
*SRI AYUDHYA GENERAL INSURANCE PUBLIC
COMPANY LIMITED*

Financial Statements

Year ended December 31, 2014

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, 2014, and the statements of comprehensive income, changes in shareholders' equity and 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, 2014, and its financial performance and its cash flows for the year then ended in accordance with Thai Financial Reporting Standards.



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

BANGKOK
February 19, 2015

DELOITTE TOUCHE TOHMATSU JAIYOS AUDIT CO., LTD.

SRI AYUDHYA GENERAL INSURANCE PUBLIC COMPANY LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2014

BAHT

	Notes	" Restated "		
		As at December 31, 2014	As at December 31, 2013	As at January 1, 2013
ASSETS				
Cash and cash equivalents	5.2	1,331,413,276	1,592,292,279	534,742,070
Accrued investment income		10,300,074	10,889,976	8,200,066
Premium due and uncollected - net	6	305,664,100	255,078,129	241,337,045
Reinsurance assets	7 and 38	1,426,546,757	2,266,431,074	4,007,840,736
Investments				
Investment in securities	8			
Available-for-sale securities		414,234,407	903,687,935	761,848,900
Held-to-maturity securities		1,407,805,766	309,395,009	352,951,309
General investment		1,160,970	1,210,970	1,210,970
Total investment in securities		<u>1,823,201,143</u>	<u>1,214,293,914</u>	<u>1,116,011,179</u>
Loans	9	1,327,303	2,574,742	4,232,769
Leasehold improvement and equipment - net	10	44,999,054	43,908,091	42,997,210
Intangible assets - net	11	88,236,847	101,051,272	117,248,562
Deferred tax assets	12	205,244,689	275,918,008	336,349,029
Deferred commissions expenses		59,835,673	54,395,871	39,920,631
Other assets	13	65,811,972	52,270,338	55,990,146
TOTAL ASSETS		<u><u>5,362,580,888</u></u>	<u><u>5,869,103,694</u></u>	<u><u>6,504,869,443</u></u>

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

SRI AYUDHYA GENERAL INSURANCE PUBLIC COMPANY LIMITED
STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT DECEMBER 31, 2014

BAHT

	Notes	" Restated "		
		As at December 31, 2014	As at December 31, 2013	As at January 1, 2013
LIABILITIES AND EQUITY				
Income tax payable		6,151,921	-	-
Due to reinsurers	14	795,480,417	622,509,146	888,181,628
Insurance contract liabilities				
Loss reserves and outstanding claims	15	995,377,458	2,176,599,794	2,842,470,718
Premium reserve	16 and 38	1,451,942,098	1,338,149,536	1,314,816,028
Employee benefit obligations	17	56,374,662	48,185,082	44,236,637
Deferred tax liabilities	19	3,434,753	2,441,350	2,813,637
Premium written received in advance		334,883,105	330,860,001	258,459,569
Commissions and brokerages payables		62,710,173	52,876,141	47,104,950
Accrued expenses		76,835,127	56,249,150	39,511,787
Other liabilities	20	55,874,710	82,984,600	66,042,581
TOTAL LIABILITIES		<u>3,839,064,424</u>	<u>4,710,854,800</u>	<u>5,503,637,535</u>
EQUITY				
Share capital				
Authorized share capital				
240,000,000 ordinary shares				
of Baht 10.00 each		<u>2,400,000,000</u>	<u>2,400,000,000</u>	<u>2,400,000,000</u>
Issued and paid-up share capital				
180,000,000 ordinary shares				
of Baht 10.00 each		1,800,000,000	1,800,000,000	1,800,000,000
Retained deficits				
Unappropriated		(290,222,546)	(651,516,504)	(810,022,638)
Other components of equity				
Surplus on revaluation of investments	5.1.1	13,739,010	9,765,398	11,254,546
TOTAL EQUITY		<u>1,523,516,464</u>	<u>1,158,248,894</u>	<u>1,001,231,908</u>
TOTAL LIABILITIES AND EQUITY		<u>5,362,580,888</u>	<u>5,869,103,694</u>	<u>6,504,869,443</u>

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

SRI AYUDHYA GENERAL INSURANCE PUBLIC COMPANY LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2014

BAHT

	Notes	2014	2013
Revenues			
Net premium earned	22	1,821,693,495	1,908,651,369
Fee and commission income	22	370,221,695	230,480,387
Total revenues		2,191,915,190	2,139,131,756
Expenses			
Underwriting expenses			
Losses incurred			
Insurance claims and loss adjustment expenses	22	689,132,488	828,777,267
Commissions and brokerages expenses	22	454,613,502	421,395,418
Other underwriting expenses	22	362,463,110	351,533,433
Operating expenses	23	280,072,070	365,849,153
Total underwriting expenses		1,786,281,170	1,967,555,271
Profit on underwriting		405,634,020	171,576,485
Net investment income		58,837,627	64,411,295
Gain on investment in securities	25	17,488	2,003,971
Other income		2,198,661	6,485,373
Income from operation		466,687,796	244,477,124

SRI AYUDHYA GENERAL INSURANCE PUBLIC COMPANY LIMITED
STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2014

		BAHT	
	Notes	2014	2013
Contribution to the Office of Insurance Commission		8,135,400	7,902,615
Contribution to Non-life Guarantee Fund		7,635,400	7,402,615
Contribution to Road Victims Protection Fund		377,922	311,071
Income before income tax expense		450,539,074	228,860,823
Income tax expense	26	87,920,799	69,452,133
Net income		362,618,275	159,408,690
Other comprehensive income (loss)			
Actuarial loss on defined employee benefit plans - net of income tax	17	(1,324,317)	(902,556)
Surplus (deficit) on revaluation of investments - net of income tax	5.1.1	3,973,612	(1,489,148)
Other net comprehensive income (loss) for the years - net of income tax		2,649,295	(2,391,704)
Total comprehensive income for the years		365,267,570	157,016,986
Basic earnings per share	27	Baht	
		2.01	0.89

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

SRI AYUDHYA GENERAL INSURANCE PUBLIC COMPANY LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2014

BAHT

	Notes	Issued and paid-up share capital	Unappropriated Retain earnings (deficit)	Other components of equity - Surplus (deficit) on revaluation of investments	Total equity
Beginning balance as at January 1, 2013		1,800,000,000	(810,022,638)	11,254,546	1,001,231,908
Changing during the year					
Comprehensive income	5.1.1	-	158,506,134	(1,489,148)	157,016,986
Ending balance as at December 31, 2013		<u>1,800,000,000</u>	<u>(651,516,504)</u>	<u>9,765,398</u>	<u>1,158,248,894</u>
Beginning balance as at January 1, 2014		1,800,000,000	(651,516,504)	9,765,398	1,158,248,894
Changing during the year					
Comprehensive income	5.1.1	-	361,293,958	3,973,612	365,267,570
Ending balance as at December 31, 2014		<u>1,800,000,000</u>	<u>(290,222,546)</u>	<u>13,739,010</u>	<u>1,523,516,464</u>

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

SRI AYUDHYA GENERAL INSURANCE PUBLIC COMPANY LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2014

BAHT

	Notes	2014	2013
CASH FLOWS PROVIDED BY (USED IN)			
OPERATING ACTIVITIES			
Direct premium received		3,010,615,684	3,018,210,191
Cash received (paid) from reinsurance		(103,661,281)	577,708,001
Losses incurred from direct insurance		(1,426,777,745)	(1,420,664,477)
Loss adjustment expenses from direct insurance		(91,198,690)	(93,664,574)
Commissions and brokerages from direct insurance		(443,486,291)	(424,152,119)
Other underwriting expenses		(385,974,226)	(337,020,804)
Interest income		57,911,493	65,433,818
Dividend income		35,567	8,500
Other income		1,830,962	3,827,002
Operating expenses		(256,032,152)	(205,822,044)
Income tax received (paid)		1,398,237	(11,547,103)
Net cash provided by operating activities	5.3	364,661,558	1,172,316,391
CASH FLOWS PROVIDED BY (USED IN)			
INVESTING ACTIVITIES			
CASH FLOWS PROVIDED BY			
Investment in securities			
Redemption of investment in			
held-to-maturity securities - treasury bills			
with maturity over 3 months or used as collateral		3,400,000,000	-
Redemption of investment in			
held-to-maturity securities - notes			
with maturity over 3 months		-	2,500,000
Redemption of investment in			
available-for-sale securities - bonds		590,000,000	8,860,000

SRI AYUDHYA GENERAL INSURANCE PUBLIC COMPANY LIMITED
STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2014

BAHT

	Notes	2014	2013
CASH FLOWS PROVIDED BY (USED IN)			
INVESTING ACTIVITIES (CONTINUED)			
CASH FLOWS PROVIDED BY (CONTINUED)			
Investment in securities (Continued)			
Redemption of investment in			
available-for-sale securities - debentures		-	6,900,000
Sale of investment in available-for-sale securities			
- unit trusts		4,397	20,193,035
Sale of general investment - ordinary shares		63,091	-
Deposits at financial institutions with maturity			
over 3 months and deposits used as collateral		573,889,133	69,817,190
Loans		1,317,832	1,935,100
Leasehold improvement and equipment		474,014	2,775,090
Cash provided by investing activities		<u>4,565,748,467</u>	<u>112,980,415</u>
CASH FLOWS USED IN			
Investment in securities			
Purchase of investment in available-for-sale securities			
- bonds		(101,200,143)	(181,370,468)
Purchase of investment in available-for-sale securities			
- treasury bills		(4,392,517,972)	-
Deposits at financial institutions with maturity			
over 3 months and deposits used as collateral		(672,680,766)	(28,760,890)
Loans		(70,393)	(365,000)
Leasehold improvement and equipment		(20,765,683)	(16,084,974)
Intangible assets		(4,054,071)	(1,165,265)
Cash used in investing activities		<u>(5,191,289,028)</u>	<u>(227,746,597)</u>
Net cash used in investing activities		<u>(625,540,561)</u>	<u>(114,766,182)</u>
Net increase (decrease) in cash and cash equivalents		(260,879,003)	1,057,550,209
Cash and cash equivalents as at January 1,		<u>1,592,292,279</u>	<u>534,742,070</u>
Cash and cash equivalents as at December 31,	5.2	<u><u>1,331,413,276</u></u>	<u><u>1,592,292,279</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 YEAR ENDED DECEMBER 31, 2014

1. GENERAL INFORMATION AND OPERATION OF THE COMPANY

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

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

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

2. BASIS FOR PREPARATION OF THE FINANCIAL STATEMENTS

- 2.1 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 Company’s financial statements have been prepared in accordance with the Thai Accounting Standard (TAS) No. 1 (Revised 2012) “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.

2.3 Thai Financial Reporting Standards affecting the presentation and/or disclosure in the current year financial statements

The Federation of Accounting Professions has issued the Notifications regarding Thai Financial Reporting Standards (TFRSs) which are effective for the financial statements for the period beginning on or after January 1, 2014 onwards, as follow:

Thai Accounting Standards (“TAS”)

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 Venture
TAS 34 (Revised 2012)	Interim Financial Reporting
TAS 36 (Revised 2012)	Impairment of Assets
TAS 38 (Revised 2012)	Intangible assets

Thai Financial Reporting Standards (“TFRS”)

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 Standards Interpretations (“TSIC”)

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

Thai Financial Reporting Standard Interpretations (“TFRIC”)

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

Above TFRSs have no material impact on these financial statements.

In addition, the Federation of Accounting Professions issued the Notification regarding the Conceptual Framework for Financial Reporting (Revised 2014), which was announced in the Royal Gazette and effective from October 15, 2014 onwards to replace the Accounting Framework (Revised 2009). Such Conceptual Framework for Financial Reporting has no material impact on these financial statements.

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

The Federation of Accounting Professions has issued the Notifications regarding Thai Financial Reporting Standards (TFRSs), which are effective for the accounting period beginning on or after January 1, 2015 onwards as follows:

Thai Accounting Standards (“TAS”)

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

Thai Financial Reporting Standards (“TFRS”)

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

Thai Accounting Standards Interpretations (“TSIC”)

TSIC 10 (Revised 2014)	Government Assistance - No Specific Relation to Operating Activities
TSIC 15 (Revised 2014)	Operating Leases - Incentives
TSIC 25 (Revised 2014)	Income Taxes - Change in the Tax Status of an Enterprise or its Shareholders
TSIC 27 (Revised 2014)	Evaluating the Substance of Transactions in the Legal Form of a Lease
TSIC 29 (Revised 2014)	Disclosure - Service Concession Arrangements

Thai Accounting Standards Interpretations (“TSIC”) (Continued)

TSIC 31 (Revised 2014)	Revenue - Barter Transactions Involving Advertising Services
TSIC 32 (Revised 2014)	Intangible Assets - Web Site Costs

Thai Financial Reporting Standard Interpretations (“TFRIC”)

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

The Federation of Accounting Professions has issued the Notification regarding Thai Financial Reporting Standard (TFRS), which is effective for the accounting period beginning on or after January 1, 2016 onwards as follow:

Thai Financial Reporting Standard (“TFRS”)

TFRS 4 (Revised 2014)	Insurance Contracts
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The Company’s management will adopt the above TFRSs relevant to the Company in the preparation of the Company’s financial statements when they become effective.

The Company’s management has assessed the effects of these TFRSs and believes that they will not have any significant impact on the financial statements for the period in which they are initially applied except for the followings:

Thai Financial Reporting Standards (“TFRS”)		Effective date
TFRS 13	Fair Value Measurement	January 1, 2015
TFRS 4 (Revised 2014)	Insurance Contracts	January 1, 2016

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

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

3. SIGNIFICANT ACCOUNTING POLICIES

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

3.1 Recognition of revenues and expenses

Premium written

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

Reinsurance premium

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

Commissions and brokerages income

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

Interest and dividends income

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

Commissions and brokerages and other expenses

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

3.2 Cash and cash equivalents

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

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

3.3 Premium due and uncollected

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

3.4 Reinsurance assets

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

3.5 Investment in securities

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

Securities classified as general investments are stated at cost.

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

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

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

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

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

3.6 Leasehold improvement and equipment

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

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

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

3.7 Intangible assets

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

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

Computer software	5 years
Bancassurance agreement	10 years

3.8 Unearned premium reserve

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

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

3.9 Loss reserve and outstanding claims

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

3.10 Foreign currency transactions

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

3.11 Employee benefit

3.11.1 Provident fund

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

3.11.2 Post-employment benefits obligation

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

3.12 Long-term leases

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

3.13 Income tax expense

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

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

3.14 Basic earnings per share

Basic earnings per share are calculated by dividing net income by the number of weighted average ordinary shares outstanding at the end of the year. In the case of a capital increase, the number of shares is equal to the weighted average according to the time of the subscription received for the increase in paid-up share capital. As at December 31, 2014 and 2013, the Company does not have any common share equivalents outstanding which would have had a dilutive effect on earnings per share.

3.15 Use of accounting estimates

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

4. IMPACT FROM SEVERE FLOODING IN THAILAND

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

	As at December 31, 2014	Baht: million As at December 31, 2013
Loss reserves (see Note 15)	390.88	1,337.12
<u>Less</u> Loss refundable from reinsurance (see Note 7)	<u>(255.91)</u>	<u>(806.81)</u>
Loss reserves - net	<u>134.97</u>	<u>530.31</u>

For the years ended December 31, 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 such net insurance claims, as part of insurance claims and loss adjustment expenses in the statements of comprehensive income for the year ended December 31, 2014 and 2013 as follows:

	For the years ended December 31, 2014	Baht: million For the years ended December 31, 2013
Net insurance claims paid	168.77	291.82
Net insurance claims decreased (see Note 22)	191.63	97.47

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 year ended December 31, 2014, the Company recorded such loss refundable from reinsurers amounting to Baht 146.47 million (see Note 22). The remaining loss refundable from reinsurers will be recognized as specified in business obligations aforementioned.

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

5. ADDITIONAL INFORMATION FOR CASH FLOWS

5.1 Non-cash items

5.1.1 As at December 31, 2014 and 2013, the surplus on revaluation of investments which was presented in other components of equity was shown net of deferred tax liabilities as follows:

	2014	2013
	Baht	Baht
Unrealized gain on investment in available-for-sale securities	17,173,763	12,206,748
<u>Less</u> Deferred tax liabilities (see Note 19)	<u>(3,434,753)</u>	<u>(2,441,350)</u>
Surplus on revaluation of investments - net	<u>13,739,010</u>	<u>9,765,398</u>

For the years ended December 31, 2014 and 2013, changes in surplus on revaluation of investments - net of deferred tax were as follows:

	2014	2013
	Baht	Baht
Increase (decrease) of unrealized gain on investment in available-for-sale securities	4,967,015	(1,861,435)
(Increase) decrease of deferred tax liabilities (see Note 19)	<u>(993,403)</u>	<u>372,287</u>
Increase (decrease) of surplus on revaluation of investments - net	<u>3,973,612</u>	<u>(1,489,148)</u>

5.1.2 Leasehold improvement and equipment for the years ended December 31, 2014 and 2013 consisted of the following:

	2014	2013
	Baht	Baht
Other payable - fixed assets as at January 1,	1,813,295	-
<u>Add</u> Purchases of fixed assets	19,849,827	17,898,269
<u>Less</u> Cash paid for purchase of fixed assets	<u>(20,765,683)</u>	<u>(16,084,974)</u>
Other payable - fixed assets as at December 31,	<u>897,439</u>	<u>1,813,295</u>

5.1.3 Intangible assets for the years ended December 31, 2014 and 2013 consisted of the following:

	2014	2013
	Baht	Baht
Other payable - intangible assets as at January 1,	278,735	-
<u>Add</u> Purchases of intangible assets	3,775,336	1,444,000
<u>Less</u> Cash paid for purchase of intangible assets	<u>(4,054,071)</u>	<u>(1,165,265)</u>
Other payable - intangible assets as at December 31,	<u>-</u>	<u>278,735</u>

5.2 Cash and cash equivalents as at December 31, 2014 and 2013 consisted of the following:

	2014	2013
	Baht	Baht
Cash	265,000	265,000
Cheque on hands	7,815,240	8,500,273
Deposits at bank - call deposits	523,621,466	584,073,044
Deposits at bank - time deposits	408,186,642	309,395,009
Government securities - treasury bills	<u>1,799,330,694</u>	<u>999,453,962</u>
	2,739,219,042	1,901,687,288
<u>Less</u> Deposits at bank with maturity over 3 months (see Note 8)	(150,000,000)	-
Deposits at bank used as collateral (see Note 8)	(258,186,642)	(309,395,009)
Government securities used as collateral (see Note 8)	<u>(999,619,124)</u>	<u>-</u>
Cash and cash equivalents	<u>1,331,413,276</u>	<u>1,592,292,279</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 years ended December 31, 2014 and 2013 were as follows:

	2014	2013
	Baht	Baht
CASH FLOWS PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Profit before income tax	450,539,074	228,860,823
Items to reconcile net profit to net cash flows:		
Depreciation	18,607,659	16,869,165
Amortization	16,589,651	17,641,135
Gain on sale of assets	(322,699)	(2,658,371)
Employee benefit expenses	6,534,184	2,820,250
Unearned premium reserve increase (decrease) from prior years	(4,492,214)	12,245,228
Amortization of bonds premium	5,654,037	3,883,770
Amortization of debentures premium	10,626	15,003
Amortization of bonds discount	(43,977)	(177,839)
Amortization of treasury bills discount	(7,101,152)	-
Gain on sale of investment in available-for-sale securities - unit trusts	(4,397)	(2,003,971)
Gain on sale of general investment - ordinary shares	(13,091)	-
Bad debt and allowance for doubtful accounts (reversal)	(15,965,161)	114,677,115
Profit from operations before changes in operating assets and liabilities	469,992,540	392,172,308
Operating assets (increase) decrease		
Accrued investment income	589,902	(2,689,910)
Premium due and uncollected	(50,585,971)	(13,741,084)
Reinsurance assets	974,137,866	1,637,820,827
Deferred commission expense	(5,439,802)	(14,475,240)
Other assets	(25,707,963)	6,561,024
Operating liabilities increase (decrease)		
Due to reinsurers	172,971,271	(265,672,482)
Loss reserves and outstanding claims	(1,181,222,336)	(665,870,924)
Premium written received in advance	4,023,104	72,400,432
Commission and brokerage payables	9,834,032	5,771,191
Accrued expense	20,585,977	16,737,363
Other liabilities	(25,915,299)	14,849,989
Cash provided by operating activities	363,263,321	1,183,863,494
Income tax received (paid)	1,398,237	(11,547,103)
Net cash provided by operating activities	<u>364,661,558</u>	<u>1,172,316,391</u>

6. PREMIUM DUE AND UNCOLLECTED - NET

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

	As at December 31, 2014				As at December 31, 2013			
	Insured Baht	Agent and Broker Baht	Inward Baht	Total Baht	Insured Baht	Agent and Broker Baht	Inward Baht	Total Baht
Within credit terms	12,549,636	221,502,225	1,866,433	235,918,294	13,273,170	159,305,965	1,957,252	174,536,387
Less than 30 days	478,137	34,701,471	836,864	36,016,472	478,532	35,944,853	1,199,673	37,623,058
31 - 60 days	386,621	12,889,913	1,741,713	15,018,247	13,626	12,423,878	886,406	13,323,910
61 - 90 days	1,521,135	4,252,014	1,578,931	7,352,080	504	6,020,261	979,629	7,000,394
91 days - 1 year	89,817	13,703,689	3,202,406	16,995,912	97,923	25,811,276	3,075,162	28,984,361
Over 1 year	-	476,413	3,462,937	3,939,350	1,172,707	440,972	1,572,595	3,186,274
Total premium due and uncollected	15,025,346	287,525,725	12,689,284	315,240,355	15,036,462	239,947,205	9,670,717	264,654,384
<u>Less</u> Allowance for doubtful accounts	-	(9,576,255)	-	(9,576,255)	-	(9,576,255)	-	(9,576,255)
Premium due and uncollected - net	15,025,346	277,949,470	12,689,284	305,664,100	15,036,462	230,370,950	9,670,717	255,078,129

7. REINSURANCE ASSETS

Reinsurance assets as at December 31, 2014 and 2013 consisted of the following:

	2014 Baht	2013 Baht
Deposit on reinsurance	194	706
Due from reinsurers	387,822,725	649,288,512
Unearned reinsurance premium reserve (see Note 38)	546,254,397	427,969,621
Insurance reserve refundable from reinsurers	498,404,140	1,303,849,350
	1,432,481,456	2,381,108,189
<u>Less</u> Allowance for doubtful accounts	(5,934,699)	(114,677,115)
Total reinsurance assets	1,426,546,757	2,266,431,074

Insurance reserve refundable from reinsurers - net as at December 31, 2014 and 2013 have been included an expected refundable from reinsurers caused by suffering losses from flooding in Thailand amounting to Baht 255.91 million and Baht 806.81 million, respectively (see Note 4).

Aging analyzes for due from reinsurers as at December 31, 2014 and 2013 were as follows:

	2014	2013
	Baht	Baht
Within credit terms	360,676,153	439,723,586
Within 12 months	24,897,404	73,579,219
Over 1 year to 2 years	507,411	135,811,380
Over 2 years	1,741,757	174,327
Total due from reinsurers	<u>387,822,725</u>	<u>649,288,512</u>

8. INVESTMENTS IN SECURITIES

Investments in securities as at December 31, 2014 consisted of the following:

	Cost/Amortized cost	Unrealized gains	Unrealized losses	Fair value	Percentage of investment per total assets
	Baht	Baht	Baht	Baht	
Available-for-sale securities					
Government and state enterprise securities					
Thai government bonds	263,829,032	7,868,700	-	271,697,732	5.07
State enterprise bonds	100,686,228	208,470	-	100,894,698	1.88
Debentures	3,020,384	146,259	-	3,166,643	0.06
Total	<u>367,535,644</u>	<u>8,223,429</u>	<u>-</u>	<u>375,759,073</u>	<u>7.01</u>
Private enterprises securities					
Unit trusts	29,525,000	8,950,334	-	38,475,334	0.72
Total	<u>29,525,000</u>	<u>8,950,334</u>	<u>-</u>	<u>38,475,334</u>	<u>0.72</u>
Total available-for-sale securities	<u>397,060,644</u>	<u>17,173,763</u>	<u>-</u>	<u>414,234,407</u>	<u>7.73</u>

	Cost/ Amortized cost Baht	Percentage of investment per total assets
Held-to-maturity securities		
Government securities used as collateral		
Treasury bills used as collateral (see Note 5.2)	999,619,124	18.64
Total	<u>999,619,124</u>	<u>18.64</u>
Fixed deposit with maturity over 3 months		
Fixed deposit used as commercial bank (see Note 5.2)	150,000,000	2.80
Fixed deposit used as collateral (see Note 5.2)	258,186,642	4.81
Total	<u>408,186,642</u>	<u>7.61</u>
Total held-to-maturity securities	<u>1,407,805,766</u>	<u>26.25</u>

	Cost/ Amortized cost Baht	Percentage of investment per total assets
General investment		
Equity securities	1,160,970	0.02
Total general investment	<u>1,160,970</u>	<u>0.02</u>

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

	Within 1 year Baht	Maturities 1 - 5 years Baht	Over 5 years Baht	Total Baht
Available-for-sale debt securities				
Government and state enterprise securities				
Thai government bonds	-	263,829,032	-	263,829,032
State enterprise bonds	-	100,686,228	-	100,686,228
Debentures	-	3,020,384	-	3,020,384
Add Unrealized gains	-	8,223,429	-	8,223,429
Total	-	<u>375,759,073</u>	-	<u>375,759,073</u>
Total available-for-sale debt securities	-	<u>375,759,073</u>	-	<u>375,759,073</u>
Held-to-maturity debt securities				
Government securities used as collateral				
Treasury bills used as collateral	999,619,124	-	-	999,619,124
Fixed deposit with maturity over 3 months	150,000,000	-	-	150,000,000
Fixed deposit used as collateral	244,186,642	14,000,000	-	258,186,642
Total held-to-maturity debt securities	<u>1,393,805,766</u>	<u>14,000,000</u>	-	<u>1,407,805,766</u>
Total debt securities - net	<u>1,393,805,766</u>	<u>389,759,073</u>	-	<u>1,783,564,839</u>

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

	Cost/Amortized cost Baht	Unrealized gains Baht	Unrealized losses Baht	Fair value Baht	Percentage of investment per total assets
Available-for-sale securities					
Government and state enterprise securities					
Thai government bonds	358,837,746	3,709,511	-	362,547,257	6.18
State enterprise bonds	99,956,023	253,927	-	100,209,950	1.71
Debentures	3,031,010	167,024	-	3,198,034	0.05
Total	<u>461,824,779</u>	<u>4,130,462</u>	-	<u>465,955,241</u>	<u>7.94</u>
Private enterprises securities					
Unit trusts	29,525,000	6,473,350	-	35,998,350	0.61
Total	<u>29,525,000</u>	<u>6,473,350</u>	-	<u>35,998,350</u>	<u>0.61</u>
Foreign securities					
Bonds	400,131,408	1,602,936	-	401,734,344	6.84
Total	<u>400,131,408</u>	<u>1,602,936</u>	-	<u>401,734,344</u>	<u>6.84</u>
Total available-for-sale securities	<u>891,481,187</u>	<u>12,206,748</u>	-	<u>903,687,935</u>	<u>15.39</u>

	Cost/ Amortized cost Baht	Percentage of investment per total assets
Held-to-maturity securities		
Fixed deposit with maturity over 3 months		
Fixed deposit used as collateral (see Note 5.2)	309,395,009	5.27
Total	<u>309,395,009</u>	<u>5.27</u>
Total held-to-maturity securities	<u>309,395,009</u>	<u>5.27</u>

	Cost/ Amortized cost Baht	Percentage of investment per total assets
General investment		
Equity securities	1,210,970	0.02
Total general investment	<u>1,210,970</u>	<u>0.02</u>

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

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

As at December 31, 2014 and 2013, certain of bank deposits are pledged as collateral for bank overdrafts amounting to Baht 20 million (see Note 18).

As at December 31, 2014 and 2013, certain investment in securities are deposited as collateral with the Registrar amounting to Baht 273.34 million and Baht 271.28 million, respectively (see Note 31).

As at December 31, 2014 and 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 1,379.86 million and Baht 923.02 million, respectively (see Note 32).

9. LOANS

Loans of the Company were loans to employees with personal collateral in accordance with the welfare policy of the Company consisted of the following :

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

10. LEASEHOLD IMPROVEMENT AND EQUIPMENT - NET

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

	Cost		Accumulated depreciation		As at		As at		Ending balance of	
	As at January 1, 2014	Increase	Disposal/ Write off	As at December 31, 2014	As at January 1, 2014	Depreciation	Disposal/ Write off	December 31, 2014	Beginning balance of leasehold improvement and equipment - net as at January 1, 2014	Ending balance of leasehold improvement and equipment - net as at December 31, 2014
	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht
Leasehold improvement	22,939,617	6,066,058	(1,314,269)	27,691,406	(15,299,535)	(2,981,972)	1,206,015	(17,075,492)	7,640,082	10,615,914
Furniture, fixtures and office equipment	60,244,084	10,492,769	(2,867,758)	67,869,095	(42,775,521)	(8,089,336)	2,849,774	(48,015,083)	17,468,563	19,854,012
Vehicles	39,324,843	3,291,000	(1,265,885)	41,349,958	(20,525,397)	(7,536,351)	1,240,918	(26,820,830)	18,799,446	14,529,128
Total	122,508,544	19,849,827	(5,447,912)	136,910,459	(78,600,453)	(18,607,659)	5,296,707	(91,911,405)	43,908,091	44,999,054
	Cost		Accumulated depreciation		As at		As at		Ending balance of	
	As at January 1, 2013	Increase	Disposal/ Write off	As at December 31, 2013	As at January 1, 2013	Depreciation	Disposal/ Write off	December 31, 2013	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
	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht
Leasehold improvement	21,186,323	3,735,443	(1,982,149)	22,939,617	(15,036,487)	(2,149,279)	1,886,231	(15,299,535)	6,149,836	7,640,082
Furniture, fixtures and office equipment	101,820,085	8,638,010	(50,214,011)	60,244,084	(85,154,900)	(7,812,334)	50,191,713	(42,775,521)	16,665,185	17,468,563
Vehicles	39,234,562	5,524,816	(5,434,535)	39,324,843	(19,052,373)	(6,907,552)	5,434,528	(20,525,397)	20,182,189	18,799,446
Total	162,240,970	17,898,269	(57,630,695)	122,508,544	(119,243,760)	(16,869,165)	57,512,472	(78,600,453)	42,997,210	43,908,091

As at December 31, 2014 and 2013, certain leasehold improvement and equipment at cost of Baht 41.52 million and Baht 37.37 million, respectively, were fully depreciated but still in use.

11. INTANGIBLE ASSETS - NET

Intangible assets - net as at December 31, 2014 and 2013 consisted of the following:

	Cost		Accumulated depreciation		Ending balance of intangible assets - net as at December 31, 2014
	As at January 1, 2014	As at December 31, 2014	As at January 1, 2014	As at December 31, 2014	
	Baht	Baht	Baht	Baht	Baht
Purchase/Subsequently acquired					
Computer software	64,137,524	684,750 (1,076,284)	63,943,240 (51,575,779)	1,076,174 (6,597,864)	12,561,745 6,845,771
Computer software in process	20,080,000	3,090,586 -	22,973,336 (197,250)	- -	20,080,000 22,973,336
Bancassurance agreement	100,000,000	-	100,000,000	(9,991,787)	68,409,527 58,417,740
Total	184,217,524	3,775,336 (1,076,284)	186,916,576 (83,166,252)	1,076,174 (16,589,651)	101,051,272 88,236,847

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

As at December 31, 2014 and 2013, certain intangible assets at cost of Baht 44.55 million and Baht 26.69 million, respectively, were fully depreciated but still in use.

12. DEFERRED TAX ASSETS

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

	2014 Baht	2013 Baht
Deferred tax assets	<u>205,244,689</u>	<u>275,918,008</u>

Movements of deferred tax assets for the years ended December 31, 2014 and 2013 consisted of tax effects from the following items:

	As at January 1, 2014 Baht	Transactions recognized in profit or loss Baht	Transaction recognized in other comprehensive income or loss Baht	As at December 31, 2014 Baht
Allowance for doubtful accounts				
- Premium due and uncollected	1,915,251	-	-	1,915,251
Allowance for doubtful accounts				
- Other receivable	256,500	-	-	256,500
Unearned premium reserve	92,259,341	1,550,604	-	93,809,945
Loss reserve - net	160,519,586	(76,109,622)	-	84,409,964
Incurred but not reported claims	12,540,574	678,989	-	13,219,563
Employee benefits obligation	4,587,935	1,214,923	331,079	6,133,937
Premium ceded payables - Excess of loss	3,838,821	1,660,708	-	5,499,529
Total	<u>275,918,008</u>	<u>(71,004,398)</u>	<u>331,079</u>	<u>205,244,689</u>
	As at January 1, 2013 Baht	Transactions recognized in profit or loss Baht	Transaction recognized in other comprehensive income or loss Baht	As at December 31, 2013 Baht
Allowance for doubtful accounts				
- Premium due and uncollected	1,915,251	-	-	1,915,251
Allowance for doubtful accounts				
- Other receivable	256,500	-	-	256,500
Unearned premium reserve	72,017,478	20,241,863	-	92,259,341
Loss reserve - net	114,736,035	45,783,551	-	160,519,586
Incurred but not reported claims	9,112,478	3,428,096	-	12,540,574
Employee benefits obligation	2,229,173	2,133,123	225,639	4,587,935
Unused tax losses	130,107,385	(130,107,385)	-	-
Premium ceded payables - Excess of loss	5,974,729	(2,135,908)	-	3,838,821
Total	<u>336,349,029</u>	<u>(60,656,660)</u>	<u>225,639</u>	<u>275,918,008</u>

13. OTHER ASSETS

Other assets as at December 31, 2014 and 2013 consisted of the following:

	2014 Baht	2013 Baht
Other receivable	13,937,154	14,045,678
Revenue Department receivable	4,803,046	-
Refundable withholding tax	1,656,457	13,819,174
Premium saving certificates used as collateral	25,000,000	12,500,000
Prepaid expenses	14,783,655	5,083,358
Others	5,631,660	6,822,128
Total other assets	<u>65,811,972</u>	<u>52,270,338</u>

14. DUE TO REINSURERS

Due to reinsurers as at December 31, 2014 and 2013 consisted of the following:

	2014 Baht	2013 Baht
Premium ceded payables	66,433,127	66,301,230
Amount withheld on reinsurance	393,848,829	306,626,318
Other reinsurance payables	335,198,461	249,581,598
Total due to reinsurers	<u>795,480,417</u>	<u>622,509,146</u>

15. LOSS RESERVES AND OUTSTANDING CLAIMS

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

	2014 Baht	2013 Baht
As at January 1,	2,176,599,794	2,842,470,718
Loss incurred and loss adjustment expenses during the years		
- Incurred but not reported	3,394,947	17,140,484
- Incurred but not yet agreed	(1,185,993,321)	(678,720,235)
- Incurred and agreed	2,309,548,028	1,947,643,978
Loss paid and loss adjustment paid during the years	<u>(2,308,171,990)</u>	<u>(1,951,935,151)</u>
As at December 31,	<u>995,377,458</u>	<u>2,176,599,794</u>

As at December 31, 2014 and 2013, the Company had loss reserves and outstanding claims under the reinsurance contracts of Baht 416.83 million and Baht 1,349.98 million, respectively.

Loss reserves and outstanding claims as at December 31, 2014 and 2013 in the financial statements have been included claim from suffering losses from flooding in Thailand amounting to Baht 390.88 million and Baht 1,337.12 million, respectively (see Note 4).

16. PREMIUM RESERVE

Premium reserve as at December 31, 2014 and 2013 consisted of the following:

16.1 Unearned premium reserve

	2014	2013
	Baht	Baht
As at January 1,	1,338,149,536	1,314,816,028
Premium written for the years	3,087,164,695	2,988,848,460
Earned premium for the years	<u>(2,973,372,133)</u>	<u>(2,965,514,952)</u>
As at December 31, (see Note 38)	<u>1,451,942,098</u>	<u>1,338,149,536</u>

16.2 Unexpired risk reserve

As at December 31, 2014 and 2013, no additional reserve for unexpired risk reserve has been established as the unexpired risk reserve estimated by the Company amounting to Baht 743.24 million and Baht 700.15 million, respectively, is lower than the unearned premium reserve.

17. EMPLOYEE BENEFIT OBLIGATIONS

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

	2014	2013
Discount rate (%)	3.59	4.12
Resignation rate (%) based on age group of employees	4, 9, 21	3, 4, 12
Salary increase (%)	6	6
Retirement age (years)	60	60

Movements in the present value of employee benefit obligations as at December 31, 2014 and 2013 were as follows:

	2014	2013
	Baht	Baht
Present value of obligation at the beginning of the years	48,185,082	44,236,637
Current service cost of the years	5,130,807	4,409,430
Interest cost	1,985,208	1,623,220
Actuarial loss	1,655,396	1,128,195
Employee benefit obligation transferred from the parent company	913,003	-
Benefit paid during the years	<u>(1,494,834)</u>	<u>(3,212,400)</u>
Present value of obligation at the ending of the years	<u>56,374,662</u>	<u>48,185,082</u>

The expenses that were recorded in the statement of comprehensive income for employee benefit obligations for the years ended December 31, 2014 and 2013 consisted of the following:

	2014	2013
	Baht	Baht
Current service cost	5,130,807	4,409,430
Interest cost	<u>1,985,208</u>	<u>1,623,220</u>
Total employee benefit expenses (see Note 24)	<u>7,116,015</u>	<u>6,032,650</u>

For the years ended December 31, 2014 and 2013, the Company recognized actuarial loss in the statement of comprehensive income amounting to Baht 1.32 million and Baht 0.90 million, respectively (Net of deferred tax amounting to Baht 0.33 million and Baht 0.23 million).

18. BANK OVERDRAFTS

As at December 31, 2014 and 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).

19. DEFERRED TAX LIABILITIES

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

	2014	2013
	Baht	Baht
Deferred tax liabilities	<u>3,434,753</u>	<u>2,441,350</u>

Movements of deferred tax liabilities for the years ended December 31, 2014 and 2013 consisted of tax effects from the following items:

	As at	Transactions	Transaction	As at
	January 1,	recognized in	recognized in	December 31,
	2014	profit or loss	other	2014
	Baht	Baht	comprehensive	Baht
	Baht	Baht	income or loss	Baht
Unrealized gain on the change in value of investment in available-for-sale securities	2,441,350	-	993,403	3,434,753
Total (see Note 5.1.1)	<u>2,441,350</u>	<u>-</u>	<u>993,403</u>	<u>3,434,753</u>
	As at	Transactions	Transaction	As at
	January 1,	recognized in	recognized in	December 31,
	2013	profit or loss	other	2013
	Baht	Baht	comprehensive	Baht
	Baht	Baht	income or loss	Baht
Unrealized gain on the change in value of investment in available-for-sale securities	2,813,637	-	(372,287)	2,441,350
Total (see Note 5.1.1)	<u>2,813,637</u>	<u>-</u>	<u>(372,287)</u>	<u>2,441,350</u>

20. OTHER LIABILITIES

Other liabilities as at December 31, 2014 and 2013 consisted of the following:

	2014	2013
	Baht	Baht
Other payable - promotion expense	11,796,379	17,343,800
Amount received in advance - premium	15,137,896	25,688,569
Revenue Department payable	7,229,074	6,419,537
Undue output VAT	2,869,104	3,340,209
Others	18,842,257	30,192,485
Total other liabilities	<u>55,874,710</u>	<u>82,984,600</u>

21. STATUTORY RESERVE

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

As at December 31, 2014 and 2013, the Company has not yet allocated such reserve fund.

22. UNDERWRITING INFORMATION CLASSIFIED BY TYPE OF INSURANCE

Underwriting information classified by type of insurance for the years ended December 31, 2014 and 2013 was as follows:

	For the year ended December 31, 2014					Total
	Fire	Marine	Motor	Personal	Other	
	Baht	Baht	Baht	accident	miscellaneous	Baht
	Baht	Baht	Baht	Baht	Baht	Baht
Underwriting income						
Gross premiums written	607,013,518	390,202,784	928,511,633	370,482,087	790,954,673	3,087,164,695
<u>Less</u> Premiums ceded	195,008,082	275,512,088	316,366,427	56,301,588	426,775,229	1,269,963,414
Net premiums written	412,005,436	114,690,696	612,145,206	314,180,499	364,179,444	1,817,201,281
<u>(Add) Less</u> Unearned premium reserve	51,227,855	593,672	(168,715,977)	79,776,929	32,625,307	(4,492,214)
Net premium earned	360,777,581	114,097,024	780,861,183	234,403,570	331,554,137	1,821,693,495
Fee and commission income	60,930,871	76,730,710	121,137,857	10,179,044	101,243,213	370,221,695
Total underwriting income	<u>421,708,452</u>	<u>190,827,734</u>	<u>901,999,040</u>	<u>244,582,614</u>	<u>432,797,350</u>	<u>2,191,915,190</u>
Underwriting expenses						
Insurance claims and loss adjustment expenses (see Note 4)	41,573,756	41,419,504	531,294,663	156,207,086	(81,362,521)	689,132,488
Commissions and brokerages expenses	133,481,895	47,242,355	124,092,274	63,601,821	86,195,157	454,613,502
Other underwriting expenses	45,439,657	32,081,637	126,606,534	71,468,982	86,866,300	362,463,110
Total underwriting expenses	<u>220,495,308</u>	<u>120,743,496</u>	<u>781,993,471</u>	<u>291,277,889</u>	<u>91,698,936</u>	<u>1,506,209,100</u>

For the year ended December 31, 2013

	Fire Baht	Marine Baht	Motor Baht	Personal accident Baht	Other miscellaneous Baht	Total Baht
Underwriting income						
Gross premiums written	582,200,059	383,367,457	947,473,483	266,176,487	809,630,974	2,988,848,460
Less Premiums ceded	257,228,040	268,562,025	8,479,932	45,053,646	488,628,220	1,067,951,863
Net premiums written	324,972,019	114,805,432	938,993,551	221,122,841	321,002,754	1,920,896,597
(Add) Less Unearned premium reserve	10,393,605	2,128,879	32,688,679	(15,921,043)	(17,044,892)	12,245,228
Net premium earned	314,578,414	112,676,553	906,304,872	237,043,884	338,047,646	1,908,651,369
Fee and commission income	58,765,222	73,081,762	7	7,527,049	91,106,347	230,480,387
Total underwriting income	373,343,636	185,758,315	906,304,879	244,570,933	429,153,993	2,139,131,756
Underwriting expenses						
Insurance claims and loss adjustment						
Expenses (see Note 4)	55,719,241	45,568,420	533,847,050	149,268,027	44,374,529	828,777,267
Commissions and brokerages expenses	125,589,482	46,882,310	121,390,119	44,064,540	83,468,967	421,395,418
Other underwriting expenses	29,960,709	26,832,917	124,146,713	59,376,637	111,216,457	351,533,433
Total underwriting expenses	211,269,432	119,283,647	779,383,882	252,709,204	239,059,953	1,601,706,118

23. OPERATING EXPENSES

Operating expenses for the years ended December 31, 2014 and 2013 consisted of the following:

	2014 Baht	2013 Baht
Employee benefit expense, excluded underwriting and loss adjustment expenses	98,552,587	84,460,473
Premises and equipment expense, excluded underwriting expenses	95,763,551	90,167,464
Taxes and duties	1,257,968	1,290,744
Bad debt and allowance for doubtful accounts (reversal)	(15,965,161)	114,677,115
Directors personnel's remuneration	5,908,027	1,361,130
Management fee (see Note 28)	25,620,826	19,266,319
Marketing and promotion expenses	17,271,939	10,264,820
Other operating expenses	51,662,333	44,361,088
Total operating expenses	280,072,070	365,849,153

24. EMPLOYEE EXPENSES

Employee expenses for the years ended December 31, 2014 and 2013 consisted of the following:

	2014 Baht	2013 Baht
Salary and wage	149,992,102	133,850,478
Social fund expenses	3,666,616	2,802,851
Employee benefit expenses (see Note 17)	7,116,015	6,032,650
Provident fund (see Note 30)	8,853,491	5,805,057
Other benefits	80,099,761	52,040,431
Total employee expenses	<u>249,727,985</u>	<u>200,531,467</u>

25. GAIN ON INVESTMENT IN SECURITIES

Gain on investment in securities for the years ended December 31, 2014 and 2013 consisted of the following:

	2014 Baht	2013 Baht
Gain on sale of investment in available-for-sale securities - unit trusts	4,397	2,003,971
Gain on sale of general investment - ordinary shares	13,091	-
Total gain on investment in securities	<u>17,488</u>	<u>2,003,971</u>

26. INCOME TAX EXPENSE

Income tax expense for years ended December 31, 2014 and 2013 consisted of the following:

	2014 Baht	2013 Baht
Income tax expense from taxable income per income tax return	16,916,401	8,795,473
Deferred tax expenses relating to the origination and reversal of temporary differences	71,004,398	60,656,660
Income tax expense per the statements of comprehensive income	<u>87,920,799</u>	<u>69,452,133</u>

The reconciliation between income tax expense and accounting income for the years ended December 31, 2014 and 2013 was as follows:

	2014 Baht	2013 Baht
Accounting income before tax	450,539,074	228,860,823
Income tax at 20%	90,107,815	45,772,165
Tax effect of non-deductible expenses (benefits)	(2,187,016)	23,679,968
Income tax expense per the statements of comprehensive income	<u>87,920,799</u>	<u>69,452,133</u>

Royal Decree No. 577 B.E 2557 dated 10 November 2014 extends the reduction to 20% for the accounting period 2015 which begins on or after 1 January 2015.

27. BASIC EARNINGS PER SHARE

Basic earnings per share for the years ended December 31, 2014 and 2013 were as follows:

	2014	2013
Net profit (Baht)	362,618,275	159,408,690
Number of share capital (shares)	180,000,000	180,000,000
Basic earnings per share (Baht)	<u>2.01</u>	<u>0.89</u>

28. TRANSACTIONS WITH RELATED PARTIES

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

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

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

Significant balances and transactions were as follows:

	As at December 31,	
	2014	2013
	Baht	Baht
Deposits at bank		
Bank of Ayudhya Plc.	706,754,831	768,792,427
Premium due and uncollected		
Bank of Ayudhya Plc.	446,336	311,236
Krungsri Asset Management Co., Ltd.	-	128,862
Ayudhya Development Leasing Co., Ltd.	(6,752)	-
Siam City Cement Plc.	226,418	485,597
Bangkok Broadcasting & T.V. Co., Ltd.	383,072	975,414
CKS Holding Ltd.	90,292	107,614
Allianz Ayudhya Assurance Plc.	36,629	37,632
BBTV Equity Co., Ltd.	25,592	-
Grand Canal Land Plc.	311,541	-
Siam Realty and Services Co., Ltd.	70,075	-
Ayudhya Capital Auto Lease Plc.	-	570,639
Krungsriayudhya Card Co., Ltd.	233,309	2,155,489
Eastern Star Real Estate Plc.	40,138	1,451,602
	<u>1,856,650</u>	<u>6,224,085</u>

	As at December 31,	
	2014	2013
	Baht	Baht
Accrued interest income		
Bank of Ayudhya Plc.	1,675,896	2,401,652
Rental and facilities deposits		
BBTV Equity Co., Ltd.	4,515,833	3,924,273
Premium written received in advance		
Bank of Ayudhya Plc.	13,404,326	-
Accrued expense - custodian fee		
Bank of Ayudhya Plc.	11,636	12,388
Accrued expense - commissions and brokerages		
Bank of Ayudhya Plc.	12,957,093	15,883,009
Accrued expense - other underwriting expenses		
Bank of Ayudhya Plc.	10,085,425	6,286,136
Accrued expense		
Sri Ayudhya Capital Plc.	13,848,224	10,560,156
	For the years ended	
	December 31,	
	2014	2013
	Baht	Baht
Premium written		
Bank of Ayudhya Plc.	23,382,639	19,939,063
Krungsri Securities Plc.	4,570	4,728
Krungsri Asset Management Co., Ltd.	1,304,694	1,513,962
Ayudhya Development Leasing Co., Ltd.	2,855,670	20,749,112
Siam City Cement Plc.	81,037,102	84,228,312
Bangkok Broadcasting & T.V. Co., Ltd.	10,982,550	8,964,241
Great Luck Equity Co., Ltd.	22,147	45,666
Super Assets Co., Ltd.	80,476	75,768
BBTV Equity Co., Ltd.	1,156,938	1,134,943
CKS Holding Ltd.	84,048	100,172
Allianz Ayudhya Assurance Plc.	642,222	620,344
Grand Canal Land Plc.	290,000	300,000
Ayudhya Asset Management Co., Ltd.	754,926	1,402,363
Siam Realty and Services Co., Ltd.	1,312,927	1,054,441
Ayudhya Capital Auto Lease Plc.	32,192	1,085,615
Krungsriayudhya Card Co., Ltd.	373,558	3,603,694
Eastern Star Real Estate Plc.	452,032	3,071,979
	<u>124,768,691</u>	<u>147,894,403</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,	
	2014	2013
	Baht	Baht
Interest income		
Bank of Ayudhya Plc.	6,690,215	8,881,482

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

	For the years ended December 31,	
	2014	2013
	Baht	Baht
Commissions and brokerages		
Bank of Ayudhya Plc.	172,808,444	165,330,014
Other underwriting expenses		
Bank of Ayudhya Plc.	78,258,885	71,465,162

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,	
	2014	2013
	Baht	Baht
Custodian fees		
Bank of Ayudhya Plc	163,430	124,796

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

	For the years ended December 31,	
	2014	2013
	Baht	Baht
Rental and service fees		
BBTV Equity Co., Ltd.	16,448,949	15,650,049
Management fees		
Sri Ayudhya Capital Plc. (see Note 23)	25,620,826	19,266,319

The Company has office rental, equipment rental and service agreements with related companies for a term of 3 years. Rental rates and conditions are the same as the related parties offer to other companies.

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

29. DIRECTORS AND KEY MANAGEMENT PERSONNEL'S REMUNERATION

During for the years ended December 31, 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 years ended December 31,	
	2014	2013
	Baht	Baht
Directors and key management personnel's remuneration		
Short-term benefits	30,657,170	22,751,820
Post-employment benefits	2,591,642	1,407,111
Directors' remuneration	1,091,923	255,960
	<u>34,340,735</u>	<u>24,414,891</u>

Directors' remuneration for the years ended December 31, 2014 and 2013 were approved by the ordinary shareholders' meeting of the Company held on March 21, 2014 and April 9, 2013, respectively.

30. 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, 2014 and 2013, the Company's contributions recorded as expenses were Baht 8.85 million and Baht 5.81 million, respectively (see Note 24).

31. DEPOSITS WITH THE REGISTRAR

As at December 31, 2014 and 2013, certain investment in securities of the Company were deposited with the Registrar (see Note 8) in accordance with the Insurance Act and according to the announcement of the Office of Insurance Commission regarding "Rates, Rules and Procedures for pledge of unearned premium reserve of Non-Life Insurance Company B.E. 2552" as follows:

	2014	2013
	Baht	Baht
Government and state enterprise securities	259,342,060	257,275,896
Deposits at banks	14,000,000	14,000,000
Total deposits with the Registrar	<u>273,342,060</u>	<u>271,275,896</u>

32. BACKUP ASSETS

As at December 31, 2014 and 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:

	2014	2013
	Baht	Baht
Government and state enterprise securities	1,116,036,137	208,679,345
Private enterprises securities	38,475,334	35,998,350
Foreign securities	-	401,734,344
Deposits at bank	224,186,642	275,395,009
Equity securities	1,160,970	1,210,970
Total backup assets	<u>1,379,859,083</u>	<u>923,018,018</u>

33. 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, 2014 and 2013 amounting to Baht 25.22 million and Baht 17.58 million, respectively.

34. CONTINGENT LIABILITIES AND COMMITMENT

34.1 As at December 31, 2014 and 2013, lawsuits have been brought against the Company, as insurer, from which the Company estimates losses totaling Baht 12.23 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.

34.2 As at December 31, 2014 and 2013, the Company had a capital commitment to pay computer program development expenses in amount of approximately Baht 13.59 million and Baht 15.92 million, respectively.

35. LONG-TERM LEASES AND SERVICE AGREEMENTS

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

Type of leases	Remaining periods		Total rental payments for the remaining periods Baht
	Within 1 year Baht	Over 1 year to 5 years Baht	
As at December 31, 2014			
Building			
- related company	5,324,717	8,619,427	13,944,144
- others	3,007,906	5,538,794	8,546,700
Service - related company	5,280,480	8,534,640	13,815,120
Equipment - related company	7,040,640	11,379,520	18,420,160
	<u>20,653,743</u>	<u>34,072,381</u>	<u>54,726,124</u>

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

36. DISCLOSURE OF FINANCIAL INSTRUMENTS

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

36.1 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.

36.2 Credit risk

Concentrations of the credit risk with respect to premium due and uncollected are insignificant due to the large number of customers comprising the customer base and their dispersion across different industries and geographic regions in Thailand.

The maximum exposure to credit risk is limited to the book value of such premium due and uncollected after deduction of allowance for doubtful debts as stated in the statements of financial position.

36.3 Interest rate risk

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

As at December 31, 2014 and 2013, significant financial assets classified by type of interest rate are as follows:

	Balance as at			
	December 31, 2014		December 31, 2013	
	Variable interest rate	Fixed interest rate	Variable interest rate	Fixed interest rate
	Baht	Baht	Baht	Baht
Cash and cash equivalents				
Saving accounts	451,391,357	-	603,841,516	-
Investment in securities				
Available-for-sale securities				
Government and state enterprise securities				
Thai government bonds	-	271,697,732	-	362,547,257
State enterprise bonds	-	100,894,698	-	100,209,950
Debentures	-	3,166,643	-	3,198,034
Foreign securities				
Bonds	-	-	-	401,734,344
Held-to-maturity securities				
Government and state enterprise securities				
Treasury bills used as collateral	-	999,619,124	-	-
Fixed deposit with maturity over 3 months				
Fixed deposit used as commercial bank	150,000,000	-	-	-
Fixed deposit used as collateral	-	258,186,642	-	309,395,009
Total	<u>601,391,357</u>	<u>1,633,564,839</u>	<u>603,841,516</u>	<u>1,177,084,594</u>

The financial instruments carrying interest at fixed rates were 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, 2014				
	Period specified for fixing new interest rate				Average
	Within 1 year	1 - 5 years	Over 5 years	Total	interest rate
	Baht	Baht	Baht	Baht	%
Investment in securities					
Available-for-sale securities					
Government and state enterprise securities					
Thai government bonds	-	271,697,732	-	271,697,732	3.46
State enterprise bonds	-	100,894,698	-	100,894,698	2.28
Debentures	-	3,166,643	-	3,166,643	5.39
Held-to-maturity securities					
Government and state enterprise securities					
Treasury bills used as collateral	999,619,124	-	-	999,619,124	-
Fixed deposit with maturity over 3 months					
Fixed deposit used as collateral	244,186,642	14,000,000	-	258,186,642	2.06
Total	<u>1,243,805,766</u>	<u>389,759,073</u>	<u>-</u>	<u>1,633,564,839</u>	

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

36.4 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, 2014 and 2013, the carrying amounts of financial assets and financial liabilities as disclosure in the financial statements were different from the estimated fair value were as follows:

	As at December 31, 2014		As at December 31, 2013	
	Carrying Value	Fair Value	Carrying Value	Fair Value
	Baht	Baht	Baht	Baht
Financial assets				
Deposits at financial institutions	931,808,108	932,158,628	893,468,053	894,556,531
Stocks	1,160,970	40,610,061	1,210,970	24,712,229

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

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

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

37. FINANCIAL INFORMATION BY SEGMENT

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

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

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

For the years ended December 31, 2014 and 2013, there was no underwriting income with a single external customer contributed 10% or more to the Company's total revenue.

The reporting of underwriting information classified by type of insurance for the years ended December 31, 2014 and 2013 were as follows:

	For the year ended December 31, 2014				
	Fire Baht	Marine Baht	Motor Baht	Miscellaneous Baht	Total Baht
Underwriting income					
Gross premiums written	607,013,518	390,202,784	928,511,633	1,161,436,760	3,087,164,695
<u>Less</u> Premiums ceded	195,008,082	275,512,088	316,366,427	483,076,817	1,269,963,414
Net premiums written	412,005,436	114,690,696	612,145,206	678,359,943	1,817,201,281
<u>(Add) Less</u> Unearned premium reserve	51,227,855	593,672	(168,715,977)	112,402,236	(4,492,214)
Net premium earned	360,777,581	114,097,024	780,861,183	565,957,707	1,821,693,495
Fee and commission income	60,930,871	76,730,710	121,137,857	111,422,257	370,221,695
Total underwriting income	421,708,452	190,827,734	901,999,040	677,379,964	2,191,915,190
Underwriting expenses					
Insurance claims and loss adjustment expenses	41,573,756	41,419,504	531,294,663	74,844,565	689,132,488
Commissions and brokerages expenses	133,481,895	47,242,355	124,092,274	149,796,978	454,613,502
Other underwriting expenses	45,439,657	32,081,637	126,606,534	158,335,282	362,463,110
Total underwriting expenses	220,495,308	120,743,496	781,993,471	382,976,825	1,506,209,100
Profit on underwriting before					
operating expenses	201,213,144	70,084,238	120,005,569	294,403,139	685,706,090
Operating expenses					280,072,070
Profit on underwriting					405,634,020

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

The assets and liabilities of the Company's operating segments as at December 31, 2014 and 2013 were presented as follows:

	Fire Baht	Marine Baht	Motor Baht	Miscellaneous Baht	Unallocated Baht	Total Baht
Assets						
As at December 31, 2014	459,724,095	427,756,537	263,880,602	640,685,296	3,570,534,358	5,362,580,888
As at December 31, 2013	590,461,749	494,679,988	52,545,827	1,447,793,765	3,283,622,365	5,869,103,694
Liabilities						
As at December 31, 2014	886,757,715	436,287,260	812,240,796	1,505,107,480	198,807,173	3,839,200,424
As at December 31, 2013	989,428,350	483,127,205	643,282,349	2,414,537,442	180,479,454	4,710,854,800

38. RECLASSIFICATIONS

Certain reclassifications have been made in the statement of financial position as at December 31, 2013 and as at January 1, 2013 to conform to the classifications used in the statement of financial position as at December 31, 2014 as follows:

Accounts	Amount (Baht)	Previous presentation	Current presentation
Statement of financial position as at December 31, 2013			
Unearned reinsurance premium reserve	427,969,621	Premium reserve	Reinsurance assets
Statement of financial position as at January 1, 2013			
Unearned reinsurance premium reserve	416,881,341	Premium reserve	Reinsurance assets

39. APPROVAL OF THE FINANCIAL STATEMENTS

These financial statements were approved for issuance by the Company's authorized executive director on February 19, 2015.