

ANNUAL REPORT **2014**



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นวกิจประกันภัย

The Navakij Insurance Public Company Limited



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The Company's General Information



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.

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.



Financial Highlights

For the fiscal year ended 31 December

		Financial Statements (The Equity Method is Applied)		
	Unit	2014	2013	2012
Financial Position				
Total assets	million Baht	5,130.25	6,509.10	20,326.22
Total liabilities	million Baht	2,880.89	4,347.43	18,296.72
Company shareholders' equity	million Baht	2,249.36	2,161.67	2,124.45
Investment in securities	million Baht	2,650.93	2,658.93	2,290.15
Dividend per share	Baht	3.32	3.33	1.00
Paid-up capital	Share	31,000,000	30,000,000	30,000,000
Authorized capital	Share	31,000,000	30,000,000	30,000,000
Operating Performance				
Gross written premium	million Baht	2,685.88	2,532.10	2,560.14
Net written premium	million Baht	2,175.30	2,050.59	1,766.96
Earned premium	million Baht	2,017.56	1,977.24	1,641.92
Net loss incurred	million Baht	1,166.35	1,046.76	1,092.43
Underwriting expenses	million Baht	2,105.70	2,051.73	1,986.97
Income on underwriting	million Baht	76.78	58.20	-176.67
Income (loss) on investment	million Baht	183.18	192.05	243.47
Operating expenses	million Baht	301.02	391.13	297.31
Corporate income tax	million Baht	53.16	37.60	28.69
Net profit	million Baht	235.46	247.81	37.81
Liquidity Ratio				
Liquidity ratio	Times	1.47	1.33	1.08
Collection period for premium due and uncollected	Days	43	48	48

		Financial Statements (The Equity Method is Applied)		
	Unit	2014	2013	2012
Profitability Ratio				
Retention rate	%	80.99	80.98	69.02
Loss ratio	%	57.81	52.94	66.53
Underwriting profit margin	%	3.81	2.94	-10.76
Underwriting expenses ratio	%	39.11	44.81	45.07
Return on investment	%	7.15	7.22	10.63
Net written premium to shareholders' fund	Times	0.99	0.96	0.90
Net profit margin	%	9.75	10.54	1.82
Return on equity	%	10.68	11.56	1.92
Earning per share	Baht	7.60	7.99	1.26
Efficiency Ratio				
Return on assets	%	4.05	1.84	0.12
Assets turnovers	Times	0.42	0.17	0.07
Financial Position Ratio				
Debt to equity ratio	Times	1.28	2.01	8.61
Policy Liability to Capital Fund	Times	0.91	1.44	7.91
Unearned premium reserve to equity	Times	0.61	0.55	0.61
Unearned reserve to total assets	%	26.68	18.11	6.36
Dividend payout ratio	%	43.74	40.35	79.35



Message from the Chairman

The Thai economic conditions in 2014 continue to lag that of the previous year. The predominant causes were sluggish global economic recovery and local political instability during the first half of the year. The prevalence of stable political outlook and favorable restructuring of oil prices during the second half of the year were able to stimulate consumption and private investment to a certain degree. They were, however, not significantly to affect the non-life insurance industry which only managed a 2 percent growth as compared to the forecasted 10 percent.

The Navakij Insurance Public Company Limited is well aware of the harsh economic conditions and fierce competition that affect the Company's operations. Nonetheless, the Company maintains its goals of increasing market share, operate profitably, and produce respectable returns to its shareholders. To maintain a solid financial status, the Company increased its registered capital from 300,000,000 Baht to 310,000,000 Baht. The capital increased was in the form of 1,000,000 ordinary shares at 10 Baht per share and was distributed as dividends to existing shareholders.

From the management standpoint, we had revised our strategy and operational flow to better capitalize on the current competitive landscape. Underwriting guidelines was revised to allow for expansion in the motor insurance business; the largest business class in the insurance industry. New products and services that are better tailored to policy holders' needs and expectations was implemented. Increase in existing and explore new channels of distribution in order to reach more patrons as well as increase physical presence by opening sub-branches Chantaburi and Chiangrai. Internally, we streamlined our workflow to reduce unnecessary work flow, invested substantially in employee development, heightened IT security, established Data Center and contingency measures in order to guarantee continued operations should unexpected event occurs.

In order to maintenance all stakeholder credence, 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 while at the same time instill a corporate culture that is free from all forms of corruption. We are actively in our CSR programs in order to contribute back to society. In 2014, the Thai Institute of Directors Association awarded the Company with corporate governance rating of "very good" in its survey of SET listed companies.

On behalf of the Board of Directors, I would like to extend my gratitude to our business partners, our shareholders, the government sector, and our policy holders that believe and trust in the potential of the Company. Your continued support is heartfelt. We also wish to thank our executives and employees who have worked together relentlessly through a difficult year to ensure that the Company performs satisfactorily. Rest assured that the Company is equipped with strategies and manpower to aggressively compete in order to expand our market share, a task which we will do so under good governance. We believe that good governance is the foundation of solid and sustainable growth.

(Suchin Wanglee)

Chairman of the Board of Directors

Message from the President & CEO

The economic growth by the end of 2014 was somewhat disappointing. Figures akin to that of previous year meant that the road to recovery will continue to be a slow process. European, Chinese, and Japanese tumultuous economic status coupled with the tightening of government spending did little to bolster export. The bottom line, the insurance industry did not have a stellar year.



Despite the aforementioned negative factors hindering the aggregate growth in the insurance industry; our Company had managed to operate with satisfactory results. By the end of 2014, the Company had total written premium of 2,686 million Baht, a YoY growth of 6%; underwriting profit growth to 77 million Baht from 58 million Baht in 2013; profit from investment of 190 million Baht. Thus, overall the Company ended the year with profit before tax of 260 million Baht, net profit of 207 million Baht, a 1% increase YoY; earning per share equals 6.70 Baht relative to 6.80 Baht in 2013. The Company takes great pride in our financial strength, as of September 2014, our Capital Adequacy Ratio (CAR) was 458%. This figure is amongst the highest in the industry and is well above the minimum amount of 140% required by the Office of Insurance Commission (OIC).

The Company continues to leverage on technological advancements that are become widely available and relevant to the insurance industry. We have executed several actionable policies concerning incorporation of technology into our operations. This together new proprietary product developments has enabled the Company to become more able at efficiently serving consumers' insurance needs. Moreover, we continue to cultivate client relationships, making sure that they are satisfied with our range of services such that continuation of their patronage is imminent and adding credence to their word of mouth.

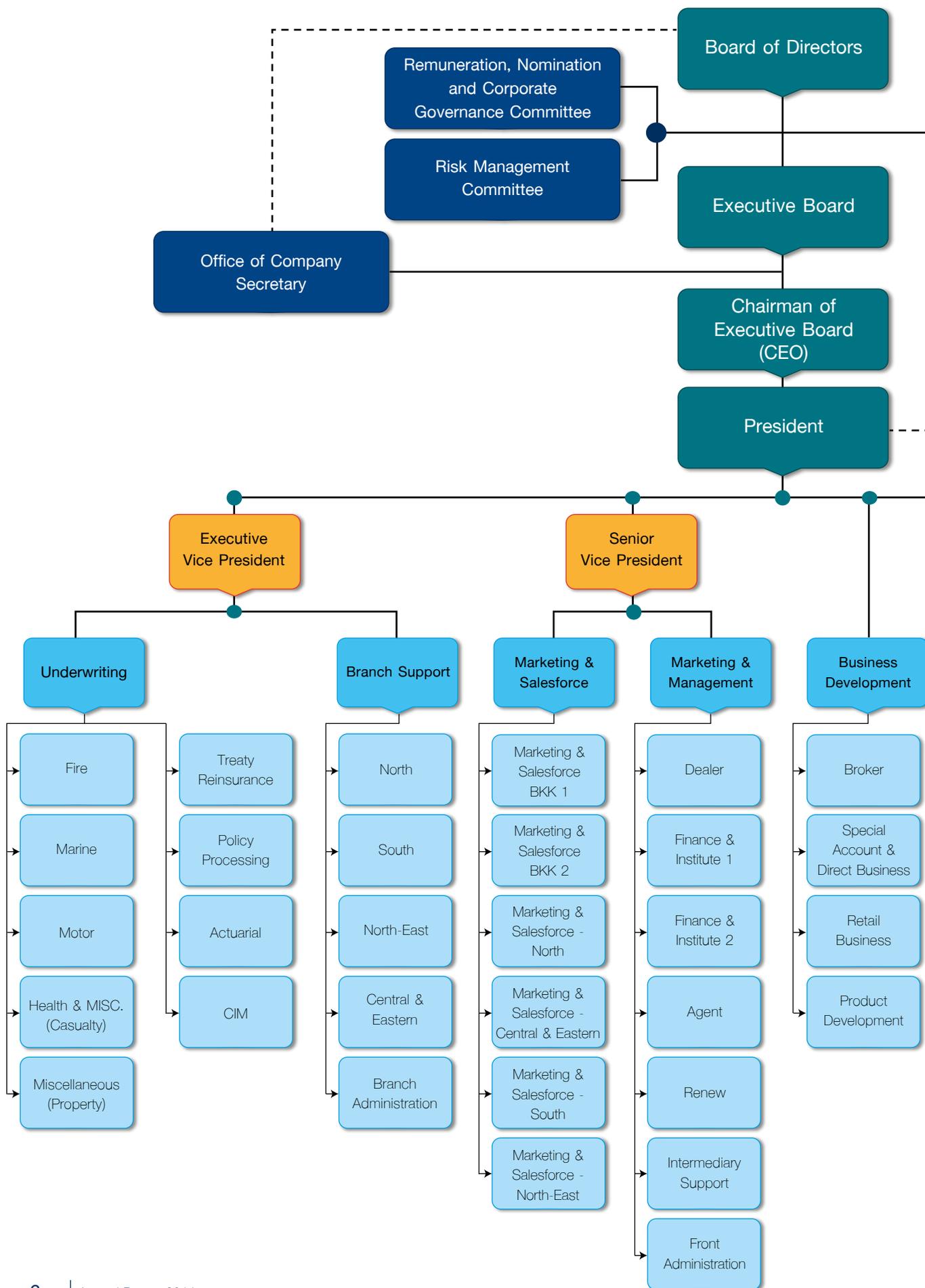
During 2014 the Company developed a strategic roadmap for 2015-2019. The first step being the restructuring of business units to support channel specific growths that we are certain will enable our marketing and front team to work more effectively. Notwithstanding our dedication to being a reliable insurer, the Company also gives importance to social responsibility issues. I am pleased that the NKI Volunteer is thriving with activities with more involvement from not only our employees but also business partners.

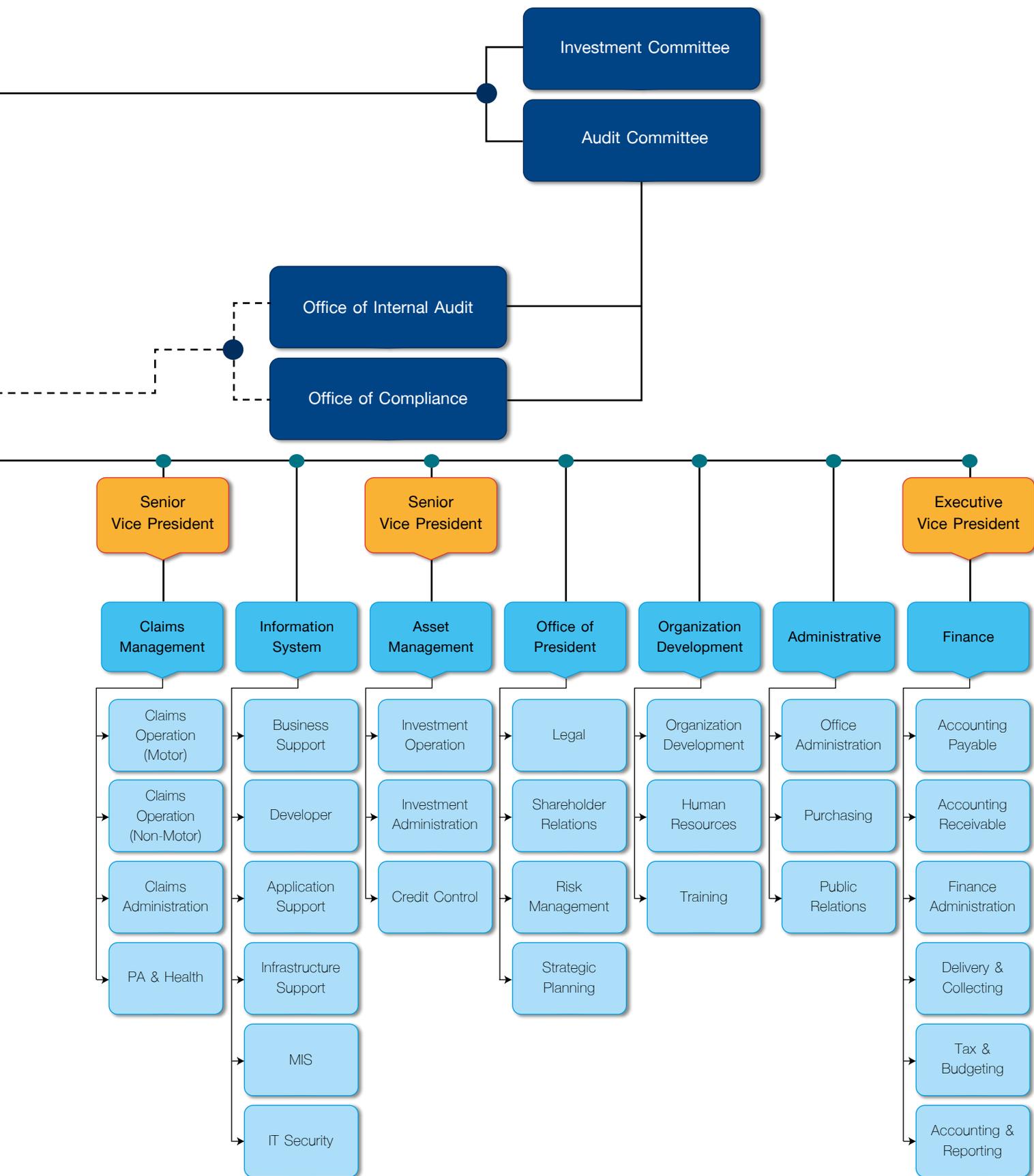
This year, the Company had managed growth under a very tough competitive landscape. This feat would not have been possible without the collaboration and dedication of our executives and employees, our agents, brokers and all our stakeholders. I thank all of you from your relentless support; you are the indispensable parts to the Company's engine of growth. And for 2015, the Company will continue to grow with a conscience such that we will reach grow up premium by 2018 as planned in our strategic roadmap.

(Pitiphong Bisalputra)

President & CEO

Organization Chart





Operating Results and Financial Status

Management Discussion and Analysis

Summary of Operating Results in 2013

As at December 2014, the Company's operating results represented a net profit of 235.46 million Baht compared to last year of 247.81 million Baht. Return on Equity was 10.68% compared to last year reported of 11.56%, Earnings per share was 7.60 Baht compared to last year having 7.99 Baht per share. Gross written premium was 2,685.88 million Baht, an increase of 153.78 million Baht or 6.07% compared to the same period last year. Net earned premium was 2,017.56 million Baht, an increase of 40.32 million Baht or 2.04% compared to the same period last year of 1,977.24 million Baht. Investment income and profit sharing from investment in associate was 218.31 million Baht, decreased by 17.59 million Baht or 7.46% compared to the same period last year.

As at December 2014, the Company's underwriting profit was 76.78 million Baht, comparing to last year of 58.21 million Baht, generated a net profit of 18.58 million Baht or 31.91% increased from last year. Claims and loss adjustment expenses was 1,166.35 million Baht, an increase of 119.59 million Baht or 11.42% from the same period last year. Commissions and brokerages expenses was 477.78 million Baht, an increase of 19.57 million Baht or 4.27% from the last year. Operating expenses was 301.02 million Baht, a decrease of 90.12 million Baht or 23.04% compared to the last year of 391.13 million Baht. Underwriting profit margin was 18.73% and 22.73% in 2014 and 2013 respectively.

Major Factors Attributed to Operating Results in 2014 are as follows:

1. Operating Results from Underwriting

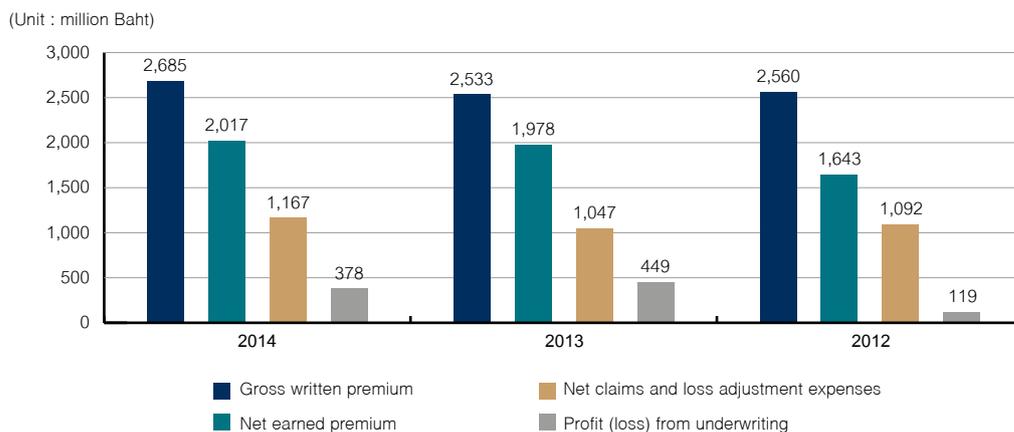
The Company's profit from underwriting was 76.78 million Baht, an increase of 18.58 million Baht or 31.91%.

1.1 Underwriting Income

The Company's operating results from underwriting income was 2,182.48 million Baht, an increase of 72.55 million Baht or 3.44% from the previous year, grew from:

Gross written premium was 2,685.88 million Baht, an increase of 153.78 million Baht or 6.07% from the last year of 2,532.10 million Baht, resulted from increasing in inward premiums while outward premium was 510.58 million Baht, an increase of 29.06 million Baht from the last year. Net written premium was 2,175.30 million Baht, an increase of 124.72 million Baht or 6.08% from the same period last year. Retention rate was 80.99% which is equivalent to last year.

Total Underwriting



The Company's net earned premium was 2,017.56 million Baht, an increase of 40.32 million Baht or 2.04% from the same period last year. The increase of net earned premium was due to the change of accounting policies a) for long-term insurance policies with coverage periods of longer than 1 year, related revenues are recorded as unearned items, and recognised as income over the coverage period and b) the method the Company uses to calculate unearned premium reserve for fire and miscellaneous insurance, from a monthly average basis (the one-twenty fourth basis or 1/24) to a daily average basis (the one-three hundred sixty five basis or 1/365), in order that the recognition of unearned premium reserve would more reflect the period of coverage under insurance policy.

Fee and commissions income was 164.93 million Baht, an increase of 32.24 million Baht or 24.29% which fee and commissions rate is equivalent to 32.30% in 2014 and 27.56% in 2013.

1.2 Underwriting Expenses

As at December 2014, the Company's underwriting expenses was 2,105.70 million Baht, an increase of 53.98 million Baht or 2.63% comparing with the same period last year of 2,051.73 million Baht.

The underwriting expenses included with below expenses:

(1) Claims and loss adjustment expenses was 1,166.35 million Baht, an increase of 119.59 million Baht comparing with the previous year of 1,046.76 million Baht, combined ratio was at 57.81% higher than that of 52.94% the previous year. This was due to increasing of 108 million Baht or 9.7% of operating results in 2014 as well as adjusting of 2011 flood claims of 11.6 million Baht.

(2) Commissions and brokerages and other underwriting expenses was 628.30 million Baht, an increase of 24.75 million Baht or 4.10% comparing with same period last year, due to increasing in commission and brokerage and other underwriting expenses of 19.57 million Baht and 5.18 million Baht respectively. These expenses was variation to gross written premium which represented of 2,658.88 million Baht, increased by 6.07% compared to the last year of 2,532.10 million Baht. Nonetheless, in 2014, the rate of commissions and brokerages and other underwriting expenses was at 23.39% slightly lower than that of 23.84% the previous year.

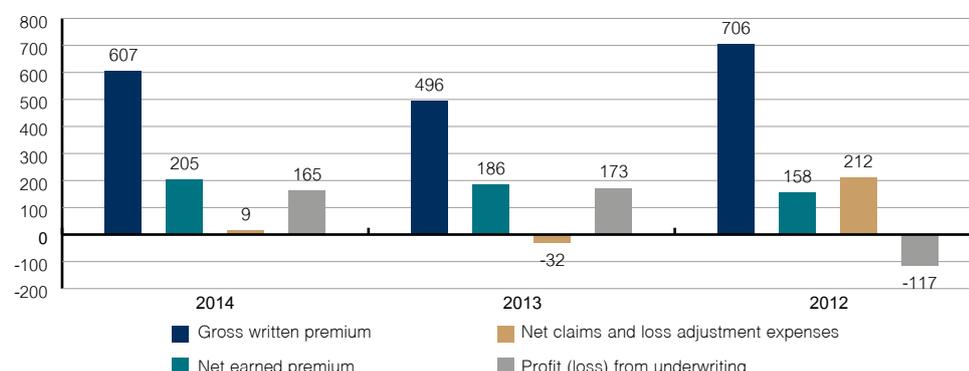
(3) Contributions to the Road Accident Victims Protection Company Limited was 10.04 million Baht, decreased by 0.25 million Baht from the last year of 10.29 million Baht, this was variation to earned premium amount of motor in accordance with the Protection for Motor Vehicle Victims Act B.E. 2535.

(4) Operating expenses was 301.02 million Baht, a decrease of 90.12 million Baht compared to the last year of 391.13 million Baht, due to decreasing of 64 million Baht of the doubtful accounts from reinsurance claims and write off of premium receivables from reinsurance of 4.65 million Baht as well as the recognition and set aside reserve for bad debts from litigants decreased by 4.8 million Baht, these resulted in operating expenses decreased by 123.87 million Baht. Employee expenses had increased 26 million Baht from the last year which followed employment increased for support the Company's strategies plan.

1.3 Profits from Underwriting before Underwriting Expenses

Fire Insurance

(Unit : million Baht)



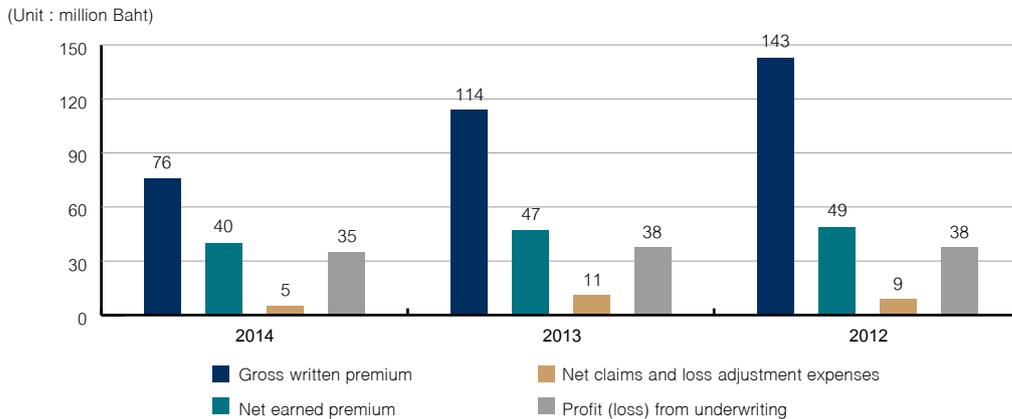
Fire Insurance

As at December 2014, fire underwriting profit before operating expenses was 164.77 million Baht, an increase of 8.51 million Baht or 4.91% compared to the last year. Fire written premium was 607.21 million Baht, an increase of 111.03 million Baht from the last year. Net written premium was 263.53 million Baht, an increase of 52.98 million Baht, due to premium increased from various distribution channels totaling 45.7 million Baht, especially come from agents, brokers and financial institution as well as the change of accounting policies; a) for long-term insurance policies with coverage periods of longer than 1 year, related revenues are recorded as unearned items, and recognised as income over the coverage period of 52.25 million Baht in 2014 and b) the method the Company uses to calculate unearned premium reserve from a monthly average basis (the one-twenty fourth basis or 1/24) to a daily average basis (the one-three hundred sixty five basis or 1/365).

Net earned premium was 204.99 million Baht, an increase of 19.11 million Baht or 10.28%, fee and commissions income was 117.33 million Baht, an increase of 39.18 million Baht compared to the same period last year, due to the revenue recognition from long-term written premium that was included in the year 2014 of 7.48 million Baht.

Total underwriting expenses was 157.55 million Baht, an increase of 66.79 million Baht from the last year, mainly due to increasing in claims and loss adjustment expenses of 41.27 million Baht. Commissions and brokerages had increased 20.74 million Baht from the last year due to the expense recognition from long-term written premium that was included in the year 2014 of 15.37 million Baht. Underwriting profit margin was 80.38% lower than that of 93.22% the previous year.

Marine & Transportation Insurance



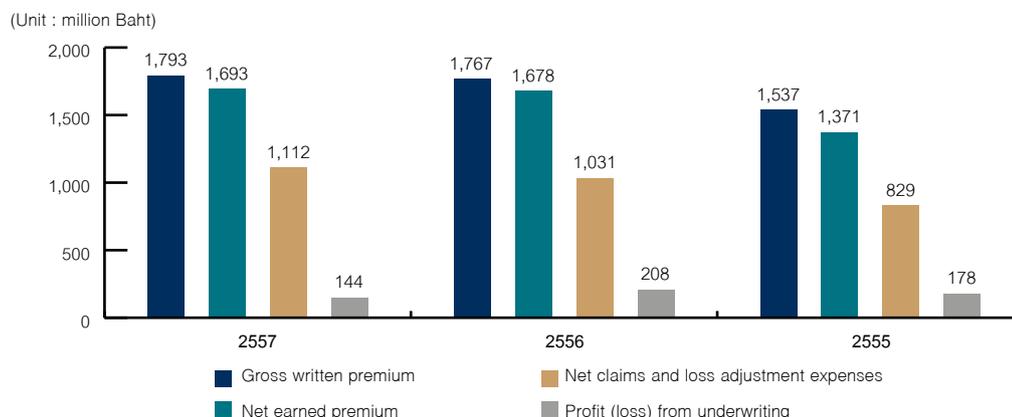
Marine and Transportation Insurance

As at December 2014, underwriting profit before operating expenses of marine and transportation was 34.72 million Baht, a decrease of 3.66 million Baht or 9.54% compared to the last year. The written premium was 75.91 million Baht, a decrease of 37.63 million Baht or 33.15% from the last year. Retention rate was 51.07% higher than that of 2013 by 11.40%.

Earned premium was 39.99 million Baht, a decrease of 6.62 million Baht or 14.20% from the last year. Fee and commissions income was 11.60 million Baht, decreased by 10.44 million Baht from the last year.

Total underwriting expenses was 16.87 million Baht, decreased by 13.39 million Baht or 44.25%. Underwriting profit margin was 86.81 million Baht higher than that of 82.34% the previous year.

Motor Insurance



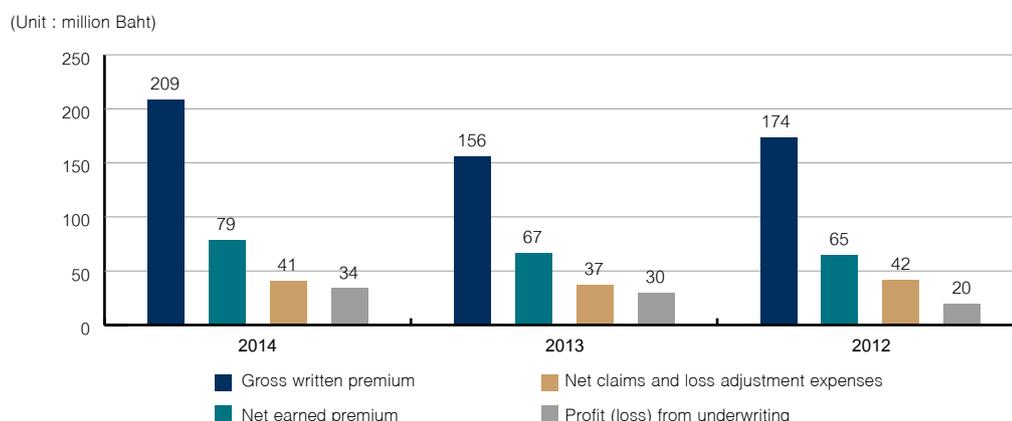
Motor Insurance

Motor underwriting profit before operating expenses was 144.53 million Baht, a decrease of 63.57 million Baht or 30.55% from the previous year. Motor written premium was 1,793.41 million Baht, a slightly increase of 26.66 million Baht or 1.51% compared to same period the last year due to the number of new vehicles sold in 2014 had decreased by 30%, this resulted in vehicle leasing decreased.

Earned premium was 1,693.13 million Baht, a slightly increase of 14.97 million Baht or 0.89%, fee and commissions income was 3.38 million Baht, a decrease of 2.97 million Baht from the last year.

Underwriting expenses was 1,551.97 million Baht, an increase of 75.76 million Baht or 5.12% from the last year, mainly due to increasing in combined ratio which represented of 65.67% and 61.43% in 2014 and 2013 respectively. The increasing of underwriting expenses was caused by the high costs of spares parts and repair. Underwriting profit margin was 8.54% lower than that of 12.40% the previous year.

Miscellaneous Insurance



Miscellaneous

As at December 2014, underwriting profit before operating expenses was 33.78 million Baht, an increase of 4.2 million Baht or 14.20% compared to same period the last year. Written premium was 209.36 million Baht, an increase of 53.73 million Baht from the last year. Net written premium was 97.7 million Baht, an increase of 40.06 million Baht due to the change of accounting policies; a) for long-term insurance policies with coverage periods of longer than 1 year, related revenues are recorded as unearned items, and recognised as income over the coverage period of 23.10 million Baht in 2014 and b) the method the Company uses to calculate unearned premium reserve from a monthly average basis (the one-twenty fourth basis or 1/24) to a daily average basis (the one-three hundred sixty five basis or 1/365).

Earned premium was 79.45 million Baht, an increase of 12.86 million Baht from the previous year. The Company adjusted retention rate to 46.67% higher than that of 2013 by 9.63%. Fee and commissions income was 32.08 million Baht, an increase of 10.51 million Baht or 48.72% due to the revenue recognition from long-term written premium that was included in the year 2014 of 5.35 million Baht.

Underwriting expenses was 78.29 million Baht, an increase of 15.13 million Baht or 23.96% from the last year, mainly due to increasing in commissions and brokerages expenses and the expense recognition from long-term written premium that was included in the year 2014 of 7.32 million Baht. Underwriting profit margin was 42.51% lower than that of 44.42% the previous year.

1.4 Operating Expenses

As at December 2014, the Company's operating expenses was 301.02 million Baht, a decrease of 90.12 million Baht compared to the last year of 391.13 million Baht, due to decreasing of 64 million Baht of the doubtful accounts from reinsurance claims and write off of premium receivables from reinsurance of 4.65 million Baht as well as the recognition and set aside reserve for bad debts from litigants decreased by 4.8 million Baht, these resulted in operating expenses decreased by 123.87 million Baht. Employee expenses had increased 26 million Baht from the last year which followed employment increased for support the Company's strategies plan.

The Company set a risk management policy for insurance risk due to the increasing of amount and frequency of loss that caused by external factors whether physical or geographical factors, natural perils, disasters, accident and terrorism. The Company adopts measures by a) analyzing on the basis of loss ratio and combined ratio, b) implements strict risk selection criteria, client groups and type of business, c) reinsures with local and overseas financial secured companies and d) manages composition of the portfolio by writing all classes of business and monitors for the portfolio mix according to market situation and the Company's strategies.

2. Investment Income and Other

As at December 2014, The Company's investment income was 183.18 million Baht, decreased by 8.87 million Baht or 4.62% compared to the same period last year of 192.05 million Baht, caused by interest and dividend income which represented of 97.79 million Baht, decreased by 5.61 million Baht or 5.42% from the last year, this resulted from interest rate adjustment, of which the adjustment of The Thai Government Bond Yield 1 year to 10 years subsidized in the range of 0.25-1.00% as well as dividend income decreased from ordinary shares in the Stock Exchange due to the economic slowdown and political situation which affected the operating results of listed companies for the second half of 2013 till the first half of 2014. Gain on sales of securities was 85.39 million Baht, decreased by 3.26 million Baht or 3.68% from the last year. Return on investment was 7.15% and 7.22% in 2014 and 2013. Profit sharing from investment in associate company was 35.14 million Baht, decreased by 8.72 million Baht or 19.88% from the previous year.

Investment Committee set the Company's investment policy that is investing on various of securities and always monitor as well as analyse the performance of investment to review the plan in line with the situation. The Company is strictly tightening the concentration policy because it might affect the company's liquidity.

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 developed a strategic roadmap for 2015-2019 preparing for the future of competitions.

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 is 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 at 31 December 2014, the Company's total assets was 5,130.25 million Baht, decreased by 1,378.85 million Baht or 21.18% compared to the last year of 6,509.10 million Baht. Total liabilities was 2,880.89 million Baht, decreased by 1,466.55 million Baht or 33.73% compared to the last year of 4,374.43 million Baht. The high reduction was due to a settlement of outstanding claims and claim recovery from reinsurers.

2. Assets Quality

2.1 Investment in Securities and Cash and Equivalent

As at 31 December 2014, investment in securities was 2,650.93 million Baht, decreased by 8 million Baht or 0.30% compared to the last year. Cash and equivalent was 594.79 million Baht, an increase of 43.37 million Baht or 7.86% from the last year.

2.2 Property, Building and Equipment, net

In 2014, the book value of property, buildings and equipment before deduct of accumulated depreciation was 678.42 million Baht. The net book value was 262.43 million Baht, an increase of 53.02 million Baht, resulted from the Company's head office renovation of 23.23 million Baht and investment in information system of 26.02 million Baht. The depreciation recognition decreased by 3.84 million Baht from the previous year.

2.3 Premium Receivables

In 2014, the net premium receivables was 350.25 million Baht, an increase of 61.09 million Baht from the last year. Due from insured and due from agents and brokers totaled to 349.79 million Baht, increased from the last year of 277.07 million Baht. Premium due date was 43 days less than that of 48 days the previous year. The Company set aside a reserve for bad debts of 0.97 million Baht. Due from reinsurers was 1.43 million Baht, a decrease of 10.66 million Baht compared to the last year of 12.09 million Baht.

2.4 Other Assets

In 2014, claims receivable from litigants was 155.70 million Baht and was 140.74 million Baht in 2013. Allowance for doubtful accounts was 85.07 million Baht in 2014 and was 75.64 million Baht in 2013, its ratio was 54.64% and 53.74% 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 9.43 million Baht in 2014.

Other assets was 93.29 million Baht, an increase of 3.34 million Baht from the last year, due to the corporate income tax for the year 2014 has been prepaid of 10.52 million Baht.

3. Liquidity

As at 31 December 2014, the Company's liquidity ratio stood at 1.48 times, greater than the last year of 1.33 times, due to the efficiency to collect the premium receivables and reinsurance claims.

The Company establishes policy to manage liquidity risk on investment operation by making investment on securities that are liquid and 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.

4. Source of Fund

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.

Capital Investment

Referring to the Company's strategies plan will reach grow up written premium, the Company has a plan to develop information systems to serve its business expansion. In 2014, the Company established Data Center and contingency measures in order to guarantee continued operations should unexpected event occurs as well as changed of the server system to heightened stability. Therefore, also renovated its head office to allocate working area to serve with the number of employees, to set sanitary workplace environment and encouraged the use of innovation to save energy.

5. Shareholders' Equity

As at 31 December 2014, shareholders' equity was 2,249.36 million Baht, an increase of 87.69 million Baht or 4.06% compared to the same period last year. This result was due to the paid-up capital of 10 million Baht from stock dividend payment for the year 2013, the increasing in un-appropriated retained earnings of 135.47 million Baht which was a result of the increasing in 2014 net profit from operating. The reduction of other components of equity of 57.79 million Baht, which resulted from losses on changes in value of investment in associate company and investment in 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 at 31 December 2014, the Company has been sued for damages totaling approximately 175.3 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 30.1 million Baht. Nonetheless, the Company has set aside reserve for contingent loss amounting to 29.3 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 2014 accounting year totaled to 1,186,000 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.

Revenue Structure

Unit: million Baht

Income	2014		2013		2012	
	Amount	%	Amount	%	Amount	%
Written Premium ⁽¹⁾						
Fire	607.21	20.80	496.18	17.89	705.68	24.98
Marine & Transportation	75.91	2.60	113.54	4.09	143.44	5.08
Motor	1,793.41	61.44	1,766.75	63.70	1,536.82	54.41
Miscellaneous	209.36	7.17	155.63	5.61	174.20	6.17
Gross Written Premium	2,685.89	92.01	2,532.10	91.29	2,560.14	90.64
Investment Income	189.70	6.50	192.05	6.92	243.47	8.62
Other Income	8.11	0.28	5.72	0.21	7.47	0.26
Total	2,883.70	98.79	2,729.87	98.42	2,811.08	99.52
Profit sharing from investment in Associate Company	35.14	1.20	43.85	1.58	13.68	0.48
Total Income	2,918.84	100.00	2,773.72	100.00	2,824.76	100.00

Note: * Written Premium means direct written premiums and reinsurance assumed as displayed in the financial statements in which the equity method is applied, however, the written premium from the associate company were not included in the statement.

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 forty million Baht. With strong opportunity for growth eminent, the paid up capital was increased to eighty million Baht in 1992 and on 20 August 1993, the Company converted into a public limited company.

The Company further increased its paid-up capital 2 times; 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 its paid-up capital to total 300 million Baht.

In 2014, the resolution of the general shareholders' meeting on 24 April 2014 that increased its registered capital to 310 million Baht for supporting the stock dividend payment, by newly-issued the ordinary shares in amount of 1 million shares with the par value of 10 Baht and paid at the ratio of 30 existing shares per 1 stock dividend. The Company paid-up capital as of 29 May 2014 was 310 million Baht.

At present, the Company has an associate company, The Falcon Insurance Public Company Limited (the "Falcon"). On 15 January 2015, the Company restructured shareholding in the Falcon by sold its shareholding 975,992 shares or 16.27% of the paid-up capital of the Falcon. This was 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 retail business consists of bancassurance and 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.

In 2014, the Company developed a strategic roadmap for the next five years by restructuring of business units to support channel specific growths that we are certain will enable our marketing and front team to work more effectively.

Major development in 2014

- Restructured the organization to serve with the strategic roadmap for the next five years, effective from 1 January 2015.

- The Company was awarded a prize for “E-Claim Awards 2013” organized by OIC and Road Accident Victims Protection Company Limited. This is to encourage the insurance company to provide promptly and efficiently excellent service.



- The Company was awarded a prize for the 2nd consecutive years “Insurance Evaluation Program Award” for good operational results and financial status and the best excellent service and is being the Company participated in the project “GOA” of Toyota Service Centers throughout the country.

Corporate Social Responsibilities





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 its business that adheres to the Principles of Good Corporate Governance. 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 2014, to be compatible with ASEAN Corporate Governance Scorecard criteria. Nonetheless, the Board of Directors assigned the management team to proceed as suggestions of Thai Institute of Directors Association (IOD) to bring the Principles to a higher level.

In year 2014, the Company adhered to the Principles of Good Corporate Governance as follows:

Rights of Shareholders

The Board of Directors puts great importance on the rights of shareholders and encourages them to exercise their rights and avoid any action that violates those rights. The Company complied with the principles of good corporate governance as follows:

- The Company encourages its shareholders, including institutional investors, to attend the general shareholders meeting for participation in any decision making related to their benefits.
- 2014 Annual General Meeting of Shareholders (2014 AGM) was organized on 24 April 2014, 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. There were 10/13 board members attended the meeting, whereby chairman of the audit committee was not present in the meeting due to his primary function, nonetheless, he had sent the notice to the Chairman of the Board prior to 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 give 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 2014 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 2014 AGM notice, with detailed agenda and explanatory circulars both Thai and English, more than 30 days before the date of the meeting.

- In advance of 2014 AGM date, during 1 September-31 December 2013, 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 meeting conducted 2014 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 and has been communicated as notification to everyone in the Company to protect against abuse of inside information.

- Every director and executive shall 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 1 month before disclosure of the Company's financial report.

- The director who had conflicts of interest must report 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 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 the level-playing field. No nepotism. 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.

- Competitors

The Company operates its business within a competitive context by being fair and strictly following the law, never defaming other insurance companies and harnessing 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. 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.

- Anti-Corruption

The Company policy is to create a corporate culture based on five methods such as Selflessness, Objectivity, Accountability, Openness and Honesty. We prohibit the use of authority, whether directly or indirectly, to seek benefits for themselves or others, outside legal framework. However, the campaign will encourage employee to have good conscience in ethical matters, the conscience of which every employee will be informed during their orientation. The additional warnings will be announced from time to time.

- Communications with Stakeholders

All stakeholders can contact directly to independent director or chairman of the executive board or the company secretary to give suggestions, complaints and reports illegal acts, these channels were provided in the Company's website for all stakeholders properly selection and the Company will store securely those complaints.

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 and other relevant regulatory bodies.

Those information disclosed includes financial and non-financial information and are written in both Thai and English e.g. financial statements, management discussion and analysis on financial status, report of the Board of Directors' responsibilities in the financial statements, report of the audit committee, Board of Directors and committees, remuneration of the Board of Directors and the management, nomination of Board members and report on the adherence to the principles of good corporate governance. 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, SET's website and the Company's website in the section of "investor relations" information is always up-to-date, interviewing and making conference call as well as organizing press conference to update important events and new products of the Company to acknowledged thoroughly by the public.

Shareholder Relations division was set up to represent the Company in communicating information useful to shareholders, investors and relevant parties, may contact at 0 2664 7777 Ext. 1905, 1906 or 7719, or submit questions by e-mail to office_president@navakij.co.th and the Company's website at www.navakij.co.th.

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, 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 twelve, comprising eleven non-executive directors and one executive director i.e. the President and Chairman of the Executive Board. 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 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 the President and the Chairman of the Executive Board 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".

A limit of board seat in other publicly listed companies

The Board member cannot hold more than five directorship positions in publicly listed companies. The President cannot hold more than five directorship or the executive positions at other company, nevertheless, those positions must be approved by the Board of Directors.

Board of Directors' Meetings

- The Board holds at least 7 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 no meeting of the Board.
- 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 7 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 the 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 2014, one non-executive directors' meeting was organized to discuss the direction and business operations management of the Company.

Performance Evaluation of the Board of Directors

The Board of Directors are required to evaluate their performance annually, consists of as a whole and individual self-assessment, 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.

The performance evaluation of the Board of Directors as a whole contains six major topics those are (1) structures and qualifications, (2) duties and responsibilities, (3) Board of Directors' meetings, (4) performance of duties as director, (5) relationship with the Management and (6) self-improvement of the directors and executives development.

The evaluation for each director self-assessment contains five major topics those are (1) knowledge and understanding about the roles and responsibilities as a director, (2) organizational knowledge, (3) Board of Directors' meetings, (4) relationship with the Management and (5) performance of duties as a Board member.

Each Board member gave a score to themselves independently in each topic, and then all directors' scores in each topic were added up and divided by total number of directors who have been assessed. In 2014, the assessment result of the Board as a whole was 90.87% and self-assessment of each individual director was 91.43%.

Performance Evaluation of the Committees

In 2014, the Board of Directors conducted an annual performance evaluation of the committees to consider and express their opinion on the performance of duties as subcommittee member and in order to comply with the ASEAN CG Scorecard criteria.

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 2014, Mr. Kaet Wanglee attended the course organized by the Thai Institute of Directors Association; Director Accreditation Program (DAP 110/2014) and Ms. Charuwan Chabchamrun, the Company Secretary, attended the course of Company Secretary Program (CSP 56/2014).

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 executives and related employees including their spouses and children who are minors. They are as follows:

1. All concerned person shall avoid trading of NKI security for a month prior to the date of disclosure the Company's financial reports. 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:

- 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.

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

- Report on the securities holdings of the Board of Directors and executives shall include in the agenda of every the Board of Directors' meeting.



2. 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 information. The disciplinary penalties for violations are clearly stated in the employee's manual. Maximum penalty is termination without any compensation.

3. 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 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 president is authorized to take responsibility for managing the Company's operations.

2. The Board of Directors composed of 41.67% 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 of Directors may consider 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 Board has set a policy that each director may serve on us board members in other listed companies but not more than five companies. However the Chairman of the Board is a director in seven listed companies, but because he is a quality director and the company secretary reported this matter to the Board of Directors' meeting to consider for approval and regular review.

5. 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

The Company, we believe that virtuous operation and accounting for the rights of all stakeholders successfully adds sustainable value to both the Company and its shareholders as follows:

- 1) Provides advice for appropriate and adequate coverage at a fair price.
- 2) Defined criteria to select suppliers with transparency, and notify them to acknowledge the level-playing field. No nepotism.

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 whereby the Board of Directors approved the code of conduct that contains guidelines on anti-corruption and bribery policy and the Company has arranged training for employees via new employee orientation as well as additional warning will be announced from time to time.

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 announcement and orientation of new employee.

Since 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.

The Company requires for a risk assessment in relation to such anti-corruption regularly, which all departments are responsible for assess the risk relating to their operation as well as identifying preliminary risk management strategy. 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.

4. Respect to 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 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 growth in career path 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 sharing their knowledge and working experience as well as solving 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, and try to seek other technique to serve the customer needs more efficiently; emphasize on prompt service with the policy to reach accident site within 30 minutes for survey and process claims payment within 15 days after settlement, sell of quality insurance policy, 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 2014. 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 environment 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 disaster.
- 4) Promote awareness of social and environmental responsibility.

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

- Use recycled paper on both sides.
- Turn off main air-conditioning system 15 minutes before lunch break and ending of office hour.
- Turn off main lighting during lunch and turning off computer screens when not in use.
- All Company 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 made people realize the necessity of procuring insurance protections before the unexpected happens".

Educational Supports

- 1) Engaged in the production of Braille documents and donated audio CDs to the Educational Technology for the Blind Center in order to enhance the quality of life of the visually impaired.
- 2) Hosted sessions for agents and brokers that enabled them to do job with knowledgeable and ethics. There were 2,364 participants passed this class.
- 3) Educated foundation insurance course for the company that signed business cooperation with the Company.
- 4) Hosted sessions for nationwide business partner e.g. partner garages, risk surveyors, agents and brokers that provided the principles of claims management to improve their services in line with standardization required by the Company.
- 5) Training project at least twice a year, to enhance the knowledge and skill in claims management and insurance for the Company's staff and also testing comprehension quarterly.
- 6) The Company along with Department of Land Transport collaborated in hosting courses of insurance following the Protection for Motor Vehicle Victims Act and Voluntary Automobile Insurance for applicants applying for driver's license throughout the country.



7) Co-sponsored the construction of buildings at Phra Dabot schools in Southern Border Province, Muang District, Yala Province, organized by Toyota Leasing (Thailand) Co., Ltd.

8) Donated for scholarships luncheon, instructional media, and restoration of building in conjunction with the Thailand Insurance Magazine to elementary school and seven child development centers in Suphanburi Province.

Quality of Life Development

1) Collaborated with The Thai Red Cross Society to collect blood at headquarter, Sathorn Thani Complex. In 2014, blood donations amounting to 900 units or 360,000 cc were collected from four events.

2) Distributed relief kits, sporting equipment, and medications to 4,550 families who affected by cold air in the area of Mae Saruay District, Muang District and Wiang Pa Pao District, Chiang Rai 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.

3) Supported cash donation for “Charity Run Cancer Care No.7th” organized by The Thai Red Cross granted King Chulalongkorn Memorial Hospital.

4) Cash donation to Lerdsin Hospital Foundation to supported children with special needs.

5) Cash donation for construction of heart diseases center, Nakornpathom Province, this was in conjunction with the Office of Insurance Commission (OIC).

6) Collaborated with Asia Sermkij Leasing Public Company Limited, to distributed sports material and equipment to Ban Radar Border Patrol Police schools, at Sangkhla Buri, Kanchanaburi Province.

7) Cooperated with Krabi Honda Automobile Company Limited, to arranged activity “Half Marathon Running for Learning”, to encourage education of students at municipal school in Krabi Province.

8) Distributed daily necessities for kids and financial support to the Foundation for Handicapped Children, this was in conjunction with Thai Reinsurance Public Company Limited.

Social Activities

1) Participated in Anti-Corruption Organization of Thailand’s “Anti-Corruption 2014: “Hand in Hand - Reform the Fight for Sustainable Victory”.

2) Signed a Memorandum of Understanding “Building a Safe Driving Culture with Insurance Industry”.

3) Participated in a project of “Road Accident Prevention & Reduction during 2015 New Year Holiday”, collaborated with OIC, Thai General Insurance Association, The Thai Life Assurance Association, and The Union Motors Repairing Association of Thailand.

9. Socially Responsible Innovation

The Company launched new products distributed from on research and development; to meet customer needs including situation of economy conditions both local and overseas. A range of product availability includes motor and non-motor products in confirmation of marketing strategy to expand motor line together with other classes of business.

In 2014, the Company has consistently been awarded the Q-Mark Standard in exemplary provision of business and services by the Joint Committee of the Board of Trade of Thailand, The Federation of Thai Industries and The Thai Bankers’ Association.

Economic and Non-life Insurance Industry Trends

Thailand's Economy in 2014

Economic Growth

Thailand's economic growth rate in 2014 was 1.4%. The second half of the year is expected to grow at 2.9% due to the political clarity and the intended government's economic recovery measures during that period which are expected to support the Thai economy to expand in the last quarter of 2014. Private consumption is expected to expand at 1.4%, growing at an accelerated rate comparing to the previous year from the regaining of confidence after the political clarity. Furthermore, various supportive government policies also will support consumption e.g. debt repayment for rice farmers under the rice pledging scheme, cost cutting measure for rice farmers and rubber price support measures whilst private investment in expected to continue to contract at the rate of -3.0%, partly because the private sector is still waiting for the direction of the economic recovery and investment for export-oriented productions is delayed during the period of low merchandise export. Meanwhile, the public consumption will be the main driving factor, which will continuously support Thai economic recovery this year, especially with accelerated budget disbursement. Public consumption is expected to increase at 4.5% and public investment is expected to grow at 1.0%. Nevertheless, the volume of export of goods and services is expected to contract at the rate of -0.1% due to merchandise exports and international tourism recover at a slower rate than expected, partly as a consequence of slow economic recovery of Thailand's major trading partners, especially the Eurozone. Furthermore, export prices, particularly those of agricultural products, are at the low level whilst the volume of import of goods and a service is extended to contract at the rate of -2.9% following the lower domestic demand.

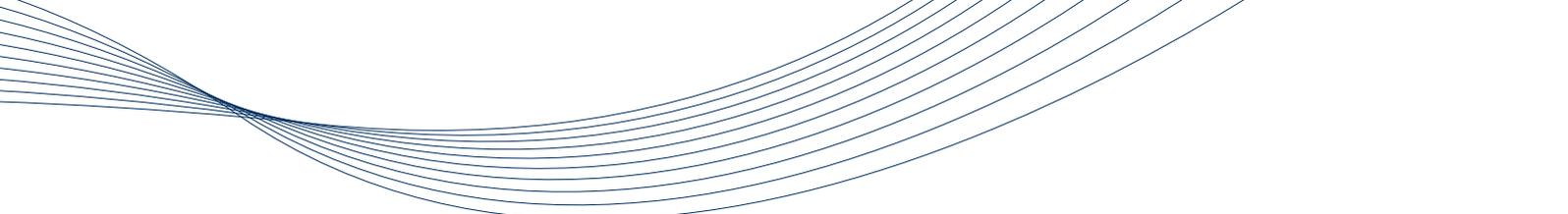
Economic Stability

Domestic stability in terms of general inflation in 2014 was 2.1% due to the increasing prices of energy and consumer products in the world market, as a result of a slowdown in global demand for energy whilst there is an increase in global supply of an oil and government control on oil prices. Unemployment is expected to be 0.9% of the total labor force. Thailand external stability, estimated trade balance is expected to increase slightly to USD 19.4 billion according to a contraction of lower quantity of import goods last year whilst export growth is expected to be at 0.1%, this resulted in a surplus approximately USD 9.0 billion which is equivalent to 2.2% of GDP percent.

Thailand's Economy in 2015

Economic Growth

Thailand's economy in 2015 is expected to grow in the range of 3.6% to 4.6%, this will mainly be driven by private consumption expansion, export revival, and substantial investment by the government sector. Private consumption is expected to expand faster at a rate of 3.7% following the higher non-farm income and positive employment situation from better economic situation, especially in manufacturing and tourism sector. Furthermore, the consumer confidence will help support private consumption to expand continuously. However, the lower level of farmer income, due to decreasing world agricultural prices, could be the obstacle to private consumption revival. Private investment is forecasted to continue to expand at a rate of 8.0% by the factors could support e.g. export revival and the necessity to invest in production restructuring in order to cope with the labor mismatch problem. Government spending will continue to be the key growth driver for Thailand's economy. Government consumption is expected to grow at the rate of 3.6% whilst the government investment is expected to expand at



10.7%. The disbursement rate of investment plan is anticipated to be expedited and it is highly likely that the disbursement of the infrastructure investment plan will be able to begin in 2015. In terms of international trade, it is anticipated that exports of goods and services will recover grow faster than those in 2014 from the global economic recovery, especially Thailand's main trading partners, including the U.S. Moreover, the outlook for tourism sector is expected to gain more positive due to political clarify, reflecting from the cancellations of Travel Advisory by many countries. Therefore, the quantity of exports of goods is expected to expand at a rate of 6.5%. The quantity of imports of goods and services is expected to grow by 9.6% in line with the acceleration of private expenditure and recovery in the exports as well as large government investment projects.

Economic Stability

In 2015, inflation rate is expected to be in the range of 1.7% to 2.7%, higher than that of the previous year due to higher private demand. However, the world crude oil price is still decreasing which could lower the cost-push inflationary pressure to some extent. Unemployment rate is expected to remain low at 0.8% of the working population. Regarding external stability, it is expected that to record a small surplus of USD 0.3 billion which is equivalent to 0.1% of GDP percent; this could explained by the accelerated import growth being higher than export growth and the trade balance is expected to decrease slightly to USD 7.5 billion.

The Non-life Insurance Industry in 2014 and trends for 2015

At the beginning of the year 2014, the non-life insurance industry is expected to grow at a rate of 10-12%. Nonetheless, political instability, economic slowdown, the large projects were ceased construction as well as the termination of Government's First Car scheme, these factors impacted the non-life insurance industry, especially motor insurance which is the core business that generates premium for the non-life insurance industry. The number of new vehicles sold in 2014 had decreased by 40% whilst the non-motor business, especially the property insurance business both major and minor insurers, were highly competitive on pricing to capture market share. Therefore, at the end of 2014, the size of the non-life insurance industry had an average increased by lower than 2% that the overall premium was approximately Baht 2.1 hundred billion which was the lowest premium that the non-life insurance business had ever seen in over five years.

In 2015, the non-life insurance industry is expected to grow in the range of 7-8% which is equivalent to 2 times of GDP percent, higher than that of 2014. This has been anticipated to be primarily due to the business was able to come out stronger than before after countless obstacles including the aftermath of the 2011 Megaflood that the claims have been settled over three hundred billion Baht, that put the strength of the Thai non-life insurance business to the test and they can passed. Nonetheless, this event also created new opportunities for the insurance industry that the general public consciously realized and came to accept the importance of having adequate insurance protection. Moreover, Thailand's economy in 2015 that is expected to grow at a rate of 3.9%, due mainly to anticipated increase in public expenditure, especially from investment projects on infrastructure and the state enterprises' investment, of which will be continuously disbursed. Moreover, the private investment is expected to increase from the overall economic recovery, especially Eco Car Project Scheme 2 which will be resulted in motor insurance to be the core business that generates premium for the non-life insurance industry. Furthermore, the Company will keep the existing insured for motor insurance to be policy holders continuously. Health insurance premium also was rising steadily. These also raise the confidence of investors that will help to enhance the potential or increase in the number of reinsurance contract.

The Office of Insurance Commission (OIC) also continuously promotes and supports Thai insurance company to expand their businesses into ASEAN in line with the formation of the ASEAN Economic Community (AEC), to increase more their insurance system efficiency and ability. OIC forecasted that promotional logistics expansion will provide the growth of marine and transportation insurance to be higher. Nonetheless, insurers must respect differentiation insurance law that may affect to shareholding structure as well as cross-border insurance that having different the protection of policyholders' interest.

The Company's market share as of 31 December 2014

Line of business	Direct Premium (Thousand Baht)		Product proportion (%)	Growth (%)	Market share (%)
	2014	2013			
Fire	341,160	270,236	12.86	26.25	3.09
Marine & Transportation	71,054	110,317	2.68	-35.59	1.34
Motor	1,793,410	1,766,754	67.61	1.51	1.52
Miscellaneous	446,822	359,867	16.85	24.16	0.63
Total	2,652,447	2,507,174	100.00	5.79	1.29

Source: Office of Insurance Commission as of 24 February 2015

The Company focuses on the principles risk factors as follows:

1. Strategic Risk

1.1 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. Merging 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.

1.2 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.

2. Insurance Risk

2.1 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.

2.2 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.

2.3 Ethics and moral. The risk may arise from insured 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.

3. 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.

4. Operational risk

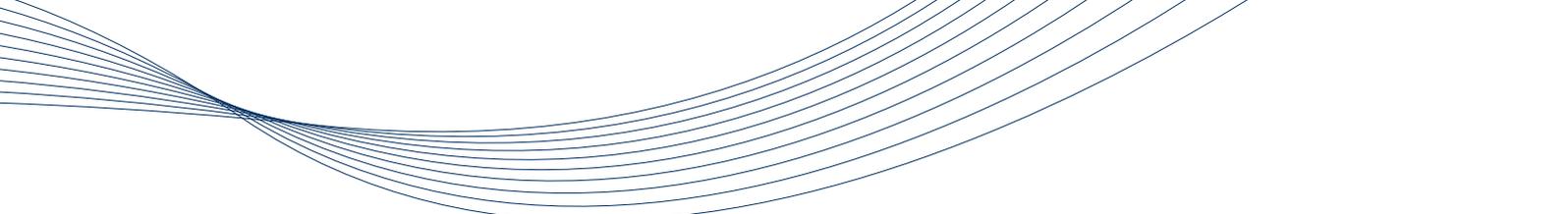
4.1 Personnel: There exists limited skilled and specialized workforce for insurance industry. The strategies are to support continuing growth in career path through training programs both domestic and international, to sponsored higher education scholarship, to keep high potential employees to work permanently.

4.2 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.



4.3 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 with international standard procedures.

5. 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 according 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.

6. 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.

6.1 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.

6.2 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.

7. 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.

7.1 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.

7.2 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 reinsure. The diversification to each reinsurer does not exceed half of the aggregate reinsure value of the Company.

8. Reputational Risk

The risk arises from the losing trust, faith, perception and image of the Company which leads to the instability of the Company. This type of risk is difficult to evaluate because it can be related to politic, economic, society, expectation and trend.

The Company concerns on strategic vision and reputation though the cooperation between the Board of Directors and top executives. Therefore, we are having several sources of information and experience sharing, including provided of suggestions and complaints system which is relevant to identify the possible risk of Company's reputation and also improve and clarify on such complaints.



9. 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.

10. 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.

11. 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 to 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 through 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 13 March 2015

Shareholders	Shareholding	
	No. of Shares	% of Total No. of Shares
1. Mr. Suchin Wanglee Group	4,354,984	14.05
2. The United Indemnity Company Limited	2,180,399	7.03
3. Mr. Nataphol Srichomkwan	1,460,496	4.71
4. Thanasarn Sombat (Thai) Company Limited	1,400,880	4.52
5. Siam Motors Company Limited	1,252,400	4.04
6. Mrs. Saijit Wanglee Group	1,160,055	3.74
7. Wanglee Company Limited	843,564	2.72
8. Poon Phol Company Limited	826,666	2.67
9. Mr. Pradit Rodloytuk	826,021	2.66
10. Mr. Chan Chi Keung	690,627	2.23

Note: Mr. Suchin Wanglee Group consisted of (1) Mr. Suchin Wanglee holds 3,116,819 shares (2) Mrs. Rujiraporn Wanglee holds 1,085,000 shares (3) Dr. Saran Wanglee holds 153,165 shares

Mrs. Saijit Wanglee Group consisted of (1) Mrs. Saijit Wanglee Holds 620,438 shares (2) Ms. Jittinan Wanglee holds 211,409 shares (3) Mr. Nattachai Wanglee holds 121,073 shares (4) Jittipat Co., Ltd. holds 207,135 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. The 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 | Director and Independent Director |
| 4. Mr. Pramon | Sutivong | Director and Independent Director |
| 5. Mr. Kiet | Srichomkwan | Director and Independent Director |
| 6. Mr. Chan Soo Lee | | Director and Independent Director |
| 7. Mr. Phornpong | Phornprapha | Director and Independent Director |
| 8. Mr. Nipol | T. Jeerawong | Non-Executive Director |
| 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 |

* Ms. Sukanya Pantapatkul resigned from the Company's director on 30 April 2014

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 subcommittees 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 and within the time frame as may be specified by the Board.
10. Assessing the performance of the Board of Directors and its subcommittees annually.
11. To approve the criteria for annual special bonus payment for the employees.
12. To appoint the Company Secretary.

2. The Committees

1) The Audit Committee consists of a team of independent directors. Term of office is three years and subject to a three-year term. The first term started from November 2009.

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.

Mrs. Vipada Srithimasathaporn, vice president of office of internal audit is a secretary to the Audit Committee.

Duties and Responsibilities of the Audit Committee

1. To review the Company's financial reporting process to ensure that it is accurate and adequate.

2. To review the Company's internal control and internal audit systems to ensure that they are suitable and efficient and determine internal audit unit's independence, as well as to approve the appointment, transfer and dismissal of the chief of the internal audit unit or any other unit in charge of an internal audit.

3. To review the Company's compliance with the law on Securities and Exchange, the Exchange's regulations and the laws relating to the Company's business.

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

5. To review the connected transactions, or the transactions that may lead to conflicts of interest, to ensure that they are in compliance with the laws and the Exchange's regulations, and are reasonable and for the highest benefit of the Company.

6. To review that the Company's Risk Management System has efficiency.

7. To report the Audit Committee's performance to the Board of Directors at least four times a year.

8. To prepare, and to disclose in the Company's annual report, an Audit Committee's report which must be signed by the Audit Committee's chairman and consist of the at least the following report:

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

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

8.3 An opinion on the compliance with the law on Securities and Exchange, the Exchange's regulations, or the laws relating to the Company's business

8.4 An opinion on the suitability of the auditor

8.5 An opinion on the transactions that may lead to conflicts of interests

8.6 Number of Audit Committee meetings, and the attendance of such meetings by each committee member

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

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

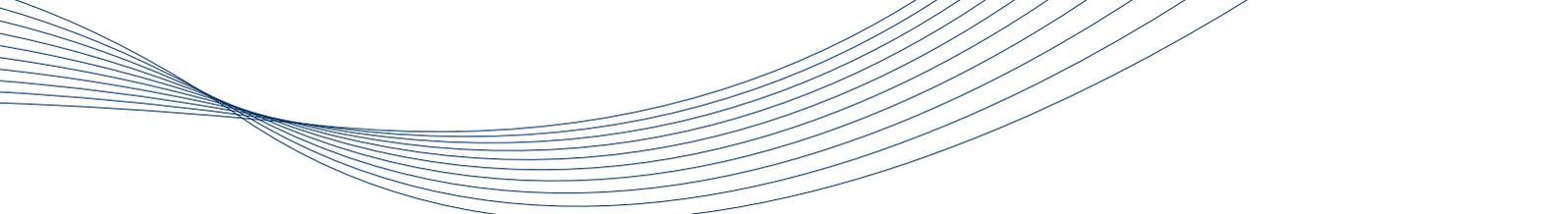
9. To perform any other act as assigned by the Company's Board of Directors, with the approval of the audit committee.

10. In performing of its duties, if it 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 Audit Committee shall report it to the Board of Directors for rectification within the period of time that the audit committee thinks fit:

10.1 A transaction which causes a conflict of interest

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

10.3 An infringement of the law on Securities and Exchange, the Exchange's regulations, or any law relating to the Company's business



If the Company's Board of Directors or management fails to make a rectification within the period of time under the first paragraph, any Audit Committee member may report on the transaction or act under the first paragraph to the Securities and Exchange Commission (SEC) or SET.

11. If the auditor of the Company 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 Audit Committee in order to continue the inspection without delay. The Audit Committee shall inspect the circumstance and report the result of preliminary inspection to the auditor's office and the auditor within 30 days. The suspicious circumstance to be reported and the process to uncover facts of such circumstance shall be as defined by the Capital Market Supervisory Board.

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

2) The Remuneration, Nomination and Corporate 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.

1. Mr. Pramon	Sutivong	Chairman
2. Mr. Kiet	Srichomkwan	Member
3. Mr. Phornpong	Phornrapha	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, sub-committees and senior executives.
2. Consider and fix bonus for the Board of Directors and Subcommittees 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 Subcommittees and senior executives propose to the Board of Directors for approval.
2. Recruit and nominate a qualified person to serve as the Company's director, Subcommittees 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 Corporate Governance Committee shall set at least twice a year.

3) The Risk Management Committee consists of the following Company's director or executives at least five members and holds a term of three years.

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 perform by the risk management system.
3. Review the risk management reports and periodically follow up on major risks and make sure that 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) The Investment Committee consists of the following Company's executives who served as Chief Executive Officer, President and vice president of asset management department. 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 that 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) The Executive Board consists of the following Company's executive officers who were appointed by the Board of Directors. Term of office shall effective consistent with the status of the Company's executive officers.

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|------------------|-------------|----------|
| 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 that 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.

Duties and Responsibilities of the Executive Board Chairman

1. To monitor and provide advices to the president and the management in managing the Company to achieve its vision and overall objectives set by the Board of Directors, and 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 and 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.

3. The Management consists of:

1. Mr. Pitiphong	Bisalputra	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

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 Chairman of Executive Board in case of inconsistent with the authority

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4. Other matters assigned by the Board of Directors

4. Company Secretary

Miss Charuwan Chabchamrun is a company secretary who was appointed by the Board of Directors as a resolution on 15 May 2014, to replace Miss Sukanya Pantapatkul. Office of Company Secretary supports the Company secretarial works to be efficiency and effectiveness and comply 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 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 comply with rules and regulations of SET and SEC rules and regulations.
4. Providing appropriate advice to the Board regarding related laws, the Company's rules and regulations, as well as monitoring to compliance 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 Corporate Governance Committee will nominate new directors who shall replace those retiring by 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 waive the prohibitive business relationship of independent directors. The value size is not more than 3% of the value of 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 director of which 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 Corporate Governance Committee, comprising a team of independent directors, in charge for election and nomination 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 of 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 2014		Increase (Decrease) during Financial Year	Stock Dividend Received		As of 31 December 2013	
	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	3,116,819	1,085,000	699,100	99,248	35,000	2,418,471	950,000
2. Mr. Nipol T. Jeerawong	51,263	62,126	(2,000)	1,653	2,068	49,610	62,058
3. Mr. Pitiphong Bisalputra	118,726	-	25,000	3,829	-	89,897	-
4. Professor Hiran Radeesri	-	-	-	-	-	-	-
5. Mr. Pramon Sutivong	-	160,166	51,666	-	3,500	-	105,000
6. Mr. Kiet Srichomkwan	37,017	-	-	1,194	-	35,823	-
7. Mr. Chan Soo Lee	302,986	-	90,000	6,870	-	206,116	-
8. Mr. Phornpong Phornprapha	-	250	-	-	8	-	242
9. Mr. Thamnu Wanglee	380,584	14,968	-	12,276	482	368,308	14,486
10. Mr. Vuttichai Wanglee	540,436	12,503	-	17,433	403	523,003	12,100
11. Ms. Jittinan Wanglee	211,409	-	-	6,819	-	204,590	-
12. Mr. Kaet Wanglee	62,516	-	-	2,016	-	60,500	-
13. Ms. Anukul Thitikulrat	-	-	-	-	-	-	-
14. Mrs. Nalina Bodharamik	-	-	-	-	-	-	-
15. Mr. Adul Pattanaphum	-	-	-	-	-	-	-
16. Mr. Anak Wanglee	40,477	-	-	1,305	-	39,172	-
17. Mr. Anin Wanglee	70,639	-	-	2,278	-	68,361	-

Note

1. Mr. Anak Wanglee has been appointed to be a senior vice president (The Management) as from 1 January 2015
2. Mr. Anin Wanglee has been appointed to be a senior vice president (The Management) as from 1 January 2015

7. Attendance of the Board of Directors and the Committees in 2014

Directors	The Board of Directors / Non-Executive Directors		The Audit Committee	The Remuneration, Nomination and Corporate Governance Committee	The Risk Management Committee	The Investment Committee	The Executive Board
1. Mr. Suchin Wanglee	6/6	1/1	-	-	-	5/5	-
2. Mr. Nipol T. Jeerawong	5/6	1/1	-	-	4/4	3/5	15/49
3. Mr. Pitiphong Bisalputra	6/6	-	-	-	3/4	5/5	45/49
4. Professor Hiran Radeesri	5/6	1/1	12/12	-	-	-	-
5. Mr. Pramon Sutivong	5/6	0/1	11/12	2/2	-	-	-
6. Mr. Kiet Srichomkwan	6/6	1/1	12/12	2/2	-	-	-
7. Mr. Chan Soo Lee	5/6	1/1	-	-	-	-	-
8. Mr. Phornpong Phornprapha	6/6	1/1	-	2/2	-	-	-
9. Mr. Thamnu Wanglee	6/6	1/1	-	-	-	-	-
10. Mr. Vuttichai Wanglee	5/6	1/1	-	-	-	-	-
11. Ms. Jiittinan Wanglee	6/6	1/1	-	-	-	-	-
12. Mr. Kaet Wanglee	5/6	0/1	-	-	-	-	-
13. Ms. Sukanya Pantapatkul	2/6	0/1	-	-	1/4	-	-
Executive officers who served as director in the Committees							
14. Ms. Anukul Thitikulrat	-	-	-	-	4/4	-	48/49
15. Mrs. Nalina Bodharamik	-	-	-	-	1/4	-	47/49
16. Ms. Chutithorn Wanglee	-	-	-	-	3/4	5/5	-
17. Mr. Anak Wanglee	-	-	-	-	-	2/5	-

Note:

- The Board meeting totaling 6 times a year. The 5 independent directors are number 4, 5, 6, 7 and 8.
- The Non-executive directors' meeting is one time and members are number 1-2 and 4-12 (Number 13 resigned from the director on 30 April 2014)
- The 3 Audit Committee members are number 4, 5 and 6/ Total meetings are 12 times a year.
- The 3 Remuneration, Nomination and Corporate Governance Committee members are number 5, 6 and 8/ Total meeting are 2 times
- The Risk Management Committee members are number 2, 3 and 13- 17/ Total meetings are 4 times a year.
 - Number 13 resigned from the position on 30 April 2014
 - Number 15 has been appointed to be a member of the Committee on 13 November 2014
 - Number 16 resigned from the position on 31 December 2014
 - Number 17 has been appointed to be a member of the Committee on 26 February 2015

6. The Investment Committee members are number 2, 3, 16 and 17 (Number 1 is an advisor to the Committee)/ Total meetings are 5 times.

- Number 2 resigned from the position of the executive board chairman on 30 April 2014 and was appointed to be a member of the committee on 26 February 2015

- Number 16, vice president of asset management, is a member of the Committee from 2009 to 31 March 2014 and she has been appointed to be a member of the Committee by the Board on 15 May 2014 until she resigned from the position on 31 December 2014

- Number 17 is a vice president of asset management department, is a member of the Committee on 1 April 2014

7. The Executive Board members are number 3, 14 and 15 (Number 1 is an advisor to the Committee)/ Total meetings are 49 times. (Number 2 resigned from the position on 30 April 2014)

8. The Remuneration for the Board of Directors and the Management in 2014

1) Cash Remuneration

The Remuneration, Nomination and Corporate Governance Committee responsible for reviewing 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: Paid 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 Corporate Governance Committee/ The Risk Management Committee

Chairman	20,000 Baht
Other members	10,000 Baht

The Remuneration for the Board of Director and the Committees in 2014

Directors	Remuneration (Baht)						Total
	The Board of Director/ Non-Executive Directors	The Audit Committee	The Remuneration, Nomination and Corporate Governance Committee	The Risk Management Committee	Director's Bonus		
1. Mr. Suchin Wanglee ¹	180,000	30,000			666,666.67		876,666.67 ⁴
2. Mr. Nipol T. Jeerawong	100,000	20,000			80,000	666,666.67	866,666.67 ⁵
3. Mr. Pitiphong Bisalputra	120,000	0			30,000	333,333.33	483,333.33
4. Professor Hiran Radeesri ²	100,000	20,000	360,000			333,333.33	813,333.33
5. Mr. Pramon Sutivong ³	100,000	0	220,000	40,000		333,333.33	693,333.33
6. Mr. Kiet Srichomkwan	120,000	20,000	240,000	20,000		333,333.33	733,333.33
7. Mr. Chan Soo Lee	100,000	20,000				333,333.33	453,333.33
8. Mr. Phornpong Phornprapha	120,000	20,000		20,000		333,333.33	493,333.33
9. Mr. Thamnu Wanglee	120,000	20,000				333,333.33	473,333.33
10. Mr. Vuttichai Wanglee	100,000	20,000				333,333.33	453,333.33
11. Ms. Jittinan Wanglee	120,000	20,000				333,333.33	473,333.33
12. Mr. Kaet Wanglee	100,000	0				333,333.33	433,333.33
13. Ms. Anukul Thitikulrat					40,000		40,000
14. Mrs. Nalina Bodharamik ⁶					10,000		10,000
Total	1,380,000	190,000	820,000	80,000	160,000	4,666,667	7,296,667

Note:

- Chairman of the Board
- Chairman of the Audit Committee
- Chairman of the Remuneration, Nomination and Corporate Governance Committee
- Excluding the remuneration as advisor to the Executive Board which are salary, bonus and provident fund, totaling 9,022,000 Baht
- Excluding the remuneration as advisor to the Chairman of the Board of Directors which are salary, bonus and provident fund, totaling 3,478,000 Baht
- Mrs. Nalina Bodharamik has been appointed to be a member of the risk management committee on 13 November 2014
- Ms. Sukanya Pantapatkul resigned from her positions of the director and member of the risk management committee effective from 30 April 2014, received remuneration in year 2014 totaling 383,333 Baht
- Miss Chutithorn Wanglee resigned from her position of member of the risk management effective from 31 December 2014, received remuneration in year 2014 totaling 20,000 Baht

Remuneration of the Management

The Remuneration, Nomination and Corporate Governance Committee responsible for review the remuneration Chairman of the Executive Board 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 2014, the total remuneration for 6 executives in the form of salaries and bonuses amounted to 24,538,860 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 2014, the Company made contributions of 918,660 Baht to provident fund for the 6 executives.

9. Related Transactions/ Connected Transactions

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 6. 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 with 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	78	2010-Present	Vice Chairman/Chairman of the Remuneration and Nomination Committee, Thai Metal Drums MFG. Plc.
Positions in NKI	Chairman/Advisor to the Investment Committee/Advisor to the Executive Board		
Appointment as NKI's Director	29 April 1993 (21 years)	1989-2010	Director, Thai Metal Drums MFG. Plc.
Highest Education Degree	Bachelor Degree in Electronic Engineering, Northrop Institute of Technology, USA	1999-Present	Chairman, Thaire Life Assurance Plc.
		1994-Present	Independent Director, Varopakorn Plc.
		1978-Present	Chairman/Independent Director, Thai Reinsurance Plc.
No. of Shares Held	4,201,819 shares (13.55%)		
Director Training Program		1969-2013	Independent Director, Thai-German Ceramics Industry Plc.
2013	Director Accreditation Program, Thai Institute of Directors Association	Other Companies	
2001	Role of the Chairman Program, Thai Institute of Directors Association	2014-Present	Advisor, The Falcon Insurance Plc.
		2007-2014	Chairman, The Falcon Insurance Plc.
Working Experience		2007-Present	Director, Aqua Infinite Co., Ltd
2001-Present	Chairman of the Board of Directors, The Navakij Insurance Plc.	2006-Present	Director, Wanglee Pattana Co., Ltd.
		2005-Present	Director, Rajadamri Hotel Plc.
Other listed Companies		1991-Present	Chairman, Rangsit Plaza Co., Ltd.
2013-Present	Member of the Audit Committee, Sermsuk Plc.	1990-Present	Director, Nuchapon Co., Ltd.
2012-Present	Chairman of the Compensation Committee, Sermsuk Plc.	1988-Present	Director, The Pet Co., Ltd.
2011-Present	Vice Chairman/Independent Director, Sermsuk Plc.	1982-Present	Chairman, Sathorn Thani Co., Ltd.
		1968-Present	Director, Wanglee Co., Ltd.
2010-Present	Independent Director/Member of the Audit Committee/Member of the Nomination and Remuneration Committee, BTS Group Holding Plc.	1988-2010	Director, Thai-Petchaboon Co., Ltd.
		Other Organizations	
2010-2011	Independent Director, Sermsuk Plc.	2007-2009	Chairman, The General Insurance Association
		1971-2010	Director, The General Insurance Association

Mr. Nipol T. Jeerawong

Age	63	Director Training Program	
Positions in NKI	Director/Chairman of the Risk Management Committee/ Member of the Investment Committee/ Advisor to the Chairman	2008	Director Certification Refresher Program, Thai Institute of Directors Association
		2002	Director Certification Program, Thai Institute of Directors Association
Appointment as NKI's Director	29 April 1992 (22 years)	Working Experience	
Highest Education Degree	Bachelor Degree in Statistics/ Mini MBA, Thammasat University	1992- Present	Director, The Navakij Insurance Plc.
		Other listed Company	-None-
No. of Shares Held	113,389 shares (0.37%)	Other Company	
		2006-2014	Advisor, the Falcon Insurance Plc.

Mr. Pitiphong Bisalputra

Age	50	2003	Director Certification Program, Thai Institute of Directors Association
Positions in NKI	Director/President (Executive Director)/ Chairman of the Executive Board/ Chairman of the Investment Committee/ Chairman of the Risk Management Committee	Working Experience 2002- Present	Director, The Navakij Insurance Plc.
Appointment as NKI's Director	25 April 2002 (12 years)	Other listed Company 2007-Present	-None-
Highest Education Degree	Master Degree in Business Administration, University of Hartford, USA	Other Companies 1997-Present 1993-Present 1990-Present 1987-Present	Director, Thanapisal Co., Ltd. Director, Praphai and Sons Co., Ltd. Director, Rangsit Ruampatana Co., Ltd. Director, Thanasarn Sombat (Thai) Co., Ltd. Director, Thamrongsup Co., Ltd.
No. of Shares Held	118,726 (0.38%)	Other Organizations 2010-Present	Director, Thai General Insurance Association
Director Training Program	Successful Formulation & Execution of Strategy, Thai Institute of Directors Association		

Professor Hiran Radeesri

Age	85	1999-Present	Chairman of the Audit Committee, Dusit Thani Plc.
Positions in NKI	Independent Director/Chairman of the Audit Committee	2005-2012	Chairman of the Audit Committee, Easy Buy Plc.
Appointment as NKI's Director	24 August 1999 (15 years)	Other Company 1999-Present	Director, Aueradee Co., Ltd.
Highest Education Degree	Honorary Doctorate in Accounting, Thammasat University	Other Organizations 2009-Present	Honorary Chairman, Thai Institute of Directors Association
No. of Shares Held	-None-	2002-Present	Chairman, Corporate Governance Center, The Stock Exchange of Thailand
Director Training Program	Director Certification Program, Thai Institute of Directors Association		
Working Experience	Director/Chairman of the Audit Committee, The Navakij Insurance Plc.		
Other listed Companies	Chairman of the Audit Committee, Thai Com Plc.		

Mr. Pramon Sutivong

Age	75	2007-2010	Chairman of the Compensation Committee, The Navakij Insurance Plc.
Positions in NKI	Independent Director/Member of the Audit Committee/ Chairman of the Remuneration, Nomination and CG Committee	Other listed Companies	Member of the Audit Committee, The Siam Cement Plc.
Appointment as NKI's Director	29 April 1994 (20 years)	2011-Present	Director/ Member of the Remuneration Committee, The Siam Cement Plc.
Highest Education Degree	Master Degree in Mechanical Engineering, University of Kansas, USA	2009-Present	
No. of Shares Held	160,166 (0.52%)	Other Companies	Chairman, Siam Compressor Industry Co., Ltd.
Director Training Program		1999-Present	Chairman, Toyota Motor Thailand Co., Ltd.
2013	Audit Committee Program, Thai Institute of Directors Association	1999-Present	
2009	Role of the Compensation Committee, Thai Institute of Directors Association	Other Organizations	Honorary Chairman, The Thai Chamber of Commerce and Board of Trade of Thailand
2003	Director Accreditation Program, Thai Institute of Directors Association	2009-Present	
2001	Role of the Chairman Program, Thai Institute of Directors Association	2007-Present	Director, Office of the Civil Service Commission
Working Experience		2007-Present	Advisor of Sub-Committee, New Listing, The Stock Exchange of Thailand
2012-Present	Chairman of the Remuneration, Nomination and CG Committee, The Navakij Insurance Plc.	1999-Present	Director, Toyota Thailand Foundation
1994-Present	Director/Member of the Audit Committee, The Navakij Insurance Plc.		
2010-2012	Chairman of the Remuneration and Nomination Committee, The Navakij Insurance Plc.		

Mr. Kiet Srichomkwan

Age	77	2003	Finance for Non-Finance Director/ Director Accreditation Program, Thai Institute of Directors Association
Positions in NKI	Independent Director/Member of the Audit Committee/ Member of the Remuneration, Nomination and CG Committee	2002	Director Certification Program, Thai Institute of Directors Association
Appointment as NKI's Director	23 November 1999 (15 years)	Working Experience	Member of the Remuneration, Nomination and CG Committee, The Navakij Insurance Plc.
Highest Education Degree	Bachelor Degree in Business Administration, New Mexico University, USA	2012-Present	Director/ Member of the Audit Committee, The Navakij Insurance Plc.
No. of Shares Held	37,017 shares (0.12%)	1999-Present	Member of the Remuneration and Nomination Committee, The Navakij Insurance Plc.
Director Training Program		2010-2012	Chairman of the Nomination Committee, The Navakij Insurance Plc.
2012	Role of the Chairman Program/ Role of the Nomination and Governance Committee, Thai Institute of Directors Association	2007-2010	The Navakij Insurance Plc.
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	-None-
2009	Monitoring the Quality of Financial Reporting, Thai Institute of Directors Association	Other Companies	Chairman, Alinkij Siam Co., Ltd.
2006	Improving the Quality of Financial Reporting, Thai Institute of Directors Association	2003-Present	Chairman, Toyota Petchaboon Toyota's Dealer Co., Ltd.
2004	Audit Committee Program, Thai Institute of Directors Association	2002-Present	Director, Pen Sook Co., Ltd.
		1995-Present	Director, Suan Petchaboon Co., Ltd.
		1990-Present	Director, Din Prasit Co., Ltd.
		1988-Present	Director, Thai Petchaboon Co., Ltd.
		1988-Present	Director, Silver Beach Resort Co., Ltd.
		1987-Present	Chairman, Benja Rungrueng Co., Ltd.
		1977-Present	

Mr. Chan Soo Lee

Age	54	Working Experience	
Positions in NKI	Independent Director	2003-Present	Director, The Navakij Insurance Plc.
Appointment as NKI's Director	29 April 2003 (11 years)	2007-2010	Member of the Compensation Committee, The Navakij Insurance Plc.
Highest Education Degree	Bachelor Degree in Electronic & Computer, National University of Singapore, Singapore	Other listed Company	-None-
No. of Shares Held	302,986 shares (0.69%)	Other Companies	
Director Training Program	2013	2012-Present	Managing Director, Alpharia Pte. Ltd.
	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. Phornpong Phornprapha

Age	64	Other listed Company	-None-
Positions in NKI	Independent Director/Member of the Remuneration, Nomination and CG Committee	Other Companies	
Appointment as NKI's Director	26 April 2007 (7 years)	2005-Present	Vice Honorary Chairman/Director, Siam NGK Spark Plug Co., Ltd.
Highest Education Degree	Bachelor Degree in Business Administration, California State University, USA	1996-Present	Honorary Chairman/Director, KYB (Thailand) Co., Ltd.
No. of Shares Held	250 shares (0.0008%)	1996-Present	President/Director, Siam Chita Co., Ltd.
Director Training Program	-None-	1995-Present	President/Director, Siam Hitachi Automotive Product Co., Ltd.
Working Experience		1994-Present	President/Director, Siam Calsonic Co., Ltd.
2012-Present	Member of the Remuneration, Nomination and CG Committee, The Navakij Insurance Plc.	1993-Present	Honorary Chairman/Director, EXEDY (Thailand) Co., Ltd.
2007-Present	Director, The Navakij Insurance Plc.	1986-Present	Senior Executive Vice President/Director, Siam Motors Co., Ltd.
2010-2012	Member of the Remuneration and Nomination Committee, The Navakij Insurance Plc.	1984-Present	President/Director, Siam Autopart Co., Ltd.
2007-2010	Member of the Compensation Committee, The Navakij Insurance Plc.	1969-Present	President/Director, Siam Riken Industrial Co., Ltd.
			President/Director, Siam International Corp., Ltd.

Mr. Thamnu Wanglee

Age	77	Working Experience	
Positions in NKI	Director	1992-Present	Director, The Navakij Insurance Plc.
Appointment as NKI's Director	29 April 1992 (22 years)	Other listed Company	-None-
Highest Education Degree	Diploma, E.M.I. Electronic College, England	Other Companies	
No. of Shares Held	395,552 shares (1.28%)		Chairman, Thanatip Co., Ltd.
Director Training Program			Director, Plapat Co., Ltd.
2006	Director Accreditation Program, Thai Institute of Directors Association		Director, Wanglee Co., Ltd.

Mr. Vuttichai Wanglee

Age	73	Other listed Company	-None-
Positions in NKI	Director	Other Companies	
Appointment as NKI's Director	29 April 1992 (22 years)	2008-Present	Director, Chao Phaya Resort Co., Ltd.
Highest Education Degree	Bachelor Degree in Industrial Engineering, Boston University, USA	1988-Present	Managing Director/Director, Chaitip Co., Ltd.
No. of Shares Held	552,939 (1.78%)	1969-Present	Managing Director/Director, Wanglee Co., Ltd.
Director Training Program			Managing Director/Director, Baan Sathorn Nua Co., Ltd.
2011	Director Accreditation Program, Thai Institute of Directors Association		Managing Director/Director, Wanglee Pattana Co., Ltd.
Working Experience			
1992-Present	Director, The Navakij Insurance Plc.		
2007-2010	Member of the Nomination Committee, The Navakij Insurance Plc.		

Ms. Jittinan Wanglee

Age	42	Working Experience	
Positions in NKI	Director	2003-Present	Director, The Navakij Insurance Plc.
Appointment as NKI's Director	29 April 2003 (11 years)	Other listed Company	-None-
Highest Education Degree	Master Degree in Business Administration, Babson College, USA	Other Companies	
No. of Shares Held	211,409 (0.68%)	2011-Present	Executive Vice President, Rangsit Plaza Co., Ltd.
Director Training Program		2006-Present	Director, Rangsit Plaza Co., Ltd.
2007	Director Accreditation Program, Thai Institute of Directors Association	2010-Present	Director, Shopping Center Services Co., Ltd.
			Director, Jiitipat Co., Ltd.

Mr. Kaet Wanglee

Age	35	Working Experience	
Positions in NKI	Director	2012-Present	Director, The Navakij Insurance Plc.
Appointment as NKI's Director	10 May 2012 (2 year)	Other listed Company	-None-
Highest Education Degree	Master Degree in Science (Hospitality Management), New York University, USA	Other Companies	
No. of Shares Held	62,516 shares (0.20%)	2013-Present	Director, Rangsit Ruampattana Co., Ltd.
Director Training Program		2013-Present	Director, Pipatanasin Co., Ltd.
2014	Director Accreditation Program, Thai Institute of Directors Association	2012-Present	Director, Rangsit Plaza Co., Ltd.
		2012-Present	Director, Shopping Center Services Co., Ltd.
		2006-2010	Manager, Baan Suan Maak Co., Ltd.
			Asset Manager, The Erawan Group Plc.

Ms. Anukul Thitikulrat

Age	52	Commence in	Year 2002 (12 years)
Positions in NKI	Member of the Risk Management Committee/Member of the Executive Board/Executive Vice President-Finance (Chief Finance Officer)	Highest Education Degree	Master Degree in Business Administration, Chulalongkorn University
		No. of Shares Held	-None-
		Other listed Company	-None-
		Other Company	-None-

Mrs. Nalina Bodharamik

Age	44	Highest Education Degree	Master Degree in Business Administration University of West Florida, USA
Positions in NKI	Member of the Risk Management Committee/Member of the Executive Board/ Executive Vice President (Underwriting/Support Branch)	No. of Shares Held	-None-
		Other listed Company	-None-
Commence in	Year 2009 (5 years)	Other Company	-None-

Mr. Adul Pattanaphum

Age	55	No. of Shares Held	-None-
Positions in NKI	Senior Vice President - Marketing and Salesforce/Marketing Management	Other listed Company	-None-
		Other Company	-None-
Commence in	Year 2000 (14 years)		
Highest Education Degree	Master Degree in Public Administration, Thammasat University		

Mr. Anak Wanglee

Age	38	No. of Shares Held	40,477 shares (0.13%)
Positions in NKI	Member of the Risk Management Committee/Senior Vice President - Assets Management	Other listed Company	-None-
		Other Companies	2011-Present Director/Operations Manager, Marco Technology Co., Ltd Risk Manager, One Asset Management Co., Ltd
Commence in	Year 2014 (1 year)		
Highest Education Degree	M.A. Economics, Boston University, MA, USA M.S. Information System, Northeastern University, MA, USA	2008-2010	

Mr. Anin Wanglee

Age	36	Other listed Company	-None-
Positions in NKI	Senior Vice President - Claims Management	Other Companies	2013-Present Authorized Director, Saha Pitaksin Co., Ltd.
Commence in	Year 2009 (6 years)		
Highest Education Degree	M.B.A. Bentley College, Massachusetts, USA		
No. of Shares Held	70,639 shares (0.23%)		



Report of the Remuneration, Nomination & Corporate Governance Committee

The Remuneration, Nomination and Corporate Governance Committee (the “Committee”), comprising a team of independent directors; namely, Mr. Pramon Sutivong, Mr. Kiet Srichomkwan and Mr. Phornpong Phornprapha, having a term of 3 years

In 2014, the Committee held two meetings and its members’ attendance was 100%. 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 2014 to the 2014 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.
2. Considered annual remuneration adjustment of the President and Advisor to the Chairman of the executive board in line with their performance 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 shareholders proposed any candidate.
2. Considered the appointment of the Chairman of the executive board to replace the previous person that his employment contract is terminated.
3. Considered the appointment of members of the investment committee and the risk management committee in order to comply with new-issued regulations specified by Office of Insurance Commission (OIC).

Governance Roles

1. Considered and reviewed the duties that must be implemented by the Company to be received a certificate for Collective Action Coalition Against Corruption.
2. Considered and reviewed the Charters of the investment committee and the risk management committee in order to comply with new-issued regulations specified by Office of Insurance Commission (OIC).
3. Considered and reviewed the Company’s guidelines on corporate governance and the code of conduct to comply with the criteria were revised by IOD to be compatible with ASEAN CG Scorecard criteria.

A handwritten signature in blue ink, consisting of stylized, overlapping loops and lines.

(Mr. Pramon Sutivong)

Chairman, Remuneration, Nomination and CG Committee

Report of the Audit Committee



The Audit Committee (the “Committee”) consists of 3 independent directors; namely, **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 2014, the Committee held 12 meetings that its members and attendance are summarized below:

1. Prof. Hiran Radeesri	Chairman	Attended	12 meetings
2. Mr. Pramon Sutivong	Member	Attended	11 meetings
3. Mr. Kiet Srichomkwan	Member	Attended	12 meetings

The Committee has performed per the scope of authorities and responsibilities assigned by the Board of Directors and per the Committee charter, can be summarized as follows:

1. Review the financial statements for the year 2013 and the Quarterly financial statements for the year 2014

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 that the financial statements were prepared without any intervention and the Company’s external auditor was independent. The vice president of finance and accounting manager 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 accounting standards of the time and in line with the stipulations of the Office of Insurance Commission (OIC).

2. Review the adequacy of internal control systems

The Committee reviewed and assessed the system through reports of office of internal audit and the external auditor 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. The Company restructured its organization, of which office of internal audit will report directly to the Committee and laurels of the vice president of office of internal audit. In addition, the external auditor evaluated the internal control system and audit system of the Company, commented that was effective. For information systems, the external auditor have audited and evaluated that it was effective information systems as well as having other control systems to support producing of financial statements. The Company developed the internal control system based on COBIT (Control Objectives for Information and Related Technology) upon the recommendation of IT specialists who reviewed the guidelines. 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 the disclosure of connected transaction and the compliance to related laws and regulations as specified by the regulators

During 2014, the Company had significant business transactions with related parties arose in the ordinary course of business.

4. Risk management

The 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.

6. Appointment of the external auditor for 2015

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 2015 and also proposed audit fees for the annual and quarterly financial statements and other fees for auditing of Risk Based Capital Report, totaling 1.774 million Baht, submitted 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 to 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 statements and financial data presented in the annual report. The financial statements were stated in accordance with generally accepted accounting principles, 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 satisfactory and can bring about confidence that the Company's financial statements for the year ending 31 December 2014 are reliable and prepared in conformity with generally accepted accounting principles and carried out accurately in accordance with law and all relevant rules and regulations.



Suchin Wanglee

Chairman of the Board of Directors



Pitiphong Bisalputra

President & CEO

Independent Auditor's Report

Independent Auditor's Report

To the Shareholders of The Navakij Insurance Public Company Limited

I have audited the accompanying statements of financial position, in which the equity method is applied, of The Navakij Insurance Public Company Limited as at 31 December 2014, 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 in which the equity method is applied and the separate financial statements referred to above present fairly, in all material respects, the financial position of The Navakij Insurance Public Company Limited as at 31 December 2014, and its financial performance and cash flows for the year then ended, in accordance with Thai Financial Reporting Standards.



Somjai Khunapasut
Certified Public Accountant (Thailand) No. 4499

EY Office Limited
Bangkok: 26 February 2015

Statements of Financial Position

The Navakij Insurance Public Company Limited

Statements of financial position

As at 31 December 2014

(Unit: Baht)

	Note	Financial statements in which the equity method is applied		Separate financial statements	
		2014	2013	2014	2013
Assets					
Cash and cash equivalents	7	594,790,209	551,421,210	594,790,209	551,421,210
Accrued investment income		7,157,518	7,258,949	7,157,518	7,258,949
Premium receivables	8	350,250,896	289,157,651	350,250,896	289,157,651
Reinsurance assets	9	731,500,734	2,299,180,157	731,500,734	2,299,180,157
Investment assets					
Investments in securities	10				
Available-for-sale investments		2,192,798,388	2,206,326,231	2,192,798,388	2,206,326,231
Held-to-maturity investments		390,100,000	420,100,000	390,100,000	420,100,000
Other investments		68,034,240	32,506,900	68,034,240	32,506,900
Loans	11	927,326	1,228,662	927,326	1,228,662
Investments in associate	12	178,128,881	149,541,530	34,175,695	34,175,695
Property, buildings and equipment	13	262,434,370	209,414,363	262,434,370	209,414,363
Intangible assets	14	23,018,177	7,880,816	23,018,177	7,880,816
Deferred tax assets	15	115,837,092	147,879,348	115,837,092	147,879,348
Other assets					
Claims receivable from litigants	16	70,632,155	65,100,677	70,632,155	65,100,677
Receivable on sales of securities		51,340,872	-	51,340,872	-
Prepaid reinsurance premium		-	32,150,537	-	32,150,537
Others		93,296,251	89,953,842	93,296,251	89,953,842
Total assets		5,130,247,109	6,509,100,873	4,986,293,923	6,393,735,038

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 2014

(Unit: Baht)

	Note	Financial statements in which the equity method is applied		Separate financial statements	
		2014	2013	2014	2013
Liabilities and equity					
Liabilities					
Income tax payable		-	2,544,512	-	2,544,512
Due to reinsurers	17	597,761,255	901,500,142	597,761,255	901,500,142
Insurance contract liabilities					
Loss reserves and outstanding claims	18	667,704,068	1,936,145,804	667,704,068	1,936,145,804
Premium reserves	19	1,368,683,742	1,178,665,259	1,368,683,742	1,178,665,259
Employee benefit obligations	20	82,246,332	77,918,515	82,246,332	77,918,515
Other liabilities					
Fee and commission payables		88,587,703	82,227,633	88,587,703	82,227,633
Premium received in advance		-	107,499,672	-	107,499,672
Accrued expenses		22,480,044	19,597,317	22,480,044	19,597,317
Liabilities under finance lease agreements	21	5,881,044	7,561,010	5,881,044	7,561,010
Others		47,541,060	33,769,949	47,541,060	33,769,949
Total liabilities		2,880,885,248	4,347,429,813	2,880,885,248	4,347,429,813

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 2014

(Unit: Baht)

	Note	Financial statements in which the equity method is applied		Separate financial statements	
		2014	2013	2014	2013
Equity					
Share capital	22				
Registered					
31,000,000 ordinary shares of Baht 10 each (2013: 30,000,000 ordinary shares of Baht 10 each)		310,000,000	300,000,000	310,000,000	300,000,000
Issued and paid up					
31,000,000 ordinary shares of Baht 10 each (2013: 30,000,000 ordinary shares of Baht 10 each)		310,000,000	300,000,000	310,000,000	300,000,000
Share premium		647,204,442	647,186,097	647,204,442	647,186,097
Retained earnings					
Appropriated					
Statutory reserve	23	30,000,000	30,000,000	30,000,000	30,000,000
General reserve		20,000,000	20,000,000	20,000,000	20,000,000
Unappropriated		1,083,683,105	948,217,844	935,890,557	829,032,441
Other components of equity		158,474,314	216,267,119	162,313,676	220,086,687
Total equity		2,249,361,861	2,161,671,060	2,105,408,675	2,046,305,225
Total liabilities and equity		5,130,247,109	6,509,100,873	4,986,293,923	6,393,735,038

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 2014

(Unit: Baht)

	Note	Financial statements in which the equity method is applied		Separate financial statements	
		2014	2013	2014	2013
Income					
Earned premium		2,017,557,133	1,977,240,268	2,017,557,133	1,977,240,268
Fee and commission income		164,927,677	132,691,336	164,927,677	132,691,336
Total income		2,182,484,810	2,109,931,604	2,182,484,810	2,109,931,604
Expenses					
Underwriting					
Claim and loss adjustment expenses		1,166,353,036	1,046,760,993	1,166,353,036	1,046,760,993
Commission and brokerage expenses		477,781,726	458,212,496	477,781,726	458,212,496
Other underwriting expenses		150,515,178	145,335,758	150,515,178	145,335,758
Contribution to Road Accident Victims Protection Company Limited		10,038,147	10,286,604	10,038,147	10,286,604
Operating expenses	24	301,015,943	391,130,818	301,015,943	391,130,818
Total underwriting expenses		2,105,704,030	2,051,726,669	2,105,704,030	2,051,726,669
Profit from underwriting		76,780,780	58,204,935	76,780,780	58,204,935
Share of profit from investments in associate	12.3	35,135,121	43,853,184	-	-
Net investments income		97,783,750	103,390,756	104,311,726	103,390,756
Profit on investments	10.5	85,391,067	88,656,553	85,391,067	88,656,553
Other income		8,106,921	5,722,310	8,106,921	5,722,310
Profit from operations		303,197,639	299,827,738	274,590,494	255,974,554
Contribution to the Office of Insurance Commission		7,127,403	6,739,100	7,127,403	6,739,100
Contribution to the General Insurance Fund		6,627,403	6,239,121	6,627,403	6,239,121
Contribution to the Victims Compensation Fund		819,441	839,723	819,441	839,723
Finance cost		-	597,932	-	597,932
Profit before income tax expenses		288,623,392	285,411,862	260,016,247	241,558,678
Income tax expenses	15	(53,158,265)	(37,604,286)	(53,158,265)	(37,604,286)
Profit for the year		235,465,127	247,807,576	206,857,982	203,954,392
Earnings per share	27				
Basic earnings per share		7.60	7.99	6.67	6.58

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 2014

(Unit: Baht)

	Financial statements in which the equity method is applied		Separate financial statements	
	2014	2013	2014	2013
Profit for the year	235,465,127	247,807,576	206,857,982	203,954,392
Other comprehensive income				
Loss on changes in value of investments in associate	(19,794)	(23,432,120)	-	-
Loss on changes in value of available-for-sale investments	(72,216,264)	(196,438,230)	(72,216,264)	(196,438,230)
Income tax relating to components of other comprehensive income	14,443,253	39,287,646	14,443,253	39,287,646
Other comprehensive income for the year - net of tax (loss)	(57,792,805)	(180,582,704)	(57,773,011)	(157,150,584)
Total comprehensive income for the year	177,672,322	67,224,872	149,084,971	46,803,808

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 2014

(Unit: Baht)

	Financial statements in which the equity method is applied		Separate financial statements	
	2014	2013	2014	2013
Cash flows from operating activities				
Direct premium written	2,474,517,723	2,657,045,787	2,474,517,723	2,657,045,787
Cash received for reinsurance	148,975,615	7,710,282,614	148,975,615	7,710,282,614
Loss incurred on direct insurance	(1,421,365,362)	(8,287,458,262)	(1,421,365,362)	(8,287,458,262)
Loss adjustment expenses on direct insurance	(116,615,147)	(189,389,784)	(116,615,147)	(189,389,784)
Commission and brokerage on direct insurance	(436,438,851)	(451,368,761)	(436,438,851)	(451,368,761)
Other underwriting expenses	(150,515,178)	(145,335,758)	(150,515,178)	(145,335,758)
Interest income	41,677,391	22,894,515	41,677,391	22,894,515
Dividend income	50,054,728	68,933,742	50,054,728	68,933,742
Other income	7,427,650	5,298,998	7,427,650	5,298,998
Operating expenses	(332,386,757)	(326,377,941)	(332,386,757)	(326,377,941)
Corporate income tax	(19,741,291)	(8,033,804)	(19,741,291)	(8,033,804)
Net cash from operating activities	245,590,521	1,056,491,346	245,590,521	1,056,491,346
Cash flows from investing activities				
Cash flows from				
Investments in securities	7,934,569,176	7,078,336,057	7,934,569,176	7,078,336,057
Loans	571,336	486,512	571,336	486,512
Deposits at financial institutions	30,000,000	-	30,000,000	-
Property, building and equipment	1,609,328	9,797,613	1,609,328	9,797,613
Net cash from investing activities	7,966,749,840	7,088,620,182	7,966,749,840	7,088,620,182
Cash flows used in				
Investments in securities	(7,982,053,703)	(7,355,365,518)	(7,982,053,703)	(7,355,365,518)
Loans	(270,000)	(422,200)	(270,000)	(422,200)
Deposits at financial institutions	-	(184,889,970)	-	(184,889,970)
Property, buildings and equipment	(77,565,927)	(11,524,871)	(77,565,927)	(11,524,871)
Intangible assets	(17,103,987)	(145,525)	(17,103,987)	(145,525)
Net cash used in investing activities	(8,076,993,617)	(7,552,348,084)	(8,076,993,617)	(7,552,348,084)
Net cash used in investing activities	(110,243,777)	(463,727,902)	(110,243,777)	(463,727,902)

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

Statements of Cash Flow (continued)

The Navakij Insurance Public Company Limited

Statements of cash flow (continued)

For the year ended 31 December 2014

(Unit: Baht)

	Financial statements in which the equity method is applied		Separate financial statements	
	2014	2013	2014	2013
Cash flows from financing activities				
Cash received from share capital issuance	18,345	-	18,345	-
Repayment of short-term loans from financial institutions	-	(200,000,000)	-	(200,000,000)
Repayment of liabilities under finance lease agreements	(1,996,224)	(2,041,640)	(1,996,224)	(2,041,640)
Dividend paid	(89,999,866)	(29,999,960)	(89,999,866)	(29,999,960)
Net cash used in financing activities	(91,977,745)	(232,041,600)	(91,977,745)	(232,041,600)
Net increase in cash and cash equivalents	43,368,999	360,721,844	43,368,999	360,721,844
Cash and cash equivalents at beginning of year	551,421,210	190,699,366	551,421,210	190,699,366
Cash and cash equivalents at end of year	594,790,209	551,421,210	594,790,209	551,421,210

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 2014

(Unit: Baht)

	Financial statements in which the equity method is applied									
	Issued and paid-up share capital	Share premium	Retained earnings		Unappropriated	Other components of equity				Total
			Appropriated			Surplus on changes in interest in equity of associate	Other comprehensive income		Total other components of equity	
			Statutory reserve	General reserve			Surplus (deficit) on changes in value of investments of associate	Surplus on changes in value of available-for-sale investments		
Balance as at 1 January 2013	300,000,000	647,186,097	30,000,000	20,000,000	730,410,228	1,569,359	18,043,193	377,237,271	395,849,823	2,124,446,148
Dividend paid (Note 28)	-	-	-	-	(29,999,960)	-	-	-	-	(29,999,960)
Profit for the year	-	-	-	-	247,807,576	-	-	-	-	247,807,576
Total other comprehensive income for the year (loss)	-	-	-	-	-	-	(23,432,120)	(157,150,584)	(180,582,704)	(180,582,704)
Balance as at 31 December 2013	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
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 22)	10,000,000	18,345	-	-	-	-	-	-	-	10,018,345
Dividend paid (Note 28)	-	-	-	-	(99,999,866)	-	-	-	-	(99,999,866)
Profit for the year	-	-	-	-	235,465,127	-	-	-	-	235,465,127
Total other comprehensive income for the year (loss)	-	-	-	-	-	-	(19,794)	(57,773,011)	(57,792,805)	(57,792,805)
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

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 2014

(Unit: Baht)

	Separate financial statements							Total
	Issued and paid-up share capital	Share premium	Retained earnings			Other components of equity - surplus on changes in value of available-for-sale investments		
			Statutory reserve	Appropriated	Unappropriated			
			General reserve					
Balance as at 1 January 2013	300,000,000	647,186,097	30,000,000	20,000,000	655,078,009	377,237,271	2,029,501,377	
Dividend paid (Note 28)	-	-	-	-	(29,999,960)	-	(29,999,960)	
Profit for the year	-	-	-	-	203,954,392	-	203,954,392	
Total comprehensive income for the year (loss)	-	-	-	-	-	(157,150,584)	(157,150,584)	
Balance as at 31 December 2013	300,000,000	647,186,097	30,000,000	20,000,000	829,032,441	220,086,687	2,046,305,225	
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 22)	10,000,000	18,345	-	-	-	-	10,018,345	
Dividend paid (Note 28)	-	-	-	-	(99,999,866)	-	(99,999,866)	
Profit for the year	-	-	-	-	206,857,982	-	206,857,982	
Total comprehensive income for the year (loss)	-	-	-	-	-	(57,773,011)	(57,773,011)	
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	

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

Notes to Financial Statements

The Navakij Insurance Public Company Limited

Notes to financial statements

For the year ended 31 December 2014

1. General information

1.1 Corporate 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. The registered office of the Company, which is the head office, is at 100/47-55, 25th-27th Floor, Sathorn Nakorn Tower Building, and 90/3-6, 1st Floor, Sathorn Thani Building, Sathorn Thani Complex, North Sathorn Road, Silom, Bangrak, Bangkok.

1.2 Severe flood situation

In the fourth quarter of 2011, there was severe flooding in Thailand. The floods materially affected the financial statements of the Company, with reflected in the financial statements as follows:

(Unit: Baht)

	Gross claims	Claims reserve refundable from reinsurers	Net claims after refundable
Loss reserves and outstanding claims	41,388,678	(35,776,486)	5,612,192
Claims paid	31,237,308,038	(30,042,861,780)	1,194,446,258
Total	31,278,696,716	(30,078,638,266)	1,200,058,450
Claims reserve refundable under excess of loss contracts			(16,864,051)
Claims refundable under excess of loss contracts received			(676,653,009)
Net claims expenses - recognised in statements of income			506,541,390
Less: Net claims expenses - recognised in statements of income for the year 2011 - 2013			(560,368,912)
Net claims expenses - recognised in statements of income for the year ended 31 December 2014 (reversal)			(53,827,522)

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, have been prepared solely for the benefit of the public.

3. New financial reporting standards

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

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

Conceptual Framework for Financial Reporting (revised 2014)

Accounting Standards:

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

Financial Reporting Standards:

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

Accounting Standard Interpretations:

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

Financial Reporting Standard Interpretations:

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

Accounting Treatment Guidance for Stock Dividend

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

3.2 Financial reporting standards that will become effective in the future

The Federation of Accounting Professions has issued a number of revised and new financial reporting standards that become effective for fiscal years beginning on or after 1 January 2015. 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, provision of

interpretations and accounting guidance to users of accounting standards. The management of the Company believes that they will not have any significant impact on the financial statements in the years in which they are adopted. However, some of these financial reporting standards involve changes to key principles, the standards that relevant to the Company are discussed below:

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 existing standard allows the entity to recognise such gain and loss immediately in profit and loss, or in other comprehensive income, or to recognise them gradually in profit and loss.

At present, the Company immediately recognise actuarial gain and loss in the statements of income in the period in which they occur. The assessment of the management of the Company is that when the revised standard is applied in 2015 and the method of recognising those gain and loss is changed to immediately recognise them in other comprehensive income, there will be no significant impact to the Company's financial statements.

TFRS 4 Insurance Contracts

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

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

TFRS 12 Disclosure of Interests in Other Entities

This standard stipulates disclosures relating to an entity's interests in subsidiaries, joint arrangements and associates, including structured entities. This standard therefore has no financial impact to the 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 measurements. Entities are to apply the guidance under this standard if they are required by other financial reporting standards to measure their assets or liabilities at fair value. The effect of the change from the adoption of this standard is to be recognised prospectively.

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

4. Significant accounting policies

4.1 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 when the reinsurer places the reinsurance application or the statement of accounts with the Company.

(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.

4.2 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 the claim, related expenses, and claim adjustments of the 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 or the statement of accounts with the Company.

4.3 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.

4.4 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.

4.5 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 claims 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.

4.6 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. Changes 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 in which the cost method is applied, 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.

4.7 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.

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

4.9 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.

4.10 Loss reserves and outstanding claims

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

The Company records additional provision for loss incurred but not yet reported claim (IBNR), which is calculated base on the actuarial method, to be the best estimate 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.

4.11 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 (the one-three hundred and sixty fifth basis) (2013: Monthly average basis)

Effective from 1 January 2014, the Company changed the method it uses to calculate unearned premium reserve for other type of insurance from a monthly average basis (the one-twenty fourth basis or 1/24) to a daily average basis (the one-three hundred sixty five basis or 1/365). This change is treated as changes in accounting estimation so prospective method is applied, in order that the recognition of unearned premium reserve would more reflect the period of coverage under insurance policy. However, this change in estimation has no significant impact on the financial statements.

(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 as unexpired risk reserve in the financial statements.

4.12 Impairment of assets

At the end of each reporting period, the Company performs impairment reviews in respect of the property, 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.

4.13 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 statements of income.

4.14 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.

4.15 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.

4.16 Long-term lease

Where the Company is the lessees

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 long-term 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.

Where the Company is the lessors

Assets leased out under operating leases are included in property, building and equipment in the statements of financial position. They are depreciated over their expected useful lives on a basis consistent with other similar premises and equipment owned by the Company. Rental income is recognised on a straight-line basis over the lease term.

4.17 Foreign currencies

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

Transactions in foreign currencies are translated into Baht at the exchange 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.

4.18 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. 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:

5.1 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.

5.2 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.

5.3 Property, 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 property, 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 judgements regarding forecast of future revenues and expenses relating to the assets subject to the review.

5.4 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 profits.

5.5 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.

5.6 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.

5.7 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.

5.8 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.

5.9 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. Related party transactions

6.1 Nature of relationship

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

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

Name of related parties	Nature of relationship
The Falcon Insurance Plc.	Associated company
Nipponkoa Insurance Broker (Thailand) Co., Ltd. ⁽¹⁾	10% of shares held by the Company
Nipponkoa Insurance Co., Ltd. ⁽¹⁾	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.	Common directors and through shareholding
Thanakorn Vegetable Oil Products Co., Ltd.	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
Dusit Thani Plc.	Common directors
Sitthinan Co., Ltd.	Common directors
Serm Suk Plc.	Common directors
Chaitip Co., Ltd.	Common directors
Suppa-arun Co., Ltd.	Common directors
Poonphol Co., Ltd.	Common directors
Siam Modified Starch Co., Ltd.	Common directors

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

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
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
P Interior & Associates Co., Ltd.	A related person of the Company's director is a major shareholder

6.2 Significant related party transactions

During the years ended 31 December 2014 and 2013, 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.

	(Unit: Baht)		
	2014	2013	Pricing policy
Transactions with associated companies			
Reinsurance premium written	17,798,202	2,843,925	Ordinary course of business ceded rates, based on the type of reinsurance and the reinsurance contracts
Premium ceded	45,529,241	35,873,382	Ordinary course of business ceded rates, based on the type of reinsurance and the reinsurance contracts
Claim expenses (reversal)	2,794,325	(5,806,337)	Actual incurred
Commission paid from reinsurance	6,302,950	1,343,069	Ordinary course of business ceded rates, based on the type of reinsurance and the reinsurance contracts
Commission received	18,514,224	7,193,037	Ordinary course of business ceded rates, based on the type of reinsurance and the reinsurance contracts
Rental income	67,188	68,688	Contract price

(Unit: Baht)

	2014	2013	Pricing policy
Transactions with related companies			
Direct premium written	51,829,062	100,861,083	Ordinary course of business premium rate
Reinsurance premium written	8,091,284	10,133,697	Ordinary course of business ceded rates, based on the type of reinsurance and the reinsurance contracts
Premium ceded	79,184,156	44,637,030	Ordinary course of business ceded rates, based on the type of reinsurance and the reinsurance contracts
Claim expenses (reversal)	(37,192,230)	(51,668,878)	Actual incurred
Commission paid on direct insurance	-	4,733,838	In accordance with the Notification by the Registrar "Commission rate for Non-life insurance"
Commission paid from reinsurance	3,800,164	4,131,108	Ordinary course of business ceded rates, based on the type of reinsurance and the reinsurance contracts
Commission received	28,499,867	16,172,397	Ordinary course of business ceded rates, based on the type of reinsurance and the reinsurance contracts
Dividend income	9,828,860	28,954,519	As declared
Rental and service fee for branch office	456,127	383,863	Contract price
Rental income	128,128	118,272	Contract price

6.3 Outstanding balances

As at 31 December 2014 and 2013, the balances of the accounts between the Company and those related companies are as follows:

	(Unit: Baht)	
	2014	2013
Premium receivables		
<u>Related company</u>		
Nipponkoa Insurance Broker (Thailand) Co., Ltd. ⁽¹⁾	699,891	(3,433)
Reinsurance assets - amount due from reinsurers		
Associated company - The Falcon Insurance Plc.	10,352,396	32,991,015
Related company - Thai Reinsurance Plc.	65,630,428	317,972,531
Total	75,982,824	350,963,546

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

	(Unit: Baht)	
	2014	2013
Investments in securities - equity securities		
<i>Related company</i>		
<i>Thai Metal Drum Manufacturing Plc.</i>	231,168,000	246,304,000
<i>Thai Reinsurance Plc.</i>	199,885,866	208,335,009
<i>BTS Group Holdings Plc.</i>	49,215,000	34,600,000
<i>Sathorn Thani Co., Ltd.</i>	12,780,000	12,780,000
<i>Rangsit Plaza Co., Ltd.</i>	6,560,000	6,560,000
<i>Varopakorn Plc.</i>	2,835,077	1,412,756
<i>Nipponkoa Insurance Broker (Thailand) Co., Ltd.⁽¹⁾</i>	-	600,000
Total	502,443,943	510,591,765
Due to reinsurers - Amounts withheld on reinsurers		
<i>Related company</i>		
<i>Thai Reinsurance Plc.</i>	19,915,203	16,676,902
Due to reinsurers - Amounts due to reinsurers		
<i>Associated company - The Falcon Insurance Plc.</i>	8,510,953	40,294,016
<i>Related company - Thai Reinsurance Plc.</i>	80,842,615	161,435,367
Total	89,353,568	201,729,383

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

6.4 Directors and management's benefits

During the years ended 31 December 2014 and 2013, the Company had employment benefits expenses payable to their directors and management as below.

	(Unit: Baht)	
	2014	2013
Short-term benefits	43,267,360	42,653,880
Post employment benefits	382,027	589,290
Total	43,649,387	43,243,170

7. Cash and cash equivalents

	(Unit: Baht)	
	2014	2013
Cash on hand	288,000	268,000
Deposits at banks with no fixed maturity date	269,502,209	142,153,210
Deposits at banks with fixed maturity date and certificate of deposit	705,100,000	819,100,000
Total cash and deposits at financial institutions	974,890,209	961,521,210
Less: Deposits at banks which amounts maturing in over 3 months	(380,100,000)	(410,100,000)
Cash and cash equivalents	594,790,209	551,421,210

As at 31 December 2014, bank deposits in saving account and fixed deposits carried interest between 0.10 and 3.00 percent per annum (2013: between 0.10 and 3.36 percent per annum).

8. Premium receivables

The balances as at 31 December 2014 and 2013 of premium receivables are classified by aging from the maturity date under the stipulated law of the premium collection as follows:

(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

(Unit: Baht)

	2013			Total
	Due from insured	Due from agents and brokers	Due from reinsurers	
Not yet due	63,417,994	179,521,020	9,489,912	252,428,926
Not over 30 days	6,051,768	16,227,235	-	22,279,003
Over 31 days to 60 days	462,681	4,198,046	28,095	4,688,822
Over 61 days to 90 days	183,845	2,376,016	3,672	2,563,533
Over 91 days to 1 year	375,240	4,213,101	2,519,780	7,108,121
Over 1 year	(25,733)	69,315	47,747	91,329
Total premium receivables	70,465,795	206,604,733	12,089,206	289,159,734
Less: Allowance for doubtful accounts	-	(2,083)	-	(2,083)
Total premium receivables, net	70,465,795	206,604,733	12,089,206	289,157,651

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.

9. Reinsurance assets

(Unit: Baht)

	2014	2013
Amounts deposit on reinsurance	10,692	351,946
Amounts due from reinsurers, net	358,342,210	993,066,540
Insurance reserve refundable from reinsurers	373,147,832	1,305,761,671
Reinsurance assets, net	731,500,734	2,299,180,157

Insurance reserve refundable from reinsurers as at 31 December 2014 and 2013 included insurance reserve refundable from reinsurers from flooding amounting to Baht 53 million and Baht 1,010 million, respectively, as described in Note 1.2 to the financial statements.

The balances as at 31 December 2014 and 2013 of amounts due from reinsurers are classified by aging as follows:

	(Unit: Baht)	
	2014	2013
Not yet due	259,392,686	886,096,322
Not over 1 year	69,583,434	27,276,000
Over 1 year to 2 years	26,686,672	138,842,605
Over 2 years	3,048,254	4,851,613
Total amounts due from reinsurers	358,711,046	1,057,066,540
Less: Allowance for doubtful accounts	(368,836)	(64,000,000)
Amounts due from reinsurers, net	358,342,210	993,066,540

10. Investments in securities

10.1 Available-for-sale investments

	2014				(Unit: Baht)
	Cost	Unrealised gain	Unrealised loss	Fair value	Percentage of investments to total assets in separate financial statements
Government and state enterprise securities					
Thai 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

(Unit: Baht)

	2013				Percentage of investments to total assets in separate financial statements
	Cost	Unrealised gain	Unrealised loss	Fair value	
Government and state enterprise securities					
Thai government bonds	580,291,972	545,636	-	580,837,608	9.08
State enterprise bonds	35,329,941	218,375	-	35,548,316	0.56
Treasury bills	209,872,906	2,150	(128)	209,874,928	3.28
Debentures	701,387	2,135	-	703,522	0.01
Stocks	32,545,688	1,444,025	(3,956,818)	30,032,895	0.47
Total	858,741,894	2,212,321	(3,956,946)	856,997,269	13.40
Private enterprise securities					
Debentures	310,893,540	25,322	(4,533)	310,914,329	4.86
Stocks	564,639,172	260,585,184	(30,803,015)	794,421,341	12.42
Units trusts	196,943,266	66,690,108	(20,861,318)	242,772,056	3.80
Warrants	-	1,221,236	-	1,221,236	0.02
Total	1,072,475,978	328,521,850	(51,668,866)	1,349,328,962	21.10
Total available-for-sale investments	1,931,217,872	330,734,171	(55,625,812)	2,206,326,231	34.50

10.2 Held-to-maturity investments

(Unit: Baht)

	2014		2013	
	Cost/ Amortised cost	Percentage of investments to total assets in separate financial statements	Cost/ Amortised cost	Percentage of investments to total assets in separate financial statements
Government and state enterprise securities				
Saving lottery	10,000,000	0.20	10,000,000	0.16
Total	10,000,000	0.20	10,000,000	0.16
Deposits at banks which amounts maturing over 3 months				
Certificate of deposit	380,100,000	7.62	410,000,000	6.41
Total	380,100,000	7.62	410,000,000	6.41
Total held-to-maturity investments	390,100,000	7.82	410,000,000	6.57

10.3 Other investments

(Unit: Baht)

	2014		2013	
	Cost	Percentage of investments to total assets in separate financial statements	Cost	Percentage of investments to total assets in separate financial statements
Investment in non-marketable securities	70,601,740	1.42	35,074,400	0.55
Less: Allowance for impairment	(2,567,500)	(0.05)	(2,567,500)	(0.04)
Total other investments, net	68,034,240	1.37	32,506,900	0.51

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

10.4 Remaining period of debt securities

Investments in debt securities as at 31 December 2014 and 2013 will be matured redemption as follows:

(Unit: Baht)

	2014			2013		
	Period to maturity		Total	Period to maturity		Total
	1 year	1.5 years		1 year	1.5 years	
Available-for-sale investments						
Government and state enterprise securities						
Thai government bonds	723,690,757	30,143,009	753,833,766	547,250,055	33,041,917	580,291,972
State enterprise bonds	10,000,000	-	10,000,000	25,328,658	10,001,283	35,329,941
Treasury bills	49,983,594	-	49,983,594	209,872,906	-	209,872,906
Debentures	-	20,000,000	20,000,000	701,387	-	701,387
Total	783,674,351	50,143,009	833,817,360	783,153,006	43,043,200	826,196,206
Add: Unrealised gain	12,123	864,346	876,469	324,755	443,413	768,168
Total	783,686,474	51,007,355	834,693,829	783,477,761	43,486,613	826,964,374
Private enterprise securities						
Debentures	144,811,663	235,000,000	379,811,663	310,893,540	-	310,893,540
Add: Unrealised gain	29,655	2,771,190	2,800,845	20,789	-	20,789
Total	144,841,318	237,771,190	382,612,508	310,914,329	-	310,914,329
Total available-for-sale investments	928,527,792	288,778,545	1,217,306,337	1,094,392,090	43,486,613	1,137,878,703
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						
Certificate of deposit	380,100,000	-	380,100,000	410,100,000	-	410,100,000
Total	380,100,000	-	380,100,000	410,100,000	-	410,100,000
Total held-to-maturity investments	380,100,000	10,000,000	390,100,000	410,100,000	10,000,000	420,100,000

10.5 Other components of equity - surplus on changes in value of available-for-sale investments

(Unit: Baht)

	For the years ended 31 December	
	2014	2013
Balance — beginning of the year	220,086,687	377,237,271
Changes during the year		
Unrealised loss during the year	(157,607,331)	(285,094,783)
Realised gain that included in profit or loss	85,391,067	88,656,553
	(72,216,264)	(196,438,230)
Relating income tax	14,443,253	39,287,646
Net comprehensive income for the year (loss)	(57,773,011)	(157,150,584)
Balance — end of the year	162,313,676	220,086,687

10.6 Investments subject to restriction

As at 31 December 2014, the Company has pledged bonds of Baht 4.1 million and deposits at financial institutions of Baht 0.1 million as bail bond in cases where insured drivers have been charged with criminal offence (2013: Baht 4.3 million and Baht 0.1 million, respectively).

In addition, the Company pledged its securities with the Registrar as discussed in Notes 30 and 31 to the financial statements.

11. Loans

As at 31 December 2014 and 2013, the balances of loans are aged by principal as follows:

(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

(Unit: Baht)

Outstanding period	2013		
	Mortgage loans	Other loans	Total
Not yet due	871,219	357,443	1,228,662
Total loans	871,219	357,443	1,228,662

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.

12. Investments in associate

12.1 Details of associate

As at 31 December 2014 and 2013, 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			
			Cost		Book value	
	2014	2013	2014	2013	2014	2013
	(%)	(%)				
The Falcon Insurance Plc.	36.27	36.27	70,739,402	70,739,402	178,128,881	149,541,530

(Unit: Baht)

Company's name	Shareholding Percentage		Separate financial statements			
			Cost		Book value	
	2014	2013	2014	2013	2014	2013
	(%)	(%)				
The Falcon Insurance Plc.	36.27	36.27	70,739,402	70,739,402	34,175,695	34,175,695

12.2 Summarised financial information of associate

(Unit: Baht)

Total assets as at 31 December		Total liabilities as at 31 December		Total revenues for the years ended 31 December		Net profit for the years ended 31 December	
2014	2013	2014	2013	2014	2013	2014	2013
4,236,710,763	3,998,552,513	3,736,018,913	3,576,686,366	1,007,458,572	891,433,276	96,880,283	120,919,151

12.3 Shares of profits and dividend income from associate

(Unit: Baht)

Company's name	Financial statements in which the equity method is applied		Separate financial statements	
	Share of profit for the years ended 31 December		Dividend income for years ended 31 December	
	2014	2013	2014	2013
The Falcon Insurance Plc.	35,135,121	43,853,184	6,527,976	-

As at 31 December 2014 and 2013, 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.

13. Property, buildings and equipment

(Unit: Baht)

	Land	Buildings	Condominium	Building Improvements	Furniture, fixtures and equipment	Motor vehicles	Assets under construction	Total
Cost								
1 January 2013	2,635,871	21,270,952	270,282,501	27,057,202	249,135,983	56,788,730	-	627,171,239
Additions	-	-	-	2,305,958	2,108,054	4,409,813	3,079,606	11,903,431
Disposals	-	-	-	(6,988,509)	(1,301,121)	(1,536,500)	-	(9,826,130)
Transfers in (out)	-	-	-	71,257,939	(71,257,939)	-	-	-
31 December 2013	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
Accumulated depreciation								
1 January 2013	-	5,958,460	110,043,917	16,075,348	231,181,377	42,688,690	-	405,947,792
Depreciation for the year	-	839,972	8,675,735	1,858,281	5,964,294	5,681,491	-	23,019,773
Depreciation on disposals	-	-	-	(6,766,733)	(830,159)	(1,536,496)	-	(9,133,388)
Depreciation on transfers in (out)	-	-	-	70,246,661	(70,246,661)	-	-	-
31 December 2013	-	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
Net book value								
31 December 2013	2,635,871	14,472,520	151,562,849	12,219,033	12,616,126	12,828,358	3,079,606	209,414,363
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
Depreciation for the year								
2013								23,019,773
2014								23,615,861

As at 31 December 2014, the Company had motor vehicles under financial lease agreements with net book value amounting to Baht 4.3 million (2013: Baht 6.7 million).

As at 31 December 2014, 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 247.6 million (2013: Baht 265.1 million).

14. Intangible assets

As at 31 December 2014 and 2013, the net book value of intangible assets are presented below.

	(Unit: Baht)
	Computer Software
Cost	
1 January 2013	59,169,416
Additions	145,525
31 December 2013	59,314,941
Additions	17,103,987
As at 31 December 2014	76,418,928
Accumulated amortisation	
1 January 2013	49,520,662
Amortisation for the year	1,913,463
31 December 2013	51,434,125
Amortisation for the year	1,966,626
31 December 2014	53,400,751
Net book value	
31 December 2013	7,880,816
31 December 2014	23,018,177

As at 31 December 2014, 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 46.3 million (2013: Baht 40.6 million).

15. Deferred tax assets and income tax expenses

15.1 Deferred tax assets

The components of deferred tax assets and liabilities as at 31 December 2014 and 2013 are as follows:

	(Unit: Baht)	
	2014	2013
Deferred tax assets		
Unearned premium reserve	56,228,517	34,656,588
Allowance for impairment of investments in securities	513,500	513,500
Allowance for doubtful accounts	17,313,116	28,155,329
Amortisation of value of business acquired	2,456,040	3,756,039
Loss reserves	66,264,434	119,132,081
Provision for loss incurred but not reported (IBNR)	2,927,292	3,455,431
Employee benefit obligations	16,449,267	15,583,703
Unutilised tax loss	888,777	-
Others	-	129,347
Total	163,040,943	205,382,018
Deferred tax liabilities		
Unrealised gain on changes in value of available-for-sale securities	40,578,419	55,021,672
Others	6,625,432	2,480,998
Total	47,203,851	57,502,670
Deferred tax assets, net	115,837,092	147,879,348

15.2 Income tax expenses

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

	(Unit: Baht)	
	2014	2013
Current income tax:		
Current income tax charge for the year	-	37,789,767
Deferred tax:		
Adjustment in respect of current income tax of previous year	6,672,756	(104,489)
Relating to origination and reversal of temporary differences	46,485,509	(80,992)
Income tax expenses reported in statements of income	53,158,265	37,604,286

Reconciliation between income tax expenses and the product of accounting profit multiplied by the applicable tax rate for the years ended 31 December 2014 and 2013.

	(Unit: Baht)			
	Financial statements in which the equity method is applied		Separate financial statements	
	2014	2013	2014	2013
Accounting profit before tax	288,623,392	285,411,862	260,016,247	241,558,678
Applicable tax rate	20%	20%	20%	20%
Tax expenses at the applicable tax rate	57,724,678	57,082,372	52,003,249	48,311,735
Adjustment in respect of current income tax of previous year	6,672,756	(104,489)	6,672,756	(104,489)
Effects of:				
Exempted expenses	3,947,358	846,397	3,947,358	846,397
Allowed additional expense deductions	(303,838)	(173,508)	(303,838)	(173,508)
Others	(14,882,689)	(20,046,486)	(9,161,260)	(11,275,849)
Income tax expenses reported in statements of income	53,158,265	37,604,286	53,158,265	37,604,286

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2014 and 2013 are as follows:

	(Unit: Baht)	
	2014	2013
Deferred tax relating to loss on changes in value of available-for-sale securities	14,443,253	39,287,646

16. Claims receivable from litigants

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

	(Unit: Baht)	
	2014	2013
Claim years		
Year 2014	71,014,798	-
Year 2013	32,657,246	65,436,911
Year 2012	13,852,029	26,105,803
Year 2011	12,734,007	16,213,210
Year 2010	6,718,840	12,629,156
Prior to year 2010	18,725,149	20,354,174
Total claims receivable from litigants	155,702,069	140,739,254
Less: Allowance for doubtful accounts	(85,069,914)	(75,638,577)
Claims receivable from litigants, net	70,632,155	65,100,677

17. Due to reinsurers

(Unit: Baht)

	2014	2013
Outward premium payable	203,184,439	327,664,905
Amounts withheld on reinsurance	93,313,238	91,397,251
Amounts due to reinsurers	301,263,578	482,437,986
Total due to reinsurers	597,761,255	901,500,142

18. Loss reserves and outstanding claims

(Unit: Baht)

	For the years ended 31 December	
	2014	2013
Beginning balance	1,936,145,804	15,497,005,510
Claim and loss adjustment expenses for the year	1,430,832,343	1,755,396,914
Less: Changes in claim and loss adjustment expenses paid for prior year	(155,319,247)	(5,326,306,469)
Less: Claim and loss adjustment expenses paid during the year	(2,543,954,832)	(9,989,950,151)
Ending balance	667,704,068	1,936,145,804

As at 31 December 2014 and 2013, the Company has loss reserve and outstanding claims under reinsurance contracts at Baht 13 million and Baht 360 million, respectively.

As at 31 December 2014 and 2013, loss reserves and outstanding claims included Baht 41 million and Baht 1,316 million, respectively, of loss reserves and outstanding claims from flood as described in Note 1.2 to the financial statements.

19. Premium reserves

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

19.1 Unearned premium reserve

(Unit: Baht)

	For the years ended 31 December	
	2014	2013
Beginning balance	1,178,665,259	1,299,440,759
Add: Premium written for the year	2,685,883,813	2,532,102,550
Less: Premium earned for the current year	(2,495,865,330)	(2,652,878,050)
Ending balance	1,368,683,742	1,178,665,259

19.2 Unexpired risk reserve

(Unit: Baht)

	For the years ended 31 December	
	2014	2013
Beginning balance	695,726,097	744,481,003
Add: Estimated claims for the year	1,392,249,927	1,223,220,417
Less: Risk expired during the year	(1,281,154,152)	(1,271,975,323)
Ending balance	806,821,872	695,726,097

20. Employee benefit obligations

(Unit: Baht)

	For the years ended 31 December	
	2014	2013
Short-term employee benefit	45,000,000	54,710,250
Long-term employee benefit	37,246,332	23,208,265
Employee benefit obligations	82,246,332	77,918,515

Provision for long-term employee benefits which is compensations on employees' retirement for the years ended 31 December 2014 and 2013, was as follows:

(Unit: Baht)

	For the years ended 31 December	
	2014	2013
Defined benefit obligation at beginning of year	23,208,265	25,395,433
Current service cost	2,194,867	2,691,854
Interest cost	1,148,222	1,213,371
Benefits paid during the year	(2,615,200)	(2,417,600)
Actuarial loss (gain)	13,310,178	(3,674,793)
Defined benefit obligation at end of year	37,246,332	23,208,265

Long-term benefit expenses included in the statements of income was as follows:

(Unit: Baht)

	For the years ended 31 December	
	2014	2013
Current service cost	2,194,867	2,691,854
Interest cost	1,148,222	1,213,371
Actuarial loss (gain) recognised during the year	13,310,178	(3,674,793)
Total expenses recognised in statements of income	16,653,267	230,432

Principal actuarial assumptions at the valuation date were as follows:

	2014	2013
	(% per annum)	(% per annum)
Discount rate	4.0	4.5
Future salary increase rate	7.7	7.5
Staff turnover rate (depending on age)	0.0 - 23.0	0.0 - 23.0

Amounts of defined benefit obligation for the current and previous three years are as follows:

(Unit: Baht)

	Defined benefit obligation	Experience adjustments on obligation
Year 2014	37,246,332	3,100,413
Year 2013	23,208,265	(442,337)
Year 2012	25,395,433	-
Year 2011	39,648,675	-

21. Liabilities under finance lease agreements

(Unit: Baht)

	2014	2013
Liabilities under finance lease agreements	6,163,304	8,159,528
Less: Deferred interest expenses	(282,260)	(598,518)
Total	5,881,044	7,561,010
Less: Portion due within one year	(1,758,450)	(1,666,259)
Liabilities under finance lease agreements - net of current portion due within one year	4,122,594	5,894,751

As at 31 December 2014, 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)

	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	1,758,450	4,122,594	5,881,044

(Unit: Baht)

	2013		
	Within 1 year	1-5 years	Total
Future minimum lease payments	1,996,224	6,163,304	8,159,528
Deferred interest expenses	(316,258)	(282,260)	(598,518)
Present value of future minimum lease payments	1,679,966	5,881,044	7,561,010

22. 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, and approved to allocate indivisible share remaining after such allocated the stock dividend to the Navakij Insurance Provident Fund at the rate of Baht 61 per share (calculated from average price of the Company's stock 7 consecutive business days before the Board of Directors' meeting date to propose to the Annual General Meeting of shareholders to approve newly-issued offering). The Company registered the increase of share capital with the Ministry of Commerce on 29 May 2014.

23. 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 after deducting accumulated deficit brought forward (if any), until the reserve reaches 10% of the registered capital. The statutory reserve is not available for dividend distribution.

24. Operating expenses

	(Unit: Baht)	
	2014	2013
Personnel expenses which is not expenses for underwriting and claims	193,147,500	174,901,760
Premises and equipment expenses which is not expenses for underwriting	92,668,984	83,365,129
Taxes and duties	2,392,868	2,275,524
Bad debts and doubtful accounts (reversal)	(48,850,174)	78,908,081
Other operating expenses	61,656,765	51,680,324
Total operating expenses	301,015,943	391,130,818

25. Employee expenses

	(Unit: Baht)	
	2014	2013
Salary and wage	232,664,068	225,840,406
Social security fund	4,396,731	3,184,521
Provident fund	6,600,898	6,072,670
Other benefits	25,831,592	8,409,765
Total employee expenses	269,493,289	243,507,362

26. 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 2014, the Company contributed Baht 6.6 million (2013: Baht 6.1 million) to the fund.

27. 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 24 April 2014, the 2014 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 periods.

	Financial statements in which the equity method is applied		Separate financial statements	
	For the years ended 31 December		For the years ended 31 December	
	2014	2013 (Restated)	2014	2013 (Restated)
Number of ordinary shares issued during the year (Shares)	31,000,000	30,000,000	31,000,000	30,000,000
Number of stock dividend (Shares)	-	1,000,000	-	1,000,000
Total (Shares)	31,000,000	31,000,000	31,000,000	31,000,000
Profit for the year (Baht)	235,465,127	247,807,576	206,857,982	203,954,392
Earnings per share (Baht per share)	7.60	7.99	6.67	6.58

28. Dividends

Dividends declared during the years 2014 and 2013 consisted of the following:

	Approved by	Total dividends (Baht)	Dividends per share (Baht)
Dividends from 2013 net profit (Cash dividends of Baht 3 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
Dividends from 2012 net profit	Annual General Meeting of the shareholders on 25 April 2013	29,999,960	1.00

29. 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 2014 and 2013 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 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					(301,015,943)
Profit from underwriting					76,780,780
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					288,623,392
Income tax expenses					(53,158,265)
Profit for the year					235,465,127

(Unit: Baht)

Financial statements in which the equity method is applied					
For the year ended 31 December 2013					
	Fire	Marine and transportation	Motor	Miscellaneous	Total
Underwriting income					
Premium written	496,184,846	113,537,015	1,766,754,018	155,626,672	2,532,102,551
Less: Premium ceded	(285,637,043)	(68,052,223)	(29,395,343)	(97,981,774)	(481,516,38)
Net premium written	210,547,803	45,034,792	1,737,358,675	57,644,898	2,050,586,168
Add (less): Unearned premium reserve	(24,663,450)	1,575,731	(59,199,107)	8,940,926	(73,345,900)
Earned premium	185,884,353	46,610,523	1,678,159,568	66,585,824	1,977,240,268
Fee and commission income	78,152,811	22,033,791	6,355,370	26,149,364	132,691,336
Total underwriting income	264,037,164	68,644,314	1,684,514,938	92,735,188	2,109,931,604
Underwriting expenses					
Claim and loss adjustment expenses	(32,148,414)	10,685,286	1,030,909,044	37,315,077	1,046,760,993
Commission and brokerage expenses	108,494,343	17,254,447	310,893,836	21,569,870	458,212,496
Other underwriting expenses	14,414,096	2,325,872	124,321,899	4,273,891	145,335,758
Contribution to Road Accident Victims Protection Co., Ltd.	-	-	10,286,604	-	10,286,604
Total underwriting expenses before operating expenses	90,760,025	30,265,605	1,476,411,383	63,158,838	1,660,595,851
Profit from underwriting before operating expenses	173,277,139	38,378,709	208,103,555	29,576,350	449,335,753
Operating expenses					(391,130,818)
Profit from underwriting					58,204,935
Share of profit from investments in associate					43,853,184
Net investment income					103,390,756
Profit on investments					88,656,553
Other income					5,722,310
Other expenses					(14,415,876)
Profit before income tax expenses					285,411,862
Income tax expenses					(37,604,286)
Profit for the year					247,807,576

Segment assets and liabilities of the Company's operating segments as at 31 December 2014 and 2013 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 2014	279,565,607	46,574,106	205,684,035	190,142,996	721,966,744	4,408,280,365	5,130,247,109
As at 31 December 2013	1,252,892,649	52,187,156	184,107,869	93,644,526	1,582,832,200	4,926,268,673	6,509,100,873
Liabilities							
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
As at 31 December 2013	1,620,729,988	60,260,443	1,317,000,633	116,819,999	3,114,811,063	1,232,618,750	4,347,429,813

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 2014 and 2013, Baht 400 million and Baht 376 million respectively of the Company's net premium written was received from a major broker.

30. Assets pledged with the Registrar

As at 31 December 2014 and 2013, 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)

	2014		2013	
	Cost	Fair value	Cost	Fair value
Government bonds	20,000,000	20,178,939	20,000,000	20,204,793

31. Assets reserved with the Registrar

As at 31 December 2014 and 2013, 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)

	2014		2013	
	Cost	Fair value	Cost	Fair value
Deposits at financial institutions	280,000,000	280,000,000	260,000,000	260,000,000

32. Contribution to the General Insurance Fund

(Unit: Baht)

	For the years ended 31 December	
	2014	2013
Accumulated contribution at the beginning of the year	23,709,987	17,470,866
Contribution during the year	6,627,403	6,239,121
Accumulated contribution at the end of the year	30,337,390	23,709,987

33. Commitments and contingent liabilities

33.1 Capital Commitments

As at 31 December 2014, there were capital commitments contracted for decoration of building and computer equipment development amounting to Baht 3.5 million.

33.2 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 5 months and 4 years.

As at 31 December 2014, future minimum lease payments required under these non-cancellable operating leases contracts were as follows.

	(Unit: Baht)
Payable:	
Within 1 year	6,993,919
Over 1 to 5 years	8,505,160

33.3 Letter of Guarantees

As at 31 December 2014, there were outstanding bank guarantees of approximately Baht 3.0 million (2013: Baht 2.7 million) as required in the normal course of the Company's business.

33.4 Litigation

As at 31 December 2014, the Company has been sued for damages totaling approximately Baht 175.3 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 30.1 million. However, the Company has set aside reserves for contingent loss amounting to Baht 29.3 million in the financial statements (2013: Baht 188.7 million, Baht 30.1 million and Baht 27.8 million, respectively).

34. 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, amounts due from reinsurers, 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.

34.1 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 amounts due from reinsurers. 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 amount due from reinsurers less allowance for doubtful accounts as presented in the statements of financial position.

34.2 Market risk

Market risk is the risk that changes 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 2014 and 2013, the Company's exposure to interest rate risk relates primarily to its deposits at financial institutions, investments in securities and loans. However, most of the Company's financial assets bear floating interest rates or fixed interest rates which are close to the market rate. Significant financial assets classified by type of interest rates are summarised in the table below, with those financial assets that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date as follows:

(Unit: Baht)

	2014					Effective interest rate (% per annum)
	Fixed interest rates		Floating interest rate	Non-interest bearing	Total	
	Within 1 year	1 – 5 years				
Financial assets						
Cash and cash equivalents	325,000,000	-	269,502,209	288,000	594,790,209	0.00 - 2.65
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	114,841,318	237,771,190	-	1,024,021,567	1,406,634,075	2.26 - 4.00
Certificate of deposit	380,100,000	-	-	-	380,100,000	1.75 - 3.00
Loans	927,326	-	-	-	927,326	6.50 - 7.00

(Unit: Baht)

	2013					Effective interest rate (% per annum)
	Fixed interest rates		Floating interest rate	Non-interest bearing	Total	
	Within 1 year	1-5 years				
Financial assets						
Cash and cash equivalents	409,000,000	-	142,153,210	268,000	551,421,210	0.00 - 3.20
Investments in securities						
Government and state enterprise securities	783,477,761	53,486,613	-	30,032,895	866,997,269	3.00 - 3.25
Private enterprise securities	310,914,329	-	-	1,073,489,033	1,384,403,362	2.71 - 3.00
Certificate of deposit	410,100,000	-	-	-	410,100,000	2.24 - 3.36
Loans	1,228,662	-	-	-	1,228,662	6.50 - 7.00

Equity position risk

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

As at 31 December 2014 and 2013, the Company has risk from its investments in securities of which the price will change with reference to market conditions.

34.3 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.

The majority of the Company's financial assets are cash and cash equivalents and investments in securities for which there are liquid markets, while most premium receivables, reinsurance assets and amounts due to reinsurers are not yet due or overdue not more than 1 year.

34.4 Fair value of financial instruments

A fair value is the amount for which an asset can be exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction.

The method used for fair value measurement depends upon the characteristics of the financial instrument. Fair value is determined with reference to the latest quoted market price or determined using an appropriate valuation technique. The Company establishes the fair value of its financial instruments by adopting the following methods:

- a) Investments in equity and debt securities are presented at fair market value or at a value determined using a generally accepted valuation method, if no market value is available.
- b) Deposits at bank, and investments in bonds, debentures and treasury bills, which maturing in 90 days, fair value is estimated based on the book value presented in the statements of financial position
- c) Fixed interest rate loans is estimated using a discounted cash flow analysis based on the current interest rate.
- d) Premium receivables and reinsurance assets, fair value is estimated based on book value less allowance for doubtful accounts as stated in the statements of financial position.
- e) Amounts due to reinsurers, fair value is estimated based on their book value.

As at 31 December 2014 and 2013, fair value of financial assets and liabilities is not significant difference from their book value.

35. 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.

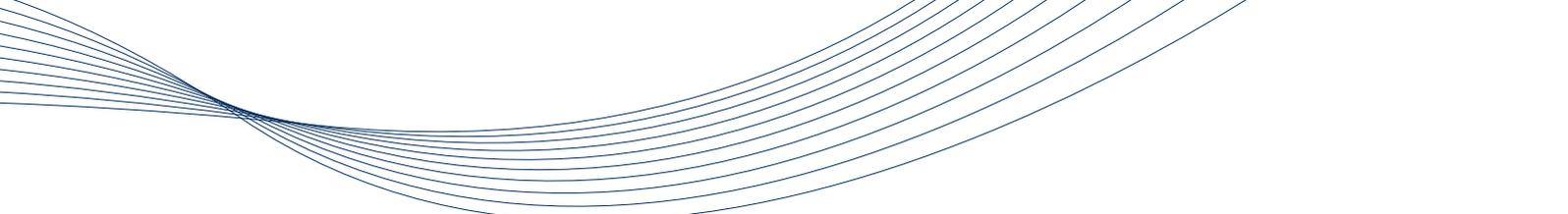
36. Event after the reporting period

1. The selling of shares in an associated company

On 15 January 2015, the Company disposed of its 975,992 shares in The Falcon Insurance Public Company Limited ("Associated company"), or equivalent to 16.27% of the paid-up capital to another existing shareholders, at the price of Baht 93.43 per share or equivalent to the total transaction value of Baht 91.19 million. The selling price was determined by the price to book value. Resulting the percentage of shareholding was decreased from 36.25% to 20.00% of the total issued shares of this associated company. The objective of this transaction is to comply with the Notification of the Office of the Insurance Commission re: Investment in other business. This transaction was made under the resolution passed by the audit committee and the board of directors.

2. On 26 February 2015, a meeting of the Board of Directors passed the following resolutions to propose to the Annual General Meeting of shareholders:

- 2.1 Approve an increase of the Company's registered capital from Baht 310 million to be Baht 320 million to be divided into 32 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.

2.2 Approve the allocation of profits derived from operational results for the year 2014 for cash dividend and stock dividend payment approximately Baht 103 million, as follows:

2.2.1 Cash dividend will be paid at the rate of Baht 3.00 per share for the 31 million existing shares, totaling Baht 93 million. Payment is scheduled to be made on 18 May 2015.

2.2.2 Stock dividend will be paid at the ratio of 31 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 0.32 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 0.32 per share.

2.2.3 Approve to allocate indivisible share remaining after such allocated the stock dividend to the Navakij Insurance Provident Fund.

2.3 Approve 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 31 million.

37. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 26 February 2015.

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	310 million Baht, comprised of 31 million shares @10 Baht par value
Paid-up Capital	310 million Baht
Headquarter Address	100/47-55, 90/3-6 Sathorn Nakorn Tower, 25 th -27 th Floor, 90/3-6 Sathorn Thani Building, 1 st Floor, North Sathorn Road, Silom Bangrak, Bangkok 10500
Corporate Headquarters	Tel. 0 2664 7777 Fax. 0 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)

	Type of Business	No. of Paid-up Shares	Percent of Shares Held
Falcon Insurance Public Company Limited	Non-life Insurance	6,000,000 Shares	20.00
33/4 Building A, The 9 th Towers, 24 th -25 th Floor, Rama 9 Road, Huay Khwang, Bangkok 10310 Tel. 0 2676 9888 Fax. 0 2676 9898			

Other References

Securities Registrar	Thailand Securities Depository Company Limited The Stock Exchange of Thailand Building 62 Ratchadsapisek Road, Klongtoey, Bangkok 10110 Tel. 0 2229 2800 Fax. 0 2229 2888
External Auditor	Miss Somjai Khunapasut , C.P.A. Registration No. 4499 or Miss Rachada Yongsawadvanich , C.P.A. Registration No. 4951 or Miss Ratana Jala , C.P.A. Registration No. 3734 EY Office Limited 33 rd Floor, Lake Rajada Office complex, 193-136-137 Rajadapisek Road, Bangkok 10110 Tel. 0 2264 0777 Fax. 0 2264 0789-90
Legal Advisor	Sapan Leung Law Office Limited 222/10 Soi Srinakorn, Nang Linchee Road Chongnonsee, Yannawa, Bangkok 10120 Tel. 0 2678 0001-5 Fax. 0 2678 0006-7



ชชว.

นาวทิจประกันภัย

The Navakij Insurance Public Company Limited



Creative Thinking

ความคิดริเริ่มสร้างสรรค์

การไม่ยึดติดกับวิธีคิดแบบเดิม
กล้าคิด และนำเสนอ



Accountability

จิตสำนึกแห่งความรับผิดชอบสูง

มุ่งมั่นในการทำงานให้บรรลุผลสำเร็จ



Collaboration

ความร่วมมือร่วมใจ

สนับสนุนการทำงานของผู้อื่นหรือ
หน่วยงานอื่นให้ประสบความสำเร็จ
ร่วมกัน



Excellent Service

การให้บริการที่เป็นเลิศ

มีจิตสำนึก ในการบริการที่มี
คุณภาพสูงเพื่อสร้างความพึงพอใจ
สูงสุดให้แก่ลูกค้า



Q-MARK รับรองคุณภาพและบริการ
โดย คณะกรรมการร่วมภาคเอกชน 3 สถาบัน (กกร.)



บริษัทประกันภัยที่มีการบริหารงานดีเด่น
โดย สำนักงานคณะกรรมการกำกับและส่งเสริม
การประกอบธุรกิจประกันภัย (คปภ.)



บรรษัทภิบาลแห่งชาติ
National CG Committee

บริษัทธรรมภิบาลดีเด่น
โดย บรรษัทภิบาลแห่งชาติ