###### **The Navakij Insurance Public Company Limited**

**Notes to interim financial statements**

**For the three-month and nine-month periods ended 30 September 2017**

**1. General information**

The Navakij Insurance Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. The Company is principally engaged in the non-life insurance and has 27 branches located in provinces. The registered office of the Company, which is the head office, is at 100/47-55, and 90/3-6, North Sathorn Road, Silom, Bangrak, Bangkok.

**2. Basis for preparation of the financial statements**

**2.1 Basis of preparation of the interim financial statements**

These interim financial statements are prepared in accordance with Thai Accounting Standard No. 34 (revised 2016) “Interim Financial Reporting”, with the Company choosing to present condensed interim financial statements. However, the Company has presented line items in the statements of financial position, income, comprehensive income, changes in equity and cash flows in the same format as that used for annual financial statements, and in accordance with the format of financial statements specified in the Notification of the Office of Insurance Commission (“OIC”) regarding criteria, procedures, terms and conditions for preparation and submission of financial statements and operating performance reports of non-life insurance companies B.E. 2559 dated 4 March 2016.

These interim financial statements are intended to provide information additional to that included in the latest annual financial statements. Accordingly, the interim financial statements focus on new activities, events and circumstances so as not to duplicate information previously reported. These interim financial statements should therefore be read in conjunction with the latest annual financial statements.

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

**2.2 Financial statements in which the equity method is applied**

The Company prepares the financial statements, in which equity method is applied, by presented investment in associates under the equity method.

**2.3 Separate financial statements**

The separate financial statements have been prepared, which presented investments in associates under the cost method.

**2.4 New financial reporting standards**

During the period, the Company has adopted the revised financial reporting standards and interpretations (revised 2016) and new accounting treatment guidance which is effective for fiscal year beginning on or after 1 January 2017. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards. The adoption of these financial reporting standards does not have any significant impact on the Company’s financial statements. However, one standard that directly relevant to the Company involves changes to key principles, which are summarised below.

**TAS 27 (revised 2016) Separate Financial Statements**

This revised standard stipulates an additional option to account for investments in subsidiaries, joint ventures and associates in separate financial statements under the equity method, as described in TAS 28 (revised 2016) Investments in Associates and Joint Ventures. However, the entity is to apply the same accounting treatment for each category of investment. If an entity elects to account for such investments using the equity method in the separate financial statements, it has to adjust the transaction retrospectively.

This standard does not have any significant impact on the Company’s financial statements because the management has decided to continue accounting for investments in associates under the cost method in the separate financial statements.

**2.5 Significant accounting policies**

The interim financial statements are prepared using the same accounting policies and methods of computation as those were used for the financial statements for the year ended 31 December 2016.

**3. Cash and cash equivalents**

(Unit: Baht)

|  |  |  |
| --- | --- | --- |
|  | 30 September 2017 | 31 December 2016 |
| Cash on hand | 282,000 | 302,000 |
| Deposits at banks with no fixed maturity date | 110,259,886 | 137,363,316 |
| Cash and cash equivalents | 110,541,886 | 137,665,316 |

As at 30 September 2017, bank deposits in saving account carried interest between 0.10 and 1.75 percent per annum (31 December 2016: between 0.10 and 1.75 percent per annum).

**4. Premium receivables**

As at 30 September 2017 and 31 December 2016, the balances of premium receivables from direct insurance are classified by aging from the maturity date under the stipulated law of the premium collection as follows:

(Unit: Baht)

|  |  |  |
| --- | --- | --- |
|  | 30 September 2017 | 31 December 2016 |
| Not yet due | 197,800,102 | 327,757,450 |
| Not over 30 days | 36,045,295 | 31,218,737 |
| Over 31 days to 60 days | 17,895,882 | 11,442,892 |
| Over 61 days to 90 days | 2,841,166 | 6,125,326 |
| Over 91 days to 1 year | 83,447,038 | 8,146,121 |
| Over 1 year | 5,366,919 | 4,148,036 |
| Total premium receivables | 343,396,402 | 388,838,562 |
| Less: Allowance for doubtful accounts | (5,509,000) | (5,873,728) |
| Total premium receivables, net | 337,887,402 | 382,964,834 |

**5. Reinsurance assets**

(Unit: Baht)

|  |  |  |
| --- | --- | --- |
|  | 30 September 2017 | 31 December 2016 |
| Insurance reserve refundable from reinsurers |  |  |
| Claims reserves | 157,519,001 | 201,281,657 |
| Unearned premium reserves | 229,409,541 | 357,783,791 |
| Reinsurance assets | 386,928,542 | 559,065,448 |

**6. Reinsurance receivables**

(Unit: Baht)

|  |  |  |
| --- | --- | --- |
|  | 30 September 2017 | 31 December 2016 |
| Amounts deposit on reinsurance | 3,088 | 5,386 |
| Amounts due from reinsurers | 414,817,911 | 431,548,158 |
| Total | 414,820,999 | 431,553,544 |

As at 30 September 2017 and 31 December 2016, the balances of amounts due from reinsurers are classified by aging as follows:

(Unit: Baht)

|  |  |  |
| --- | --- | --- |
|  | 30 September 2017 | 31 December 2016 |
| Not yet due | 408,066,602 | 422,960,474 |
| Not over 1 year | 6,590,899 | 8,042,801 |
| Over 1 year to 2 years | 37,902 | 235,363 |
| Over 2 years | 122,508 | 309,520 |
| Total amounts due from reinsurers | 414,817,911 | 431,548,158 |

**7. Investments in securities**

**7.1 Classified by type of investments**

(Unit: Baht)

|  |  |  |
| --- | --- | --- |
|  | Financial statements in which the equity method is applied | |
|  | 30 September 2017 | |
|  | Cost/ |  |
|  | Amortised cost | Fair value |
| **Available-for-sale investments** |  |  |
| Government and state enterprise securities | 494,422,096 | 489,671,099 |
| Private debt securities | 756,204,895 | 762,850,021 |
| Equity securities | 993,910,094 | 1,126,860,682 |
| Total | 2,244,537,085 | 2,379,381,802 |
| Add: Unrealised gain | 134,844,717 | - |
| Less: Allowance for impairment | (13,753,224) | (13,753,224) |
| **Total available-for-sale investments** | 2,365,628,578 | 2,365,628,578 |
| **Held-to-maturity investments** |  |  |
| Government and state enterprise securities | 10,000,000 |  |
| Deposits and certificate of deposits at financial institutions which matured over 3 months | 536,245,709 |  |
| **Total held-to-maturity investments** | 546,245,709 |  |
| **Other investments** |  |  |
| Equity securities | 144,673,295 |  |
| Less: Allowance for impairment | (2,567,500) |  |
| **Total other investments** | 142,105,795 |  |
|  |  |  |
| **Total investments in securities** | 3,053,980,082 |  |

(Unit: Baht)

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | Separate financial statements | | | |
|  | 30 September 2017 | | 31 December 2016 | |
|  | Cost/ |  | Cost/ |  |
|  | Amortised cost | Fair value | Amortised cost | Fair value |
| **Available-for-sale investments** |  |  |  |  |
| Government and state enterprise securities | 494,422,096 | 489,671,099 | 514,609,000 | 512,391,369 |
| Private debt securities | 756,204,895 | 762,850,021 | 614,853,221 | 616,869,641 |
| Equity securities | 993,910,094 | 1,126,860,682 | 974,424,022 | 1,144,498,392 |
| Total | 2,244,537,085 | 2,379,381,802 | 2,103,886,243 | 2,273,759,402 |
| Add: Unrealised gain | 134,844,717 | - | 169,873,159 | - |
| Less: Allowance for impairment | (13,753,224) | (13,753,224) | (13,753,224) | (13,753,224) |
| **Total available-for-sale investments** | 2,365,628,578 | 2,365,628,578 | 2,260,006,178 | 2,260,006,178 |
| **Held-to-maturity investments** |  |  |  |  |
| Government and state enterprise securities | 10,000,000 |  | 10,000,000 |  |
| Deposits and certificate of deposits at financial institutions which matured over 3 months | 536,245,709 |  | 755,100,000 |  |
| **Total held-to-maturity investments** | 546,245,709 |  | 765,100,000 |  |
| **Other investments** |  |  |  |  |
| Equity securities | 89,448,700 |  | 89,448,700 |  |
| Less: Allowance for impairment | (2,567,500) |  | (2,567,500) |  |
| **Total other investments** | 86,881,200 |  | 86,881,200 |  |
|  |  |  |  |  |
| **Total investments in securities** | 2,998,755,487 |  | 3,111,987,378 |  |

As at 30 September 2017 and 31 December 2016, equity securities in other investments caption included investments in a foreign company of USD 1.1 million, or Baht 37.2 million.

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

(Unit: Baht)

|  |  |  |
| --- | --- | --- |
|  | Financial statements in which the equity method is applied and separate financial statements | Separate financial statements |
|  | For the nine-month period ended 30 September 2017 | For the year ended 31 December 2016 |
| Balance - beginning of the period | 135,898,528 | 107,523,097 |
| Changes during the period |  |  |
| Unrealised gain (loss) during the period | (395,626) | 106,924,030 |
| Realised gain that included in statement of income | (34,632,816) | (71,454,742) |
|  | (35,028,442) | 35,469,288 |
| Relating income tax | 7,005,688 | (7,093,857) |
| Net comprehensive income for the period (loss) | (28,022,754) | 28,375,431 |
| Balance - end of the period | 107,875,774 | 135,898,528 |

**7.3 Investments subject to restriction**

As at 30 September 2017 and 31 December 2016, the Company placed some investments as a security with the Registrar and pledged some investments as bail bond in cases where insured drivers have been charged with criminal offence as described in Notes 20 and 21 to the interim financial statements.

**7.4 Investment income**

During the three-month and nine-month periods ended 30 September 2017 and 2016, the Company has investment income as follows:

(Unit: Baht)

|  |  |  |  |
| --- | --- | --- | --- |
|  | Financial statements in which the equity method is applied | Separate financial statements | |
|  | For the  three-month period ended 30 September | For the three-month periods ended 30 September | |
|  | 2017 | 2017 | 2016 |
| Interest income from debt securities | 8,528,506 | 8,528,506 | 9,927,448 |
| Dividends received from equity securities | 14,115,641 | 14,115,641 | 21,868,094 |
| Investment income | 22,644,147 | 22,644,147 | 31,795,542 |

(Unit: Baht)

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | Financial statements in which the equity method is applied | | Separate financial statements | |
|  | For the nine-month periods ended 30 September | | For the nine-month periods ended 30 September | |
|  | 2017 | 2016 | 2017 | 2016 |
| Interest income from debt securities | 25,969,971 | 31,957,249 | 25,969,971 | 31,957,249 |
| Dividends received from equity securities | 60,094,279 | 57,320,562 | 60,094,279 | 65,720,562 |
| Investment income | 86,064,250 | 89,277,811 | 86,064,250 | 97,677,811 |

**8. Loans**

As at 30 September 2017 and 31 December 2016, the balances of loans are aged by principal as follows:

(Unit: Baht)

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | 30 September 2017 | | | 31 December 2016 | | |
| Overdue period | Mortgage loans | Other loans | Total | Mortgage loans | Other loans | Total |
| Not yet due | 290,757 | 469,974 | 760,731 | 315,150 | 295,376 | 610,526 |
| Total loans | 290,757 | 469,974 | 760,731 | 315,150 | 295,376 | 610,526 |

These are loans provided to employees in accordance with the employee welfare scheme, with a credit line of Baht 50,000 for loans secured by personal guarantees, and the credit line is not to exceed 50 times the employee’s monthly salary for secured loans. Interest on these loans is charged at rate of 7.0 % and 6.5 % per annum, respectively.

**9. Investments in associates**

**9.1 Details of associates**

As at 30 September 2017, the Company has investments in TKI General Insurance Company Limited and TKI Life Insurance Company Limited, which are incorporated in Laos, as detailed below:

(Unit: Baht)

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | Nature of | Shareholding | Financial statements in which the equity method is applied | Separate financial statements |
| Company’s name | business | percentage | Book value | Cost/Book value |
|  |  | 30 September 2017 | 30 September 2017 | 30 September 2017 |
|  |  | (%) |  |  |
| TKI General Insurance Company Limited | Non-life insurance | 32.50 | 19,948,366 | 21,614,680 |
| TKI Life Insurance Company Limited | Life insurance | 32.50 | 19,991,028 | 21,614,679 |
|  |  |  | 39,939,394 | 43,229,359 |

During the period, the Company invested in TKI General Insurance Company Limited and TKI Life Insurance Company Limited, in accordance with a joint investment contract that required the Company to invest in 2,600,000 ordinary shares with a par value of LAK 2,000 each, totalling LAK 5,200 million, or representing 32.5 percent of the paid-up share capital of those companies. The Company has influence over these companies and therefore records the investments as investments in associates.

The Falcon Insurance Public Company Limited

On 30 March 2016, The Falcon Insurance Public Company Limited issued additional shares and allocated to its existing shareholders in proportion to their shareholding and the Company did not allow by the regulator to exercise its right to subscribe to these shares, resulting its shareholding was decreased from 20% to 12% of the paid-up share capital of Falcon Insurance. Following the dilution of its holding, the Company did not have significant influence over Falcon Insurance and it therefore had to reclassify this investment from investment in associate to other investment.

As a result of this reduction in the Company’s interest, the Company recognised gain or loss on revaluation of the fair value of the remaining interest compared with the value of the investment under the equity method as of the date the equity method ceased to be applied, and reversed unrealised gain or loss on revaluation previously recognised in the statement of comprehensive income. As a result, the Company recognised loss from ceasing application of the equity method of Baht 28.0 million, and presented as deduction item against profit on investment in the statement of income in which the equity method is applied.

Moreover, because the Company did not exercise its right to subscribe the additional shares, the Company transferred its right to purchase such shares to another company, with the Company receiving payment for the transfer of Baht 17.9 million and recognising this as gain on investment in the statement of income (in both the separate financial statements and financial statements in which the equity method is applied).

**9.2 Financial information of associates**

**Summarised information about financial position**

|  |  |  |
| --- | --- | --- |
|  | (Unit: Baht) | |
|  | 30 September 2017 | |
|  | TKI General Insurance Company Limited | TKI Life Insurance Company Limited |
| Total assets | 61,379,587 | 61,510,856 |
| Total liabilities | - | - |
| Net assets | 61,379,587 | 61,510,856 |
| Shareholding percentage (%) | 32.50 | 32.50 |
| Book value of the associate based on equity method | 19,948,366 | 19,991,028 |

**Summarised information of comprehensive income**

(Unit: Baht)

|  |  |  |  |
| --- | --- | --- | --- |
|  | For the nine-month period ended 30 September 2017 | | For the nine-month period ended 30 September 2016 |
|  | TKI General Insurance Company Limited | TKI Life Insurance Company Limited | The Falcon Insurance Plc. *(1)* |
| Revenues | 31,000 | 30,999 | 299,348,859 |
|  |  |  |  |
| Profit (loss) for the period | (3,889,349) | (3,769,974) | 15,690,407 |
| Other comprehensive income (loss) | (1,237,770) | (1,225,876) | 36,555,547 |
| Total comprehensive income (loss) | (5,127,119) | (4,995,850) | 52,245,954 |

1. *This entity had been classified as an associated company up to 30 March 2016 and so revenues and profit are only presented until the date that this company cased to be an associated company*

The financial information of associate companies as the above tables were prepared by the management of such company.

**9.3 Share of profit (loss) from investments in associates and dividend received**

During the nine-month periods ended 30 September 2017 and 2016, the Company recognised its share of profit (loss) from investments in associates in the financial statements, in which the equity method is applied, and recognised dividend income in the separate financial statements as follows:

(Unit: Baht)

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | Financial statements in which the equity method is applied | | | | Separate financial statements | |
| Associated company | Share of profit (loss) from profit and loss | | Share of profit (loss) from other comprehensive income | | Dividend received | |
|  | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 |
| The Falcon Insurance Plc.*(1)* | - | 3,138,081 | - | 7,311,109 | - | 8,400,000 |
| TKI General Insurance Company Limited | (1,264,038) | - | (402,275) | - | - | - |
| TKI Life Insurance Company Limited | (1,225,242) | - | (398,410) | - | - | - |
|  | (2,489,280) | 3,138,081 | (800,685) | 7,311,109 | - | 8,400,000 |

1. *This entity had been classified as associated company only up to 30 March 2016*

**10. Property, building and equipment**

Movement of property, building and equipment for the nine-month period ended 30 September 2017 is summarised below:

(Unit: Baht)

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | Land | Buildings | Condominium | Building improvements | Furniture, fixture and equipment | Motor vehicles | Assets under construction | Total |
| Net book value as at 1 January 2017 | 5,385,371 | 15,666,110 | 124,837,847 | 67,269,069 | 29,730,484 | 19,266,254 | 16,417,671 | 278,572,806 |
| Additions - cost | - | - | - | - | 6,854,317 | 4,697,000 | 1,920,781 | 13,472,098 |
| Transfer in (out) during the period - at cost | - | - | - | 14,798,652 | 3,114,800 | - | (17,913,452) | - |
| Disposals - net book value | - | - | - | (992,303) | (12,637) | (6) | - | (1,004,946) |
| Depreciation for the period | - | (524,163) | (3,202,700) | (2,951,571) | (7,579,901) | (4,369,832) | - | (18,628,167) |
| Net book value as at 30 September 2017 | 5,385,371 | 15,141,947 | 121,635,147 | 78,123,847 | 32,107,063 | 19,593,416 | 425,000 | 272,411,791 |

**11. Intangible assets**

Movement of computer software for the nine-month period ended 30 September 2017 is summarised below:

|  |  |  |  |
| --- | --- | --- | --- |
|  |  |  | (Unit: Baht) |
|  |  |  | Computer software |
| Net book value as at 1 January 2017 |  |  | 29,316,327 |
| Additions - cost |  |  | 1,994,000 |
| Amortisation for the period |  |  | (3,089,395) |
| Net book value as at 30 September 2017 |  |  | 28,220,932 |

**12. Deferred tax assets and income tax expenses**

**12.1 Deferred tax assets**

The components of deferred tax assets and liabilities as at 30 September 2017 and 31 December 2016 are as follows:

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  |  | | | | (Unit: Baht) | |
|  |  |  |  |  | Changes in deferred tax assets and liabilities recognised in statements of income for the nine-month periods ended 30 September | |
|  |  |  |  |
|  |  |  |  |
| Balance | | | |
| 30 September | | 31 December | |
|  | 2017 | | 2016 | | 2017 | 2016 |
| **Deferred tax assets** |  | |  | |  |  |
| Unearned premium reserves | 51,154,121 | | 62,194,690 | | (11,040,569) | (36,015,531) |
| Allowance for loss on impairment of investments | 3,264,145 | | 3,264,145 | | - | - |
| Allowance for doubtful accounts | 26,877,174 | | 26,772,397 | | 104,777 | 4,520,338 |
| Amortisation of value of business acquired | - | | - | | - | (1,156,040) |
| Loss reserves | 55,105,547 | | 78,649,146 | | (23,543,599) | (1,579,299) |
| Provision for loss incurred but not reported (IBNR) | 6,455,656 | | 6,744,682 | | (289,026) | 2,737,981 |
| Employee benefit obligations | 16,005,931 | | 10,659,735 | | 5,346,196 | 2,094,047 |
| Unutilised tax loss | 36,357,208 | | 19,597,831 | | 16,759,377 | 38,904,871 |
| Others | 449,326 | | 3,643,267 | | (3,193,941) | (2,688,271) |
| Total | 195,669,108 | | 211,525,893 | |  |  |
| **Deferred tax liabilities** |  | |  | |  |  |
| Unrealised gain on changes in value of available-for-sale securities | 26,968,943 | | 33,974,632 | |  |  |
| Others | - | | - | | - | (86,880) |
| Total | 26,968,943 | | 33,974,632 | |  |  |
| Deferred tax assets - net | 168,700,165 | | 177,551,261 | |  |  |
| Total change |  | |  | | (15,856,785) | 6,731,216 |

**12.2 Income tax expenses**

Income tax expenses for the three-month and nine-month periods ended 30 September 2017 and 2016 are made up as follows:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | (Unit: Baht) | | | |
|  | For the three-month periods ended 30 September | | For the nine-month periods ended 30 September | |
|  | 2017 | 2016 | 2017 | 2016 |
| **Current income tax:** |  |  |  |  |
| Current income tax charge for the period | - | - | - | - |
| Adjustment in respect of current income tax of previous year | - | - | - | 6,040 |
| **Deferred tax:** |  |  |  |  |
| Relating to origination and reversal of temporary differences | 7,378,808 | 556,433 | 15,856,785 | (6,731,216) |
| **Income tax expenses (income) reported in statements of income** | 7,378,808 | 556,433 | 15,856,785 | (6,725,176) |

Reconciliation between income tax expenses and the product of accounting profit multiplied by the applicable tax rate for the three-month and nine-month periods ended 30 September 2017 and 2016 are as follows:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  | | | (Unit: Baht) |
|  | Financial statements in which the equity method is applied | Separate financial statements | | |
|  | For the three-month period ended 30 September | For the three-month periods ended 30 September | | |
|  | 2017 | 2017 | 2016 | |
| Accounting profit before tax | 46,231,763 | 48,477,948 | 18,564,538 | |
| Applicable tax rate | 20% | 20% | 20% | |
| Tax expenses at the applicable tax rate | 9,246,352 | 9,695,589 | 3,712,907 | |
| Effects of: |  |  |  | |
| Exempted expenses | 466,656 | 466,656 | 810,223 | |
| Allowed additional expense deductions | (220,907) | (220,907) | (68,901) | |
| Others | (2,113,293) | (2,562,530) | (3,897,796) | |
| Income tax expenses reported in statements of income | 7,378,808 | 7,378,808 | 556,433 | |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  | | (Unit: Baht) | |
|  | Financial statements in which the equity method is applied | | Separate financial statements | |
|  | For the nine-month periods ended 30 September | | For the nine-month periods ended 30 September | |
|  | 2017 | 2016 | 2017 | 2016 |
| Accounting profit (loss) before tax | 131,016,857 | (17,142,131) | 133,506,137 | 16,121,815 |
| Applicable tax rate | 20% | 20% | 20% | 20% |
| Tax expenses at the applicable tax rate | 26,203,371 | (3,428,426) | 26,701,227 | 3,224,363 |
| Adjustment in respect of current income tax of previous year | - | 6,040 | - | 6,040 |
| Effects of: |  |  |  |  |
| Exempted expenses | 2,110,520 | 1,960,363 | 2,110,520 | 1,960,363 |
| Allowed additional expense deductions | (1,471,871) | (77,485) | (1,471,871) | (77,485) |
| Others | (10,985,235) | (5,185,668) | (11,483,091) | (11,838,457) |
| Income tax expenses (income) reported in statements of income | 15,856,785 | (6,725,176) | 15,856,785 | (6,725,176) |

**13. Claims receivable from litigants**

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

(Unit: Baht)

|  |  |  |
| --- | --- | --- |
|  | 30 September 2017 | 31 December 2016 |
| **Claim years** |  |  |
| Year 2017 | 67,176,729 | - |
| Year 2016 | 66,509,484 | 109,914,456 |
| Year 2015 | 34,730,348 | 45,813,185 |
| Year 2014 | 16,878,267 | 18,918,105 |
| Year 2013 | 19,071,145 | 20,190,048 |
| Prior to 2013 | 38,614,335 | 39,094,154 |
| Total claims receivable from litigants | 242,980,308 | 233,929,948 |
| Less: Allowance for doubtful accounts | (134,055,573) | (130,863,504) |
| Claims receivable from litigants, net | 108,924,735 | 103,066,444 |

**14. Insurance contract liabilities**

|  |  |  |  |
| --- | --- | --- | --- |
| (Unit: Baht) | | | |
|  | 30 September 2017 | | |
|  | Insurance contract liabilities | Reinsurance assets | Net |
| Claim reserves and outstanding claims |  |  |  |
| Claim incurred and reported | 674,070,524 | (129,344,483) | 544,726,041 |
| Claim incurred but not reported | 60,452,796 | (28,174,518) | 32,278,278 |
| Premium reserves |  |  |  |
| Unearned premium reserves | 1,304,867,180 | (229,409,541) | 1,075,457,639 |
| Total | 2,039,390,500 | (386,928,542) | 1,652,461,958 |

|  |  |  |  |
| --- | --- | --- | --- |
| (Unit: Baht) | | | |
|  | 31 December 2016 | | |
|  | Insurance contract liabilities | Reinsurance assets | Net |
| Claim reserves and outstanding claims |  |  |  |
| Claim incurred and reported | 818,502,887 | (173,646,326) | 644,856,561 |
| Claim incurred but not reported | 61,358,739 | (27,635,331) | 33,723,408 |
| Premium reserves |  |  |  |
| Unearned premium reserves | 1,548,576,308 | (357,783,791) | 1,190,792,517 |
| Total | 2,428,437,934 | (559,065,448) | 1,869,372,486 |

**14.1 Claim reserves and outstanding claims**

(Unit: Baht)

|  |  |  |
| --- | --- | --- |
|  | For the nine-month period ended 30 September 2017 | For the year ended 31 December 2016 |
| Beginning balance | 879,861,626 | 793,501,254 |
| Claim expenses for the period | 1,298,608,974 | 2,191,994,603 |
| Change in claim reserves and outstanding claims | 18,341,728 | (56,005,437) |
| Change in assumption for calculating claim reserves | (905,943) | 28,254,623 |
| Claim paid during the period | (1,461,383,065) | (2,077,883,417) |
| Ending balance | 734,523,320 | 879,861,626 |

As at 30 September 2017, the Company has claim reserves and outstanding claims under reinsurance contracts at Baht 10.2 million (31 December 2016: Baht 12.0 million).

**14.2 Unearned premium reserves**

(Unit: Baht)

|  |  |  |
| --- | --- | --- |
|  | For the nine-month period ended 30 September 2017 | For the year ended 31 December 2016 |
| Beginning balance | 1,548,576,308 | 1,802,411,726 |
| Premium written for the period | 1,849,685,865 | 2,839,044,098 |
| Premium earned for the current period | (2,093,394,993) | (3,092,879,516) |
| Ending balance | 1,304,867,180 | 1,548,576,308 |

**15. Due to reinsurers**

|  |  |  |
| --- | --- | --- |
|  |  | (Unit: Baht) |
|  | 30 September 2017 | 31 December 2016 |
| Amounts withheld on reinsurance | 186,610,354 | 247,803,518 |
| Amounts due to reinsurers | 445,221,283 | 524,991,745 |
| Total due to reinsurers | 631,831,637 | 772,795,263 |

**16. Earnings per share**

Basic earnings per share is calculated by dividing profit for the period (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the period.

**17. Dividends**

Dividends declared during the nine-month periods ended 30 September 2017 and 2016 consisted of the following:

|  |  |  |  |
| --- | --- | --- | --- |
|  | Approved by | Total dividends | Dividends per share |
|  |  | (Million Baht) | (Baht) |
| Dividends from 2016 net profit (Cash dividends of Baht 1.00 per share) | Annual General Meeting of the shareholders on 27 April 2017 | 33.0 | 1.00 |
| Dividends from 2015 net profit (Cash dividends of Baht 2.00 per share and stock dividends of Baht 0.31 per share) | Annual General Meeting of the shareholders on 21 April 2016 | 74.0 | 2.31 |

**18. Segment information**

The Company is summarise into business units based on its insurance products including fire, marine and transportation, motor and miscellaneous. During the current period, there were no changes in the organisation structure of its reportable segments.

Operating segment information for the three-month and nine-month periods ended 30 June 2017 and 2016 can be classified by type of insurance products as follows:

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  |  |  |  |  | (Unit: Baht) |
|  | Separate financial statements | | | | |
|  | For the three-month period ended 30 September 2017 | | | | |
|  | Fire | Marine and transportation | Motor | Miscellaneous | Total |
| **Underwriting income** |  |  |  |  |  |
| Gross premium written | 106,924,229 | 16,896,535 | 386,431,796 | 62,218,685 | 572,471,245 |
| Less: Premiums ceded to reinsurers | (41,603,906) | (7,368,093) | (1,778,236) | (40,184,565) | (90,934,800) |
| Net premium written | 65,320,323 | 9,528,442 | 384,653,560 | 22,034,120 | 481,536,445 |
| Add: Unearned premium reserves decrease from prior period | 8,986,826 | 274,860 | 16,554,703 | 3,857,473 | 29,673,862 |
| Net earned premium | 74,307,149 | 9,803,302 | 401,208,263 | 25,891,593 | 511,210,307 |
| Fee and commission income | 14,571,665 | 2,464,707 | 576,169 | 15,079,308 | 32,691,849 |
| **Total underwriting income** | 88,878,814 | 12,268,009 | 401,784,432 | 40,970,901 | 543,902,156 |
| **Underwriting expenses** |  |  |  |  |  |
| Claim and loss adjustment expenses - net | 27,214,843 | 2,646,320 | 263,552,547 | 15,584,891 | 308,998,601 |
| Commission and brokerage expenses | 27,382,848 | 2,227,111 | 60,858,296 | 10,136,993 | 100,605,248 |
| Other underwriting expenses | 5,851,393 | 527,237 | 25,177,566 | 5,681,887 | 37,238,083 |
| **Total underwriting expenses**  **before operating expenses** | 60,449,084 | 5,400,668 | 349,588,409 | 31,403,771 | 446,841,932 |
| **Profit from underwriting before operating expenses** | 28,429,730 | 6,867,341 | 52,196,023 | 9,567,130 | 97,060,224 |
| Operating expenses |  |  |  |  | (86,171,916) |
| **Profit from underwriting** |  |  |  |  | 10,888,308 |
| Investments income |  |  |  |  | 22,644,147 |
| Profit on investments |  |  |  |  | 12,102,399 |
| Other income |  |  |  |  | 2,843,094 |
| **Profit before income tax expenses** |  |  |  |  | 48,477,948 |
| Income tax expenses |  |  |  |  | (7,378,808) |
| **Profit for the period** |  |  |  |  | 41,099,140 |

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  |  |  |  |  | (Unit: Baht) |
|  | Separate financial statements | | | | |
|  | For the three-month period ended 30 September 2016 | | | | |
|  | Fire | Marine and transportation | Motor | Miscellaneous | Total |
| **Underwriting income** |  |  |  |  |  |
| Gross premium written | 114,858,386 | 18,420,297 | 419,505,052 | 43,192,387 | 595,976,122 |
| Less: Premiums ceded to reinsurers | (47,767,863) | (8,911,717) | (2,632,596) | (22,860,808) | (82,172,984) |
| Net premium written | 67,090,523 | 9,508,580 | 416,872,456 | 20,331,579 | 513,803,138 |
| Add: Unearned premium reserves decrease from prior period | 1,770,231 | 257,074 | 102,758,417 | 2,164,176 | 106,949,898 |
| Net earned premium | 68,860,754 | 9,765,654 | 519,630,873 | 22,495,755 | 620,753,036 |
| Fee and commission income | 15,722,122 | 3,120,659 | 714,780 | 12,240,759 | 31,798,320 |
| **Total underwriting income** | 84,582,876 | 12,886,313 | 520,345,653 | 34,736,514 | 652,551,356 |
| **Underwriting expenses** |  |  |  |  |  |
| Claim and loss adjustment expenses - net | 35,412,294 | 2,271,531 | 397,740,859 | 13,264,150 | 448,688,834 |
| Commission and brokerage expenses | 29,133,386 | 2,429,831 | 71,103,861 | 8,857,164 | 111,524,242 |
| Other underwriting expenses | 10,041,450 | 537,250 | 35,407,681 | 4,675,924 | 50,662,305 |
| **Total underwriting expenses**  **before operating expenses** | 74,587,130 | 5,238,612 | 504,252,401 | 26,797,238 | 610,875,381 |
| **Profit from underwriting before operating expenses** | 9,995,746 | 7,647,701 | 16,093,252 | 7,939,276 | 41,675,975 |
| Operating expenses |  |  |  |  | (96,106,438) |
| **Loss from underwriting** |  |  |  |  | (54,430,463) |
| Investments income |  |  |  |  | 31,795,542 |
| Profit on investments |  |  |  |  | 38,001,325 |
| Other income |  |  |  |  | 3,198,134 |
| **Profit before income tax expenses** |  |  |  |  | 18,564,538 |
| Income tax expenses |  |  |  |  | (556,433) |
| **Profit for the period** |  |  |  |  | 18,008,105 |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  | | (Unit: Baht) |
|  | Separate financial statements | | | | | |
|  | For the nine-month period ended 30 September 2017 | | | | | |
|  | Fire | Marine and transportation | Motor | Miscellaneous | Total | |
| **Underwriting income** |  |  |  |  |  | |
| Gross premium written | 405,983,422 | 55,739,494 | 1,138,144,802 | 249,818,147 | 1,849,685,865 | |
| Less: Premiums ceded to reinsurers | (169,967,042) | (27,756,592) | (11,652,155) | (176,671,624) | (386,047,413) | |
| Net premium written | 236,016,380 | 27,982,902 | 1,126,492,647 | 73,146,523 | 1,463,638,452 | |
| Add (less): Unearned premium reserves (increase) decrease from prior period | (10,291,846) | 61,339 | 108,379,559 | 17,185,826 | 115,334,878 | |
| Net earned premium | 225,724,534 | 28,044,241 | 1,234,872,206 | 90,332,349 | 1,578,973,330 | |
| Fee and commission income | 51,496,903 | 9,689,962 | 1,916,473 | 48,875,908 | 111,979,246 | |
| **Total underwriting income** | 277,221,437 | 37,734,203 | 1,236,788,679 | 139,208,257 | 1,690,952,576 | |
| **Underwriting expenses** |  |  |  |  |  | |
| Claim and loss adjustment expenses - net | 64,521,802 | 8,839,633 | 884,267,626 | 48,258,427 | 1,005,887,488 | |
| Commission and brokerage expenses | 97,554,083 | 7,477,045 | 178,120,556 | 36,004,811 | 319,156,495 | |
| Other underwriting expenses | 21,199,232 | 1,835,514 | 73,774,137 | 23,568,912 | 120,377,795 | |
| **Total underwriting expenses**  **before operating expenses** | 183,275,117 | 18,152,192 | 1,136,162,319 | 107,832,150 | 1,445,421,778 | |
| **Profit from underwriting before operating expenses** | 93,946,320 | 19,582,011 | 100,626,360 | 31,376,107 | 245,530,798 | |
| Operating expenses |  |  |  |  | (238,285,932) | |
| **Profit from underwriting** |  |  |  |  | 7,244,866 | |
| Investments income |  |  |  |  | 86,064,250 | |
| Profit on investments |  |  |  |  | 34,632,816 | |
| Other income |  |  |  |  | 5,564,205 | |
| **Profit before income tax expenses** |  |  |  |  | 133,506,137 | |
| Income tax expenses |  |  |  |  | (15,856,785) | |
| **Profit for the period** |  |  |  |  | 117,649,352 | |

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  |  |  |  |  | (Unit: Baht) |
|  | Separate financial statements | | | | |
|  | For the nine-month period ended 30 September 2016 | | | | |
|  | Fire | Marine and transportation | Motor | Miscellaneous | Total |
| **Underwriting income** |  |  |  |  |  |
| Premium written | 412,525,927 | 54,138,950 | 1,305,280,407 | 158,852,393 | 1,930,797,677 |
| Less: Premiums ceded to reinsurers | (180,967,885) | (26,674,359) | (13,478,922) | (95,707,979) | (316,829,145) |
| Net premium written | 231,558,042 | 27,464,591 | 1,291,801,485 | 63,144,414 | 1,613,968,532 |
| Add (less): Unearned premium reserves (increase) decrease from prior period | (27,869,345) | 1,623,901 | 368,180,906 | 1,733,949 | 343,669,411 |
| Net earned premium | 203,688,697 | 29,088,492 | 1,659,982,391 | 64,878,363 | 1,957,637,943 |
| Fee and commission income | 59,680,527 | 8,975,650 | 2,340,855 | 33,141,008 | 104,138,040 |
| **Total underwriting income** | 263,369,224 | 38,064,142 | 1,662,323,246 | 98,019,371 | 2,061,775,983 |
| **Underwriting expenses** |  |  |  |  |  |
| Claim and loss adjustment expenses - net | 80,294,503 | 9,323,016 | 1,287,446,215 | 43,932,364 | 1,420,996,098 |
| Commission and brokerage expenses | 101,725,657 | 7,348,078 | 219,757,631 | 27,468,339 | 356,299,705 |
| Other underwriting expenses | 24,193,467 | 1,460,844 | 111,318,354 | 17,206,313 | 154,178,978 |
| **Total underwriting expenses**  **before operating expenses** | 206,213,627 | 18,131,938 | 1,618,522,200 | 88,607,016 | 1,931,474,781 |
| **Profit from underwriting before** |  |  |  |  |  |
| **operating expenses** | 57,155,597 | 19,932,204 | 43,801,046 | 9,412,355 | 130,301,202 |
| Operating expenses |  |  |  |  | (282,831,021) |
| **Loss from underwriting** |  |  |  |  | (152,529,819) |
| Net investments income |  |  |  |  | 97,677,811 |
| Profit on investments |  |  |  |  | 63,374,357 |
| Other income |  |  |  |  | 7,599,466 |
| **Profit before income tax expenses** |  |  |  |  | 16,121,815 |
| Income tax revenues |  |  |  |  | 6,725,176 |
| **Profit for the period** |  |  |  |  | 22,846,991 |

Segment assets and liabilities of the Company’s operating segments as at 30 September 2017 and 31 December 2016 are as follows:

(Unit: Baht)

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | Separate financial statements | | | | | | |
|  | Fire | Marine and transportation | Motor | Miscellaneous | Total segments | Unallocated | Total |
| **Assets** |  |  |  |  |  |  |  |
| As at 30 September 2017 | 350,496,084 | 38,916,768 | 152,132,643 | 183,270,448 | 724,815,943 | 4,385,305,030 | 5,110,120,973 |
| As at 31 December 2016 | 405,445,905 | 31,263,577 | 194,390,302 | 310,930,498 | 942,030,282 | 4,590,169,497 | 5,532,199,779 |
| **Liabilities** |  |  |  |  |  |  |  |
| As at 30 September 2017 | 494,562,732 | 45,559,159 | 1,288,483,849 | 210,784,761 | 2,039,390,501 | 918,112,108 | 2,957,502,609 |
| As at 31 December 2016 | 570,072,867 | 32,999,167 | 1,505,026,799 | 320,339,101 | 2,428,437,934 | 1,007,770,119 | 3,436,208,053 |

For the three-month and nine-month periods ended 30 September 2017 and 2016, the Company had no major customer with revenue of 10 percent or more of the total gross premium written.

**19. Related party transactions**

**19.1 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 |
| TKI General Insurance Company Limited | Associated company |
| TKI Life Insurance Company Limited | Associated company |
| The United Indemnity Co., Ltd. | 7.02% of shares held in the Company |
| The Falcon Insurance Plc. *(1)* | 12.00% of shares held by the Company |
| Thai Reinsurance Plc. *(2)* | Common directors and through shareholding |
| Thai Metal Drum Manufacturing Plc. | Common directors and through shareholding |
| Varopakorn Plc. | Common directors and through shareholding |
| Rangsit Plaza Co., Ltd. | Common directors and through shareholding |
| Sathorn Thani Co., Ltd. | Common directors and through shareholding |
| Siam Motors Co., Ltd. | Common directors and through shareholding |
| Wanglee Co., Ltd. | Common directors and through shareholding |
| The Siam Cement Plc. | Common directors and through shareholding |
| Thaire Life Assurance Plc. | Common directors and through shareholding |
| Thaicom Plc. | Common directors |
| Dusit Thani Plc. | Common directors |
| Serm Suk Plc. | Common directors |

*(1) Classified as associated company up to 30 March 2016 and after that classified as a related company*

*(2) Classified as a related company up to 25 February 2016, the date that no more common directors and percentage of cross-holding less than 5% of the issued share capital*

|  |  |
| --- | --- |
| Name of related parties | Nature of relationship |
| Chaitip Co., Ltd. | Common directors |
| Alinkij Siam Co., Ltd | Common directors |
| Siam Calsonic Co., Ltd. | Common directors |
| Siam Riken Industrial Co., Ltd. | Common directors |
| Siam International Corp., Ltd. | Common directors |
| The Pet Co., Ltd. | Common directors |
| Rangsit 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 |
| Poon Phol Co., Ltd. *(3)* | Common directors |
| C.E.S. Co., Ltd. *(3)* | Common directors |
| Pipatanasin Co., Ltd. *(3)* | Common directors |
| Sittinan Co., Ltd. *(3)* | Common directors |
| PIA Interior Co., Ltd. | A related person of the Company’s director is a major shareholder |

*(3) Start to be related company during 2017*

**19.2 Significant related party transactions**

During the three-month and nine-month periods ended 30 September 2017 and 2016, 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)

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | Separate financial statements | | | |  |
|  | For the three-month periods ended 30 September | | For the nine-month periods ended 30 September | |  |
|  | 2017 | 2016 | 2017 | 2016 | Pricing policy |
| **Transactions with associated companies** | |  |  |  |  |
| The Falcon Insurance Plc*.(1)* |  |  |  |  |  |
| Reinsurance premium written | - | - | - | 4,594,903 | Ordinary course of business ceded rates, based on the type of reinsurance and the reinsurance contracts |
| Premium ceded | - | - | - | 4,667,984 | Ordinary course of business ceded rates, based on the type of reinsurance and the reinsurance contracts |
| Claim expenses | - | - | - | 2,742,667 | Actual incurred |

*(1) Classified as associated company up to 30 March 2016 and after that classified as a related company*

(Unit: Baht)

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | Separate financial statements | | | |  |
|  | For the three-month periods ended 30 September | | For the nine-month periods ended 30 September | |  |
|  | 2017 | 2016 | 2017 | 2016 | Pricing policy |
| **Transactions with associated companies (continued)** | |  |  |  |  |
| The Falcon Insurance Plc*.(1)* |  |  |  |  |  |
| Commission paid from reinsurance | - | - | - | 2,031,813 | Ordinary course of business ceded rates, based on the type of reinsurance and the reinsurance contracts |
| Commission received | - | - | - | 1,395,643 | Ordinary course of business ceded rates, based on the type of reinsurance and the reinsurance contracts |
| Dividend income | - | - | - | 8,400,000 | As declared |
| Rental income | - | - | - | 67,188 | Contract price |
| **Transactions with related companies** | |  |  |  |  |
| Direct premium written | 10,233,622 | 3,640,662 | 19,895,088 | 14,513,156 | Ordinary course of business premium rate |
| Reinsurance premium written | 2,348,489 | 4,029,589 | 11,211,526 | 11,856,067 | Ordinary course of business ceded rates, based on the type of reinsurance and the reinsurance contracts |
| Premium ceded | 12,170,010 | 3,065,125 | 34,895,660 | 35,697,699 | Ordinary course of business ceded rates, based on the type of reinsurance and the reinsurance contracts |
| Claim expenses | 3,290,589 | 4,749,156 | 9,789,276 | 11,305,232 | Actual incurred |
| Commission paid to reinsurance | 805,488 | 1,234,157 | 4,667,596 | 3,814,102 | Ordinary course of business ceded rates, based on the type of reinsurance and the reinsurance contracts |
| Commission received | 7,495,015 | 1,207,576 | 19,506,166 | 16,321,329 | Ordinary course of business ceded rates, based on the type of reinsurance and the reinsurance contracts |
| Dividend income | 2,635,000 | 3,450,000 | 21,925,434 | 21,122,525 | As declared |
| Rental and service fee for branch office | 107,695 | 102,562 | 318,659 | 304,965 | Contract price |
| Rental income | 35,742 | 35,742 | 174,414 | 105,081 | Contract price |

*(1) Classified as associated company up to 30 March 2016 and after that classified as a related company*

**19.3 Outstanding balances**

The balances of the accounts between the Company and those related companies as at 30 September 2017 and 31 December 2016 are as follows:

|  |  |  |
| --- | --- | --- |
|  | (Unit: Baht) | |
|  | 30 September 2017 | 31 December 2016 |
| **Reinsurance receivables - amounts due from reinsurers** |  |  |
| The Falcon Insurance Plc. | 9,094,820 | 11,315,702 |
| **Investments in securities - equity securities** |  |  |
| Thai Metal Drum Manufacturing Plc. | 278,165,040 | 284,273,440 |
| BTS Group Holdings Plc. | 59,850,000 | 59,850,000 |
| Thaire Life Assurance Plc. | 40,950,000 | 43,425,000 |
| The Siam Cement Plc. | 29,880,000 | 29,640,000 |
| The Falcon Insurance Plc. | 18,846,960 | 18,846,960 |
| Sathorn Thani Co., Ltd. | 12,780,000 | 12,780,000 |
| Rangsit Plaza Co., Ltd. | 6,560,000 | 6,560,000 |
| Varopakorn Plc. | 2,047,584 | 1,254,067 |
| Total | 449,079,584 | 456,629,467 |
| **Due to reinsurers - Amounts due to reinsurance** |  |  |
| The Falcon Insurance Plc. | 12,393,156 | 15,827,320 |

**19.4 Directors and management’s benefits**

During the three-month and nine-month periods ended 30 September 2017 and 2016, the Company had employment benefits expenses to their directors and management as below.

(Unit: Baht)

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | For the three-month periods ended 30 September | | For the nine-month periods ended 30 September | |
|  | 2017 | 2016 | 2017 | 2016 |
| Short-term benefits | 12,485,834 | 11,262,992 | 37,288,623 | 36,920,891 |
| Post employment benefits | 201,900 | 200,683 | 606,436 | 596,887 |
| Total | 12,687,734 | 11,463,675 | 37,895,059 | 37,517,778 |

**20. Assets pledged and reserved with the Registrar**

As at 30 September 2017 and 31 December 2016, the Company had the following assets pledged with the Registrar of the Office of Insurance Commission in accordance with the Non-life Insurance Act.

(Unit: Baht)

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | 30 September 2017 | | 31 December 2016 | |
|  | Cost | Fair value | Cost | Fair value |
| **Assets pledged** |  |  |  |  |
| Government bonds | 15,000,000 | 15,418,876 | 20,000,000 | 20,119,491 |
| **Assets reserve as non-life insurance reserve** |  |  |  |  |
| Deposits and certificate of deposits at financial institutions | 235,000,000 | 235,000,000 | 275,000,000 | 275,000,000 |

**21. Other assets with restrictions and commitments**

As at 30 September 2017 and 31 December 2016, the Company had pledged the following assets as collateral.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| (Unit: Baht) | | | | |
|  | 30 September 2017 | | 31 December 2016 | |
|  | Cost | Fair value | Cost | Fair value |
| **Pledged as bail bond in cases where insured drivers have been charged with criminal offense** |  |  |  |  |
| Government bonds | 440,000 | 440,000 | 2,140,000 | 2,142,843 |
| Deposits at financial institutions | - | - | 100,000 | 100,000 |

**22. Commitments and contingent liabilities**

**22.1 Operating lease commitments**

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

As at 30 September 2017, future minimum lease payments required under these non-cancellable operating leases contracts were as follows.

|  |  |
| --- | --- |
| Payable within: | (Unit: Baht) |
| Within 1 year | 8,219,476 |
| Over 1 to 3 years | 9,856,537 |

**22.2 Letter of Guarantees**

As at 30 September 2017, there were bank guarantees amounting to Baht 2.8 million, and a certificate issued in the Company’s name amounting to Baht 7.8 million, as required in the normal course of the Company’s business (31 December 2016: bank guarantees of Baht 2.8 million).

**22.3 Litigation**

As at 30 September 2017, the Company has been sued for damages totaling approximately Baht 183.8 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 28.9 million, and the Company has set aside reserves for contingent losses amounting to Baht 27.0 million in the financial statements (31 December 2016: Baht 190.3 million, Baht 29.6 million and Baht 28.9 million, respectively).

**23. Fair value measurement for financial instruments**

As at 30 September 2017 and 31 December 2016, the Company had the following assets that were measured at fair value using different levels of inputs as follows:

(Unit: Baht)

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | 30 September 2017 | | | |
|  |  | Fair value | | |
|  | Book value | Level 1 | Level 2 | Total |
| Available-for-sale investments |  |  |  |  |
| Government and state enterprise securities | 489,671,099 | 43,888,617 | 445,782,482 | 489,671,099 |
| Private debt securities | 762,850,021 | - | 762,850,021 | 762,850,021 |
| Equity securities | 1,113,107,458 | 1,059,018,193 | 54,089,265 | 1,113,107,458 |

(Unit: Baht)

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | 31 December 2016 | | | |
|  |  | Fair value | | |
|  | Book value | Level 1 | Level 2 | Total |
| Available-for-sale investments |  |  |  |  |
| Government and state enterprise securities | 512,391,369 | 40,680,192 | 471,711,177 | 512,391,369 |
| Private debt securities | 616,869,641 | - | 616,869,641 | 616,869,641 |
| Equity securities | 1,130,745,168 | 1,079,621,515 | 51,123,653 | 1,130,745,168 |

The Company had valuation techniques for financial assets as follows:

a) The fair value of investments in debt securities has been determined by using the yield curve as announced by the Thai Bond Market Association.

b) Investments in marketable equity securities has been presented at fair value by using market price. Investments in non-listed unit trusts is determined by using the net asset value as announced by asset management company.

**24. Approval of interim financial statements**

These interim financial statements were authorised for issue by the Company’s Board of Directors on 14 November 2017.