

*SRI AYUDHIYA GENERAL INSURANCE
PUBLIC COMPANY LIMITED*

Interim Financial Statements

*Three month and six-month periods ended
June 30, 2014*

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

TO THE BOARD OF DIRECTORS

SRI AYUDHYA GENERAL INSURANCE PUBLIC COMPANY LIMITED

We have reviewed the statement of financial position of Sri Ayudhya General Insurance Public Company Limited as at June 30, 2014, and the related statements of comprehensive income for the three-month and six-month periods ended June 30, 2014, changes in equity and cash flows for the six-month period then ended, and the condensed notes to the financial statements. The Company's management is responsible for the preparation and presentation of this interim financial information in accordance with Thai Accounting Standard No. 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

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

Conclusion

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



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

BANGKOK
August 6, 2014

DELOITTE TOUCHE TOHMATSU JAIYOS AUDIT CO., LTD.

SRI AYUDHYA GENERAL INSURANCE PUBLIC COMPANY LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2014

Baht: '000

| | Notes | "Unaudited" | |
|---|-------|---------------------------|-------------------------------|
| | | As at June 30, 2014 | As at December 31, 2013 |
| ASSETS | | | |
| Cash and cash equivalents | | 1,166,313 | 1,592,292 |
| Accrued investment income | | 12,978 | 10,890 |
| Premium due and uncollected - net | 6 | 260,224 | 255,078 |
| Reinsurance assets | 7 | 1,547,724 | 1,838,461 |
| Investments | | | |
| Investment in securities | 8 | | |
| Available-for-sale securities | | 484,080 | 903,686 |
| Held-to-maturity securities | | 1,557,078 | 309,395 |
| General investment in securities | | 1,211 | 1,211 |
| Total investment in securities | | <u>2,042,369</u> | <u>1,214,292</u> |
| Loans | 9 | 1,836 | 2,574 |
| Leasehold improvement and equipment - net | 10 | 46,527 | 43,909 |
| Intangible assets - net | | 94,022 | 101,051 |
| Deferred tax assets | 11 | 211,572 | 275,918 |
| Deferred commissions expenses | | 61,444 | 54,397 |
| Other assets | 12 | 65,066 | 52,270 |
| TOTAL ASSETS | | <u><u>5,510,075</u></u> | <u><u>5,441,132</u></u> |

See condensed notes to the financial statements

SRI AYUDHYA GENERAL INSURANCE PUBLIC COMPANY LIMITED

STATEMENT OF FINANCIAL POSITION (CONTINUED)

AS AT JUNE 30, 2014

Baht: '000

| | | "Unaudited" | |
|--|--------------|--------------------|---------------------|
| | | As at | As at |
| | Notes | June 30, | December 31, |
| | | 2014 | 2013 |
| LIABILITIES AND EQUITY | | | |
| Due to reinsurers | 13 | 775,442 | 622,509 |
| Insurance contract liabilities | | | |
| Loss reserves and outstanding claims | 14 | 1,560,496 | 2,176,599 |
| Premium reserve | 15 | 851,582 | 910,180 |
| Employee benefit obligations | 16 | 51,149 | 48,185 |
| Deferred tax liabilities | 18 | 2,870 | 2,442 |
| Premium written received in advance | | 362,833 | 330,860 |
| Commissions and brokerages payables | | 54,248 | 52,876 |
| Accrued expenses | | 22,690 | 56,249 |
| Other liabilities | 19 | 455,054 | 82,984 |
| TOTAL LIABILITIES | | <u>4,136,364</u> | <u>4,282,884</u> |
| EQUITY | | | |
| Share capital | | | |
| Authorized share capital | | | |
| 240,000,000 ordinary shares of Baht 10.00 each | | <u>2,400,000</u> | <u>2,400,000</u> |
| Issued and paid-up share capital | | | |
| 180,000,000 ordinary shares of Baht 10.00 each | | 1,800,000 | 1,800,000 |
| Retained deficits | | | |
| Unappropriated | | (437,769) | (651,517) |
| Other components of equity | | | |
| Surplus on revaluation of investments | | <u>11,480</u> | <u>9,765</u> |
| TOTAL EQUITY | | <u>1,373,711</u> | <u>1,158,248</u> |
| TOTAL LIABILITIES AND EQUITY | | <u>5,510,075</u> | <u>5,441,132</u> |

See condensed notes to the financial statements

SRI AYUDHYA GENERAL INSURANCE PUBLIC COMPANY LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE THREE-MONTH PERIOD ENDED JUNE 30, 2014
"UNAUDITED"

| | | Baht: '000 | |
|---|-------|---------------|---------------|
| | Notes | 2014 | 2013 |
| Revenues | | | |
| Net premium earned | 20 | 472,486 | 477,248 |
| Fee and commission income | 20 | 80,519 | 59,159 |
| Total revenues | | 553,005 | 536,407 |
| Expenses | | | |
| Underwriting expenses | | | |
| Losses incurred | | | |
| Insurance claims and loss adjustment expenses | 20 | 244,206 | 167,385 |
| Commissions and brokerages expenses | 20 | 109,024 | 109,028 |
| Other underwriting expenses | 20 | 82,626 | 80,032 |
| Operating expenses | 21 | 61,895 | 171,963 |
| Total underwriting expenses | | 497,751 | 528,408 |
| Profit on underwriting | | 55,254 | 7,999 |
| Net investment income | | 15,320 | 16,458 |
| Gain on investment in securities | | 4 | - |
| Other income | | - | 1,309 |
| Income from operation | | 70,578 | 25,766 |

SRI AYUDHYA GENERAL INSURANCE PUBLIC COMPANY LIMITED
STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)
FOR THE THREE-MONTH PERIOD ENDED JUNE 30, 2014
"UNAUDITED"

| | | Baht: '000 | |
|---|-------|---------------|----------------|
| | Notes | 2014 | 2013 |
| Contribution to the Office of Insurance Commission | | 1,854 | 1,931 |
| Contribution to Non - life Guarantee Fund | | 1,736 | 1,811 |
| Contribution to Road Victims Protection Fund | | 110 | 84 |
| Income before income tax expense | | 66,878 | 21,940 |
| Income tax expense | 22 | 21,560 | 27,389 |
| Net income (loss) | | <u>45,318</u> | <u>(5,449)</u> |
| Other comprehensive loss | | | |
| Deficits on revaluation of investments - net of income tax | | (157) | (2,596) |
| Other net comprehensive loss for the periods | | (157) | (2,596) |
| Total comprehensive income (loss) for the periods | | <u>45,161</u> | <u>(8,045)</u> |
| Basic earnings (loss) per share | 23 | Baht | 0.25 |
| | | | (0.03) |

See condensed notes to the financial statements

SRI AYUDHYA GENERAL INSURANCE PUBLIC COMPANY LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2014

"UNAUDITED"

| | | Baht: '000 | |
|---|--------------|-------------------|---------------|
| | Notes | 2014 | 2013 |
| Revenues | | | |
| Net premium earned | 20 | 945,418 | 942,059 |
| Fee and commission income | 20 | 169,956 | 120,046 |
| Total revenues | | 1,115,374 | 1,062,105 |
| Expenses | | | |
| Underwriting expenses | | | |
| Losses incurred | | | |
| Insurance claims and loss adjustment expenses | 20 | 329,327 | 405,169 |
| Commissions and brokerages expenses | 20 | 219,602 | 219,493 |
| Other underwriting expenses | 20 | 180,289 | 158,748 |
| Operating expenses | 21 | 131,637 | 231,674 |
| Total underwriting expenses | | 860,855 | 1,015,084 |
| Profit on underwriting | | 254,519 | 47,021 |
| Net investment income | | 31,030 | 28,554 |
| Gain on investment in securities | | 4 | 2,004 |
| Other income | | 539 | 3,063 |
| Income from operation | | 286,092 | 80,642 |

SRI AYUDHYA GENERAL INSURANCE PUBLIC COMPANY LIMITED
 STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)
 FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2014
 "UNAUDITED"

| | | Baht: '000 | |
|---|--------------|-------------------|-------------|
| | Notes | 2014 | 2013 |
| Contribution to the Office of Insurance Commission | | 4,150 | 4,210 |
| Contribution to Non - life Guarantee Fund | | 3,649 | 3,710 |
| Contribution to Road Victims Protection Fund | | 199 | 167 |
| Income before income tax expense | | 278,094 | 72,555 |
| Income tax expense | 22 | 64,346 | 37,644 |
| Net income | | 213,748 | 34,911 |
| Other comprehensive income | | | |
| Surplus on revaluation of investments - net of income tax | 5.1.1 | 1,715 | 511 |
| Other net comprehensive income for the periods | | 1,715 | 511 |
| Total comprehensive income for the periods | | 215,463 | 35,422 |
| Basic earnings per share | 23 | Baht 1.19 | 0.19 |

See condensed notes to the financial statements

SRI AYUDHYA GENERAL INSURANCE PUBLIC COMPANY LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2014
"UNAUDITED"

Baht: '000

| | Notes | Issued and paid-up share capital | Retained deficits Unappropriated | Other components of equity - Surplus on revaluation of investments | Total equity |
|---|-------|--|-------------------------------------|---|------------------|
| Beginning balance as at January 1, 2013 | | 1,800,000 | (810,023) | 11,255 | 1,001,232 |
| Comprehensive income | 5.1.1 | - | 34,911 | 511 | 35,422 |
| Ending balance as at June 30, 2013 | | <u>1,800,000</u> | <u>(775,112)</u> | <u>11,766</u> | <u>1,036,654</u> |
| Beginning balance as at January 1, 2014 | | 1,800,000 | (651,517) | 9,765 | 1,158,248 |
| Comprehensive income | 5.1.1 | - | 213,748 | 1,715 | 215,463 |
| Ending balance as at June 30, 2014 | | <u>1,800,000</u> | <u>(437,769)</u> | <u>11,480</u> | <u>1,373,711</u> |

See condensed notes to the financial statements

SRI AYUDHYA GENERAL INSURANCE PUBLIC COMPANY LIMITED
STATEMENT OF CASH FLOWS
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2014
"UNAUDITED"

| | | Baht: '000 | |
|---|--------------|-------------------|-------------|
| | Notes | 2014 | 2013 |
| CASH FLOWS PROVIDED BY (USED IN) | | | |
| OPERATING ACTIVITIES | | | |
| Direct premium received | | 1,490,608 | 1,485,189 |
| Cash received (paid) from reinsurance | | (208,682) | 710,766 |
| Losses incurred from direct insurance | | (662,381) | (632,097) |
| Loss adjustment expenses from direct insurance | | (41,330) | (36,576) |
| Commissions and brokerages from direct insurance | | (221,651) | (216,987) |
| Other underwriting expenses | | (203,835) | (157,798) |
| Interest income | | 30,447 | 27,592 |
| Dividend income | | 36 | 9 |
| Other income | | 512 | 2,720 |
| Operating expenses | | 224,699 | 77,268 |
| Income tax received (paid) | | 7,363 | (5,792) |
| Net cash provided by operating activities | 5.3 | 415,786 | 1,254,294 |
| CASH FLOWS PROVIDED BY (USED IN) | | | |
| INVESTING ACTIVITIES | | | |
| CASH FLOWS PROVIDED BY | | | |
| Investment in securities | | 1,120,004 | 38,454 |
| Deposits at financial institutions with maturity over 3 months and deposits used as collateral | | 555,093 | 47,253 |
| Loans | | 752 | 1,016 |
| Leasehold improvement and equipment | | 7 | 345 |
| Cash provided by investing activities | | 1,675,856 | 87,068 |

SRI AYUDHYA GENERAL INSURANCE PUBLIC COMPANY LIMITED

STATEMENT OF CASH FLOWS (CONTINUED)

FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2014

"UNAUDITED"

| | | 2014 | 2013 |
|---|-------|-------------------------|-------------------------|
| | | | Baht: '000 |
| | Notes | | |
| CASH FLOWS PROVIDED BY (USED IN) | | | |
| INVESTING ACTIVITIES (CONTINUED) | | | |
| CASH FLOWS USED IN | | | |
| Investment in securities | | (1,999,294) | - |
| Deposits at financial institutions with maturity over 3 months and deposits used as collateral | | (503,272) | (7,900) |
| Loans | | (14) | (365) |
| Leasehold improvement and equipment | | (13,142) | (9,010) |
| Intangible assets | | (1,899) | (14) |
| Cash used in investing activities | | <u>(2,517,621)</u> | <u>(17,289)</u> |
| Net cash provided by (used in) investing activities | | <u>(841,765)</u> | <u>69,779</u> |
| | | | |
| Net increase (decrease) in cash and cash equivalents | | (425,979) | 1,324,073 |
| Cash and cash equivalents as at January 1, | | <u>1,592,292</u> | <u>534,742</u> |
| Cash and cash equivalents as at June 30, | 5.2 | <u><u>1,166,313</u></u> | <u><u>1,858,815</u></u> |

See condensed notes to the financial statements

SRI AYUDHYA GENERAL INSURANCE PUBLIC COMPANY LIMITED
CONDENSED NOTES TO THE FINANCIAL STATEMENTS
FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED JUNE 30, 2014
“UNAUDITED”

1. GENERAL INFORMATION AND OPERATION OF THE COMPANY

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

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

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

2. BASIS FOR PREPARATION OF THE INTERIM FINANCIAL STATEMENTS

2.1 These interim financial statements are prepared in accordance with Thai Accounting Standard (TAS) No. 34 (Revised 2009) “Interim Financial Statements”, 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 The interim financial statements for the three-month and six-month periods ended June 30, 2014 are prepared by the management of the Company and are unaudited. However, in the opinion of the Company, all adjustments necessary for a fair presentation have been reflected therein.

2.3 The unaudited results of operations presented in the interim financial statements for the three-month and six-month periods ended June 30, 2014 are not necessarily an indication nor anticipation of the operating results for the full year.

2.4 Certain financial information which is normally included in financial statements prepared in accordance with generally accepted accounting principles, but which is not required for interim reporting purposes, has been omitted. In addition, the interim financial statements for the three-month and six-month periods ended June 30, 2014 should be read in conjunction with the audited financial statements for the year ended December 31, 2013.

2.5 Adoption of new and revised Thai Financial Reporting Standards

Since January 1, 2014, the Company has adopted the new and revised Thai Financial Reporting Standards (TFRSs) issued by the Federation of Accounting Professions, which are effective for the financial statements for the accounting periods beginning on or after January 1, 2014 onwards, in the preparation and presentation of interim financial statements of the Company as follows:

Thai Accounting Standards (TASs)

| | |
|-----------------------|--|
| TAS 1 (Revised 2012) | Presentation of Financial Statements |
| TAS 7 (Revised 2012) | Statement of Cash Flows |
| TAS 12 (Revised 2012) | Income Taxes |
| TAS 17 (Revised 2012) | Leases |
| TAS 18 (Revised 2012) | Revenue |
| TAS 19 (Revised 2012) | Employee Benefits |
| TAS 21 (Revised 2012) | The Effects of Changes in Foreign Exchange Rates |
| TAS 24 (Revised 2012) | Related Party Disclosures |
| TAS 28 (Revised 2012) | Investments in Associates |
| TAS 31 (Revised 2012) | Interests in Joint Ventures |
| TAS 34 (Revised 2012) | Interim Financial Reporting |
| TAS 36 (Revised 2012) | Impairment of Assets |
| TAS 38 (Revised 2012) | Intangible Assets |

Thai Financial Reporting Standards (TFRSs)

| | |
|-----------------------|--|
| TFRS 2 (Revised 2012) | Share-based Payments |
| TFRS 3 (Revised 2012) | Business Combinations |
| TFRS 5 (Revised 2012) | Non-current Assets Held for Sale and Discontinued Operations |
| TFRS 8 (Revised 2012) | Operating Segments |

Thai Accounting Standard Interpretations (TSIs)

| | |
|--------|--|
| TSI 15 | Operating Leases - Incentive |
| TSI 27 | Evaluating the Substance of Transactions Involving the Legal Form of a Lease |
| TSI 29 | Disclosure - Service Concession Arrangements |
| TSI 32 | Intangible Assets - Web Site Costs |

Thai Financial Reporting Interpretations (TFRIs)

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

Guideline on Accounting

Guideline on Accounting regarding Stock Dividend

Such TFRSs have no significant impact on the Company's financial statements.

- 2.6 The Federation of Accounting Professions has issued the Notifications regarding Thai Financial Reporting Standard (TFRS), which has been announced in the Royal Gazette, and effective for the financial statements for the periods beginning on or after January 1, 2016, as follows:

Thai Financial Reporting Standard (TFRS)

| | |
|--------|---------------------|
| TFRS 4 | Insurance Contracts |
|--------|---------------------|

The Company's management will adopt the above TFRS in the preparation of the Company's financial statements when it becomes effective. The Company's management is in the process of assessing the impact on the Company's financial statements for the period of initial application.

- 2.7 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 interim financial statements have been prepared based on the basis, accounting policies and method of computation consistent with those used in the financial statements for the year ended December 31, 2013.

4. IMPACT FROM SEVERE FLOODING IN THAILAND

From the severe flooding in Thailand by the end of 2011, the Company's management has continued to monitor the development of the flood losses. As at June 30, 2014 and December 31, 2013, the Company recorded loss reserves from claims of flooding and recorded loss refundable from reinsurance as follows:

| | As at June 30, 2014 | Baht: million As at December 31, 2013 |
|--|------------------------------------|--|
| Loss reserves (see Note 14) | 766.57 | 1,337.12 |
| Less Loss refundable from reinsurance (see Note 7) | (530.27) | (806.81) |
| Loss reserves - net | <u>236.30</u> | <u>530.31</u> |

For the three-month and six-month periods ended June 30, 2014 and 2013, the Company had insurance claims from the flooding which paid to the insured by net of loss refundable from reinsurance, and reversed net insurance claims arising from loss incurred and loss refundable from such situation, as part of insurance claims and loss adjustment expenses in the statements of comprehensive income for the three-month and six-month periods ended June 30, 2014 and 2013 as follows:

| | Baht: million | | | |
|--|---|-------------|---|-------------|
| | For the three-month periods ended June 30, | | For the six-month periods ended June 30, | |
| | 2014 | 2013 | 2014 | 2013 |
| Net insurance claims paid | 70.60 | 42.46 | 138.94 | 106.30 |
| Net insurance claims decreased (see Note 20) | 12.81 | 43.31 | 155.07 | 56.73 |

In 2014, the Company has additional loss refundable from reinsurers from the flooding amounting to Baht 245.87 million with certain business obligations. For the three-month and six-month periods ended June 30, 2014, the Company recorded such loss refundable from reinsurers amounting to Baht 4.97 million and Baht 136.53 million, respectively. The remaining loss refundable from reinsurers will be recognized as specified in business obligations aforementioned (see Note 20).

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 June 30, 2014 and 2013, the surplus on revaluation of investments which is presented in other components of equity was shown net of deferred tax liabilities as follows:

| | 2014 | Baht: '000 2013 |
|--|----------------|--------------------|
| Unrealized gain on investment in available-for-sale securities | 14,350 | 14,707 |
| <u>Less</u> Deferred tax liabilities (see Note 18) | <u>(2,870)</u> | <u>(2,941)</u> |
| Surplus on revaluation of investments - net | <u>11,480</u> | <u>11,766</u> |

For the six-month periods ended June 30, 2014 and 2013, changes in surplus on revaluation of investments - net of deferred tax were as follows:

| | 2014 | Baht: '000 2013 |
|--|--------------|--------------------|
| Increase of unrealized gain on investment in available-for-sale securities | 2,143 | 638 |
| Increase of deferred tax liabilities (see Note 18) | <u>(428)</u> | <u>(127)</u> |
| Increase of surplus on revaluation of investments - net | <u>1,715</u> | <u>511</u> |

5.1.2 Leasehold improvement and equipment for the six-month periods ended June 30, 2014 and 2013 consist of the following:

| | 2014 | Baht: '000 2013 |
|--|-----------------|--------------------|
| Other payable - fixed assets as at January 1, | 1,813 | - |
| <u>Add</u> Purchases of fixed assets | <u>11,620</u> | <u>9,010</u> |
| <u>Less</u> Cash paid for purchase of fixed assets | <u>(13,142)</u> | <u>(9,010)</u> |
| Other payable - fixed assets as at June 30, | <u>291</u> | <u>-</u> |

5.1.3 Intangible assets the six-month periods ended June 30, 2014 and 2013 consist of the following:

| | 2014 | Baht: '000 2013 |
|---|----------------|--------------------|
| Other payable - intangible assets as at January 1, | 279 | - |
| <u>Add</u> Purchases of intangible assets | <u>1,620</u> | <u>14</u> |
| <u>Less</u> Cash paid for purchase of intangible assets | <u>(1,899)</u> | <u>(14)</u> |
| Other payable - intangible assets as at June 30, | <u>-</u> | <u>-</u> |

5.2 Cash and cash equivalents as at June 30, 2014 and 2013, consist of the following:

| | 2014 | Baht: '000 2013 |
|---|--------------------|--------------------|
| Cash | 265 | 265 |
| Cheque on hands | 7,351 | 25,561 |
| Deposits at bank - call deposits | 758,980 | 350,749 |
| Deposits at bank - time deposits | 257,574 | 311,098 |
| Government securities - Treasury bill | 1,699,221 | 1,482,240 |
| | <u>2,723,391</u> | <u>2,169,913</u> |
| <u>Less</u> Deposits at bank used as collateral | (257,574) | (311,098) |
| Government securities - Treasury bill used as collateral | <u>(1,299,504)</u> | - |
| Cash and cash equivalents | <u>1,166,313</u> | <u>1,858,815</u> |

5.3 Cash flows provided by (used in) operating activities

Items to reconcile net profit to net cash flows provided by (used in) operating activities for the six-month periods ended June 30, 2014 and 2013 are as follows:

| | 2014 | Baht: '000 2013 |
|---|------------|--------------------|
| CASH FLOWS PROVIDED BY (USED IN) OPERATING ACTIVITIES | | |
| Profit before income tax | 278,094 | 72,555 |
| Items to reconcile net profit to net cash flows: | | |
| Depreciation | 9,000 | 8,338 |
| Amortization | 8,649 | 8,807 |
| Gain on sale of fixed assets | (5) | (343) |
| Employment benefit expenses | 2,964 | 3,017 |
| Unearned premium reserve increase (decrease) from prior periods | (58,598) | 48,349 |
| Amortization of bonds premium | 2,989 | 1,328 |
| Amortization of debentures premium | 5 | 9 |
| Amortization of bonds discount | (45) | (88) |
| Amortization of treasury bills discount | (1,410) | - |
| Bad debt and allowance for doubtful accounts | - | 114,677 |
| Gain on sale of investment in available-for-sale securities - other securities | <u>(4)</u> | <u>(2,004)</u> |
| Profit from operations before changes in operating assets and liabilities | 241,639 | 254,645 |

| | 2014 | Baht: '000 2013 |
|--|----------------|--------------------|
| CASH FLOWS PROVIDED BY (USED IN) OPERATING ACTIVITIES (CONTINUED) | | |
| Operating assets (increase) decrease | | |
| Accrued investment income | (2,088) | (2,204) |
| Premium due and uncollected | (5,146) | (17,243) |
| Reinsurance assets | 290,737 | 1,172,120 |
| Deferred commissions expenses | (7,047) | (5,345) |
| Other assets | (20,159) | (4,308) |
| Operating liabilities increase (decrease) | | |
| Due to reinsurers | 152,933 | (210,295) |
| Loss reserves and outstanding claims | (616,103) | (140,961) |
| Premium written received in advance | 31,973 | 21,507 |
| Commissions and brokerages payables | 1,372 | 4,719 |
| Accrued expenses | (33,559) | (19,142) |
| Other liabilities | 373,871 | 206,593 |
| Cash provided by operating activities | 408,423 | 1,260,086 |
| Income tax received (paid) | 7,363 | (5,792) |
| Net cash provided by operating activities | <u>415,786</u> | <u>1,254,294</u> |

6. PREMIUM DUE AND UNCOLLECTED - NET

Premium due and uncollected - net as at June 30, 2014 and December 31, 2013 consists of the following:

| | As at June 30, 2014 | | | | As at December 31, 2013 | | | |
|--------------------------------------|---------------------|----------------|---------------|----------------|-------------------------|----------------|--------------|----------------|
| | Agent and | | Inward | Total | Agent and | | Inward | Total |
| | Insured | Broker | | | Insured | Broker | | |
| Within credit terms | 8,044 | 170,189 | 2,336 | 180,569 | 13,273 | 159,306 | 1,957 | 174,536 |
| Less than 30 days | 290 | 31,352 | 549 | 32,191 | 478 | 35,945 | 1,200 | 37,623 |
| 31 - 60 days | 253 | 18,589 | 1,085 | 19,927 | 13 | 12,424 | 886 | 13,323 |
| 61 - 90 days | 88 | 4,129 | 1,656 | 5,873 | 1 | 6,020 | 980 | 7,001 |
| 91 days - 1 year | 574 | 20,328 | 5,477 | 26,379 | 98 | 25,811 | 3,075 | 28,984 |
| Over 1 year | 36 | 2,363 | 2,462 | 4,861 | 1,173 | 441 | 1,573 | 3,187 |
| Total premium due and uncollected | 9,285 | 246,950 | 13,565 | 269,800 | 15,036 | 239,947 | 9,671 | 264,654 |
| Less Allowance for doubtful accounts | (36) | (9,540) | - | (9,576) | - | (9,576) | - | (9,576) |
| Premium due and uncollected - net | <u>9,249</u> | <u>237,410</u> | <u>13,565</u> | <u>260,224</u> | <u>15,036</u> | <u>230,371</u> | <u>9,671</u> | <u>255,078</u> |

7. REINSURANCE ASSETS

Reinsurance assets as at June 30, 2014 and December 31, 2013 consist of the following:

| | As at June 30, 2014 | Baht: '000 As at December 31, 2013 |
|--|------------------------------------|---|
| Deposit on reinsurance | - | 1 |
| Due from reinsurers | 720,498 | 649,288 |
| Insurance reserve refundable from reinsurers | 941,903 | 1,303,849 |
| | <u>1,662,401</u> | <u>1,953,138</u> |
| <u>Less Allowance for doubtful accounts</u> | <u>(114,677)</u> | <u>(114,677)</u> |
| Total reinsurance assets | <u>1,547,724</u> | <u>1,838,461</u> |

Insurance reserve refundable from reinsurers - net as at June 30, 2014 and December 31, 2013 has included an expected loss refundable from reinsurers caused by suffering losses from flooding in Thailand amounting to Baht 530.27 million and Baht 806.81 million, respectively (see Note 4).

Aging analysis for due from reinsurers as at June 30, 2014 and December 31, 2013 was as follows:

| | As at June 30, 2014 | Baht: '000 As at December 31, 2013 |
|---------------------------|------------------------------------|---|
| Within credit terms | 533,817 | 439,724 |
| Within 12 months | 18,424 | 73,579 |
| 1 - 2 years | 131,312 | 135,811 |
| Over 2 years | 36,945 | 174 |
| Total due from reinsurers | <u>720,498</u> | <u>649,288</u> |

8. INVESTMENT IN SECURITIES

Investment in securities as at June 30, 2014 and December 31, 2013 consists of the following:

| | Baht: '000 | | | |
|--|-------------------------|----------------|-------------------------|----------------|
| | As at June 30, 2014 | | As at December 31, 2013 | |
| | Cost/ Amortized cost | Fair value | Cost/ Amortized cost | Fair value |
| Available-for-sale securities | | | | |
| Government and state enterprise securities | 440,205 | 445,955 | 461,822 | 465,953 |
| Foreign debt securities | - | - | 400,131 | 401,734 |
| Unit trusts | 29,525 | 38,125 | 29,526 | 35,999 |
| Total | 469,730 | 484,080 | 891,479 | 903,686 |
| Add Unrealized gains | 14,350 | - | 12,207 | - |
| Total available-for-sale securities | 484,080 | 484,080 | 903,686 | 903,686 |
| Held-to-maturity securities | | | | |
| Deposits at bank used as collateral | 257,374 | | 309,395 | |
| Government securities - Treasury bill used as collateral | 1,299,504 | | - | |
| Total held-to-maturity securities | 1,557,078 | | 309,395 | |
| General investment in securities | | | | |
| Equity securities | 1,211 | | 1,211 | |
| Total general investment in securities | 1,211 | | 1,211 | |
| Total investment in securities - net | 2,042,369 | | 1,214,292 | |

Debt securities classified by the remaining maturity as at June 30, 2014 were as follows:

| | Maturities | | | Baht: '000 |
|---|------------------|----------------|--------------|------------------|
| | Within 1 year | 1 - 5 years | Over 5 years | Total |
| Available-for-sale debt securities | | | | |
| Government and state enterprise securities | 70,215 | 369,992 | - | 440,205 |
| Add Unrealized gains | 87 | 5,663 | - | 5,750 |
| Total available-for-sale debt securities | 70,300 | 375,655 | - | 445,955 |
| Held-to-maturity debt securities | | | | |
| Government and state enterprise securities | 1,299,504 | - | - | 1,299,504 |
| Total held-to-maturity debt securities | 1,299,504 | - | - | 1,299,504 |
| Total debt securities - net | 1,369,804 | 375,655 | - | 1,745,459 |

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

| | Maturities | | | Baht: '000 |
|---|----------------|----------------|---------------|----------------|
| | Within 1 year | 1 - 5 years | Over 5 years | Total |
| Available-for-sale debt securities | | | | |
| Government and state enterprise securities | 190,789 | 224,136 | 46,897 | 461,822 |
| Foreign debt securities | 400,131 | - | - | 400,131 |
| Add Unrealized gains | 2,380 | 2,799 | 555 | 5,734 |
| Total available-for-sale debt securities | 593,300 | 226,935 | 47,452 | 867,687 |
| Total debt securities - net | 593,300 | 226,935 | 47,452 | 867,687 |

As at June 30, 2014 and December 31, 2013, certain of deposits at bank are pledged as collateral for bank overdrafts amounting to Baht 20 million (see Note 17).

As at June 30, 2014 and December 31, 2013, certain investment in securities are deposited as collateral with the Registrar amounting to Baht 274.38 million and Baht 271.27 million, respectively (see Note 26).

As at June 30, 2014 and December 31, 2013, certain investment in securities are deposited with a bank as the Company's backup assets according to the Notification of the Office of Insurance Commission amounting to Baht 1,747.99 million and Baht 923.02 million, respectively (see Note 27).

9. LOANS

Loans of the Company, which are loans to employees with personal collateral in accordance with the welfare policy of the Company, consist of the following:

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

10. LEASEHOLD IMPROVEMENT AND EQUIPMENT - NET

Leasehold improvement and equipment - net as at June 30, 2014 and December 31, 2013 consist of the following:

| | Cost | | | | Accumulated depreciation | | | | Baht: '000 | |
|--|--------------------|----------|------------|------------------|--------------------------|--------------|------------|------------------|---|--|
| | As at | Increase | Disposal / | As at | As at | Depreciation | Disposal / | As at | Beginning balance of leasehold improvement and equipment - net as at January 1, 2014 | Ending balance of leasehold improvement and equipment - net as at June 30, 2014 |
| | January 1, 2014 | | Write off | June 30, 2014 | January 1, 2014 | | Write off | June 30, 2014 | | |
| Leasehold improvement | 22,939 | 1,900 | (17) | 24,822 | (15,299) | (1,327) | 15 | (16,611) | 7,640 | 8,211 |
| Furniture, fixtures and office equipment | 60,245 | 6,429 | (167) | 66,507 | (42,776) | (3,989) | 167 | (46,598) | 17,469 | 19,909 |
| Vehicles | 39,325 | 3,291 | - | 42,616 | (20,525) | (3,684) | - | (24,209) | 18,800 | 18,407 |
| Total | 122,509 | 11,620 | (184) | 133,945 | (78,600) | (9,000) | 182 | (87,418) | 43,909 | 46,527 |

| | Cost | | | | Accumulated depreciation | | | | Baht: '000 | |
|--|--------------------|----------|------------|----------------------|--------------------------|--------------|------------|----------------------|---|--|
| | As at | Increase | Disposal / | As at | As at | Depreciation | Disposal / | As at | 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 |
| | January 1, 2013 | | Write off | December 31, 2013 | January 1, 2013 | | Write off | December 31, 2013 | | |
| Baht | Baht | Baht | Baht | Baht | Baht | Baht | Baht | Baht | Baht | Baht |
| Leasehold improvement | 21,186 | 3,735 | (1,982) | 22,939 | (15,037) | (2,349) | 1,887 | (13,299) | 6,149 | 7,640 |
| Furniture, fixtures and office equipment | 101,821 | 8,638 | (50,214) | 60,245 | (85,155) | (7,812) | 50,191 | (42,776) | 16,666 | 17,469 |
| Vehicles | 39,235 | 3,525 | (5,435) | 39,325 | (19,053) | (6,907) | 5,435 | (20,525) | 20,182 | 18,800 |
| Total | 162,242 | 17,898 | (57,651) | 122,509 | (119,245) | (16,868) | 57,513 | (78,600) | 42,997 | 43,909 |

As at June 30, 2014 and December 31, 2013, certain leasehold improvement and equipment at cost of Baht 40.48 million and Baht 37.37 million, respectively, were fully depreciated but still in use.

11. DEFERRED TAX ASSETS

Deferred tax assets as at June 30, 2014 and December 31, 2013 were as follows:

| | As at June 30, 2014 | Baht: '000 As at December 31, 2013 |
|---------------------|---------------------------|---|
| Deferred tax assets | <u>211,572</u> | <u>275,918</u> |

Movement of deferred tax assets for the six-month periods ended June 30, 2014 and 2013 consists of tax effects from the following items:

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

| | As at January 1, 2013 | Transactions recognized in profit or loss | Transaction recognized in other comprehensive income or loss | Baht: '000 As at June 30, 2013 |
|----------------------------------|-----------------------------|---|--|---|
| Allowance for doubtful accounts | | | | |
| - Premium due and uncollected | 1,915 | - | - | 1,915 |
| Allowance for doubtful accounts | | | | |
| - Other receivable | 257 | - | - | 257 |
| Unearned premium reserve | 72,017 | 3,339 | - | 75,356 |
| Loss reserve - net | 114,736 | 88,730 | - | 203,466 |
| Incurred but not reported claims | 9,113 | 3,807 | - | 12,920 |
| Employee benefit obligations | 2,229 | 603 | - | 2,832 |
| Unused tax losses | 130,107 | (129,210) | - | 897 |
| Others | 5,975 | (4,913) | - | 1,062 |
| Total | <u>336,349</u> | <u>(37,644)</u> | <u>-</u> | <u>298,705</u> |

The Company used a tax rate of 20% for calculation of deferred tax for the six-month periods ended June 30, 2014 and 2013 (see Note 22).

12. OTHER ASSETS

Other assets as at June 30, 2014 and December 31, 2013 consist of the following:

| | As at June 30, 2014 | Baht: '000 As at December 31, 2013 |
|--|------------------------------------|---|
| Other receivable | 18,763 | 14,046 |
| Revenue Department receivable | 16,087 | - |
| Refundable withholding tax | 1,656 | 13,819 |
| Premium saving certificates used as collateral | 12,500 | 12,500 |
| Others | 16,060 | 11,905 |
| Total other assets | <u>65,066</u> | <u>52,270</u> |

13. DUE TO REINSURERS

Due to reinsurers as at June 30, 2014 and December 31, 2013 consist of the following:

| | As at June 30, 2014 | Baht: '000 As at December 31, 2013 |
|--------------------------------|------------------------------------|---|
| Premium ceded payables | 69,076 | 66,301 |
| Amount withheld on reinsurance | 345,277 | 306,626 |
| Other reinsurance payables | 361,089 | 249,582 |
| Total due to reinsurers | <u>775,442</u> | <u>622,509</u> |

14. LOSS RESERVES AND OUTSTANDING CLAIMS

Loss reserves and outstanding claims as at June 30, 2014 and December 31, 2013 consist of the following:

| | As at June 30, 2014 | Baht: '000 As at December 31, 2013 |
|---|------------------------------------|---|
| As at January 1, | 2,176,599 | 2,842,471 |
| Loss incurred and loss adjustment expenses during the period/year | | |
| - Incurred but not reported | (180) | 17,140 |
| - Incurred but not yet agreed | (631,175) | (678,721) |
| - Incurred and agreed | 1,169,188 | 1,947,644 |
| Loss paid and loss adjustment paid during the period/year | <u>(1,153,936)</u> | <u>(1,951,935)</u> |
| As at June 30, and December 31, | <u>1,560,496</u> | <u>2,176,599</u> |

As at June 30, 2014 and December 31, 2013, the Company had loss reserves and outstanding claims under the reinsurance contracts of Baht 790.07 million and Baht 1,349.98 million, respectively.

Loss reserves and outstanding claims as at June 30, 2014 and December 31, 2013 in the financial statements have included claim from suffering losses from flooding in Thailand amounting to Baht 766.57 million and Baht 1,337.12 million, respectively (see Note 4).

15. PREMIUM RESERVE

Premium reserve as at June 30, 2014 and December 31, 2013 consists of the following:

15.1 Unearned premium reserve

| | As at June 30, 2014 | Baht: '000 As at December 31, 2013 |
|-------------------------------------|------------------------------------|---|
| As at January 1, | 910,180 | 897,935 |
| Premium written for the period/year | 886,820 | 1,920,896 |
| Earned premium for the period/year | <u>(945,418)</u> | <u>(1,908,651)</u> |
| As at June 30, and December 31, | <u>851,582</u> | <u>910,180</u> |

As at June 30, 2014 and December 31, 2013, such unearned premium reserve did not include additional unearned premium reserve of ceded premium to foreign reinsurers amounting to Baht 118.01 million and Baht 86.33 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.

15.2 Unexpired risk reserve

As at June 30, 2014 and December 31, 2013, no additional reserve for unexpired risk reserve has been established as the unexpired risk reserve estimated by the Company amounting to Baht 497.90 million and Baht 567.10 million, respectively, is lower than the unearned premium reserve.

16. EMPLOYEE BENEFIT OBLIGATIONS

Movement in the present value of the employee benefit obligations as at June 30, 2014 and December 31, 2013 was as follows:

| | As at June 30, 2014 | Baht: '000 As at December 31, 2013 |
|---|---------------------------|---|
| Present value of obligation at the beginning of the period/year | 48,185 | 44,237 |
| Current service cost of the period/year | 3,213 | 4,409 |
| Interest cost | 992 | 1,623 |
| Actuarial loss | - | 1,128 |
| Benefit paid during the period/year | (1,241) | (3,212) |
| Present value of obligation at the ending of the period/year | <u>51,149</u> | <u>48,185</u> |

The expense that is recorded in the statements of comprehensive income for employee benefit obligations for the three-month and six-month periods ended June 30, 2014 and 2013 consists of the following:

| | For the three-month periods ended June 30, | | Baht: '000 For the six-month periods ended June 30, | |
|---------------------------------|---|--------------|---|--------------|
| | 2014 | 2013 | 2014 | 2013 |
| Current service cost | 1,930 | 1,102 | 3,213 | 2,205 |
| Interest cost | 496 | 406 | 992 | 812 |
| Total employee benefit expenses | <u>2,426</u> | <u>1,508</u> | <u>4,205</u> | <u>3,017</u> |

17. BANK OVERDRAFTS

As at June 30, 2014 and 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).

18. DEFERRED TAX LIABILITIES

Deferred tax liabilities as at June 30, 2014 and December 31, 2013 were as follows:

| | As at June 30, 2014 | Baht: '000 As at December 31, 2013 |
|--------------------------|------------------------------------|---|
| Deferred tax liabilities | <u>2,870</u> | <u>2,442</u> |

Movement of deferred tax liabilities for the six-month periods ended June 30, 2014 and 2013 consists of tax effects from the following items:

| | As at January 1, 2014 | Transaction recognized in profit or loss | Transaction recognized in other comprehensive income or loss | Baht: '000 As at June 30, 2014 |
|--|--------------------------------------|---|---|---|
| Unrealized gain on the change in value of investment in available-for-sale securities (see Note 5.1.1) | 2,442 | - | 428 | 2,870 |
| Total | <u>2,442</u> | <u>-</u> | <u>428</u> | <u>2,870</u> |

| | As at January 1, 2013 | Transaction recognized in profit or loss | Transaction recognized in other comprehensive income or loss | Baht: '000 As at June 30, 2013 |
|--|--------------------------------------|---|---|---|
| Unrealized gain on the change in value of investment in available-for-sale securities (see Note 5.1.1) | 2,814 | - | 127 | 2,941 |
| Total | <u>2,814</u> | <u>-</u> | <u>127</u> | <u>2,941</u> |

The Company used a tax rate of 20% for calculation of deferred tax for the six-month periods ended June 30, 2014 and 2013 (see Note 22).

19. OTHER LIABILITIES

Other liabilities as at June 30, 2014 and December 31, 2013 consist of the following:

| | As at June 30, 2014 | Baht: '000 As at December 31, 2013 |
|---|---------------------------|---|
| Other payable - promotion expense | 6,902 | 17,344 |
| Amount received in advance - premium | 20,561 | 25,689 |
| Revenue Department payable | 4,116 | 6,419 |
| Undue output VAT | 3,160 | 3,340 |
| Payable from purchase of security (see Note 24) | 399,717 | - |
| Others | 20,598 | 30,192 |
| Total other liabilities | 455,054 | 82,984 |

20. UNDERWRITING INFORMATION CLASSIFIED BY TYPE OF INSURANCE

Underwriting information classified by type of insurance for the three-month and six-month periods ended June 30, 2014 and 2013 consists of the following:

| | For the three-month period ended June 30, 2014 | | | | | Baht: '000 |
|--|--|---------|----------|----------------------|------------------------|------------|
| | Fire | Marine | Motor | Personal Accident | Other miscellaneous | Total |
| Underwriting income | | | | | | |
| Gross premiums written | 134,638 | 101,968 | 224,697 | 92,002 | 165,671 | 718,976 |
| Less Premiums ceded | 32,211 | 73,971 | 75,468 | 22,753 | 75,322 | 279,725 |
| Net premiums written | 102,427 | 27,997 | 149,229 | 69,249 | 90,349 | 439,251 |
| (Add) Less Unearned premium reserve | 6,758 | 94 | (57,657) | 11,602 | 5,968 | (33,235) |
| Net premium earned | 95,669 | 27,903 | 206,886 | 57,647 | 84,381 | 472,486 |
| Fee and commission income | 10,382 | 19,761 | 25,996 | 5,292 | 19,088 | 80,519 |
| Total underwriting income | 106,051 | 47,664 | 232,882 | 62,939 | 103,469 | 553,005 |
| Underwriting expenses | | | | | | |
| Insurance claims and loss adjustment expenses (see Note 4) | 16,105 | 9,793 | 148,557 | 41,973 | 27,778 | 244,206 |
| Commissions and brokerages expenses | 29,514 | 12,006 | 31,298 | 15,691 | 20,515 | 109,024 |
| Other underwriting expenses | 10,461 | 7,536 | 28,763 | 16,398 | 19,468 | 82,626 |
| Total underwriting expenses | 56,080 | 29,335 | 208,618 | 74,062 | 67,761 | 435,856 |

| | For the three-month period ended June 30, 2013 | | | | | Baht: '000 |
|--|--|--------|---------|----------------------|------------------------|------------|
| | Fire | Marine | Motor | Personal Accident | Other miscellaneous | Total |
| Underwriting income | | | | | | |
| Gross premiums written | 145,087 | 96,682 | 237,103 | 70,966 | 180,399 | 730,237 |
| Less Premiums ceded | 52,635 | 66,842 | 1,518 | 11,716 | 113,594 | 246,305 |
| Net premiums written | 92,452 | 29,840 | 235,585 | 59,250 | 66,805 | 483,932 |
| (Add) Less Unearned premium reserve | (412) | 3,479 | 9,509 | (1,244) | (4,648) | 6,684 |
| Net premium earned | 92,864 | 26,361 | 226,076 | 60,494 | 71,453 | 477,248 |
| Fee and commission income | 15,627 | 18,510 | - | 2,944 | 22,078 | 59,159 |
| Total underwriting income | 108,491 | 44,871 | 226,076 | 63,438 | 93,531 | 536,407 |
| Underwriting expenses | | | | | | |
| Insurance claims and loss adjustment expenses (see Note 4) | 16,351 | 10,913 | 125,501 | 29,409 | (14,789) | 167,385 |
| Commissions and brokerages expenses | 30,586 | 11,852 | 31,466 | 12,230 | 22,894 | 109,028 |
| Other underwriting expenses | 9,680 | 7,661 | 24,289 | 12,326 | 26,076 | 80,032 |
| Total underwriting expenses | 56,617 | 30,426 | 181,256 | 53,965 | 34,181 | 356,445 |

| | For the six-month period ended June 30, 2014 | | | | | Baht: '000 |
|--|--|---------|-----------|----------------------|------------------------|------------|
| | Fire | Marine | Motor | Personal Accident | Other miscellaneous | Total |
| Underwriting income | | | | | | |
| Gross premiums written | 306,692 | 187,157 | 464,947 | 169,412 | 350,367 | 1,478,575 |
| Less Premiums ceded | 95,138 | 130,848 | 154,714 | 31,918 | 179,137 | 591,755 |
| Net premiums written | 211,554 | 56,309 | 310,233 | 137,494 | 171,230 | 886,820 |
| (Add) Less Unearned premium reserve | 34,581 | (16) | (123,285) | 26,093 | 4,030 | (58,598) |
| Net premium earned | 176,973 | 56,325 | 433,519 | 111,401 | 167,260 | 945,418 |
| Fee and commission income | 27,595 | 39,232 | 33,307 | 6,270 | 43,552 | 169,956 |
| Total underwriting income | 204,568 | 95,557 | 486,826 | 117,671 | 210,752 | 1,115,374 |
| Underwriting expenses | | | | | | |
| Insurance claims and loss adjustment expenses (see Note 4) | 29,211 | 13,548 | 303,998 | 73,252 | (90,682) | 329,327 |
| Commissions and brokerages expenses | 66,529 | 22,366 | 61,366 | 28,887 | 40,454 | 219,602 |
| Other underwriting expenses | 21,523 | 15,175 | 62,386 | 36,255 | 44,950 | 180,289 |
| Total underwriting expenses | 117,263 | 51,089 | 427,750 | 138,394 | (5,278) | 729,218 |

| | For the six-month period ended June 30, 2013 | | | | | Baht: '000 |
|--|--|----------------|----------------|----------------------|------------------------|------------------|
| | Fire | Marine | Motor | Personal Accident | Other miscellaneous | Total |
| | Underwriting income | | | | | |
| Gross premiums written | 305,027 | 194,140 | 473,306 | 154,487 | 370,361 | 1,497,321 |
| <u>Less</u> Premiums ceded | <u>133,464</u> | <u>137,078</u> | <u>3,036</u> | <u>20,825</u> | <u>212,510</u> | <u>506,913</u> |
| Net premiums written | 171,563 | 57,062 | 470,270 | 133,662 | 157,851 | 990,408 |
| (Add) Less Unearned premium reserve | 2,225 | 4,825 | 26,726 | 17,511 | (2,938) | 48,349 |
| Net premium earned | 169,338 | 52,237 | 443,544 | 116,151 | 160,789 | 942,059 |
| Fee and commission income | 32,427 | 38,340 | - | 4,645 | 44,634 | 120,046 |
| Total underwriting income | <u>201,765</u> | <u>90,577</u> | <u>443,544</u> | <u>120,796</u> | <u>205,423</u> | <u>1,062,105</u> |
| Underwriting expenses | | | | | | |
| Insurance claims and loss adjustment expenses (see Note 4) | 34,172 | 18,255 | 278,804 | 60,386 | 13,552 | 405,169 |
| Commissions and brokerages expenses | 64,208 | 23,922 | 63,431 | 26,336 | 41,596 | 219,493 |
| Other underwriting expenses | 17,684 | 14,198 | 42,317 | 29,965 | 54,584 | 158,748 |
| Total underwriting expenses | <u>116,064</u> | <u>56,375</u> | <u>384,552</u> | <u>116,687</u> | <u>109,732</u> | <u>783,410</u> |

21. OPERATING EXPENSES

Operating expenses for the three-month and six-month periods ended June 30, 2014 and 2013, consist of the following:

| | For the three-month periods ended June 30, | | For the six-month periods ended June 30, | |
|---|--|----------------|--|----------------|
| | 2014 | 2013 | 2014 | 2013 |
| Employee's expenses, excluded underwriting and loss adjustment expenses | 18,566 | 19,628 | 39,115 | 40,981 |
| Premises and equipment expense, excluded underwriting expenses | 23,895 | 22,109 | 47,461 | 44,317 |
| Taxes and duties | 95 | 134 | 1,100 | 1,103 |
| Bad debt and doubtful accounts | - | 114,677 | - | 114,677 |
| Directors' remuneration | 987 | 346 | 3,962 | 673 |
| Management fee (see Note 24) | 4,880 | 4,157 | 10,033 | 8,439 |
| Other operating expenses | 13,472 | 10,912 | 29,966 | 21,484 |
| Total operating expenses | <u>61,895</u> | <u>171,963</u> | <u>131,637</u> | <u>231,674</u> |

22. INCOME TAX EXPENSE

Income tax expense for the three-month and six-month periods ended June 30, 2014 and 2013, consists of the following:

| | For the three-month periods ended June 30, | | For the six-month periods ended June 30, | |
|---|--|---------------|--|---------------|
| | 2014 | 2013 | 2014 | 2013 |
| | | | | Baht: '000 |
| Income tax expense from taxable income per income tax return | - | - | - | - |
| Deferred tax expenses relating to the origination and reversal of temporary differences | 21,560 | 27,389 | 64,346 | 37,644 |
| Income tax expense per the statements of comprehensive income | <u>21,560</u> | <u>27,389</u> | <u>64,346</u> | <u>37,644</u> |

The reconciliation between income tax expense and accounting income for the three-month and six-month periods ended June 30, 2014 and 2013 was as follows:

| | For the three-month periods ended June 30, | | For the six-month periods ended June 30, | |
|---|--|---------------|--|---------------|
| | 2014 | 2013 | 2014 | 2013 |
| | | | | Baht: '000 |
| Accounting income before tax | 66,878 | 21,940 | 278,094 | 72,555 |
| Income tax at 20% | 13,376 | 4,388 | 55,619 | 14,511 |
| Tax effect of non-deductible expenses | 8,184 | 23,001 | 8,727 | 23,133 |
| Income tax expense per the statements of comprehensive income | <u>21,560</u> | <u>27,389</u> | <u>64,346</u> | <u>37,644</u> |

The Company used a tax rate of 20% for calculation of corporate income tax and deferred tax for the three-month and six-month periods ended June 30, 2014 and 2013 (see Notes 11 and 18).

23. BASIC EARNINGS (LOSS) PER SHARE

Basic earnings (loss) per share for the three-month and six-month periods ended June 30, 2014 and 2013 were as follows:

| | For the three-month periods ended June 30, | | For the six-month periods ended June 30, | |
|--|--|---------------|--|-------------|
| | 2014 | 2013 | 2014 | 2013 |
| Net profit (loss) (Baht : '000) | 45,318 | (5,449) | 213,748 | 34,911 |
| Number of share capital (shares) | 180,000,000 | 180,000,000 | 180,000,000 | 180,000,000 |
| Basic earnings (loss) per share (Baht) | <u>0.25</u> | <u>(0.03)</u> | <u>1.19</u> | <u>0.19</u> |

24. TRANSACTIONS WITH RELATED PARTIES

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

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

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

Significant balances and transactions are as follows:

| | As at June 30, 2014 | Baht: '000 As at December 31, 2013 |
|---------------------------------------|---------------------------|---|
| Deposits at bank | | |
| Bank of Ayudhya Plc. | 948,234 | 768,792 |
| Premium due and uncollected | | |
| Bank of Ayudhya Plc. | 553 | 311 |
| Krungsri Asset Management Co., Ltd. | - | 129 |
| Ayudhya Development Leasing Co., Ltd. | 2,902 | - |
| Siam City Cement Plc. | 563 | 485 |
| Bangkok Broadcasting & T.V. Co., Ltd. | 1,451 | 975 |
| BBTV Equity Co., Ltd. | 30 | - |

| | As at June 30, 2014 | Baht: '000 As at December 31, 2013 |
|---|---------------------------|---|
| Premium due and uncollected (Continued) | | |
| CKS Holding Ltd. | - | 108 |
| Allianz Ayudhya Assurance Plc. | 653 | 38 |
| Siam Realty and Service Co., Ltd. | 62 | - |
| Ayudhya Capital Auto Lease Plc. | - | 571 |
| Krungsriayudhya Card Co., Ltd. | 1,186 | 2,155 |
| | <u>7,400</u> | <u>4,772</u> |
| Accrued interest income | | |
| Bank of Ayudhya Plc. | 4,675 | 2,401 |
| Rental and facilities deposits | | |
| BBTV Equity Co., Ltd. | 4,024 | 3,924 |
| Accrued expense - custodian fee | | |
| Bank of Ayudhya Plc. | 15 | 12 |
| Accrued expense - commissions and brokerages | | |
| Bank of Ayudhya Plc. | 13,393 | 15,883 |
| Accrued expense - other underwriting expenses | | |
| Bank of Ayudhya Plc. | 5,343 | 6,286 |
| Accrued expense | | |
| Sri Ayudhya Capital Plc. | 4,880 | 10,560 |
| Payable from purchase of security (see Note 19) | | |
| Bank of Ayudhya Plc. | 399,717 | - |

| | For the three-month periods ended June 30, | | Baht: '000 For the six-month periods ended June 30, | |
|---------------------------------------|---|---------------|---|---------------|
| | 2014 | 2013 | 2014 | 2013 |
| Premium written | | | | |
| Bank of Ayudhya Plc. | 634 | 1,199 | 33,986 | 13,291 |
| Krungsri Securities Plc. | - | - | 5 | 4 |
| Krungsri Asset Management Co., Ltd. | 12 | - | 1,262 | 1,345 |
| Ayudhya Development Leasing Co., Ltd. | 2,706 | 25,931 | 2,744 | 26,791 |
| Siam City Cement Plc. | 1,073 | 938 | 3,362 | 2,355 |
| Bangkok Broadcasting & T.V. Co., Ltd. | 5,359 | 4,723 | 5,879 | 5,204 |
| Great Luck Equity Co., Ltd. | 22 | 26 | 22 | 26 |
| Super Assets Co., Ltd. | - | - | 61 | 54 |
| BBTV Equity Co., Ltd. | 28 | 31 | 57 | 56 |
| Allianz Ayudhya Assurance Plc. | 335 | (5) | 608 | 585 |
| Ayudhya Asset Management Co., Ltd. | 106 | 939 | 755 | 1,009 |
| Siam Realty and Services Co., Ltd. | 272 | 328 | 279 | 575 |
| Ayudhya Capital Auto Lease Plc. | - | - | - | 508 |
| Krungsriayudhya Card Co., Ltd. | 156 | - | 156 | 2,689 |
| | <u>10,703</u> | <u>34,110</u> | <u>49,176</u> | <u>54,492</u> |

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

| | For the three-month periods ended June 30, | | Baht: '000 For the six-month periods ended June 30, | |
|----------------------|--|-------|--|-------|
| | 2014 | 2013 | 2014 | 2013 |
| Interest income | | | | |
| Bank of Ayudhya Plc. | 2,395 | 2,882 | 3,819 | 4,503 |

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

| | For the three-month periods ended June 30, | | Baht: '000 For the six-month periods ended June 30, | |
|-----------------------------|--|--------|--|--------|
| | 2014 | 2013 | 2014 | 2013 |
| Commissions and brokerages | | | | |
| Bank of Ayudhya Plc. | 41,667 | 38,673 | 86,719 | 80,083 |
| Other underwriting expenses | | | | |
| Bank of Ayudhya Plc. | 16,700 | 15,579 | 36,126 | 34,124 |

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 three-month periods ended June 30, | | Baht: '000 For the six-month periods ended June 30, | |
|----------------------|--|------|--|------|
| | 2014 | 2013 | 2014 | 2013 |
| Custodian fee | | | | |
| Bank of Ayudhya Plc. | 48 | 29 | 87 | 59 |

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

| | For the three-month periods ended June 30, | | Baht: '000 For the six-month periods ended June 30, | |
|--|--|-------|--|-------|
| | 2014 | 2013 | 2014 | 2013 |
| Rental and service fees | | | | |
| BBTV Equity Co., Ltd. | 3,920 | 3,910 | 7,840 | 7,820 |
| Management fee | | | | |
| Sri Ayudhya Capital Plc. (see Note 21) | 4,880 | 4,157 | 10,033 | 8,439 |

The Company had 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 entered into a management service agreement with the parent company for receiving managerial and administrative services of accounting, payroll and information technology. Service rates were agreed by both parties which were determined based on estimated time spent and cost incurred for the Company.

25. DIRECTORS AND KEY MANAGEMENT PERSONNEL'S REMUNERATION

During the three-month and six-month periods ended June 30, 2014 and 2013, the Company had salaries, bonuses, directors allowances and other benefits of its directors and key management personnel recognized as expenses as follows:

| | For the three-month periods ended June 30, | | For the six-month periods ended June 30, | |
|---|--|-------|--|--------|
| | 2014 | 2013 | 2014 | 2013 |
| Directors and key management personnel's remuneration | 7,712 | 5,950 | 13,703 | 11,880 |

Baht: '000

Directors' remuneration for the years of 2014 and 2013 were approved by the ordinary shareholders' meeting of the Company held on March 21, 2014 and April 9, 2013, respectively.

26. DEPOSITS WITH THE REGISTRAR

As at June 30, 2014 and December 31, 2013, certain investment in securities of the Company are deposited with the Registrar (see Note 8) in accordance with the Insurance Act and the Notification of the Office of Insurance Commission regarding "Rates, Rules and Procedures for pledge of unearned premium reserve of Non-Life Insurance Company B.E. 2557" as follows:

| | As at | Baht: '000 |
|--|----------------|-------------------------|
| | June 30, 2014 | As at December 31, 2013 |
| Government and state enterprise securities | 260,381 | 257,274 |
| Deposits at bank | 14,000 | 14,000 |
| Total deposits with the Registrar | <u>274,381</u> | <u>271,274</u> |

27. BACKUP ASSETS

As at June 30, 2014 and December 31, 2013, 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:

| | As at | Baht: '000 |
|--|------------------|-------------------------|
| | June 30, 2014 | As at December 31, 2013 |
| Government and state enterprise securities | 185,574 | 208,679 |
| Government securities - Treasury bill | 1,299,504 | - |
| Foreign debt securities | - | 401,734 |
| Unit trusts | 38,125 | 35,999 |
| Deposits at bank | 223,574 | 275,395 |
| Equity securities | 1,211 | 1,211 |
| Total backup assets | <u>1,747,988</u> | <u>923,018</u> |

28. CONTINGENT LIABILITIES AND COMMITMENT

28.1 As at June 30, 2014 and December 31, 2013, lawsuits have been brought against the Company, as insurer, from which the Company estimates losses totaling Baht 31.62 million and Baht 31.99 million, respectively. Such amount has been set aside in the loss reserve and outstanding claims accounts. The Company's management does not expect the outcome of the litigation to result in losses that differ from the recorded liability by amounts, that would be material to the Company's operating results.

28.2 As at June 30, 2014 and December 31, 2013, the Company had a capital commitment to pay computer program development expenses in the amount of approximately Baht 13.58 million and Baht 15.92 million, respectively.

29. LONG-TERM LEASES AND SERVICE AGREEMENTS

Long-term leases and service agreements as at June 30, 2014 and December 31, 2013 consist of the following:

| Type of lease | Remaining periods | | Baht: '000 |
|--------------------------------|-------------------|---------------------------|---|
| | Within 1 year | Over 1 year to 5 years | Total rental payments for the remaining periods |
| As at June 30, 2014 | | | |
| Building | | | |
| - related company | 2,554 | 2,484 | 5,038 |
| - others | 2,014 | 5,151 | 7,165 |
| Service - related company | 2,538 | 2,484 | 5,022 |
| Equipment - related company | 3,383 | 3,312 | 6,695 |
| | <u>10,489</u> | <u>13,431</u> | <u>23,920</u> |
| As at December 31, 2013 | | | |
| Building | | | |
| - related company | 2,933 | - | 2,933 |
| - others | 2,928 | 3,379 | 6,307 |
| Service - related company | 2,896 | - | 2,896 |
| Equipment - related company | 3,862 | - | 3,862 |
| | <u>12,619</u> | <u>3,379</u> | <u>15,998</u> |

30. FINANCIAL INFORMATION BY SEGMENT

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

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

For the three-month and six-month periods ended June 30, 2014 and 2013, there is no underwriting income with a single external customer contributed 10% or more to the Company's total revenue.

The reporting of underwriting information classified by type of insurance for the three-month and six-month periods ended June 30, 2014 and 2013 were as follows:

| | For the three-month period ended June 30, 2014 | | | | Baht: '000 |
|--|--|---------|----------|---------------|------------|
| | Fire | Marine | Motor | Miscellaneous | Total |
| Underwriting income | | | | | |
| Gross premiums written | 134,638 | 101,968 | 224,697 | 257,673 | 718,976 |
| Less Premiums ceded | 32,211 | 73,971 | 75,468 | 98,075 | 279,725 |
| Net premiums written | 102,427 | 27,997 | 149,229 | 159,598 | 439,251 |
| (Add) Less Unearned premium reserve | 6,758 | 94 | (57,657) | 17,570 | (33,235) |
| Net premium earned | 95,669 | 27,903 | 206,886 | 142,028 | 472,486 |
| Fee and commission income | 10,382 | 19,761 | 25,996 | 24,380 | 80,519 |
| Total underwriting income | 106,051 | 47,664 | 232,882 | 166,408 | 553,005 |
| Underwriting expenses | | | | | |
| Insurance claims and loss adjustment expenses | 16,105 | 9,793 | 148,557 | 69,751 | 244,206 |
| Commissions and brokerages expenses | 29,514 | 12,006 | 31,298 | 36,206 | 109,024 |
| Other underwriting expenses | 10,461 | 7,536 | 28,763 | 35,866 | 82,626 |
| Total underwriting expenses | 56,080 | 29,335 | 208,618 | 141,823 | 435,856 |
| Profit on underwriting before operating expenses | 49,971 | 18,329 | 24,264 | 24,585 | 117,149 |
| Operating expenses | | | | | 61,895 |
| Profit on underwriting | | | | | 55,254 |

| | For the three-month period ended June 30, 2013 | | | | Baht: '000 |
|--|--|--------|---------|---------------|------------|
| | Fire | Marine | Motor | Miscellaneous | Total |
| Underwriting income | | | | | |
| Gross premiums written | 145,087 | 96,682 | 237,103 | 251,365 | 730,237 |
| Less Premiums ceded | 52,635 | 66,842 | 1,518 | 125,310 | 246,305 |
| Net premiums written | 92,452 | 29,840 | 235,585 | 126,055 | 483,932 |
| (Add) Less Unearned premium reserve | (412) | 3,479 | 9,509 | (5,892) | 6,684 |
| Net premium earned | 92,864 | 26,361 | 226,076 | 131,947 | 477,248 |
| Fee and commission income | 15,627 | 18,510 | - | 25,022 | 59,159 |
| Total underwriting income | 108,491 | 44,871 | 226,076 | 156,969 | 536,407 |
| Underwriting expenses | | | | | |
| Insurance claims and loss adjustment expenses | 16,351 | 10,913 | 125,501 | 14,620 | 167,385 |
| Commissions and brokerages expenses | 30,586 | 11,852 | 31,466 | 35,124 | 109,028 |
| Other underwriting expenses | 9,680 | 7,661 | 24,289 | 38,402 | 80,032 |
| Total underwriting expenses | 56,617 | 30,426 | 181,256 | 88,146 | 356,445 |
| Profit on underwriting before operating expenses | 51,874 | 14,445 | 44,820 | 68,823 | 179,962 |
| Operating expenses | | | | | 171,963 |
| Profit on underwriting | | | | | 7,999 |

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

| | For the six-month period ended June 30, 2013 | | | | Baht: '000 |
|---|--|---------|---------|---------------|------------|
| | Fire | Marine | Motor | Miscellaneous | Total |
| Underwriting income | | | | | |
| Gross premiums written | 305,027 | 194,140 | 473,306 | 524,848 | 1,497,321 |
| Less: Premiums ceded | 133,464 | 137,078 | 3,036 | 233,335 | 506,913 |
| Net premiums written | 171,563 | 57,062 | 470,270 | 291,513 | 990,408 |
| Less: Unearned premium reserve | 2,225 | 4,825 | 26,726 | 14,573 | 48,349 |
| Net premium earned | 169,338 | 52,237 | 443,544 | 276,940 | 942,059 |
| Fee and commission income | 32,427 | 38,340 | - | 49,279 | 120,046 |
| Total underwriting income | 201,765 | 90,577 | 443,544 | 326,219 | 1,062,105 |
| Underwriting expenses | | | | | |
| Insurance claims and loss adjustment expenses | 34,172 | 18,255 | 278,804 | 73,938 | 405,169 |
| Commissions and brokerages expenses | 64,208 | 23,922 | 63,431 | 67,932 | 219,493 |
| Other underwriting expenses | 17,684 | 14,198 | 42,317 | 84,549 | 158,748 |
| Total underwriting expenses | 116,064 | 56,375 | 384,552 | 226,419 | 783,410 |
| Profit on underwriting before operating expenses | 85,701 | 34,202 | 58,992 | 99,800 | 278,695 |
| Operating expenses | | | | | 231,674 |
| Profit on underwriting | | | | | 47,021 |

31. APPROVAL OF INTERIM FINANCIAL STATEMENTS

These interim financial statements were approved for issuance by the Company's authorized executive director on August 6, 2014.