
*SRI AYUDHYA GENERAL INSURANCE PUBLIC
COMPANY LIMITED*

Financial Statements

Year ended December 31, 2016

REPORT OF THE INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

TO THE SHAREHOLDERS AND BOARD OF DIRECTORS SRI AYUDHYA GENERAL INSURANCE PUBLIC COMPANY LIMITED

Opinion

We have audited the financial statements of Sri Ayudhya General Insurance Public Company Limited (the “Company”), which comprise the statement of financial position as at December 31, 2016, and the related statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Sri Ayudhya General Insurance Public Company Limited as at December 31, 2016, and its financial performance and its cash flows for the year then ended in accordance with Thai Financial Reporting Standards (“TFRSs”).

Basis for Opinion

We conducted our audit in accordance with Thai Standards on Auditing (“TSAs”). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Federation of Accounting Professions under the Royal Patronage of his Majesty the King’s Code of Ethics for Professional Accountants together with the ethical requirements that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with the these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

Without modifying our opinion, as discussed in Note 3 to the financial statements, from January 1, 2016, the Company has adopted Thai Financial Reporting Standard 4 (revised 2015) Insurance Contracts and prepared the new presentation of the financial statements to comply with the Notification of the Office of Insurance Commission regarding the Rules, Procedures, Conditions and Periods for the Preparing and Submitting Financial Statements and Reports on the Operations of the Non-Life Insurance Business B.E. 2559 dated March 4, 2016 which has become effective as from January 1, 2016. The financial statements as at December 31, 2016 and for the year then ended, and the statement of financial position as at January 1, 2015, presented herein for comparison, have been retrospectively reclassified, as if the classifications had always been prepared.

Other Information

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

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

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

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with TFRSs, 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.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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



Dr. Suphamit Techamontrikul
Certified Public Accountant (Thailand)
Registration No. 3356

BANGKOK
February 20, 2017

DELOITTE TOUCHE TOHMATSU JAIYOS AUDIT CO., LTD.

SRI AYUDHYA GENERAL INSURANCE PUBLIC COMPANY LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2016

BAHT

	Notes	As at December 31, 2016	As at December 31, 2015	As at January 1, 2015
ASSETS				
Cash and cash equivalents	6	1,348,605,389	991,034,467	1,331,413,276
Premium due and uncollected - net	7	217,433,184	287,006,106	292,974,816
Accrued investment income		7,386,889	11,053,534	10,300,074
Reinsurance assets	8	1,050,275,918	992,159,725	1,089,420,137
Due from reinsurers	9	58,568,876	193,115,187	394,577,504
Investments				
Investments in securities	10	2,294,375,636	2,343,183,180	1,848,201,143
Loans	11	121,990	549,926	1,327,303
Leasehold improvement and equipment	12	57,917,167	63,913,878	44,999,054
Intangible assets	13	75,159,057	83,673,836	88,236,847
Deferred tax assets	14	166,507,988	178,775,388	201,809,936
Deferred commissions expenses		63,404,173	55,617,612	59,835,673
Other assets	15	49,449,103	55,861,099	40,811,972
TOTAL ASSETS		<u><u>5,389,205,370</u></u>	<u><u>5,255,943,938</u></u>	<u><u>5,403,907,735</u></u>

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

SRI AYUDHYA GENERAL INSURANCE PUBLIC COMPANY LIMITED

STATEMENT OF FINANCIAL POSITION (CONTINUED)

AS AT DECEMBER 31, 2016

BAHT

	Notes	As at December 31, 2016	As at December 31, 2015	As at January 1, 2015
LIABILITIES AND EQUITY				
Insurance contract liabilities	16	2,249,888,625	2,303,249,302	2,492,081,156
Due to reinsurers	18	705,692,485	633,352,069	795,480,417
Income tax payable		-	16,924,645	6,151,921
Employee benefit obligations	19	72,012,916	63,046,340	56,374,662
Premium written received in advance		337,983,016	305,256,265	334,883,105
Commissions and brokerages payables		50,978,828	61,587,286	62,710,173
Accrued expenses		49,401,673	58,894,750	76,835,127
Other liabilities	20	86,488,162	67,823,979	55,874,710
TOTAL LIABILITIES		<u>3,552,445,705</u>	<u>3,510,134,636</u>	<u>3,880,391,271</u>
EQUITY				
Share capital				
Authorized share capital				
240,000,000 ordinary shares				
of Baht 10.00 each				
		<u>2,400,000,000</u>	<u>2,400,000,000</u>	<u>2,400,000,000</u>
Issued and paid-up share capital				
180,000,000 ordinary shares				
of Baht 10.00 each				
		1,800,000,000	1,800,000,000	1,800,000,000
Retained earnings (deficits)				
Appropriated				
Legal reserve				
	21	1,850,000	-	-
Unappropriated				
		32,185,135	(60,108,433)	(290,222,546)
Other components of equity				
Changes in fair value of available-for-sale securities				
		2,724,530	5,917,735	13,739,010
TOTAL EQUITY		<u>1,836,759,665</u>	<u>1,745,809,302</u>	<u>1,523,516,464</u>
TOTAL LIABILITIES AND EQUITY		<u>5,389,205,370</u>	<u>5,255,943,938</u>	<u>5,403,907,735</u>

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

SRI AYUDHYA GENERAL INSURANCE PUBLIC COMPANY LIMITED
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2016

BAHT

	Notes	2016	2015
Revenues			
Gross premium written	22	3,082,391,856	3,137,849,154
<u>Less</u> Premium ceded	22	1,286,529,458	1,239,518,400
Net premium written		1,795,862,398	1,898,330,754
<u>Less</u> Unearned premium reserve increase (decrease)			
from previous period	22	(96,622,982)	25,654,985
Net premium earned		1,892,485,380	1,872,675,769
Fee and commission income	22	323,319,252	388,280,716
Net investment income		47,328,377	54,751,536
Gain on investment in securities	25	-	8,790,765
Other income		7,281,461	6,270,325
Total revenues		<u>2,270,414,470</u>	<u>2,330,769,111</u>
Expenses			
Loss incurred	22	1,413,350,138	1,433,001,713
<u>Less</u> Loss refundable from reinsurers	22	498,263,026	580,183,201
Commissions and brokerage expenses	22	455,696,848	466,289,931
Other underwriting expenses	22	473,318,278	424,369,684
Operating expenses	23	308,079,075	301,054,639
Total expenses		<u>2,152,181,313</u>	<u>2,044,532,766</u>
Income before income tax expense		118,233,157	286,236,345
Income tax expense	14	23,305,662	56,122,232
Net income		<u>94,927,495</u>	<u>230,114,113</u>

SRI AYUDHYA GENERAL INSURANCE PUBLIC COMPANY LIMITED
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2016

	Notes	2016	2015
BAHT			
Other comprehensive income (loss)			
Items that will not be reclassified subsequently to profit or loss			
Actuarial loss on defined employee benefit plans		(979,909)	-
Income tax relating to items that will not be reclassified subsequently		195,982	-
		<u>(783,927)</u>	<u>-</u>
Items that will be reclassified subsequently to profit or loss			
Changes in fair value of available-for-sale securities		(3,991,506)	(9,776,594)
Income tax relating to items that will be reclassified subsequently		798,301	1,955,319
		<u>(3,193,205)</u>	<u>(7,821,275)</u>
Other net comprehensive loss for the years - net of income tax		(3,977,132)	(7,821,275)
Total comprehensive income for the years		<u><u>90,950,363</u></u>	<u><u>222,292,838</u></u>
Earnings per share			
Basic earnings per share	26 Baht	0.53	1.28

SRI AYUDHYA GENERAL INSURANCE PUBLIC COMPANY LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2016

	BAHT				
	Issued and paid-up share capital	Retained earnings (deficits)		Other components of equity - Changes in fair value of available-for-sale securities	Total equity
		Appropriated Legal reserve	Unappropriated		
Beginning balance as at January 1, 2015	1,800,000,000	-	(290,222,546)	13,739,010	1,523,516,464
Comprehensive income (loss)	-	-	230,114,113	(7,821,275)	222,292,838
Ending balance as at December 31, 2015	1,800,000,000	-	(60,108,433)	5,917,735	1,745,809,302
Beginning balance as at January 1, 2016	1,800,000,000	-	(60,108,433)	5,917,735	1,745,809,302
Comprehensive income (loss)	-	-	94,143,568	(3,193,205)	90,950,363
Legal reserve	-	1,850,000	(1,850,000)	-	-
Ending balance as at December 31, 2016	1,800,000,000	1,850,000	32,185,135	2,724,530	1,836,759,665

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

SRI AYUDHYA GENERAL INSURANCE PUBLIC COMPANY LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2016

BAHT

	Notes	2016	2015
CASH FLOWS PROVIDED BY (USED IN)			
OPERATING ACTIVITIES			
Direct premium received		3,152,635,138	3,092,014,940
Cash paid from reinsurance		(326,319,361)	(447,222,720)
Interest income		47,701,098	50,683,305
Dividend income		16,080	865,603
Other income		4,047,274	3,862,604
Loss incurred from direct insurance		(1,334,064,725)	(1,307,674,683)
Commission and brokerage paid from direct insurance		(467,473,558)	(457,452,526)
Other underwriting expenses		(455,345,812)	(408,883,518)
Operating expenses		(256,709,803)	(296,906,225)
Income tax expense		(38,409,907)	(20,359,641)
Investment in securities		13,296,831	(501,092,380)
Deposits at financial institutions with maturity over 3 months and deposits used as collateral		34,797,051	(4,176,318)
Loans		427,936	777,377
Net cash provided by (used in) operating activities		374,598,242	(295,564,182)
CASH FLOWS PROVIDED BY (USED IN)			
INVESTING ACTIVITIES			
CASH FLOWS PROVIDED BY			
Leasehold improvement and equipment		5,588,274	5,670,089
Cash provided by investing activities		5,588,274	5,670,089
CASH FLOWS USED IN			
Leasehold improvement and equipment		(17,130,314)	(40,970,525)
Intangible assets		(5,485,280)	(9,514,191)
Cash used in investing activities		(22,615,594)	(50,484,716)
Net cash used in investing activities		(17,027,320)	(44,814,627)
Net decrease in cash and cash equivalents		357,570,922	(340,378,809)
Cash and cash equivalents as at January 1,		991,034,467	1,331,413,276
Cash and cash equivalents as at December 31,	6	1,348,605,389	991,034,467

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

SRI AYUDHYA GENERAL INSURANCE PUBLIC COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

1. GENERAL INFORMATION AND OPERATION OF THE COMPANY

Sri Ayudhya General Insurance Public Company Limited (“the Company”) is a limited company incorporated in Thailand on September 21, 1982. The main business is non-life insurance which the Company was awarded its license to operate all classes of non-life insurance on September 24, 1982. On October 3, 2011, the Company was registered to be Public Company Limited with the Ministry of Commerce and has been already approved by the Office of Insurance Commission. The Company’s office was registered at Ploenchit Tower, 18th floor, 898 Ploenchit Road, Lumpini, Pathumwan, Bangkok.

The major shareholder company is Sri Ayudhya Capital Public Company Limited which was incorporated in Thailand, holding 99.99% of its share capital.

The Company has extensive transactions and relationships with the parent company and related parties. Accordingly, the financial statements may not necessarily be indicative of the conditions that would have existed or the results of operations that would have occurred if the Company had operated without such related parties.

2. BASIS FOR PREPARATION OF THE FINANCIAL STATEMENTS

- 2.1 The Company maintains its accounting records in Thai Baht and prepares its statutory financial statements in the Thai language in conformity with Thai Financial Reporting Standards and practices generally accepted in Thailand.
- 2.2 The Company’s financial statements have been prepared in accordance with the Thai Accounting Standard (TAS) No. 1 (Revised 2015) “Presentation of Financial Statements”, which was effective for financial periods beginning on or after January 1, 2016 onward, and the Notification of the Office of Insurance Commission regarding the Rules, Procedures, Conditions and Periods for Preparing and Submitting Financial Statements and Reports on the Operations of the Non-Life Insurance Business B.E. 2559 dated March 4, 2016.
- 2.3 The financial statements have been prepared under the historical cost convention except as disclosed in the significant accounting policies.

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

The Federation of Accounting Professions has issued the Notifications regarding Thai Financial Reporting Standards (TFRSs) which are effective for the financial statements for the period beginning on or after January 1, 2017 onwards, as follows:

Thai Accounting Standards (TAS)

TAS 1 (Revised 2016)	Presentation of Financial Statements
TAS 2 (Revised 2016)	Inventories
TAS 7 (Revised 2016)	Statement of Cash Flows
TAS 8 (Revised 2016)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (Revised 2016)	Events after the Reporting Period
TAS 11 (Revised 2016)	Construction Contracts
TAS 12 (Revised 2016)	Income taxes
TAS 16 (Revised 2016)	Property, Plant and Equipment
TAS 17 (Revised 2016)	Leases
TAS 18 (Revised 2016)	Revenue
TAS 19 (Revised 2016)	Employee Benefits
TAS 20 (Revised 2016)	Accounting for Government Grants and Disclosure of Government Assistance
TAS 21 (Revised 2016)	The Effects of Changes in Foreign Exchange Rates
TAS 23 (Revised 2016)	Borrowing Costs
TAS 24 (Revised 2016)	Related Party Disclosures
TAS 26 (Revised 2016)	Accounting and Reporting by Retirement Benefit Plans
TAS 27 (Revised 2016)	Separate Financial Statements
TAS 28 (Revised 2016)	Investment in Associates and Joint Ventures
TAS 29 (Revised 2016)	Financial Reporting in Hyperinflationary Economies
TAS 33 (Revised 2016)	Earnings Per Share
TAS 34 (Revised 2016)	Interim Financial Reporting
TAS 36 (Revised 2016)	Impairment of Assets
TAS 37 (Revised 2016)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (Revised 2016)	Intangible Assets
TAS 40 (Revised 2016)	Investment Property
TAS 41 (Revised 2016)	Agriculture
TAS 104 (Revised 2016)	Accounting for Troubled Debt Restructuring
TAS 105 (Revised 2016)	Accounting for Investments in Debt and Equity Securities
TAS 107 (Revised 2016)	Financial Instruments Disclosure and Presentation

Thai Financial Reporting Standards (TFRS)

TFRS 2 (Revised 2016)	Share-based Payment
TFRS 3 (Revised 2016)	Business Combinations
TFRS 4 (Revised 2016)	Insurance Contracts
TFRS 5 (Revised 2016)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 6 (Revised 2016)	Exploration for and Evaluation of Mineral Resources
TFRS 8 (Revised 2016)	Operating Segments
TFRS 10 (Revised 2016)	Consolidated Financial Statements
TFRS 11 (Revised 2016)	Joint Arrangements
TFRS 12 (Revised 2016)	Disclosure of Interests in Other Entities
TFRS 13 (Revised 2016)	Fair Value Measurement

Thai Accounting Standard Interpretations (TSIC)

TSIC 10 (Revised 2016)	Government Assistance-No Specific Relation to Operating Activities
TSIC 15 (Revised 2016)	Operating Leases-Incentives
TSIC 25 (Revised 2016)	Income Taxes -Changes in the Tax Status of and Enterprise or its Shareholders
TSIC 27 (Revised 2016)	Evaluating the Substance of Transactions in the Legal Form of a Lease
TSIC 29 (Revised 2016)	Service Concession Arrangements: Disclosures
TSIC 31 (Revised 2016)	Revenue-Barter Transactions Involving Advertising Services
TSIC 32 (Revised 2016)	Intangible Assets-Web Site Costs

Thai Financial Reporting Standard Interpretations (TFRIC)

TFRIC 1 (Revised 2016)	Changes in Existing Decommissioning, Restoration and Similar Liabilities
TFRIC 4 (Revised 2016)	Determining whether an Arrangement contains a Lease
TFRIC 5 (Revised 2016)	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
TFRIC 7 (Revised 2016)	Applying the Restatement Approach under TAS 29 (Revised 2016) Financial Reporting in Hyperinflationary Economies
TFRIC 10 (Revised 2016)	Interim Financial Reporting and Impairment
TFRIC 12 (Revised 2016)	Service Concession Arrangements
TFRIC 13 (Revised 2016)	Customer Loyalty Programmes
TFRIC 14 (Revised 2016)	TAS 19 (Revised 2016) - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
TFRIC 15 (Revised 2016)	Agreements for the Construction of Real Estate
TFRIC 17 (Revised 2016)	Distributions of Non-cash Assets to Owners
TFRIC 18 (Revised 2016)	Transfers of Assets from Customers
TFRIC 20 (Revised 2016)	Stripping Costs in the Production Phase of a Surface Mine
TFRIC 21 (Revised 2016)	Levies

Guideline on Accounting

Guideline on Accounting regarding Derecognition of Financial Assets and Liabilities

The Company's management will adopt such TFRSs in the preparation of the Company's financial statements when it becomes effective.

The Company's management has assessed the impact of these TFRSs and believes that they will not have material impact on the financial statements for the period in which they are initially applied.

3. ADOPTION OF NEW AND REVISED THAI FINANCIAL REPORT STANDARDS

The Federation of Accounting Professions has issued the Notifications regarding Thai Financial Reporting Standards (TFRSs) (Revised 2015) which are effective for the financial statements for the periods beginning on or after January 1, 2016. The Company has adopted such TFRSs from January 1, 2016 which have no material impact on these financial statements, except for TFRS No. 4 (Revised 2015) “Insurance Contracts”.

The objective of TFRS No. 4 (Revised 2015) 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. However, such TFRS has limitations as follows;

- (a) prohibits provision for possible claims under contracts that are not in existence at the end of the reporting period;
- (b) requires a test for the adequacy of recognised insurance liabilities and an impairment test for reinsurance assets; and
- (c) requires an insurer to keep insurance liabilities in its statement of financial position until they are discharged or cancelled, or expired, and
- (d) to present insurance liabilities without offsetting them against related reinsurance assets.

In applying TFRS No. 4 (Revised 2015), the Company considered classification of insurance contracts including performing the liability adequacy test of recognised insurance liabilities and the impairment test for reinsurance assets. However, the adoption of this standard does not result in an impact on the Company’s financial statements since the Company’s management already considered and performed a test on its reinsurance contracts and can be concluded that all of its reinsurance contracts met definition of being insurance contracts under this standard. Furthermore, the Company has always performed the liability adequacy test of its recognised insurance liabilities and the impairment test for reinsurance assets before this standard became effective.

As a result, the Company has retrospectively reclassified the financial statements, presented herein for comparison, to conform to the presentation in current period in accordance with the Notification of the Office of Insurance Commission regarding “Rules, Procedures, Conditions and Timing for the Preparation and Submission of the Financial Statements and Reporting of the Operations of Non-Life Insurance Companies B.E. 2559”, dated March 4, 2016 (see Note 2.2), as if the reclassifications had always been prepared. Effects to the financial statements are summarized as follows:

	As at		As at	
	December 31, 2015		January 1, 2015	
	As	As previous	As	As previous
	reclassified	reported	reclassified	reported
	Baht	Baht	Baht	Baht
Statements of financial position				
Assets:				
Premium due and uncollected	287,006,106	293,825,093	292,974,816	305,664,100
Reinsurance assets	992,159,725	1,140,298,468	1,089,420,137	1,426,546,757
Due from reinsurers	193,115,187	-	394,577,504	-
Investment in securities	2,343,183,180	2,329,933,180	1,848,201,143	1,823,201,143
Deferred tax assets	178,775,388	180,254,822	201,809,936	205,244,689
Other assets	55,861,099	69,111,099	40,811,972	65,811,972
Liabilities:				
Loss reserve and outstanding claim	(2,303,249,302)	(2,265,091,845)	(2,492,081,156)	(2,447,319,556)
Deferred tax liabilities	-	(1,479,434)	-	(3,434,753)
	<u>1,746,851,383</u>	<u>1,746,851,383</u>	<u>1,375,714,352</u>	<u>1,375,714,352</u>

	For the year ended	
	December 31, 2015	
	As	As previous
	reclassified	reported
	Baht	Baht
Statements of profit or loss and other comprehensive income		
Contribution to the Office of Insurance Commission	-	8,277,476
Contribution to Non-life Guarantee Fund	-	7,777,476
Contribution to Road Victims Protection Fund	-	474,194
Other underwriting expenses	<u>424,369,684</u>	<u>407,840,538</u>
	<u>424,369,684</u>	<u>424,369,684</u>

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 Insurance contract Classification

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

4.2 Recognition of revenues and expenses

Premium written

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

Reinsurance premium

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

Commissions and brokerages income

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

Interest and dividends income

Interest income is recognized as income on an accrual basis. Dividends income are recognized as income on the declaration date.

Commissions and brokerages and other expenses

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

4.3 Cash and cash equivalents

Cash and cash equivalents include cash on hand and all types of deposits with banks including investment in securities-notes with original maturity within 3 months or less and not subject to withdrawal restrictions.

4.4 Premium due and uncollected and allowance for doubtful debt

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

4.5 Reinsurance assets

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

4.6 Due to and due from reinsurers

Due to and due from reinsurers is recognized in the statement of financial position representing reinsurance receivables and payables. The net amount is represented in the statement of financial position when the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

4.7 Investment in securities

Securities classified as available-for-sale are stated at fair value. Gain or loss on the change in fair value is recognized as other components of equity.

Securities classified as general investments are stated at cost.

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

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

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

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

Fair value of marketable securities are based on the latest bid price of the last working day of the year as quoted on the Stock Exchange of Thailand. Fair value of debt instruments is determined based on the price quoted by the Thai Bond Market Association. Fair value of unit trusts is determined from their net asset value.

4.8 Loans

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

4.9 Leasehold improvement and equipment

Leasehold improvement and equipment are stated at cost, net of accumulated depreciation.

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

Leasehold improvement	5 years
Furniture, fixtures and office equipment	5 years
Vehicles	5 years

4.10 Intangible assets

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

Amortization is charged to the statement of profit or loss and other comprehensive income on a straight-line basis from the date that intangible assets are available for use over the estimated useful lives of the assets. The estimated useful lives are as follows:

Computer software	5 years
Bancassurance agreement	10 years

4.11 Impairment of assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, the Company makes an estimate of the asset's recoverable amount. Where the carrying amount of the asset exceeds its recoverable amount, the asset is considered to be impaired and is written down to its recoverable amount. Impairment losses are recognized in the statement of profit or loss and other comprehensive income. The recoverable amount is determined as the higher of fair value less costs to sell or the asset value in use.

4.12 Insurance liabilities

4.12.1 Unearned premium reserve

Unearned premium reserve is set aside in compliance with the basis as specified in the Notification of the Office of Insurance Commission as follows:

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

4.12.2 Loss reserve and outstanding claims

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

4.12.3 Unexpired risks reserve

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

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

4.13 Foreign currency transactions

Transactions during the year denominated in foreign currencies are translated into Baht at the rates of exchange prevailing at the transaction dates. Monetary assets and liabilities at the statement of financial position date denominated in foreign currencies are translated into Baht at the reference exchange rates established by the Bank of Thailand at that date. Gains and losses on exchange arising on settlements and translation are recognized as income or expense when incurred.

4.14 Employee benefits

4.14.1 Provident fund

The Company has a provident fund which is contributory by the employee and the Company matching the individuals' contributions. The provident fund has been registered in accordance with the Provident Fund Act B.E. 2530 (1987). The Company's contribution to the Fund is recorded as expense for the year.

4.14.2 Employee benefit obligations

The Company provides for employee benefit obligations, payable to employees under the Thai Labor Protection Act. The liability in respect of employee benefits is the present value of the defined benefit obligation which is calculated by an actuary using the projected unit credit cost method. The present value of the defined benefits obligation is determined by discounting estimated future cash flows using yields on the government bonds which have terms to maturity approximating the terms of related liability. The estimated future cash flows shall reflect employee salaries, turnover rate, length of service and other factor. Actuarial gains or losses will be recognized in the statement of profit or loss and other comprehensive income in the period to which they are related. The costs associated with providing these benefits are charged to the statement of profit or loss and other comprehensive income so as to spread the cost over the employment period during which the entitlement to benefits is earned.

4.15 Long-term leases

Lease in which substantially all the risks and rewards of ownership of assets remain with the lessor are accounted for as operating lease. Rentals applicable to such operating leases are charged to the statement of profit or loss and other comprehensive income over the lease term.

4.16 Income tax expense

Income tax expense is based on the taxable profit multiplied by the tax rate that has been enacted at the statement of financial position date and adjusted by the effect of deferred income tax accounting.

Deferred income tax is provided on temporary differences arising from differences between the tax base of assets and liabilities and their carrying amounts in the financial statements, using the tax rates enacted or substantively enacted at the statement of financial position date. Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

4.17 Basic earnings per share

Basic earnings per share are calculated by dividing net income by the number of weighted average ordinary shares outstanding at the end of the year. In the case of a capital increase, the number of shares is equal to the weighted average according to the time of the subscription received for the increase in paid-up share capital. As at December 31, 2016 and 2015, the Company does not have any common share equivalents outstanding which would have had a dilutive effect on earnings per share.

4.18 Use of management's judgements and key sources of estimation uncertainty

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

Key sources of estimation uncertainty

4.18.1 Loss reserves

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

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

4.18.2 Fair value measurement and valuation processes

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

Information about valuation techniques and inputs used in determining the fair value of various assets and liabilities are disclosed in Note 35.2.6.1.

4.19 Fair value measurements

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

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

5. ADDITIONAL INFORMATION FOR CASH FLOWS

5.1 Non-cash items of Leasehold improvement and equipment for the years ended December 31, 2016 and 2015 consisted of the following:

	2016	2015
	Baht	Baht
Other payable - fixed assets as at January 1,	800,681	897,439
<u>Add</u> Purchases of fixed assets	16,329,633	40,873,767
<u>Less</u> Cash paid for purchase of fixed assets	<u>(17,130,314)</u>	<u>(40,970,525)</u>
Other payable - fixed assets as at December 31,	<u>-</u>	<u>800,681</u>

5.2 Non-cash items of Intangible assets for the years ended December 31, 2016 and 2015 consisted of the following:

	2016	2015
	Baht	Baht
Other payable - intangible assets as at January 1,	-	-
<u>Add</u> Purchases of intangible assets	5,505,280	9,514,191
<u>Less</u> Cash paid for purchase of intangible assets	<u>(5,485,280)</u>	<u>(9,514,191)</u>
Other payable - intangible assets as at December 31,	<u>20,000</u>	<u>-</u>

6. CASH AND CASH EQUIVALENTS

Cash and cash equivalents as at December 31, 2016 and 2015 consisted of the following:

	2016	2015
	Baht	Baht
Cash	260,000	265,000
Cheque on hand	5,928,705	4,884,216
Deposits at bank - at call	165,116,365	285,997,189
Deposits at bank - maturity not over 3 months	28,214,757	-
Short term investments	1,149,085,562	699,888,062
Cash and cash equivalents	<u>1,348,605,389</u>	<u>991,034,467</u>

7. PREMIUM DUE AND UNCOLLECTED - NET

Premium due and uncollected - net as at December 31, 2016 and 2015 consisted of the following:

	2016	2015
	Baht	Baht
Within credit terms	175,614,323	229,214,731
Less than 30 days	20,840,414	35,144,688
31 - 60 days	6,780,953	8,812,930
61 - 90 days	5,808,252	6,370,698
Over 90 days	12,840,486	12,356,616
Total premium due and uncollected	221,884,428	291,899,663
<u>Less</u> Allowance for doubtful accounts	(4,451,244)	(4,893,557)
Premium due and uncollected - net	<u>217,433,184</u>	<u>287,006,106</u>

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 process with such agents and brokers in accordance with the Company's policy and procedures.

8. REINSURANCE ASSETS

Reinsurance assets as at December 31, 2016 and 2015 consisted of the following:

	2016	2015
	Baht	Baht
Insurance reserve refundable from reinsurers		
Loss reserves	454,209,715	451,220,018
Unearned premium reserve		
- Unearned reinsurance premium reserve	596,066,203	540,939,707
Total reinsurance assets (see Note 16)	<u>1,050,275,918</u>	<u>992,159,725</u>

9. DUE FROM REINSURERS

Due from reinsurers as at December 31, 2016 and 2015 consisted of the following:

	2016 Baht	2015 Baht
Deposit on reinsurance	103	129
Due from reinsurers	<u>58,568,773</u>	<u>193,115,058</u>
Total	<u>58,568,876</u>	<u>193,115,187</u>

Aging analyzes for due from reinsurers as at December 31, 2016 and 2015 were as follows:

	2016 Baht	2015 Baht
Within credit terms	46,192,562	181,634,518
Not over 12 months	10,536,556	9,855,214
Over 1 year to 2 years	1,837,675	848,189
Over 2 years	<u>1,980</u>	<u>777,137</u>
Total due from reinsures	<u>58,568,773</u>	<u>193,115,058</u>

10. INVESTMENTS IN SECURITIES

Investments in securities as at December 31, 2016 and 2015 consisted of the following:

	2016		2015	
	Cost/ Amortized cost Baht	Fair value Baht	Cost/ Amortized cost Baht	Fair value Baht
Available-for-sale securities				
Government and state enterprise securities	356,624,957	359,620,980	461,281,736	468,508,613
Private enterprise debt securities	-	-	3,009,172	3,092,929
Equity securities	<u>25,376,733</u>	<u>25,786,373</u>	<u>25,376,733</u>	<u>25,463,268</u>
Total	<u>382,001,690</u>	<u>385,407,353</u>	<u>489,667,641</u>	<u>497,064,810</u>
<u>Add Unrealized gains</u>	<u>3,405,663</u>	<u>-</u>	<u>7,397,169</u>	<u>-</u>
Total available-for-sale securities	<u>385,407,353</u>	<u>385,407,353</u>	<u>497,064,810</u>	<u>497,064,810</u>
Held-to-maturity securities				
Government and state enterprise securities used as collateral	1,497,711,448		1,399,664,483	
Deposits at bank with maturity over 3 months	175,663,145		153,072,221	
Deposits at banks used as collateral	201,902,763		259,290,739	
Premium saving certificates used as collateral	<u>12,850,000</u>		<u>13,250,000</u>	
Total held-to-maturity securities	<u>1,888,127,356</u>		<u>1,825,277,443</u>	
General investment				
Equity securities	<u>20,840,927</u>		<u>20,840,927</u>	
Total general investment	<u>20,840,927</u>		<u>20,840,927</u>	
Total investment in securities - net	<u>2,294,375,636</u>		<u>2,343,183,180</u>	

Debt securities classified by the remaining maturity as at December 31, 2016 were as follows:

	Maturities			Total Baht
	Within 1 year Baht	1 - 5 years Baht	Over 5 years Baht	
Available-for-sale debt securities				
Government and state enterprise securities	171,087,365	185,537,593	-	356,624,958
Add Unrealized gains	459,697	2,536,325	-	2,996,022
Total	<u>171,547,062</u>	<u>188,073,918</u>	<u>-</u>	<u>359,620,980</u>
Total available-for-sale debt securities	<u>171,547,062</u>	<u>188,073,918</u>	<u>-</u>	<u>359,620,980</u>
Held-to-maturity debt securities				
Government and state enterprise securities used as collateral	<u>1,497,711,448</u>	<u>-</u>	<u>-</u>	<u>1,497,711,448</u>
Total held-to-maturity debt securities	<u>1,497,711,448</u>	<u>-</u>	<u>-</u>	<u>1,497,711,448</u>
Total debt securities - net	<u>1,669,258,510</u>	<u>188,073,918</u>	<u>-</u>	<u>1,857,332,428</u>

Debt securities classified by the remaining maturity as at December 31, 2015 were as follows:

	Maturities			Total Baht
	Within 1 year Baht	1 - 5 years Baht	Over 5 years Baht	
Available-for-sale debt securities				
Government and state enterprise securities	201,183,805	260,097,931	-	461,281,736
Private enterprise debt securities	3,009,172	-	-	3,009,172
Add Unrealized gains	1,116,514	6,194,120	-	7,310,634
Total	<u>205,309,491</u>	<u>266,292,051</u>	<u>-</u>	<u>471,601,542</u>
Total available-for-sale debt securities	<u>205,309,491</u>	<u>266,292,051</u>	<u>-</u>	<u>471,601,542</u>
Held-to-maturity debt securities				
Government and state enterprise securities used as collateral	<u>1,399,664,483</u>	<u>-</u>	<u>-</u>	<u>1,399,664,483</u>
Total held-to-maturity debt securities	<u>1,399,664,483</u>	<u>-</u>	<u>-</u>	<u>1,399,664,483</u>
Total debt securities - net	<u>1,604,973,974</u>	<u>266,292,051</u>	<u>-</u>	<u>1,871,266,025</u>

As at December 31, 2016 and 2015, certain of bank deposits are pledged as collateral for bank overdrafts amounting to Baht 20 million (see Note 17).

As at December 31, 2016 and 2015, certain investment in securities are pledged and used for assets reserved with the Registrar amounting to Baht 265.09 million and Baht 268.64 million, respectively (see Note 30).

As at December 31, 2016 and 2015, certain investment in securities are deposited with a bank as the Company's backup assets according to the Notification of the Office of Insurance Commission amounting to Baht 1,794.99 million and Baht 1,862.76 million, respectively.

11. LOANS

Loans of the Company were loans to employees with personal collateral in accordance with the welfare policy of the Company consisted of the following :

Types of loans	Credit line of loans	Interest rate per year
General loans	Not exceed Baht 100,000 per person	3.85
Loans for residential from the flooding crisis	Not exceed Baht 100,000 per person	2.00

12. LEASEHOLD IMPROVEMENT AND EQUIPMENT

Leasehold improvement and equipment as at December 31, 2016 and 2015 consisted of the following:

	Cost		Accumulated depreciation				Ending balance of	
	As at January 1, 2016	Increase	Disposal/ Write off	Transfer In (transfer out)	As at December 31, 2016	Depreciation Write off	As at December 31, 2016	leasehold improvement and equipment - net as at December 31, 2016
	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht
Leasehold improvement	40,166,700	1,165,103	(2,298,261)	9,485,633	(15,904,785)	(7,811,313)	(21,715,303)	26,803,872
Furniture, fixtures and office equipment	64,561,219	3,036,029	(1,371,813)	-	(48,716,523)	(5,932,318)	(53,289,433)	12,936,002
Vehicles	41,300,029	6,475,000	(15,699,924)	-	(21,324,894)	(6,243,627)	(13,897,812)	18,177,293
Leasehold improvement under installation	3,832,132	5,653,501	-	(9,485,633)	-	-	-	-
Total	149,860,080	16,329,633	(19,369,998)	-	(85,946,202)	(19,987,258)	(88,902,548)	57,917,167
	Cost		Accumulated depreciation				Ending balance of	
	As at January 1, 2015	Increase	Disposal/ Write off	Transfer In (transfer out)	As at January 1, 2015	Depreciation Write off	As at December 31, 2015	leasehold improvement and equipment - net as at December 31, 2015
	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht
Leasehold improvement	27,691,406	3,096,499	(5,843,442)	15,222,237	(17,075,492)	(4,672,718)	(15,904,785)	24,261,915
Furniture, fixtures and office equipment	67,869,095	3,787,794	(7,095,670)	-	(48,015,083)	(7,482,053)	(48,716,523)	15,844,696
Vehicles	41,349,958	14,935,105	(14,985,034)	-	(26,820,830)	(6,742,331)	(21,324,894)	19,975,135
Leasehold improvement under installation	-	19,054,369	-	(15,222,237)	-	-	-	3,832,132
Total	136,910,459	40,873,767	(27,924,146)	-	(91,911,405)	(18,897,102)	(85,946,202)	63,913,878

As at December 31, 2016 and 2015, certain leasehold improvement and equipment at cost of Baht 48.09 million and Baht 47.91 million, respectively, were fully depreciated but still in use.

13. INTANGIBLE ASSETS

Intangible assets as at December 31, 2016 and 2015 consisted of the following:

	Cost			Accumulated depreciation			Ending balance of intangible assets - net as at December 31, 2016
	As at January 1, 2016	Write off	Transfer In (transfer out)	As at December 31, 2016	Amortization	Write off	
	Baht	Baht	Baht	Baht	Baht	Baht	Baht
Purchase/Subsequently acquired							
Computer software	70,835,294	-	2,756,550	(61,182,884)	(4,000,897)	-	9,652,410
Computer software in process	25,595,473	-	(2,756,550)	-	-	-	25,595,473
Bancassurance agreement	100,000,000	-	-	(51,574,047)	(10,019,162)	-	48,425,953
Total	196,430,767	-	-	(112,756,931)	(14,020,059)	-	83,673,836

	Cost			Accumulated depreciation			Ending balance of intangible assets - net as at December 31, 2015
	As at January 1, 2015	Write off	Transfer In (transfer out)	As at December 31, 2015	Amortization	Write off	
	Baht	Baht	Baht	Baht	Baht	Baht	Baht
Purchase/Subsequently acquired							
Computer software	63,943,240	-	5,616,382	(57,097,469)	(4,085,415)	-	6,845,771
Computer software in process	22,973,336	-	(5,616,382)	-	-	-	22,973,336
Bancassurance agreement	100,000,000	-	-	(41,582,260)	(9,991,787)	-	58,417,740
Total	186,916,576	-	-	(98,679,729)	(14,077,202)	-	88,236,847

As at December 31, 2016 and 2015, certain intangible assets at cost of Baht 59.76 million and Baht 48.01 million, respectively, were fully depreciated but still in use.

14. DEFERRED TAX ASSETS

Deferred tax assets as at December 31, 2016 and 2015 were as follows:

	2016 Baht	2015 Baht
Deferred tax assets	<u>166,507,988</u>	<u>178,775,388</u>

Movements of deferred tax assets for the years ended December 31, 2016 and 2015 consisted of tax effects from the following items:

	As at January 1, 2016 Baht	Transactions recognized in profit or loss Baht	Transaction recognized in other comprehensive income or loss Baht	As at December 31, 2016 Baht
Deferred tax assets				
Allowance for doubtful accounts				
- Premium due and uncollected	978,711	(88,462)	-	890,249
Allowance for doubtful accounts				
- Other receivable	256,500	310,223	-	566,723
Unearned premium reserve	93,809,945	(14,193,599)	-	79,616,346
Loss reserve - net	59,815,912	(3,117,144)	-	56,698,768
Incurred but not reported claims	14,942,829	875,108	-	15,817,937
Employee benefits obligations	7,714,456	1,622,132	195,982	9,532,570
Reinsurance payables	2,736,469	1,330,059	-	4,066,528
	<u>180,254,822</u>	<u>(13,261,683)</u>	<u>195,982</u>	<u>167,189,121</u>
Deferred tax liabilities				
Unrealized gain on the change in value of investment in available-for-sale securities	(1,479,434)	-	798,301	(681,133)
	<u>(1,479,434)</u>	<u>-</u>	<u>798,301</u>	<u>(681,133)</u>
Deferred tax assets	<u>178,775,388</u>	<u>(13,261,683)</u>	<u>994,283</u>	<u>166,507,988</u>

	As at January 1, 2015	Transactions recognized in profit or loss	Transaction recognized in other comprehensive income or loss	As at December 31, 2015
	Baht	Baht	Baht	Baht
Deferred tax assets				
Allowance for doubtful accounts				
- Premium due and uncollected	1,915,251	(936,540)	-	978,711
Allowance for doubtful accounts				
- Other receivable	256,500	-	-	256,500
Unearned premium reserve	93,809,945	-	-	93,809,945
Loss reserve - net	84,409,964	(24,594,052)	-	59,815,912
Incurred but not reported claims	13,219,563	1,723,266	-	14,942,829
Employee benefits obligations	6,133,937	1,580,519	-	7,714,456
Reinsurance payables	5,499,529	(2,763,060)	-	2,736,469
	<u>205,244,689</u>	<u>(24,989,867)</u>	<u>-</u>	<u>180,254,822</u>
Deferred tax liabilities				
Unrealized gain on the change in value of investment in available-for-sale securities	(3,434,753)	-	1,955,319	(1,479,434)
	<u>(3,434,753)</u>	<u>-</u>	<u>1,955,319</u>	<u>(1,479,434)</u>
Deferred tax assets	<u>201,809,936</u>	<u>(24,989,867)</u>	<u>1,955,319</u>	<u>178,775,388</u>

Income tax expense for years ended December 31, 2016 and 2015 consisted of the following:

	2016 Baht	2015 Baht
Income tax expense from taxable income per income tax return	10,043,979	31,132,365
Deferred tax expenses relating to the origination and reversal of temporary differences	<u>13,261,683</u>	<u>24,989,867</u>
Income tax expense per the statements of profit or loss and other comprehensive income	<u>23,305,662</u>	<u>56,122,232</u>

Reconciliation of effective tax rate for the years ended December 31, 2016 and 2015 are as follows:

	2016		2015	
	Tax Rate (%)	Amount (Baht)	Tax Rate (%)	Amount (Baht)
Profit before income tax expense		<u>118,233,157</u>		<u>286,236,345</u>
Income tax using the corporation tax rate	20.00	23,646,631	20.00	57,247,269
Tax effect of non-deductible expenses (benefits)	<u>(0.29)</u>	<u>(340,969)</u>	<u>(0.39)</u>	<u>(1,125,037)</u>
Income tax expense per the statements of profit or loss and other comprehensive income	<u>19.71</u>	<u>23,305,662</u>	<u>19.61</u>	<u>56,122,232</u>

15. OTHER ASSETS

Other assets as at December 31, 2016 and 2015 consisted of the following:

	2016 Baht	2015 Baht
Other receivable	16,230,246	10,120,137
Allowance for doubtful accounts	<u>(2,833,615)</u>	<u>(1,282,500)</u>
	<u>13,396,631</u>	<u>8,837,637</u>
Revenue Department receivable	-	22,518,275
Refundable corporate income tax	13,097,739	1,656,457
Prepaid expenses	16,897,405	15,090,355
Others	<u>6,057,328</u>	<u>7,758,375</u>
Total other assets	<u>49,449,103</u>	<u>55,861,099</u>

16. INSURANCE CONTRACT LIABILITIES

Insurance contract liabilities as at December 31, 2016 and 2015 consisted of the following:

	Insurance contract liabilities Baht	2016 Reinsurance liabilities (see Note 8) Baht	Net Baht
Loss reserves			
Loss incurred and agreed	694,871,314	(409,067,995)	285,803,319
Loss incurred but not reported	124,231,405	(45,141,720)	79,089,685
Premium reserve			
Unearned Premium reserve	<u>1,430,785,906</u>	<u>(596,066,203)</u>	<u>834,719,703</u>
Total	<u>2,249,888,625</u>	<u>(1,050,275,918)</u>	<u>1,199,612,707</u>
		2015	
	Insurance contract liabilities Baht	Reinsurance liabilities (see Note 8) Baht	Net Baht
Loss reserves			
Loss incurred and agreed	718,095,306	(413,062,561)	305,032,745
Loss incurred but not reported	112,871,603	(38,157,457)	74,714,146
Premium reserve			
Unearned Premium reserve	<u>1,472,282,393</u>	<u>(540,939,707)</u>	<u>931,342,686</u>
Total	<u>2,303,249,302</u>	<u>(992,159,725)</u>	<u>1,311,089,577</u>

16.1 Insurance reserve for short term insurance contract

16.1.1 Loss reserves

Loss reserves as at December 31, 2016 and 2015 consisted of the following:

	Gross Baht	2016 Reinsurance Baht	Net Baht
Balance as at beginning year	830,966,909	(451,220,018)	379,746,891
Loss incurred and loss adjustment expenses during the year	1,577,788,345	(640,149,912)	937,638,433
Changing on estimated loss and assumptions used in calculating loss reserve	(164,438,207)	141,886,886	(22,551,321)
Loss paid during the year	<u>(1,425,214,328)</u>	<u>495,273,329</u>	<u>(929,940,999)</u>
Balance as at ending year	<u>819,102,719</u>	<u>(454,209,715)</u>	<u>364,893,004</u>

	Gross Baht	2015 Reinsurance Baht	Net Baht
Balance as at beginning year	1,040,139,058	(543,165,740)	496,973,318
Loss incurred and loss adjustment expenses during the year	1,254,927,855	(478,102,912)	776,824,943
Changing on estimated loss and assumptions used in calculating loss reserve	178,073,858	(102,080,289)	75,993,569
Loss paid during the year	<u>(1,642,173,862)</u>	<u>672,128,923</u>	<u>(970,044,939)</u>
Balance as at ending year	<u>830,966,909</u>	<u>(451,220,018)</u>	<u>379,746,891</u>

16.1.2 Unearned premium reserve

	Gross Baht	2016 Reinsurance Baht	Net Baht
As at January 1,	1,472,282,393	(540,939,707)	931,342,686
Premium written for the year	3,082,391,856	(1,286,529,458)	1,795,862,398
Earned premium for the year	<u>(3,123,888,343)</u>	<u>1,231,402,962</u>	<u>(1,892,485,381)</u>
As at December 31,	<u>1,430,785,906</u>	<u>(596,066,203)</u>	<u>834,719,703</u>

	Gross Baht	2015 Reinsurance Baht	Net Baht
As at January 1,	1,451,942,098	(546,254,397)	905,687,701
Premium written for the year	3,137,849,154	(1,239,518,400)	1,898,330,754
Earned premium for the year	<u>(3,117,508,859)</u>	<u>1,244,833,090</u>	<u>(1,872,675,769)</u>
As at December 31,	<u>1,472,282,393</u>	<u>(540,939,707)</u>	<u>931,342,686</u>

16.1.3 Unexpired risk reserve

As at December 31, 2016 and 2015, no additional reserve for unexpired risk reserve has been established as the unexpired risk reserve estimated by the Company amounting to Baht 816.17 million gross and Baht 549.26 million net of reinsurance (As at December 31, 2015 : amounting to Baht 743.54 million and Baht 578.60 million, respectively), is lower than the unearned premium reserve.

16.2 Claims development tables

16.2.1 Analysis of claims development – gross

	2012	2013	2014	2015	2016	Unit: Baht Total
Estimate of ultimates :						
- End of accident year	1,204,292,382	1,416,734,959	1,212,296,655	1,254,927,855	1,577,788,345	
- One year later	1,153,078,733	1,497,057,339	1,348,431,604	1,354,581,249		
- Two year later	1,114,151,515	1,462,331,512	1,297,549,606			
- Three year later	1,119,195,998	1,385,429,508				
- Four year later	1,112,106,240					
Absolute estimated loss reserve and outstanding claim	1,112,106,240	1,385,429,508	1,297,549,606	1,354,581,249	1,577,788,345	6,727,454,948
Accumulative claim paid	<u>(1,104,732,463)</u>	<u>(1,371,250,805)</u>	<u>(1,243,398,193)</u>	<u>(1,224,925,754)</u>	<u>(993,772,560)</u>	<u>(5,938,079,775)</u>
Total Loss reserves	<u>7,373,777</u>	<u>14,178,703</u>	<u>54,151,413</u>	<u>129,655,495</u>	<u>584,015,785</u>	789,375,173
Loss reserves before year 2012						<u>29,727,546</u>
Total Loss reserves						<u>819,102,719</u>

16.2.2 Analysis of claims development - net

	2012	2013	2014	2015	2016	Unit: Baht Total
Estimate of ultimates :						
- End of accident year	807,818,286	831,008,228	768,730,145	776,824,943	937,638,433	
- One year later	725,600,791	915,914,174	827,187,455	843,096,103		
- Two year later	720,391,059	887,549,891	802,549,106			
- Three year later	728,685,312	885,718,931				
- Four year later	727,808,322					
Absolute estimated loss reserve and outstanding claim	727,808,322	885,718,931	802,549,106	843,096,103	937,638,433	4,196,810,895
Accumulative claim paid	<u>(726,611,623)</u>	<u>(883,050,019)</u>	<u>(799,440,519)</u>	<u>(797,154,420)</u>	<u>(639,482,604)</u>	<u>(3,845,739,185)</u>
Total Loss reserves	<u>1,196,699</u>	<u>2,668,912</u>	<u>3,108,587</u>	<u>45,941,683</u>	<u>298,155,829</u>	351,071,710
Loss reserves before year 2012						<u>13,821,294</u>
Total Loss reserves						<u>364,893,004</u>

17. BANK OVERDRAFTS

As at December 31, 2016 and 2015, the Company had credit lines for bank overdrafts of Baht 20 million with interest rate of the fixed deposit rate of plus 2% per annum which were guaranteed by fixed deposit of the Company of Baht 20 million (see Note 10).

18. DUE TO REINSURERS

Due to reinsurers as at December 31, 2016 and 2015 consisted of the following:

	2016 Baht	2015 Baht
Amount withheld on reinsurance	402,551,575	401,914,568
Reinsurance payables	<u>303,140,910</u>	<u>231,437,501</u>
Total due to reinsurers	<u>705,692,485</u>	<u>633,352,069</u>

19. EMPLOYEE BENEFIT OBLIGATIONS

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

The expenses that were recorded in the statement of profit or loss and other comprehensive income for employee benefit obligations for the years ended December 31, 2016 and 2015 consisted of the following:

	2016	2015
	Baht	Baht
Current service cost	7,858,468	6,399,958
Interest cost	1,451,256	1,944,720
Actuarial (gain) loss		
- From financial assumptions changes	2,917,419	-
- From demographic assumptions changes	(195,652)	-
- From experience adjustments	<u>(1,741,858)</u>	<u>-</u>
Total employee benefit expenses	<u>10,289,633</u>	<u>8,344,678</u>

For the year ended December 31, 2016, the Company recognized actuarial loss in the statement of profit or loss and other comprehensive income amounting to Baht 0.78 million (net of deferred tax amounting to Baht 0.20 million).

Movements in the present value of employee benefit obligations as at December 31, 2016 and 2015 were as follows:

	2016	2015
	Baht	Baht
Present value of obligation at the beginning of the years	63,046,340	56,374,662
Current service cost of the years	7,858,468	6,399,958
Interest cost	1,451,256	1,944,720
Actuarial loss	979,909	-
Benefit paid during the years	(1,649,750)	(1,673,000)
Employee benefit obligation transferred from the parent company	<u>326,693</u>	<u>-</u>
Present value of obligation at the ending of the years	<u>72,012,916</u>	<u>63,046,340</u>

The Company calculated employee benefit obligations by an actuary using the projected unit credit cost method. The assumptions consisted of the following:

	2016	2015
Financial assumptions		
Discount rate (%)	2.27	3.59
Expected rate of salary increase (%)	5	6
Demographic assumptions		
Turnover rate (%) subject to range of age of employees	4, 10, 17	4, 9, 21
Retirement age (years)	60	60

Significant actuarial assumptions - impact on increase (decrease) in defined benefit obligation

	2016	2015
	Baht	Baht
Financial assumptions		
Discount rate - 1% increase	(6,870,233)	(6,411,334)
Discount rate - 1% decrease	7,955,881	6,904,102
Expected rate of salary - 1% increase	7,655,239	6,659,184
Expected rate of salary - 1% decrease	(6,763,836)	(6,252,910)
Demographic assumptions		
Turnover rate - 1% increase	(7,218,641)	(6,781,479)
Turnover rate - 1% decrease	2,371,563	2,341,688
Life expectancy - 1 year increase	575,608	523,030
Life expectancy - 1 year decrease	(570,272)	(518,061)

20. OTHER LIABILITIES

Other liabilities as at December 31, 2016 and 2015 consisted of the following:

	2016	2015
	Baht	Baht
Other payable - promotion expense	25,632,769	16,881,679
Amount received in advance - premium	29,334,767	20,527,439
Revenue Department payable	15,624,245	4,543,054
Undue output VAT	2,782,325	3,159,336
Others	13,114,056	22,712,471
Total other liabilities	<u>86,488,162</u>	<u>67,823,979</u>

21. LEGAL RESERVE

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

As at December 31, 2016, the Company has legal reserve of Baht 1.85 million (as at December 2015 : Nil).

22. FINANCIAL INFORMATION BY SEGMENT

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

The Company has four reportable segments, which represent the major products that the Company underwrites and consists of fire, marine, motor and miscellaneous.

The Company is only operated and managed in a single geographic area, namely in Thailand. Therefore, no geographical segment information is presented.

For the years ended December 31, 2016 and 2015, there was no underwriting income with a single external customer contributed 10% or more to the Company's total revenue.

The reporting of underwriting information classified by type of insurance for the years ended December 31, 2016 and 2015 were as follows:

	For the year ended December 31, 2016				
	Fire Baht	Marine Baht	Motor Baht	Miscellaneous Baht	Total Baht
Underwriting income					
Gross premiums written	604,710,012	349,567,474	1,053,083,805	1,075,030,565	3,082,391,856
<u>Less</u> Premiums ceded	<u>176,986,488</u>	<u>245,048,453</u>	<u>379,164,427</u>	<u>485,330,090</u>	<u>1,286,529,458</u>
Net premiums written	427,723,524	104,519,021	673,919,378	589,700,475	1,795,862,398
<u>Less</u> Unearned premium reserve increase (decrease) from previous period	<u>2,554,272</u>	<u>(3,210,019)</u>	<u>(4,502,727)</u>	<u>(91,464,508)</u>	<u>(96,622,982)</u>
Net premium earned	425,169,252	107,729,040	678,422,105	681,164,983	1,892,485,380
Fee and commission income	29,545,718	65,220,229	117,782,856	110,770,449	323,319,252
Total underwriting income	<u>454,714,970</u>	<u>172,949,269</u>	<u>796,204,961</u>	<u>791,935,432</u>	<u>2,215,804,632</u>
Underwriting expenses					
Loss incurred	141,733,216	72,819,398	666,269,054	532,528,470	1,413,350,138
<u>Less</u> Loss refundable from reinsurers	<u>87,134,441</u>	<u>42,594,540</u>	<u>223,435,494</u>	<u>145,098,551</u>	<u>498,263,026</u>
Commissions and brokerages expenses	134,601,863	43,442,932	129,882,928	147,769,125	455,696,848
Other underwriting expenses	99,377,403	32,708,624	180,693,483	160,538,768	473,318,278
Total underwriting expenses	<u>288,578,041</u>	<u>106,376,414</u>	<u>753,409,971</u>	<u>695,737,812</u>	<u>1,844,102,238</u>
Profit on underwriting before					
operating expenses	<u>166,136,929</u>	<u>66,572,855</u>	<u>42,794,990</u>	<u>96,197,620</u>	<u>371,702,394</u>
Operating expenses					<u>308,079,075</u>
Profit on underwriting					<u>63,623,319</u>

	For the year ended December 31, 2015				
	Fire	Marine	Motor	Miscellaneous	Total
	Baht	Baht	Baht	Baht	Baht
Underwriting income					
Gross premiums written	624,983,678	366,889,646	1,002,642,850	1,143,332,980	3,137,849,154
<u>Less</u> Premiums ceded	<u>197,442,646</u>	<u>256,622,384</u>	<u>356,893,231</u>	<u>428,560,139</u>	<u>1,239,518,400</u>
Net premiums written	427,541,032	110,267,262	645,749,619	714,772,841	1,898,330,754
<u>Less</u> Unearned premium reserve increase (decrease) from previous period	<u>5,647,737</u>	<u>(522,136)</u>	<u>31,031,846</u>	<u>(10,502,462)</u>	<u>25,654,985</u>
Net premium earned	421,893,295	110,789,398	614,717,773	725,275,303	1,872,675,769
Fee and commission income	60,747,015	68,449,746	136,811,410	122,272,545	388,280,716
Total underwriting income	<u>482,640,310</u>	<u>179,239,144</u>	<u>751,529,183</u>	<u>847,547,848</u>	<u>2,260,956,485</u>
Underwriting expenses					
Loss incurred	169,475,599	190,174,854	581,960,712	491,390,548	1,433,001,713
<u>Less</u> Loss refundable from reinsurers	<u>65,640,101</u>	<u>146,947,208</u>	<u>196,800,652</u>	<u>170,795,240</u>	<u>580,183,201</u>
Commissions and brokerages expenses	138,710,018	44,513,330	128,810,404	154,256,179	466,289,931
Other underwriting expenses	83,533,740	34,164,773	153,226,516	153,444,655	424,369,684
Total underwriting expenses	<u>326,079,256</u>	<u>121,905,749</u>	<u>667,196,980</u>	<u>628,296,142</u>	<u>1,743,478,127</u>
Profit on underwriting before operating expenses	<u>156,561,054</u>	<u>57,333,395</u>	<u>84,332,203</u>	<u>219,251,706</u>	<u>517,478,358</u>
Operating expenses					<u>301,054,639</u>
Profit on underwriting					<u>216,423,719</u>

The assets and liabilities of the Company's operating segments as at December 31, 2016 and 2015 were presented as follows:

	Fire	Marine	Motor	Miscellaneous	Unallocated	Total
	Baht	Baht	Baht	Baht	Baht	Baht
Assets						
As at December 31, 2016	<u>304,107,324</u>	<u>279,880,114</u>	<u>294,055,419</u>	<u>511,639,294</u>	<u>3,999,523,219</u>	<u>5,389,205,370</u>
As at December 31, 2015	<u>365,062,104</u>	<u>320,917,587</u>	<u>330,919,952</u>	<u>510,998,987</u>	<u>3,728,045,308</u>	<u>5,255,943,938</u>
Liabilities						
As at December 31, 2016	<u>894,843,558</u>	<u>381,095,149</u>	<u>935,565,761</u>	<u>1,133,038,486</u>	<u>207,902,751</u>	<u>3,552,445,705</u>
As at December 31, 2015	<u>776,467,188</u>	<u>397,371,054</u>	<u>901,341,437</u>	<u>1,228,265,243</u>	<u>206,689,714</u>	<u>3,510,134,636</u>

23. OPERATING EXPENSES

Operating expenses for the years ended December 31, 2016 and 2015 consisted of the following:

	2016	2015
	Baht	Baht
Employee benefit expense, excluded underwriting and loss adjustment expenses	100,236,084	96,601,212
Premises and equipment expense, excluded underwriting expenses	108,818,793	104,818,185
Taxes and duties	1,413,960	1,206,348
Bad debt and allowance for doubtful accounts (reverse)	1,108,802	(10,532,430)
Directors' remuneration	6,584,040	5,968,028
Management fee (see Note 27)	33,171,739	37,688,377
Marketing and promotion expenses	13,446,342	17,572,650
Other operating expenses	43,299,315	47,732,269
Total operating expenses	<u>308,079,075</u>	<u>301,054,639</u>

24. EMPLOYEE EXPENSES

Employee expenses for the years ended December 31, 2016 and 2015 consisted of the following:

	2016	2015
	Baht	Baht
Salary and wage	174,707,499	168,041,955
Social fund expenses	3,670,844	3,716,190
Employee benefit expenses	9,309,724	8,344,678
Provident fund (see Note 29)	9,857,538	10,078,140
Other benefits	54,833,486	54,785,779
Total employee expenses	<u>252,379,091</u>	<u>244,966,742</u>

25. GAIN ON INVESTMENT IN SECURITIES

Gain on investment in securities for the years ended December 31, 2016 and 2015 consisted of the following:

	2016	2015
	Baht	Baht
Gain on sale of investment in available-for-sale securities - unit trusts	-	8,790,765
Total gain on investment in securities	<u>-</u>	<u>8,790,765</u>

26. BASIC EARNINGS PER SHARE

Basic earnings per share for the years ended December 31, 2016 and 2015 were as follows:

	2016	2015
Net profit (Baht)	94,927,495	230,114,113
Number of share capital (shares)	180,000,000	180,000,000
Basic earnings per share (Baht)	<u>0.53</u>	<u>1.28</u>

27. TRANSACTIONS WITH RELATED PARTIES

A portion of the Company's assets, liabilities, revenues and expenses arose from transactions with related parties. The relationship may be by shareholding or the companies may have the same group of shareholders or directors. The Company's management believes that the Company has no significant influence over the related parties. The accompanying financial statements reflect the effects of these transactions determined on the basis of commitments and conditions as in the normal course of business. Transactions with the related parties are mainly as follows:

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

Companies	Relationship	Type of Business
Sri Ayudhya Capital Plc.	Parent company	Holding Company
Bank of Ayudhya Plc.	Some common shareholders and directors	Banking
Krungsri Securities Plc.	Some common shareholders	Finance
Krungsri Asset Management Co., Ltd.	Some common shareholders	Fund Management
Ayudhya Development Leasing Co., Ltd.	Some common shareholders	Hire-purchase and leasing
Siam City Cement Plc.	Some common shareholders and directors	Construction Materials
Bangkok Broadcasting & T.V. Co., Ltd.	Some common shareholders and directors	Television Business
Great Luck Equity Co., Ltd.	Some common shareholders	Advertising
Super Asset Co., Ltd.	Some common shareholders and directors	Investment
BBTV Equity Co., Ltd.	Some common shareholders and directors	Office Space Rental
CKS Holding Co., Ltd.	Some common shareholders and directors	Investments
Allianz Ayudhya Assurance Plc.	Some common shareholders and directors	Life Insurance
Grand Canal Land Plc.	Some common shareholders and directors	Advertising
Ayudhya Asset Management Co., Ltd.	Some common shareholders	Asset Management
Siam Realty and Service Co., Ltd.	Some common shareholders	Services
Ayudhya Capital Auto Lease Plc.	Some common shareholders	Hire-purchase and auto leasing
Krungsriayudhya Card Co., Ltd.	Some common shareholders	Services
Eastern Star Real Estate Plc.	Some common shareholders and directors	Property

Significant balances and transactions were as follows:

	As at December 31,	
	2016	2015
	Baht	Baht
Deposits at financial institutions		
Bank of Ayudhya Plc.	326,451,407	479,081,464
Premium due and uncollected		
Bank of Ayudhya Plc.	542,014	255,180
Ayudhya Development Leasing Co., Ltd.	7,607	-
Siam City Cement Plc.	1,949,465	2,426,843
Bangkok Broadcasting & T.V. Co., Ltd.	205,804	198,894
CKS Holding Ltd.	53,407	63,136
Allianz Ayudhya Assurance Plc.	33,851	18,193
Grand Canal Land Plc.	263,199	279,313
Siam Realty and Services Co., Ltd.	93,955	75,743
Ayudhya Capital Auto Lease Plc.	500	-
Eastern Star Real Estate Plc.	362,886	794,075
	<u>3,512,688</u>	<u>4,111,377</u>
Accrued interest income		
Bank of Ayudhya Plc.	1,094,348	1,588,334
Rental and facilities deposits		
BBTV Equity Co., Ltd.	4,415,833	4,415,833
Premium written received in advance		
Bank of Ayudhya Plc.	10,425,587	11,914,957
Accrued expense - custodian fee		
Bank of Ayudhya Plc.	16,065	16,658
Accrued expense - commissions and brokerages		
Bank of Ayudhya Plc.	13,700,280	15,836,066
Accrued expense - other underwriting expenses		
Bank of Ayudhya Plc.	20,279,107	15,674,545
Accrued expense		
Sri Ayudhya Capital Plc.	16,219,009	12,744,860

	For the years ended December 31,	
	2016	2015
	Baht	Baht
Premium written		
Bank of Ayudhya Plc.	12,531,774	18,798,639
Krungsri Securities Plc.	50,918	32,889
Krungsri Asset Management Co., Ltd.	1,230,034	1,303,348
Ayudhya Development Leasing Co., Ltd.	95,568	93,745
Siam City Cement Plc.	48,619,416	72,653,635
Bangkok Broadcasting & T.V. Co., Ltd.	10,679,051	11,133,917
Great Luck Equity Co., Ltd.	47,458	86,023
Super Assets Co., Ltd.	74,509	79,422
BBTV Equity Co., Ltd.	902,683	902,489
CKS Holding Ltd.	144,519	58,770
Allianz Ayudhya Assurance Plc.	451,478	539,248
Grand Canal Land Plc.	245,000	260,000
Ayudhya Asset Management Co., Ltd.	477,838	451,669
Siam Realty and Services Co., Ltd.	1,838,218	1,782,478
Ayudhya Capital Auto Lease Plc.	109,162	147,592
Krungsriayudhya Card Co., Ltd.	165,891	766,458
Eastern Star Real Estate Plc.	745,500	1,693,314
	<u>78,409,017</u>	<u>110,783,636</u>

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

	For the years ended December 31,	
	2016	2015
	Baht	Baht
Interest income		
Bank of Ayudhya Plc.	3,059,180	3,942,837

Interest was charged at the same interest rates as the bank has offered to other insurance companies.

	For the years ended December 31,	
	2016	2015
	Baht	Baht
Other income		
Sri Ayudhya Capital Plc.	480,000	480,000

The Company enters into a management service agreement with the parent company for providing about services of personnel, internal audit and information technology. Service rates are agreed by both parties which are determined based on estimated time spent and cost incurred for the parent company.

	For the years ended December 31,	
	2016	2015
	Baht	Baht
Commissions and brokerages		
Bank of Ayudhya Plc.	183,999,834	173,893,999
Other underwriting expenses		
Bank of Ayudhya Plc.	122,493,991	104,771,096

The Company paid commissions and brokerages and other underwriting expenses as specified in the Bancassurance Agreement made between the Company and such related bank. The commission rates were in compliance with the Office of Insurance Commission criteria and the same basis of the commission rate that the Company has offered to other insurance broker companies.

	For the years ended December 31,	
	2016	2015
	Baht	Baht
Custodian fees		
Bank of Ayudhya Plc.	175,604	180,199

Custodian fee was paid at the same rates and conditions as the related parties charged other customers.

	For the years ended December 31,	
	2016	2015
	Baht	Baht
Rental and service fees		
BBTV Equity Co., Ltd.	17,645,837	17,645,837
Management fees		
Sri Ayudhya Capital Plc. (see Note 23)	33,171,739	37,688,377

The Company has office rental, equipment rental and service agreements with related companies for a term of 3 years. Rental rates and conditions are the same as the related parties offer to other companies.

The Company enters into a management service agreement with the parent company for receiving managerial and administrative services of accounting. Service rates are agreed by both parties which are determined based on estimated time spent and cost incurred for the Company.

28. DIRECTORS AND KEY MANAGEMENT PERSONNEL'S REMUNERATION

The Company had salaries, bonuses, directors allowances and other benefits of its directors and key management personnel recognized as expenses for the years ended December 31, 2016 and 2015, as follows:

	For the years ended December 31,	
	2016	2015
	Baht	Baht
Directors and key management personnel's remuneration		
Short-term benefits	35,143,078	30,246,377
Post-employment benefits	1,333,092	1,277,213
Directors' remuneration	1,244,689	1,085,392
	<u>37,720,859</u>	<u>32,608,982</u>

Directors' remunerations for the years of 2016 and 2015 were approved by the ordinary shareholders' meeting of the Company held on April 25, 2016 and April 9, 2015, respectively.

29. PROVIDENT FUND

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

Year of services	Percentage %
Less than 5 years	5
5 years and above	7

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

For the years ended December 31, 2016 and 2015, the Company's contributions recorded as expenses were Baht 9.86 million and Baht 10.08 million, respectively (see Note 24).

30. SECURITIES PLEDGED AND ASSETS RESERVED WITH THE REGISTRAR

As at December 31, 2016 and 2015, certain investment in securities of the Company were pledged and used for assets reserved with the Registrar (see Note 10) in accordance with the Insurance Act and according to the announcement of the Office of Insurance Commission regarding “Rates, Rules and Procedures for pledge of unearned premium reserve of Non-Life Insurance Company B.E. 2552” as follows:

	2016	2015
	Baht	Baht
Investment in securities used to secure the facilities collateral with the Office of Insurance Commission		
Securities pledged with the registrar		
Deposits at banks	14,000,000	14,000,000
Assets reserved with the registrar		
Government and state enterprise securities	<u>251,085,975</u>	<u>254,640,675</u>
Total investment in securities of pledged	<u>265,085,975</u>	<u>268,640,675</u>

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

Effect from income tax relating to components of other comprehensive income for the years ended December 31, 2016 and 2015, are as follows:

	<u>2016</u>			<u>2015</u>		
	Before tax	Income tax	Net of tax	Before tax	Income tax	Net of tax
	Baht	- surplus (deficit) Baht	Baht	Baht	- surplus (deficit) Baht	Baht
Item that will not be reclassified subsequently to profit or loss						
Actuarial loss on deficit employee benefit plans	(979,909)	195,982	(783,927)	-	-	-
Item that will be reclassified subsequently to profit or loss						
Change in fair value of available-for-sale securities	<u>(3,991,506)</u>	<u>798,301</u>	<u>(3,193,205)</u>	<u>(9,776,594)</u>	<u>1,955,319</u>	<u>(7,821,275)</u>
Total	<u>(4,971,415)</u>	<u>994,283</u>	<u>(3,977,132)</u>	<u>(9,776,594)</u>	<u>1,955,319</u>	<u>(7,821,275)</u>

32. CONTRIBUTION TO NON-LIFE GUARANTEE FUND

The Company has accumulated funding amount which was paid into contribution to non-life guarantee fund as at December 31, 2016 and 2015 amounting to Baht 40.70 million and Baht 33.00 million, respectively.

33. CONTINGENT LIABILITIES AND COMMITMENT

33.1 As at December 31, 2016 and 2015, lawsuits have been brought against the Company, as insurer, from which the Company estimates losses totaling Baht 22.33 million and Baht 53.12 million, respectively. The Company's management believes that such estimation is adequate to losses and does not expect the outcome of the litigation to result in losses that differ from the recorded liability by amounts, that would be material to the Company's operating results.

33.2 As at December 31, 2016 and 2015, the Company had a capital commitment to pay computer program development expenses in amount of approximately Baht 14.03 million and Baht 11.84 million, respectively.

34. LONG-TERM LEASES AND SERVICE AGREEMENTS

Long-term leases and service agreements as at December 31, 2016 and 2015 consisted of the following:

Type of leases	Remaining periods		Total rental payments for the remaining periods Baht
	Within 1 year Baht	Over 1 year to 5 years Baht	
As at December 31, 2016			
Building			
- related company	4,338,880	-	4,338,880
- others	2,824,576	3,350,124	6,174,700
Service - related company	3,294,710	-	3,294,710
Equipment - related company	3,254,160	-	3,254,160
	<u>13,712,326</u>	<u>3,350,124</u>	<u>17,062,450</u>

Type of leases	Remaining periods		Total rental payments for the remaining periods Baht
	Within 1 year Baht	Over 1 year to 5 years Baht	
As at December 31, 2015			
Building			
- related company	5,324,717	3,294,710	8,619,427
- others	4,066,088	5,262,812	9,328,900
Service - related company	5,280,480	3,254,160	8,534,640
Equipment - related company	7,040,640	4,338,880	11,379,520
	<u>21,711,925</u>	<u>16,150,562</u>	<u>37,862,487</u>

For the years ended December 31, 2016 and 2015, the Company recorded the rental and service fees under operating agreements as expense in statement of profit or loss and other comprehensive income as follow:

	For the years ended December 31,	
	2016	2015
	Baht	Baht
Rental and service fees	25,418,047	25,681,847

35. INSURANCE AND FINANCIAL RISK MANAGEMENT

35.1 Insurance risk

35.1.1 Insurance risk management policy

The Company's managements take a responsibility to make a strategic decisions and pre-planned with clear steps to be taken so that the process of translating strategy into implementation is actionable, timely and appropriate to changes.

Insurance risk means the fluctuation of the frequency, extent of damage, and number of events that is out of the standard assumption used in establishing rate of insurance, calculations for insurance contract liabilities, and underwriting considerations. The Company examines thoroughly the level of risks that is acceptable to take by referring to the insurance underwriting manual, evaluating insurance rates, risk spreads, and other relevant considerations to ensure that there is no concentrated risk by way of geography or by type of risks. If the risks exceed the defined level, the Company extends the risks to reinsurers by proportional reinsurance, and/or non-proportional reinsurance which mean that the reinsurer will take the responsibility for claim payments on extensive damage as per agreed terms.

Risk management is integral to the whole business of the Company. The Company has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The management continually monitors the Company's risk management process to ensure that an appropriate balance between risk and control is achieved.

The key elements of the Company's insurance risk management framework are as below.

Product Design and Development, and Price Structure

In developing any new non-life insurance product, considerations are given to the range of coverage as well as applying actuarial science methods to calculate insurance rates. This is to ensure that products are competitive and sufficient in covering for claims. Monitoring procedures and evaluations for each product are regularly conducted in order to make appropriate improvements in coverage and/or pricing.

Underwriting strategy

The underwriting strategy is set out in an annual Company business plan that establishes the classes of business to be written, the business to be written and the industry sectors to be written. This strategy is cascaded by the business units to individual underwriters through detailed underwriting authorities that set out the limits that any one underwriter can write by line size, class of business risk, scope and industry in order to ensure appropriate risk selection within the portfolio.

Reinsurance strategy

The Company has a combination of proportionate and non-proportionate reinsurance treaties. In term of significant exposure loss, reinsurer is responsible for claim as specified in the agreement to limit the net exposure loss to the Company.

The Company sets the minimum security criteria for acceptable reinsurance and monitoring the purchase of reinsurance by the business units against those criteria. The Company's management monitors developments in the reinsurance programme and its ongoing adequacy.

35.1.2 Sensitivity analysis

The sensitivity analysis is performed on the net loss reserve and outstanding claims, based on changes in assumptions that may affect the level of liabilities. Effect of risk that changes in assumptions as at December 31, 2016 is as follows:

	2016	
	Increase (decrease) in insurance contract liabilities Baht	Increase (decrease) in profit and equity Baht
Gross		
Loss ratio - 10% increase	177,471,690	(177,471,690)
Loss ratio - 10% decrease	(171,630,557)	171,630,557
Net		
Loss ratio - 10% increase	105,996,227	(105,996,227)
Loss ratio - 10% decrease	(100,155,093)	100,155,093

35.1.3 Concentration of insurance risks

Concentrations of risk may where a particular event or a series of events could impact heavily upon the Company's insurance contract liabilities.

The Company sets out the total aggregate exposure that it is prepared to accept in relation to general insurance risk concentrations. It monitors these exposures both at the time of underwriting a risk and on a monthly basis by reviewing reports which show the key aggregations to which the Company is exposed. A number of additional stress and scenario tests are run during the year to identify risk concentrations.

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

	Fire Baht	Marine Baht	Motor Baht	Miscellaneous Baht	Total Baht
31 December 2016					
Gross	167,827,247	135,773,421	201,831,592	313,670,459	819,102,719
Net of reinsurance	54,416,186	27,617,674	131,269,639	151,589,505	364,893,004
31 December 2015					
Gross	88,235,952	176,252,716	190,852,344	375,625,897	830,966,909
Net of reinsurance	43,644,571	34,111,786	130,002,069	171,988,465	379,746,891

35.2 Financial risk

35.2.1 Accounting policies

Details of significant accounting policies and methods adopted, including criteria for recognition of revenues and expenses relating to financial assets and financial liabilities are disclosed in Note 4.

35.2.2 Liquidity risk

The Company monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by the Management to finance the Company's operations and to mitigate the effects of fluctuations in cash flows.

The analysis of the liquidity risk from insurance contracts which estimate base on an analysis of payment histories.

	Payment periods			Unit: Baht
	Less than 1 year	1 - 5 years	5 - 10 years	Total
31 December 2016				
Insurance contract liabilities				
Loss reserves and outstanding claims	507,843,686	294,876,979	16,382,054	819,102,719
31 December 2015				
Insurance contract liabilities				
Loss reserves and outstanding claims	515,199,484	299,148,087	16,619,338	830,966,909

35.2.3 Credit risk

Credit risk is the potential financial loss resulting from the failure of a customer or counterparty to settle its financial and contractual obligations to the Company, including the opportunity to drop in credit rating of counterparty.

Management determines a credit policy to control credit risk on a regularly basis by consider financial performance of customer. At the end of reporting period, the Company does not have significant credit risk transaction. The highest credit risk of financial assets are disclosed in the statement of financial position at the end of reporting date. However, the Company has many client base, the management does not expect to effect from significant loss by uncollected amount.

The Company has the criteria for acceptable reinsurers by considering the reputation and acknowledgement both international and national, and including selection of reinsurance with strong financial background based on financial rating from reliable credit rating agency.

As at December 31, 2016, the Company has receivable from reinsurance contracts of Baht 58.57 million, consists of local reinsurers in amount of Baht 31.98 million which maintain Capital Adequacy Ratio according to Office of Insurance Commission criteria. In addition, the 90.97% of foreign reinsurers in amount of Baht 26.59 million have financial rating not lower than A.

35.2.4 Interest rate risk

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

As at December 31, 2016 and 2015, significant financial assets classified by type of interest rate are as follows:

	Balance as at December 31,			
	2016		2015	
	Variable interest rate Baht	Fixed interest rate Baht	Variable interest rate Baht	Fixed interest rate Baht
Cash and cash equivalents				
Saving accounts	158,768,059	-	215,990,735	-
Deposits at bank with maturity over 3 months	-	28,214,757	-	-
Short-term investments	-	1,149,085,562	-	699,888,062
Investment in securities				
Available-for-sale securities				
Government and state enterprise securities	-	359,620,980	-	468,508,613
Private enterprise debt securities	-	-	-	3,092,929
Held-to-maturity securities				
Government and state enterprise securities used as collateral	-	1,497,711,448	-	1,399,664,483
Deposits at bank with maturity over 3 months	175,663,145	-	153,072,221	-
Deposits at bank used as collateral	-	201,902,763	-	259,290,739
Total	334,431,204	3,236,535,510	369,062,956	2,830,444,826

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

	As at December 31, 2016				
	Period specified for fixing new interest rate				Average interest rate
	Within 1 year	1 – 5 years	Over 5 years	Total	
	Baht	Baht	Baht	Baht	%
Cash and cash equivalents					
Deposits at bank with maturity over 3 months	28,214,757	-	-	28,214,757	1.30
Short-term investment	1,149,085,562	-	-	1,149,085,562	1.50
Investment in securities					
Available-for-sale securities					
Government and state enterprise securities	171,547,062	188,073,918	-	359,620,980	2.41
Held-to-maturity securities					
Government and state enterprise securities used as collateral	1,497,711,448	-	-	1,497,711,448	1.43
Deposits at bank used as collateral	187,902,763	14,000,000	-	201,902,763	1.60
Total	3,034,461,592	202,073,918	-	3,236,535,510	

	As at December 31, 2015				
	Period specified for fixing new interest rate				Average interest rate
	Within 1 year	1 – 5 years	Over 5 years	Total	
	Baht	Baht	Baht	Baht	%
Cash and cash equivalents					
Short-term investment	699,888,062	-	-	699,888,062	1.46
Investment in securities					
Available-for-sale securities					
Government and state enterprise securities	202,216,562	266,292,051	-	468,508,613	2.78
Held-to-maturity securities	3,092,929	-	-	3,092,929	5.39
Government and state enterprise securities used as collateral	1,399,664,483	-	-	1,399,664,483	1.46
Deposits at bank used as collateral	245,290,739	14,000,000	-	259,290,739	1.53
Total	2,550,152,775	280,292,051	-	2,830,444,826	

35.2.5 Equity risk

The Company manages the capital risk by establishing guideline of investment policy and investment plan in written. The guideline sets the framework and investment direction for the year by specifying the limitation in all types and levels of investments based on targeted rate of returns and liquidity by setting both internal investment limits and compliance to the Office of Insurance Commission.

35.2.6 Fair value measurements

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

35.2.6.1 Financial assets or financial liabilities measured at fair value

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

	Fair value		Fair value hierarchy	Valuation techniques and key inputs
	As at December 31,			
	2016 Baht	2015 Baht		
<u>Financial assets</u>				
Government and state enterprise securities				
Thai government bonds	159,213,295	266,735,947	Level 2	Discounted cash flow using yield rates of the last working day of the reporting period as quoted by the Thai Bond Market Associate
State enterprise bonds	200,407,685	201,772,666	Level 2	Discounted cash flow using yield rates of the last working day of the reporting period as quoted by the Thai Bond Market Associate
Private enterprise debt securities	-	3,092,929	Level 2	Discounted cash flow using yield rates of the last working day of the reporting period as quoted by the Thai Bond Market Associate
Private enterprises securities				
Equity securities	25,786,373	25,463,268	Level 2	The unit trust's net asset value of the last working day of the reporting period.

35.2.6.2 Financial assets or financial liabilities not measured at fair value

Cash and cash equivalents, Premium due and uncollected - net, Accrued investment income, Reinsurance assets, Due from reinsurers, Loans, Insurance contract liabilities and Due to reinsurers; the fair values approximate their carrying values due to the relatively short period to maturity.

The transactions disclosed in the following tables, are considered that the carrying amounts recognized in the financial statements are different from their fair values. Valuation technique is net present value of expected cash inflow as follow:

	Fair value hierarchy	As at December 31, 2016		As at December 31, 2015	
		Carrying amount Baht	Fair value Baht	Carrying amount Baht	Fair value Baht
<u>Financial assets</u>					
Held-to-maturity securities	Level 2	1,888,127,356	1,888,488,851	1,825,277,443	1,825,696,316

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

35.3 Capital management

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

Monitoring the capital level of the Company is conducted in accordance with Notifications of the Office of Insurance Commission.

As at December 31, 2016 and 2015, the Company's capital level is maintained according such notifications.

36. APPROVAL OF THE FINANCIAL STATEMENTS

These financial statements were approved for issuance by the Company's authorized executive director on February 20, 2017.