
*SRI AYUDHYA GENERAL INSURANCE
PUBLIC COMPANY LIMITED*

Interim Financial Statements

*Three month and six-month periods ended
June 30, 2015*

**REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION
BY THE INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS**

TO THE BOARD OF DIRECTORS

SRI AYUDHYA GENERAL INSURANCE PUBLIC COMPANY LIMITED

We have reviewed the statement of financial position of Sri Ayudhya General Insurance Public Company Limited as at June 30, 2015, and the related statements of profit or loss and other comprehensive income for the three-month and six-month periods ended June 30, 2015, changes in equity and cash flows for the six-month period then ended, and the condensed notes to the financial statements. The Company's management is responsible for the preparation and presentation of this interim financial information in accordance with Thai Accounting Standard No. 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

We conducted our review in accordance with Thai Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Thai Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the aforementioned interim financial information is not prepared, in all material respects, in accordance with Thai Accounting Standard No. 34 "Interim Financial Reporting".



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

BANGKOK
August 7, 2015

DELOITTE TOUCHE TOHMATSU JAIYOS AUDIT CO., LTD.

SRI AYUDHYA GENERAL INSURANCE PUBLIC COMPANY LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2015

Baht : '000

	Notes	“Unaudited”	
		As at June 30, 2015	As at December 31, 2014
ASSETS			
Cash and cash equivalents		1,233,715	1,331,413
Accrued investment income		13,023	10,300
Premium due and uncollected - net	6	258,124	305,664
Reinsurance assets	7	1,196,258	1,426,547
Investments			
Investment in securities	8		
Available-for-sale securities		414,738	414,234
Held-to-maturity securities		2,008,162	1,407,806
General investment		1,161	1,161
Total investment in securities		2,424,061	1,823,201
Loans	9	837	1,327
Leasehold improvement and equipment - net	10	52,363	44,999
Intangible assets - net		86,430	88,237
Deferred tax assets	11	215,621	205,245
Deferred commission expenses		53,976	59,836
Other assets	12	50,036	65,812
TOTAL ASSETS		5,584,444	5,362,581

See condensed notes to the financial statements

SRI AYUDHYA GENERAL INSURANCE PUBLIC COMPANY LIMITED
STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT JUNE 30, 2015

Baht : '000

	Notes	“Unaudited” As at June 30, 2015	As at December 31, 2014
LIABILITIES AND EQUITY			
Income tax payable		28,226	6,152
Due to reinsurers	13	853,044	795,480
Insurance contract liabilities			
Loss reserves and outstanding claims	14	1,134,388	995,377
Premium reserve	15	1,432,382	1,451,942
Employee benefit obligations	16	60,487	56,375
Deferred tax liabilities	18	4,027	3,435
Premium written received in advance		298,947	334,883
Commission and brokerage payables		53,500	62,711
Accrued expenses		33,253	76,835
Other liabilities	19	61,827	55,875
TOTAL LIABILITIES		<u>3,960,081</u>	<u>3,839,065</u>
EQUITY			
Share capital			
Authorized share capital			
240,000,000 ordinary shares			
of Baht 10.00 each		<u>2,400,000</u>	<u>2,400,000</u>
Issued and paid-up share capital			
180,000,000 ordinary shares			
of Baht 10.00 each		1,800,000	1,800,000
Retained deficits			
Unappropriated		(191,744)	(290,223)
Other components of equity			
Changes in fair value of available-for-sale securities		16,107	13,739
TOTAL EQUITY		<u>1,624,363</u>	<u>1,523,516</u>
TOTAL LIABILITIES AND EQUITY		<u>5,584,444</u>	<u>5,362,581</u>

See condensed notes to the financial statements

SRI AYUDHYA GENERAL INSURANCE PUBLIC COMPANY LIMITED
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE THREE-MONTH PERIOD ENDED JUNE 30, 2015
“UNAUDITED”

Baht : '000

	Notes	2015	2014
Revenues			
Net premium earned	20	466,928	472,486
Fee and commission income	20	82,659	80,519
Total revenues		<u>549,587</u>	<u>553,005</u>
Expenses			
Underwriting expenses			
Losses incurred			
Insurance claims and loss adjustment expenses	20	226,715	244,206
Commission and brokerage expenses	20	109,932	109,024
Other underwriting expenses	20	97,296	82,626
Operating expenses	21	72,181	61,895
Total underwriting expenses		<u>506,124</u>	<u>497,751</u>
Profit on underwriting		43,463	55,254
Net investment income		14,867	15,320
Gain on investment in securities		-	4
Other income		1,652	-
Income from operation		<u>59,982</u>	<u>70,578</u>

SRI AYUDHYA GENERAL INSURANCE PUBLIC COMPANY LIMITED
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)
FOR THE THREE-MONTH PERIOD ENDED JUNE 30, 2015
“UNAUDITED”

		Baht : '000	
	Notes	2015	2014
Contribution to the Office of Insurance Commission		1,925	1,854
Contribution to Non - life Guarantee Fund		1,819	1,736
Contribution to Road Victims Protection Fund		124	110
Income before income tax expense		56,114	66,878
Income tax expense	22	11,388	21,560
Net income		44,726	45,318
Other comprehensive income (loss)			
Items that will be reclassified subsequently to profit or loss			
Changes in fair value of available-for-sale securities		194	(196)
Income tax relating to items that will be reclassified subsequently		(39)	39
Other comprehensive income (loss) for the periods, net of income tax		155	(157)
Total comprehensive income for the periods		44,881	45,161
Basic earnings per share	23	Baht 0.25	0.25

See condensed notes to the financial statements

SRI AYUDHYA GENERAL INSURANCE PUBLIC COMPANY LIMITED
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2015
“UNAUDITED”

	Notes	2015	2014
Baht : '000			
<hr/>			
Revenues			
Net premium earned	20	928,445	945,418
Fee and commission income	20	174,767	169,956
Total revenues		1,103,212	1,115,374
Expenses			
Underwriting expenses			
Losses incurred			
Insurance claims and loss adjustment expenses	20	434,263	329,327
Commission and brokerage expenses	20	233,253	219,602
Other underwriting expenses	20	193,891	180,289
Operating expenses	21	143,049	131,637
Total underwriting expenses		1,004,456	860,855
Profit on underwriting		98,756	254,519
Net investment income		28,216	31,030
Gain on investment in securities		-	4
Other income		2,921	539
Income from operation		129,893	286,092

SRI AYUDHYA GENERAL INSURANCE PUBLIC COMPANY LIMITED
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2015
“UNAUDITED”

		Baht : '000	
	Notes	2015	2014
Contribution to the Office of Insurance Commission		4,286	4,150
Contribution to Non - life Guarantee Fund		3,786	3,649
Contribution to Road Victims Protection Fund		244	199
Income before income tax expense		<u>121,577</u>	<u>278,094</u>
Income tax expense	22	<u>23,098</u>	<u>64,346</u>
Net income		<u>98,479</u>	<u>213,748</u>
Other comprehensive income			
Items that will be reclassified subsequently to profit or loss			
Changes in fair value of available-for-sale securities		2,960	2,143
Income tax relating to items that will be reclassified subsequently		(592)	(428)
Other comprehensive income for the periods, net of income tax		<u>2,368</u>	<u>1,715</u>
Total comprehensive income for the periods		<u>100,847</u>	<u>215,463</u>
Basic earnings per share	23	Baht 0.55	1.19

See condensed notes to the financial statements

SRI AYUDHYA GENERAL INSURANCE PUBLIC COMPANY LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2015
“UNAUDITED”

Baht : '000

	Issued and paid-up share capital	Retained deficits Unappropriated	Other components of equity - Changes in fair value of available-for-sale securities	Total equity
Beginning balance as at January 1, 2014	1,800,000	(651,517)	9,765	1,158,248
Comprehensive income	-	213,748	1,715	215,463
Ending balance as at June 30, 2014	1,800,000	(437,769)	11,480	1,373,711
Beginning balance as at January 1, 2015	1,800,000	(290,223)	13,739	1,523,516
Comprehensive income	-	98,479	2,368	100,847
Ending balance as at June 30, 2015	1,800,000	(191,744)	16,107	1,624,363

See condensed notes to the financial statements

SRI AYUDHYA GENERAL INSURANCE PUBLIC COMPANY LIMITED

STATEMENT OF CASH FLOWS

FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2015

“UNAUDITED”

Baht : '000

	Notes	2015	2014
CASH FLOWS PROVIDED BY (USED IN)			
OPERATING ACTIVITIES			
Direct premium received		1,524,457	1,490,608
Cash received (paid) from reinsurance		113,549	(208,682)
Losses incurred from direct insurance		(503,860)	(662,381)
Loss adjustment expenses from direct insurance		(43,730)	(41,330)
Commission and brokerage paid from direct insurance		(233,229)	(221,651)
Other underwriting expenses		(197,093)	(203,835)
Interest income		23,577	30,447
Dividend income		866	36
Other income		2,119	512
Operating expenses		(157,639)	(175,018)
Income tax received (paid)		(11,400)	7,363
Net cash provided by operating activities	5.3	517,617	16,069
CASH FLOWS PROVIDED BY (USED IN)			
INVESTING ACTIVITIES			
CASH FLOWS PROVIDED BY			
Investment in securities		2,000,000	1,120,004
Deposits at financial institutions with maturity over 3 months and deposits used as collateral		446	555,093
Loans		508	752
Leasehold improvement and equipment		1,963	7
Cash provided by investing activities		2,002,917	1,675,856

SRI AYUDHYA GENERAL INSURANCE PUBLIC COMPANY LIMITED
STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2015
“UNAUDITED”

		Baht : '000	
	Notes	2015	2014
CASH FLOWS PROVIDED BY (USED IN)			
 INVESTING ACTIVITIES (CONTINUED)			
CASH FLOWS USED IN			
Investment in securities		(2,596,152)	(1,999,294)
Deposits at financial institutions with maturity over 3 months and deposits used as collateral		(1,144)	(503,272)
Loans		(18)	(14)
Leasehold improvement and equipment		(15,914)	(13,142)
Intangible assets		(5,004)	(1,899)
Cash used in investing activities		(2,618,232)	(2,517,621)
Net cash used in investing activities		(615,315)	(841,765)
Reconcile payable from purchase of government security			
- treasury bill with maturity less than 3 months		-	399,717
Net decrease in cash and cash equivalents		(97,698)	(425,979)
Cash and cash equivalents as at January 1,		1,331,413	1,592,292
Cash and cash equivalents as at June 30,	5.2	1,233,715	1,166,313

See condensed notes to the financial statements

SRI AYUDHYA GENERAL INSURANCE PUBLIC COMPANY LIMITED
CONDENSED NOTES TO THE FINANCIAL STATEMENTS
FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED JUNE 30, 2015
“UNAUDITED”

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 AND PRESENTATION OF THE INTERIM FINANCIAL STATEMENTS

2.1 These interim financial statements are prepared in Thai Baht and in compliance with Thai Accounting Standard No. 34 (Revised 2014) “Interim Financial Reporting” and accounting practices generally accepted in Thailand 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 No. 2 B.E. 2553 dated May 27, 2010. The Company presents the condensed notes to interim financial statements.

2.2 The statement of financial position as at December 31, 2014, presented herein for comparison, has been derived from the financial statements of the Company for the year then ended which had been previously audited.

2.3 The unaudited results of operations are presented in the three-month and six-month periods ended June 30, 2015 are not necessarily an indication nor anticipation of the operating results for the full year.

- 2.4 Certain financial information which is normally included in the annual financial statements prepared in accordance with TFRS, but which is not required for interim reporting purposes, has been omitted. In addition, the interim financial statements for the three-month and six-month periods ended June 30, 2015 should be read in conjunction with the audited financial statements for the year ended December 31, 2014.
- 2.5 Thai Financial Reporting Standards affecting the presentation and/or disclosure in the current year financial statements

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, 2015 onwards, as follow:

Thai Accounting Standards (“TAS”)

TAS 1 (Revised 2014)	Presentation of Financial Statements
TAS 2 (Revised 2014)	Inventories
TAS 7 (Revised 2014)	Statement of Cash Flows
TAS 8 (Revised 2014)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (Revised 2014)	Events after the Reporting Period
TAS 11 (Revised 2014)	Construction Contracts
TAS 12 (Revised 2014)	Income Taxes
TAS 16 (Revised 2014)	Property, Plant and Equipment
TAS 17 (Revised 2014)	Leases
TAS 18 (Revised 2014)	Revenue
TAS 19 (Revised 2014)	Employee Benefits
TAS 20 (Revised 2014)	Accounting for Government Grants and Disclosure of Government Assistance
TAS 21 (Revised 2014)	The Effects of Changes in Foreign Exchange Rate
TAS 23 (Revised 2014)	Borrowing Costs
TAS 24 (Revised 2014)	Related Party Disclosures
TAS 26 (Revised 2014)	Accounting and Reporting by Retirement Benefit Plans
TAS 27 (Revised 2014)	Separate Financial Statements
TAS 28 (Revised 2014)	Investments in Associates and Joint Ventures
TAS 29 (Revised 2014)	Financial Reporting in Hyperinflationary Economies
TAS 33 (Revised 2014)	Earnings per Share
TAS 34 (Revised 2014)	Interim Financial Reporting
TAS 36 (Revised 2014)	Impairment of Assets
TAS 37 (Revised 2014)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (Revised 2014)	Intangible assets
TAS 40 (Revised 2014)	Investment Property

Thai Financial Reporting Standards (“TFRS”)

TFRS 2 (Revised 2014)	Share - Based Payment
TFRS 3 (Revised 2014)	Business Combinations
TFRS 5 (Revised 2014)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 6 (Revised 2014)	Exploration for and Evaluation of Mineral Assets
TFRS 8 (Revised 2014)	Operating Segments
TFRS 10	Consolidated Financial Statements
TFRS 11	Joint Arrangements
TFRS 12	Disclosure of Interests in Other Entities
TFRS 13	Fair Value Measurement

Thai Accounting Standards Interpretations (“TSIC”)

TSIC 10 (Revised 2014)	Government Assistance - No Specific Relation to Operating Activities
TSIC 15 (Revised 2014)	Operating Leases – Incentives
TSIC 25 (Revised 2014)	Income Taxes - Change in the Tax Status of an Enterprise or its Shareholders
TSIC 27 (Revised 2014)	Evaluating the Substance of Transactions in the Legal Form of a Lease
TSIC 29 (Revised 2014)	Disclosure - Service Concession Arrangements
TSIC 31 (Revised 2014)	Revenue - Barter Transactions Involving Advertising Services
TSIC 32 (Revised 2014)	Intangible Assets - Web Site Costs

Thai Financial Reporting Standard Interpretations (“TFRIC”)

TFRIC 1 (Revised 2014)	Changes in Existing Decommissioning, Restoration and Similar Liabilities
TFRIC 4 (Revised 2014)	Determining whether an Arrangement contains a Lease
TFRIC 5 (Revised 2014)	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
TFRIC 7 (Revised 2014)	Applying the Restatement Approach under IAS 29 Financial Reporting in Hyperinflationary Economies
TFRIC 10 (Revised 2014)	Interim Financial Reporting and Impairment
TFRIC 12 (Revised 2014)	Service Concession Arrangements
TFRIC 13 (Revised 2014)	Customer Loyalty Programmes
TFRIC 14	TAS 19 (Revised 2014) - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
TFRIC 15 (Revised 2014)	Agreements for the Construction of Real Estate
TFRIC 17 (Revised 2014)	Distributions of Non-cash Assets to Owners
TFRIC 18 (Revised 2014)	Transfers of Assets from Customers
TFRIC 20	Stripping Costs in the Production Phase of a Surface Mine

Above TFRSs have no material impact on these financial statements, except TFRS 13 which has resulted in more extensive disclosures (see Note 30).

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

The Federation of Accounting Professions issued the Notification regarding Thai Financial Reporting Standard No.4 (Revised 2014) “Insurance Contracts”, which will be effective for the accounting period beginning on or after January 1, 2016 onwards. The Company’s management will adopt such TFRS in the preparation of the Company’s financial statements when it becomes effective.

The Company’s management is in the process to assess the impact of this TFRS on the financial statements of the Company in the period of initial application.

3. SIGNIFICANT ACCOUNTING POLICIES

The interim financial statements have been prepared based on the basis, accounting policies and method of computation consistent with those used in the financial statements for the year ended December 31, 2014, except the adoption of new and revised Thai Financial Reporting Standards as described in Note 2. Accounting policies which significantly changed are as follows:

Fair value measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of TFRS 2 (Revised 2014), leasing transactions that are within the scope of TAS 17 (Revised 2014), and measurements that have some similarities to fair value but are not fair value, such as net realizable value in TAS 2 (Revised 2014) or value in use in TAS 36 (Revised 2014).

In addition, fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described 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.

4. IMPACT FROM SEVERE FLOODING IN THAILAND

From the severe flooding in Thailand by the end of 2011, the Company's management has continued to monitor the development of the flood losses. As at June 30, 2015 and December 31, 2014, the Company recorded loss reserves from claims of flooding and recorded loss refundable from reinsurance as follows:

	As at June 30, 2015	Baht: million As at December 31, 2014
Loss reserves (see Note 14)	345.91	390.88
<u>Less</u> Loss refundable from reinsurance (see Note 7)	<u>(215.43)</u>	<u>(255.91)</u>
Loss reserves - net	<u>130.48</u>	<u>134.97</u>

For the three-month and six-month periods ended June 30, 2015 and 2014, the Company had insurance claims from the flooding which paid to the insured by net of loss refundable from reinsurance, and reversed net insurance claims arising from loss incurred and loss refundable from such situation, as part of insurance claims and loss adjustment expenses in the statements of profit or loss and other comprehensive income for the three-month and six-month periods ended June 30, 2015 and 2014 as follows:

	Baht: million	
	For the three-month periods ended June 30, 2015	For the six-month periods ended June 30, 2014
Net insurance claims paid	(12.79)	70.60
Net insurance claims decreased (see Note 20)	4.41	12.81
	(23.92)	138.94
	9.36	155.07

In 2014, the Company has additional loss refundable from reinsurers from the flooding amounting to Baht 245.87 million with certain business obligations. For the three-month and six-month periods ended June 30, 2015 and 2014, the Company recorded such loss refundable from reinsurers as follow:

	Baht: million			
	For the three-month periods ended June 30, 2015		For the six-month periods ended June 30, 2014	
Loss refundable from reinsurers (see Note 20)	4.97	4.97	9.94	136.53

The remaining loss refundable from reinsurers will be recognized as specified in business obligations aforementioned.

The Company's management has reviewed and estimated such loss reserves and loss recovery from the amount appraised by an independent appraiser or by the Company's appraiser, based on situation, received supporting documents and experience of the Company's management. However, there may be an uncertainty resulted from using various assumptions in estimation of such loss reserves and loss recovery.

5. ADDITIONAL INFORMATION FOR CASH FLOWS

5.1 Non-cash items

5.1.1 Leasehold improvement and equipment for the six-month periods ended June 30, 2015 and 2014 consisted of the following:

	2015	Baht: '000 2014
Other payable - fixed assets as at January 1,	897	1,813
<u>Add</u> Purchases of fixed assets	17,685	11,620
<u>Less</u> Cash paid for purchase of fixed assets	<u>(15,914)</u>	<u>(13,142)</u>
Other payable - fixed assets as at June 30,	<u>2,668</u>	<u>291</u>

5.1.2 Intangible assets for the six-month periods ended June 30, 2015 and 2014 consisted of the following:

	2015	Baht: '000 2014
Other payable - intangible assets as at January 1,	-	279
<u>Add</u> Purchases of intangible assets	5,004	1,620
<u>Less</u> Cash paid for purchase of intangible assets	<u>(5,004)</u>	<u>(1,899)</u>
Other payable - intangible assets as at June 30,	<u>-</u>	<u>-</u>

5.2 Cash and cash equivalents as at June 30, 2015 and 2014, consisted of the following:

	2015	Baht: '000 2014
Cash	265	265
Cheque on hands	9,623	7,351
Deposits at bank - call deposits	224,204	758,980
Deposits at bank - time deposits	408,885	257,574
Government securities - treasury bills	2,598,900	1,699,221
	<u>3,241,877</u>	<u>2,723,391</u>
<u>Less</u> Deposits at bank with maturity over 3 months	(150,000)	-
Deposits at bank used as collateral	(258,885)	(257,574)
Government securities - treasury bills used as collateral	<u>(1,599,277)</u>	<u>(1,299,504)</u>
Cash and cash equivalents	<u>1,233,715</u>	<u>1,166,313</u>

5.3 Cash flows provided by (used in) operating activities

Items to reconcile net profit to net cash flows provided by (used in) operating activities for the six-month periods ended June 30, 2015 and 2014 were as follows:

	2015	Baht: '000 2014
CASH FLOWS PROVIDED BY (USED IN) OPERATING ACTIVITIES		
Profit before income tax	121,577	278,094
Items to reconcile net profit to net cash flows:		
Depreciation	9,346	9,000
Amortization	6,811	8,649
Gain on sale of fixed assets	(988)	(5)
Employment benefit expenses	4,112	2,964
Unearned premium reserve increase (decrease) from prior periods	10,727	(58,598)
Amortization of bonds premium	2,451	2,989
Amortization of bonds discount	-	(45)
Amortization of debentures premium	5	5
Amortization of treasury bills discount	(3,506)	(1,410)
Allowance for doubtful accounts (reversal)	(5,935)	-
Gain on sale of investment in available-for-sale securities - other securities	-	(4)
Profit from operations before changes in operating assets and liabilities	144,600	241,639
Operating assets (increase) decrease		
Accrued investment income	(2,723)	(2,088)
Premium due and uncollected	47,540	(5,146)
Reinsurance assets	205,937	290,737
Deferred commission expenses	5,860	(7,047)
Other assets	15,776	(20,159)
Operating liabilities increase (decrease)		
Due to reinsurers	57,564	152,933
Loss reserves and outstanding claims	139,011	(616,103)
Premium written received in advance	(35,936)	31,973
Commission and brokerage payables	(9,211)	1,372
Accrued expenses	(43,582)	(33,559)
Other liabilities	4,181	(25,846)
Cash provided by operating activities	529,017	8,706
Income tax received (paid)	(11,400)	7,363
Net cash provided by operating activities	517,617	16,069

6. PREMIUM DUE AND UNCOLLECTED - NET

Premium due and uncollected - net as at June 30, 2015 and December 31, 2014 consisted of the following:

	As at June 30, 2015				As at December 31, 2014				Baht: '000
	Agent and				Agent and				
	Insured	Broker	Inward	Total	Insured	Broker	Inward	Total	
Within credit terms	8,902	188,589	1,333	198,824	12,550	221,502	1,866	235,918	
Less than 30 days	444	22,421	586	23,451	478	34,701	837	36,016	
31 - 60 days	2,612	19,900	1,264	23,776	387	12,890	1,742	15,019	
61 - 90 days	266	5,420	3,417	9,103	1,521	4,252	1,579	7,352	
91 days - 1 year	206	7,499	3,760	11,465	90	13,704	3,202	16,996	
Over 1 year	-	238	843	1,081	-	476	3,463	3,939	
Total premium due and uncollected	12,430	244,067	11,203	267,700	15,026	287,525	12,689	315,240	
<u>Less</u> Allowance for doubtful accounts	-	(9,576)	-	(9,576)	-	(9,576)	-	(9,576)	
Premium due and uncollected - net	12,430	234,491	11,203	258,124	15,026	277,949	12,689	305,664	

7. REINSURANCE ASSETS

Reinsurance assets as at June 30, 2015 and December 31, 2014 consisted of the following:

	As at June 30, 2015	Baht: '000 As at December 31, 2014
Due from reinsurers	133,235	387,823
Unearned reinsurance premium reserve	515,968	546,255
Insurance reserve refundable from reinsurers	547,055	498,404
	<u>1,196,258</u>	<u>1,432,482</u>
<u>Less</u> Allowance for doubtful accounts	-	(5,935)
Total reinsurance assets	<u>1,196,258</u>	<u>1,426,547</u>

Insurance reserve refundable from reinsurers - net as at June 30, 2015 and December 31, 2014 included an expected loss refundable from reinsurers caused by suffering losses from flooding in Thailand amounting to Baht 215.43 million and Baht 255.91 million, respectively (see Note 4).

Aging analyzes for due from reinsurers as at June 30, 2015 and December 31, 2014 were as follows:

	As at June 30, 2015	Baht: '000 As at December 31, 2014
Within credit terms	120,376	360,676
Within 12 months	11,730	24,897
Over 1 year to 2 years	73	508
Over 2 years	1,056	1,742
Total due from reinsurers	<u>133,235</u>	<u>387,823</u>

8. INVESTMENT IN SECURITIES

Investment in securities as at June 30, 2015 and December 31, 2014 consisted of the following:

	Baht: '000			
	As at June 30, 2015		As at December 31, 2014	
	Cost/ Amortized cost	Fair value	Cost/ Amortized cost	Fair value
Available-for-sale securities				
Government and state enterprise securities	365,079	374,829	367,535	375,759
Unit trusts	29,525	39,909	29,525	38,475
Total	<u>394,604</u>	<u>414,738</u>	<u>397,060</u>	<u>414,234</u>
<u>Add</u> Unrealized gains	20,134	-	17,174	-
Total available-for-sale securities	<u>414,738</u>	<u>414,738</u>	<u>414,234</u>	<u>414,234</u>
Held-to-maturity securities				
Deposits at bank with maturity over 3 months	150,000		150,000	
Deposits at bank used as collateral	258,885		258,187	
Government securities - Treasury bill used as collateral	1,599,277		999,619	
Total held-to-maturity securities	<u>2,008,162</u>		<u>1,407,806</u>	
General investment				
Equity securities	1,161		1,161	
Total general investment	<u>1,161</u>		<u>1,161</u>	
Total investment in securities - net	<u>2,424,061</u>		<u>1,823,201</u>	

Debt securities classified by the remaining maturity as at June 30, 2015 were as follows:

	Maturities			Baht: '000
	Within 1 year	1 - 5 years	Over 5 years	Total
Available-for-sale debt securities				
Government and state enterprise securities	100,360	264,719	-	365,079
<u>Add Unrealized gains</u>	<u>423</u>	<u>9,327</u>	<u>-</u>	<u>9,750</u>
Total available-for-sale debt securities	<u>100,783</u>	<u>274,046</u>	<u>-</u>	<u>374,829</u>
Held-to-maturity debt securities				
Government and state enterprise securities	1,599,277	-	-	1,599,277
Total held-to-maturity debt securities	<u>1,599,277</u>	<u>-</u>	<u>-</u>	<u>1,599,277</u>
Total debt securities - net	<u>1,700,060</u>	<u>274,046</u>	<u>-</u>	<u>1,974,106</u>

Debt securities classified by the remaining maturity as at December 31, 2014 were as follows:

	Maturities			Baht: '000
	Within 1 year	1 - 5 years	Over 5 years	Total
Available-for-sale debt securities				
Government and state enterprise securities	-	367,535	-	367,535
<u>Add Unrealized gains</u>	<u>-</u>	<u>8,224</u>	<u>-</u>	<u>8,224</u>
Total available-for-sale debt securities	<u>-</u>	<u>375,759</u>	<u>-</u>	<u>375,759</u>
Held-to-maturity debt securities				
Government and state enterprise securities	999,619	-	-	999,619
Total held-to-maturity debt securities	<u>999,619</u>	<u>-</u>	<u>-</u>	<u>999,619</u>
Total debt securities - net	<u>999,619</u>	<u>375,759</u>	<u>-</u>	<u>1,375,378</u>

As at June 30, 2015 and December 31, 2014, certain of deposits at bank are pledged as collateral for bank overdrafts amounting to Baht 20 million (see Note 17).

As at June 30, 2015 and December 31, 2014, certain investment in securities are deposited as collateral with the Registrar amounting to Baht 272.18 million and Baht 273.34 million, respectively (see Note 26).

As at June 30, 2015 and December 31, 2014, 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 1,981.88 million and Baht 1,379.86 million, respectively (see Note 27).

9. 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

10. LEASEHOLD IMPROVEMENT AND EQUIPMENT - NET

Leasehold improvement and equipment - net as at June 30, 2015 and December 31, 2014 consisted of the following:

	Cost			Accumulated depreciation			Ending balance of leasehold improvement and equipment - net as at June 30, 2015
	As at January 1, 2015	As at June 30, 2015	As at January 1, 2015	Depreciation	Disposal / Write off	As at June 30, 2015	
Leasehold improvement	27,691	29,131	(17,075)	(1,707)	52	(18,730)	10,401
Furniture, fixtures and office equipment	67,869	65,585	(48,015)	(3,938)	4,934	(47,019)	18,566
Vehicles	41,350	40,477	(26,821)	(3,701)	3,843	(26,679)	13,798
Leasehold improvement under installation	-	9,598	-	-	-	-	9,598
Total	136,910	144,791	(91,911)	(9,346)	8,829	(92,428)	52,363

	Cost			Accumulated depreciation			Ending balance of leasehold improvement and equipment - net as at December 31, 2014
	As at January 1, 2014	As at December 31, 2014	As at January 1, 2014	Depreciation	Disposal / Write off	As at December 31, 2014	
Leasehold improvement	22,939	27,691	(15,299)	(2,982)	1,206	(17,075)	10,616
Furniture, fixtures and office equipment	60,245	67,869	(42,776)	(8,089)	2,850	(48,015)	19,854
Vehicles	39,325	41,350	(20,525)	(7,537)	1,241	(26,821)	14,529
Total	122,509	136,910	(78,600)	(18,608)	5,297	(91,911)	44,999

As at June 30, 2015 and December 31, 2014, certain leasehold improvement and equipment at cost of Baht 43.24 million and Baht 41.52 million, respectively, were fully depreciated but still in use.

11. DEFERRED TAX ASSETS

Deferred tax assets as at June 30, 2015 and December 31, 2014 were as follows:

	As at June 30, 2015	Baht: '000 As at December 31, 2014
Deferred tax assets	<u>215,621</u>	<u>205,245</u>

Movements of deferred tax assets for the six-month periods ended June 30, 2015 and 2014 consisted of tax effects from the following items:

	As at January 1, 2015	Transactions recognized in profit or loss	Transaction recognized in other comprehensive income or loss	Baht: '000 As at June 30, 2015
Allowance for doubtful accounts				
- Premium due and uncollected	1,915	-	-	1,915
Allowance for doubtful accounts				
- Other receivable	256	-	-	256
Unearned premium reserve	93,810	-	-	93,810
Loss reserve - net	84,410	7,796	-	92,206
Incurred but not reported claims	13,220	2,081	-	15,301
Employee benefit obligations	6,134	822	-	6,956
Premium ceded payable - Excess of loss	5,500	(323)	-	5,177
Total	<u>205,245</u>	<u>10,376</u>	<u>-</u>	<u>215,621</u>

	As at January 1, 2014	Transactions recognized in profit or loss	Transaction recognized in other comprehensive income or loss	Baht: '000 As at June 30, 2014
Allowance for doubtful accounts				
- Premium due and uncollected	1,915	-	-	1,915
Allowance for doubtful accounts				
- Other receivable	256	-	-	256
Unearned premium reserve	92,259	(9,271)	-	82,988
Loss reserve - net	160,520	(53,846)	-	106,674
Incurred but not reported claims	12,541	(36)	-	12,505
Employee benefit obligations	4,588	593	-	5,181
Premium ceded payable - Excess of loss	3,839	(1,786)	-	2,053
Total	<u>275,918</u>	<u>(64,346)</u>	<u>-</u>	<u>211,572</u>

12. OTHER ASSETS

Other assets as at June 30, 2015 and December 31, 2014 consisted of the following:

	As at June 30, 2015	Baht: '000 As at December 31, 2014
Other receivable	15,045	13,937
Revenue Department receivable	-	4,803
Refundable withholding tax	1,656	1,656
Premium saving certificates used as collateral	13,600	25,000
Prepaid expenses	13,483	14,784
Others	6,252	5,632
Total other assets	50,036	65,812

13. DUE TO REINSURERS

Due to reinsurers as at June 30, 2015 and December 31, 2014 consisted of the following:

	As at June 30, 2015	Baht: '000 As at December 31, 2014
Premium ceded payables	61,957	66,433
Amount withheld on reinsurance	402,741	393,849
Other reinsurance payables	388,346	335,198
Total due to reinsurers	853,044	795,480

14. LOSS RESERVES AND OUTSTANDING CLAIMS

Loss reserves and outstanding claims as at June 30, 2015 and December 31, 2014 consisted of the following:

	As at June 30, 2015	Baht: '000 As at December 31, 2014
As at January 1,	995,377	2,176,599
Loss incurred and loss adjustment expenses during the period/year		
- Incurred but not reported	10,406	3,395
- Incurred but not yet agreed	87,630	(1,185,993)
- Incurred and agreed	580,359	2,309,548
Loss paid and loss adjustment paid during the period/year	(539,384)	(2,308,172)
As at June 30, and December 31,	1,134,388	995,377

As at June 30, 2015 and December 31, 2014, the Company had loss reserves and outstanding claims under the reinsurance contracts of Baht 421.04 million and Baht 416.83 million, respectively.

Loss reserves and outstanding claims as at June 30, 2015 and December 31, 2014 in the financial statements included claim from suffering losses from flooding in Thailand amounting to Baht 345.91 million and Baht 390.88 million, respectively (see Note 4).

15. PREMIUM RESERVE

Premium reserve as at June 30, 2015 and December 31, 2014 consisted of the following:

15.1 Unearned premium reserve

	As at June 30, 2015	Baht: '000 As at December 31, 2014
As at January 1,	1,451,942	1,338,150
Premium written for the period/year	1,530,379	3,087,164
Earned premium for the period/year	<u>(1,549,939)</u>	<u>(2,973,372)</u>
As at June 30, and December 31,	<u>1,432,382</u>	<u>1,451,942</u>

15.2 Unexpired risk reserve

As at June 30, 2015 and December 31, 2014, no additional reserve for unexpired risk reserve has been established as the unexpired risk reserve estimated by the Company amounting to Baht 717.79 million and Baht 743.24 million, respectively, is lower than the unearned premium reserve.

16. EMPLOYEE BENEFIT OBLIGATIONS

Movements in the present value of the employee benefit obligations as at June 30, 2015 and December 31, 2014 were as follows:

	As at June 30, 2015	Baht: '000 As at December 31, 2014
Present value of obligation at the beginning of the period/year	56,375	48,185
Current service cost of the period/year	3,140	5,131
Interest cost	972	1,985
Actuarial loss	-	1,656
Employee benefit obligations transferred from the parent company	-	913
Benefit paid during the period/year	-	(1,495)
Present value of obligation at the ending of the period/year	<u>60,487</u>	<u>56,375</u>

The expenses that were recorded in the statement of profit or loss and other comprehensive income for employee benefit obligations for the three-month and six-month periods ended June 30, 2015 and 2014 consisted of the following:

	For the three-month periods ended June 30,		For the six-month periods ended June 30,	
	2015	2014	2015	2014
Current service cost	1,570	1,930	3,140	3,213
Interest cost	486	496	972	992
Total employee benefit expenses	<u>2,056</u>	<u>2,426</u>	<u>4,112</u>	<u>4,205</u>

17. BANK OVERDRAFTS

As at June 30, 2015 and December 31, 2014 the Company had credit lines for bank overdrafts of Baht 20 million with interest rate at the fixed deposit rate plus 2% per annum. Such credit lines were guaranteed by fixed deposit of the Company of Baht 20 million (see Note 8).

18. DEFERRED TAX LIABILITIES

Deferred tax liabilities as at June 30, 2015 and December 31, 2014 were as follows:

	As at June 30, 2015	Baht: '000 As at December 31, 2014
Deferred tax liabilities	<u>4,027</u>	<u>3,435</u>

Movements of deferred tax liabilities for the six-month periods ended June 30, 2015 and 2014 consisted of tax effects from the following items:

	As at January 1, 2015	Transaction recognized in profit or loss	Transaction recognized in other comprehensive income or loss	Baht: '000 As at June 30, 2015
Unrealized gain on the change in value of investment in available-for-sale securities	3,435	-	592	4,027
Total	<u>3,435</u>	<u>-</u>	<u>592</u>	<u>4,027</u>

	As at January 1, 2014	Transaction recognized in profit or loss	Transaction recognized in other comprehensive income or loss	Baht: '000 As at June 30, 2014
Unrealized gain on the change in value of investment in available-for-sale securities	2,442	-	428	2,870
Total	<u>2,442</u>	<u>-</u>	<u>428</u>	<u>2,870</u>

19. OTHER LIABILITIES

Other liabilities as at June 30, 2015 and December 31, 2014 consisted of the following:

	As at June 30, 2015	Baht: '000 As at December 31, 2014
Other payable - promotion expense	11,900	11,797
Amount received in advance - premium	17,679	15,138
Revenue Department payable	11,267	7,229
Undue output VAT	2,992	2,869
Others	17,989	18,842
Total other liabilities	<u>61,827</u>	<u>55,875</u>

20. UNDERWRITING INFORMATION CLASSIFIED BY TYPE OF INSURANCE

Underwriting information classified by type of insurance for the three-month and six-month periods ended June 30, 2015 and 2014 was as follows:

	For the three-month period ended June 30, 2015					Baht: '000
	Fire	Marine	Motor	Personal	Other	Total
				Accident	miscellaneous	
Underwriting income						
Gross premiums written	138,382	90,017	246,784	86,755	170,949	732,887
<u>Less</u> Premiums ceded	<u>33,729</u>	<u>62,905</u>	<u>87,645</u>	<u>14,858</u>	<u>82,122</u>	<u>281,259</u>
Net premiums written	104,653	27,112	159,139	71,897	88,827	451,628
<u>(Add) Less</u> Unearned premium reserve	<u>(7,788)</u>	<u>1,103</u>	<u>8,253</u>	<u>(13,284)</u>	<u>(3,584)</u>	<u>(15,300)</u>
Net premium earned	112,441	26,009	150,886	85,181	92,411	466,928
Fee and commission income	9,230	18,277	30,218	4,277	20,657	82,659
Total underwriting income	<u>121,671</u>	<u>44,286</u>	<u>181,104</u>	<u>89,458</u>	<u>113,068</u>	<u>549,587</u>
Underwriting expenses						
Insurance claims and loss adjustment expenses (see Note 4)	43,018	10,104	93,723	44,427	35,443	226,715
Commission and brokerage expenses	30,943	10,960	30,619	15,539	21,871	109,932
Other underwriting expenses	18,357	7,171	38,311	16,872	16,585	97,296
Total underwriting expenses	<u>92,318</u>	<u>28,235</u>	<u>162,653</u>	<u>76,838</u>	<u>73,899</u>	<u>433,943</u>
						Baht: '000
	For the three-month period ended June 30, 2014					
	Fire	Marine	Motor	Personal	Other	Total
Accident				miscellaneous		
Underwriting income						
Gross premiums written	134,638	101,968	224,697	92,002	165,671	718,976
<u>Less</u> Premiums ceded	<u>32,211</u>	<u>73,971</u>	<u>75,468</u>	<u>22,753</u>	<u>75,322</u>	<u>279,725</u>
Net premiums written	102,427	27,997	149,229	69,249	90,349	439,251
<u>(Add) Less</u> Unearned premium reserve	<u>6,758</u>	<u>94</u>	<u>(57,657)</u>	<u>11,602</u>	<u>5,968</u>	<u>(33,235)</u>
Net premium earned	95,669	27,903	206,886	57,647	84,381	472,486
Fee and commission income	10,382	19,761	25,996	5,292	19,088	80,519
Total underwriting income	<u>106,051</u>	<u>47,664</u>	<u>232,882</u>	<u>62,939</u>	<u>103,469</u>	<u>553,005</u>
Underwriting expenses						
Insurance claims and loss adjustment expenses (see Note 4)	16,105	9,793	148,557	41,973	27,778	244,206
Commission and brokerage expenses	29,514	12,006	31,298	15,691	20,515	109,024
Other underwriting expenses	10,461	7,536	28,763	16,398	19,468	82,626
Total underwriting expenses	<u>56,080</u>	<u>29,335</u>	<u>208,618</u>	<u>74,062</u>	<u>67,761</u>	<u>435,856</u>

	For the six-month period ended June 30, 2015					Baht: '000
	Fire	Marine	Motor	Personal Accident	Other miscellaneous	Total
Underwriting income						
Gross premiums written	318,531	185,667	480,637	191,717	353,827	1,530,379
<u>Less</u> Premiums ceded	<u>100,795</u>	<u>130,941</u>	<u>170,787</u>	<u>23,907</u>	<u>164,777</u>	<u>591,207</u>
Net premiums written	217,736	54,726	309,850	167,810	189,050	939,172
<u>(Add) Less</u> Unearned premium reserve	<u>1,130</u>	<u>(524)</u>	<u>8,218</u>	<u>771</u>	<u>1,132</u>	<u>10,727</u>
Net premium earned	216,606	55,250	301,632	167,039	187,918	928,445
Fee and commission income	27,507	36,047	58,859	6,027	46,327	174,767
Total underwriting income	<u>244,113</u>	<u>91,297</u>	<u>360,491</u>	<u>173,066</u>	<u>234,245</u>	<u>1,103,212</u>
Underwriting expenses						
Insurance claims and loss adjustment expenses (see Note 4)	67,643	15,348	189,502	88,689	73,081	434,263
Commission and brokerage expenses	70,233	22,663	61,153	34,162	45,042	233,253
Other underwriting expenses	34,439	16,127	69,784	38,927	34,614	193,891
Total underwriting expenses	<u>172,315</u>	<u>54,138</u>	<u>320,439</u>	<u>161,778</u>	<u>152,737</u>	<u>861,407</u>
	For the six-month period ended June 30, 2014					Baht: '000
	Fire	Marine	Motor	Personal Accident	Other miscellaneous	Total
Underwriting income						
Gross premiums written	306,692	187,157	464,947	169,412	350,367	1,478,575
<u>Less</u> Premiums ceded	<u>95,138</u>	<u>130,848</u>	<u>154,714</u>	<u>31,918</u>	<u>179,137</u>	<u>591,755</u>
Net premiums written	211,554	56,309	310,233	137,494	171,230	886,820
<u>(Add) Less</u> Unearned premium reserve	<u>34,581</u>	<u>(16)</u>	<u>(123,286)</u>	<u>26,093</u>	<u>4,030</u>	<u>(58,598)</u>
Net premium earned	176,973	56,325	433,519	111,401	167,200	945,418
Fee and commission income	27,595	39,232	53,307	6,270	43,552	169,956
Total underwriting income	<u>204,568</u>	<u>95,557</u>	<u>486,826</u>	<u>117,671</u>	<u>210,752</u>	<u>1,115,374</u>
Underwriting expenses						
Insurance claims and loss adjustment expenses (see Note 4)	29,211	13,548	303,998	73,252	(90,682)	329,327
Commission and brokerage expenses	66,529	22,366	61,366	28,887	40,454	219,602
Other underwriting expenses	21,523	15,175	62,386	36,255	44,950	180,289
Total underwriting expenses	<u>117,263</u>	<u>51,089</u>	<u>427,750</u>	<u>138,394</u>	<u>(5,278)</u>	<u>729,218</u>

21. OPERATING EXPENSES

Operating expenses for the three-month and six-month periods ended June 30, 2015 and 2014, consisted of the following:

	For the three-month periods ended June 30,		For the six-month periods ended June 30,	
	2015	2014	2015	2014
Employee's expenses, excluded underwriting and loss adjustment expenses	24,344	18,566	48,279	39,115
Premises and equipment expenses, excluded underwriting expenses	25,376	23,895	51,958	47,461
Taxes and duties	189	95	1,233	1,100
Allowance for doubtful account (reversal)	-	-	(5,935)	-
Directors' remuneration	979	987	3,979	3,962
Management fee (see Note 24)	9,413	4,880	18,927	10,033
Other operating expenses	11,880	13,472	24,608	29,966
Total operating expenses	<u>72,181</u>	<u>61,895</u>	<u>143,049</u>	<u>131,637</u>

22. INCOME TAX EXPENSE

Income tax expense for the three-month and six-month periods ended June 30, 2015 and 2014, consisted of the following:

	For the three-month periods ended June 30,		For the six-month periods ended June 30,	
	2015	2014	2015	2014
Income tax expense from taxable income per income tax return	13,596	-	33,474	-
Deferred tax expenses relating to the origination and reversal of temporary differences	(2,208)	21,560	(10,376)	64,346
Income tax expense per the statements of comprehensive income	<u>11,388</u>	<u>21,560</u>	<u>23,098</u>	<u>64,346</u>

The reconciliation between income tax expense and accounting income for the three-month and six-month periods ended June 30, 2015 and 2014 was as follows:

	For the three-month periods ended June 30,		For the six-month periods ended June 30,	
	2015	2014	2015	2014
Accounting income before tax	56,114	66,878	121,577	278,094
Income tax at 20%	11,223	13,376	24,315	55,619
Tax effect of non-deductible expenses (benefits)	165	8,184	(1,217)	8,727
Income tax expense per the statements of comprehensive income	<u>11,388</u>	<u>21,560</u>	<u>23,098</u>	<u>64,346</u>

23. BASIC EARNINGS PER SHARE

Basic earnings per share for the three-month and six-month periods ended June 30, 2015 and 2014 were as follows:

	For the three-month periods ended June 30,		For the six-month periods ended June 30,	
	2015	2014	2015	2014
Net profit (Baht : '000)	44,726	45,318	98,479	213,748
Number of share capital (shares)	180,000,000	180,000,000	180,000,000	180,000,000
Basic earnings per share (Baht)	0.25	0.25	0.55	1.19

24. 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 and directors	Finance
Krungsri Asset Management Co., Ltd.	Some common shareholders	Fund Management
Ayudhya Development Leasing Co., Ltd.	Some common shareholders	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	Investment
BBTV Equity Co., Ltd.	Some common shareholders	Office Space Rental
CKS Holding Co., Ltd.	Some common shareholders	Investments
Allianz Ayudhya Assurance Plc.	Some common shareholders and directors	Life Insurance
Grand Canal Land Plc.	Some common shareholders	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	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 June 30, 2015	Baht: '000 As at December 31, 2014
Deposits at bank		
Bank of Ayudhya Plc.	414,598	706,755
Premium due and uncollected		
Bank of Ayudhya Plc.	3,373	446
Krungsri Securities Plc.	5	-
Ayudhya Development Leasing Co., Ltd.	38	(7)
Siam City Cement Plc.	669	227
Bangkok Broadcasting & T.V. Co., Ltd.	1,950	383
CKS Holding Ltd.	-	90
Allianz Ayudhya Assurance Plc.	-	37
BBTV Equity Co., Ltd.	-	26
Grand Canal Land Plc.	-	312
Siam Realty and Services Co., Ltd.	207	70
Ayudhya Capital Auto Lease Plc.	218	-
Krungsriayudhya Card Co., Ltd.	-	233
Eastern Star Real Estate Plc.	41	40
	<u>6,501</u>	<u>1,857</u>
Accrued interest income		
Bank of Ayudhya Plc.	3,154	1,676
Rental and facilities deposits		
BBTV Equity Co., Ltd.	4,416	4,516
Premium written received in advance		
Bank of Ayudhya Plc.	11,915	13,404
Accrued expense - custodian fee		
Bank of Ayudhya Plc.	17	12
Accrued expense - commission and brokerage		
Bank of Ayudhya Plc.	13,115	12,957
Accrued expense - other underwriting expenses		
Bank of Ayudhya Plc.	10,103	10,085
Accrued expense		
Sri Ayudhya Capital Plc.	13,220	13,848

	For the three-month periods ended June 30,		For the six-month periods ended June 30,	
	2015	2014	2015	2014
Premium written				
Bank of Ayudhya Plc.	4,945	634	15,786	20,582
Krungsri Securities Plc.	4	-	5	5
Krungsri Asset Management Co., Ltd.	3	12	1,263	1,262
Ayudhya Development Leasing Co., Ltd.	28	2,706	88	2,744
Siam City Cement Plc.	552	1,073	2,116	3,362
Bangkok Broadcasting & T.V. Co., Ltd.	6,314	5,359	6,819	5,879
Great Luck Equity Co., Ltd.	21	22	86	22
Super Assets Co., Ltd.	-	-	61	61
BBTV Equity Co., Ltd.	24	28	24	57
Allianz Ayudhya Assurance Plc.	1	335	500	608
Ayudhya Asset Management Co., Ltd.	-	106	452	755
Siam Realty and Services Co., Ltd.	365	272	723	279
Ayudhya Capital Auto Lease Plc.	196	-	232	-
Krungsriayudhya Card Co., Ltd.	-	156	-	156
Eastern Star Real Estate Plc.	50	-	106	-
	<u>12,503</u>	<u>10,703</u>	<u>28,261</u>	<u>35,772</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 three-month periods ended June 30,		For the six-month periods ended June 30,	
	2015	2014	2015	2014
Interest income				
Bank of Ayudhya Plc.	1,249	2,395	2,221	3,819

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

	For the three-month periods ended June 30,		For the six-month periods ended June 30,	
	2015	2014	2015	2014
Other income				
Sri Ayudhya Capital Plc.	240	-	240	-

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.

	Baht: '000			
	For the three-month periods ended June 30,		For the six-month periods ended June 30,	
	2015	2014	2015	2014
Commission and brokerage expenses				
Bank of Ayudhya Plc.	38,879	41,667	82,151	86,719
Other underwriting expenses				
Bank of Ayudhya Plc.	24,075	16,700	46,919	36,126

The Company paid commission and brokerage and other underwriting expenses as specified in the Bancassurance Agreement was 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.

	Baht: '000			
	For the three-month periods ended June 30,		For the six-month periods ended June 30,	
	2015	2014	2015	2014
Custodian fee				
Bank of Ayudhya Plc.	46	48	80	87

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

	Baht: '000			
	For the three-month periods ended June 30,		For the six-month periods ended June 30,	
	2015	2014	2015	2014
Rental and service fees				
BBTV Equity Co., Ltd.	4,437	3,920	8,874	7,840
Management fee				
Sri Ayudhya Capital Plc. (see Note 21)	9,413	4,880	18,927	10,033

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.

25. DIRECTORS AND KEY MANAGEMENT PERSONNEL'S REMUNERATION

During the three-month and six-month periods ended June 30, 2015 and 2014, the Company had salaries, bonuses, directors allowances and other benefits of its directors and key management personnel recognized as expenses as follows:

	For the three-month periods		For the six-month	
	ended June 30,		periods ended June 30,	
	2015	2014	2015	2014
	Baht	Baht	Baht	Baht
Directors and key management personnel's remuneration				
Short-term benefits	7,164	6,368	14,249	11,572
Post-employment benefits	353	1,159	639	1,410
Directors' remuneration	185	185	721	721
	<u>7,702</u>	<u>7,712</u>	<u>15,609</u>	<u>13,703</u>

Directors' remunerations for the years of 2015 and 2014 were approved by the ordinary shareholders' meeting of the Company held on April 9, 2015 and March 21, 2014, respectively.

26. DEPOSITS WITH THE REGISTRAR

As at June 30, 2015 and December 31, 2014, certain investment in securities of the Company were deposited with the Registrar (see Note 8) in accordance with the Insurance Act and the Notification 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:

	Baht: '000	
	As at June 30, 2015	As at December 31, 2014
Government and state enterprise securities	258,182	259,342
Deposits at banks	14,000	14,000
Total deposits with the Registrar	<u>272,182</u>	<u>273,342</u>

27. BACKUP ASSETS

As at June 30, 2015 and December 31, 2014, the Company has deposited certain investment in securities with bank used for the Company's backup assets (see Note 8) according to the Notification of the Office of Insurance Commission regarding "Asset allocation for liabilities and commitment of insurance contract and asset deposition at financial institution". The backup assets were as follows:

	As at June 30, 2015	Baht: '000 As at December 31, 2014
Government and state enterprise securities	116,647	116,417
Government securities - treasury bills	1,599,277	999,619
Unit trusts	39,909	38,475
Deposits at bank	224,885	224,187
Equity securities	1,161	1,161
Total backup assets	1,981,879	1,379,859

28. CONTINGENT LIABILITIES AND COMMITMENT

28.1 As at June 30, 2015 and December 31, 2014, lawsuits have been brought against the Company, as insurer, from which the Company estimates losses totaling Baht 10.54 million and Baht 12.23 million, respectively. Such amount has been set aside in the loss reserve and outstanding claims accounts. The Company's management 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.

28.2 As at June 30, 2015 and December 31, 2014, the Company had a capital commitment to pay computer program development expenses in the amount of approximately Baht 14.90 million and Baht 13.59 million, respectively.

29. LONG-TERM LEASES AND SERVICE AGREEMENTS

Long-term leases and service agreements as at June 30, 2015 and December 31, 2014 consisted of the following:

Type of lease	Remaining periods		Baht: '000
	Within 1 year	Over 1 year to 5 years	Total rental payments for the remaining periods
As at June 30, 2015			
Building			
- related company	5,325	5,957	11,282
- others	2,927	6,588	9,515
Service - related company	5,280	5,894	11,174
Equipment - related company	7,041	7,859	14,900
	<u>20,573</u>	<u>26,298</u>	<u>46,871</u>

Type of leases	Remaining periods		Baht: '000
	Within 1 year	Over 1 year to 5 years	Total rental payments for the remaining periods
As at December 31, 2014			
Building			
- related company	5,325	8,619	13,944
- others	3,008	5,539	8,547
Service - related company	5,280	8,534	13,814
Equipment - related company	7,041	11,380	18,421
	<u>20,654</u>	<u>34,072</u>	<u>54,726</u>

For the three-month and six-month periods ended June 30, 2015 and 2014, 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 three-month periods ended June 30,		For the six-month periods ended June 30,	
	2015	2014	2015	2014
Rental and service fees	6,370	6,005	12,665	11,691

30. FAIR VALUE MEASUREMENT

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

Financial assets	Fair value as at June 30, 2015 (Baht : '000)	Fair value hierarchy	Valuation techniques and key inputs
Government and state enterprise securities	374,829	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
Unit trusts	39,909	Level 2	The unit trust's net asset value of the last working day of the reporting period

31. 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 three-month and six-month periods ended June 30, 2015 and 2014, there is 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 three-month and six-month periods ended June 30, 2015 and 2014 were as follows:

	For the three-month period ended June 30, 2015				Baht: '000
	Fire	Marine	Motor	Miscellaneous	Total
Underwriting income					
Gross premiums written	138,382	90,017	246,784	257,704	732,887
<u>Less</u> Premiums ceded	<u>33,729</u>	<u>62,905</u>	<u>87,645</u>	<u>96,980</u>	<u>281,259</u>
Net premiums written	104,653	27,112	159,139	160,724	451,628
<u>(Add) Less</u> Unearned premium reserve	<u>(7,788)</u>	<u>1,103</u>	<u>8,253</u>	<u>(16,868)</u>	<u>(15,300)</u>
Net premium earned	112,441	26,009	150,886	177,592	466,928
Fee and commission income	<u>9,230</u>	<u>18,277</u>	<u>30,218</u>	<u>24,934</u>	<u>82,659</u>
Total underwriting income	<u>121,671</u>	<u>44,286</u>	<u>181,104</u>	<u>202,526</u>	<u>549,587</u>
Underwriting expenses					
Insurance claims and loss adjustment expenses	43,018	10,104	93,723	79,870	226,715
Commission and brokerage expenses	30,943	10,960	30,619	37,410	109,932
Other underwriting expenses	<u>18,357</u>	<u>7,171</u>	<u>38,311</u>	<u>33,457</u>	<u>97,296</u>
Total underwriting expenses	<u>92,318</u>	<u>28,235</u>	<u>162,653</u>	<u>150,737</u>	<u>433,943</u>
Profit on underwriting before operating expenses					
<u>operating expenses</u>	<u>29,353</u>	<u>16,051</u>	<u>18,451</u>	<u>51,789</u>	<u>115,644</u>
Operating expenses					<u>72,181</u>
Profit on underwriting					<u>43,463</u>

Baht: '000

	For the three-month period ended June 30, 2014				
	Fire	Marine	Motor	Miscellaneous	Total
Underwriting income					
Gross premiums written	134,638	101,968	224,697	257,673	718,976
<u>Less</u> Premiums ceded	<u>32,211</u>	<u>73,971</u>	<u>75,468</u>	<u>98,075</u>	<u>279,725</u>
Net premiums written	102,427	27,997	149,229	159,598	439,251
<u>(Add) Less</u> Unearned premium reserve	<u>6,758</u>	<u>94</u>	<u>(57,657)</u>	<u>17,570</u>	<u>(33,235)</u>
Net premium earned	95,669	27,903	206,886	142,028	472,486
Fee and commission income	10,382	19,761	25,996	24,380	80,519
Total underwriting income	<u>106,051</u>	<u>47,664</u>	<u>232,882</u>	<u>166,408</u>	<u>553,005</u>
Underwriting expenses					
Insurance claims and loss adjustment expenses	16,105	9,793	148,557	69,751	244,206
Commission and brokerage expenses	29,514	12,006	31,298	36,206	109,024
Other underwriting expenses	10,461	7,536	28,763	35,866	82,626
Total underwriting expenses	<u>56,080</u>	<u>29,335</u>	<u>208,618</u>	<u>141,823</u>	<u>435,856</u>
Profit on underwriting before operating expenses	<u>49,971</u>	<u>18,329</u>	<u>24,264</u>	<u>24,585</u>	<u>117,149</u>
Operating expenses					<u>61,895</u>
Profit on underwriting					<u>55,254</u>

Baht: '000

	For the six-month period ended June 30, 2015				
	Fire	Marine	Motor	Miscellaneous	Total
Underwriting income					
Gross premiums written	318,531	185,667	480,637	545,544	1,530,379
<u>Less</u> Premiums ceded	<u>100,795</u>	<u>130,941</u>	<u>170,787</u>	<u>188,684</u>	<u>591,207</u>
Net premiums written	217,736	54,726	309,850	356,860	939,172
<u>(Add) Less</u> Unearned premium reserve	<u>1,130</u>	<u>(524)</u>	<u>8,218</u>	<u>1,903</u>	<u>10,727</u>
Net premium earned	216,606	55,250	301,632	354,957	928,445
Fee and commission income	27,507	36,047	58,859	52,354	174,767
Total underwriting income	<u>244,113</u>	<u>91,297</u>	<u>360,491</u>	<u>407,311</u>	<u>1,103,212</u>
Underwriting expenses					
Insurance claims and loss adjustment expenses	67,643	15,348	189,502	161,770	434,263
Commission and brokerage expenses	70,233	22,663	61,153	79,204	233,253
Other underwriting expenses	34,439	16,127	69,784	73,541	193,891
Total underwriting expenses	<u>172,315</u>	<u>54,138</u>	<u>320,439</u>	<u>314,515</u>	<u>861,407</u>
Profit on underwriting before operating expenses	<u>71,798</u>	<u>37,159</u>	<u>40,052</u>	<u>92,796</u>	<u>241,805</u>
Operating expenses					<u>143,049</u>
Profit on underwriting					<u>98,756</u>

	For the six-month period ended June 30, 2014				Baht: '000
	Fire	Marine	Motor	Miscellaneous	Total
Underwriting income					
Gross premiums written	306,692	187,157	464,947	519,779	1,478,575
<u>Less</u> Premiums ceded	<u>95,138</u>	<u>130,848</u>	<u>154,714</u>	<u>211,055</u>	<u>591,755</u>
Net premiums written	211,554	56,309	310,233	308,724	886,820
<u>(Add) Less</u> Unearned premium reserve	<u>34,581</u>	<u>(16)</u>	<u>(123,286)</u>	<u>30,123</u>	<u>(58,598)</u>
Net premium earned	176,973	56,325	433,519	278,601	945,418
Fee and commission income	27,595	39,232	53,307	49,822	169,956
Total underwriting income	<u>204,568</u>	<u>95,557</u>	<u>486,826</u>	<u>328,423</u>	<u>1,115,374</u>
Underwriting expenses					
Insurance claims and loss adjustment expenses	29,211	13,548	303,998	(17,430)	329,327
Commission and brokerage expenses	66,529	22,366	61,366	69,341	219,602
Other underwriting expenses	<u>21,523</u>	<u>15,175</u>	<u>62,386</u>	<u>81,205</u>	<u>180,289</u>
Total underwriting expenses	<u>117,263</u>	<u>51,089</u>	<u>427,750</u>	<u>133,116</u>	<u>729,218</u>
Profit on underwriting before					
operating expenses	<u>87,305</u>	<u>44,468</u>	<u>59,076</u>	<u>195,307</u>	386,156
Operating expenses					<u>131,637</u>
Profit on underwriting					<u>254,519</u>

32. APPROVAL OF INTERIM FINANCIAL STATEMENTS

These interim financial statements were approved for issuance by the Company's authorized executive director on August 7, 2015.