



บริษัท ดีลอยท์ ทูเช่ โทมัทสึ
ไชยยศ สอบบัญชี จำกัด
อาคารจินนาการ ชั้น 25
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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, 2012, 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, 2012, and its financial performance and its cash flows for the year then ended in accordance with Thai Financial Reporting Standards.



Niti Jungnitnirundr
Certified Public Accountant (Thailand)
Registration No. 3809

BANGKOK
February 22, 2013

DELOITTE TOUCHE TOHMATSU JAIYOS AUDIT CO., LTD.

SRI AYUDHYA GENERAL INSURANCE PUBLIC COMPANY LIMITED
STATEMENTS OF FINANCIAL POSITION
AS AT DECEMBER 31, 2012 AND 2011

BAHT

	Notes	2012	2011
ASSETS			
Cash and cash equivalents	5.2	534,742,070	738,838,576
Accrued investment income		8,200,066	6,092,344
Premium due and uncollected - net	6	241,337,045	212,918,012
Reinsurance assets	7	3,590,959,395	5,258,564,465
Investments			
Investment in securities	8		
Available for sale securities		761,848,900	1,306,740,390
Held-to-maturity investment securities		352,951,309	140,276,702
General investment securities		1,210,970	1,210,970
Total investment in securities		<u>1,116,011,179</u>	<u>1,448,228,062</u>
Loans	9	4,232,769	3,634,454
Leasehold improvement and equipment - net	10	42,997,210	44,968,078
Intangible assets - net	11	117,248,562	123,688,225
Deferred tax assets	12	336,349,029	363,928,262
Deferred commission expense		39,920,631	38,408,230
Other assets	13	55,990,146	47,786,740
TOTAL ASSETS		<u><u>6,087,988,102</u></u>	<u><u>8,287,055,448</u></u>

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

SRI AYUDHYA GENERAL INSURANCE PUBLIC COMPANY LIMITED
STATEMENTS OF FINANCIAL POSITION (CONTINUED)
AS AT DECEMBER 31, 2012 AND 2011

BAHT

	Notes	2012	2011
LIABILITIES AND EQUITY			
Due to reinsurers	14	888,181,628	365,991,552
Insurance contract liabilities			
Loss reserves and outstanding claims	15	2,842,470,718	6,228,597,925
Premium reserve	16	897,934,687	796,725,370
Employee benefit obligation	17	44,236,637	38,478,748
Deferred tax liabilities	19	2,813,637	887,239
Premium written received in advance		258,459,569	256,904,126
Commission and brokerage payables		47,104,950	40,040,187
Accrued expense		39,511,787	28,136,404
Other liabilities	20	66,042,581	54,266,771
TOTAL LIABILITIES		<u>5,086,756,194</u>	<u>7,810,028,322</u>
EQUITY			
Share capital	21		
Authorized share capital			
120,000,000 ordinary shares of Baht 10.00 each			<u>1,200,000,000</u>
240,000,000 ordinary shares of Baht 10.00 each		<u>2,400,000,000</u>	
Issued and paid-up share capital			
120,000,000 ordinary shares of Baht 10.00 each			1,200,000,000
180,000,000 ordinary shares of Baht 10.00 each		1,800,000,000	
Retained deficit			
Unappropriated		(810,022,638)	(725,943,193)
Other components of equity			
Surplus on revaluation of investment	5.1	11,254,546	2,970,319
TOTAL EQUITY		<u>1,001,231,908</u>	<u>477,027,126</u>
TOTAL LIABILITIES AND EQUITY		<u>6,087,988,102</u>	<u>8,287,055,448</u>

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

SRI AYUDHYA GENERAL INSURANCE PUBLIC COMPANY LIMITED

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

BAHT

	Notes	2012	2011
Revenues			
Net premium earned	24	1,709,869,907	680,245,675
Fee and commission income	24	191,591,906	66,923,952
Total revenues		1,901,461,813	747,169,627
Expenses			
Underwriting expenses			
Losses incurred			
Insurance claims and loss adjustment expenses			
- Normal operation	24	945,783,511	313,004,073
- Suffering losses from flooding in Thailand	4 and 24	108,578,002	1,030,388,876
Commissions and brokerage expenses	24	400,740,578	116,264,199
Other underwriting expenses	24	293,375,010	127,211,600
Operating expenses	25	246,307,394	92,787,418
Total underwriting expenses		1,994,784,495	1,679,656,166
Loss on underwriting		(93,322,682)	(932,486,539)
Net investment income		45,344,040	30,009,115
Gain (loss) on investment in securities	27	366,043	(152,201)
Other income		5,537,488	4,942,219
Loss from operation		(42,075,111)	(897,687,406)

SRI AYUDHYA GENERAL INSURANCE PUBLIC COMPANY LIMITED
STATEMENTS OF COMPREHENSIVE INCOME (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

			BAHT	
	Notes	2012	2011	
Contribution to the Office of Insurance Commission		7,294,138	2,589,509	
Contribution to Non - life Guarantee Fund		6,794,138	2,055,486	
Contribution to Road Victims Protection Fund		336,825	119,744	
Loss before income tax expense		(56,500,212)	(902,452,145)	
Income tax - expense (income)	28	27,579,233	(145,997,830)	
Net loss		(84,079,445)	(756,454,315)	
 Other comprehensive income				
Surplus on revaluation of investments	5.1	10,210,625	2,189,372	
Income tax relating to other comprehensive loss	5.1	(1,926,398)	(386,783)	
Other net comprehensive income				
for the years - net of tax		8,284,227	1,802,589	
Total comprehensive loss for the years		(75,795,218)	(754,651,726)	
 Basic loss per share	 29	 Baht		
		(0.53)	(6.72)	

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

SRI AYUDHYA GENERAL INSURANCE PUBLIC COMPANY LIMITED
STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

BAHT

	Notes	Issued and paid-up share capital	Unappropriated Retain earnings (deficit)	Other components of equity - Surplus on revaluation of investments	Total equity
Beginning balance as at January 1, 2011		300,000,000	30,511,122	1,167,730	331,678,852
Changing during the year					
Increase of share capital	21	900,000,000	-	-	900,000,000
Comprehensive loss	5.1	-	(756,454,315)	1,802,589	(754,651,726)
Ending balance as at December 31, 2011		<u>1,200,000,000</u>	<u>(725,943,193)</u>	<u>2,970,319</u>	<u>477,027,126</u>
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	-	(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>

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

SRI AYUDHYA GENERAL INSURANCE PUBLIC COMPANY LIMITED

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

BAHT

	Notes	2012	2011
CASH FLOWS USED IN			
OPERATING ACTIVITIES			
Direct premium received		2,688,553,153	916,534,013
Cash received from reinsurance		1,968,461,157	78,380,283
Losses incurred from direct insurance		(4,871,083,945)	(690,272,113)
Loss adjustment expenses from direct insurance		(73,480,996)	(49,788,615)
Commissions and brokerages from direct insurance		(382,523,621)	(106,317,369)
Other underwriting expenses		(300,917,768)	(124,150,073)
Interest income		42,539,083	40,611,399
Net investment income		4,000	374,929
Other income		2,441,750	3,897,450
Operating expenses		(187,087,998)	(89,218,057)
Income tax paid		(11,067,544)	(21,797,907)
Net cash used in operating activities	5.3	<u>(1,124,162,729)</u>	<u>(41,746,060)</u>
CASH FLOWS PROVIDED BY (USED IN)			
INVESTING ACTIVITIES			
CASH FLOWS PROVIDED BY			
Investment in securities		632,745,532	355,422,175
Loans		2,211,685	549,133
Leasehold improvement and equipment		3,769,561	1,491,314
Deposits at financial institutions with maturity over 3 months and deposits used as collateral		886,959,522	170,589,134
Cash provided by investing activities		<u>1,525,686,300</u>	<u>528,051,756</u>

SRI AYUDHYA GENERAL INSURANCE PUBLIC COMPANY LIMITED
STATEMENTS OF CASH FLOWS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

	Notes	2012	2011
BAHT			
<hr/>			
CASH FLOWS PROVIDED BY (USED IN)			
INVESTING ACTIVITIES (CONTINUED)			
CASH FLOWS USED IN			
Investment in securities		(53,584,140)	(441,917,407)
Cash paid to parent company - share subscription to be returned		-	(21,625,495)
Cash paid to parent company - transferred non-life insurance business		-	(59,469,514)
Loans		(2,810,000)	(1,102,900)
Leasehold improvement and equipment		(15,375,848)	(7,411,402)
Intangible assets		(11,215,960)	(2,340,000)
Deposits at financial institutions with maturity over 3 months and deposits used as collateral		(1,122,634,129)	(168,178,572)
Cash used in investing activities		<u>(1,205,620,077)</u>	<u>(702,045,290)</u>
Net cash provided by (used in) investing activities		<u>320,066,223</u>	<u>(173,993,534)</u>
 CASH FLOWS PROVIDED BY FINANCING ACTIVITIES			
Cash received from increase in share capital		<u>600,000,000</u>	<u>900,000,000</u>
Net cash provided by financing activities		<u>600,000,000</u>	<u>900,000,000</u>
 Net increase (decrease) in cash and cash equivalents		(204,096,506)	684,260,406
Cash and cash equivalents as at January 1,		<u>738,838,576</u>	<u>54,578,170</u>
Cash and cash equivalents as at December 31,	5.2	<u><u>534,742,070</u></u>	<u><u>738,838,576</u></u>

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 YEARS ENDED DECEMBER 31, 2012 AND 2011**

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.

On September 1, 2011, the Company and the parent company entered into the Transfer of Business Agreement to transfer all insurance policy including assets and liabilities relating to non-life insurance operations from the parent company (“non-life insurance business transfer”). The responsibilities and obligations under exiting insurance policy made between the parent company and clients or other parties will be responded by the Company. The non-life insurance business transfer prices on the transferred non-life insurance business date are based on the book values of assets and liabilities of the parent company as at September 30, 2011. The condition to determine the non-life insurance business transfer prices are as follows:

- (1) If the book value of assets to be transferred exceeds the book value of liabilities to be transferred, the Company is required to pay amount that assets over liabilities to the parent company.
- (2) If the book value of liabilities to be transferred exceeds the book value of assets to be transferred, the parent company is required to pay amount that liabilities over assets to the Company.

Additional, the Transfer of Business Agreement states that the obligations relating to all expenditure under the transfer of non-life insurance business will be responded by the Company.

Total assets held for transfer and liabilities held for transfer are as follows:

	Baht: million Book value as at September 30, 2011
Assets	
Premiums due and uncollected - net	172.05
Reinsurance assets	317.51
Loans	3.08
Leasehold improvement and equipment- net	40.56
Intangible assets - net	125.05
Deferred tax assets	175.42
Other assets	32.93
Total Assets	<u>866.60</u>
Liabilities	
Due to reinsurers	251.72
Insurance contract liabilities	
Outstanding claims	462.26
Premium reserve	655.14
Employee benefit obligation	29.74
Premium written received in advance	136.64
Commission and brokerage payables	34.80
Other liabilities	24.60
Total liabilities	<u>1,594.90</u>
Liabilities over assets	<u><u>728.30</u></u>

Subsequently, on October 1, 2011, the Company has been transferred non-life insurance operation from the parent company. On November 30, 2011, the Company received the excess amount of liabilities over assets amounting to Baht 728.30 million for the transfer of insurance business from the parent company by transferring bonds at cost amounting to Baht 775.24 million with fair value including accrued interest amounting to Baht 787.77 million. For the excess amounting to Baht 59.47 million, the Company paid cash to the parent company. However, in December 2011, the Company found that the book value of deferred tax assets to be transferred from the parent company has difference amounting to Baht 8.92 million. As a result, the Company has adjusted by being received from the parent company at the same amount. As at February 24, 2012, the Company has already received such additional amount from the parent company.

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 in accordance with Thai Accounting Standard and practices generally accepted in Thailand, where the format of financial statements is based on Thai Account Standard No. 1 (Revised 2009) "Presentation of Financial Statements" 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 which was effective from January 1, 2011.

The Company maintains its accounting records in Thai Baht and prepares its statutory financial statements in the Thai language in conformity with accounting standards and practices generally accepted in Thailand.

- 2.2 The Federation of Accounting Professions has issued the Notifications regarding the new and revised Thai Accounting Standards (TAS) Thai Financial Reporting Standards (TFRS) Thai Accounting Standards Interpretation (TSI) and Guideline on Accounting, which will become effective for the financial statements for the accounting periods beginning on or after January 1, 2013 onwards as follows:

TAS

TAS 12 Income Taxes

TAS 20 Accounting for Government Grants and Disclosure of Government Assistance

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

TFRS

TFRS 8 Operating Segments

TSI

TSI 10 Government Assistance - No Specific Relation to Operating Activities

TSI 21 Income Taxes - Recovery of Revalued Non-Depreciable Assets

TSI 25 Income Taxes - Changes in the Tax Status of an Entity or its Shareholders

Guideline on Accounting

Guideline on Accounting regarding Transferring and Accepting Transfer of Financial Assets

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 of 3 months or less.

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 is stated at the net realizable value. Allowance for doubtful accounts is provided for the estimated losses that may be incurred in collection of premium due and uncollected. The allowance is generally based on collection experience and analysis of premium due and uncollected aging.

3.4 Reinsurance assets

Reinsurance assets are presented by net received value which the Company record allowance for doubtful debt for the loss by estimated basic from experience uncorrected receivable and analysis aging reinsurance receivable.

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 is based on the last 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 Office of the 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 provide 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 using the actuarial technique. 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. Actuarial gains or losses will be recognized in the statements of income in the period to which they are related. The costs associated with providing these benefits are charged to the statements of income so as to spread the cost over the employment period during which the entitlement to benefits is earned.

3.12 Income tax expenses (income)

The Company has early adopted Thai Accounting Standard No. 12 "Income Taxes".

Income tax expenses (income) 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.

3.13 Basic loss per share

Basic loss per share is calculated 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. The Company does not have any common share equivalents outstanding which would have had a dilutive effect on loss per share.

3.14 Use of accounting estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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, as at December 31, 2011 the Company recorded loss reserve from flood claims advised from the insured amounting to Baht 5,977.98 million, as part of loss reserves and outstanding claims account (see Note 15), and recorded loss refundable from reinsurance amounting to Baht 4,947.59 million, as part of reinsurance assets account (see Note 7). Net insurance claims arising from such loss incurred and loss refundable amounting to Baht 1,030.39 million has been recorded as part of insurance claims and loss adjustment expenses account in the statements of comprehensive income for the year ended December 31, 2011 (see Note 24).

For the year ended December 31, 2012, the Company has paid insurance claims from the flooding to the insured by net of loss refundable from reinsurance amounting to Baht 864.83 million, and recorded net insurance claims arising from loss incurred and loss refundable from such situation amounting to Baht 108.58 million, as part of insurance claims and loss adjustment expenses account in the statements of comprehensive income for the year ended December 31, 2012 (see Note 24). As at December 31, 2012, the Company has loss reserve from such claims of flooding amounting to Baht 2,170.77 million, as part of loss reserves and outstanding claims account (see Note 15), and loss refundable from reinsurance amounting to Baht 1,896.63 million as part of reinsurance assets account (see Note 7).

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

As at December 31, 2012 and 2011, the surplus on revaluation of investments which is presented in other components of equity were shown net of deferred tax liabilities as follows:

	2012 Baht	2011 Baht
Unrealized gain on investment in available for sale securities	14,068,183	3,857,558
<u>Less</u> Deferred tax liabilities (see Note 19)	<u>(2,813,637)</u>	<u>(887,239)</u>
Surplus on revaluation of investments - net	<u>11,254,546</u>	<u>2,970,319</u>

For the years ended December 31, 2012 and 2011, changes in surplus on revaluation of investments - net of deferred tax were as follows:

	2012 Baht	2011 Baht
Increase of unrealized gain on investment in available for sale securities	10,210,625	2,189,372
Increase of deferred tax liabilities (see Note 19)	<u>(1,926,398)</u>	<u>(386,783)</u>
Increase of surplus on revaluation of investments - net	<u>8,284,227</u>	<u>1,802,589</u>

5.2 Cash and cash equivalents as at December 31, 2012 and 2011 consist of the following:

	2012 Baht	2011 Baht
Cash	260,000	190,000
Cheque on hands	18,318,496	-
Deposits at bank - call deposits	266,293,610	633,648,576
Deposits at bank - time deposits and certificate of deposits	350,451,309	219,776,702
Government securities – Treasury bills	<u>249,869,964</u>	<u>-</u>
	885,193,379	853,615,278
<u>Less</u> Deposits at bank with maturity over 3 months (see Note 8)	<u>(24,749,719)</u>	<u>(30,776,702)</u>
Deposits at bank used as collateral (see Note 8)	<u>(325,701,590)</u>	<u>(84,000,000)</u>
Cash and cash equivalents	<u>534,742,070</u>	<u>738,838,576</u>

5.3 Cash flows used in operating activities

Items to reconcile net loss to net cash flows used in operating activities for the years ended December 31, 2012 and 2011 are as follows:

	2012	2011
	Baht	Baht
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss before income tax	(56,500,212)	(902,452,145)
Items to reconcile net loss to net cash flows:		
Depreciation	16,672,894	6,028,825
Amortization of intangible assets	17,655,623	4,332,174
Gain on sale of assets	(3,095,739)	(1,044,769)
Employment benefit expense	5,757,889	2,994,037
Unearned premium reserve increase (decrease)		
from prior years	101,209,317	(63,209,393)
Amortization of bonds premium	2,374,790	182,567
Amortization of bonds discount	(1,132,687)	(635,860)
Amortization of treasury bills discount	(1,967,107)	(109,284)
Amortization of debentures premium	42,377	203,864
Amortization of debentures discount	(10,607)	(123,416)
Loss on sale of investment in trading securities - bonds	-	162,273
Loss on sale of investment in trading securities - debentures	-	110,188
Gain on sale of investment in available for sale securities - other securities	(366,043)	(178,393)
Loss on sale of investment in available for sale securities - bonds	-	17,862
Loss on transfer of investment	-	40,271
Bad debts and allowance for doubtful accounts	46,906	(5,748,141)
Profit (loss) from operations before changes in operating assets and liabilities	80,687,401	(959,429,340)
Operating assets (increase) decrease		
Accrued investment income	(2,107,722)	9,830,244
Premium due and uncollected	(28,419,033)	4,027,735
Reinsurance assets	1,667,605,070	(4,874,447,464)
Deferred commission expense	(1,512,401)	(24,405,880)
Other assets	2,817,232	13,056,331
Operating liabilities increase (decrease)		
Due to reinsurers	522,190,076	86,241,943
Loss reserves and outstanding claims	(3,386,127,207)	5,659,128,967
Premium written received in advance	1,555,443	31,645,419
Accrued commissions	7,064,763	(720,196)
Accrued expense	11,375,383	15,553,516
Other liabilities	11,775,810	19,570,572
Cash used in operating activities	(1,113,095,185)	(19,948,153)
Income tax paid	(11,067,544)	(21,797,907)
Net cash used in operating activities	<u>(1,124,162,729)</u>	<u>(41,746,060)</u>

6. PREMIUM DUE AND UNCOLLECTED - NET

Premium due and uncollected - net as at December 31, 2012 and 2011 consist of the following:

	As at December 31, 2012				As at December 31, 2011			
	Insured Baht	Agent and Broker Baht	Inward Baht	Total Baht	Insured Baht	Agent and Broker Baht	Inward Baht	Total Baht
Within credit terms	10,748,556	160,578,654	1,093,043	172,420,253	15,540,921	123,815,510	499,340	139,855,771
Less than 30 days	410,179	35,481,915	986,830	36,878,924	2,419,259	36,096,047	646,698	39,162,004
31 - 60 days	365,609	13,140,374	3,728,110	17,234,093	243,461	12,697,496	3,557,573	16,498,530
61 - 90 days	21,290	4,606,985	992,731	5,621,006	246,268	3,433,694	938,206	4,618,168
91 days - 1 year	659	13,730,274	4,140,676	17,871,609	218,440	7,686,950	7,762,711	15,668,101
Over 1 year	-	662,930	224,485	887,415	5,858,716	459,049	-	6,317,765
Total premium due and uncollected	11,546,293	228,201,132	11,165,875	250,913,300	24,527,065	184,188,746	13,404,528	222,120,339
Less allowance for doubtful accounts	-	(9,576,255)	-	(9,576,255)	(6,077,156)	(3,125,171)	-	(9,202,327)
Premium due and uncollected - net	11,546,293	218,624,877	11,165,875	241,337,045	18,449,909	181,063,575	13,404,528	212,918,012

7. REINSURANCE ASSETS

Reinsurance assets as at December 31, 2012 and 2011 consist of the following:

	2012 Baht	2011 Baht
Deposit on reinsurance	534	2,252
Due from reinsurers	1,379,471,521	247,817,366
Insurance reserve refundable from reinsurers	2,211,487,340	5,010,744,847
Total reinsurance assets	3,590,959,395	5,258,564,465

Insurance reserve refundable from reinsurers as at December 31, 2012 and 2011 included an expected refundable from reinsurers caused by suffering losses from flooding in Thailand amounting to Baht 1,896.63 million and Baht 4,947.59 million, respectively (see Note 4).

Aging analyze for due from reinsurers as at December 31, 2012 and 2011 were as follows:

	2012 Baht	2011 Baht
Within credit terms	1,163,235,591	240,324,406
Within 12 months	215,781,343	7,445,883
1 - 2 years	437,530	25,531
Over 2 years	17,057	21,546
Due from reinsurers	1,379,471,521	247,817,366

8. INVESTMENTS IN SECURITIES

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

	Cost/Amortized cost	Unrealized gain	Unrealized loss	Fair value	Percentage of investment per total assets
	Baht	Baht	Baht	Baht	
Available for sale securities					
Government and state enterprise securities					
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
Total	289,724,854	3,319,827	(57)	293,044,624	4.82
Private enterprises securities					
Debentures	5,244,417	202,771	-	5,447,188	0.09
Unit trusts	47,714,064	8,492,642	-	56,206,706	0.92
Total	52,958,481	8,695,413	-	61,653,894	1.01
Foreign debt 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	405,097,382	2,053,000	-	407,150,382	6.69
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 investment securities		
Government and state enterprise securities		
Notes	2,500,000	0.04
Total	2,500,000	0.04
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)	325,701,590	5.35
Total	350,451,309	5.76
Total held-to-maturity investment securities	352,951,309	5.80
General investment securities		
Equity securities	1,210,970	0.02
Total general investment securities	1,210,970	0.02

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				
Government bonds	-	177,785,149	3,301,521	181,086,670
State enterprise bonds	8,858,813	99,779,371	-	108,638,184
Add Unrealized gain	1,422	3,000,019	318,329	3,319,770
Total	<u>8,860,235</u>	<u>280,564,539</u>	<u>3,619,850</u>	<u>293,044,624</u>
Private enterprises securities				
Debentures	2,203,338	3,041,079	-	5,244,417
Add Unrealized gain	8,646	194,125	-	202,771
Total	<u>2,211,984</u>	<u>3,235,204</u>	<u>-</u>	<u>5,447,188</u>
Foreign debt securities				
Bonds	-	400,395,786	-	400,395,786
Debentures	4,701,596	-	-	4,701,596
Add Unrealized gain	12,254	2,040,746	-	2,053,000
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>15,786,069</u>	<u>686,236,275</u>	<u>3,619,850</u>	<u>705,642,194</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	325,701,590	-	-	325,701,590
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>368,737,378</u>	<u>686,236,275</u>	<u>3,619,850</u>	<u>1,058,593,503</u>

Investments in securities as at December 31, 2011 consist of the following:

	Cost/Amortized cost Baht	Unrealized gain Baht	Unrealized loss Baht	Fair value Baht	Percentage of investment per total assets
Available for sale securities					
Government and state enterprise securities					
Government bonds	129,601,581	1,416,849	-	131,018,430	1.58
State enterprise bonds	284,109,099	626,531	(308,806)	284,426,824	3.43
Treasury bills	108,032,893	-	(17,999)	108,014,894	1.30
Total	<u>521,743,573</u>	<u>2,043,380</u>	<u>(326,805)</u>	<u>523,460,148</u>	<u>6.31</u>
Private enterprises securities					
Debentures	17,792,494	264,505	(3,778)	18,053,221	0.22
Unit trusts	58,363,554	2,996,487	(987,600)	60,372,441	0.73
Total	<u>76,156,048</u>	<u>3,260,992</u>	<u>(991,378)</u>	<u>78,425,662</u>	<u>0.95</u>
Foreign debt securities					
Bonds	700,277,924	9,899	(144,482)	700,143,341	8.45
Debentures	4,705,287	5,952	-	4,711,239	0.06
Total	<u>704,983,211</u>	<u>15,851</u>	<u>(144,482)</u>	<u>704,854,580</u>	<u>8.51</u>
Total available for sale securities	<u>1,302,882,832</u>	<u>5,320,223</u>	<u>(1,462,665)</u>	<u>1,306,740,390</u>	<u>15.77</u>

	Cost/ Amortized cost Baht	Percentage of investment per total assets
Held-to-maturity investment securities		
Private enterprises debt securities		
Notes	25,500,000	0.31
Total	<u>25,500,000</u>	<u>0.31</u>
Fixed deposit with maturity over 3 months		
Fixed deposit used as commercial bank (see Note 5.2)	30,776,702	0.37
Fixed deposit used as collateral (see Note 5.2)	84,000,000	1.01
Total	<u>114,776,702</u>	<u>1.38</u>
Total held-to-maturity investment securities	<u><u>140,276,702</u></u>	<u><u>1.69</u></u>

	Cost/ Amortized cost Baht	Percentage of investment per total assets
General investment securities		
Equity securities	1,210,970	0.01
Total general investment securities	<u><u>1,210,970</u></u>	<u><u>0.01</u></u>

Debt securities classified by the remaining maturity as at December 31, 2011 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				
Government bonds	-	72,125,756	57,475,825	129,601,581
State enterprise bonds	175,661,452	108,447,647	-	284,109,099
Treasury bills	108,032,893	-	-	108,032,893
<u>Add (Less) Unrealized gain (loss)</u>	<u>(321,568)</u>	<u>1,362,482</u>	<u>675,661</u>	<u>1,716,575</u>
Total	<u>283,372,777</u>	<u>181,935,885</u>	<u>58,151,486</u>	<u>523,460,148</u>
Private enterprises securities				
Debentures	12,530,021	5,262,473	-	17,792,494
<u>Add Unrealized gain</u>	<u>38,614</u>	<u>222,113</u>	<u>-</u>	<u>260,727</u>
Total	<u>12,568,635</u>	<u>5,484,586</u>	<u>-</u>	<u>18,053,221</u>
Foreign debt securities				
Bonds	299,627,890	400,650,034	-	700,277,924
Debentures	-	4,705,287	-	4,705,287
<u>Add (Less) Unrealized gain (loss)</u>	<u>9,899</u>	<u>(138,530)</u>	<u>-</u>	<u>(128,631)</u>
Total	<u>299,637,789</u>	<u>405,216,791</u>	<u>-</u>	<u>704,854,580</u>
Total available for sale debt securities	<u><u>595,579,201</u></u>	<u><u>592,637,262</u></u>	<u><u>58,151,486</u></u>	<u><u>1,246,367,949</u></u>
Held-to-maturity debt securities				
Private enterprises debt securities				
Notes	23,000,000	2,500,000	-	25,500,000
Fixed deposit with maturity over 3 months	26,372,643	4,404,059	-	30,776,702
Fixed deposit used as collateral	84,000,000	-	-	84,000,000
Total held-to-maturity debt securities	<u>133,372,643</u>	<u>6,904,059</u>	<u>-</u>	<u>140,276,702</u>
Total debt securities - net	<u><u>728,951,844</u></u>	<u><u>599,541,321</u></u>	<u><u>58,151,486</u></u>	<u><u>1,386,644,651</u></u>

As at December 31, 2011, certain of bank deposits are pledged as collateral for bank overdrafts amounting to Baht 20 million (see Note 18) (December 31, 2012 : None).

As at December 31, 2012 and 2011, investment in securities and fixed deposits are pledged as collateral with the Registrar amounting to Baht 235.60 million and Baht 66.05 million, respectively (see Note 33).

As at December 31, 2012 and 2011, certain of investment in securities and bank deposits are deposited with a bank as the Company's backup assets according to the Notification of the Office of Insurance Commission (see Note 34).

9. LOANS

Loans of the Company is loan to employees with personal collateral in accordance with the welfare policy of the Company which its limit is not exceed Baht 100,000 each, with interest rate at 3.85% per annum.

Furthermore, in 2012, the Company has loan to employees with personal collateral in accordance with the welfare residential from the flooding crisis policy which its limit is not exceed Baht 100,000, with interest rate of 2% per annum.

10. LEASEHOLD IMPROVEMENT AND EQUIPMENT - NET

Leasehold improvement and equipment - net as at December 31, 2012 and 2011 consist of the following:

	Cost			Accumulated depreciation				Beginning balance of leasehold improvement and equipment - net as at December 31, 2011	Ending balance of leasehold improvement and equipment - net as at December 31, 2012	
	As at	Increase	Disposal	As at	As at	Depreciation	Disposal			As at
	December 31, 2011			December 31, 2012	December 31, 2011					December 31, 2012
	Baht	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

	Cost				Accumulated depreciation					Beginning balance of leasehold improvement and equipment - net as at December 31, 2010	Ending balance of leasehold improvement and equipment - net as at December 31, 2011	
	As at	Increase	Disposal	Transfer	As at	As at	Depreciation	Disposal	Transfer from			As at
	December 31, 2010			from parent Company*	December 31, 2011	December 31, 2010			parent Company*			December 31, 2011
	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht
Leasehold improvement	4,434,507	1,885,085	(3,850,428)	14,056,481	16,525,645	(4,013,376)	(501,839)	3,591,816	(12,583,140)	(13,506,539)	421,131	3,019,106
Furniture, fixtures and office equipment	14,609,003	3,477,570	(3,959,341)	94,556,728	108,683,960	(12,950,642)	(3,055,501)	3,910,599	(73,589,102)	(85,684,646)	1,658,361	22,999,314
Vehicles	5,547,862	2,048,747	(1,216,311)	32,228,210	38,608,508	(4,153,356)	(2,471,485)	1,077,120	(14,111,129)	(19,658,850)	1,394,506	18,949,658
Total	24,591,372	7,411,402	(9,026,080)	140,841,419	163,818,113	(21,117,374)	(6,028,825)	8,579,535	(100,283,371)	(118,850,035)	3,473,998	44,968,078

As at December 31, 2012 and 2011, certain fixed assets at cost of Baht 78.18 million and Baht 66.62 million, respectively, were fully depreciated but still in use.

* The Company received transferred leasehold improvement and equipment relating to non-life insurance operation from the parent company which book value as at September 30, 2011 amounted of Baht 40.56 million (see Note 1).

11. INTANGIBLE ASSETS - NET

Intangible assets - net as at December 31, 2012 and 2011 consist of the following:

	Cost				Accumulated depreciation				Beginning balance of intangible assets - net as at December 31, 2011	Ending balance of intangible assets - net as at December 31, 2012
	As at	Increase	Transfer in	As at	As at	Amortization	Decrease	As at		
	December 31, 2011		/(Transfer out)	December 31, 2012	December 31, 2011			December 31, 2012		
	Baht	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

	Cost				Accumulated depreciation					Beginning balance of intangible assets - net as at December 31, 2010	Ending balance of intangible assets - net as at December 31, 2011	
	As at	Increase	Transfer in	Transfer	As at	As at	Amortization	Decrease	Transfer from			As at
	December 31, 2010		/(Transfer out)	from parent Company*	December 31, 2011	December 31, 2010			parent Company*			December 31, 2011
	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht
Purchase/												
Subsequently acquired												
Computer software	12,423,973	-	-	49,857,289	62,281,262	(11,794,094)	(1,813,696)	-	(29,638,623)	(43,246,413)	629,879	19,034,849
Computer software in process	-	2,340,000	-	13,892,900	16,232,900	-	-	-	-	-	-	16,232,900
Bancassurance agreement	-	-	-	100,000,000	100,000,000	-	(2,518,478)	-	(9,061,046)	(11,579,524)	-	88,420,476
Total	12,423,973	2,340,000	-	163,750,189	178,514,162	(11,794,094)	(4,332,174)	-	(38,699,669)	(54,825,937)	629,879	123,688,225

As at December 31, 2012 and 2011, certain intangible assets at cost of Baht 31.31 million and Baht 24.34 million, respectively, were fully depreciated but still in use.

* The Company received transferred intangible assets relating to non-life insurance operation from the parent company which book value as at September 30, 2011 amounted of Baht 125.05 million (see Note 1).

12. DEFERRED TAX ASSETS

Deferred tax assets as at December 31, 2012 and 2011 were as follows:

	2012 Baht	2011 Baht
Deferred tax assets	<u>336,349,029</u>	<u>363,928,262</u>

Movements of deferred tax assets for the years ended December 31, 2012 and 2011 consist of tax effects from the following items:

	As at December 31, 2011 Baht	Transactions recognized in profit or loss Baht	Transaction recognized in other comprehensive income Baht	As at December 31, 2012 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>

	As at December 31, 2010 Baht	Transactions recognized in profit or loss Baht	Transaction recognized in other comprehensive income Baht	Deferred tax assets transfer From parent company (See Note 1) Baht	As at December 31, 2011 Baht
Allowance for doubtful accounts					
- Premium due and uncollected	471,545	(439,702)	-	1,808,622	1,840,465
Allowance for doubtful accounts					
- Other receivable	2,827,549	(1,969,196)	-	-	858,353
Unearned premium reserve	16,338,896	(32,073,503)	-	98,554,707	82,820,100
Loss reserve - net	11,045,757	196,841,311	-	53,793,407	261,680,475
Incurred but not reported claims	3,165,167	(5,062,898)	-	9,786,208	7,888,477
Employee benefits obligation	1,723,032	3,663	-	-	1,726,695
Unrealized loss on the change in value of investments - trading securities	59,782	(59,782)	-	-	-
Others	480,532	4,080,363	-	2,552,802	7,113,697
Total	<u>36,112,260</u>	<u>161,320,256</u>	<u>-</u>	<u>166,495,746</u>	<u>363,928,262</u>

The Company used tax rate of 20% and 23% for calculation of deferred tax for the year ended December 31, 2011 and used tax rate of 20% for calculation of deferred tax for the year ended December 31, 2012 (see Note 28).

13. OTHER ASSETS

Other assets as at December 31, 2012 and 2011 consist of the following:

	2012 Baht	2011 Baht
Other receivable	21,744,698	14,703,047
Refundable withholding tax	11,067,544	-
Accrued income - related company	-	11,820,911
Premium saving certificates used as collateral	12,500,000	12,500,000
Others	<u>10,677,904</u>	<u>8,762,782</u>
Total other assets	<u>55,990,146</u>	<u>47,786,740</u>

14. DUE TO REINSURERS

Due to reinsurers as at December 31, 2012 and 2011 consist of the following:

	2012 Baht	2011 Baht
Premium ceded payables	73,270,562	76,477,492
Amount withheld on reinsurance	209,137,078	175,449,197
Other reinsurance payables	<u>605,773,988</u>	<u>114,064,863</u>
Total due to reinsurers	<u>888,181,628</u>	<u>365,991,552</u>

15. LOSS RESERVES AND OUTSTANDING CLAIMS

Loss reserves and outstanding claims as at December 31, 2012 and 2011 consist of the following:

	2012 Baht	2011 Baht
As at January 1,	6,228,597,925	107,204,337
Loss incurred and loss adjustment expenses during the years		
- Incurred but not reported	6,120,004	28,891,827
- Incurred but not yet agreed	(3,401,669,353)	6,090,183,085
- Incurred and agreed	4,492,617,911	316,906,110
Loss paid and loss adjustment paid during the years	(4,483,195,769)	(776,852,055)
<u>Add</u> Loss reserves and outstanding claims transfer from the parent company (see Note 1)	-	462,264,621
As at December 31,	<u>2,842,470,718</u>	<u>6,228,597,925</u>

As at December 31, 2012 and 2011, the Company had loss reserves and outstanding claims under the reinsurance contracts of Baht 1,922.38 million and Baht 2,230.89 million, respectively.

Loss reserves and outstanding claims as at December 31, 2012 and 2011 in the financial statements have been included claim from suffering losses from flooding in Thailand amounting to Baht 2,170.77 million and Baht 5,977.98 million, respectively (see Note 4).

16. PREMIUM RESERVE

Premium reserve as at December 31, 2012 and 2011 consist of the following:

16.1 Unearned premium reserve

	2012 Baht	2011 Baht
As at January 1,	796,725,370	204,792,352
Premium written for the years	1,811,079,224	617,036,282
Earned premium for the years	(1,709,869,907)	(680,245,675)
<u>Add</u> Premium reserves and transfer from the parent company (see Note 1)	<u>-</u>	<u>655,142,411</u>
As at December 31,	<u>897,934,687</u>	<u>796,725,370</u>

As at December 31, 2012 and 2011, such unearned premium reserve did not include additional unearned premium reserve of ceded premium to foreign reinsurers amounting to Baht 157.68 million and Baht 41.06 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, 2012 and 2011, no additional reserve for unexpired risk reserve has been established as the unexpired risk reserve estimated by the Company amounting to Baht 614.88 million and Baht 644.90 million, respectively, is lower than the unearned premium reserve.

17. EMPLOYEE BENEFIT OBLIGATION

The Company calculated employee benefit obligation by using actuarial technique. The assumptions are included discount rate at 3.97%, turnover rate at 3%, 4%, 10% and 12%, based on age group of employees, salary increase rate at 5% and retirement age at 60 years.

Employee benefit obligation for the years ended December 31, 2012 and 2011 consist of the following:

	2012 Baht	2011 Baht
Current service cost	4,338,437	2,749,941
Interest cost	1,523,452	244,096
Total reserve for retirement benefit expense	<u>5,861,889</u>	<u>2,994,037</u>

Movements in the present value of employee benefit obligation as at December 31, 2012 and 2011 were as follows:

	2012	2011
	Baht	Baht
Present value of obligation at the beginning of the years	38,478,748	5,743,440
Current service cost of the years	4,338,437	2,749,941
Interest cost	1,523,452	244,096
Benefit paid during the years	(104,000)	-
Employee benefit obligation transferred from the parent company (see Note 1)	-	29,741,271
Present value of obligation at the ending of the years	<u>44,236,637</u>	<u>38,478,748</u>

18. BANK OVERDRAFTS

As at December 31, 2011, the Company had credit lines for bank overdrafts of Baht 20 million which were guaranteed by fixed deposit of the Company of Baht 20 million. The interest rate was fixed deposit rate of plus 2% - 3% per annum (see Note 8) (December 31, 2012 : None).

19. DEFERRED TAX LIABILITIES

Deferred tax liabilities as at December 31, 2012 and 2011 were as follows:

	2012	2011
	Baht	Baht
Deferred tax liabilities	<u>2,813,637</u>	<u>887,239</u>

Movements of deferred tax liabilities for the years ended December 31, 2012 and 2011 consist of tax effects from the following items:

	As at December 31, 2011	Transactions recognized in profit or loss	Transaction recognized in other comprehensive income	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)	<u>887,239</u>	<u>-</u>	<u>1,926,398</u>	<u>2,813,637</u>

	As at December 31, 2010	Transactions recognized in profit or loss	Transaction recognized in other comprehensive income	As at December 31, 2011
	Baht	Baht	Baht	Baht
Unrealized gain on the change in value of investment in available for sale securities	500,456	-	386,783	887,239
Total (see Note 5.1)	<u>500,456</u>	<u>-</u>	<u>386,783</u>	<u>887,239</u>

The Company used tax rate of 20% and 23% for calculation of deferred tax for the year ended December 31, 2011 and used tax rate of 20% for calculation of deferred tax for the year ended December 31, 2012 (see Note 28).

20. OTHER LIABILITIES

Other liabilities as at December 31, 2012 and 2011 consist of the following:

	2012 Baht	2011 Baht
Other payable - promotion expense	16,313,457	19,450,276
Amount received in advance - premium	32,603,618	19,949,669
Withholding tax payable	4,461,395	3,584,083
Undue output VAT	3,148,981	2,947,370
Others	9,515,130	8,335,373
Total other liabilities	<u>66,042,581</u>	<u>54,266,771</u>

21. SHARE CAPITAL

On December 7, 2010, the extraordinary shareholders' meeting No. 3/2010 passed the resolution to increase the share capital from Baht 300 million (30 million ordinary shares of Baht 10.00 each) to Baht 1,200 million (120 million ordinary shares of Baht 10.00 each) by issuing 90 million new ordinary shares with a par value of Baht 10.00 each to be offered to the existing shareholders, at par value of Baht 10.00 each per share, totaling Baht 900 million. The Company has called and received subscriptions of the increased share capital and registered with the Department of Business Development on January 31, 2011.

Subsequently, 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 has 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, 2012 and 2011 (see Note 28) were as follows:

	2012 shares	2011 shares
Beginning balance	120,000,000	30,000,000
The number of weighted average ordinary shares during the year 2011 (90,000,000 x 335/365)	-	82,602,740
The number of weighted average ordinary shares during the year 2012 (60,000,000 x 242/366)	39,672,131	-
	<u>159,672,131</u>	<u>112,602,740</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, 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, 2012 and 2011, the Company has not yet allocated such reserved fund.

23. CAPITAL MANAGEMENT

In accordance with the registrar declarations regarding "Rules, Procedures and Conditions for preparing Risk-Based Capital report of non-life insurance company B.E. 2554" dated August 31, 2011, non-life insurance company has to maintain the capital adequacy ratio at least 125 percent. As at December 31, 2011, the Company has capital adequacy ratio less than condition. However, 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 to Baht 2,400 million. The Company has called and received subscriptions of the increased share capital of 60 million ordinary shares, totaling Baht 600 million and registered on May 4, 2012 resulting to as at December 31, 2012 the Company has the capital adequacy ratio exceeded the requirement (see Note 21).

24. UNDERWRITING INFORMATION CLASSIFIED BY TYPE OF INSURANCE

Underwriting information classified by type of insurance for the years ended December 31, 2012 and 2011 were as follows:

	For the year ended December 31, 2012					Total Baht
	Fire Baht	Marine Baht	Motor Baht	Personal accident Baht	Other miscellaneous 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>
Earned premium	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						
- Normal operation	122,249,926	33,349,022	478,103,150	125,323,531	186,757,882	945,783,511
- Suffering losses from flooding in Thailand (see Note 4)	74,362,128	2,380,215	-	-	31,835,659	108,578,002
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	38,341,689	31,892,789	64,189,137	53,268,779	105,682,616	293,375,010
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>
For the year ended December 31, 2011						
	Fire Baht	Marine Baht	Motor Baht	Personal accident Baht	Other miscellaneous Baht	Total Baht
Underwriting income						
Gross premiums written	166,424,750	96,881,890	302,725,454	64,515,952	260,921,222	891,469,268
<u>Less</u> Premiums ceded	<u>53,008,648</u>	<u>77,063,721</u>	<u>9,033,495</u>	<u>15,320,763</u>	<u>120,006,359</u>	<u>274,432,986</u>
Net premiums written	113,416,102	19,818,169	293,691,959	49,195,189	140,914,863	617,036,282
<u>(Add) Less</u> Unearned premium reserve	<u>(12,866,990)</u>	<u>1,462,915</u>	<u>(19,722,286)</u>	<u>6,886,343</u>	<u>(38,969,375)</u>	<u>(63,209,393)</u>
Earned premium	126,283,092	18,355,254	313,414,245	42,308,846	179,884,238	680,245,675
Fee and commission income	12,213,730	20,049,289	2,196,567	4,136,847	28,327,519	66,923,952
Total underwriting income	<u>138,496,822</u>	<u>38,404,543</u>	<u>315,610,812</u>	<u>46,445,693</u>	<u>208,211,757</u>	<u>747,169,627</u>
Underwriting expenses						
Insurance claims and loss adjustment expenses						
- Normal operation	21,526,387	7,721,334	188,692,614	43,388,173	51,675,565	313,004,073
- Suffering losses from flooding in Thailand (see Note 4)	52,809,478	-	-	-	977,579,398	1,030,388,876
Commissions and brokerages expenses	36,316,071	11,873,720	31,518,190	10,684,400	25,871,818	116,264,199
Other underwriting expenses	22,214,779	6,936,052	38,356,035	15,136,191	44,568,543	127,211,600
Total underwriting expenses	<u>132,866,715</u>	<u>26,531,106</u>	<u>258,566,839</u>	<u>69,208,764</u>	<u>1,099,695,324</u>	<u>1,586,868,748</u>

25. OPERATING EXPENSES

Operating expenses for the years ended December 31, 2012 and 2011 consist of the following:

	2012	2011
	Baht	Baht
Employee benefit expense, excluded underwriting and loss adjustment expenses	70,841,543	28,326,085
Premises and equipment expense, excluded underwriting expenses	84,607,365	29,799,699
Taxes and duties	686,409	190,594
Bad debt and doubtful accounts (reversal)	46,906	(5,748,141)
Directors personnel's remuneration	1,364,400	1,274,750
Management fee (see Note 30.2)	39,999,990	15,864,391
Other operating expenses	48,760,781	23,080,040
Total operating expenses	<u>246,307,394</u>	<u>92,787,418</u>

26. EMPLOYEE EXPENSES

Employee expenses for the years ended December 31, 2012 and 2011 consist of the following:

	2012	2011
	Baht	Baht
Salary and wage	129,547,754	51,851,565
Provident fund	2,340,147	1,436,866
Employee benefit expenses	5,861,889	2,994,037
Provident fund (see Note 32)	5,732,481	2,444,114
Other benefits	39,560,319	17,959,194
Total employee expenses	<u>183,042,590</u>	<u>76,685,776</u>

27. GAIN (LOSS) ON INVESTMENT IN SECURITIES

Gain (loss) on investment in securities for the years ended December 31, 2012 and 2011 consist of the following:

	2012	2011
	Baht	Baht
Loss on transfer of investment	-	(40,271)
Loss on sale of investment in available for sale securities - bonds	-	(17,862)
Gain on sale of investment in available for sale securities - other securities	366,043	178,393
Loss on sale of investment in trading securities - debentures	-	(110,188)
Loss on sale of investment in trading securities - bonds	-	(162,273)
Total gain (loss) on investment in securities	<u>366,043</u>	<u>(152,201)</u>

28. INCOME TAX EXPENSE

Income tax expense for years ended December 31, 2012 and 2011 consist of the following:

	2012 Baht	2011 Baht
Income tax expense from taxable income per income tax return	-	15,322,426
Deferred tax expenses relating to the origination and reversal of temporary differences	(12,205,332)	(285,995,541)
Deferred income taxes related to change in corporate tax rate	<u>39,784,565</u>	<u>124,675,285</u>
Income tax expense (income) per the statements of comprehensive income	<u>27,579,233</u>	<u>(145,997,830)</u>

The reconciliation between income tax expenses (income) and accounting income for the years ended December 31, 2012 and 2011 were as follows:

	2012 Baht	2011 Baht
Accounting loss before tax	<u>(56,500,212)</u>	<u>(902,452,145)</u>
Income tax at 30%	-	(270,735,643)
Income tax at 23%	(12,995,049)	-
Deferred income tax expenses related to change in corporation tax rate	39,784,565	124,675,285
Tax effect of non-deductible expenses (benefits)	<u>789,717</u>	<u>62,528</u>
Income tax expense (income) per the statements of comprehensive income	<u>27,579,233</u>	<u>(145,997,830)</u>

On October 11, 2011, the Thai Cabinet approved a reduction of the corporate income tax rate from 30% to 23% of profits for companies or juristic partnerships with a 2012 accounting period ending on or after December 31, 2012, and from 23% to 20% for companies or juristic partnerships with a 2013 accounting period beginning on or after January 1, 2013 onwards. According to the Royal Decree No. 530 dated December 21, 2011, the income tax rate has been reduced from 30% to 23% for the accounting period beginning on or after January 1, 2012 and 20% for the accounting periods beginning on or after January 1, 2013 and 2014 only.

The Company used tax rate of 23% and 30% for corporate income tax calculation for the years ended December 31, 2012 and 2011, respectively.

The Company used tax rate of 20% and 23% for calculation of deferred tax for the year ended December 31, 2011 and used tax rate of 20% for calculation of deferred tax for the year ended December 31, 2012 (see Notes 12 and 19).

29. BASIC LOSS PER SHARE

Basic loss per share for the years ended December 31, 2012 and 2011 were as follows:

	2012	2011
Net loss (Baht)	(84,079,446)	(756,454,315)
Issued and paid-up share capital (shares) (see Note 21)	159,672,131	112,602,740
Basic loss per share (Baht)	<u>(0.53)</u>	<u>(6.72)</u>

30. 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
Prima Vest 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 Ltd.	Some common shareholders	Investments
Sunrise Equity Co., Ltd.	Some common shareholders	Consulting
Allianz Ayudhya Assurance Plc. (Formerly Ayudhya Allianz C.P. Life Plc.)	Some common shareholders and directors	Life Insurance
Hyla (Thailand) Co., Ltd.	Some common shareholders and directors	Selling Electrical Appliances
Grand Canal Land Public Co., Ltd.	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

30.1 Investments

	As at December 31,	
	2012	2011
	Baht	Baht
Investment - notes		
Bank of Ayudhya Plc.	-	20,000,000

30.2 Significant balances and transactions are as follows:

	As at December 31	
	2012	2011
	Baht	Baht
Bank deposits		
Bank of Ayudhya Plc.	453,239,310	564,920,857
Premium due and uncollected		
Bank of Ayudhya Plc.	41,515	966,337
Krungsri Securities Plc.	139,516	72,287
Krungsri Asset Management Co., Ltd.	-	25,224
Ayudhya Development Leasing Co., Ltd.	4,930,108	-
Siam City Cement Plc.	230,936	657,788
Bangkok Broadcasting & T.V. Co., Ltd.	26,320	1,710,823
CKS Holding Ltd.	131,772	-
Allianz Ayudhya Assurance Plc. (Formerly Ayudhya Allianz C.P. Life Plc.)	41,350	42,544
Grand Canal Land Plc.	343,770	357,198
Ayudhya Asset Management Co., Ltd.	513,411	620,338
Siam Realty and Services Co., Ltd.	115,186	85,287
Ayudhya Capital Auto Lease Plc.	-	339,015
Krungsriayudhya Card Co., Ltd.	-	415,048
	<u>6,513,884</u>	<u>5,291,889</u>
Accrued interest income		
Bank of Ayudhya Plc.	2,743,792	511,521
Accrued income		
Sri Ayudhya Capital Plc.	-	11,820,911
Rental and facilities deposits		
BBTV Equity Co., Ltd.	3,910,050	1,097,100
Accrued expense - custodian fee		
Bank of Ayudhya Plc.	11,468	10,693
Accrued expense - commissions and brokerages		
Bank of Ayudhya Plc.	13,201,654	12,994,831
Accrued expense - other underwriting expenses		
Bank of Ayudhya Plc.	5,483,482	6,180,003
Accrued expense		
Sri Ayudhya Capital Plc.	8,441,044	1,369,908

	For the years ended December 31,	
	2012	2011
	Baht	Baht
Premium written		
Bank of Ayudhya Plc.	21,360,513	1,005,031
Krungsri Securities Plc.	146,369	67,288
Krungsri Asset Management Co., Ltd.	1,480,378	154,266
Ayudhya Development Leasing Co., Ltd.	10,551,928	-
Siam City Cement Plc.	84,022,235	10,629,040
Bangkok Broadcasting & T.V. Co., Ltd.	8,056,754	1,562,971
Great Luck Equity Co., Ltd.	47,671	-
Super Assets Co., Ltd.	148,088	26,950
BBTV Equity Co., Ltd.	1,254,531	997,768
CKS Holding Ltd.	253,758	-
Allianz Ayudhya Assurance Plc. (Formerly Ayudhya Allianz C.P. Life Plc.)	827,169	39,599
Grand Canal Land Plc.	320,000	332,500
Ayudhya Asset Management Co., Ltd.	883,846	682,727
Siam Realty and Services Co., Ltd.	1,460,823	270,696
Krungsri Factoring Co., Ltd.	6,936	-
Ayudhya Capital Auto Lease Plc.	42,014	315,573
Krungsriayudhya Card Co., Ltd.	3,010,000	386,349
	<u>133,873,013</u>	<u>16,470,758</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,	
	2012	2011
	Baht	Baht
Interest income		
Bank of Ayudhya Plc.	7,675,958	2,962,987
Other income		
Sri Ayudhya Capital Plc.	-	75,000

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

	For the years ended December 31,	
	2012	2011
	Baht	Baht
Commissions and brokerages		
Bank of Ayudhya Plc.	136,854,929	30,488,583
Other underwriting expenses		
Bank of Ayudhya Plc.	64,511,372	16,770,812

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,	
	2012	2011
	Baht	Baht
Custodian fee		
Bank of Ayudhya Plc	138,643	76,184

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

	For the years ended	
	December 31,	
	2012	2011
	Baht	Baht
Rental and service fees		
BBTV Equity Co., Ltd.	14,648,850	3,657,000
Sri Ayudhya Capital Plc.(see Note 25)	39,999,990	15,846,391

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 (see Note 37).

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.

31. DIRECTORS AND KEY MANAGEMENT PERSONNEL'S REMUNERATION

During for the years ended December 31, 2012 and 2011, the Company had salaries, bonuses, meeting allowances and employment benefit expense of its directors and key management personnel recognized as expenses as follows:

	For the years ended	
	December 31,	
	2012	2011
	Baht	Baht
Directors and key management personnel's remuneration	22,480,155	6,173,561

Directors' remuneration for the years ended December 31, 2012 and 2011 were approved by the ordinary shareholders' meeting of the Company held on April 12, 2012 and April 29, 2011, respectively.

32. 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, 2012 and 2011, the Company's contributions recorded as expenses were Baht 5.73 million and Baht 2.44 million, respectively (see Note 26).

33. DEPOSITS WITH THE REGISTRAR

As at December 31, 2012 and 2011, certain fixed deposits and the Company's bond 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:

	2012	2011
	Baht	Baht
Bonds	51,600,324	52,054,128
Fixed deposit	184,000,000	14,000,000
Total deposits with the Registrar	<u>235,600,324</u>	<u>66,054,128</u>

34. BACKUP ASSETS

As at December 31, 2012 and 2011, the Company has deposited certain investments 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:

	2012	2011
	Baht	Baht
Government and state enterprise securities	243,944,300	363,391,126
Private enterprises debt securities	5,447,188	43,553,221
Foreign debt securities	407,150,382	704,854,580
Unit trusts	56,206,706	20,141,429
Fixed deposit	141,701,590	50,000,000
Equity securities	1,210,970	281,590
Total backup assets	<u>855,661,136</u>	<u>1,182,221,946</u>

35. 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, 2012 and 2011 amounting to Baht 10.18 million and 3.39 million, respectively.

36. CONTINGENT LIABILITIES

As at December 31, 2012 and 2011, lawsuits have been brought against the Company, as insurer, from which the Company estimates losses totaling Baht 13.68 million and Baht 9.23 million, respectively. Such amount has been set aside in the loss reserve and outstanding claims accounts. The Company's management does not expect the outcome of the litigation to result in losses that differ from the recorded liability by amounts.

37. LONG-TERM LEASES AND SERVICE AGREEMENTS

Long-term leases and service agreements as at December 31, 2012 and 2011 consist of the following:

Type of lease	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 companies	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>

Type of lease	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, 2011			
Building			
- related companies	1,316,520	1,535,940	2,852,460
- others	2,426,440	3,343,533	5,769,973
Service - related company	1,316,520	1,535,940	2,852,460
Equipment - related company	1,755,360	2,047,920	3,803,280
	<u>6,814,840</u>	<u>8,463,333</u>	<u>15,278,173</u>

38. COMMITMENT

As at December 31, 2012 and 2011, the Company had a capital commitment to pay computer program development expenses in the amount of approximately Baht 17.09 million and Baht 22.51 million, respectively.

39. DISCLOSURE OF FINANCIAL INSTRUMENTS

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

39.1 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.

39.2 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 Office of Insurance Commission 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.

39.3 Interest rate risk

Interest rate risk refers to changes in interest rates which will affect 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, 2012 and 2011, significant financial assets classified by type of interest rate are as follows:

	Balance as at			
	December 31, 2012		December 31, 2011	
	Variable interest rate Baht	Fixed interest rate Baht	Variable interest rate Baht	Fixed interest rate Baht
Cash and cash equivalents				
Saving account	203,082,861	-	530,983,533	-
Investment in securities				
Available for sale securities				
Government and state enterprise securities				
Government bonds	-	183,733,715	-	131,018,430
State enterprise bonds	-	109,310,909	-	284,426,824
Treasury bills	-	-	-	108,014,894
Private enterprises securities				
Debentures	-	5,447,188	-	18,053,221
Foreign securities				
Bonds	-	402,436,532	-	700,143,341
Debentures	-	4,713,850	-	4,711,239
Held-to-maturity investment securities				
Government and state enterprise securities				
Notes	-	2,500,000	-	-
Private enterprises securities				
Notes	-	-	-	25,500,000
Fixed deposit with maturity over 3 months				
Fixed deposit with commercial bank	-	24,749,719	-	135,776,702
Fixed deposit used as collateral	-	325,701,590	-	84,000,000
Total	<u>203,082,861</u>	<u>1,058,593,503</u>	<u>530,983,533</u>	<u>1,491,644,651</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, 2012				
	Period specified for fixing new interest rate				Average
	Within	1 - 5 years	Over 5 years	Total	interest rate
	1 year				%
	Baht	Baht	Baht	Baht	
Investment in securities					
Available for sale securities					
Government and state enterprise securities					
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
Private enterprises securities					
Debentures	2,211,984	3,235,204	-	5,447,188	4.85
Foreign securities					
Bonds	-	402,436,532	-	402,436,532	4.18
Debentures	4,713,850	-	-	4,713,850	3.85
Held-to-maturity investment securities					
Government and state enterprise securities					
Notes	2,500,000	-	-	2,500,000	3.25
Fixed deposit with maturity over 3 months					
Fixed deposit with 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	

	As at December 31, 2011				
	Period specified for fixing new interest rate				Average
	Within 1	1 - 5 years	Over 5 years	Total	interest rate
	year				%
	Baht	Baht	Baht	Baht	
Investment in securities					
Available for sale securities					
Government and state enterprise securities					
Government bonds	-	72,866,945	58,151,485	131,018,430	2.95
State enterprise bonds	175,357,883	109,068,941	-	284,426,824	2.99
Treasury bills	108,014,894	-	-	108,014,894	3.08
Private enterprises securities					
Debentures	12,568,635	5,484,586	-	18,053,221	4.37
Foreign securities					
Bonds	299,637,789	400,505,552	-	700,143,341	3.96
Debentures	-	4,711,239	-	4,711,239	3.85
Held-to-maturity investment securities					
Private enterprises securities					
Notes	23,000,000	2,500,000	-	25,500,000	2.66
Fixed deposit with maturity over 3 months					
Fixed deposit with commercial bank	131,372,643	4,404,059	-	135,776,702	2.84
Fixed deposit used as collateral	84,000,000	-	-	84,000,000	2.40
Total	833,951,844	599,541,322	58,151,485	1,491,644,651	

39.4 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, 2012 and 2011, the carrying amounts of financial assets and financial liabilities which were different from the estimated fair value were as follows:

	As at December 31, 2012		As at December 31, 2011	
	Carrying Value Baht	Fair Value Baht	Carrying Value Baht	Fair Value Baht
Financial assets				
Cash and deposits at financial institutions	617,004,919	617,850,711	853,615,278	853,419,177
Stocks	1,210,970	17,892,276	1,210,970	4,809,178
Notes	2,500,000	2,500,000	25,500,000	25,457,714

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. 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. 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.

40. SEGMENT INFORMATION

Management considers that the Company operates in a single line of business, namely non-life insurance business and a single geographic area, namely in Thailand, therefore, only one major business segment and one major geographic segment are presented.

41. AUTHORIZATION OF THE FINANCIAL STATEMENTS

These financial statements were approved for issuance by the Company's authorized executive director on February 22, 2013.