

*SRI AYUDHYA GENERAL INSURANCE
PUBLIC COMPANY LIMITED*

Interim Financial Statements

*Three-month and nine-month periods ended
September 30, 2017*

**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 September 30, 2017, and the related statements of profit or loss and other comprehensive income for the three-month and nine-month periods ended September 30, 2017, and the related statements of changes in equity and cash flows for the nine-month period ended September 30, 2017, 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 Techamontrikol
Certified Public Accountant (Thailand)
Registration No. 3356

BANGKOK
November 10, 2017

DELOITTE TOUCHE TOHMATSU JAIYOS AUDIT CO., LTD.

SRI AYUDHYA GENERAL INSURANCE PUBLIC COMPANY LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 2017

Baht : '000

	Notes	"Unaudited"	
		As at September 30, 2017	As at December 31, 2016
ASSETS			
Cash and cash equivalents	5	1,346,580	1,348,605
Premium due and uncollected - net	6	219,186	217,433
Accrued investment income		2,360	7,387
Reinsurance assets	7	948,550	1,050,276
Due from reinsurers	8	54,434	58,569
Investments			
Investments in securities	9	2,377,999	2,294,376
Loans	10	24	122
Leasehold improvement and equipment	11	48,727	57,917
Intangible assets		68,204	75,159
Deferred tax assets	12	152,819	166,508
Deferred commissions expenses		62,768	63,404
Other assets		48,990	49,450
TOTAL ASSETS		<u><u>5,330,641</u></u>	<u><u>5,389,206</u></u>

See condensed notes to the financial statements

SRI AYUDHYA GENERAL INSURANCE PUBLIC COMPANY LIMITED

STATEMENT OF FINANCIAL POSITION (CONTINUED)

AS AT SEPTEMBER 30, 2017

Baht : '000

	Notes	"Unaudited"	
		As at September 30, 2017	As at December 31, 2016
LIABILITIES AND EQUITY			
Insurance contract liabilities	13	2,094,075	2,249,889
Due to reinsurers	14	740,508	705,692
Employee benefit obligations		78,906	72,013
Premium written received in advance		352,816	337,983
Commissions and brokerages payables		43,586	50,979
Accrued expenses		34,321	49,402
Other liabilities		63,796	86,488
TOTAL LIABILITIES		3,408,008	3,552,446
EQUITY			
Share capital			
Authorized share capital			
240,000,000 ordinary shares of Baht 10.00 each		2,400,000	2,400,000
Issued and paid-up share capital			
180,000,000 ordinary shares of Baht 10.00 each		1,800,000	1,800,000
Retained earnings			
Appropriated			
Legal reserve		1,850	1,850
Unappropriated		118,173	32,185
Other components of equity			
Changes in fair value of available-for-sale securities		2,610	2,725
TOTAL EQUITY		1,922,633	1,836,760
TOTAL LIABILITIES AND EQUITY		5,330,641	5,389,206

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 SEPTEMBER 30, 2017
“UNAUDITED”

Baht : '000

	Notes	2017	2016
Revenues			
Gross premium written	15	730,090	799,544
<u>Less</u> Premium ceded	15	324,034	356,548
Net premium written		406,056	442,996
<u>Less</u> Unearned premium reserve increase (decrease) from previous period	15	1,360	(39,137)
Net premium earned		404,696	482,133
Fee and commission income	15	84,659	98,918
Net investment income		11,503	12,097
Other income		442	3,110
Total revenues		501,300	596,258
Expenses			
Loss incurred	15	269,186	498,851
<u>Less</u> Loss refundable from reinsurers	15	107,510	210,784
Commissions and brokerage expenses	15	99,808	113,108
Other underwriting expenses	15	111,832	118,552
Operating expenses	15	67,072	70,208
Total expenses		440,388	589,935
Income before income tax expense		60,912	6,323
Income tax expense	12	12,167	1,240
Net income		48,745	5,083

SRI AYUDHYA GENERAL INSURANCE PUBLIC COMPANY LIMITED
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)
FOR THE THREE-MONTH PERIOD ENDED SEPTEMBER 30, 2017
“UNAUDITED”

		Baht : '000	
	Notes	2017	2016
Other comprehensive income (loss)			
Items that will be reclassified subsequently to profit or loss			
Gain (loss) on revaluation of available-for-sale securities		129	(986)
Income tax relating to items that will be reclassified subsequently		(26)	197
Other comprehensive income (loss) for the periods, net of income tax		103	(789)
Total comprehensive income for the periods		48,848	4,294
Earnings per share			
Basic earnings per share	16 Baht	0.27	0.03

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 NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2017
“UNAUDITED”

Baht : '000

	Notes	2017	2016
Revenues			
Gross premium written	15	2,167,518	2,362,524
<u>Less</u> Premium ceded	15	922,348	929,371
Net premium written		1,245,170	1,433,153
<u>Less</u> Unearned premium reserve increase (decrease) from previous period	15	(1,178)	(12,480)
Net premium earned		1,246,348	1,445,633
Fee and commission income	15	267,169	264,595
Net investment income		36,411	34,752
Other income		2,638	6,904
Total revenues		1,552,566	1,751,884
Expenses			
Loss incurred	15	1,058,132	1,111,703
<u>Less</u> Loss refundable from reinsurers	15	471,931	380,698
Commissions and brokerage expenses	15	310,266	348,619
Other underwriting expenses	15	340,222	352,554
Operating expenses	15	208,627	225,613
Total expenses		1,445,316	1,657,791
Income before income tax expense		107,250	94,093
Income tax expense	12	21,262	18,729
Net income		85,988	75,364

SRI AYUDHYA GENERAL INSURANCE PUBLIC COMPANY LIMITED
 STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)
 FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2017
 “UNAUDITED”

		Baht : '000	
	Notes	2017	2016
Other comprehensive income (loss)			
Items that will be reclassified subsequently to profit or loss			
Loss on revaluation of available-for-sale securities		(144)	(2,957)
Income tax relating to items that will be reclassified subsequently		29	591
Other comprehensive loss for the periods, net of income tax		(115)	(2,366)
Total comprehensive income for the periods		85,873	72,998
Earnings per share			
Basic earnings per share	16 Baht	0.48	0.42

See condensed notes to the financial statements

SRI AYUDHYA GENERAL INSURANCE PUBLIC COMPANY LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2017

“UNAUDITED”

	Issued and paid-up share capital	Retained earnings (deficits)		Other components of equity		Total equity
		Appropriated	Unappropriated	Changes in fair value of		
		Legal reserve		available-for-sale securities		
Beginning balance as at January 1, 2016	1,800,000	-	(60,108)	5,918		1,745,810
Comprehensive income (loss)	-	-	75,364	(2,366)		72,998
Ending balance as at September 30, 2016	1,800,000	-	15,256	3,552		1,818,808
Beginning balance as at January 1, 2017	1,800,000	1,850	32,185	2,725		1,836,760
Comprehensive income (loss)	-	-	85,988	(115)		85,873
Ending balance as at September 30, 2017	1,800,000	1,850	118,173	2,610		1,922,633

See condensed notes to the financial statements

SRI AYUDHYA GENERAL INSURANCE PUBLIC COMPANY LIMITED

STATEMENT OF CASH FLOWS

FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2017

“UNAUDITED”

Baht : '000

	2017	2016
CASH FLOWS PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Direct premium received	2,154,707	2,422,927
Cash paid from reinsurance	(109,554)	(146,733)
Interest income	28,487	41,072
Dividend income	6	16
Other income	1,982	3,508
Loss incurred from direct insurance	(1,125,085)	(962,052)
Commission and brokerage paid from direct insurance	(311,829)	(358,133)
Other underwriting expenses	(341,755)	(345,793)
Operating expenses	(215,060)	(207,157)
Income tax expense	(8,364)	(35,789)
Investment in securities	(65,391)	104,957
Deposits at banks with maturity over 3 months	(2,945)	(3,260)
Loans	98	372
Net cash provided by operating activities	5,297	513,935
 CASH FLOWS PROVIDED BY (USED IN)		
INVESTING ACTIVITIES		
CASH FLOWS PROVIDED BY		
Leasehold improvement and equipment	1,217	5,558
Cash provided by investing activities	1,217	5,558

SRI AYUDHYA GENERAL INSURANCE PUBLIC COMPANY LIMITED
STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2017
“UNAUDITED”

	Baht : '000	
	2017	2016
CASH FLOWS PROVIDED BY (USED IN)		
INVESTING ACTIVITIES (CONTINUED)		
CASH FLOWS USED IN		
Leasehold improvement and equipment	(5,717)	(15,121)
Intangible assets	(2,822)	(4,201)
Cash used in investing activities	(8,539)	(19,322)
Net cash used in investing activities	(7,322)	(13,764)
Reconcile payable from purchase of government security		
- treasury bill with maturity within 3 months	-	1,199,367
Net increase (decrease) in cash and cash equivalents	(2,025)	1,699,538
Cash and cash equivalents as at January 1,	1,348,605	991,034
Cash and cash equivalents as at September 30,	1,346,580	2,690,572

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 NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2017
“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.

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 2016) “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 B.E. 2559 dated March 4, 2016. The Company presents the condensed notes to interim financial statements.
- 2.2 The statement of financial position as at December 31, 2016, 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 nine-month periods ended September 30, 2017 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. Therefore, the interim financial statements for the three-month and nine-month periods ended September 30, 2017 should be read in conjunction with the audited financial statements for the year ended December 31, 2016.

2.5 Thai Financial Reporting Standards affecting the presentation and disclosure in the current period financial statements

During the period, the Company has adopted the revised and new financial reporting standards issued by the Federation of Accounting Professions which become effective for fiscal years beginning on or after January 1, 2017. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards. The adoption of these financial reporting standards does not have any significant impact on the Company's financial statements.

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

The Federation of Accounting Professions has issued the Notification regarding 56 Thai Financial Reporting Standards (TFRSs) that will be effective for the financial statements for the period beginning on or after January 1, 2018 onwards, which has been announced in the Royal Gazette on September 26, 2017. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards.

The 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 considered that the adoption of these financial reporting standards does not have any significant impact 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, 2016.

4. ADDITIONAL INFORMATION FOR CASH FLOWS

4.1 Non-cash items of leasehold improvement and equipment for the nine-month periods ended September 30, 2017 and 2016 consisted of the following:

	Baht: '000	
	For the nine-month periods ended September 30,	
	2017	2016
Other payable - fixed assets as at January 1,	-	801
<u>Add</u> Purchases of fixed assets	5,722	14,327
<u>Less</u> Cash paid for purchase of fixed assets	(5,717)	(15,121)
Other payable - fixed assets as at September 30,	<u>5</u>	<u>7</u>

4.2 Non-cash items of intangible assets for the nine-month periods ended September 30, 2017 and 2016 consisted of the following:

	Baht : '000	
	For the nine-month periods ended September 30,	
	2017	2016
Other payable - intangible assets as at January 1,	20	-
<u>Add</u> Purchases of intangible assets	2,802	4,244
<u>Less</u> Cash paid for purchase of intangible assets	(2,822)	(4,201)
Other payable - intangible assets as at September 30,	<u>-</u>	<u>43</u>

5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents as at September 30, 2017 and December 31, 2016, consisted of the following:

	Baht: '000	
	As at September 30, 2017	As at December 31, 2016
Cash	280	260
Cheques on hand	10,781	5,929
Deposits at bank - at call	185,703	165,116
Deposits at bank - maturity not over 3 months	-	28,215
Short term investments	1,149,816	1,149,085
Cash and cash equivalents	<u>1,346,580</u>	<u>1,348,605</u>

6. PREMIUM DUE AND UNCOLLECTED - NET

Premium due and uncollected - net as at September 30, 2017 and December 31, 2016 consisted of the following:

	Baht: '000	
	From direct insurance	
	As at	As at
	September 30,	December 31,
	2017	2016
Within credit terms	147,424	175,614
Not over 30 days	29,711	20,840
31 - 60 days	25,261	6,781
61 - 90 days	5,820	5,808
Over 90 days	15,421	12,841
Total premium due and uncollected	<u>223,637</u>	<u>221,884</u>
<u>Less</u> Allowance for doubtful accounts	<u>(4,451)</u>	<u>(4,451)</u>
Premium due and uncollected - net	<u>219,816</u>	<u>217,433</u>

7. REINSURANCE ASSETS

Reinsurance assets as at September 30, 2017 and December 31, 2016 consisted of the following:

	Baht: '000	
	As at	As at
	September 30,	December 31,
	2017	2016
Insurance reserve refundable from reinsurers		
Loss reserves	430,238	454,210
Unearned premium reserve		
- Unearned reinsurance premium reserve	<u>518,312</u>	<u>596,066</u>
Total reinsurance assets (see Note 13)	<u>948,550</u>	<u>1,050,276</u>

8. DUE FROM REINSURERS

Due from reinsurers as at September 30, 2017 and December 31, 2016 consisted of the following:

	Baht: '000	
	As at	As at
	September 30,	December 31,
	2017	2016
Due from reinsurers	<u>54,434</u>	<u>58,569</u>

9. INVESTMENT IN SECURITIES

Investment in securities as at September 30, 2017 and December 31, 2016 consisted of the following:

	As at September 30, 2017		As at December 31, 2016	
	Cost/ Amortized cost	Fair value	Cost/ Amortized cost	Fair value
Baht: '000				
Available-for-sale securities				
Government and state enterprise securities	334,643	337,261	356,625	359,621
Equity securities	27,864	28,508	25,377	25,787
Total	362,507	365,769	382,002	385,408
<u>Add</u> Unrealized gains	3,262	-	3,406	-
Total available-for-sale securities	<u>365,769</u>	<u>365,769</u>	<u>385,408</u>	<u>385,408</u>
Held-to-maturity securities				
Government and state enterprise securities	1,610,878		1,510,561	
Deposits at banks with maturity over 3 months	380,511		377,566	
Total held-to-maturity securities	<u>1,991,389</u>		<u>1,888,127</u>	
General investment				
Equity securities	20,841		20,841	
Total general investment	<u>20,841</u>		<u>20,841</u>	
Total investment in securities - net	<u>2,377,999</u>		<u>2,294,376</u>	

As at September 30, 2017 and December 31, 2016, certain government and state enterprise securities were pledged and used for assets reserved with the Registrar amounting to Baht 265.10 million and Baht 265.09 million, respectively (see Note 19).

As at September 30, 2017 and December 31, 2016, certain government and state enterprise securities were used as collateral for insured driver amounting to Baht 4.45 million and Baht 4.10 million, respectively (see Note 20.1).

As at September 30, 2017 and December 31, 2016, certain of deposits at bank were pledged as collateral for bank overdrafts amounting to Baht 20 million (see Note 20.2).

10. 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

11. LEASEHOLD IMPROVEMENT AND EQUIPMENT

Leasehold improvement and equipment as at September 30, 2017 and December 31, 2016 consisted of the following:

	Cost				Accumulated depreciation				Ending balance of leasehold improvement and equipment - net as at September 30, 2017	Baht: '000
	As at January 1, 2017	Increase	Disposal / Write off	Transfer In (transfer out)	As at September 30, 2017	Depreciation	Disposal / Write off	As at September 30, 2017		
Leasehold improvement	48,519	714	(4)	1,884	51,113	(6,102)	4	(27,813)	23,300	
Furniture, fixtures and office equipment	66,226	563	(1,916)	-	64,873	(4,120)	1,914	(55,496)	9,377	
Vehicles	32,075	2,561	(3,488)	-	31,148	(4,136)	2,936	(15,098)	16,050	
Leasehold improvement under installation	-	1,884	-	(1,884)	-	-	-	-	-	
Total	146,820	5,722	(5,408)	-	147,134	(14,358)	4,854	(98,407)	48,727	

	Cost				Accumulated depreciation				Ending balance of leasehold improvement and equipment - net as at December 31, 2016	Baht: '000
	As at January 1, 2016	Increase	Disposal / Write off	Transfer In (transfer out)	As at December 31, 2016	Depreciation	Disposal / Write off	As at December 31, 2016		
Leasehold improvement	40,167	1,165	(2,299)	9,486	48,519	(7,811)	2,001	(21,715)	26,804	
Furniture, fixtures and office equipment	64,561	3,036	(1,371)	-	66,226	(5,933)	1,359	(53,290)	12,936	
Vehicles	41,300	6,475	(15,700)	-	32,075	(6,244)	13,671	(13,898)	18,177	
Leasehold improvement under installation	3,832	5,654	-	(9,486)	-	-	-	-	-	
Total	149,860	16,330	(19,370)	-	146,820	(19,988)	17,031	(88,903)	57,917	

As at September 30, 2017 and December 31, 2016, certain leasehold improvement and equipment at cost of Baht 52.30 million and Baht 48.09 million, respectively, were fully depreciated but still in use.

12. DEFERRED TAX ASSETS

Deferred tax assets as at September 30, 2017 and December 31, 2016 were as follows:

	As at September 30, 2017	Baht: '000 As at December 31, 2016
Deferred tax assets	<u>152,819</u>	<u>166,508</u>

Movements of deferred tax assets for the nine-month periods ended September 30, 2017 and 2016 consisted of tax effects from the following items:

	As at January 1, 2017	Transactions recognized in profit or loss	Transaction recognized in other comprehensive income or loss	Baht: '000 As at September 30, 2017
Deferred tax assets				
Allowance for doubtful accounts				
- premium due and uncollected	890	-	-	890
Allowance for doubtful accounts				
- other receivable	567	-	-	567
Unearned premium reserve	79,616	(236)	-	79,380
Loss reserve - net	56,699	(8,899)	-	47,800
Incurred but not reported claims	15,818	(1,896)	-	13,922
Employee benefits obligations	9,533	1,379	-	10,912
Reinsurance payables	4,066	(4,066)	-	-
	<u>167,189</u>	<u>(13,718)</u>	<u>-</u>	<u>153,471</u>
Deferred tax liabilities				
Unrealized gain on the change in value of investment in available-for-sale securities	(681)	-	29	(652)
	<u>(681)</u>	<u>-</u>	<u>29</u>	<u>(652)</u>
Deferred tax assets	<u>166,508</u>	<u>(13,718)</u>	<u>29</u>	<u>152,819</u>

	As at January 1, 2016	Transactions recognized in profit or loss	Transaction recognized in other comprehensive income or loss	Baht: '000 As at September 30, 2016
Deferred tax assets				
Allowance for doubtful accounts				
- premium due and uncollected	979	80	-	1,059
Allowance for doubtful accounts				
- other receivable	256	-	-	256
Unearned premium reserve	93,810	2,635	-	96,445
Loss reserve - net	59,815	11,790	-	71,605
Incurred but not reported claims	14,943	(34)	-	14,909
Employee benefits obligations	7,714	1,348	-	9,062
Reinsurance payables	2,737	(29)	-	2,708
	<u>180,254</u>	<u>15,790</u>	<u>-</u>	<u>196,044</u>
Deferred tax liabilities				
Unrealized gain on the change in value of investment in available-for-sale securities	(1,479)	-	591	(888)
	<u>(1,479)</u>	<u>-</u>	<u>591</u>	<u>(888)</u>
Deferred tax assets	<u>178,775</u>	<u>15,790</u>	<u>591</u>	<u>195,156</u>

Income tax expense for the three-month and nine-month periods ended September 30, 2017 and 2016, consisted of the following:

	For the three-month periods ended September 30,		For the nine-month periods ended September 30,	
	2017	2016	2017	2016
Income tax expense from taxable income per income tax return	5,668	11,421	7,544	34,519
Deferred tax expenses relating to the origination and reversal of temporary differences	6,499	(10,181)	13,718	(15,790)
Income tax expense per the statements of profit or loss and other comprehensive income	<u>12,167</u>	<u>1,240</u>	<u>21,262</u>	<u>18,729</u>

Reconciliation of effective tax rate for the three-month and nine-month periods ended September 30, 2017 and 2016 was as follows:

	Baht: '000			
	For the three-month periods ended September 30,			
	2017		2016	
	Tax Rate (%)	Amount	Tax Rate (%)	Amount
Accounting income before tax		60,912		6,323
Income tax at 20%	20.00	12,182	20.00	1,265
Tax effect of non-deductible expenses (benefits)	(0.02)	(15)	(0.40)	(25)
Income tax expense per the statements of profit or loss and other comprehensive income	19.98	12,167	19.60	1,240

	Baht: '000			
	For the nine-month periods ended September 30,			
	2017		2016	
	Tax Rate (%)	Amount	Tax Rate (%)	Amount
Accounting income before tax		107,250		94,093
Income tax at 20%	20.00	21,450	20.00	18,819
Tax effect of non-deductible expenses (benefits)	(0.18)	(188)	(0.10)	(90)
Income tax expense per the statements of profit or loss and other comprehensive income	19.82	21,262	19.90	18,729

13. INSURANCE CONTRACT LIABILITIES

Insurance contract liabilities as at September 30, 2017 and December 31, 2016 consisted of the following:

	Baht: '000		
	As at September 30, 2017		
	Insurance contract liabilities	Reinsurance liabilities (see Note 7)	Net
Loss reserves			
Loss incurred and agreed	625,515	(383,143)	242,372
Loss incurred but not reported	116,707	(47,095)	69,612
Premium reserve			
Unearned Premium reserve	1,351,853	(518,312)	833,541
Total	2,094,075	(948,550)	1,145,525

	Baht: '000		
	As at December 31, 2016		
	Insurance contract liabilities	Reinsurance liabilities (see Note 7)	Net
Loss reserves			
Loss incurred and agreed	694,871	(409,068)	285,803
Loss incurred but not reported	124,232	(45,142)	79,090
Premium reserve			
Unearned Premium reserve	1,430,786	(596,066)	834,720
Total	2,249,889	(1,050,276)	1,199,613

13.1 Insurance reserve for short term insurance contract

13.1.1 Loss reserves

Loss reserves as at September 30, 2017 and December 31, 2016 consisted of the following:

	As at September 30, 2017	Baht: '000 As at December 31, 2016
Balance as at beginning period/year	819,103	830,967
Loss incurred and loss adjustment expenses during the period/year	1,118,596	1,577,788
Changing on estimated loss and assumptions used in calculating loss reserve	(60,464)	(164,438)
Loss paid during the period/year	(1,135,013)	(1,425,214)
Balance as at ending period/year	<u>742,222</u>	<u>819,103</u>

13.1.2 Unearned premium reserve

	As at September 30, 2017	Baht: '000 As at December 31, 2016
As at January 1,	1,430,786	1,472,282
Premium written for the period/year	2,167,518	3,082,392
Earned premium for the period/year	(2,246,451)	(3,123,888)
As at September 30, and December 31,	<u>1,351,853</u>	<u>1,430,786</u>

13.1.3 Unexpired risk reserve

As at September 30, 2017 and December 31, 2016, no additional reserve for unexpired risk reserve has been established as the unexpired risk reserve estimated by the Company amounting to Baht 715.56 million and Baht 816.17 million, respectively, is lower than the unearned premium reserve.

14. DUE TO REINSURERS

Due to reinsurers as at September 30, 2017 and December 31, 2016 consisted of the following:

	As at September 30, 2017	Baht: '000 As at December 31, 2016
Amount withheld on reinsurance	413,379	402,551
Reinsurance payables	327,129	303,141
Total due to reinsurers	<u>740,508</u>	<u>705,692</u>

15. 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 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 nine-month periods ended September 30, 2017 and 2016, 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 nine-month periods ended September 30, 2017 and 2016 were as follows:

	For the three-month period ended September 30, 2017				Baht: '000
	Fire	Marine	Motor	Miscellaneous	Total
Underwriting income					
Gross premium written	153,696	79,314	250,898	246,182	730,090
<u>Less</u> Premium ceded	<u>39,796</u>	<u>56,040</u>	<u>89,934</u>	<u>138,264</u>	<u>324,034</u>
Net premium written	113,900	23,274	160,964	107,918	406,056
<u>Less</u> Unearned premium reserve increase (decrease) from previous period	<u>7,704</u>	<u>(4,665)</u>	<u>(318)</u>	<u>(1,361)</u>	<u>1,360</u>
Net premium earned	106,196	27,939	161,282	109,279	404,696
Fee and commission income	9,003	14,435	31,026	30,195	84,659
Total underwriting income	<u>115,199</u>	<u>42,374</u>	<u>192,308</u>	<u>139,474</u>	<u>489,355</u>
Underwriting expenses					
Loss incurred	7,088	(19,871)	135,609	146,360	269,186
<u>Less</u> Loss refundable from reinsurers	<u>2,056</u>	<u>(24,126)</u>	<u>43,028</u>	<u>86,552</u>	<u>107,510</u>
Commission and brokerage expenses	34,026	9,979	29,260	26,543	99,808
Other underwriting expenses	<u>23,818</u>	<u>8,794</u>	<u>45,449</u>	<u>33,771</u>	<u>111,832</u>
Total underwriting expenses	<u>62,876</u>	<u>23,028</u>	<u>167,290</u>	<u>120,122</u>	<u>373,316</u>
Profit on underwriting before operating expenses	<u>52,323</u>	<u>19,346</u>	<u>25,018</u>	<u>19,352</u>	<u>116,039</u>
Operating expenses					<u>67,072</u>
Profit on underwriting					<u>48,967</u>

	For the three-month period ended September 30, 2016				Baht: '000
	Fire	Marine	Motor	Miscellaneous	Total
Underwriting income					
Gross premium written	153,018	82,313	259,345	304,868	799,544
<u>Less</u> Premium ceded	<u>37,396</u>	<u>56,805</u>	<u>92,012</u>	<u>170,335</u>	<u>356,548</u>
Net premium written	115,622	25,508	167,333	134,533	442,996
<u>Less</u> Unearned premium reserve increase (decrease) from previous period	<u>5,980</u>	<u>(2,178)</u>	<u>(4,876)</u>	<u>(38,063)</u>	<u>(39,137)</u>
Net premium earned	109,642	27,686	172,209	172,596	482,133
Fee and commission income	8,745	15,090	31,770	43,313	98,918
Total underwriting income	<u>118,387</u>	<u>42,776</u>	<u>203,979</u>	<u>215,909</u>	<u>581,051</u>
Underwriting expenses					
Loss incurred	100,399	26,221	164,921	207,310	498,851
<u>Less</u> Loss refundable from reinsurers	<u>73,381</u>	<u>18,748</u>	<u>54,672</u>	<u>63,983</u>	<u>210,784</u>
Commission and brokerage expenses	34,269	10,256	31,301	37,282	113,108
Other underwriting expenses	25,026	7,876	45,435	40,215	118,552
Total underwriting expenses	<u>86,313</u>	<u>25,605</u>	<u>186,985</u>	<u>220,824</u>	<u>519,727</u>
Profit (loss) on underwriting before operating expenses	<u>32,074</u>	<u>17,171</u>	<u>16,994</u>	<u>(4,915)</u>	<u>61,324</u>
Operating expenses					<u>70,208</u>
Loss on underwriting					<u>(8,884)</u>

	For the nine-month period ended September 30, 2017				Baht: '000
	Fire	Marine	Motor	Miscellaneous	Total
Underwriting income					
Gross premium written	463,348	242,645	762,378	699,147	2,167,518
<u>Less</u> Premium ceded	<u>124,022</u>	<u>165,687</u>	<u>271,948</u>	<u>360,691</u>	<u>922,348</u>
Net premium written	339,326	76,958	490,430	338,456	1,245,170
<u>Less</u> Unearned premium reserve increase (decrease) from previous period	<u>27,605</u>	<u>359</u>	<u>(3,888)</u>	<u>(25,254)</u>	<u>(1,178)</u>
Net premium earned	311,721	76,599	494,318	363,710	1,246,348
Fee and commission income	28,555	45,399	93,827	99,388	267,169
Total underwriting income	<u>340,276</u>	<u>121,998</u>	<u>588,145</u>	<u>463,098</u>	<u>1,513,517</u>
Underwriting expenses					
Loss incurred	72,344	14,451	477,463	493,874	1,058,132
<u>Less</u> Loss refundable from reinsurers	<u>43,367</u>	<u>(8,141)</u>	<u>154,758</u>	<u>281,947</u>	<u>471,931</u>
Commission and brokerage expenses	102,263	30,481	87,293	90,229	310,266
Other underwriting expenses	73,168	26,774	136,866	103,414	340,222
Total underwriting expenses	<u>204,408</u>	<u>79,847</u>	<u>546,864</u>	<u>405,570</u>	<u>1,236,689</u>
Profit on underwriting before operating expenses	<u>135,868</u>	<u>42,151</u>	<u>41,281</u>	<u>57,528</u>	<u>276,828</u>
Operating expenses					<u>208,627</u>
Profit on underwriting					<u>68,201</u>

	For the nine-month period ended September 30, 2016				Baht: '000
	Fire	Marine	Motor	Miscellaneous	Total
Underwriting income					
Gross premium written	459,051	258,408	808,031	837,034	2,362,524
<u>Less</u> Premium ceded	<u>123,447</u>	<u>178,270</u>	<u>286,535</u>	<u>341,119</u>	<u>929,371</u>
Net premium written	335,604	80,138	521,496	495,915	1,433,153
<u>Less</u> Unearned premium reserve increase (decrease) from previous period	<u>11,613</u>	<u>(1,990)</u>	<u>13,275</u>	<u>(35,378)</u>	<u>(12,480)</u>
Net premium earned	323,991	82,128	508,221	531,293	1,445,633
Fee and commission income	29,247	48,004	98,983	88,361	264,595
Total underwriting income	<u>353,238</u>	<u>130,132</u>	<u>607,204</u>	<u>619,654</u>	<u>1,710,228</u>
Underwriting expenses					
Loss incurred	142,170	60,282	507,416	401,835	1,111,703
<u>Less</u> Loss refundable from reinsurers	<u>91,360</u>	<u>32,775</u>	<u>170,639</u>	<u>85,924</u>	<u>380,698</u>
Commission and brokerage expenses	102,399	32,072	100,997	113,151	348,619
Other underwriting expenses	75,160	23,915	131,193	122,286	352,554
Total underwriting expenses	<u>228,369</u>	<u>83,494</u>	<u>568,967</u>	<u>551,348</u>	<u>1,432,178</u>
Profit on underwriting before operating expenses	<u>124,869</u>	<u>46,638</u>	<u>38,237</u>	<u>68,306</u>	<u>278,050</u>
Operating expenses					<u>225,613</u>
Profit on underwriting					<u>52,437</u>

16. BASIC EARNINGS PER SHARE

Basic earnings per share for the three-month and nine-month periods ended September 30, 2017 and 2016 were as follows:

	For the three-month periods ended September 30,		For the nine-month periods ended September 30,	
	2017	2016	2017	2016
Net profit (Baht : '000)	48,745	5,083	85,988	75,364
Number of share capital (shares)	<u>180,000,000</u>	<u>180,000,000</u>	<u>180,000,000</u>	<u>180,000,000</u>
Basic earnings per share (Baht)	<u>0.27</u>	<u>0.03</u>	<u>0.48</u>	<u>0.42</u>

17. 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	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	Construction Materials
Bangkok Broadcasting & T.V. Co., Ltd.	Some common shareholders	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 Security 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	Property

Significant balances and transactions were as follows:

	As at September 30, 2017	Baht: '000 As at December 31, 2016
Deposits at financial institutions		
Bank of Ayudhya Plc.	337,989	326,451
Premium due and uncollected		
Bank of Ayudhya Plc.	1,993	542
Ayudhya Development Leasing Co., Ltd.	-	8
Siam City Cement Plc.	2,742	1,949
Bangkok Broadcasting & T.V. Co., Ltd.	240	206
CKS Holding Ltd.	-	53
Allianz Ayudhya Assurance Plc.	-	34
Grand Canal Land Plc.	-	263
Siam Realty and Service Security Co., Ltd.	685	94
Ayudhya Capital Auto Lease Plc.	-	1
Eastern Star Real Estate Plc.	11	363
Krungsriayudhya Card Co., Ltd.	81	-
	5,752	3,513

Accrued interest income		
Bank of Ayudhya Plc.	731	1,094
Rental and facilities deposits		
BBTV Equity Co., Ltd.	4,645	4,416
Premium written received in advance		
Bank of Ayudhya Plc.	8,936	10,426
Payable from purchase of securities		
Krungsri Securities Plc.	2,487	-
Accrued expense - custodian fee		
Bank of Ayudhya Plc.	26	16
Accrued expense - commissions and brokerages		
Bank of Ayudhya Plc.	12,350	13,700
Accrued expense - other underwriting expenses		
Bank of Ayudhya Plc.	13,696	20,279
Accrued expense		
Sri Ayudhya Capital Plc.	4,459	16,219

Baht: '000

	For the three-month		For the nine-month	
	periods ended September 30,	periods ended September 30,	periods ended September 30,	periods ended September 30,
	2017	2016	2017	2016
Premium written				
Bank of Ayudhya Plc.	1,906	1,277	13,852	11,824
Krungsri Securities Plc.	-	19	30	51
Krungsri Asset Management Co., Ltd.	-	-	1,267	1,230
Ayudhya Development Leasing Co., Ltd.	1	1	23	86
Siam City Cement Plc.	42,825	49,877	45,031	52,333
Bangkok Broadcasting & T.V. Co., Ltd.	2,838	2,651	8,750	9,359
Great Luck Equity Co., Ltd.	-	-	41	48
Super Assets Co., Ltd.	-	-	70	58
BBTV Equity Co., Ltd.	29	50	102	99
Allianz Ayudhya Assurance Plc.	-	-	374	420
Ayudhya Asset Management Co., Ltd.	-	-	401	478
Siam Realty and Service Security Co., Ltd.	815	755	1,648	1,507
Ayudhya Capital Auto Lease Plc.	-	-	94	109
Krungsriayudhya Card Co., Ltd.	76	7	76	166
Eastern Star Real Estate Plc.	146	166	428	269
CKS Holding Co., Ltd.	73	95	73	95
	<u>48,709</u>	<u>54,898</u>	<u>72,260</u>	<u>78,132</u>

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

	Baht: '000			
	For the three-month		For the nine-month	
	periods ended September 30,		periods ended September 30,	
	2017	2016	2017	2016
Interest income				
Bank of Ayudhya Plc.	558	732	1,876	2,525

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

	Baht: '000			
	For the three-month		For the nine-month	
	periods ended September 30,		periods ended September 30,	
	2017	2016	2017	2016
Other income				
Sri Ayudhya Capital Plc.	150	120	390	360

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		For the nine-month	
	periods ended September 30,		periods ended September 30,	
	2017	2016	2017	2016
Commission and brokerage expenses				
Bank of Ayudhya Plc.	36,722	47,129	117,345	139,132
Other underwriting expenses				
Bank of Ayudhya Plc.	21,173	30,478	67,598	91,803

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.

	Baht: '000			
	For the three-month		For the nine-month	
	periods ended September 30,		periods ended September 30,	
	2017	2016	2017	2016
Commission paid				
Krungsri Securities Plc.	7	-	7	-
Custodian fee				
Bank of Ayudhya Plc.	75	45	202	133

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

	Baht: '000			
	For the three-month		For the nine-month	
	periods ended September 30,		periods ended September 30,	
	2017	2016	2017	2016
Rental and service fees				
BBTV Equity Co., Ltd.	4,637	4,436	13,671	13,309
Management fee				
Sri Ayudhya Capital Plc.	4,459	7,155	19,501	26,424

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, payroll and information technology. Service rates are agreed by both parties which are determined based on estimated time spent and cost incurred for the Company.

18. DIRECTORS AND KEY MANAGEMENT PERSONNEL'S REMUNERATION

During the three-month and nine-month periods ended September 30, 2017 and 2016, the Company had salaries, bonuses, directors allowances and other benefits of its directors and key management personnel recognized as expenses as follows:

	Baht: '000			
	For the three-month		For the nine-month	
	periods ended September 30,		periods ended September 30,	
	2017	2016	2017	2016
Directors and key management personnel's remuneration				
Short-term benefits	9,309	8,936	27,492	26,425
Post-employment benefits	365	346	1,094	1,036
Directors' remuneration	123	239	288	942
	<u>9,797</u>	<u>9,521</u>	<u>28,874</u>	<u>28,403</u>

Directors' remunerations for the years of 2017 and 2016 were approved by the ordinary shareholders' meeting of the Company held on April 24, 2017 and April 25, 2016, respectively.

19. SECURITIES PLEDGED AND ASSETS RESERVED WITH THE REGISTRAR

As at September 30, 2017 and December 31, 2016, certain investment in securities of the Company were pledged and used for assets reserved with the Registrar (see Note 9) 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. 2557” as follows:

	As at September 30, 2017	Baht: '000 As at December 31, 2016
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	14,000
Assets reserved with the registrar		
Government and state enterprise securities	251,097	251,086
Total investment in securities of pledged	<u>265,097</u>	<u>265,086</u>

20. RESTRICTED ASSETS AND COMMITMENT

20.1 As at September 30, 2017 and December 31, 2016, the Company has Premium saving certificates amount of Baht 4.45 million and Baht 4.10 million, respectively were used as collateral in case where the insured driver is an alleged offender (See Note 9).

20.2 As at September 30, 2017 and December 31, 2016, the Company had the undrawn committed borrowing facilities for the amount of Baht 20 million which was pledged as collateral by deposit at bank amounting to Baht 20 million (See Note 9).

21. CONTINGENT LIABILITIES AND COMMITMENT

21.1 As at September 30, 2017 and December 31, 2016, lawsuits have been brought against the Company, as insurer, from which the Company estimates losses totaling Baht 26.19 million and Baht 22.33 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.

21.2 As at September 30, 2017 and December 31, 2016, the Company had a capital commitment to pay computer program development expenses in the amount of approximately Baht 12.38 million and Baht 14.03 million, respectively.

22. LONG-TERM LEASES AND SERVICE AGREEMENTS

Long-term leases and service agreements as at September 30, 2017 and December 31, 2016 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 September 30, 2017			
Building			
- related company	5,762	8,216	13,978
- others	6,928	7,013	13,941
Service - related company	5,762	8,216	13,978
Equipment - related company	7,683	10,954	18,637
	<u>26,135</u>	<u>34,399</u>	<u>60,534</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, 2016			
Building			
- related company	4,339	-	4,339
- others	2,824	3,350	6,174
Service - related company	3,295	-	3,295
Equipment - related company	3,254	-	3,254
	<u>13,712</u>	<u>3,350</u>	<u>17,062</u>

For the three-month and nine-month periods ended September 30, 2017 and 2016, 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 September 30,		For the nine-month periods ended September 30,	
	2017	2016	2017	2016
Rental and service fees	6,641	6,389	19,631	19,034

23. 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.

	Fair value		Fair value hierarchy	Valuation techniques and key inputs
	As at September 30, 2017 Baht: '000	As at December 31, 2016 Baht: '000		
<u>Financial assets</u>				
Government and state enterprise securities	337,261	359,621	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
Equity securities	2,490	-	Level 1	Latest bid prices of the last working day of the reporting period as quoted on the Stock Exchange of Thailand
Equity securities	26,508	25,787	Level 2	The unit trust's net asset value of the last working day of the reporting period.

24. APPROVAL OF INTERIM FINANCIAL STATEMENTS

These interim financial statements were approved for issuance by the Company's authorized executive director on November 10, 2017.