
*SRI AYUDHYA GENERAL INSURANCE PUBLIC
COMPANY LIMITED*

Financial Statements

Year ended December 31, 2013

REPORT OF THE INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

TO THE SHAREHOLDERS AND BOARD OF DIRECTORS

SRI AYUDHYA GENERAL INSURANCE PUBLIC COMPANY LIMITED

We have audited the financial statements of Sri Ayudhya General Insurance Public Company Limited, which comprise the statement of financial position as at December 31, 2013, and the statement of comprehensive income, statement of changes in shareholders' equity and statement of cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Thai Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Thai Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the aforementioned financial statements present fairly, in all material respects, the financial position of Sri Ayudhya General Insurance Public Company Limited as at December 31, 2013, and its financial performance and its cash flows for the year then ended in accordance with Thai Financial Reporting Standards.



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

BANGKOK
February 18, 2014

DELOITTE TOUCHE TOHMATSU JAIYOS AUDIT CO., LTD.

SRI AYUDHYA GENERAL INSURANCE PUBLIC COMPANY LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2013

BAHT

	Notes	2013	2012
ASSETS			
Cash and cash equivalents	5.2	1,592,292,279	534,742,070
Accrued investment income		10,889,976	8,200,066
Premium due and uncollected - net	6	255,078,129	241,337,045
Reinsurance assets	7	1,838,461,453	3,590,959,395
Investments			
Investment in securities	8		
Available-for-sale securities		903,687,935	761,848,900
Held-to-maturity securities		309,395,009	352,951,309
General investment in securities		1,210,970	1,210,970
Total investment in securities		<u>1,214,293,914</u>	<u>1,116,011,179</u>
Loans	9	2,574,742	4,232,769
Leasehold improvement and equipment - net	10	43,908,091	42,997,210
Intangible assets - net	11	101,051,272	117,248,562
Deferred tax assets	12	275,918,008	336,349,029
Deferred commission expense		54,395,871	39,920,631
Other assets	13	52,270,338	55,990,146
TOTAL ASSETS		<u><u>5,441,134,073</u></u>	<u><u>6,087,988,102</u></u>

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

SRI AYUDHYA GENERAL INSURANCE PUBLIC COMPANY LIMITED
STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT DECEMBER 31, 2013

BAHT

	Notes	2013	2012
LIABILITIES AND EQUITY			
Due to reinsurers	14	622,509,146	888,181,628
Insurance contract liabilities			
Loss reserves and outstanding claims	15	2,176,599,794	2,842,470,718
Premium reserve	16	910,179,915	897,934,687
Employee benefit obligation	17	48,185,082	44,236,637
Deferred tax liabilities	19	2,441,350	2,813,637
Premium written received in advance		330,860,001	258,459,569
Commission and brokerage payables		52,876,141	47,104,950
Accrued expenses		56,249,150	39,511,787
Other liabilities	20	82,984,600	66,042,581
TOTAL LIABILITIES		<u>4,282,885,179</u>	<u>5,086,756,194</u>
EQUITY			
Share capital	21		
Authorized share capital			
240,000,000 ordinary shares of Baht 10.00 each		<u>2,400,000,000</u>	<u>2,400,000,000</u>
Issued and paid-up share capital			
180,000,000 ordinary shares of Baht 10.00 each		1,800,000,000	1,800,000,000
Retained deficit			
Unappropriated		(651,516,504)	(810,022,638)
Other components of equity			
Surplus on revaluation of investment	5.1.1	9,765,398	11,254,546
TOTAL EQUITY		<u>1,158,248,894</u>	<u>1,001,231,908</u>
TOTAL LIABILITIES AND EQUITY		<u>5,441,134,073</u>	<u>6,087,988,102</u>

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

SRI AYUDHYA GENERAL INSURANCE PUBLIC COMPANY LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31, 2013

BAHT

	Notes	2013	2012
Revenues			
Net premium earned	23	1,908,651,369	1,709,869,907
Fee and commission income	23	230,480,387	191,591,906
Total revenues		2,139,131,756	1,901,461,813
Expenses			
Underwriting expenses			
Losses incurred			
Insurance claims and loss adjustment			
expenses	23	828,777,267	1,054,361,513
Commissions and brokerages expenses	23	421,395,418	400,740,578
Other underwriting expenses	23	351,533,433	293,375,010
Operating expenses	24	365,849,153	246,307,394
Total underwriting expenses		1,967,555,271	1,994,784,495
Profit (loss) on underwriting		171,576,485	(93,322,682)
Net investment income		64,411,295	45,344,040
Gain on investment in securities	26	2,003,971	366,043
Other income		6,485,373	5,537,488
Income (loss) from operation		244,477,124	(42,075,111)

SRI AYUDHYA GENERAL INSURANCE PUBLIC COMPANY LIMITED
STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2013

BAHT

	Notes	2013	2012
Contribution to the Office of Insurance Commission		7,902,615	7,294,138
Contribution to Non-life Guarantee Fund		7,402,615	6,794,138
Contribution to Road Victims Protection Fund		311,071	336,825
Income (loss) before income tax expense		228,860,823	(56,500,212)
Income tax expense	27	69,452,133	27,579,233
Net income (loss)		159,408,690	(84,079,445)
Other comprehensive income (loss)			
Actuarial loss on defined employee benefit plans - net of income tax	17	(902,556)	-
Surplus (deficit) on revaluation of investments - net of income tax	5.1.1	(1,489,148)	8,284,227
Other net comprehensive income (loss) for the years - net of income tax		(2,391,704)	8,284,227
Total comprehensive income (loss) for the years		157,016,986	(75,795,218)
Basic earnings (loss) per share	28	Baht	
		0.89	(0.53)

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

SRI AYUDHYA GENERAL INSURANCE PUBLIC COMPANY LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2013

BAHT

	Notes	Issued and paid-up share capital	Unappropriated Retain earnings (deficit)	Other components of equity - Surplus (deficit) on revaluation of investments	Total equity
Beginning balance as at January 1, 2012		1,200,000,000	(725,943,193)	2,970,319	477,027,126
Changing during the year					
Increase of share capital	21	600,000,000	-	-	600,000,000
Comprehensive loss	5.1.1	-	(84,079,445)	8,284,227	(75,795,218)
Ending balance as at December 31, 2012		<u>1,800,000,000</u>	<u>(810,022,638)</u>	<u>11,254,546</u>	<u>1,001,231,908</u>
Beginning balance as at January 1, 2013		1,800,000,000	(810,022,638)	11,254,546	1,001,231,908
Changing during the year					
Comprehensive gain	5.1.1	-	158,506,134	(1,489,148)	157,016,986
Ending balance as at December 31, 2013		<u>1,800,000,000</u>	<u>(651,516,504)</u>	<u>9,765,398</u>	<u>1,158,248,894</u>

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

SRI AYUDHYA GENERAL INSURANCE PUBLIC COMPANY LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2013

BAHT

	Notes	2013	2012
CASH FLOWS PROVIDED BY (USED IN)			
OPERATING ACTIVITIES			
Direct premium received		3,018,210,191	2,688,553,153
Cash received from reinsurance		577,708,001	1,968,461,157
Losses incurred from direct insurance		(1,420,664,477)	(4,871,083,945)
Loss adjustment expenses from direct insurance		(93,664,574)	(73,480,996)
Commissions and brokerages from direct insurance		(424,152,119)	(382,523,621)
Other underwriting expenses		(337,020,804)	(300,917,768)
Interest income		65,433,818	42,539,083
Dividend income		8,500	4,000
Other income		3,827,002	2,441,750
Operating expenses		(205,822,044)	(187,087,998)
Income tax paid		(11,547,103)	(11,067,544)
Net cash provided by (used in) operating activities	5.3	1,172,316,391	(1,124,162,729)
CASH FLOWS PROVIDED BY (USED IN)			
INVESTING ACTIVITIES			
CASH FLOWS PROVIDED BY			
Investment in securities			
Redemption of investment in held-to-maturity securities - treasury bills with maturity over 3 months		-	110,000,000
Redemption of investment in held-to-maturity securities - notes with maturity over 3 months		2,500,000	23,000,000
Redemption of investment in available-for-sale securities - bonds		8,860,000	476,210,000

SRI AYUDHYA GENERAL INSURANCE PUBLIC COMPANY LIMITED

STATEMENT OF CASH FLOWS (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2013

BAHT

	Notes	2013	2012
CASH FLOWS PROVIDED BY (USED IN)			
INVESTING ACTIVITIES (CONTINUED)			
CASH FLOWS PROVIDED BY (CONTINUED)			
Investment in securities (Continued)			
Redemption of investment in available-for-sale securities - debentures		6,900,000	12,520,000
Sale of investment in available-for-sale securities - unit trusts		20,193,035	11,015,532
Loans		1,935,100	2,211,685
Leasehold improvement and equipment		2,775,090	3,769,561
Deposits at financial institutions with maturity over 3 months and deposits used as collateral		69,817,190	886,959,522
Cash provided by investing activities		112,980,415	1,525,686,300
CASH FLOWS USED IN			
Investment in securities			
Purchase of investment in available-for-sale securities - bonds		(181,370,468)	(53,584,140)
Loans		(365,000)	(2,810,000)
Leasehold improvement and equipment		(16,084,974)	(15,375,848)
Intangible assets		(1,165,265)	(11,215,960)
Deposits at financial institutions with maturity over 3 months and deposits used as collateral		(28,760,890)	(1,122,634,129)
Cash used in investing activities		(227,746,597)	(1,205,620,077)
Net cash provided by (used in) investing activities		(114,766,182)	320,066,223

SRI AYUDHYA GENERAL INSURANCE PUBLIC COMPANY LIMITED

STATEMENT OF CASH FLOWS (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2013

BAHT

	Notes	2013	2012
CASH FLOWS PROVIDED BY FINANCING ACTIVITIES			
Cash received from increase in share capital		-	600,000,000
Net cash provided by financing activities		-	600,000,000
Net increase (decrease) in cash and cash equivalents		1,057,550,209	(204,096,506)
Cash and cash equivalents as at January 1,		534,742,070	738,838,576
Cash and cash equivalents as at December 31,	5.2	1,592,292,279	534,742,070

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

**SRI AYUDHYA GENERAL INSURANCE PUBLIC COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013**

1. GENERAL INFORMATION AND OPERATION OF THE COMPANY

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

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

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

2. BASIS FOR PREPARATION OF THE FINANCIAL STATEMENTS

2.1 These financial statements are prepared and fairly presented in accordance with Thai Financial Reporting Standards (“TFRSs”) 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 maintains its accounting records in Thai Baht and prepares its statutory financial statements in the Thai language in conformity with TFRSs and accounting practices generally accepted in Thailand.

2.2 Adoption of revised Thai Accounting Standard and new Thai Financial Reporting Standard since January 1, 2013

The Company has adopted the revised Thai Accounting Standard and the new Thai Financial Reporting Standard issued by the Federation of Accounting Professions, which are effective for the financial statements for the accounting periods beginning on or after January 1, 2013 onwards as follows :

Thai Accounting Standard (TAS)

TAS 21 (Revised 2009) The Effects of Changes in Foreign Exchange Rates

Thai Financial Reporting Standard (TFRS)

TFRS 8 Operating Segments

The Company has adopted the above Thai Accounting Standard and Thai Financial Reporting Standard with no material impact on the Company’s financial statements.

- 2.3 The Federation of Accounting Professions has issued the Notifications regarding Thai Accounting Standards (TASs), Thai Financial Reporting Standards (TFRSs), Thai Accounting Standard Interpretations (TSIs) and Thai Financial Reporting Interpretations (TFRIs), which have been announced in the Royal Gazette as follows:

Thai Accounting Standards (TASs), Thai Financial Reporting Standards (TFRSs), Thai Accounting Standard Interpretations (TSIs) and Thai Financial Reporting Interpretations (TFRIs)		Effective date
Thai Accounting Standards (TASs)		
TAS 1 (Revised 2012)	Presentation of Financial Statements	January 1, 2014
TAS 7 (Revised 2012)	Statement of Cash Flows	January 1, 2014
TAS 12 (Revised 2012)	Income Taxes	January 1, 2014
TAS 17 (Revised 2012)	Leases	January 1, 2014
TAS 18 (Revised 2012)	Revenue	January 1, 2014
TAS 19 (Revised 2012)	Employee Benefits	January 1, 2014
TAS 21 (Revised 2012)	The Effects of Changes in Foreign Exchange Rates	January 1, 2014
TAS 24 (Revised 2012)	Related Party Disclosures	January 1, 2014
TAS 28 (Revised 2012)	Investments in Associates	January 1, 2014
TAS 31 (Revised 2012)	Interests in Joint Ventures	January 1, 2014
TAS 34 (Revised 2012)	Interim Financial Reporting	January 1, 2014
TAS 38 (Revised 2012)	Intangible Assets	January 1, 2014
Thai Financial Reporting Standards (TFRSs)		
TFRS 2 (Revised 2012)	Share-based Payment	January 1, 2014
TFRS 3 (Revised 2012)	Business Combinations	January 1, 2014
TFRS 4	Insurance Contracts	January 1, 2016
TFRS 5 (Revised 2012)	Non-current Assets Held for Sale and Discontinued Operations	January 1, 2014
TFRS 8 (Revised 2012)	Operating Segments	January 1, 2014
Thai Accounting Standard Interpretations (TSIs)		
TSI 15	Operating Leases - Incentive	January 1, 2014
TSI 27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease	January 1, 2014
TSI 29	Disclosure - Service Concession Arrangements	January 1, 2014
TSI 32	Intangible Assets - Web Site Costs	January 1, 2014

Thai Accounting Standards (TASs), Thai Financial Reporting Standards (TFRSs), Thai Accounting Standard Interpretations (TSIs) and Thai Financial Reporting Interpretations (TFRIs) (Continued)

Thai Financial Reporting Interpretations (TFRIs)

		Effective date
TFRI 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities	January 1, 2014
TFRI 4	Determining whether an Arrangement Contains a Lease	January 1, 2014
TFRI 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds	January 1, 2014
TFRI 7	Applying the Restatement Approach under TAS 29 Financial Reporting in Hyperinflationary Economies	January 1, 2014
TFRI 10	Interim Financial Reporting and Impairment	January 1, 2014
TFRI 12	Service Concession Arrangements	January 1, 2014
TFRI 13	Customer Loyalty Programmes	January 1, 2014
TFRI 17	Distributions of Non-cash Assets to Owners	January 1, 2014
TFRI 18	Transfers of Assets from Customers	January 1, 2014

The Company's management will adopt the above TASs, TFRSs, TSIs, and TFRIs relevant to the Company in the preparation of Company's financial statements when they become effective. The Company's management has assessed the effects of these TASs, TFRSs, TSIs, and TFRIs and believes that they will not have any significant impact on the financial statements for the period in which they are initially applied, with the exception of TFRS 4 which management is in the process of assessing the impact.

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

3. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared under the historical cost convention in measurement of the Elements of Financial Statement except as disclosed in the accounting policies below:

3.1 Recognition of revenues and expenses

Premium written

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

Reinsurance premium

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

Commissions and brokerages income

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

Interest and dividends income

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

Commissions and brokerages and other expenses

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

3.2 Cash and cash equivalents

Cash and cash equivalents include cash on hand and all types of deposits with banks including investment in securities-notes with original maturity within 3 months.

In the statement of cash flows, deposits at banks used as collateral or having original terms to maturity over 3 months are not included in cash and cash equivalents but are presented in investing activities.

3.3 Premium due and uncollected and allowance for doubtful accounts

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

3.4 Reinsurance assets

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

3.5 Investment in securities

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

Securities classified as general investments are stated at cost.

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

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

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

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

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

3.6 Leasehold improvement and equipment

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

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

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

3.7 Intangible assets

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

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

Computer software	5 years
Bancassurance agreement	10 years

3.8 Unearned premium reserve

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

Fire, Marine (Hull), Motor and Miscellaneous	-Monthly average basis (the one-twentyfourth basis)
Marine (Cargo)	-Net premium written for the last ninety days
Travelling accident	-Net premium written for the last thirty days

3.9 Loss reserve and outstanding claims

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

3.10 Foreign currency transactions

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

3.11 Employee benefit

3.11.1 Provident fund

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

3.11.2 Post-employment benefits obligation

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

3.12 Long-term leases

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

3.13 Income tax expense

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

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

3.14 Basic earnings (loss) per share

Basic earnings (loss) per share is calculated by dividing net income by the number of weighted average ordinary shares outstanding at the end of the year. In the case of a capital increase, the number of shares is equal to the weighted average according to the time of the subscription received for the increase in paid-up share capital. As at December 31, 2013 and 2012, the Company does not has any common share equivalents outstanding which would have had a dilutive effect on earnings (loss) per share.

3.15 Use of accounting estimates

The preparation of financial statements in conformity with TFRSs and practices generally accepted accounting in Thailand also requires the Company's management to exercise judgment in order to determine the accounting policies, estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expense during the reporting period. Although these estimates are based on management's reasonable consideration of current events, actual results may differ from these estimates.

4. IMPACT FROM SEVERE FLOODING IN THAILAND

From the severe flooding in Thailand by the end of 2011, the Company's managements have continued to monitor the development of the flood losses. As at December 31, 2013, the Company recorded loss reserves from claims of flooding amounting to Baht 1,337.12 million (December 31, 2012 : Baht 2,170.77 million), as part of loss reserves and outstanding claims (see Note 15), and recorded loss refundable from reinsurance - net amounting to Baht 806.81 million, (December 31, 2012 : Baht 1,896.63 million), as part of reinsurance assets (see Note 7)

For the year ended December 31, 2013, the Company has paid insurance claims from the flooding to the insured by net of loss refundable from reinsurance amounting to Baht 291.82 million, (December 31, 2012 : Baht 864.83 million), and recorded (reversed) net insurance claims arising from loss incurred and loss refundable from such situation amounting to Baht (97.47) million (December 31, 2012 : Baht 108.58 million), as part of insurance claims and loss adjustment expenses in the statements of comprehensive income for the year ended December 31, 2013. Subsequently in 2014, the Company has additional refundable loss from reinsurers from the flooding amounting to Baht 245.87 million with certain business obligations.

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 As at December 31, 2013 and 2012, the surplus on revaluation of investments which is presented in other components of equity were shown net of deferred tax liabilities as follows:

	2013 Baht	2012 Baht
Unrealized gain on investment in available-for-sale securities	12,206,748	14,068,183
<u>Less</u> Deferred tax liabilities (see Note 19)	<u>(2,441,350)</u>	<u>(2,813,637)</u>
Surplus on revaluation of investments - net	<u>9,765,398</u>	<u>11,254,546</u>

For the years ended December 31, 2013 and 2012, changes in surplus on revaluation of investments - net of deferred tax were as follows:

	2013 Baht	2012 Baht
Increase (decrease) of unrealized gain on investment in available-for-sale securities	(1,861,435)	10,210,625
(Increase) decrease of deferred tax liabilities (see Note 19)	372,287	(1,926,398)
	<u> </u>	<u> </u>
Increase (decrease) of surplus on revaluation of investments - net	<u>(1,489,148)</u>	<u>8,284,227</u>

5.1.2 Leasehold improvement and equipment for the years ended December 31, 2013 and 2012 consists of the following :

	2013 Baht	2012 Baht
Other payable - fixed assets as at January 1,	-	-
<u>Add</u> Purchases of fixed assets	17,898,269	15,375,848
<u>Less</u> Cash paid for purchase of fixed assets	(16,084,974)	(15,375,848)
Other payable - fixed assets as at December 31,	<u>1,813,295</u>	<u>-</u>

5.1.3 Intangible assets for the years ended December 31, 2013 and 2012 consists of the following :

	2013 Baht	2012 Baht
Other payable - intangible assets as at January 1,	-	-
<u>Add</u> Purchases of intangible assets	1,444,000	11,215,960
<u>Less</u> Cash paid for purchase of intangible assets	(1,165,265)	(11,215,960)
Other payable - intangible assets as at December 31,	<u>278,735</u>	<u>-</u>

5.2 Cash and cash equivalents as at December 31, 2013 and 2012 consists of the following:

	2013 Baht	2012 Baht
Cash	265,000	260,000
Cheque on hands	8,500,273	18,318,496
Deposits at bank - call deposits	584,073,044	266,293,610
Deposits at bank - time deposits	309,395,009	350,451,309
Government securities - Treasury bills	999,453,962	249,869,964
	<u>1,901,687,288</u>	<u>885,193,379</u>
<u>Less</u> Deposits at bank with maturity over 3 months (see Note 8)	-	(24,749,719)
Deposits at bank used as collateral (see Note 8)	(309,395,009)	(325,701,590)
Cash and cash equivalents	<u>1,592,292,279</u>	<u>534,742,070</u>

5.3 Cash flows provided by (used in) operating activities

Items to reconcile net profit (loss) to net cash flows provided by (used in) operating activities for the years ended December 31, 2013 and 2012 are as follows:

	2013	2012
	Baht	Baht
CASH FLOWS PROVIDED BY (USED IN)		
OPERATING ACTIVITIE		
Profit (loss) before income tax	228,860,823	(56,500,212)
Items to reconcile net profit (loss) to net cash flows:		
Depreciation	16,869,165	16,672,894
Amortization	17,641,135	17,655,623
Gain on sale of assets	(2,658,371)	(3,095,739)
Employment benefit expenses	2,820,250	5,757,889
Unearned premium reserve increase from prior years	12,245,228	101,209,317
Amortization of bonds premium	3,883,770	2,374,790
Amortization of bonds discount	(177,839)	(1,132,687)
Amortization of treasury bills discount	-	(1,967,107)
Amortization of debentures premium	15,003	42,377
Amortization of debentures discount	-	(10,607)
Gain on sale of investment in available-for-sale securities - unit trusts	(2,003,971)	(366,043)
Bad debt and allowance for doubtful accounts	114,677,115	46,906
Profit from operations before changes in operating assets and liabilities	392,172,308	80,687,401
Operating assets (increase) decrease		
Accrued investment income	(2,689,910)	(2,107,722)
Premium due and uncollected	(13,741,084)	(28,419,033)
Reinsurance assets	1,637,820,827	1,667,605,070
Deferred commission expense	(14,475,240)	(1,512,401)
Other assets	6,561,024	2,817,232
Operating liabilities increase (decrease)		
Due to reinsurers	(265,672,482)	522,190,076
Loss reserves and outstanding claims	(665,870,924)	(3,386,127,207)
Premium written received in advance	72,400,432	1,555,443
Commission and brokerage payables	5,771,191	7,064,763
Accrued expense	16,737,363	11,375,383
Other liabilities	14,849,989	11,775,810
Cash provided by (used in) operating activities	1,183,863,494	(1,113,095,185)
Income tax paid	(11,547,103)	(11,067,544)
Net cash provided by (used in) operating activities	<u>1,172,316,391</u>	<u>(1,124,162,729)</u>

6. PREMIUM DUE AND UNCOLLECTED - NET

Premium due and uncollected - net as at December 31, 2013 and 2012 consists of the following:

	As at December 31, 2013				As at December 31, 2012			
	Insured Baht	Agent and		Total Baht	Insured Baht	Agent and		Total Baht
		Broker Baht	Inward Baht			Broker Baht	Inward Baht	
Within credit terms	13,273,170	159,305,965	1,957,252	174,536,387	10,748,556	160,578,654	1,093,043	172,420,253
Less than 30 days	478,532	35,944,853	1,199,673	37,623,058	410,179	35,481,915	986,830	36,878,924
31 - 60 days	13,626	12,423,878	886,406	13,323,910	365,609	13,140,374	3,728,110	17,234,093
61 - 90 days	504	6,020,261	979,629	7,000,394	21,290	4,606,985	992,731	5,621,006
91 days - 1 year	97,923	25,811,276	3,075,162	28,984,361	659	13,730,274	4,140,676	17,871,609
Over 1 year	1,172,707	440,972	1,572,595	3,186,274	-	662,930	224,485	887,415
Total premium due and uncollected	15,036,462	239,947,205	9,670,717	264,654,384	11,546,293	228,201,132	11,165,875	250,913,300
<u>Less</u> Allowance for doubtful accounts	-	(9,576,255)	-	(9,576,255)	-	(9,576,255)	-	(9,576,255)
Premium due and uncollected - net	15,036,462	230,370,950	9,670,717	255,078,129	11,546,293	218,624,877	11,165,875	241,337,045

7. REINSURANCE ASSETS

Reinsurance assets as at December 31, 2013 and 2012 consists of the following:

	2013 Baht	2012 Baht
Deposit on reinsurance	706	534
Due from reinsurers	649,288,512	1,379,471,521
Insurance reserve refundable from reinsurers	1,303,849,350	2,211,487,340
	1,953,138,568	3,590,959,395
<u>Less</u> Allowance for doubtful accounts	(114,677,115)	-
Total reinsurance assets	1,838,461,453	3,590,959,395

Insurance reserve refundable from reinsurers - net as at December 31, 2013 and 2012 have been included an expected refundable from reinsurers caused by suffering losses from flooding in Thailand amounting to Baht 806.81 million and Baht 1,896.63 million, respectively (see Note 4).

Aging analyze for due from reinsurers as at December 31, 2013 and 2012 were as follows:

	2013 Baht	2012 Baht
Within credit terms	439,723,586	1,163,235,591
Within 12 months	73,579,219	215,781,343
1 - 2 years	135,811,380	437,530
Over 2 years	174,327	17,057
Total due from reinsurers	649,288,512	1,379,471,521

8. INVESTMENTS IN SECURITIES

Investments in securities as at December 31, 2013 consists of the following:

	Cost/Amortized cost	Unrealized gains	Unrealized losses	Fair value	Percentage of investment per total assets
	Baht	Baht	Baht	Baht	
Available-for-sale securities					
Government and state enterprise securities					
Thai government bonds	358,837,746	3,709,511	-	362,547,257	6.66
State enterprise bonds	99,956,023	253,927	-	100,209,950	1.84
Debentures	3,031,010	167,024	-	3,198,034	0.06
Total	461,824,779	4,130,462	-	465,955,241	8.56
Private enterprises securities					
Unit trusts	29,525,000	6,473,350	-	35,998,350	0.66
Total	29,525,000	6,473,350	-	35,998,350	0.66
Foreign securities					
Bonds	400,131,408	1,602,936	-	401,734,344	7.38
Total	400,131,408	1,602,936	-	401,734,344	7.38
Total available-for-sale securities	891,481,187	12,206,748	-	903,687,935	16.60
Held-to-maturity securities					
Fixed deposit with maturity over 3 months					
Fixed deposit used as collateral (see Note 5.2)				309,395,009	5.69
Total				309,395,009	5.69
Total held-to-maturity securities				309,395,009	5.69
General investment in securities					
Equity securities				1,210,970	0.02
Total general investment in securities				1,210,970	0.02

Debt securities classified by the remaining maturity as at December 31, 2013 were as follows:

	Maturities			Total Baht
	Within 1 year Baht	1 - 5 years Baht	Over 5 years Baht	
Available-for-sale debt securities				
Government and state enterprise securities				
Thai government bonds	90,833,278	221,107,310	46,897,158	358,837,746
State enterprise bonds	99,956,023	-	-	99,956,023
Debentures	-	3,031,010	-	3,031,010
<u>Add Unrealized gains</u>	<u>776,996</u>	<u>2,798,012</u>	<u>555,454</u>	<u>4,130,462</u>
Total	<u>191,566,297</u>	<u>226,936,332</u>	<u>47,452,612</u>	<u>465,955,241</u>
Foreign debt securities				
Bonds	400,131,408	-	-	400,131,408
<u>Add Unrealized gains</u>	<u>1,602,936</u>	<u>-</u>	<u>-</u>	<u>1,602,936</u>
Total	<u>401,734,344</u>	<u>-</u>	<u>-</u>	<u>401,734,344</u>
Total available-for-sale debt securities	593,300,641	226,936,332	47,452,612	867,689,585
Held-to-maturity debt securities				
Fixed deposit used as collateral	309,395,009	-	-	309,395,009
Total held-to-maturity debt securities	309,395,009	-	-	309,395,009
Total debt securities - net	902,695,650	226,936,332	47,452,612	1,177,084,594

Investments in securities as at December 31, 2012 consists of the following:

	Cost/Amortized	Unrealized	Unrealized	Fair value	Percentage of investment per total assets
	cost	gains	losses		
	Baht	Baht	Baht	Baht	
Available-for-sale securities					
Government and state enterprise securities					
Thai government bonds	181,086,670	2,647,045	-	183,733,715	3.02
State enterprise bonds	108,638,184	672,782	(57)	109,310,909	1.80
Debentures	3,041,079	194,125	-	3,235,204	0.05
Total	<u>292,765,933</u>	<u>3,513,952</u>	<u>(57)</u>	<u>296,279,828</u>	<u>4.87</u>
Private enterprises securities					
Debentures	2,203,338	8,646	-	2,211,984	0.04
Unit trusts	47,714,064	8,492,642	-	56,206,706	0.92
Total	<u>49,917,402</u>	<u>8,501,288</u>	<u>-</u>	<u>58,418,690</u>	<u>0.96</u>
Foreign securities					
Bonds	400,395,786	2,040,746	-	402,436,532	6.61
Debentures	4,701,596	12,254	-	4,713,850	0.08
Total	<u>405,097,382</u>	<u>2,053,000</u>	<u>-</u>	<u>407,150,382</u>	<u>6.69</u>
Total available-for-sale securities	747,780,717	14,068,240	(57)	761,848,900	12.52

	Cost/ Amortized cost Baht	Percentage of investment per total assets
Held-to-maturity securities		
Government and state enterprise securities		
Notes	2,500,000	0.04
Total	<u>2,500,000</u>	<u>0.04</u>
Fixed deposit with maturity over 3 months		
Fixed deposit used as commercial bank (see Note 5.2)	24,749,719	0.41
Fixed deposit used as collateral (see Note 5.2)	<u>325,701,590</u>	<u>5.35</u>
Total	<u>350,451,309</u>	<u>5.76</u>
Total held-to-maturity securities	<u><u>352,951,309</u></u>	<u><u>5.80</u></u>
	Cost/ Amortized cost Baht	Percentage of investment per total assets
General investment in securities		
Equity securities	<u>1,210,970</u>	<u>0.02</u>
Total general investment in securities	<u><u>1,210,970</u></u>	<u><u>0.02</u></u>

Debt securities classified by the remaining maturity as at December 31, 2012 were as follows:

	Within 1 year Baht	Maturities 1 - 5 years Baht	Over 5 years Baht	Total Baht
Available-for-sale debt securities				
Government and state enterprise securities				
Thai government bonds	-	177,785,149	3,301,521	181,086,670
State enterprise bonds	8,858,813	99,779,371	-	108,638,184
Debentures	-	3,041,079	-	3,041,079
Add Unrealized gains	<u>1,422</u>	<u>3,194,144</u>	<u>318,329</u>	<u>3,513,895</u>
Total	<u>8,860,235</u>	<u>283,799,743</u>	<u>3,619,850</u>	<u>296,279,828</u>
Private enterprises debt securities				
Debentures	2,203,338	-	-	2,203,338
Add Unrealized gains	<u>8,646</u>	<u>-</u>	<u>-</u>	<u>8,646</u>
Total	<u>2,211,984</u>	<u>-</u>	<u>-</u>	<u>2,211,984</u>
Foreign debt securities				
Bonds	-	400,395,786	-	400,395,786
Debentures	4,701,596	-	-	4,701,596
Add Unrealized gains	<u>12,254</u>	<u>2,040,746</u>	<u>-</u>	<u>2,053,000</u>
Total	<u>4,713,850</u>	<u>402,436,532</u>	<u>-</u>	<u>407,150,382</u>
Total available-for-sale debt securities	<u><u>15,786,069</u></u>	<u><u>686,236,275</u></u>	<u><u>3,619,850</u></u>	<u><u>705,642,194</u></u>
Held-to-maturity debt securities				
Government and state enterprise securities				
Notes	2,500,000	-	-	2,500,000
Fixed deposit with maturity over 3 months	24,749,719	-	-	24,749,719
Fixed deposit used as collateral	<u>325,701,590</u>	<u>-</u>	<u>-</u>	<u>325,701,590</u>
Total held-to-maturity debt securities	<u>352,951,309</u>	<u>-</u>	<u>-</u>	<u>352,951,309</u>
Total debt securities - net	<u><u>368,737,378</u></u>	<u><u>686,236,275</u></u>	<u><u>3,619,850</u></u>	<u><u>1,058,593,503</u></u>

As at December 31, 2013, certain of bank deposits are pledged as collateral for bank overdrafts amounting to Baht 20 million (see Note 18) (December 31, 2012 : Nil).

As at December 31, 2013 and 2012, certain investment in securities are deposited as collateral with the Registrar amounting to Baht 271.28 million and Baht 235.60 million, respectively (see Note 32).

As at December 31, 2013 and 2012, 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 923.02 million and Baht 855.66 million, respectively (see Note 33).

9. LOANS

Loans of the Company is loan to employees with personal collateral in accordance with the welfare policy of the Company consists 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 December 31, 2013 and 2012 consists of the following:

	Cost				Accumulated depreciation				Beginning balance of leasehold improvement and equipment - net as at January 1, 2013	Ending balance of leasehold improvement and equipment - net as at December 31, 2013
	As at January 1, 2013	Increase	Disposal / Write off	As at December 31, 2013	As at January 1, 2013	Depreciation	Disposal / Write off	As at December 31, 2013		
	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht		
Leasehold improvement	21,186,323	3,735,443	(1,982,149)	22,939,617	(15,036,487)	(2,149,279)	1,886,231	(15,299,535)	6,149,836	7,640,082
Furniture, fixtures and office equipment	101,820,085	8,638,010	(50,214,011)	60,244,084	(85,154,900)	(7,812,334)	50,191,713	(42,775,521)	16,665,185	17,468,563
Vehicles	39,234,562	5,524,816	(5,434,535)	39,324,843	(19,052,373)	(6,907,552)	5,434,528	(20,525,397)	20,182,189	18,799,446
Total	162,240,970	17,898,269	(57,630,695)	122,508,544	(119,243,760)	(16,869,165)	57,512,472	(78,600,453)	42,997,210	43,908,091

	Cost				Accumulated depreciation				Beginning balance of leasehold improvement and equipment - net as at January 1, 2012	Ending balance of leasehold improvement and equipment - net as at December 31, 2012
	As at January 1, 2012	Increase	Disposal	As at December 31, 2012	As at January 1, 2012	Depreciation	Disposal	As at December 31, 2012		
	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht		
Leasehold improvement	16,525,645	4,715,888	(55,210)	21,186,323	(13,506,539)	(1,560,358)	30,410	(15,036,487)	3,019,106	6,149,836
Furniture, fixtures and office equipment	108,683,960	2,403,560	(9,267,435)	101,820,085	(85,684,646)	(8,704,372)	9,234,118	(85,154,900)	22,999,314	16,665,185
Vehicles	38,608,508	8,256,400	(7,630,346)	39,234,562	(19,658,850)	(6,408,164)	7,014,641	(19,052,373)	18,949,658	20,182,189
Total	163,818,113	15,375,848	(16,952,991)	162,240,970	(118,850,035)	(16,672,894)	16,279,169	(119,243,760)	44,968,078	42,997,210

As at December 31, 2013 and 2012, certain leasehold improvement and equipment at cost of Baht 37.37 million and Baht 78.18 million, respectively, were fully depreciated but still in use.

11. INTANGIBLE ASSETS - NET

Intangible assets - net as at December 31, 2013 and 2012 consists of the following:

	Cost				Accumulated depreciation				Beginning balance of intangible assets - net as at January 1, 2013	Ending balance of intangible assets - net as at December 31, 2013
	As at	Increase	Write off	As at	As at	Amortization	Write off	As at		
	January 1, 2013			December 31, 2013	January 1, 2013			December 31, 2013		
	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	
Purchase/Subsequently acquired										
Computer software	70,820,122	274,000	(6,956,598)	64,137,524	(50,882,875)	(7,649,347)	6,956,443	(51,575,779)	19,937,247	12,561,745
Computer software in process	18,910,000	1,170,000	-	20,080,000	-	-	-	-	18,910,000	20,080,000
Bancassurance agreement	100,000,000	-	-	100,000,000	(21,598,685)	(9,991,788)	-	(31,590,473)	78,401,315	68,409,527
Total	189,730,122	1,444,000	(6,956,598)	184,217,524	(72,481,560)	(17,641,135)	6,956,443	(83,166,252)	117,248,562	101,051,272

	Cost				Accumulated depreciation				Beginning balance of intangible assets - net as at January 1, 2012	Ending balance of intangible assets - net as at December 31, 2012
	As at	Increase	Transfer in /	As at	As at	Amortization	Decrease	As at		
	January 1, 2012		(Transfer out)	December 31, 2012	January 1, 2012			December 31, 2012		
	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	
Purchase/Subsequently acquired										
Computer software	62,281,262	6,033,860	2,505,000	70,820,122	(43,246,413)	(7,636,462)	-	(50,882,875)	19,034,849	19,937,247
Computer software in process	16,232,900	5,182,100	(2,505,000)	18,910,000	-	-	-	-	16,232,900	18,910,000
Bancassurance agreement	100,000,000	-	-	100,000,000	(11,579,524)	(10,019,161)	-	(21,598,685)	88,420,476	78,401,315
Total	178,514,162	11,215,960	-	189,730,122	(54,825,937)	(17,655,623)	-	(72,481,560)	123,688,225	117,248,562

As at December 31, 2013 and 2012, certain intangible assets at cost of Baht 26.69 million and Baht 31.31 million, respectively, were fully depreciated but still in use.

12. DEFERRED TAX ASSETS

Deferred tax assets as at December 31, 2013 and 2012 were as follows:

	2013	2012
	Baht	Baht
Deferred tax assets	<u>275,918,008</u>	<u>336,349,029</u>

Movements of deferred tax assets for the years ended December 31, 2013 and 2012 consists of tax effects from the following items:

	As at	Transactions	Transaction	As at
	January 1,	recognized in	recognized in	December 31,
	2013	profit or loss	other	2013
	Baht	Baht	comprehensive	Baht
			income or loss	
			Baht	
Allowance for doubtful accounts				
- Premium due and uncollected	1,915,251	-	-	1,915,251
Allowance for doubtful accounts				
- Other receivable	256,500	-	-	256,500
Unearned premium reserve	72,017,478	20,241,863	-	92,259,341
Loss reserve - net	114,736,035	45,783,551	-	160,519,586
Incurred but not reported claims	9,112,478	3,428,096	-	12,540,574
Employee benefits obligation	2,229,173	2,133,123	225,639	4,587,935
Unused tax losses	130,107,385	(130,107,385)	-	-
Others	5,974,729	(2,135,908)	-	3,838,821
Total	<u>336,349,029</u>	<u>(60,656,660)</u>	<u>225,639</u>	<u>275,918,008</u>
	As at	Transactions	Transaction	As at
	January 1,	recognized in	recognized in	December 31,
	2012	profit or loss	other	2012
	Baht	Baht	comprehensive	Baht
			income or loss	
			Baht	
Allowance for doubtful accounts				
- Premium due and uncollected	1,840,465	74,786	-	1,915,251
Allowance for doubtful accounts				
- Other receivable	858,353	(601,853)	-	256,500
Unearned premium reserve	82,820,100	(10,802,622)	-	72,017,478
Loss reserve - net	261,680,475	(146,944,440)	-	114,736,035
Incurred but not reported claims	7,888,477	1,224,001	-	9,112,478
Employee benefits obligation	1,726,695	502,478	-	2,229,173
Unused tax losses	-	130,107,385	-	130,107,385
Others	7,113,697	(1,138,968)	-	5,974,729
Total	<u>363,928,262</u>	<u>(27,579,233)</u>	<u>-</u>	<u>336,349,029</u>

The Company used a tax rate of 20% for calculation of deferred tax for the years ended December 31, 2013 and 2012 (see Note 27).

13. OTHER ASSETS

Other assets as at December 31, 2013 and 2012 consists of the following:

	2013 Baht	2012 Baht
Other receivable	14,045,678	21,744,698
Refundable withholding tax	13,819,174	11,067,544
Premium saving certificates used as collateral	12,500,000	12,500,000
Others	11,905,486	10,677,904
Total other assets	<u>52,270,338</u>	<u>55,990,146</u>

14. DUE TO REINSURERS

Due to reinsurers as at December 31, 2013 and 2012 consists of the following:

	2013 Baht	2012 Baht
Premium ceded payables	66,301,230	73,270,562
Amount withheld on reinsurance	306,626,318	209,137,078
Other reinsurance payables	249,581,598	605,773,988
Total due to reinsurers	<u>622,509,146</u>	<u>888,181,628</u>

15. LOSS RESERVES AND OUTSTANDING CLAIMS

Loss reserves and outstanding claims as at December 31, 2013 and 2012 consists of the following:

	2013 Baht	2012 Baht
As at January 1,	2,842,470,718	6,228,597,925
Loss incurred and loss adjustment expenses during the years		
- Incurred but not reported	17,140,484	6,120,004
- Incurred but not yet agreed	(678,720,235)	(3,401,669,353)
- Incurred and agreed	1,947,643,978	4,492,617,911
Loss paid and loss adjustment paid during the years	<u>(1,951,935,151)</u>	<u>(4,483,195,769)</u>
As at December 31,	<u>2,176,599,794</u>	<u>2,842,470,718</u>

As at December 31, 2013 and 2012, the Company had loss reserves and outstanding claims under the reinsurance contracts of Baht 1,349.98 million and Baht 1,922.38 million, respectively.

Loss reserves and outstanding claims as at December 31, 2013 and 2012 in the financial statements have been included claim from suffering losses from flooding in Thailand amounting to Baht 1,337.12 million and Baht 2,170.77 million, respectively (see Note 4).

16. PREMIUM RESERVE

Premium reserve as at December 31, 2013 and 2012 consists of the following:

16.1 Unearned premium reserve

	2013	2012
	Baht	Baht
As at January 1,	897,934,687	796,725,370
Premium written for the years	1,920,896,597	1,811,079,224
Earned premium for the years	<u>(1,908,651,369)</u>	<u>(1,709,869,907)</u>
As at December 31,	<u>910,179,915</u>	<u>897,934,687</u>

As at December 31, 2013 and 2012, such unearned premium reserve did not include additional unearned premium reserve of ceded premium to foreign reinsurers amounting to Baht 86.33 million and Baht 157.68 million, respectively. Such unearned premium reserve was required to be recorded in the financial report to be submitted particularly to the Office of Insurance Commission under its relevant regulations.

16.2 Unexpired risk reserve

As at December 31, 2013 and 2012, no additional reserve for unexpired risk reserve has been established as the unexpired risk reserve estimated by the Company amounting to Baht 567.10 million and Baht 614.88 million, respectively, is lower than the unearned premium reserve.

17. EMPLOYEE BENEFIT OBLIGATION

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

	2013	2012
Discount rate (%)	4.12	3.97
Resignation rate (%) based on age group of employees	3,4,12	3,4,12
Salary increase (%)	6	5
Retirement age (years)	60	60

Movements in the present value of employee benefit obligation as at December 31, 2013 and 2012 were as follows:

	2013 Baht	2012 Baht
Present value of obligation at the beginning of the years	44,236,637	38,478,748
Current service cost of the years	4,409,430	4,338,437
Interest cost	1,623,220	1,523,452
Actuarial loss	1,128,195	-
Benefit paid during the years	<u>(3,212,400)</u>	<u>(104,000)</u>
Present value of obligation at the ending of the years	<u>48,185,082</u>	<u>44,236,637</u>

The expense that is recorded in the statement of comprehensive income for employee benefit obligation for the years ended December 31, 2013 and 2012 consists of the following:

	2013 Baht	2012 Baht
Current service cost	4,409,430	4,338,437
Interest cost	<u>1,623,220</u>	<u>1,523,452</u>
Total employee benefit expenses (see Note 25)	<u>6,032,650</u>	<u>5,861,889</u>

For the year ended December 31, 2013, the Company recognized actuarial loss in the statement of comprehensive income amounting to Baht 0.90 million (Net of deferred tax amounting to Baht 0.23 million).

18. BANK OVERDRAFTS

As at December 31, 2013, the Company had credit lines for bank overdrafts of Baht 20 million with interest rate of the fixed deposit rate of plus 2% per annum which were guaranteed by fixed deposit of the Company of Baht 20 million (see Note 8) (December 31, 2012: Nil).

19. DEFERRED TAX LIABILITIES

Deferred tax liabilities as at December 31, 2013 and 2012 were as follows:

	2013 Baht	2012 Baht
Deferred tax liabilities	<u>2,441,350</u>	<u>2,813,637</u>

Movements of deferred tax liabilities for the years ended December 31, 2013 and 2012 consists of tax effects from the following items:

	As at January 1, 2013	Transactions recognized in profit or loss	Transaction recognized in other comprehensive income or loss	As at December 31, 2013
	Baht	Baht	Baht	Baht
Unrealized gain on the change in value of investment in available-for-sale securities	2,813,637	-	(372,287)	2,441,350
Total (see Note 5.1.1)	<u>2,813,637</u>	<u>-</u>	<u>(372,287)</u>	<u>2,441,350</u>

	As at January 1, 2012	Transactions recognized in profit or loss	Transaction recognized in other comprehensive income or loss	As at December 31, 2012
	Baht	Baht	Baht	Baht
Unrealized gain on the change in value of investment in available-for-sale securities	887,239	-	1,926,398	2,813,637
Total (see Note 5.1.1)	<u>887,239</u>	<u>-</u>	<u>1,926,398</u>	<u>2,813,637</u>

The Company used a tax rate of 20% for calculation of deferred tax for the years ended December 31, 2013 and 2012 (see Note 27).

20. OTHER LIABILITIES

Other liabilities as at December 31, 2013 and 2012 consists of the following:

	2013 Baht	2012 Baht
Other payable - promotion expense	17,343,800	9,845,990
Amount received in advance - premium	25,688,569	32,603,618
Revenue Department payable	6,419,537	4,461,395
Undue output VAT	3,340,209	3,148,981
Others	30,192,485	15,982,597
Total other liabilities	<u>82,984,600</u>	<u>66,042,581</u>

21. SHARE CAPITAL

On April 12, 2012, the ordinary shareholders' meeting No. 2 passed resolutions to approve an increase in share capital of the Company from Baht 1,200 million (120 million ordinary shares of Baht 10.00 each) to Baht 2,400 million (240 million ordinary shares of Baht 10.00 each) by issuing 120 million new ordinary shares with a par value of Baht 10.00 each to offer to the existing shareholders at par value of Baht 10.00 each per share, totally Baht 1,200 million. The Company had called and received subscriptions of the increased share capital of 60 million ordinary shares, totaling Baht 600 million and registered with the Department of Business Development on May 4, 2012.

The number of weighted average ordinary shares as at December 31, 2013 and 2012 were as follows:

	2013 shares	2012 shares
Beginning of the years	180,000,000	120,000,000
The number of weighted average ordinary shares (60,000,000 x 242/366)	-	39,672,131
	<u>180,000,000</u>	<u>159,672,131</u>

22. STATUTORY RESERVE

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

As at December 31, 2013 and 2012, the Company has not yet allocated such reserved fund.

23. UNDERWRITING INFORMATION CLASSIFIED BY TYPE OF INSURANCE

Underwriting information classified by type of insurance for the years ended December 31, 2013 and 2012 were as follows:

	For the year ended December 31, 2013					
	Fire Baht	Marine Baht	Motor Baht	Personal accident Baht	Other miscellaneous Baht	Total Baht
Underwriting income						
Gross premiums written	582,200,059	383,367,457	947,473,483	266,176,487	809,630,974	2,988,848,460
<u>Less</u> Premiums ceded	<u>257,228,040</u>	<u>268,562,025</u>	<u>8,479,932</u>	<u>45,053,646</u>	<u>488,628,220</u>	<u>1,067,951,863</u>
Net premiums written	324,972,019	114,805,432	938,993,551	221,122,841	321,002,754	1,920,896,597
<u>(Add) Less</u> Unearned premium reserve	<u>10,393,605</u>	<u>2,128,879</u>	<u>32,688,679</u>	<u>(15,921,043)</u>	<u>(17,044,892)</u>	<u>12,245,228</u>
Net premium earned	314,578,414	112,676,553	906,304,872	237,043,884	338,047,646	1,908,651,369
Fee and commission income	58,765,222	73,081,762	7	7,527,049	91,106,347	230,480,387
Total underwriting income	<u>373,343,636</u>	<u>185,758,315</u>	<u>906,304,879</u>	<u>244,570,933</u>	<u>429,153,993</u>	<u>2,139,131,756</u>
Underwriting expenses						
Insurance claims and loss adjustment expenses	55,719,241	45,568,420	533,847,050	149,268,027	44,374,529	828,777,267
Commissions and brokerages expenses	125,589,482	46,882,310	121,390,119	44,064,540	83,468,967	421,395,418
Other underwriting expenses	29,960,709	26,832,917	124,146,713	59,376,637	111,216,457	351,533,433
Total underwriting expenses	<u>211,269,432</u>	<u>119,283,647</u>	<u>779,383,882</u>	<u>252,709,204</u>	<u>239,059,953</u>	<u>1,601,706,118</u>

For the year ended December 31, 2012						
	Fire	Marine	Motor	Personal	Other	Total
	Baht	Baht	Baht	accident	miscellaneous	Baht
	Baht	Baht	Baht	Baht	Baht	Baht
Underwriting income						
Gross premiums written	538,342,175	393,509,060	854,836,302	245,451,340	733,692,342	2,765,831,219
<u>Less</u> Premiums ceded	<u>229,726,964</u>	<u>291,738,608</u>	<u>9,522,542</u>	<u>37,285,616</u>	<u>386,478,265</u>	<u>954,751,995</u>
Net premiums written	308,615,211	101,770,452	845,313,760	208,165,724	347,214,077	1,811,079,224
<u>(Add) Less</u> Unearned premium reserve	<u>(32,728,847)</u>	<u>4,709,711</u>	<u>64,934,754</u>	<u>11,372,887</u>	<u>52,920,812</u>	<u>101,209,317</u>
Net premium earned	341,344,058	97,060,741	780,379,006	196,792,837	294,293,265	1,709,869,907
Fee and commission income	35,872,873	87,030,680	(5,984)	6,212,509	62,481,828	191,591,906
Total underwriting income	<u>377,216,931</u>	<u>184,091,421</u>	<u>780,373,022</u>	<u>203,005,346</u>	<u>356,775,093</u>	<u>1,901,461,813</u>
Underwriting expenses						
Insurance claims and loss adjustment expenses	196,612,054	35,729,237	478,103,150	125,323,531	218,593,541	1,054,361,513
Commissions and brokerages expenses	117,501,090	48,525,072	122,348,651	41,522,017	70,843,748	400,740,578
Other underwriting expenses	<u>38,341,689</u>	<u>31,892,789</u>	<u>64,189,137</u>	<u>53,268,779</u>	<u>105,682,616</u>	<u>293,375,010</u>
Total underwriting expenses	<u>352,454,833</u>	<u>116,147,098</u>	<u>664,640,938</u>	<u>220,114,327</u>	<u>395,119,905</u>	<u>1,748,477,101</u>

24. OPERATING EXPENSES

Operating expenses for the years ended December 31, 2013 and 2012 consists of the following:

	2013	2012
	Baht	Baht
Employee benefit expense, excluded underwriting and loss adjustment expenses	84,460,473	70,841,543
Premises and equipment expense, excluded underwriting expenses	90,167,464	84,607,365
Taxes and duties	1,290,744	686,409
Bad debt and allowance for doubtful accounts	114,677,115	46,906
Directors personnel's remuneration	1,361,130	1,364,400
Management fee (see Note 29)	19,266,319	39,999,990
Other operating expenses	<u>54,625,908</u>	<u>48,760,781</u>
Total operating expenses	<u>365,849,153</u>	<u>246,307,394</u>

25. EMPLOYEE EXPENSES

Employee expenses for the years ended December 31, 2013 and 2012 consists of the following:

	2013 Baht	2012 Baht
Salary and wage	133,850,478	129,547,754
Social fund expenses	2,802,851	2,340,147
Employee benefit expenses (see Note 17)	6,032,650	5,861,889
Provident fund (see Note 31)	5,805,057	5,732,481
Other benefits	52,040,431	39,560,319
Total employee expenses	<u>200,531,467</u>	<u>183,042,590</u>

26. GAIN ON INVESTMENT IN SECURITIES

Gain on investment in securities for the years ended December 31, 2013 and 2012 consists of the following:

	2013 Baht	2012 Baht
Gain on sale of investment in available-for-sale securities - unit trusts	2,003,971	366,043
Total gain on investment in securities	<u>2,003,971</u>	<u>366,043</u>

27. INCOME TAX EXPENSE

Income tax expense for years ended December 31, 2013 and 2012 consists of the following:

	2013 Baht	2012 Baht
Income tax expense from taxable income per income tax return	8,795,473	-
Deferred tax expenses relating to the origination and reversal of temporary differences	60,656,660	(12,205,332)
Deferred income taxes related to change in corporate tax rate	-	39,784,565
Income tax expense per the statements of comprehensive income	<u>69,452,133</u>	<u>27,579,233</u>

The reconciliation between income tax expense and accounting income (loss) for the years ended December 31, 2013 and 2012 were as follows:

	2013	2012
	Baht	Baht
Accounting income (loss) before tax	<u>228,860,823</u>	<u>(56,500,212)</u>
Income tax at 20%	45,772,165	-
Income tax at 23%	-	(12,995,049)
Deferred income tax expenses related to change in corporation tax rate	-	39,784,565
Tax effect of non-deductible expenses (benefits)	<u>23,679,968</u>	<u>789,717</u>
Income tax expense per the statements of comprehensive income	<u>69,452,133</u>	<u>27,579,233</u>

According to the Royal Decree No. 555 B.E. 2555 issued under the Revenue Code regarding the corporate income tax rate reduction effective on December 27, 2012, the corporate income tax was reduced from 30% to 23% of net profit for accounting periods beginning on or after January 1, 2012 but not later than December 31, 2012 and reduced to 20% of net profit for the accounting periods beginning on or after January 1, 2013 but not later than December 31, 2014.

The Company used tax rate of 20% and 23% for corporate income tax calculation for the years ended December 31, 2013 and 2012, respectively.

The Company used a tax rate of 20% for calculation of deferred tax for the years ended December 31, 2013 and 2012 (see Notes 12 and 19).

28. BASIC EARNINGS (LOSS) PER SHARE

Basic earnings (loss) per share for the years ended December 31, 2013 and 2012 were as follows:

	2013	2012
Net profit (loss) (Baht)	159,408,690	(84,079,445)
Weighted average number of share capital (shares) (see Note 21)	<u>180,000,000</u>	<u>159,672,131</u>
Basic earnings (loss) per share (Baht)	<u>0.89</u>	<u>(0.53)</u>

29. 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
Krungsri Factoring Co., Ltd.	Some common shareholders	Factoring
Ayudhya Capital Auto Lease Plc.	Some common shareholders	Leasing
Krungsriayudhya Card Co., Ltd.	Some common shareholders	Services

Significant balances and transactions are as follows:

	As at December 31,	
	2013	2012
	Baht	Baht
Deposits at bank		
Bank of Ayudhya Plc.	768,792,427	453,239,310
Premium due and uncollected		
Bank of Ayudhya Plc.	311,236	41,515
Krungsri Securities Plc.	-	139,516
Krungsri Asset Management Co., Ltd.	128,862	-
Ayudhya Development Leasing Co., Ltd.	-	4,930,108
Siam City Cement Plc.	485,597	230,936
Bangkok Broadcasting & T.V. Co., Ltd.	975,414	26,320
CKS Holding Ltd.	107,614	131,772
Allianz Ayudhya Assurance Plc.	37,632	41,350
Grand Canal Land Plc.	-	343,770
Ayudhya Asset Management Co., Ltd.	-	513,411
Siam Realty and Services Co., Ltd.	-	115,186
Ayudhya Capital Auto Lease Plc.	570,639	-
Krungsriayudhya Card Co., Ltd.	2,155,489	-
	<u>4,772,483</u>	<u>6,513,884</u>

	As at December 31,	
	2013	2012
	Baht	Baht
Accrued interest income		
Bank of Ayudhya Plc.	2,401,652	2,743,792
Rental and facilities deposits		
BBTV Equity Co., Ltd.	3,924,273	3,910,050
Accrued expense - custodian fee		
Bank of Ayudhya Plc.	12,388	11,468
Accrued expense - commissions and brokerages		
Bank of Ayudhya Plc.	15,883,009	13,201,654
Accrued expense - other underwriting expenses		
Bank of Ayudhya Plc.	6,286,136	5,483,482
Accrued expense		
Sri Ayudhya Capital Plc.	10,560,156	8,441,044

	For the years ended	
	December 31,	
	2013	2012
	Baht	Baht
Premium written		
Bank of Ayudhya Plc.	19,939,063	21,360,513
Krungsri Securities Plc.	4,728	146,369
Krungsri Asset Management Co., Ltd.	1,513,962	1,480,378
Ayudhya Development Leasing Co., Ltd.	20,749,112	10,551,928
Siam City Cement Plc.	84,228,312	84,022,235
Bangkok Broadcasting & T.V. Co., Ltd.	8,964,241	8,056,754
Great Luck Equity Co., Ltd.	45,666	47,671
Super Assets Co., Ltd.	75,768	148,088
BBTV Equity Co., Ltd.	1,134,943	1,254,531
CKS Holding Ltd.	100,172	253,758
Allianz Ayudhya Assurance Plc.	620,344	827,169
Grand Canal Land Plc.	300,000	320,000
Ayudhya Asset Management Co., Ltd.	1,402,363	883,846
Siam Realty and Services Co., Ltd.	1,054,441	1,460,823
Krungsri Factoring Co., Ltd.	-	6,936
Ayudhya Capital Auto Lease Plc.	1,085,615	42,014
Krungsriayudhya Card Co., Ltd.	3,603,694	3,010,000
	<u>144,822,424</u>	<u>133,873,013</u>

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

	For the years ended December 31,	
	2013	2012
	Baht	Baht
Interest income		
Bank of Ayudhya Plc.	8,881,482	7,675,958

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

	For the years ended December 31,	
	2013	2012
	Baht	Baht
Commissions and brokerages		
Bank of Ayudhya Plc.	165,330,014	136,854,929
Other underwriting expenses		
Bank of Ayudhya Plc.	71,465,162	64,511,372

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

	For the years ended December 31,	
	2013	2012
	Baht	Baht
Custodian fees		
Bank of Ayudhya Plc	124,796	138,643

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

	For the years ended December 31,	
	2013	2012
	Baht	Baht
Rental and service fees		
BBTV Equity Co., Ltd.	15,650,049	14,648,850
Management fees		
Sri Ayudhya Capital Plc. (see Note 24)	19,266,319	39,999,990

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.

30. DIRECTORS AND KEY MANAGEMENT PERSONNEL'S REMUNERATION

During for the years ended December 31, 2013 and 2012, the Company had salaries, bonuses, directors allowances and other benefits of its directors and key management personnel recognized as expenses as follows:

	For the years ended December 31,	
	2013	2012
	Baht	Baht
Directors and key management personnel's remuneration	24,414,891	22,480,155

Directors' remuneration for the years ended December 31, 2013 and 2012 were approved by the ordinary shareholders' meeting of the Company held on April 9, 2013 and April 12, 2012, respectively.

31. PROVIDENT FUND

The Company has established a contributory registered provident fund, in accordance with the Provident Fund Act B.E. 2530. Under the plan, employees must contribute 5% of their basic salaries and the Company must contribute 5%. A registered provident fund manager has been appointed to manage the fund in compliance with the requirements of the Ministerial Regulations issued under the Provident Fund Act B.E. 2542.

For the years ended December 31, 2013 and 2012, the Company's contributions recorded as expenses were Baht 5.81 million and Baht 5.73 million, respectively (see Note 25).

32. DEPOSITS WITH THE REGISTRAR

As at December 31, 2013 and 2012, certain investment in securities of the Company were deposited with the Registrar (see Note 8) in accordance with the Insurance Act and according to the announcement of the Office of Insurance Commission regarding "Rates, Rules and Procedures for pledge of unearned premium reserve of Non-Life Insurance Company B.E. 2552" as follows:

	2013	2012
	Baht	Baht
Government and state enterprise securities	257,275,896	51,600,324
Deposits at banks	14,000,000	184,000,000
Total deposits with the Registrar	<u>271,275,896</u>	<u>235,600,324</u>

33. BACKUP ASSETS

As at December 31, 2013 and 2012, 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 B.E. 2551". The backup assets were as follows:

	2013	2012
	Baht	Baht
Government and state enterprise securities	208,679,345	247,179,504
Private enterprises securities	35,998,350	58,418,690
Foreign securities	401,734,344	407,150,382
Deposits at bank	275,395,009	141,701,590
Equity securities	1,210,970	1,210,970
Total backup assets	<u>923,018,018</u>	<u>855,661,136</u>

34. CONTRIBUTION TO NON-LIFE GUARANTEE FUND

The Company has accumulated funding amount which was paid into contribution to non-life guarantee fund as at December 31, 2013 and 2012 amounting to Baht 17.58 million and Baht 10.18 million, respectively.

35. CONTINGENT LIABILITIES AND COMMITMENT

35.1 As at December 31, 2013 and 2012, lawsuits have been brought against the Company, as insurer, from which the Company estimates losses totaling Baht 31.99 million and Baht 13.68 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.

35.2 As at December 31, 2013 and 2012, the Company had a capital commitment to pay computer program development expenses in amount of approximately Baht 15.92 million and Baht 17.09 million, respectively

36. LONG-TERM LEASES AND SERVICE AGREEMENTS

Long-term leases and service agreements as at December 31, 2013 and 2012 consists of the following:

Type of leases	Remaining periods		Total rental payments for the remaining periods Baht
	Within 1 year Baht	Over 1 year to 5 years Baht	
As at December 31, 2013			
Building			
- related company	2,932,538	-	2,932,538
- others	2,927,971	3,379,014	6,306,985
Service - related company	2,896,425	-	2,896,425
Equipment - related company	3,861,900	-	3,861,900
	<u>12,618,834</u>	<u>3,379,014</u>	<u>15,997,848</u>

Type of leases	Remaining periods		Total rental payments for the remaining periods Baht
	Within 1 year Baht	Over 1 year to 5 years Baht	
As at December 31, 2012			
Building			
- related company	4,692,060	2,896,425	7,588,485
- others	2,523,075	5,051,005	7,574,080
Service - related company	4,692,060	2,896,425	7,588,485
Equipment - related company	6,256,080	3,861,900	10,117,980
	<u>18,163,275</u>	<u>14,705,755</u>	<u>32,869,030</u>

37. DISCLOSURE OF FINANCIAL INSTRUMENTS

The Company does not speculate or engage in trading of any derivative financial instruments.

37.1 Accounting policies

Details of significant accounting policies and methods adopted, including criteria for recognition of revenues and expenses relating to financial assets and financial liabilities are disclosed in Note 3.

37.2 Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted the policy to protect against credit risk by having securities valuations strictly appraised by specialists and limiting lines of loans so as not to exceed the securities value which is in accordance with the Department of Insurance regulation related to investment for other business of non-life companies.

In the case of recognized financial assets in the statements of financial position, the carrying amount of the assets recorded in the statements of financial position represents the Company's maximum exposure to credit risk.

37.3 Interest rate risk

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

As at December 31, 2013 and 2012, significant financial assets classified by type of interest rate are as follows:

	Balance as at			
	December 31, 2013		December 31, 2012	
	Variable interest rate Baht	Fixed interest rate Baht	Variable interest rate Baht	Fixed interest rate Baht
Cash and cash equivalents				
Saving accounts	603,841,516	-	203,082,861	-
Investment in securities				
Available-for-sale securities				
Government and state enterprise securities				
Thai government bonds	-	362,547,257	-	183,733,715
State enterprise bonds	-	100,209,950	-	109,310,909
Debentures	-	3,198,034	-	3,235,204
Private enterprises securities				
Debentures	-	-	-	2,211,984
Foreign securities				
Bonds	-	401,734,344	-	402,436,532
Debentures	-	-	-	4,713,850
Held-to-maturity securities				
Government and state enterprise securities				
Notes	-	-	-	2,500,000
Fixed deposit with maturity over 3 months				
Fixed deposit used as commercial bank	-	-	-	24,749,719
Fixed deposit used as collateral	-	309,395,009	-	325,701,590
Total	<u>603,841,516</u>	<u>1,177,084,594</u>	<u>203,082,861</u>	<u>1,058,593,503</u>

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

	As at December 31, 2013				
	Period specified for fixing new interest rate				Average interest rate
	Within 1 year Baht	1 - 5 years Baht	Over 5 years Baht	Total Baht	
Investment in securities					
Available-for-sale securities					
Government and state enterprise securities					
Thai government bonds	91,356,347	223,738,298	47,452,612	362,547,257	3.24
State enterprise bonds	100,209,950	-	-	100,209,950	3.38
Debentures	-	3,198,034	-	3,198,034	5.39
Foreign securities					
Bonds	401,734,344	-	-	401,734,344	4.18
Held-to-maturity securities					
Fixed deposit used as collateral	<u>309,395,009</u>	<u>-</u>	<u>-</u>	<u>309,395,009</u>	2.77
Total	<u>902,695,650</u>	<u>226,936,332</u>	<u>47,452,612</u>	<u>1,177,084,594</u>	

	As at December 31, 2012				
	Period specified for fixing new interest rate				Average interest rate
	Within 1 year	1 - 5 years	Over 5 years	Total	
	Baht	Baht	Baht	Baht	%
Investment in securities					
Available-for sale securities					
Government and state enterprise securities					
Thai government bonds	-	180,113,865	3,619,850	183,733,715	3.56
State enterprise bonds	8,860,235	100,450,674	-	109,310,909	3.36
Debentures	-	3,235,204	-	3,235,204	5.39
Private enterprises securities					
Debentures	2,211,984	-	-	2,211,984	4.10
Foreign securities					
Bonds	-	402,436,532	-	402,436,532	4.18
Debentures	4,713,850	-	-	4,713,850	3.85
Held-to-maturity securities					
Government and state enterprise securities					
Notes	2,500,000	-	-	2,500,000	3.25
Fixed deposit with maturity over 3 months					
Fixed deposit used as commercial bank	24,749,719	-	-	24,749,719	2.82
Fixed deposit used as collateral	325,701,590	-	-	325,701,590	2.97
Total	368,737,378	686,236,275	3,619,850	1,058,593,503	

37.4 Estimated fair value of financial instruments

The fair values have been estimated by the Company using available market information and appropriate valuation methodologies.

As at December 31, 2013 and 2012, the carrying amounts of financial assets and financial liabilities as disclosure in the financial statements were different from the estimated fair value were as follows:

	As at December 31, 2013		As at December 31, 2012	
	Carrying Value	Fair Value	Carrying Value	Fair Value
	Baht	Baht	Baht	Baht
Financial assets				
Cash and deposits at financial institutions	893,733,053	894,821,531	617,004,919	617,850,711
Stocks	1,210,970	24,712,229	1,210,970	17,892,276
Other securities - unit trusts	35,998,350	35,998,350	56,206,706	56,206,706
Notes	-	-	2,500,000	2,500,000

The following methods and assumptions were used by the Company in estimating fair value of financial instruments as disclosed herein:

Financial assets - The fair values of financial assets for which their remaining terms to maturity are within 90 days are based on carrying value in the statement of financial position. For those with remaining terms to maturity greater than 90 days are estimated by using a discounted cash flow analysis based on current interest rates for the remaining years to maturity, except for the fair values of stocks and other securities classified as available-for-sales securities which are based on the bidding prices at the Stock Exchange of Thailand on the last business day of the year. For non-listed securities, the fair values are estimated based on either net asset value or carrying value.

Financial liabilities - The fair values of financial liabilities for which their remaining terms to maturity are within 90 days are based on carrying value in the statement of financial position. For those with remaining terms to maturity greater than 90 days are estimated by using a discounted cash flow analysis based on current interest rates for the remaining years to maturity.

38. FINANCIAL INFORMATION BY SEGMENT

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

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

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

For the years ended December 31, 2013 and 2012, 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 years ended December 31, 2013 and 2012 were as follows:

	For the year ended December 31, 2013				
	Fire Baht	Marine Baht	Motor Baht	Miscellaneous Baht	Total Baht
Underwriting income					
Gross premiums written	582,200,059	383,367,457	947,473,483	1,075,807,461	2,988,848,460
<u>Less</u> Premiums ceded	257,228,040	268,562,025	8,479,932	533,681,866	1,067,951,863
Net premiums written	324,972,019	114,805,432	938,993,551	542,125,595	1,920,896,597
<u>(Add) Less</u> Unearned premium reserve	10,393,605	2,128,879	32,688,679	(32,965,935)	12,245,228
Net premium earned	314,578,414	112,676,553	906,304,872	575,091,530	1,908,651,369
Fee and commission income	58,765,222	73,081,762	7	98,633,396	230,480,387
Total underwriting income	373,343,636	185,758,315	906,304,879	673,724,926	2,139,131,756
Underwriting expenses					
Insurance claims and loss adjustment expenses	55,719,241	45,568,420	533,847,050	193,642,556	828,777,267
Commissions and brokerages expenses	125,589,482	46,882,310	121,390,119	127,533,507	421,395,418
Other underwriting expenses	29,960,709	26,832,917	124,146,713	170,593,094	351,533,433
Total underwriting expenses	211,269,432	119,283,647	779,383,882	491,769,157	1,601,706,118
Profit on underwriting before operating expenses	162,074,204	66,474,668	126,920,997	181,955,769	537,425,638
Operating expenses					365,849,153
Profit on underwriting					171,576,485

	For the year ended December 31, 2012				
	Fire Baht	Marine Baht	Motor Baht	Miscellaneous Baht	Total Baht
Underwriting income					
Gross premiums written	538,342,175	393,509,060	854,836,302	979,143,682	2,765,831,219
Less Premiums ceded	229,726,964	291,738,608	9,522,542	423,763,881	954,751,995
Net premiums written	308,615,211	101,770,452	845,313,760	555,379,801	1,811,079,224
(Add) Less Unearned premium reserve	(32,728,847)	4,709,711	64,934,754	64,293,699	101,209,317
Net premium earned	341,344,058	97,060,741	780,379,006	491,086,102	1,709,869,907
Fee and commission income	35,872,873	87,030,680	(5,984)	68,694,337	191,591,906
Total underwriting income	377,216,931	184,091,421	780,373,022	559,780,439	1,901,461,813
Underwriting expenses					
Insurance claims and loss adjustment expenses	196,612,054	35,729,237	478,103,150	343,917,072	1,054,361,513
Commissions and brokerages expenses	117,501,090	48,525,072	122,348,651	112,365,765	400,740,578
Other underwriting expenses	38,341,689	31,892,789	64,189,137	158,951,395	293,375,010
Total underwriting expenses	352,454,833	116,147,098	664,640,938	615,234,232	1,748,477,101
Profit (loss) on underwriting before operating expenses	24,762,098	67,944,323	115,732,084	(55,453,793)	152,984,712
Operating expenses					246,307,394
Loss on underwriting					(93,322,682)

The assets and liabilities of the Company's operating segments as at December 31, 2013 and 2012 were presented as follows:

	Fire Baht	Marine Baht	Motor Baht	Miscellaneous Baht	Unallocated Baht	Total Baht
Assets						
As at December 31, 2013	468,485,164	416,734,133	50,016,218	1,222,276,193	3,283,622,365	5,441,134,073
As at December 31, 2012	979,872,434	192,145,455	53,002,001	2,656,773,436	2,206,194,776	6,087,988,102
Liabilities						
As at December 31, 2013	867,451,765	405,181,350	640,752,740	2,189,019,870	180,479,454	4,282,885,179
As at December 31, 2012	1,100,848,461	233,674,782	607,945,282	3,005,143,706	139,143,963	5,086,756,194

39. APPROVAL OF THE FINANCIAL STATEMENTS

These financial statements were approved for issuance by the Company's authorized executive director on February 18, 2014.