.14	767,857.14
5. Mr. Kiet Srichomkwan	120,000	20,000	220,000	20,000	-	367,857.14	747,857.14
6. Mr. Phornpong Phornprapha	120,000	20,000	-	10,000	-	367,857.14	497,857.14
7. Mr. Chan Soo Lee	80,000	20,000	-	-	-	367,857.14	467,857.14
8. Mr. Nipol T. Jeerawong ⁵	120,000	20,000	-	100,000	10,000	490,476.19	740,476.19
9. Mr. Thamnu Wanglee	100,000	20,000	-	-	-	367,857.14	487,857.14
10. Mr. Vuttichai Wanglee	100,000	0	-	-	-	367,857.14	467,857.14
11. Ms. Jittinan Wanglee	80,000	0	-	-	-	367,857.14	447,857.14
12. Mr. Kaet Wanglee	100,000	0	-	-	-	367,857.14	467,857.14
13. Ms. Charuwan Chabchamrun	100,000	-	-	-	-	-	100,000.00
14. Ms. Anukul Thitikulrat	-	-	-	20,000	-	-	20,000.00
15. Mrs. Nalina Bodharamik	-	-	-	20,000	-	-	20,000.00
16. Mr. Anak Wanglee	-	-	-	10,000	-	-	10,000.00
Total	1,440,000	170,000	770,000	70,000	160,000	5,150,000	7,770,000

Note:

- Chairman of the Board, excluding the remuneration as an advisor to the executive board in term of salary, bonus and provident fund, totaling 9,341,800 Baht
- Chairman of the investment committee
- Chairman of the audit committee
- Chairman of the remuneration, nomination and governance committee
- Chairman of the risk management, excluding the remuneration as advisor to the Chairman of the Board in term of

salary, bonus and provident fund, totaling 6,512,000 Baht

6. Remuneration of the executive director who is member of the risk management committee was paid prior to the AGM 2015

Remuneration of the Management

The remuneration, nomination and governance committee responsible for reviewing of the remuneration for CEO and president propose to the board of directors for approval. Such remuneration will be appropriately fixed based on the remuneration structure of the Company, including his/her performance and consistency with the duties and responsibilities assigned.

The chairman of the executive board and the president shall determine the appropriate amount of remuneration for the Company's executive officers at a level of vice president and higher, with consideration of his/her performance and the Company's operation result.

In 2015, the total remuneration for 7 executives in the form of salaries and bonuses amounted to 24,559,767 Baht.

2) Other Remuneration

Other Remuneration of Directors

-None-

Other Remuneration of the Management

The Company has established a provident fund rate 5% of the salary. For 2015, the Company made contributions of 768,330 Baht to provident fund for the 7 executives.

9. Related-Party Transaction

1) Related Transactions

The Company and related businesses are bound to conduct transactions with one another in such ways as through shareholding, common directors or business transaction arose in the ordinary course of business based on market terms and conditions. They are disclosed in notes to the financial statements, under item 7. Such transactions shall support operations and distribute risks, of which the Company carries out in accordance with rules and regulations prescribed by law and relevant institutions and realized on the best advantage of the Company.

2) Procedures for Approval of Related Transactions

The board of directors has approved guidelines and procedures of related transactions to ensure the Company's best interest, authorized the management and/or the person authorized by the management the power to make related transaction that are normal business or normal business support under traditional business practices e.g. insurance or investment transactions. The directors and management who hold up a position of vice president shall disclose to the Company annually whether they hold any stakes involving potential conflict of interest and in case where such transactions need approval in accordance the regulations and procedures prescribed by law, the management shall propose such matters to the audit committee, the board of directors or at the Shareholders' Meeting for approval respectively, and shall disclose the information completely. Under no circumstance shall directors or management concerned be allowed to participate in the process of considering approval.

3) Policy or Tendency of Related Transactions Process in the Future

Related Transactions in the future will continue due to the controlling authority's policy requiring insurance companies to place reinsurance with Thai companies and encouraging insurance companies to form reinsurance pools to cede and accept retrocession from Thai Reinsurance Public Company Limited. Another factor is the agreement to place business with Thai Reinsurance Public Company Limited to keep data and statistics of the insurance business in Thailand.

However, the Company shall proceed by implementing fair method, transparent and complying with rules and regulations of the Notification of Capital Market Supervisory Board and OIC.

Board of Directors and the Management Profiles

Mr. Suchin Wanglee

Age	79		Remuneration Committee, BTS Group Holding Plc.
Positions in NKI	Chairman/Advisor to the Investment Committee/Advisor to the Executive Board	2010-Present	Vice Chairman, Thai Metal Drums MFG.Plc.
Appointment as NKI's Director	29 April 1993	2009-Present	Chairman of the Remuneration and Nomination Committee,
The latest reelection	24 April 2014		Thai Metal Drums MFG. Plc.
Highest Education Degree	Bachelor Degree in Electronic Engineering, Northrop Institute of Technology, USA	1989-Present	Director, Thai Metal Drums MFG. Plc.
No. of Shares Held	4,360,560 shares or 13.63%	1999-Present	Chairman, Thaire Life Assurance Plc.
Director Training Program		1994-Present	Independent Director, Varopakorn Plc.
2013	Director Accreditation Program, Thai Institute of Directors Association	1978-2016	Chairman/ Independent Director, Thai Reinsurance Plc.
2001	Role of the Chairman Program, Thai Institute of Directors Association	1969-2013	Independent Director, Thai-German Ceramics Industry Plc.
Working Experience		Other Companies	
2001-Present	Chairman of the Board of Directors, The Navakij Insurance Plc.	2014-Present	Advisor, The Falcon Insurance Plc.
Other listed Companies		2007-2014	Chairman, The Falcon Insurance Plc.
2013-Present	Member of the Audit Committee, Sermasuk Plc.	2007-Present	Director, Aqua Infinite Co., Ltd
2012-Present	Chairman of the Compensation Committee, Sermasuk Plc.	2006-Present	Chairman, T.I.I. Co., Ltd.
2011-Present	Vice Chairman/ Independent Director, Sermasuk Plc.	2005-Present	Director, Wanglee Pattana Co., Ltd.
2010-2011	Independent Director, Sermasuk Plc.	2005-2011	Director, Rajadamri Hotel Plc.
2010-Present	Independent Director / Member of the Audit Committee/ Member of the Nomination and	1991-Present	Chairman, Lake Rajada Co., Ltd.
		1990-Present	Chairman, Rangsit Plaza Co., Ltd.
		1988-Present	Director, Nuchapon Co., Ltd.
		1982-Present	Director, The Pet Co., Ltd.
		1968-Present	Chairman, Sathorn Thani Co., Ltd.
			Director, Wanglee Co., Ltd.

Mr. Pitiphong Bisalputra

Age	51		Strategy, Thai Institute of Directors Association
Positions in NKI	Director/Chairman of the Investment Committee/Chairman of the Executive Board/Member of the Risk Management Committee/CEO/President	2003	Director Certification Program, Thai Institute of Directors Association
Appointment as NKI's Director	25 April 2002	2014- Present	Working Experience
The latest reelection	24 April 2014		Chairman of the Investment Committee/ Chairman of the Executive Board/Chief Executive Officer, The Navakij Insurance Plc.
Highest Education Degree	Master Degree in Business Administration, University of Hartford, USA	2008- Present	President, The Navakij Insurance Plc.
No. of Shares Held	126,555 shares or 0.40%	2007-Present	Member of the Risk Management Committee, The Navakij Insurance Plc.
Director Training Program			Director, The Navakij Insurance Plc.
2009	Successful Formulation& Execution of	2002- Present	

Mr. Pitiphong Bisalputra (Continued)

2008-2014	Member of the Investment Committee, The Navakij Insurance Plc.	1987-Present	Director, Thamrongsup Co., Ltd. Director, Thananondzee Co., Ltd.
Other listed Company	-None-		Director, Dhanarat Co., Ltd.
Other Companies			Director, Baan Ayodhya Co., Ltd.
2007-Present	Director, Thanapisal Co., Ltd.		Director, Aqua Flow Co., Ltd.
1997-Present	Director, Praphai and Sons Co., Ltd.		Director, Aqua Master Solution Co., Ltd.
1993-Present	Director, Rangsit Ruampatana Co., Ltd.	Other Organizations	
1990-Present	Director, Thanasarn Sombat (Thai) Co., Ltd.	2010-Present	Director, Thai General Insurance Association

Professor Hiran Radeesri

Age	86		Audit Committee, The Navakij Insurance Plc.
Positions in NKI	Independent Director/Chairman of the Audit Committee	Other listed Companies	
Appointment as NKI's Director	24 August 1999	2001-Present	Chairman of the Audit Committee, Thai Com Plc.
The latest reelection	25 April 2013		
Highest Education Degree	Honorary Doctorate in Accounting, Thammasat University	1999-Present	Chairman of the Audit Committee, Dusit Thani Plc.
No. of Shares Held	-None-	2005-2012	Chairman of the Audit Committee, Easy Buy Plc.
Director Training Program		Other Company	
2009	Successful Formulation and Execution of Strategy, Thai Institute of Directors Association	1999-Present	Director, Aueradee Co., Ltd. Other Organizations
2000	Director Certification Program, Thai Institute of Directors Association	2009-Present	Honorary Chairman, Thai Institute of Directors Association
Working Experience		2002-Present	Expert on Corporate Governance and Social Responsibility, The Stock Exchange of Thailand
1999- Present	Independent Director/ Chairman of the		

Mr. Pramon Sutivong

Age	76		of Directors Association
Positions in NKI	Independent Director/Member of the Audit Committee/ Chairman of the Remuneration, Nomination and Governance Committee	2009	Role of the Compensation Committee, Thai Institute of Directors Association
Appointment as NKI's Director	29 April 1994	2003	Director Accreditation Program, Thai Institute of Directors Association
The latest reelection	23 April 2015	2001	Role of the Chairman Program, Thai Institute of Directors Association
Highest Education Degree	Master Degree in Mechanical Engineering, University of Kansas, USA	Working Experience	
No. of Shares Held	165,332 shares or 0.52%	2012-Present	Chairman of the Remuneration, Nomination and Governance Committee, The Navakij Insurance Plc.
Director Training Program			
2013	Audit Committee Program, Thai Institute		

Mr. Pramon Sutivong (Continued)

1994-Present	Independent Director/ Member of the Audit Committee, The Navakij Insurance Plc.	1999-Present	Chairman, Siam Compressor Industry Co., Ltd.
2010-2012	Chairman of the Remuneration and Nomination Committee, The Navakij Insurance Plc.	1999-Present	Chairman, Toyota Motor Thailand Co., Ltd.
2007-2010	Chairman of the Compensation Committee, The Navakij Insurance Plc.	Other Organizations	
Other listed Companies		2009-Present	Honorary Chairman, The Thai Chamber of Commerce and Board of Trade of Thailand
2011-Present	Member of the Audit Committee, The Siam Cement Plc.	2007-Present	Director, Office of the Civil Service Commission
2009-Present	Director/ Member of the Remuneration Committee, The Siam Cement Plc.	2007-Present	Advisor of Sub-Committee, New Listing, The Stock Exchange of Thailand
Other Companies		1999-Present	Director, Toyota Thailand Foundation

Mr. Kiet Srichomkwan

Age	78		Director Accreditation Program, Thai Institute of Directors Association
Positions in NKI	Independent Director/Member of the Audit Committee/ Member of the Remuneration, Nomination and Governance Committee	2002	Director Certification Program, Thai Institute of Directors Association
Appointment as NKI's Director	23 November 1999	Working Experience	
The latest reelection	24 April 2014	2012-Present	Member of the Remuneration, Nomination and Governance Committee, The Navakij Insurance Plc.
Highest Education Degree	Bachelor Degree in Business Administration, New Mexico University, USA		Director/Member of the Audit Committee, The Navakij Insurance Plc.
No. of Shares Held	38,211 shares or 0.12%	1999-Present	Member of the Remuneration and Nomination Committee, The Navakij Insurance Plc.
Director Training Program			Chairman of the Nomination Committee, The Navakij Insurance Plc.
2015	Director Certification Program Update, Thai Institute of Directors Association	2010-2012	-None-
2012	Role of the Chairman Program/ Role of the Nomination and Governance Committee, Thai Institute of Directors Association	2007-2010	
2010	Monitoring the System of Internal Control and Risk Management/ Monitoring Fraud Risk Management/ Monitoring the Internal Audit Function, Thai Institute of Directors Association	Other listed Company	
2009	Monitoring the Quality of Financial Reporting, Thai Institute of Directors Association	Other Companies	
2006	Improving the Quality of Financial Reporting, Thai Institute of Directors Association	2003-Present	Chairman, Alinkij Siam Co., Ltd.
2004	Audit Committee Program, Thai Institute of Directors Association	2002-Present	Chairman, Toyota Petchaboon Toyota's Dealer Co., Ltd.
2003	Finance for Non-Finance Director/	1995-Present	Director, Pen Sook Co., Ltd.
		1990-Present	Director, Suan Petchaboon Co., Ltd.
		1988-Present	Director, Din Prasit Co., Ltd.
		1988-Present	Director, Thai Petchaboon Co., Ltd.
		1987-Present	Director, Silver Beach Resort Co., Ltd.
		1977-Present	Chairman, Benja Rungrueng Co., Ltd.

Mr. Phornpong Phornprapha

Age	65	1996-Present	Director, Exedy Friction Material Co., Ltd.
Positions in NKI	Independent Director/Member of the Remuneration, Nomination and Governance Committee	1996-Present	Honorary Chairman/Director, KYB (Thailand) Co., Ltd.
Appointment as NKI's Director	26 April 2007	1996-Present	President/Director, Siam Chita Co., Ltd.
The latest reelection	24 April 2014	1995-Present	Chairman/President, Siam Calsonic Co., Ltd.
Highest Education Degree	Bachelor Degree in Business Administration, California State University, USA	1995-Present	President/Director, Hitachi Automotive Systems Chonburi Product Co., Ltd.
No. of Shares Held	258 shares or 0.0008%	1994-Present	Honorary Chairman/ Director, EXEDY (Thailand) Co., Ltd.
Director Training Program	-None-	1993-Present	Senior Executive Vice President / Director, Siam Motors Co., Ltd.
Working Experience		1990-Present	Director, Bhuphirom Co., Ltd.
2012-Present	Member of the Remuneration, Nomination and Governance Committee, The Navakij Insurance Plc.	1986-Present	President/ Director, Siam Autopart Co., Ltd.
2007-Present	Director, The Navakij Insurance Plc.	1984-Present	President/ Director, Siam Riken Industrial Co., Ltd.
2010-2012	Member of the Remuneration and Nomination Committee, The Navakij Insurance Plc.	1982-Present	Director, Thaworn Estate Co., Ltd.
		1982-Present	Director, Siam Five Co., Ltd.
2007-2010	Member of the Compensation Committee, The Navakij Insurance Plc.	1982-Present	Director, Thong Thaworn Pattana Co., Ltd.
		1980-Present	Director, Universal Mining Co., Ltd.
Other listed Company	-None-	1969-Present	President/ Director, Siam International Corp., Ltd.
Other Companies			Director, Thaworn Holdings Co., Ltd.
2013-Present	Director, Siam Country Club Co., Ltd.		Director, Nissan Motor (Thailand) Co., Ltd.
2005-Present	Director, International Properties Co., Ltd.		Director, Bangkok Motor Works Co., Ltd.
2005-Present	Vice Honorary Chairman/ Director, Siam NGK Spark Plug Co., Ltd.		Director, Siam Auto Parts Co., Ltd.
1999-Present	Director, Laem Chabang International Terminal Co., Ltd.		Director, Siam Union Container Co., Ltd.

Mr. Chan Soo Lee

Age	55	Working Experience	
Positions in NKI	Independent Director	2003-Present	Director, The Navakij Insurance Plc.
Appointment as NKI's Director	29 April 2003	2007-2010	Member of the Compensation Committee, The Navakij Insurance Plc.
The latest reelection	23 April 2015		
Highest Education Degree	Bachelor Degree in Electronic & Computer, National University of Singapore, Singapore	Other listed Company	-None-
No. of Shares Held	315,856 shares or 0.99%	Other Companies	
Director Training Program		2012-Present	Managing Director, Alpharia Pte. Ltd.
2013	Director Accreditation Program, Thai Institute of Directors Association	2004-Present	Managing Director, TGL Development Pte. Ltd.
		1995-Present	Director, Wanglee Co., Ltd.
		1993-Present	Managing Director, Tan Guan Lee Co., Ltd.
		2006-2010	Director, Splott Pte. Ltd.

Mr. Nipol T. Jeerawong

Age	64		The Navakij Insurance Plc.
Positions in NKI	Director/Advisor to the Chairman of the Board /Chairman of the Risk Management Committee/Member of the Investment Committee	2014-Present 1992- Present 2009-Present	Advisor to the Chairman of the Board, The Navakij Insurance Plc. Director, The Navakij Insurance Plc. Chairman of the Risk Management Committee, The Navakij Insurance Plc.
Appointment as NKI's Director	29 April 1992		Member of the Risk Management Committee, The Navakij Insurance Plc.
The latest reelection	25 April 2013	2007-2008	The Navakij Insurance Plc.
Highest Education Degree	Bachelor Degree in Statistics/ Mini MBA, Thammasat University	2007-2014	Chairman of the Investment Committee/ Chairman of the Executive Board/ Chief Executive Officer, The Navakij Insurance Plc.
No. of Shares Held	117,046 shares or 0.37%		
Director Training Program			
2008	Director Certification Refresher Program, Thai Institute of Directors Association	Other listed Company	-None-
2002	Director Certification Program, Thai Institute of Directors Association	Other Company	Advisor, the Falcon Insurance Plc.
Working Experience			
2015-Present	Member of the Risk Management Committee,		

Mr. Thamnu Wanglee

Age	78	2006	Director Accreditation Program, Thai Institute of Directors Association
Positions in NKI	Director		
Appointment as NKI's Director	29 April 1992	Working Experience	
The latest reelection	25 April 2013	1992-Present	Director, The Navakij Insurance Plc.
Highest Education Degree	Diploma, E.M.I. Electronic College, England	Other listed Company	-None-
No. of Shares Held	408,310 shares or 1.28%	Other Companies	Chairman, Thanatip Co., Ltd. Director, Plapat Co., Ltd. Director, Wanglee Co., Ltd.
Director Training Program			

Mr. Vuttichai Wanglee

Age	74	2007-2010	Member of the Nomination Committee, The Navakij Insurance Plc.
Positions in NKI	Director		
Appointment as NKI's Director	29 April 1992	Other listed Company	-None-
The latest reelection	23 April 2015	Other Companies	
Highest Education Degree	Bachelor Degree in Industrial Engineering, Boston University, USA	2008-Present 1988-Present	Director, Chao Phaya Resort Co., Ltd. Managing Director/ Director, Chaitip Co., Ltd.
No. of Shares Held	570,775 shares or 1.78%		
Director Training Program		1969-Present	Managing Director/ Director, Wanglee Co., Ltd.
2011	Director Accreditation Program, Thai Institute of Directors Association		Managing Director/ Director, Baan Sathorn Nua Co., Ltd.
Working Experience			
1992-Present	Director, The Navakij Insurance Plc.		Managing Director/ Director, Wanglee Pattana Co., Ltd.

Ms. Jittinan Wanglee

Age	43	Other Companies	
Positions in NKI	Director	2014-Present	Director, Pipatanasin Co., Ltd.
Appointment as NKI's Director	29 April 2003	2014-Present	Director, Poonpipat Co., Ltd.
The latest reelection	23 April 2015	2011-Present	Executive Vice President, Rangsit Plaza Co., Ltd.
Highest Education Degree	Master Degree in Business Administration, Babson College, USA	2010-Present	Director, Shopping Center Services Co., Ltd.
No. of Shares Held	218,228 shares or 0.68%	2010-Present	Director, Jiitipat Co., Ltd.
Director Training Program		2009-Present	Director, Thananondzee Co., Ltd.
2007	Director Accreditation Program, Thai Institute of Directors Association	2006-Present	Director, Rangsit Plaza Co., Ltd.
		2005-Present	Director, Rangsit I.T. Co., Ltd.
Working Experience			Director, Somrudee Co., Ltd.
2003-Present	Director, The Navakij Insurance Plc.		
Other listed Company	-None-		

Mr. Kaet Wanglee

Age	36	Other listed Company	-None-
Positions in NKI	Director	Other Companies	
Appointment as NKI's Director	10 May 2012	2014-Present	Director, Pathaweewathana Co., Ltd
The latest reelection	24 April 2014	2014-Present	Director, Poonpipat Co., Ltd..
Highest Education Degree	Master Degree in Science (Hospitality Management), New York University, USA	2013-Present	Director, Poonvanich Co., Ltd.
		2013-Present	Director, Photchanakit Co., Ltd.
		2013-Present	Director, Rangsit Ruampattana Co., Ltd.
No. of Shares Held	68,532 shares or 0.21%	2013-Present	Director, Pipatanasin Co., Ltd.
Director Training Program		2012-Present	Director, Rangsit Plaza Co., Ltd.
2014	Director Accreditation Program, Thai Institute of Directors Association	2012-Present	Director, Shopping Center Services Co., Ltd. Manager, Baan Suan Maak Co., Ltd.
Working Experience			
2012-Present	Director, The Navakij Insurance Plc.		

Ms. Charuwan Chabchamrun

Age	45		The Navakij Insurance Plc.
Positions in NKI	Director	2014-Present	Vice President – Office of Company Secretary, The Navakij Insurance Plc.
Appointment as NKI's Director	26 February 2015		
Highest Education Degree	Bachelor of Arts, Chulalongkorn University	2014-Present	Vice President – Office of Compliance, The Navakij Insurance Plc.
No. of Shares Held	-None-	2014-Present	Company Secretary, The Navakij Insurance Plc.
Director Training Program			
2006	Company Secretary Program, Thai Institute of Directors Association	2009-2014	Vice President – Administration, The Navakij Insurance Plc.
Working Experience		Other listed Company	-None-
2015-Present	Director, The Navakij Insurance Plc.	Other Companies	-None-
2014-Present	Vice President - Office of President,		

The Management as defined by SEC

Ms. Anukul Thitikulrat

Age	53	Work Experience	
Positions in NKI	Executive Vice President-Finance (Chief Finance Officer)	2010-Present	Member of the Executive Board, The Navakij Insurance Plc.
	Member of the Risk Management Committee & the Executive Board	2009-Present	Member of the Risk Management Committee, The Navakij Insurance Plc.
Commence in	Year 2002	Other listed Company	-None-
Highest Education Degree	Master Degree in Business Administration, Chulalongkorn University	Other Company	-None-
No. of Shares Held	-None-		

Mrs. Nalina Bodharamik

Age	45	Work Experience	
Positions in NKI	Executive Vice President - Underwriting/ Support Branch	2014-Present	Member of the Risk Management Committee, The Navakij Insurance Plc.
	Member of the Risk Management Committee & the Executive Board	2010-Present	Member of the Executive Board, The Navakij Insurance Plc.
Commence in	Year 2009	Other listed Company	-None-
Highest Education Degree	Master Degree in Business Administration. University of West Florida, USA	Other Company	-None-
No. of Shares Held	-None-		

Mr. Adul Pattanaphum

Age	56
Positions in NKI	Senior Vice President - Marketing and Salesforce/Marketing Management
Commence in	Year 2000
Highest Education Degree	Master Degree in Public Administration, Thammasat University
No. of Shares Held	-None-
Other listed Company	-None-
Other Company	-None-

Mr. Anak Wanglee

Age	39	2014-Present	Member of the Investment Committee, The Navakij Insurance Plc.
Positions in NKI	Senior Vice President - Assets Management	Other listed Company	-None-
	Member of the Risk Management Committee & the Investment Committee	Other Companies	
Commence in	Year 2014	2015-Present	Director, The Navasakol Co., Ltd
Highest Education Degree	M.A. Economics, Boston University, USA M.S. Information System, Northeastern University, USA	2011-Present	Director/Operations Manager, Marco Technology Co., Ltd
No. of Shares Held	45,782 shares or 0.14%	2008-2010	Risk Manager, One Asset Management Co., Ltd
Work Experience			
2015-Present	Member of the Risk Management Committee, The Navakij Insurance Plc.		

Mr. Anin Wanglee

Age	37	Other Companies	
Positions in NKI	Senior Vice President - Claims Management	2014-Present	Director, Poonvanich Co., Ltd.
Commence in	Year 2009	2014-Present	Director, S&U Co., Ltd
Highest Education Degree	M.B.A. Bentley College, Massachusetts, USA	2013-Present	Director, The United Indemnity Co., Ltd.
No. of Shares Held	76,917 shares or 0.24%		
Work Experience in other listed company			
2015-Present	Member of the Audit Committee, Thai Metal Drums MFG. Plc.		

Ms. Worrakansri Danpadungsub

Age	43	Other Company	
Positions in NKI	Senior Vice President - Information System	2010-2015	Vice President – Information Technology, Allianz Ayudhya Assurance Plc.
Commence in	Year 2015		
Highest Education Degree	M.B.A. Assumption University		
No. of Shares Held	-None-		
Work Experience			
June 2015-January 2016	Senior Vice President, The Navakij Insurance Plc.		
Other listed Company	-None-		

Report from the Remuneration, Nomination & Governance Committee



The remuneration, nomination and governance committee (the “Committee”), comprising a team of independent directors; Mr. Pramon Sutivong, Mr. Kiet Srichomkwan and Mr. Phompong Phomprapha, holds a three-year term. In February 2016, all three directors shall vacate the office on due term. The Board; therefore shall have to approve the re-appointment of all the three to serve another term in the Committee.

In 2015, the Committee held two meetings and its members’ attendance was 100% by Mr. Pramon Sutivong and Mr. Kiet Srichomkwan and the attendance of Mr. Phompong Phomprapha was 50%. The Committee’s performance of its duties is summarized as follows:

Remuneration Roles

1. Considered the proposal of the remuneration of directors for the year 2015 to the 2015 general shareholders’ meeting, consists of (1) directors’ bonus, which is based on 5% of dividend payment and (2) meeting allowance for attendance have been paid similarly to the previous year that the payment for the committees will be paid only to non-executive directors.

2. Considered annual remuneration adjustment of the Chief Executive Officer, the President and its advisor to the executive board chairman in line with their performances in the previous year.

Nomination Roles

1. Considered the election of directors in place of those retiring by rotation to be the Company’s director for another term due to no other candidates were proposed by the shareholders.

2. Considered the appointment of a director to replace the previous person who resigned in 2014.

3. Considered the appointment of members of the risk management committee and the investment committee in order to align with the revised edition its charter as required by regulatory bodies.

Governance Roles

1. Considered and reviewed the Company’s guidelines on corporate governance and the disclosure of additional information from the truth of the Company’s practices as suggested by the Thai Institute of Directors Association (IOD).

2. Considered policies of Anti-Corruption and the Whistle-blowing that the Company received membership certification from Thailand’s Private Sector Collective Action Coalition against Corruption Council on 16 October 2015.

A handwritten signature in blue ink, consisting of several loops and a long vertical stroke.

(Mr. Pramon Sutivong)

Chairman, Remuneration, Nomination and Governance Committee

Report of the Audit Committee

The Audit Committee (the “Committee”) comprising a team of independent directors; Professor Hiran Radeesri, Chairman of the Committee, and two members; Mr. Pramon Sutivong and Mr. Kiet Srichomkwan who are all expert of accountancy, finance and organization management.



During 2015, the Committee held eleven meetings and its members' attendance was 100% by those three members:

1. Prof. Hiran Radeesri	Chairman	Attended	11	meetings
2. Mr. Pramon Sutivong	Member	Attended	11	meetings
3. Mr. Kiet Srichomkwan	Member	Attended	11	meetings

The Committee's performance of its duties and responsibilities assigned by the board of directors and comply with the Committee charter and the good governance, is summarized as follows:

1. Review of the quarterly and annual financial statements

The Committee had jointed meetings with the Company's executive officers e.g. vice president of finance, vice president of office of internal audit as well as the Company's external auditor, to discuss and answer questions on the preparation of financial statements in order to comply with relevant law and standard of accounting principles. The meeting was held to ensure that the audited financial statement were accurate conforming to accounting principles standard and disclosed information were adequate, complete and reliable. Feedbacks and suggestions from the external auditor were considered and applied to achieve optimum benefit to the Company. In addition, the Committee held one meeting with the Company's external auditor specifically to ensure the financial statements were prepared without any intervention and the Company's external auditor was independent. Executive Vice President who is the Chief Financial Officer confirmed that the Company's accounting system was effective and were confident that collection and recording of transactions were complete, conforming to accounting principles standard of the time. From reviewing the statements and explanation received from the persons in charge and the external auditor, the Committee formed an opinion that the financial statements were completely and accurately prepared according to the Thai Financial Reporting Standards and also in line with the stipulations of the Office of Insurance Commission (OIC).

2. Review and assessment of the internal control systems

The Committee reviewed and assessed the system together with the external auditor through reports of office of internal audit on regular basis. There is no significant deficiency and the internal control system is reasonably adequate and appropriate. The Committee reviewed and assessed the annual internal audit plan which follows the risk assessment result

and approved budget of office of internal audit and laurels of the vice president of office of internal audit. From a review of the internal control system conducted by the Committee, it had an opinion that the internal control system was adequate and appropriate.

3. Review of the related-party transaction and compliance with the rules and regulations of relevant regulatory bodies

During 2015, the Company had significant business transactions with related parties arose in the ordinary course of business that compliance checklist has been implemented to ensure compliance with the rules and regulations of related laws with adequately and appropriate.

4. Risk management

Risk management committee was formed and assigned to formulate and manage risk management plan of the Company. The Committee assessed with the Company's executives to ensure that the plan was implemented effectively and to provide recommendations to the board of directors for adjustment in order to enhance the plan efficiency and to comply with OIC's regulations and guidelines.

5. The Committee evaluated their performance

The assessment result is ranked in a good level and recommended to regularly update.

6. Appointment of the external auditor for 2016

The Committee evaluated the external auditor performance during the past year, of which result is satisfactory. It also considered their independence and qualifications and was of opinion that they were conformed to criteria regulated by Securities and Exchange Commission. Therefore, the Committee recommended the board of directors to appoint Miss Somjai Khunapasut, C.P.A. Registration No.4499 or Miss Ratana Jala, C.P.A. Registration No.3734 or Miss Rachada Yongsawadvanich, C.P.A. Registration No.4951, all from EY Office Limited, to be the Company's external auditor for the year 2016 and also proposed audit fees for the annual and quarterly financial statements, totaling 1.974 million Baht, submitted to the annual general meeting of shareholders for approval.

The Committee forms an opinion that the Company observed good governance principles in conducting its business, with efficiency in risk management, accuracy and credibility of financial statements and accountancy in compliance with law and regulations which related to its business. The Company also has proper systems of internal controls and monitoring to assess business situation on regular basis.



(Professor Hiran Radeesri)

Chairman of the Audit Committee

Report of the Board of Directors' Responsibilities in the Financial Statements

The Board of Directors puts strong emphasis on principles of good corporate governance and supervised financial reports presented in the annual report and such financial reports were stated in accordance with Thai Financial Reporting Standards, applying the appropriate accounting policies and consistently adhered with careful discretion and best estimation in the preparation. Beside, significant information was disclosed sufficiently in the Notes to financial statements benefit to shareholders and investors in a transparent manner.

The Board of Directors has provided and maintained the appropriate and efficient internal control system to reasonably ensure that the accounting data are accurate, complete, and sufficient to maintain its assets and to prevent fraud and materially irregular operation.

The Audit Committee that comprise of independent directors have been assigned by the Board of Directors to take charge of the Company's financial reports and internal control quality matters. The Audit Committee's views regarding this issue is disclosed in this annual report under the section of report of the Audit Committee.

The Board of Directors is of the opinion that the overall internal control system of the Company is sufficient and appropriate and can building the confidence that the financial statements of NKI for the year ended 31 December 2015 are reliable, comply with relevant laws and regulations as well as in accordance with Thai Financial Reporting Standards.



Suchin Wanglee
Chairman of the Board of Directors



Pitiphong Bisalputra
CEO & President

Independent Auditor's Report

Independent Auditor's Report

To the Shareholders of The Navakij Insurance Public Company Limited

I have audited the accompanying financial statements of The Navakij Insurance Public Company Limited, which comprise the statements of financial position, in which the equity method is applied, as at 31 December 2015, and the related statements of income, comprehensive income, changes in 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 The Navakij Insurance 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 referred to above present fairly, in all material respects, the financial position of The Navakij Insurance Public Company Limited, in which the equity method is applied, as at 31 December 2015, and its financial performance and cash flows, in which the equity method is applied, for the year then ended, and the separate of The Navakij Insurance Public Company Limited, in accordance with Thai Financial Reporting Standards.

Emphasis of matter

I draw attention to Note 4 to the financial statements regarding the change in accounting policy due to the adoption of TAS19 (revised 2014) Employee Benefits. The Company has restated the statements of income and comprehensive income, in which the equity method is applied, and the separate statements of income and comprehensive income for the year ended 31 December 2014, presented herein as comparative information, to reflect the adjustments resulting from such change. My opinion is not qualified in respect of this matter.



Somjai Khunapasut
Certified Public Accountant (Thailand) No. 4499

EY Office Limited
Bangkok: 23 February 2016

Statements of Financial Position

The Navakij Insurance Public Company Limited

Statements of financial position

As at 31 December 2015

(Unit: Baht)

	Note	Financial statements		Separate financial statements	
		in which the equity method is applied		2015	2014
		2015	2014	2015	2014
Assets					
Cash and cash equivalents	8	225,891,658	594,790,209	225,891,658	594,790,209
Accrued investment income		14,340,791	7,157,518	14,340,791	7,157,518
Premium receivables	9	513,973,276	350,250,896	513,973,276	350,250,896
Reinsurance assets	10	776,045,547	731,500,734	776,045,547	731,500,734
Investment assets					
Investments in securities	11				
Available-for-sale investments		2,151,765,513	2,192,798,388	2,151,765,513	2,192,798,388
Held-to-maturity investments		1,095,100,000	390,100,000	1,095,100,000	390,100,000
Other investments		68,034,240	68,034,240	68,034,240	68,034,240
Loans	12	789,186	927,326	789,186	927,326
Investments in associate	13	92,827,970	178,128,881	18,846,960	34,175,695
Property, buildings and equipment	14	268,686,277	262,434,370	268,686,277	262,434,370
Intangible assets	15	20,490,933	23,018,177	20,490,933	23,018,177
Deferred tax assets	16.1	188,542,627	115,837,092	188,542,627	115,837,092
Other assets					
Claims receivable from litigants	17	89,826,013	70,632,155	89,826,013	70,632,155
Deposits on rice field insurance scheme		42,353,275	-	42,353,275	-
Receivable on sales of securities		18,983,736	51,340,872	18,983,736	51,340,872
Others		129,466,284	93,296,251	129,466,284	93,296,251
Total assets		5,697,117,326	5,130,247,109	5,623,136,316	4,986,293,923

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

Statements of Financial Position (continued)

The Navakij Insurance Public Company Limited

Statements of financial position (continued)

As at 31 December 2015

(Unit: Baht)

	Note	Financial statements			
		in which the equity method is applied		Separate financial statements	
		2015	2014	2015	2014
Liabilities and equity					
Liabilities					
Income tax payable		15,975,134	-	15,975,134	-
Due to reinsurers	18	684,092,088	597,761,255	684,092,088	597,761,255
Insurance contract liabilities					
Loss reserves and outstanding claims	19	793,501,254	667,704,068	793,501,254	667,704,068
Premium reserves	20.1	1,802,411,726	1,368,683,742	1,802,411,726	1,368,683,742
Employee benefit obligations	21	66,806,961	82,246,332	66,806,961	82,246,332
Other liabilities					
Fee and commission payables		120,167,504	88,587,703	120,167,504	88,587,703
Accrued expenses		29,038,548	22,480,044	29,038,548	22,480,044
Liabilities under finance lease agreements	22	4,122,594	5,881,044	4,122,594	5,881,044
Others		42,106,989	47,541,060	42,106,989	47,541,060
Total liabilities		3,558,222,798	2,880,885,248	3,558,222,798	2,880,885,248

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

Statements of Financial Position (continued)

The Navakij Insurance Public Company Limited

Statements of financial position (continued)

As at 31 December 2015

(Unit: Baht)

	Note	Financial statements			
		in which the equity method is applied		Separate financial statements	
		2015	2014	2015	2014
Equity					
Share capital	23				
Registered					
32,000,000 ordinary shares of Baht 10 each (2014: 31,000,000 ordinary shares of Baht 10 each)		320,000,000	310,000,000	320,000,000	310,000,000
Issued and paid up					
32,000,000 ordinary shares of Baht 10 each (2014: 31,000,000 ordinary shares of Baht 10 each)		320,000,000	310,000,000	320,000,000	310,000,000
Share premium		647,227,997	647,204,442	647,227,997	647,204,442
Retained earnings					
Appropriated					
Statutory reserve	24	31,000,000	30,000,000	31,000,000	30,000,000
General reserve		20,000,000	20,000,000	20,000,000	20,000,000
Unappropriated		1,027,650,965	1,083,683,105	939,162,424	935,890,557
Other components of equity		93,015,566	158,474,314	107,523,097	162,313,676
Total equity		2,138,894,528	2,249,361,861	2,064,913,518	2,105,408,675
Total liabilities and equity		5,697,117,326	5,130,247,109	5,623,136,316	4,986,293,923

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

Statements of Income

The Navakij Insurance Public Company Limited

Statements of income

For the year ended 31 December 2015

(Unit: Baht)

	Note	Financial statements			
		in which the equity method is applied		Separate financial statements	
		2015	2014 (Restated)	2015	2014 (Restated)
Income					
Earned premium		2,428,501,364	2,017,557,133	2,428,501,364	2,017,557,133
Fee and commission income		136,712,372	164,927,677	136,712,372	164,927,677
Total income		2,565,213,736	2,182,484,810	2,565,213,736	2,182,484,810
Expenses					
Underwriting					
Claim and loss adjustment expenses		1,528,086,978	1,166,353,036	1,528,086,978	1,166,353,036
Commission and brokerage expenses		558,036,789	477,781,726	558,036,789	477,781,726
Other underwriting expenses		209,340,115	150,515,178	209,340,115	150,515,178
Contribution to Road Accident Victims Protection Company Limited		12,515,765	10,038,147	12,515,765	10,038,147
Operating expenses	25	374,956,684	287,705,765	374,956,684	287,705,765
Total underwriting expenses		2,682,936,331	2,092,393,852	2,682,936,331	2,092,393,852
Profit (loss) from underwriting		(117,722,595)	90,090,958	(117,722,595)	90,090,958
Share of profit from investments in associate	13.3	5,430,787	35,135,121	-	-
Net investments income		96,624,240	97,783,750	100,224,240	104,311,726
Profit on investments		95,980,816	85,391,067	157,073,233	85,391,067
Other income		5,755,901	8,106,921	5,755,901	8,106,921
Profit from operations		86,069,149	316,507,817	145,330,779	287,900,672
Contribution to the Office of Insurance Commission		8,831,927	7,127,403	8,831,927	7,127,403
Contribution to the General Insurance Fund		8,331,927	6,627,403	8,331,927	6,627,403
Contribution to the Victims Compensation Fund		1,021,695	819,441	1,021,695	819,441
Profit before income tax expenses		67,883,600	301,933,570	127,145,230	273,326,425
Income tax expenses	16.2	(18,203,090)	(55,820,301)	(18,203,090)	(55,820,301)
Profit for the year		49,680,510	246,113,269	108,942,140	217,506,124
Earnings per share					
Basic earnings per share	28	1.55	7.69	3.40	6.80

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

Statements of Comprehensive Income

The Navakij Insurance Public Company Limited

Statements of comprehensive income

For the year ended 31 December 2015

(Unit: Baht)

	Financial statements		Separate financial statements	
	in which the equity method is applied			
	2015	2014	2015	2014
		(Restated)		(Restated)
Profit for the year	<u>49,680,510</u>	<u>246,113,269</u>	<u>108,942,140</u>	<u>217,506,124</u>
Other comprehensive income				
Other comprehensive income to be reclassified to profit and loss in subsequent periods				
Share of other comprehensive income of associate -				
loss on change in value of available-for-sale investments	(9,098,810)	(19,794)	-	-
Loss on change in value of available-for-sale investments	(68,488,224)	(72,216,264)	(68,488,224)	(72,216,264)
Income tax effect	13,697,645	14,443,253	13,697,645	14,443,253
Other comprehensive income to be reclassified to profit and loss in subsequent periods - net of tax (loss)	<u>(63,889,389)</u>	<u>(57,792,805)</u>	<u>(54,790,579)</u>	<u>(57,773,011)</u>
Other comprehensive income not to be reclassified to profit and loss in subsequent periods				
Share of other comprehensive income of associate -				
actuarial loss	(42,377)	-	-	-
Actuarial loss	(2,088,008)	(13,310,178)	(2,088,008)	(13,310,178)
Income tax effect	417,602	2,662,036	417,602	2,662,036
Other comprehensive income not to be reclassified to profit and loss in subsequent periods - net of tax (loss)	<u>(1,712,783)</u>	<u>(10,648,142)</u>	<u>(1,670,406)</u>	<u>(10,648,142)</u>
Total comprehensive income for the year (loss)	<u>(15,921,662)</u>	<u>177,672,322</u>	<u>52,481,155</u>	<u>149,084,971</u>

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

Statements of Changes in Equity

The Navakij Insurance Public Company Limited

Statements of changes in equity

For the year ended 31 December 2015

(Unit: Baht)

Financial statements in which the equity method is applied

	Issued and paid-up share capital	Share premium	Retained earnings		Unappropriated	Surplus on change in interest in equity of associate	Other components of equity		Total	
			Appropriated				Share of other comprehensive income	Other comprehensive income		
			Statutory reserve	General reserve				Share of other comprehensive income of associate		Surplus on change in value of available-for-sale investments
Balance as at 1 January 2014	300,000,000	647,186,097	30,000,000	20,000,000	948,217,844	1,569,359	(5,388,927)	220,086,687	216,267,119	2,161,671,060
Increase in share capital (Note 23)	10,000,000	18,345	-	-	-	-	-	-	-	10,018,345
Dividend paid (Note 29)	-	-	-	-	(99,999,866)	-	-	-	-	(99,999,866)
Profit for the year	-	-	-	-	246,113,269	-	-	-	-	246,113,269
Other comprehensive income for the year (loss)	-	-	-	-	(10,648,142)	-	(19,794)	(57,773,011)	(57,792,805)	(68,440,947)
Balance as at 31 December 2014	310,000,000	647,204,442	30,000,000	20,000,000	1,083,683,105	1,569,359	(5,408,721)	162,313,676	158,474,314	2,249,361,861
Balance as at 1 January 2015	310,000,000	647,204,442	30,000,000	20,000,000	1,083,683,105	1,569,359	(5,408,721)	162,313,676	158,474,314	2,249,361,861
Increase in share capital (Note 23)	10,000,000	23,555	-	-	-	-	-	-	-	10,023,555
Unappropriate retained earnings transferred to statutory reserve	-	-	1,000,000	-	(1,000,000)	-	-	-	-	-
Dividend paid (Note 29)	-	-	-	-	(102,999,867)	-	-	-	-	(102,999,867)
Reversal of surplus on changes in interest in equity of associate	-	-	-	-	-	(1,569,359)	-	-	(1,569,359)	(1,569,359)
Profit for the year	-	-	-	-	49,680,510	-	-	-	-	49,680,510
Other comprehensive income for the year (loss)	-	-	-	-	(1,712,783)	-	(9,098,810)	(54,790,579)	(63,889,389)	(65,602,172)
Balance as at 31 December 2015	320,000,000	647,227,997	31,000,000	20,000,000	1,027,650,965	-	(14,507,531)	107,523,097	93,015,566	2,138,894,528

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

Statements of Changes in Equity (continued)

The Navakij Insurance Public Company Limited
 Statements of changes in equity (continued)
 For the year ended 31 December 2015

	Separate financial statements						Other components of equity - surplus on change in value of available- for-sale investments	Total
	Issued and paid-up share capital	Share premium	Retained earnings		Unappropriated	Total		
			Statutory reserve	General reserve				
Balance as at 1 January 2014	300,000,000	647,186,097	30,000,000	20,000,000	829,032,441	220,086,687	2,046,305,225	
Increase in share capital (Note 23)	10,000,000	18,345	-	-	-	-	10,018,345	
Dividend paid (Note 29)	-	-	-	-	(99,999,866)	-	(99,999,866)	
Profit for the year	-	-	-	-	217,506,124	-	217,506,124	
Other comprehensive income for the year (loss)	-	-	-	-	(10,648,142)	(57,773,011)	(68,421,153)	
Balance as at 31 December 2014	310,000,000	647,204,442	30,000,000	20,000,000	935,890,557	162,313,676	2,105,408,675	
Balance as at 1 January 2015	310,000,000	647,204,442	30,000,000	20,000,000	935,890,557	162,313,676	2,105,408,675	
Increase in share capital (Note 23)	10,000,000	23,555	-	-	-	-	10,023,555	
Unappropriate retained earnings transferred to statutory reserve	-	-	1,000,000	-	(1,000,000)	-	-	
Dividend paid (Note 29)	-	-	-	-	(102,999,867)	-	(102,999,867)	
Profit for the year	-	-	-	-	108,942,140	-	108,942,140	
Other comprehensive income for the year (loss)	-	-	-	-	(1,670,406)	(54,790,579)	(56,460,985)	
Balance as at 31 December 2015	320,000,000	647,227,997	31,000,000	20,000,000	939,162,424	107,523,097	2,064,913,518	

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

Statements of cash flow

The Navakij Insurance Public Company Limited

Statements of cash flow

For the year ended 31 December 2015

(Unit: Baht)

	Financial statements			
	in which the equity method is applied		Separate financial statements	
	2015	2014	2015	2014
Cash flows from operating activities				
Direct premium written	3,172,399,620	2,474,517,723	3,172,399,620	2,474,517,723
Cash received (paid) for reinsurance	(105,395,622)	148,975,615	(105,395,622)	148,975,615
Loss incurred on direct insurance	(1,537,391,303)	(1,421,365,362)	(1,537,391,303)	(1,421,365,362)
Loss adjustment expenses on direct insurance	(106,214,465)	(116,615,147)	(106,214,465)	(116,615,147)
Commission and brokerage on direct insurance	(516,252,855)	(436,438,851)	(516,252,855)	(436,438,851)
Other underwriting expenses	(209,340,115)	(150,515,178)	(209,340,115)	(150,515,178)
Interest income	33,499,060	41,677,391	33,499,060	41,677,391
Dividend income	51,872,041	50,054,728	51,872,041	50,054,728
Other income	5,519,968	7,427,650	5,519,968	7,427,650
Operating expenses	(447,314,872)	(332,386,757)	(447,314,872)	(332,386,757)
Corporate income tax	(61,887,940)	(19,741,291)	(61,887,940)	(19,741,291)
Net cash from operating activities	279,493,517	245,590,521	279,493,517	245,590,521
Cash flows from investing activities				
Cash flows from				
Investments in securities	4,004,539,637	7,934,569,176	4,004,539,637	7,934,569,176
Cash received from sale of investments				
in associated company	91,186,933	-	91,186,933	-
Loans	652,689	571,336	652,689	571,336
Deposits and certificate of deposits at				
financial institutions	-	30,000,000	-	30,000,000
Property, buildings and equipment	612,879	1,609,328	612,879	1,609,328
Net cash from investing activities	4,096,992,138	7,966,749,840	4,096,992,138	7,966,749,840
Cash flows used in				
Investments in securities	(3,910,752,948)	(7,982,053,703)	(3,910,752,948)	(7,982,053,703)
Loans	(514,550)	(270,000)	(514,550)	(270,000)
Deposits and certificate of deposits at				
financial institutions	(705,000,000)	-	(705,000,000)	-
Property, buildings and equipment	(33,674,172)	(77,565,927)	(33,674,172)	(77,565,927)
Intangible assets	(470,000)	(17,103,987)	(470,000)	(17,103,987)
Net cash used in investing activities	(4,650,411,670)	(8,076,993,617)	(4,650,411,670)	(8,076,993,617)
Net cash used in investing activities	(553,419,532)	(110,243,777)	(553,419,532)	(110,243,777)
Cash flows from financing activities				
Cash received from share capital issuance	23,555	18,345	23,555	18,345
Repayment of liabilities under finance lease agreements	(1,996,224)	(1,996,224)	(1,996,224)	(1,996,224)
Dividend paid	(92,999,867)	(89,999,866)	(92,999,867)	(89,999,866)
Net cash used in financing activities	(94,972,536)	(91,977,745)	(94,972,536)	(91,977,745)
Net increase (decrease) in cash and cash equivalents	(368,898,551)	43,368,999	(368,898,551)	43,368,999
Cash and cash equivalents at beginning of year	594,790,209	551,421,210	594,790,209	551,421,210
Cash and cash equivalents at end of year	225,891,658	594,790,209	225,891,658	594,790,209

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

Notes to financial statements

Notes to financial statements

For the year ended 31 December 2015

1. General information

The Navakij Insurance Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. The Company is principally engaged in the non-life insurance and has 31 branches located in province. The registered office of the Company, which is the head office, is at 100/47-55, and 90/3-6, North Sathorn Road, Silom, Bangrak, Bangkok.

2. Basis for preparation of financial statements

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

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.

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

2.2 The separate financial statements, which present investments in associates under the cost method.

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 year

The Company has adopted the revised (revised 2014) and new financial reporting standards issued by the Federation of Accounting Professions which become effective for fiscal year beginning on or after 1 January 2015. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards. The adoption of these financial reporting standards does not have any significant impact on the Company's financial statements. However, some of these standards involve changes to key principles, the following are the standards that directly relevant to the Company:

TAS 19 (revised 2014) Employee Benefits

This revised standard requires that the entity recognise actuarial gain and loss immediately in other comprehensive income while the former standard allowed the entity to recognise such gain and loss immediately in either profit and loss, other comprehensive income, or to recognise them gradually in profit and loss.

The Company has changed the recognition of actuarial gain and loss in the current year from an immediate recognition in statement of income to an immediate recognition in statement of comprehensive income and adjusted the current year's transactions, and restated the prior year's financial statements, presented as comparative information, as if the Company had always applied this accounting policy. The cumulative effect of changes in accounting policies is presented in Note 4 to the financial statements.

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 on the financial statements of the Company.

TFRS 13 Fair Value Measurement

This standard provides guidance on how to measure fair value and stipulates disclosures related to fair value measurement. 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 effects of the adoption of this standard are to be recognised prospectively.

This standard does not have any significant impact on the Company's financial statements.

3.2 Financial reporting standard that will become effective in the future

During the current year, the Federation of Accounting Professions issued a number of the revised (revised 2015) and new financial reporting standards and accounting treatment guidance which is effective for fiscal years beginning on or after 1 January 2016. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards. The Company's management believes that the revised and new financial reporting standards and accounting treatment guidance will not have any significant impact on the financial statements when it is initially applied, except

TFRS 4 (revised 2015) Insurance Contracts

The objective of TFRS 4 is to provide guidance on financial reporting for the insurance contracts that an entity issues (including reinsurance contracts) and the reinsurance contracts that it holds, and to require limited improvements to accounting by insurers for insurance contracts until the second phase of the project on financial reporting standards for insurance contracts is completed. This TFRS requires disclosure that identifies and explains the amounts in an insurer's financial statements arising from insurance contracts and prohibits provisions for claims that have not occurred at the end of the reporting period, and requires a test for the adequacy of recognised insurance liabilities and an impairment test for reinsurance assets. It temporarily exempts insurers from some requirements of other TFRSs, including the requirement for insurers to consider the framework in selecting accounting policies for insurance contracts.

At present, the Company's management is still evaluating the first-year impact to the financial statements and has yet to reach a conclusion.

4. Effect of changes in accounting policies due to the adoption of new financial reporting standard

As described in Note 3 to the financial statements, during the current year, the Company has changed some of their accounting policies, as a result of the adoption of new and revised financial reporting standards.

The amounts of adjustments affecting the statements of income and the statements of comprehensive income are summarised below.

	(Unit: Baht)
	For the year ended 31 December 2014
	<u>Financial statement in which the equity method is applied and separate financial statement</u>
Statement of income:	
Decrease in operating expenses	13,310,178
Increase in net profit	10,648,142
Statement of comprehensive income:	
Increase in actuarial loss	13,310,178
Decrease in other comprehensive income	10,648,142
Earnings per share:	
Increase in basic earnings per share	0.34

5. Significant accounting policies

5.1 Revenue recognition

(a) Premium

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

Direct premium is recognised as income on the date the insurance policy comes into effect.

Reinsurance premium is recognised as income on the date the insurance policy comes into effect.

(b) Commission and brokerage fee income

Commission and brokerage fee income from ceded premium are recognised as income when incurred.

(c) Interest income and dividends on investment

Interest income is recognised on an accrual basis based on the effective interest rate. Dividends are recognised when the right to receive the dividends is established.

(d) Gain (loss) on investment

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

(e) Interest income on loan

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

5.2 Expenses recognition

(a) Ceded premium

Ceded premium is recognised as expenses when the insurance risk is transferred to another insurer.

(b) Commission and brokerage fee expenses

Commission and brokerage fee are expended when incurred.

(c) Claim and loss adjustment expenses

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

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

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

5.3 Cash and cash equivalents

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

5.4 Premium receivables and allowance for doubtful accounts

Premium receivables from both direct and reinsurance is 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 due as at the end of reporting period.

5.5 Reinsurance assets and due to reinsurers

(a) *Reinsurance assets*

Reinsurance assets are stated at the outstanding balance of amounts deposit on reinsurance, amount due from reinsurers and insurance reserve refundable from reinsurers.

Amounts due from reinsurers consist of commission and brokerage fee income, claim 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 loss that may be incurred due to inability to make collection, taking into account collection experience and the status of receivables from reinsurers as at the end of the reporting period.

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

(b) *Due to Reinsurers*

Due to reinsurers are stated at the outstanding balance of outward premium payable, amounts withheld on reinsurance and amount due to reinsurers.

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

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

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

5.6 Investments in securities

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

- (a) Investments in available-for-sale securities are stated at fair value. Change in the fair value of these securities are recorded in statements of comprehensive income, and will be recorded in the statements of income when the securities are sold.
- (b) Investments in debt securities, both due within one year and expected to be held to maturity, are recorded at amortised cost. The premium/discount on debt securities is amortised by the effective rate method with the amortised/accreted amount presented as an adjustment to the interest income.
- (c) Investments in non-marketable equity securities, which the Company classifies as other investments, are stated at cost net of allowance for impairment (if any).
- (d) Investments in associated company is accounted for in the financial statements in which the equity method is applied, using the equity method. Investment in associated company is accounted for in the separate financial statements using the cost method.

The fair value of marketable security is based on the latest bid price of the last working day of the year. The fair value of debt instrument is determined based on yield rate quoted by the Thai Bond Market Association. The fair value of unit trust is determined from its net asset value.

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

On disposal of an investment, the difference between net disposal proceeds and the carrying amount of the investment is recognised in the statements of income.

5.7 Loans and allowance for doubtful accounts

Loans are stated at net realisable value. Allowance for doubtful accounts is provided for the estimated loss that may be incurred in collection of loans based on an evaluation of the current status of the debtors taking into consideration the recovery risk and the value of collateral. Increase (decrease) in allowance for doubtful accounts is recognised as expenses in statements of income.

5.8 Property, buildings and equipment /Depreciation

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

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

Buildings	- 20	years
Condominium units	- 20, 40	years
Buildings improvement	- 5, 10, 20	years
Office furniture, fixture and equipment	- 5, 10	years
Motor vehicles	- 5	years

Depreciation is included in determining income.

No depreciation is provided on land and assets under installation.

An item of land, 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 statements of income when the asset is derecognised.

5.9 Intangible assets and amortisation

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

Intangible assets with finite life is 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 asset are reviewed at least at each financial year end. The amortisation expense is charged to statements of income.

The useful life of intangible assets with finite useful life which is computer software is 10 years.

5.10 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 however, not to exceed the sum-insured under the relevant policy.

The Company records additional provision for loss incurred but not yet reported claims (IBNR), which is calculated using an actuarial method, based on the best estimate of claims which are expected to be paid to the insured for the loss occurred before or as at the reporting period. The IBNR is calculated for both reported and not reported loss, and net of recorded claims.

5.11 Premium reserves

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

(a) Unearned premium reserve

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

Transportation (cargo), travelling accident with coverage periods of not over six-months	- 100% of premium as from the date policy is effective, throughout the period of insurance coverage
Others	- Daily average basis by the period of coverage under policy

(b) Unexpired risk reserve

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

As at the end of reporting period, the Company 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 and the unexpired risk reserve is therefore presented in the financial statements.

5.12 Impairment of assets

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

An impairment loss is recognised in statements of income.

In the assessment of asset impairment if there is any indication that previously recognised impairment loss may no longer exist or may have decreased, the Company 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 period. Such reversal is recognised immediately in statements of income.

5.13 Employee benefits

(a) *Short-term employee benefits*

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

(b) *Post-employment benefits*

Defined contribution plans

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

Defined benefit plans

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

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

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

5.14 Income tax

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

Current tax

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

Deferred tax

Deferred income tax is provided on temporary differences between the tax bases of assets and liabilities and 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 the end of 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 tax directly to equity if the tax relates to items that are recorded directly to equity.

5.15 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.

5.16 Long-term lease

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

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

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

Gain and loss on exchange are included in determining income.

5.18 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.

5.19 Fair value measurement

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

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

- Level 1 - Use of quoted market prices in an observable active market for such assets or liabilities
- Level 2 - Use of other observable inputs for such assets or liabilities, whether directly or indirectly
- Level 3 - Use of unobservable inputs such as estimates of future cash flows

At the end of each reporting period, the Company determine whether transfers have occurred between levels within the fair value hierarchy for assets and liabilities held at the end of the reporting period that are measured at fair value on a recurring basis.

6. Significant accounting judgements and estimates

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

6.1 Allowance for doubtful accounts on receivables /loans /premium receivables /amounts due from reinsurers

In determining an allowance for doubtful accounts on receivables, loans, premium receivables and amount 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.

6.2 Impairment of investments in securities

The Company treats investments as impaired when management considers that such investments has an indication of impairments. The determination of indication of investments requires judgement of the management.

6.3 Land, buildings and equipment/ Depreciation

In determining depreciation of buildings and equipment, the management is required to make estimates of the useful lives and residual values of the Company's 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 land, buildings and equipment for impairment on a periodical basis and record impairment loss when it is determined that their recoverable amount is lower than the carrying amount. This requires judgement regarding forecast of future revenues and expenses relating to the assets subject to the review.

6.4 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 profit.

6.5 Loss reserves and outstanding claims

At the end of each reporting period, the Company has to estimate loss reserves and outstanding claims taking into account two factors. These are claims incurred and reported, and the claims incurred but not yet reported (IBNR). The ultimate loss of outstanding claims is established using a range of standard actuarial claims projection techniques.

The main assumptions underlying these techniques relate to historical experience, including the development of claims estimates, paid and incurred loss, average costs per claim and claim numbers, etc. To perform the calculation, it is necessary to perform analysis based on the type of insurance and to use the services of an actuary expertise, experience, and an understanding of the insurance business and the Company's products. Nevertheless, such estimates are forecasts of future outcomes, and actual results could differ.

6.6 Unexpired risk reserve

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

6.7 Post-employment benefits under defined benefit plans

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

6.8 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.

6.9 Litigation

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

6.10 Fair value of financial instruments

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

7. Related party transactions

7.1 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	Nature of relationship
The Falcon Insurance Plc.	Associated company
Nipponkoa Insurance Broker (Thailand) Co., Ltd. ⁽²⁾	10% of shares held by the Company
Nipponkoa Insurance Co., Ltd. ⁽²⁾	10% of shares held in the Company
The United Indemnity Co., Ltd.	7.02% of shares held in the Company
Thai Reinsurance Plc.	Common directors and through shareholding
Thai Metal Drum Manufacturing Plc.	Common directors and through shareholding
Varopakorn Plc.	Common directors and through shareholding
Thai-German Ceramic Industry Plc. ⁽³⁾	Common directors and through shareholding
Thanakorn Vegetable Oil Products Co., Ltd. ⁽³⁾	Common directors and through shareholding
Rangsit Plaza Co., Ltd.	Common directors and through shareholding
Sathorn Thani Co., Ltd.	Common directors and through shareholding
Siam Motors Co., Ltd.	Common directors and through shareholding
Wanglee Co., Ltd.	Common directors and through shareholding
The Siam Cement Plc. ⁽¹⁾	Common directors and through shareholding
Thaire life Assurance Plc. ⁽¹⁾	Common directors and through shareholding
Thaicom Plc. ⁽¹⁾	Common directors
Dusit Thani Plc.	Common directors
Sitthinan Co., Ltd. ⁽³⁾	Common directors
Serm Suk Plc.	Common directors
Chaitip Co., Ltd.	Common directors
Suppa-arun Co., Ltd. ⁽³⁾	Common directors
Poonphol Co., Ltd. ⁽³⁾	Common directors
Siam Modified Starch Co., Ltd. ⁽³⁾	Common directors
Alinkij Siam Co., Ltd.	Common directors
Siam Calsonic Co., Ltd.	Common directors
Siam Riken Industrial Co., Ltd.	Common directors
Siam International Corp., Ltd.	Common directors

(1) Start to be a related company since 2015

(2) During 2014, this company ceased to be a related party

(3) During 2015, this company ceased to be a related party

Name of related parties	Nature of relationship
The Pet Co., Ltd.	Common directors
Rengsit Ruam Patana Co., Ltd.	Common directors
Toyota Petchaboon Toyota's Dealer Co., Ltd.	Common directors
Thai Pechaboon Co., Ltd.	Common directors
BTS Group Holdings Plc.	Common directors
Sahachart Enterprise Co., Ltd.	Common directors
Y J Co., Ltd.	Common directors
PIA Interior Co., Ltd. (Formerly known as "P Interior & Associates Co., Ltd.")	A related person of the Company's director is a major shareholder

7.2 Significant related party transactions

During the years ended 31 December 2015 and 2014, the Company had significant business transactions with related parties. Such transactions, which are summarised below, arose in the ordinary course of business and were concluded on commercial terms and bases agreed upon between the Company and those related parties.

	2015	2014	Pricing policy
(Unit: Baht)			
Transactions with associated companies			
Reinsurance premium written	21,875,174	17,798,202	Ordinary course of business ceded rates, based on the type of reinsurance and the reinsurance contracts
Premium ceded	39,223,525	45,529,241	Ordinary course of business ceded rates, based on the type of reinsurance and the reinsurance contracts
Claim expenses	10,960,331	2,794,325	Actual incurred
Commission paid from reinsurance	5,469,183	6,302,950	Ordinary course of business ceded rates, based on the type of reinsurance and the reinsurance contracts
Commission received	15,020,708	18,514,224	Ordinary course of business ceded rates, based on the type of reinsurance and the reinsurance contracts
Rental income	67,188	67,188	Contract price

(Unit: Baht)

	2015	2014	Pricing policy
Transactions with related companies			
Direct premium written	61,195,208	51,829,062	Ordinary course of business premium rate
Reinsurance premium written	8,035,869	8,091,284	Ordinary course of business ceded rates, based on the type of reinsurance and the reinsurance contracts
Premium ceded	67,545,557	79,184,156	Ordinary course of business ceded rates, based on the type of reinsurance and the reinsurance contracts
Claim expenses (reversal)	13,291,750	(37,192,230)	Actual incurred
Commission paid to reinsurance	3,620,711	3,800,164	Ordinary course of business ceded rates, based on the type of reinsurance and the reinsurance contracts
Commission received	23,298,356	28,499,867	Ordinary course of business ceded rates, based on the type of reinsurance and the reinsurance contracts
Dividend income	18,191,600	9,828,860	As declared
Rental and service fee for branch office	407,878	456,127	Contract price
Rental income	130,099	128,128	Contract price

7.3 Outstanding balances

As at 31 December 2015 and 2014, the balances of the accounts between the Company and those related companies are as follows:

	(Unit: Baht)	
	2015	2014
Reinsurance assets - amount due from reinsurers		
Associated company - The Falcon Insurance Plc.	14,238,794	10,352,396
Related company - Thai Reinsurance Plc.	112,788,909	65,630,428
Total	127,027,703	75,982,824

	(Unit: Baht)	
	2015	2014
Investments in securities - equity securities		
<u>Related company</u>		
Thai Metal Drum Manufacturing Plc.	239,430,400	231,168,000
Thai Reinsurance Plc.	174,422,698	199,885,866
The Siam Cement Plc. ⁽¹⁾	27,480,000	-
Sathorn Thani Co., Ltd.	12,780,000	12,780,000
BTS Group Holdings Plc.	9,955,000	49,215,000
Thaire Life Assurance Plc. ⁽¹⁾	7,840,000	-
Rangsit Plaza Co., Ltd.	6,560,000	6,560,000
Varopakorn Plc.	1,176,512	2,835,077
Total	479,644,610	502,443,943
Due to reinsurers - Amounts withheld on reinsurers		
Related company - Thai Reinsurance Plc.	19,618,526	19,915,203
Due to reinsurers - Amounts due to reinsurers		
Associated company - The Falcon Insurance Plc.	27,446,440	8,510,953
Related company - Thai Reinsurance Plc.	130,269,386	80,842,615
Total	157,715,826	89,353,568

(1) Start to be a related company since 2015

7.4 Directors and management's benefits

During the years ended 31 December 2015 and 2014, the Company had employee benefits expenses payable to their directors and management as below.

	(Unit: Baht)	
	2015	2014
Short-term benefits	46,946,596	44,786,454
Post employment benefits	640,154	382,027
Total	47,586,750	45,168,481

8. Cash and cash equivalents

	(Unit: Baht)	
	2015	2014
Cash on hand	302,000	288,000
Deposits at banks with no fixed maturity date	110,589,658	269,502,209
Deposits at banks with fixed maturity date and certificate of deposit	1,200,100,000	705,100,000
Total cash and deposits at financial institutions	1,310,991,658	974,890,209
Less: Deposits at banks which amounts maturing in over 3 months	(1,085,100,000)	(380,100,000)
Cash and cash equivalents	<u>225,891,658</u>	<u>594,790,209</u>

As at 31 December 2015, bank deposits in saving account and fixed deposits carried interest between 0.10 and 1.80 percent per annum (2014: between 0.10 and 2.65 percent per annum).

9. Premium receivables

The balances as at 31 December 2015 and 2014 of premium receivables are classified by aging from the maturity date under the stipulated law of the premium collection as follows:

	(Unit: Baht)			
	2015			
	Due from insured	Due from agents and brokers	Due from reinsurers	Total
Not yet due	115,674,778	317,436,794	536,170	433,647,742
Not over 30 days	7,464,429	50,431,623	27,473	57,923,525
Over 31 days to 60 days	1,752,830	11,801,084	15	13,553,929
Over 61 days to 90 days	572,159	3,549,441	(70)	4,121,530
Over 91 days to 1 year	1,206,753	4,471,717	37,224	5,715,694
Over 1 year	27,113	5,526	297	32,936
Total premium receivables	126,698,062	387,696,185	601,109	514,995,356
Less: Allowance for doubtful accounts	-	(1,022,080)	-	(1,022,080)
Total premium receivables, net	<u>126,698,062</u>	<u>386,674,105</u>	<u>601,109</u>	<u>513,973,276</u>

(Unit: Baht)

	2014			Total
	Due from insured	Due from agents and brokers	Due from reinsurers	
Not yet due	83,053,799	209,640,138	1,144,352	293,838,289
Not over 30 days	5,579,991	21,201,559	261,621	27,043,171
Over 31 days to 60 days	17,841,753	8,063,824	253	25,905,830
Over 61 days to 90 days	510,392	1,977,277	-	2,487,669
Over 91 days to 1 year	485,961	1,432,891	2,286	1,921,138
Over 1 year	-	2,555	23,471	26,026
Total premium receivables	107,471,896	242,318,244	1,431,983	351,222,123
Less: Allowance for doubtful accounts	-	(971,227)	-	(971,227)
Total premium receivables, net	107,471,896	241,347,017	1,431,983	350,250,896

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

10. Reinsurance assets

	(Unit: Baht)	
	2015	2014
Amounts deposit on reinsurance	3,366	10,692
Amounts due from reinsurers, net	407,884,390	358,342,210
Insurance reserve refundable from reinsurers	368,157,791	373,147,832
Reinsurance assets, net	776,045,547	731,500,734

The balances as at 31 December 2015 and 2014 of amounts due from reinsurers are classified by aging as follows:

	(Unit: Baht)	
	2015	2014
Not yet due	351,742,495	259,392,686
Not over 1 year	44,182,241	69,583,434
Over 1 year to 2 years	9,232,396	26,686,672
Over 2 years	2,727,258	3,048,254
Total amounts due from reinsurers	407,884,390	358,711,046
Less: Allowance for doubtful accounts	-	(368,836)
Amounts due from reinsurers, net	407,884,390	358,342,210

11. Investments in securities

11.1 Available-for-sale investments

(Unit: Baht)

	2015				Percentage of investments to total assets in separate financial statements
	Cost	Unrealised gain	Unrealised loss	Fair value	
Government and state enterprise securities					
Government bonds	533,532,065	68,908	(55,692)	533,545,281	9.49
Treasury bills	159,241,160	2,203	(13,776)	159,229,587	2.83
Debentures	40,000,000	1,149,775	-	41,149,775	0.73
Stocks	20,696,542	-	(11,993,803)	8,702,739	0.16
Total	753,469,767	1,220,886	(12,063,271)	742,627,382	13.21
Private enterprise securities					
Debentures	433,117,926	5,454,908	(163,468)	438,409,366	7.80
Stocks	539,121,634	166,305,367	(69,077,206)	636,349,795	11.32
Units trusts	305,405,539	54,568,868	(13,856,516)	346,117,891	6.15
Warrants	-	2,014,303	-	2,014,303	0.03
	1,277,645,099	228,343,446	(83,097,190)	1,422,891,355	25.30
Less: Allowance for impairment	(13,753,224)	-	-	(13,753,224)	(0.24)
Total	1,263,891,875	228,343,446	(83,097,190)	1,409,138,131	25.06
Total available-for-sale investments	2,017,361,642	229,564,332	(95,160,461)	2,151,765,513	38.27

					(Unit: Baht)
					2014
	Cost	Unrealised gain	Unrealised loss	Fair value	Percentage of investments to total assets in separate financial statements
Government and state enterprise securities					
Government bonds	753,833,766	107,130	(6,539)	753,934,357	15.12
State enterprise bonds	10,000,000	10,922	-	10,010,922	0.20
Treasury bills	49,983,594	-	(292)	49,983,302	1.00
Debentures	20,000,000	765,248	-	20,765,248	0.42
Stocks	27,328,797	9,745	(5,266,318)	22,072,224	0.44
Total	861,146,157	893,045	(5,273,149)	856,766,053	17.18
Private enterprise securities					
Debentures	379,811,663	2,816,469	(15,624)	382,612,508	7.67
Stocks	548,971,234	212,289,836	(38,993,798)	722,267,272	14.49
Units trusts	199,977,239	44,267,221	(16,897,129)	227,347,331	4.56
Warrants	-	3,805,224	-	3,805,224	0.08
Total	1,128,760,136	263,178,750	(55,906,551)	1,336,032,335	26.80
Total available-for-sale investments	1,989,906,293	264,071,795	(61,179,700)	2,192,798,388	43.98

11.2 Held-to-maturity investments

					(Unit: Baht)	
					2015	2014
	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						
Saving lottery	10,000,000	0.17	10,000,000	0.20		
Total	10,000,000	0.17	10,000,000	0.20		
Deposits at banks which amounts maturing over 3 months						
Deposits and Certificate of deposit at financial institutions	1,085,100,000	19.30	380,100,000	7.62		
Total	1,085,100,000	19.30	380,100,000	7.62		
Total held-to-maturity investments	1,095,100,000	19.47	390,100,000	7.82		

11.3 Other investments

(Unit: Baht)

	2015		2014	
	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 securities	70,601,740	1.26	70,601,740	1.42
Less: Allowance for impairment	(2,567,500)	(0.05)	(2,567,500)	(0.05)
Total other investments, net	68,034,240	1.21	68,034,240	1.37

As at 31 December 2015 and 2014, equity securities in other investments included investments in a foreign company of USD 1.1 million, or Baht 37.2 million.

11.4 Remaining period of debt securities

Investments in debt securities as at 31 December 2015 and 2014 will be matured redemption as follows:

(Unit: Baht)

	2015			2014		
	Period to maturity			Period to maturity		
	1 year	1 - 5 years	Total	1 year	1 - 5 years	Total
Available-for-sale investments						
Government and state enterprise securities						
Government bonds	502,977,039	30,555,026	533,532,065	723,690,757	30,143,009	753,833,766
State enterprise bonds	-	-	-	10,000,000	-	10,000,000
Treasury bills	159,241,160	-	159,241,160	49,983,594	-	49,983,594
Debentures	-	40,000,000	40,000,000	-	20,000,000	20,000,000
Total	662,218,199	70,555,026	732,773,225	783,674,351	50,143,009	833,817,360
Add (less): Unrealised gain (loss)	(48,260)	1,199,678	1,151,418	12,123	864,346	876,469
Total	662,169,939	71,754,704	733,924,643	783,686,474	51,007,355	834,693,829
Private enterprise securities						
Debentures	50,000,000	383,117,926	433,117,926	144,811,663	235,000,000	379,811,663
Add: Unrealised gain	227,905	5,063,535	5,291,440	29,655	2,771,190	2,800,845
Total	50,227,905	388,181,461	438,409,366	144,841,318	237,771,190	382,612,508
Total available-for-sale investments	712,397,844	459,936,165	1,172,334,009	928,527,792	288,778,545	1,217,306,337
Held-to-maturity investments						
Government and state enterprise securities						
Saving lottery	-	10,000,000	10,000,000	-	10,000,000	10,000,000
Total	-	10,000,000	10,000,000	-	10,000,000	10,000,000
Deposits at banks which amounts maturing over 3 months						
Deposits and certificate of deposits financial institutions	1,085,100,000	-	1,085,100,000	380,100,000	-	380,100,000
Total	1,085,100,000	-	1,085,100,000	380,100,000	-	380,100,000
Total held-to-maturity investments	1,085,100,000	10,000,000	1,095,100,000	380,100,000	10,000,000	390,100,000

11.5 Other components of equity - surplus on change in value of available-for-sale investments

(Unit: Baht)

	For the years ended 31 December	
	2015	2014
Balance - beginning of the year	162,313,676	220,086,687
Changes during the year		
Unrealised gain during the year	12,726,812	13,174,803
Realised gain that included in statement of income	(81,215,036)	(85,391,067)
	(68,488,224)	(72,216,264)
Relating income tax	13,697,645	14,443,253
Net comprehensive income for the year (loss)	(54,790,579)	(57,773,011)
Balance - end of the year	107,523,097	162,313,676

11.6 Investments subject to restriction

As at 31 December 2015, the Company has pledged Baht 6.0 million of bonds and Baht 0.1 million of certificate of deposits at financial institutions as bail bond in cases where insured drivers have been charged with criminal offence (2014: Baht 4.1 million and Baht 0.1 million, respectively).

In addition, the Company pledged its securities with the Registrar as discussed in Notes 31 and 32 to the financial statements.

12. Loans

As at 31 December 2015 and 2014, the balances of loans are aged by principal as follows:

(Unit: Baht)

Outstanding period	2015		
	Mortgage loans	Other loans	Total
Not yet due	387,044	402,142	789,186
Total loans	387,044	402,142	789,186

(Unit: Baht)

Outstanding period	2014		
	Mortgage loans	Other loans	Total
Not yet due	655,297	272,029	927,326
Total loans	655,297	272,029	927,326

Loans provided to employees are in accordance with employee's benefits plan under a credit line. Baht 50,000 or less for personal guarantee loans, and for secured loans, the credit line is not to exceed 50 times the employee's salary. The interest rates for the loans are 7.0 % and 6.5 % per annum, respectively.

13. Investments in associate

13.1 Details of associate

As at 31 December 2015 and 2014, the Company has investments in The Falcon Insurance Plc. which is incorporated in Thailand and principally engaged in the non-life insurance. Detail of investments is as follows:

(Unit: Baht)

Company's name	Shareholding percentage		Financial statements in which the equity method is applied	
			Book value	
			2015	2014
	2015	2014	2015	2014
	(%)	(%)		
The Falcon Insurance Plc.	20.00	36.27	92,827,970	178,128,881

(Unit: Baht)

Company's name	Shareholding percentage		Separate financial statements	
			Book value	
			2015	2014
	2015	2014	2015	2014
	(%)	(%)		
The Falcon Insurance Plc.	20.00	36.27	18,846,960	34,175,695

On 15 January 2015, the Company disposed of shares in an associated company, at the total transaction value of Baht 91.19 million which the Company recognised the profit from disposal in statement of income, in which the equity method is applied, amounting to Baht 14.77 million, and recognised the profit amounting to Baht 75.86 million in the separate statement of income. Resulting the percentage of shareholding was decreased from 36.27% to 20.00% of the total issued shares of this associated company.

13.2 Financial information of associate

Summarised information about financial position

	(Unit: Baht)	
	2558	2557
Total assets	3,122,874,378	4,236,710,763
Total liabilities	(2,658,734,530)	(3,736,018,913)
Net assets	464,139,848	500,691,850
Shareholding percentage (%)	20.00	36.27
Share of net assets	92,827,970	181,600,934
Elimination entries	-	(3,472,053)
Carrying amounts of associates based on equity method	92,827,970	178,128,881

Summarised information about comprehensive income

	For the years ended 31 December	
	2558	2557
Revenues	1,045,115,610	1,007,458,572
Profit	27,153,936	96,880,283
Other comprehensive income (loss)	(45,705,938)	(54,580)
Total comprehensive income (loss)	(18,552,002)	96,825,703

13.3 Shares of comprehensive income and dividend received

During the years, the Company has recognised its share of profit/loss from investments in an associate company in the financial statements, in which the equity method is applied, and dividend income in the separate financial statements as follows:

	Financial statements in which the equity method is applied				Separate financial statements	
Company's name	Share of profit from investments in associates during the year		Share of other comprehensive income (loss) from investments in associates during the year		Dividend received during the year	
	2015	2014	2015	2014	2015	2014
The Falcon Insurance Plc.	5,430,787	35,135,121	(9,141,187)	(19,794)	3,600,000	6,527,976

As at 31 December 2015 and 2014, the value 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 audited by its external auditors.

14. Property, buildings and equipment

(Unit: Baht)

	Land	Buildings	Condominium	Building improvements	Furniture, fixtures and equipment	Motor vehicles	Assets under construction	Total
Cost								
1 January 2014	2,635,871	21,270,952	270,282,501	93,632,590	178,684,977	59,662,043	3,079,606	629,248,540
Additions	2,749,500	3,250,500	-	-	12,999,669	9,720,784	48,845,473	77,565,926
Disposals	-	-	-	(16,333,762)	(3,609,774)	(8,445,990)	-	(28,389,526)
Transfers in (out)	-	-	-	24,332,836	17,018,217	-	(41,351,053)	-
31 December 2014	5,385,371	24,521,452	270,282,501	101,631,664	205,093,089	60,936,837	10,574,026	678,424,940
Additions	-	-	-	-	3,612,197	4,915,981	24,971,994	33,500,172
Disposals	-	-	-	(4,415,537)	(4,336,633)	(4,097,405)	-	(12,849,575)
Transfers in (out)	-	-	-	5,116,582	1,769,300	-	(6,885,882)	-
31 December 2015	5,385,371	24,521,452	270,282,501	102,332,709	206,137,953	61,755,413	28,660,138	699,075,537
Accumulated depreciation								
1 January 2014	-	6,798,432	118,719,652	81,413,557	166,068,851	46,833,685	-	419,834,177
Depreciation for the year	-	653,382	8,900,206	939,276	7,320,638	5,802,359	-	23,615,861
Depreciation on disposals	-	-	-	(15,688,574)	(3,491,709)	(8,279,185)	-	(27,459,468)
31 December 2014	-	7,451,814	127,619,858	66,664,259	169,897,780	44,356,859	-	415,990,570
Depreciation for the year	-	700,804	8,900,206	2,112,914	10,928,371	4,403,025	-	27,045,320
Depreciation on disposals	-	-	-	(4,344,536)	(4,303,313)	(3,998,781)	-	(12,646,630)
31 December 2015	-	8,152,618	136,520,064	64,432,637	176,522,838	44,761,103	-	430,389,260
Net book value								
31 December 2014	5,385,371	17,069,638	142,662,643	34,967,405	35,195,309	16,579,978	10,574,026	262,434,370
31 December 2015	5,385,371	16,368,834	133,762,437	37,900,072	29,615,115	16,994,310	28,660,138	268,686,277
Depreciation for the year								
2014								23,615,861
2015								27,045,320

As at 31 December 2015, the Company had motor vehicles under financial lease agreements with net book value amounting to Baht 3.9 million (2014: Baht 4.3 million).

As at 31 December 2015, the Company had certain items of buildings and equipment were fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation of those assets amounted to Baht 258.9 million (2014: Baht 247.6 million).

15. Intangible assets

As at 31 December 2015 and 2014, the net book value of intangible assets are presented below.

(Unit: Baht)

	Computer Software	Computer software under improvement	Total
Cost			
1 January 2014	59,314,941	-	59,314,941
Additions	17,103,987	-	17,103,987
31 December 2014	76,418,928	-	76,418,928
Additions	-	470,000	470,000
31 December 2015	76,418,928	470,000	76,888,928
Accumulated amortisation			
1 January 2014	51,434,125	-	51,434,125
Amortisation for the year	1,966,626	-	1,966,626
31 December 2014	53,400,751	-	53,400,751
Amortisation for the year	2,997,244	-	2,997,244
31 December 2015	56,397,995	-	56,397,995
Net book value			
31 December 2014	23,018,177	-	23,018,177
31 December 2015	20,020,933	470,000	20,490,933

As at 31 December 2015, the Company had certain items of computer software were fully amortised but are still in use. The gross carrying amount before deducting accumulated amortisation of those assets amounted to Baht 46.9 million (2014: Baht 46.3 million).

15. Intangible assets

As at 31 December 2015 and 2014, the net book value of intangible assets are presented below.

(Unit: Baht)

	Computer Software	Computer software under improvement	Total
Cost			
1 January 2014	59,314,941	-	59,314,941
Additions	17,103,987	-	17,103,987
31 December 2014	76,418,928	-	76,418,928
Additions	-	470,000	470,000
31 December 2015	76,418,928	470,000	76,888,928
Accumulated amortisation			
1 January 2014	51,434,125	-	51,434,125
Amortisation for the year	1,966,626	-	1,966,626
31 December 2014	53,400,751	-	53,400,751
Amortisation for the year	2,997,244	-	2,997,244
31 December 2015	56,397,995	-	56,397,995
Net book value			
31 December 2014	23,018,177	-	23,018,177
31 December 2015	20,020,933	470,000	20,490,933

As at 31 December 2015, the Company had certain items of computer software were fully amortised but are still in use. The gross carrying amount before deducting accumulated amortisation of those assets amounted to Baht 46.9 million (2014: Baht 46.3 million).

16. Deferred tax assets and income tax expenses

16.1 Deferred tax assets

The components of deferred tax assets and liabilities as at 31 December 2015 and 2014 are as follows:

	(Unit: Baht)	
	2015	2014
Deferred tax assets		
Unearned premium reserve	82,524,415	56,228,517
Allowance for impairment of investments in securities	3,264,145	513,500
Allowance for doubtful accounts	21,965,856	17,313,116
Amortisation of value of business acquired	1,156,040	2,456,040
Loss reserves	86,416,239	66,264,434
Provision for loss incurred but not reported (IBNR)	3,954,435	2,927,292
Employee benefit obligations	13,361,392	16,449,267
Unutilised tax loss	-	888,777
Others	2,782,000	-
Total	<u>215,424,522</u>	<u>163,040,943</u>
Deferred tax liabilities		
Unrealised gain on change in value of available-for-sale securities	26,880,774	40,578,419
Others	1,121	6,625,432
Total	<u>26,881,895</u>	<u>47,203,851</u>
Deferred tax assets, net	<u>188,542,627</u>	<u>115,837,092</u>

16.2 Income tax expenses

Income tax expenses for the years ended 31 December 2015 and 2014 are made up as follows:

	(Unit: Baht)	
	2015	2014
		(Restated)
Current income tax:		
Current income tax charge for the year	76,793,378	-
Deferred tax:		
Adjustment in respect of current income tax of previous year	-	6,672,756
Relating to origination and reversal of temporary differences	(58,590,288)	49,147,545
Income tax expenses reported in statements of income	<u>18,203,090</u>	<u>55,820,301</u>

Reconciliation between income tax expenses and the product of accounting profit multiplied by the applicable tax rate for the years ended 31 December 2015 and 2014.

	(Unit: Baht)			
	Financial statements in which the equity method is applied		Separate financial statements	
	2015	2014	2015	2014
		(Restated)		(Restated)
Accounting profit before tax	<u>67,883,600</u>	<u>301,933,570</u>	<u>127,145,230</u>	<u>273,326,425</u>
Applicable tax rate	20%	20%	20%	20%
Tax expenses at the applicable tax rate	13,576,720	60,386,714	25,429,046	54,665,285
Adjustment in respect of current income tax of previous year	-	6,672,756	-	6,672,756
Effects of:				
Exempted expenses	2,522,958	3,947,358	2,522,958	3,947,358
Allowed additional expense deductions	(266,194)	(303,838)	(266,194)	(303,838)
Others	<u>2,369,606</u>	<u>(14,882,689)</u>	<u>(9,482,720)</u>	<u>(9,161,260)</u>
Income tax expenses reported in statements of income	<u>18,203,090</u>	<u>55,820,301</u>	<u>18,203,090</u>	<u>55,820,301</u>

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2015 and 2014 are as follows:

	(Unit: Baht)	
	2015	2014
		(Restated)
Deferred tax relating to:		
Loss on change in value of available-for-sale investments	13,697,645	14,443,253
Actuarial loss	417,602	2,662,036
	<u>14,115,247</u>	<u>17,105,289</u>

17. Claims receivable from litigants

Claims receivable from litigants classified by the year of claims incurred are as follows:

	(Unit: Baht)	
	2015	2014
Claim years		
Year 2015	97,269,641	-
Year 2014	29,384,117	71,014,798
Year 2013	21,526,182	32,657,246
Year 2012	15,444,568	13,852,029
Year 2011	11,931,609	12,734,007
Prior to year 2011	22,921,492	25,443,989
Total claims receivable from litigants	<u>198,477,609</u>	<u>155,702,069</u>
Less: Allowance for doubtful accounts	<u>(108,651,596)</u>	<u>(85,069,914)</u>
Claims receivable from litigants, net	<u>89,826,013</u>	<u>70,632,155</u>

18. Due to reinsurers

	(Unit: Baht)	
	2015	2014
Outward premium payable	351,104,285	203,184,439
Amounts withheld on reinsurance	124,008,394	93,313,238
Amounts due to reinsurers	<u>208,979,409</u>	<u>301,263,578</u>
Total due to reinsurers	<u>684,092,088</u>	<u>597,761,255</u>

19. Loss reserves and outstanding claims

(Unit: Baht)

	For the years ended 31 December	
	2015	2014
Beginning balance	667,704,068	1,936,145,804
Claim and loss adjustment expenses for the year	1,968,100,505	1,430,832,343
Change in claim and loss adjustment expenses paid for prior year	(35,307,062)	(155,319,247)
Claim and loss adjustment expenses paid during the year	(1,806,996,257)	(2,543,954,832)
Ending balance	793,501,254	667,704,068

As at 31 December 2015 and 2014, the Company has loss reserve and outstanding claims under reinsurance contracts at Baht 11.4 million and Baht 13.3 million, respectively.

20. Premium reserves

Premium reserves are the liability under insurance contracts, and are the higher of unearned premium reserve and unexpired risk reserve.

20.1 Unearned premium reserve

(Unit: Baht)

	For the years ended 31 December	
	2015	2014
Beginning balance	1,368,683,742	1,178,665,259
Add: Premium written for the year	3,368,927,885	2,685,883,813
Less: Premium earned for the current year	(2,935,199,901)	(2,495,865,330)
Ending balance	1,802,411,726	1,368,683,742

20.2 Unexpired risk reserve

(Unit: Baht)

	For the years ended 31 December	
	2015	2014
Beginning balance	806,821,872	695,726,097
Add: Estimated claims for the year	1,911,829,845	1,392,249,927
Less: Risk expired during the year	(1,594,819,310)	(1,281,154,152)
Ending balance	1,123,832,407	806,821,872

21. Employee benefit obligations

(Unit: Baht)

	For the years ended 31 December	
	2015	2014
Short-term employee benefit	26,024,000	45,000,000
Provision for long-term employee benefit	40,782,961	37,246,332
Employee benefit obligations	66,806,961	82,246,332

The movement of provision for long-term employee benefits for the years ended 31 December 2015 and 2014 was as follows:

(Unit: Baht)

	For the years ended 31 December	
	2015	2014
Provision for long-term employee benefit at beginning of year	37,246,332	23,208,265
Included in statement of income:		
Current service cost	3,687,649	2,194,867
Interest cost	1,629,172	1,148,222
Total items included in statement of income	5,316,821	3,343,089
Included in statement of comprehensive income:		
Actuarial loss arising from		
Demographic assumption change	1,728,356	9,174,010
Financial assumption change	1,527,098	1,035,755
Experience adjustment	(1,167,446)	3,100,413
Total items included in statement of comprehensive income	2,088,008	13,310,178
Benefits paid during the year	(3,868,200)	(2,615,200)
Provision for long-term employee benefit at end of year	40,782,961	37,246,332

As at 31 December 2015, the weighted average duration of the liabilities for long-term employee benefit is 12 years, and the Company expected to pay Baht 3 million of long-term employee benefits during the next year.

Significant actuarial assumptions are summarised below:

(Unit: % per annum)

	2015	2014
Discount rate	2.9	4.0
Salary increase rate	7.2	7.7
Staff turnover rate	0.0 - 21.0	0.0 - 23.0

The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at 31 December 2015 are summarised below:

	(Unit: Baht)	
	Rate increase 0.5% per annum	Rate decrease 0.5% per annum
Discount rate	Liabilities decrease 1,351,874	Liabilities increase 1,432,516
Salary increase rate	Liabilities increase 1,367,109	Liabilities decrease 1,305,269
Staff turnover rate	Liabilities decrease 1,512,456	Liabilities increase 1,596,808

22. Liabilities under finance lease agreements

	(Unit: Baht)	
	2015	2014
Liabilities under finance lease agreements	4,167,080	6,163,304
Less: Deferred interest expenses	(44,486)	(282,260)
Total	4,122,594	5,881,044
Less: Portion due within one year	(4,015,594)	(1,758,450)
Liabilities under finance lease agreements - net of current portion due within one year	<u>107,000</u>	<u>4,122,594</u>

As at 31 December 2015, the Company has entered into the finance lease agreements with leasing companies for rental of motor vehicles for use in its operation, whereby it is committed to pay rental on a monthly basis. The terms of the agreements are generally between 5 years.

Future minimum lease payments required under the finance lease agreements were as follows:

	(Unit: Baht)		
	2015		
	Within 1 year	1-5 years	Total
Future minimum lease payments	4,060,080	107,000	4,167,080
Deferred interest expenses	(44,486)	-	(44,486)
Present value of future minimum lease payments	<u>4,015,594</u>	<u>107,000</u>	<u>4,122,594</u>

	(Unit: Baht)		
	2014		
	Within 1 year	1-5 years	Total
Future minimum lease payments	1,996,224	4,167,080	6,163,304
Deferred interest expenses	(237,774)	(44,486)	(282,260)
Present value of future minimum lease payments	<u>1,758,450</u>	<u>4,122,594</u>	<u>5,881,044</u>

23. Share capital

On 24 April 2014, the 2014 Annual General Meeting of shareholders (No. 82) approved an increase of the Company's registered share capital from Baht 300 million to be Baht 310 million (31 million shares of Baht 10 each) by newly issues the ordinary shares in amount of 1 million shares with the par value at 10 Baht per share to support the stock dividend payment. In addition, on 23 April 2015, the 2015 Annual General Meeting of shareholders (No. 83) approved an increase of the Company's registered share capital from Baht 310 million to be Baht 320 million (32 million shares of Baht 10 each) by newly issues the ordinary shares in amount of 1 million shares with the par value at 10 Baht per share to support the stock dividend payment, and approved to allocate indivisible share remaining after such allocated the stock dividend to the Navakij Insurance Provident Fund. The Company registered the increase of share capital with the Ministry of Commerce on 29 May 2014 and on 2 June 2015, respectively.

24. 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 profit, until the reserve reaches 10% of the registered capital. The statutory reserve is not available for dividend distribution.

25. Operating expenses

	2015	(Unit: Baht) 2014 (Restated)
Personnel expenses which is not expenses for underwriting and claims	198,121,038	179,837,322
Premises and equipment expenses which is not expenses for underwriting	98,658,850	92,668,984
Taxes and duties	3,139,303	2,392,868
Bad debts and doubtful accounts (reversal)	23,207,698	(48,850,174)
Other operating expenses	51,829,795	61,656,765
Total operating expenses	<u>374,956,684</u>	<u>287,705,765</u>

26. Employee expenses

	(Unit: Baht)	
	2015	2014
		(Restated)
Salary and wages	253,180,931	232,664,068
Social security fund	4,926,715	4,396,731
Provident fund	7,553,120	6,600,898
Other benefits	16,861,027	12,521,414
Total employee expenses	<u>282,521,793</u>	<u>256,183,111</u>

27. Provident fund

The Company and its employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Both employees and the Company contribute to the fund monthly at the rate of 5 percent of basic salary. The fund, which is managed by MFC Asset Management Public Company Limited, will be paid to employees upon termination in accordance with the fund rules. During the year 2015, the Company contributed Baht 7.6 million (2014: Baht 6.6 million) to the fund.

28. Earnings per share

Basic earnings per share is calculated by dividing profit for the year (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the year, after adjusting the number of ordinary shares as a result of the increase in share capital arising from the issue of stock dividend.

On 23 April 2015, the 2015 Annual General Meeting of shareholders approved to pay a cash dividend of Baht 3 per share, and stock dividend of 1 million shares to the existing shareholders. For the purpose of calculating earnings per share, the Company adjusted the number of ordinary shares used to calculate the earnings per share, as though it had issued the stock dividend at the beginning of the year.

	Financial statements in which the equity method is applied		Separate financial statements	
	For the years ended 31 December		For the years ended 31 December	
	2015	2014 (Restated)	2015	2014 (Restated)
Number of ordinary shares issued during the year (Shares)	32,000,000	31,000,000	32,000,000	31,000,000
Number of stock dividend (Shares)				
Year 2015	-	1,000,000	-	1,000,000
Total (Shares)	32,000,000	32,000,000	32,000,000	32,000,000
Profit for the year (Baht)	49,680,510	246,113,269	108,942,140	217,506,124
Earnings per share (Baht per share)	1.55	7.69	3.40	6.80

29. Dividends

Dividends declared during the years 2015 and 2014 consisted of the following:

	Approved by	Total dividends (Baht)	Dividends per share (Baht)
Dividends from 2014 net profit (Cash dividends of Baht 3.00 per share and stock dividends of Baht 0.32 per share)	Annual General Meeting of the shareholders on 23 April 2015	102,999,867	3.32
Dividends from 2013 net profit (Cash dividends of Baht 3.00 per share and stock dividends of Baht 0.33 per share)	Annual General Meeting of the shareholders on 24 April 2014	99,999,866	3.33

30. 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 the Executive Board.

For management purposes, the Company is organised into business units based on its products, which consisted of Fire, Marine and transportation, Motor, and Miscellaneous insurance.

The Chief Operating Decision Maker monitors the operating results of the business units separately for the purpose of making decisions about resource allocation and assessing performance. Segment performance is measured based on operating profit or loss, total assets and total liabilities, and on a basis consistent with that used to measure operating profit or loss, total assets and total liabilities in the financial statements.

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

Operating segment information for the years ended 31 December 2015 and 2014 can be classified by type of insurance products as follows:

(Unit: Baht)

Financial statements in which the equity method is applied for the year ended 31 December 2015					
	Fire	Marine and transportation	Motor	Miscellaneous	Total
Underwriting income					
Premium written	583,584,910	72,460,068	2,425,223,541	287,659,366	3,368,927,885
Less: Premium ceded	(305,381,528)	(34,538,548)	(15,444,248)	(197,131,367)	(552,495,691)
Net premium written	278,203,382	37,921,520	2,409,779,293	90,527,999	2,816,432,194
Less: Unearned premium reserve	(40,994,069)	(807,397)	(345,991,775)	(137,589)	(387,930,830)
Earned premium	237,209,313	37,114,123	2,063,787,518	90,390,410	2,428,501,364
Fee and commission income	72,399,163	11,927,416	3,143,800	49,241,993	136,712,372
Total underwriting income	309,608,476	49,041,539	2,066,931,318	139,632,403	2,565,213,736
Underwriting expenses					
Claim and loss adjustment expenses	47,503,770	8,588,276	1,426,751,145	45,243,787	1,528,086,978
Commission and brokerage expenses	130,159,276	10,239,367	386,062,237	31,575,909	558,036,789
Other underwriting expenses	21,011,934	1,197,497	168,477,687	18,652,997	209,340,115
Contribution to Road Accident Victims Protection Co., Ltd.	-	-	12,515,765	-	12,515,765
Total underwriting expenses before operating expenses	198,674,980	20,025,140	1,993,806,834	95,472,693	2,307,979,647
Profit from underwriting before operating expenses	110,933,496	29,016,399	73,124,484	44,159,710	257,234,089
Operating expenses					(374,956,684)
Loss from underwriting					(117,722,595)
Share of profit from investments in associate					5,430,787
Net investment income					96,624,240
Profit on investments					95,980,816
Other income					5,755,901
Other expenses					(18,185,549)
Profit before income tax expenses					67,883,600
Income tax expenses					(18,203,090)
Profit for the year					49,680,510

(Unit: Baht)

Financial statements in which the equity method is applied
for the year ended 31 December 2014

	Fire	Marine and transportation	Motor	Miscellaneous	Total
Underwriting income					
Premium written	607,210,802	75,905,593	1,793,410,210	209,357,208	2,685,883,813
Less: Premium ceded	(343,679,964)	(37,139,611)	(18,106,724)	(111,653,663)	(510,579,962)
Net premium written	263,530,838	38,765,982	1,775,303,486	97,703,545	2,175,303,851
Add (less): Unearned premium reserve	(58,542,364)	1,226,422	(82,177,421)	(18,253,355)	(157,746,718)
Earned premium	204,988,474	39,992,404	1,693,126,065	79,450,190	2,017,557,133
Fee and commission income	117,331,222	11,598,796	3,381,267	32,616,392	164,927,677
Total underwriting income	322,319,696	51,591,200	1,696,507,332	112,066,582	2,182,484,810
Underwriting expenses					
Claim and loss adjustment expenses	9,122,994	4,553,050	1,111,890,607	40,786,385	1,166,353,036
Commission and brokerage expenses	129,236,761	10,670,023	305,795,775	32,079,167	477,781,726
Other underwriting expenses	19,189,783	1,651,585	124,249,014	5,424,796	150,515,178
Contribution to Road Accident Victims Protection Co., Ltd.	-	-	10,038,147	-	10,038,147
Total underwriting expenses before operating expenses	157,549,538	16,874,658	1,551,973,543	78,290,348	1,804,688,087
Profit from underwriting before operating expenses	164,770,158	34,716,542	144,533,789	33,776,234	377,796,723
Operating expenses					(287,705,765)
Profit from underwriting					90,090,958
Share of profit from investments in associate					35,135,121
Net investment income					97,783,750
Profit on investments					85,391,067
Other income					8,106,921
Other expenses					(14,574,247)
Profit before income tax expenses					301,933,570
Income tax expenses					(55,820,301)
Profit for the year					246,113,269

Segment assets and liabilities of the Company's operating segments as at 31 December 2015 and 2014 are as follows:

	(Unit: Baht)						
	Fire	Marine and transportation	Motor	Miscellaneous	Total segments	Unallocated assets	Financial statements in which the equity method is applied
Assets							
As at 31 December 2015	362,049,475	39,778,404	310,975,509	168,726,570	881,529,958	4,815,587,368	5,697,117,326
As at 31 December 2014	279,565,607	46,574,106	205,684,035	190,142,996	721,966,744	4,408,280,365	5,130,247,109
Liabilities							
As at 31 December 2015	483,785,287	40,420,026	1,900,588,414	171,119,253	2,595,912,980	962,309,818	3,558,222,798
As at 31 December 2014	437,174,751	51,587,370	1,398,324,661	149,301,028	2,036,387,810	844,497,438	2,880,885,248

Geographic information

The Company is operated its business in Thailand only, as a result, all of the revenues and assets as reflected in these financial statements pertain to the aforementioned geographical reportable.

Major customer's information

During the years ended 31 December 2015 and 2014, Baht 357 million and Baht 400 million respectively of the Company's net premium written was received from a major broker.

31. Assets pledged with the Registrar

As at 31 December 2015 and 2014, the following assets have been pledged with the Registrar of the Office of Insurance Commission in accordance with the Non-life Insurance Act.

	(Unit: Baht)			
	2015		2014	
	Cost	Fair value	Cost	Fair value
Government bonds	20,000,000	20,007,790	20,000,000	20,178,939

32. Assets reserved with the Registrar

As at 31 December 2015 and 2014, the following assets have been pledged as non-life insurance policy reserve with the Registrar of the Office of Insurance Commission under the Non-life Insurance Act.

(Unit: Baht)

	2015		2014	
	Cost	Fair value	Cost	Fair value
Deposits at financial institutions	<u>300,000,000</u>	<u>300,000,000</u>	<u>280,000,000</u>	<u>280,000,000</u>

33. Contribution to the General Insurance Fund

(Unit: Baht)

	For the years ended 31 December	
	2015	2014
Accumulated contribution at the beginning of the year	30,337,390	23,709,987
Contribution during the year	<u>8,331,927</u>	<u>6,627,403</u>
Accumulated contribution at the end of the year	<u>38,669,317</u>	<u>30,337,390</u>

34. Commitments and contingent liabilities

34.1 Capital Commitments

As at 31 December 2015, there were capital commitments contracted for decoration of building amounting to Baht 1.0 million (2014: Baht 3.5 million).

34.2 Operating lease commitments

The Company has entered into several lease agreements in respect of the lease of office building space. The terms of the agreements are generally between 1 year and 3 years.

As at 31 December 2015, future minimum lease payments required under these non-cancellable operating leases contracts were as follows.

(Unit: Baht)

Payable:	
Within 1 year	8,424,027
Over 1 to 5 years	8,215,080

34.3 Letter of Guarantees

As at 31 December 2015, there were outstanding bank guarantees of approximately Baht 2.8 million (2014: Baht 3.0 million) as required in the normal course of the Company's business.

34.4 Litigation

As at 31 December 2015, the Company has been sued for damages totaling approximately Baht 180.0 million as insurer. The cases have not yet been finalised. However, the Company's obligations in respect of these lawsuits do not exceed the maximum sum insured per the relevant policies, which is Baht 26.5 million. However, the Company has set aside reserves for contingent loss amounting to Baht 26.1 million in the financial statements (2014: Baht 175.3 million, Baht 30.1 million and Baht 29.3 million, respectively).

35. Financial instruments

The Company's financial instruments, as defined under Thai Accounting Standard No.107 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, premium receivables, reinsurance assets, investments in securities, loans, and amounts due to reinsurers. The financial risks associated with these financial instruments and how they are managed is described below.

35.1 Credit risk

Credit risk is the risk that the Company may suffer a financial loss as a result of a counterparty's inability to comply with the terms of a financial instrument. The Company is exposed to credit risk primarily with respect to outstanding premium receivables, loans, and reinsurance assets. The Company manages the risk by adopting appropriate credit control policies and procedures and therefore does not expect to incur material financial loss. The Company's maximum exposure to credit risk is limited to the book value of premium receivable, loans and reinsurance assets less allowance for doubtful accounts as presented in the statements of financial position.

35.2 Market risk

Market risk is the risk that change in interest rates, foreign exchange rates and securities prices may have an effect on the Company's financial position. The Company had no significant financial instruments denominated in foreign currencies; market risk is therefore confined only to interest rate risk and equity position risk.

Interest rate risk

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

As at 31 December 2015 and 2014, significant financial assets and liabilities classified by type of interest rates, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date as follows:

	(Unit: Baht)						
	2015						
	Fixed interest rates						
	Maturity date or repricing date				Non-		Effective
	Within 1	Over 5	Floating	interest	Total	Effective	
	year	1 - 5 years	interest rate	bearing		interest rate	
						(% per annum)	
Financial assets							
Cash and cash equivalents	115,000,000	-	-	110,589,658	302,000	225,891,658 0.00 - 1.80	
Premium receivables	-	-	-	-	513,973,276	513,973,276 -	
Reinsurance assets	-	-	-	-	499,496,830	499,496,830 -	
Investments in securities							
Government and state							
enterprise securities	662,169,939	81,754,704	-	-	8,702,739	752,627,382 1.44 - 3.91	
Private enterprise securities	50,227,905	388,181,461	-	-	1,038,763,005	1,477,172,371 1.80 - 4.00	
Deposits at banks which							
amounts maturing over							
3 months	1,085,100,000	-	-	-	-	1,085,100,000 0.85 - 3.00	
Loans	57,253	386,095	345,838	-	-	789,186 6.50 - 7.00	
Financial liabilities							
Due to reinsurers	-	-	-	-	684,092,088	684,092,088 -	

	(Unit: Baht)						
	2014						
	Fixed interest rates						
	Maturity date or repricing date				Non-		Effective
	Within 1	Over 5	Floating	interest	Total	Effective	
	year	1 - 5 years	interest rate	bearing		interest rate	
						(% per annum)	
Financial assets							
Cash and cash equivalents	325,000,000	-	-	269,502,209	288,000	594,790,209 0.00 - 2.65	
Premium receivables	-	-	-	-	350,250,896	350,250,896 -	
Reinsurance assets	-	-	-	-	505,422,019	505,422,019 -	
Investments in securities							
Government and state							
enterprise securities	783,686,474	61,007,355	-	-	22,072,224	866,766,053 1.99 - 4.50	
Private enterprise securities	144,841,318	237,771,190	-	-	1,021,454,067	1,404,066,575 2.26 - 4.00	
Deposits at banks which							
amounts maturing over							
3 months	380,100,000	-	-	-	-	380,100,000 1.75 - 3.00	
Loans	167,962	384,837	374,527	-	-	927,326 6.50 - 7.00	
Financial liabilities							
Due to reinsurers	-	-	-	-	597,761,255	597,761,255 -	

Equity position risk

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

As at 31 December 2015 and 2014, the Company has risk from its investments in securities of which the price will change with reference to market conditions.

35.3 Liquidity risk

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

Counting from the financial position date, the periods to maturity of financial assets and liabilities held as at 31 December 2015 and 2014 are as follows:

(Unit: Baht)

	2015					Total
	At call	Within 1 year	1 - 5 years	Over 5 years	Unspecified	
Financial assets						
Cash and cash equivalents	110,589,658	115,000,000	-	-	302,000	225,891,658
Premium receivables	-	513,973,276	-	-	-	513,973,276
Reinsurance assets	-	499,496,830	-	-	-	499,496,830
Investments in securities	2,151,765,513	1,085,100,000	10,000,000	-	68,034,240	3,314,899,753
Loans	-	57,253	386,095	345,838	-	789,186
Financial liabilities						
Due to reinsurers	-	684,092,088	-	-	-	684,092,088

(Unit: Baht)

	2014					Total
	At call	Within 1 year	1 - 5 years	Over 5 years	Unspecified	
Financial assets						
Cash and cash equivalents	269,502,209	325,000,000	-	-	288,000	594,790,209
Premium receivables	-	350,250,896	-	-	-	350,250,896
Reinsurance assets	-	505,422,019	-	-	-	505,422,019
Investments in securities	2,192,798,388	380,100,000	10,000,000	-	68,034,240	2,650,932,628
Loans	-	101,719	451,080	374,527	-	927,326
Financial liabilities						
Due to reinsurers	-	597,761,255	-	-	-	597,761,255

35.4 Fair value of financial instruments

As at 31 December 2015 and 2014, the Company had the financial assets that were measured at fair value or disclosed fair value using different levels of inputs as follows:

(Unit: Baht)

	Fair value				Book value
	Level 1	Level 2	Level 3	Total	
<u>Financial assets measured at fair value</u>					
Available-for-sale investments					
Government bonds	-	533,545,281	-	533,545,281	533,545,281
Treasury bills	-	159,229,587	-	159,229,587	159,229,587
Debentures	-	479,559,141	-	479,559,141	479,559,141
Stocks	645,052,534	-	-	645,052,534	645,052,534
Unit trusts	284,086,790	62,031,101	-	346,117,891	346,117,891
Warrants	2,014,303	-	-	2,014,303	2,014,303
<u>Financial assets which fair value are disclosed</u>					
Cash and cash equivalents	110,891,658	115,000,000	-	225,891,658	225,891,658
Held to maturity investments					
Saving lottery	-	10,155,529	-	10,155,529	10,000,000
Deposits and certificates deposits at financial institutions					
	-	1,085,100,000	-	1,085,100,000	1,085,100,000
Other investments	-	-	219,411,010	219,411,010	68,034,240
Loans	-	-	789,186	789,186	789,186

The fair value hierarchy of financial assets as at 31 December 2015 presents according to Note 5.19 to financial statements.

As at 31 December 2014, fair value of financial assets was not significant difference from their book value.

The method used for fair value measurement depends upon the characteristics of the financial instrument. The Company establishes the fair value of its financial instruments by adopting the following methods:

- (a) Financial assets maturing in the short-term, which consist of cash and cash equivalents and deposit at financial institutions, their fair value is estimated based on the book value presented in the statements of financial position.
- (b) For debts securities, their fair value is generally derived from quoted market prices or determined by using the yield curve as announced by the Thai Bond Market Association.

- (c) For equity securities, their fair value is generally derived from quoted market prices. For investments in non-marketable equity securities is determined using discounted price per book value approach.
- (d) The fair value of fixed rate loans is determined by discounting the expected future cash flows by using the carrying market interest rate of similar loans.

36. Capital management

The primary objectives of the Company's capital management is to ensure that it preserves ability to continue its business as a going concern and to maintain capital reserve in accordance with Notifications of the OIC.

37. Event after the reporting period

On 23 February 2016, a meeting of the Board of Directors approved to allocate net profits amounting Baht 1 million to statutory reserve, resulting the statutory reserve of the Company reaches 10% of the registered capital, or totaling Baht 32 million. In addition, the Board also passed the following resolutions to propose to the Annual General Meeting of shareholders:

1. Approve an increase of the Company's registered capital from Baht 320 million to be Baht 330 million to be divided into 33 million shares with the par value at 10 Baht per share, by newly issue the ordinary shares in amount of 1 million shares with the par value at 10 Baht to support the stock dividend payment.
2. Approve the allocation of profits derived from operational results for the year 2015 for cash dividend and stock dividend payment approximately Baht 74 million, as follows:
 - 2.1 Cash dividend will be paid at the rate of Baht 2.00 per share for the 32 million existing shares, totaling Baht 64 million. Payment is scheduled to be made on 16 May 2016.
 - 2.2 Stock dividend will be paid at the ratio of 32 existing shares per 1 stock dividend, totaling of the stock dividend payment at 1 million shares, at par value Baht 10, totaling Baht 10 million or equivalent to Baht 0.31 per share. In case that any shareholders hold the indivisible share remaining after such allocated, cash will be paid instead of the stock dividend at the rate of Baht 0.31 per share.
 - 2.3 Approve to allocate indivisible share remaining after such allocated the stock dividend to the registered Navakij Insurance Provident Fund.
3. Approve to subscribe for the newly issued ordinary shares of an associated company, at the existing portion or 20% of the total share offering by such associate.

38. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 23 February 2016.

The Company's General Information

The Company's Information

Stock Code	NKI
Type of Business	Non-life Insurance
Registration No.	0107536000862
Year of Establishment	23 September 1933
First Trade Date	24 August 1990
Registered Capital	320 million Baht, comprised of 32 million shares @10 Baht par value
Paid-up Capital	320 million Baht
Headquarter Address	25th-27th Floor, Sathorn Nakorn Tower, 100/47-55, 1st Floor, Sathorn Thani Building, 90/3-6 North Sathorn Road, Silom Bangrak, Bangkok 10500
Corporate Headquarters	Telephone (66) 2664 7777 Fax (66) 2636 7999 Accident Notification: 1748
Website	www.navakij.co.th
Shareholder Relations	office_president@navakij.co.th

Investment in other company at 10% or more of paid-up capital (Direct shareholding)

Company Name	The Falcon Insurance Public Company Limited
Type of Business	Non-life Insurance
Listed Share	Common Stock 10 million Shares @10 Baht par value
Paid-up Stock	Common Stock 6 million Shares @10 Baht par value
Shareholding Structure	NKI holds 1.2 million Shares or 20% of paid-up stock
Headquarter Address	33/4 Building A, The 9th Towers, 24th - 25th Floor, Rama 9 Road, Huay Khwang, Bangkok 10310
Telephone	(66) 2676 9888
Fax	(66) 2676 9898

Other References

Securities Registrar	Thailand Securities Depository Company Limited 93 Ratchadsaphisek Road, Dindaeng, Bangkok 10400 Telephone (66) 2009 9000 Fax (66) 2009 9991
External Auditor	Miss Somjai Khunapasut C.P.A. Registration No. 4499 EY Office Limited 33rd Floor, Lake Rajada Office complex, 193/136-137 Rajadapisek Road, Bangkok 10110 Telephone (66) 2264 0777 Fax (66) 2264 0789-90



บพ.ภ.

นาวีประกันภัย

The Navakij Insurance Public Company Limited



Creative Thinking

ความคิดริเริ่มสร้างสรรค์

การไม่ยึดติดกับวิธีคิดแบบเดิม
กล้าคิด และนำเสนอ



Accountability

จิตสำนึกแห่งความรับผิดชอบสูง

มุ่งมั่นในการทำงานให้บรรลุผลสำเร็จ



Collaboration

ความร่วมมือร่วมใจ

สนับสนุนการทำงานของผู้อื่นหรือ
หน่วยงานอื่นให้ประสบความสำเร็จร่วมกัน



Excellent Service

การให้บริการที่เป็นเลิศ

มีจิตสำนึก ในการบริการที่มีคุณภาพสูง
เพื่อสร้างความพึงพอใจสูงสุดให้แก่ลูกค้า



Q-MARK รับรองคุณภาพและบริการ

โดย คณะกรรมการร่วมภาคเอกชน 3 สถาบัน (กกร.)



บริษัทประกันภัยที่มีบริการงานดีเด่น

โดย สำนักงานคณะกรรมการกำกับและส่งเสริม
การประกอบธุรกิจประกันภัย (คปภ.)



บริษัทภิบาลแห่งชาติ
National CG Committee

บริษัทธรรมภิบาลดีเลิศ

โดย บริษัทภิบาลแห่งชาติ