

Thaivivat Insurance Public Company Limited
Report and financial statements
31 December 2013

Independent Auditor's Report

To the Shareholders of Thaivivat Insurance Public Company Limited

I have audited the accompanying financial statements of Thaivivat Insurance Public Company Limited, which comprise the statement of financial position as at 31 December 2013, and the related statements of comprehensive income, changes in equity and cash flows for the year then ended, and 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

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Thai Standards on Auditing. Those standards require that I 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 entity'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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Thaivivat Insurance Public Company Limited as at 31 December 2013, and its financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Emphasis of matter

I draw attention to Note 4 to the financial statements regarding the change in accounting policy due to the adoption of Thai Accounting Standard 12 Income Taxes. The Company has restated the financial statements for the year ended 31 December 2012, presented herein as comparative information, to reflect the adjustments resulting from such change. The Company has also presented the statement of financial position as at 1 January 2012 as comparative information, using the newly adopted accounting policy for income taxes. My opinion is not qualified in respect of this matter.

Nonglak Pumnoi
Certified Public Accountant (Thailand) No. 4172

EY Office Limited
(Formerly known as Ernst & Young Office Limited)
Bangkok: 26 February 2014

Thaivivat Insurance Public Company Limited

Statement of financial position

As at 31 December 2013

		(Unit: Baht)		
	Note	31 December 2013	31 December 2012 (Restated)	1 January 2012
Assets				
Cash and cash equivalents	7	237,827,679	342,868,223	482,581,829
Accrued investment income		10,788,487	7,370,794	6,679,318
Premium receivables	8	386,651,191	398,869,904	311,032,355
Reinsurance assets	9	523,448,178	802,436,596	689,617,277
Investment assets				
Investments in securities				
Trading securities	10.1	331,925,690	276,172,111	186,133,716
Available-for-sale investments	10.2	911,092,342	875,196,855	801,144,996
Held-to-maturity investments	10.3	1,157,394,020	884,655,306	484,139,678
Other investments	10.4	4,385,730	4,385,730	4,385,730
Loans	11	11,202,621	11,078,076	13,797,518
Property, buildings and equipment	12	222,992,421	218,997,346	227,889,608
Intangible assets	13	9,573,614	10,599,663	11,701,108
Deferred tax assets	14	79,446,064	68,918,809	60,904,219
Other assets	15	392,293,128	294,148,514	275,121,624
Total assets		4,279,021,165	4,195,697,927	3,555,128,976

The accompanying notes are an integral part of the financial statements.

Thaivivat Insurance Public Company Limited
Statement of financial position (Continued)
As at 31 December 2013

(Unit: Baht)

	Note	31 December 2013	31 December 2012 (Restated)	1 January 2012
Liabilities and equity				
Liabilities				
Income tax payable		582,516	6,610,048	-
Due to reinsurers	16	363,770,948	342,922,492	118,107,678
Insurance contract liabilities				
Loss reserves and outstanding claims	17	989,553,700	974,700,956	1,254,479,750
Premium reserves	18	1,416,400,738	1,346,713,388	1,001,337,243
Employee benefit obligations	19	115,738,211	127,039,236	90,507,471
Deferred tax liabilities	14	16,313,428	41,124,280	20,346,640
Other liabilities	20	455,098,121	399,789,295	306,269,848
Total liabilities		3,357,457,662	3,238,899,695	2,791,048,630
Equity				
Share capital				
Registered				
151,500,000 ordinary shares of Baht 1 each		151,500,000	151,500,000	151,500,000
Issued and paid-up				
151,500,000 ordinary shares of Baht 1 each		151,500,000	151,500,000	151,500,000
Premium on share capital		163,800,007	163,800,007	163,800,007
Retained earnings				
Appropriated - Legal reserve	22	20,000,000	20,000,000	20,000,000
Unappropriated		521,009,786	487,289,324	347,393,778
Other components of equity		65,253,710	134,208,901	81,386,561
Total equity		921,563,503	956,798,232	764,080,346
Total liabilities and equity		4,279,021,165	4,195,697,927	3,555,128,976

The accompanying notes are an integral part of the financial statements.

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Directors
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Thaivivat Insurance Public Company Limited
Statements of comprehensive income
For the year ended 31 December 2013

		(Unit: Baht)	
	Note	2013	2012
			(Restated)
Income			
Net earned premium	23	2,102,158,019	1,765,234,808
Fee and commission income	23	197,734,978	205,524,476
Total income		2,299,892,997	1,970,759,284
Expenses			
Underwriting			
Claim expenses			
Claims and losses adjustment expenses	23	1,294,225,126	1,098,311,246
Commissions and brokerage	23	496,726,608	467,571,476
Other underwriting expenses	23	135,545,304	133,993,946
Contribution to Road Accident Victims Protection			
Company Limited	23, 27	11,376,185	9,528,613
Operating expenses	23, 24	320,233,148	308,969,578
Total underwriting expense		2,258,106,371	2,018,374,859
Profit (loss) from underwriting		41,786,626	(47,615,575)
Net investment income		109,044,361	102,103,400
Gains on investments		92,264,588	112,174,665
Fair value gains (losses) on trading investments		(117,555,085)	41,227,221
Other income		9,228,695	10,816,731
Profit from operations		134,769,185	218,706,442
Contribution to the Office of Insurance Commission		(7,724,563)	(7,026,659)
Contribution to the General Insurance Fund	30	(7,224,563)	(6,526,659)
Contribution to the Victims Compensation Fund		(928,668)	(777,846)
Profit before income tax expenses		118,891,391	204,375,278
Income tax expenses	14	(20,026,574)	(41,754,732)
Profit for the year		98,864,817	162,620,546

The accompanying notes are an integral part of the financial statements.

Thaivivat Insurance Public Company Limited
Statements of comprehensive income (continued)
For the year ended 31 December 2013

	Note	2013	(Unit: Baht) 2012
			(Restated)
Other comprehensive income:			
Gains (losses) on changes in values of available-for-sale investments		(86,193,989)	66,027,925
Income tax relating to components of other comprehensive income		17,238,798	(13,205,585)
Other comprehensive income for the year		<u>(68,955,191)</u>	<u>52,822,340</u>
Total comprehensive income for the year		<u>29,909,626</u>	<u>215,442,886</u>
Earnings per share	26		
Basic earnings per share			
Profit for the year		<u>0.65</u>	<u>1.07</u>

The accompanying notes are an integral part of the financial statements.

Thaivivat Insurance Public Company Limited**Statements of cash flows****For the year ended 31 December 2013**

	(Unit: Baht)	
	2013	2012
Cash flows from operating activities		
Direct premium written	2,948,392,644	2,572,001,852
Cash paid for reinsurance	(30,204,686)	(91,895,721)
Losses incurred on direct insurance	(1,396,777,041)	(1,344,574,536)
Loss adjustment expenses on direct insurance	(39,080,679)	(27,848,385)
Commissions and brokerages on direct insurance	(518,926,102)	(453,147,183)
Other underwriting expenses	(54,109,274)	(50,619,197)
Interest income	39,400,640	36,070,032
Dividend income	65,724,808	65,530,643
Other investment income	5,021,400	4,174,730
Other income	4,707,436	6,447,651
Operating expenses	(437,062,140)	(326,175,893)
Income tax	(43,217,554)	(21,956,881)
Net cash from operating activities	543,869,452	368,007,112
Cash flows from investing activities		
Cash flows from		
Investments in securities	1,758,924,652	1,266,866,716
Loans	4,320,183	4,904,442
Deposits at financial institutions	674,483,178	278,660,028
Property, buildings and equipment	127,587	476,729
Net cash from investing activities	2,437,855,600	1,550,907,915
Cash flows used in		
Investments in securities	(1,984,563,334)	(1,331,327,235)
Loans	(4,370,000)	(2,185,000)
Deposits at financial institutions	(999,992,178)	(677,656,334)
Property, buildings and equipment	(32,695,729)	(24,735,064)
Net cash used in investing activities	(3,021,621,241)	(2,035,903,633)
Net cash used in investing activities	(583,765,641)	(484,995,718)

The accompanying notes are an integral part of the financial statements.

Thaivivat Insurance Public Company Limited

Statements of cash flows (continued)

For the year ended 31 December 2013

	(Unit: Baht)	
	2013	2012
Cash flows from financing activities		
Dividend paid	(65,144,355)	(22,725,000)
Net cash used in financing activities	(65,144,355)	(22,725,000)
Net decrease in cash and cash equivalents	(105,040,544)	(139,713,606)
Cash and cash equivalents at beginning of year	342,868,223	482,581,829
Cash and cash equivalents at end of year (Note 7)	<u>237,827,679</u>	<u>342,868,223</u>
		-
Supplemental cash flows information		
Non-cash item		
Gains (losses) on changes in values of available-for-sale investments - net of income tax	(68,955,191)	52,822,340

The accompanying notes are an integral part of the financial statements.

Thaivivat Insurance Public Company Limited

Statements of changes in equity

For the year ended 31 December 2013

(Unit: Baht)

	Issued and paid-up share capital	Premium on share capital	Retained earnings		Other components of equity	Total
			Appropriated - statutory reserve	Unappropriated	Other comprehensive income	
					Surplus on changes in values of available- for-sale investments	
Balance as at 31 December 2011 as previously reported	151,500,000	163,800,007	20,000,000	286,489,559	101,733,201	723,522,767
Cumulative effect of change in accounting policy for income tax (Note 4)	-	-	-	60,904,219	(20,346,640)	40,557,579
Balance as at 31 December 2011 - as restated	151,500,000	163,800,007	20,000,000	347,393,778	81,386,561	764,080,346
Dividend paid (Note 21)	-	-	-	(22,725,000)	-	(22,725,000)
Total comprehensive income for the year - restated	-	-	-	162,620,546	52,822,340	215,442,886
Balance as at 31 December 2012 - as restated	151,500,000	163,800,007	20,000,000	487,289,324	134,208,901	956,798,232
Balance as at 31 December 2012 - as previously reported	151,500,000	163,800,007	20,000,000	425,942,570	167,761,126	929,003,703
Cumulative effect of change in accounting policy for income tax (Note 4)	-	-	-	61,346,754	(33,552,225)	27,794,529
Balance as at 31 December 2012 - as restated	151,500,000	163,800,007	20,000,000	487,289,324	134,208,901	956,798,232
Dividend paid (Note 21)	-	-	-	(65,144,355)	-	(65,144,355)
Total comprehensive income for the year	-	-	-	98,864,817	(68,955,191)	29,909,626
Balance as at 31 December 2013	151,500,000	163,800,007	20,000,000	521,009,786	65,253,710	921,563,503

The accompanying notes are an integral part of the financial statements.

Thaivivat Insurance Public Company Limited

Notes to financial statements

For the year ended 31 December 2013

1. General information

1.1 Corporate information

Thaivivat Insurance Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. The Company is principally engaged in the non-life insurance. The registered office of the Company is at 71 Thaivivat Insurance Building, Dindaeng Road, Samsen Nai, Phayathai, Bangkok.

1.2 Severe flood situation

In 2011, there was severe flooding in Thailand. The floods materially affected the financial statements of the Company, with the financial impact of the floods reflected in the financial statements until 31 December 2013 are as follows:

	(Unit: Million Baht)		
	Claims reserve refundable from		
	<u>Gross claim</u>	<u>reinsurers</u>	<u>Net claims</u>
Loss reserves and outstanding claims	124	-	124
Claim paid	431	(195)	236
Total	<u>555</u>	<u>(195)</u>	360
Claims reserve refundable from reinsurance under Excess of Loss contracts			(127)
Claim refundable from reinsurance under Excess of Loss Contracts - received			<u>(156)</u>
Net claim expense - statement of comprehensive income			77
Less: Net claim expense - statement of comprehensive income for 2011			(106)
Add: Net claim expense - statement of comprehensive income for 2012 - reversal			<u>27</u>
Net claim expense - statement of comprehensive income for the 2013			<u>(2)</u>

The Company currently set aside loss reserves and insurance reserve refundable from reinsurers based on best estimates, with reference to supporting documentation and surveyors' reports.

2. Basis of preparation

The financial statements have been prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Professions Act B.E. 2547 and in accordance with Thai accounting practices related to insurance and the accounting and reporting guidelines prescribed by the Office of Insurance Commission (“OIC”). The presentation of the financial statements has been made in compliance with the Declaration of the Insurance Commission dated 27 May 2010.

The financial statements in Thai language are the official statutory financial statements of the Company. The financial statements in English language have been translated from the Thai language financial statements.

The financial statements have been prepared on a historical cost basis except where otherwise disclosed in the accounting policies.

3. New accounting standards

Below is a summary of accounting standards that became effective in the current accounting year and those that will become effective in the future.

(a) Accounting standards that became effective in the current accounting year

Accounting standards:

TAS 12	Income Taxes
TAS 20 (revised 2009)	Accounting for Government Grants and Disclosure of Government Assistance
TAS 21 (revised 2009)	The Effects of Changes in Foreign Exchange Rates

Financial Reporting Standard:

TFRS 8	Operating Segments
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Accounting Standard Interpretations:

TSIC 10	Government Assistance - No Specific Relation to Operating Activities
TSIC 21	Income Taxes - Recovery of Revalued Non-Depreciable Assets
TSIC 25	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders

Accounting Treatment Guidance for Transfers of Financial Assets

These accounting standards, financial reporting standard, accounting standard interpretations and accounting treatment guidance do not have any significant impact on the financial statements, except for the following accounting standard.

TAS 12 Income Taxes

This accounting standard requires an entity to identify temporary differences between the carrying amount of an asset or liability in the statement of financial position and its tax base and recognise the tax effects as deferred tax assets or liabilities subjecting to certain recognition criteria. The Company has changed this accounting policy in this current period and restated the prior year's financial statements, presented as comparative information, as though the Company had initially recognised the tax effects as deferred tax assets or liabilities. The cumulative effect of this change in accounting policy has been presented in Note 4 to the financial statements.

(b) Accounting standards that will become effective in the future

	<u>Effective date</u>
Accounting Standards:	
TAS 1 (revised 2012) Presentation of Financial Statements	1 January 2014
TAS 7 (revised 2012) Statement of Cash Flows	1 January 2014
TAS 12 (revised 2012) Income Taxes	1 January 2014
TAS 17 (revised 2012) Leases	1 January 2014
TAS 18 (revised 2012) Revenue	1 January 2014
TAS 19 (revised 2012) Employee Benefits	1 January 2014
TAS 21 (revised 2012) The Effects of Changes in Foreign Exchange Rates	1 January 2014
TAS 24 (revised 2012) Related Party Disclosures	1 January 2014
TAS 28 (revised 2012) Investments in Associates	1 January 2014
TAS 31 (revised 2012) Interests in Joint Ventures	1 January 2014
TAS 34 (revised 2012) Interim Financial Reporting	1 January 2014
TAS 36 (revised 2012) Impairment of Assets	1 January 2014
TAS 38 (revised 2012) Intangible Assets	1 January 2014
Financial Reporting Standards:	
TFRS 2 (revised 2012) Share-based Payment	1 January 2014
TFRS 3 (revised 2012) Business Combinations	1 January 2014
TFRS 4 Insurance Contracts	1 January 2016
TFRS 5 (revised 2012) Non-current Assets Held for Sale and Discontinued Operations	1 January 2014
TFRS 8 (revised 2012) Operating Segments	1 January 2014

		<u>Effective date</u>
Accounting Standard Interpretations:		
TSIC 15	Operating Leases - Incentives	1 January 2014
TSIC 27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease	1 January 2014
TSIC 29	Service Concession Arrangements: Disclosures	1 January 2014
TSIC 32	Intangible Assets - Web Site Costs	1 January 2014
Financial Reporting Standard Interpretations:		
TFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities	1 January 2014
TFRIC 4	Determining whether an Arrangement contains a Lease	1 January 2014
TFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds	1 January 2014
TFRIC 7	Applying the Restatement Approach under TAS 29 Financial Reporting in Hyperinflationary Economies	1 January 2014
TFRIC 10	Interim Financial Reporting and Impairment	1 January 2014
TFRIC 12	Service Concession Arrangements	1 January 2014
TFRIC 13	Customer Loyalty Programmes	1 January 2014
TFRIC 17	Distributions of Non-cash Assets to Owners	1 January 2014
TFRIC 18	Transfers of Assets from Customers	1 January 2014

The Company's management believes that these accounting standards, financial reporting standard, accounting standard interpretations and financial reporting standards interpretations will not have any significant impact on the financial statements for the year when they are initially applied, except TFRS 4 Insurance Contracts, for which the management is still evaluating the first-year impact to the financial statements and has yet to reach a conclusion.

4. Cumulative effect of the change in accounting policy due to the adoption of new accounting standard

During the current year, the Company made the change described in Note 3 to the financial statements to its significant accounting policy, as a result of the adoption of TAS 12 Income Taxes. The cumulative effect of the change in the accounting policy has been separately presented in the statements of changes in equity.

The amounts of adjustments affecting the statements of financial position and the statements of comprehensive income are summarised below.

	(Unit: Baht)		
	31 December 2013	31 December 2012	1 January 2012
Statements of financial position			
Increase in deferred tax assets	79,446,064	68,918,809	60,904,219
Increase in deferred tax liabilities	16,313,428	41,124,280	20,346,640
Increase in unappropriated retained earnings	79,446,064	61,346,754	60,904,219
Decrease in other components of equity	16,313,428	33,552,225	20,346,640

	(Unit: Baht)	
	For the years ended 31 December	
	2013	2012
Statements of comprehensive income		
Profit or loss:		
Decrease in income tax expenses	18,099,310	442,535
Increase in basic earnings per share	0.12	0.00
Other comprehensive income:		
Decrease in gains (loss) on changes in value of available-for-sale investments	17,238,798	13,205,585

5. Significant accounting policies

5.1 Revenue recognition

(a) Premium income

Premium income consists of direct premium and reinsurance premium less premium of canceled policies and premiums refunded to policyholders and adjusted with unearned premium reserve.

Direct premium income is recognised on the date the insurance policy comes into effect. For long-term insurance policies with coverage periods of longer than 1 year, related revenues are recorded as unearned items, and recognised as income over the coverage period.

Reinsurance premium income is recognised as income when the reinsurer places the reinsurance application or the statement of accounts with the Company.

(b) Commission and brokerage fee income

Commission and brokerage fee from ceded premium is recognised as income when service has been rendered to the reinsurers.

(c) Interest and dividend income

Interest income is recognised on an accrual basis based on the effective interest rate. Dividend is recognised when the right to receive the dividend is established.

(d) Gain (loss) on investment

Gain (loss) on investment is recognised as income or expense on the transaction date.

(e) Interest income on loan

Interest income on loan is recognised as income on an accrual basis, based on the amount of principal outstanding.

5.2 Expenses recognition

(a) Ceded premium

Ceded premium is recognised as expense when the insurance risk is transferred to another insurer.

(b) Commission and brokerage fee expenses

Commission and brokerage are expended when incurred.

(c) **Claims and losses adjustment expenses**

Claims and losses adjustment expenses consist of claims and losses adjustment expenses of direct insurance and reinsurance, and include the amounts of the claims, related expenses, and loss adjustments of the current and prior period incurred during the year, less residual value and other recoveries (if any), and claims refundable from reinsurers.

Claims and losses adjustment expenses of direct insurance are recognised upon the receipt of the claims advice from the insured, based on the claims notified by the insured and estimates made by the Company's management. The maximum value of claims estimated is not however, to exceed the sum-insured under the relevant policy.

Claims and losses adjustment expenses of reinsurance are recognised as expenses when the reinsurer places the loss advice or the statement of accounts with the Company.

5.3 Cash and cash equivalents

Cash and cash equivalents consist of cash in hand and at banks, and all highly liquid investments with an original maturity of three months or less and not subject to withdrawal restrictions.

5.4 Premium receivables and allowance for doubtful accounts

Premium receivable from both direct and reinsurance is stated at its net realisable value. The Company set up an allowance for doubtful account based on the estimated loss that may incur in collection of the premium receivable, on the basis of collection experience, analysis of debtor aging and a review of current status of the premium receivable as at the end of reporting period.

5.5 Reinsurance assets and due to reinsurers

(a) Reinsurance assets are stated at the outstanding balance of amount due from reinsurers, amounts deposit on reinsurance, and insurance reserve refundable from reinsurers.

Amounts due from reinsurers consist of accrued commission and brokerage income, claims and various other items receivable from reinsurers, excluding reinsurance premium receivable, less allowance for doubtful accounts. The Company records allowance for doubtful accounts for the estimated losses that may be incurred due to inability to make collection, taking into account collection experience and the status of receivables from reinsurers as at the end of the reporting period.

Insurance reserve refundable from reinsurers is estimated based on the related reinsurance contract of premium reserve, loss reserve and outstanding claims in accordance with the law regarding insurance reserve calculation.

- (b) Amounts due to reinsurers are stated at the outstanding balance payable from reinsurance and amounts withheld on reinsurance.

Amounts due to reinsurers consist of reinsurance premiums and other items payable to reinsurers, excluding claims.

The Company presents net of reinsurance to the same entity (reinsurance assets or amounts due to reinsurers) when the following criteria for offsetting are met.

- (1) The entity has a legal right to offset amounts presented in the statements of financial position, and
- (2) The entity intends to receive or pay the net amount recognised in the statements of financial position, or to realise the asset at the same time as it pays the liability.

5.6 Investments in securities

- (a) Investments in securities held for trading are stated at fair value. Changes in the fair value of these securities are recorded in profit or loss.
- (b) Investments in available-for-sale securities are stated at fair value. Changes in the fair value of these securities are recorded in comprehensive income and will be recorded in profit or loss when the securities are sold.
- (c) Investments in debt securities, both due within one year and expected to be held to maturity, are recorded at amortised cost. The premium/discount on debt securities is amortised/accreted by the effective rate method with the amortised/accreted amount presented as an adjustment to the interest income.
- (d) Investments in non-marketable equity securities, which the Company classifies as other investments, are stated at cost net of allowance for impairment (if any).

The fair value of marketable security is based on the latest bid price of the last working day of the year. The fair value of debt instrument is determined based on yield rate quoted by the Thai Bond Market Association. The fair value of unit trust is determined from its net asset value.

The weighted average method is used for computation of the cost of investment.

In the event the Company reclassifies investment from one type to another, such investment will be readjusted to its fair value as at the reclassification date. The difference between the carrying amount of the investment and the fair value on the date of reclassification are recorded in profit or loss or recorded as other components of equity, depending on the type of investment that is reclassified.

On disposal of an investment, the difference between net disposal proceeds and the carrying amount of the investment is recognised in profit or loss.

5.7 Loans and allowance for doubtful accounts

Loans are stated at net realisable value. Allowance for doubtful accounts is provided for the estimated losses that may be incurred in collection of loans based on an evaluation of the current status of the debtors, taking into consideration the recovery risk and the value of collateral.

5.8 Property, buildings and equipment and depreciation

Land is stated at cost. Buildings and equipment are stated at cost less accumulated depreciation and allowance for loss on impairment of assets (if any).

Depreciation of buildings and equipment is calculated by reference to their costs on the straight-line basis over the following estimated useful lives:

Buildings	-	20 years
Furniture and fixtures and Office equipment	-	3 and 5 years

Depreciation is included in determining income.

No depreciation is provided on land.

An item of property, buildings and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on disposal of an asset is included in profit or loss when the asset is derecognised.

5.9 Intangible assets and amortisation

Intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses (if any).

Intangible assets with finite lives are amortised on a systematic basis over the economic useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method of such intangible assets are reviewed at least at each financial year end. The amortisation expense is charged to profit or loss.

The useful lives of intangible assets with finite useful lives which are computer software are 10 years.

5.10 Related party transactions

Related parties comprise enterprises and individuals that control, or are controlled by, the Company, whether directly or indirectly, or which are under common control with the Company.

They also include individuals which directly or indirectly own a voting interest in the Company that gives them significant influence over the Company, key management personnel, directors, and officers with authority in the planning and direction of the Company's operations.

5.11 Loss reserve and outstanding claims

Outstanding claims are recorded at the amount to be actually paid. Loss reserve is provided upon receipt of claim advices from the insured based on the claims notified by the insured and estimates made by the Company's management. The maximum value of claims estimate is not however, to exceed the sum-insured under the relevant policy.

The Company has allocated IBNR, which is calculated using an actuarial method based on a best estimate of claims which are expected to be paid in respect of losses occurring before or as at the reporting date. The IBNR is calculated for both reported and not reported losses, and net of recorded claims.

5.12 Premium reserve

Premium reserve consists of unearned premium reserve and unexpired risk reserve.

(a) Unearned premium reserve

Unearned premium reserve is calculated based on direct premium before deducting premium ceded as follows:

Marine and transportation and travelling accident with coverage period of not over six-months	-	100% of premium as from the date policy is effective
Others	-	Daily average basis (the one- three hundred sixty fifth basis)

(b) Unexpired risk reserve

Unexpired risk reserve is the reserve for the claims that may be incurred in respect of in-force policies. Unexpired risk reserve is set aside using an actuarial method, at the best estimate of the claims that are expected be incurred during the remaining period of coverage, based on historical claims data.

At the end of each reporting period, the Company compares the amounts of unexpired risk reserve with unearned premium reserve, and if unexpired risk reserve is higher than unearned premium reserve, the difference is recognised as unexpired risk reserve in the financial statements.

5.13 Long-term leases

Operating lease payments are recognised as an expense in profit or loss on a straight line basis over the lease term.

5.14 Foreign currencies

The financial statements are presented in Baht, which is also the Company's functional currency.

Transactions in foreign currencies are translated into Baht at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Baht at the exchange rate ruling at the end of reporting period.

Gains and losses on exchange are included in determining income.

5.15 Impairment of assets

At the end of each reporting period, the Company performs impairment review in respect of the property, building and equipment and intangible assets whenever events or changes in circumstances indicate that an asset may be impaired. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount.

An impairment loss is recognised in profit or loss.

In the assessment of asset impairment if there is any indication that previously recognised impairment losses may no longer exist or may have decreased, the Company estimates the asset's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The increased carrying amount of the asset attributable to a reversal of an impairment loss shall not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss.

5.16 Employee benefits

(a) Short-term employee benefits

Salaries, wages, bonuses and contributions to the social security fund are recognised as expenses when incurred.

(b) Post-employment benefits

Defined contribution plans

The Company and its employees have jointly established a provident fund. The fund is monthly contributed by employees and by the Company. The fund's assets are held in a separate trust fund and the Company's contributions are recognised as expenses when incurred.

Defined benefit plans

The Company has obligations in respect of the severance payments it must make to employees upon retirement under labor law. The Company treats these severance payment obligations as a defined benefit plan.

The obligation under the defined benefit plan is determined by an independent actuary based on actuarial techniques, using the projected unit credit method.

Actuarial gains and losses arising from post-employment benefits are recognised immediately in profit or loss.

The defined benefits liability comprises the present value of the defined benefit obligation less unrecognized past service cost and unrecognized actuarial gains or losses.

For the first-time adoption of TAS 19 Employee Benefits in 2011, the Company elected to recognise the transitional liability, which exceeds the liability that would have been recognised at the same date under the previous accounting policy, through an adjustment to the beginning balance of retained earnings in 2011.

5.17 Provisions

Provisions are recognised when the Company has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

5.18 Income tax

Income tax expense represents the sum of corporate income tax currently payable and deferred tax.

Current tax

Current income tax is provided in the accounts at the amount expected to be paid to the taxation authorities, based on taxable profits determined in accordance with tax legislation.

Deferred tax

Deferred income tax is provided on temporary differences between the tax bases of assets and liabilities and its carrying amounts at the end of each reporting period, using the tax rates enacted at the end of the reporting period.

The Company recognises deferred tax liabilities for all taxable temporary differences while it recognises deferred tax assets for all deductible temporary differences and tax losses carried forward to the extent that it is probable that future taxable profit will be available against which such deductible temporary differences and tax losses carried forward can be utilised.

At each reporting period, the Company reviews and reduces the carrying amount of deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

The Company records deferred tax directly to equity if the tax relates to items that are recorded directly to equity.

6. Significant accounting judgements and estimates

The preparation of financial statements in conformity with Thai Financial Reporting Standards at times requires management to make subjective judgements and estimates regarding matters that are inherently uncertain. These judgements and estimates affect reported amounts and disclosures; and actual results could differ from these estimates. Significant judgements and estimates are as follows:

Leases

In determining whether a lease is to be classified as an operating lease or finance lease, the management is required to use judgement regarding whether significant risk and rewards of ownership of the leased asset has been transferred, taking into consideration terms and conditions of the arrangement.

Allowance for doubtful accounts on receivables/loans/premium receivables

In determining an allowance for doubtful accounts, the management needs to make judgement and estimates based upon, among other things, past collection history, aging profile of outstanding debts and the prevailing economic condition.

Impairment of investments in securities

The Company treats available-for-sale investments and other investments as impaired when there has been a significant or prolonged decline in the fair value below their cost or where other objective evidence of impairment exists. The determination of what is “significant” or “prolonged” requires judgement of the management.

Property, buildings and equipment/Depreciation

In determining depreciation of buildings and equipment, the management is required to make estimates of the useful lives and residual values of the buildings and equipment and to review estimate useful lives and residual values when there are any changes.

In addition, the management is required to review property, buildings and equipment for impairment on a periodical basis and record impairment losses when it is determined that their recoverable amount is lower than the carrying amount. This requires judgements regarding forecast of future revenues and expenses relating to the assets subject to the review.

Intangible assets

The initial recognition and measurement of intangible assets, and subsequent impairment testing, require management to make estimates of cash flows to be generated by the asset or the cash generating units and to choose a suitable discount rate in order to calculate the present value of those cash flows.

Deferred tax assets

Deferred tax assets are recognised for deductible temporary differences to the extent that it is probable that taxable profit will be available against which the temporary differences can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of estimate future taxable profits.

Loss reserve and outstanding claims

At the end of each reporting period, the Company has to estimate loss reserve and outstanding claims taking into account two factors. These are the claims incurred and reported, and the claims incurred but not reported (IBNR). The ultimate cost of outstanding claims is established using a range of standard actuarial claims projection techniques, such as the Chain Ladder and Bornheutter-Ferguson methods.

The main assumptions underlying these techniques relate to historical experience, including the development of claims estimates, paid and incurred losses, average costs per claim and claim numbers etc. To perform the calculation, it is necessary to perform analysis based on the type of insurance and to use the services of an actuary with expertise, experience, and an understanding of the insurance business and the Company's products.

Nevertheless, such estimates are forecasts of future outcomes, and actual results could differ.

Unexpired risk reserve

Unexpired risk reserve is calculated using an actuarial method, based on a best estimate of the claims expected to be paid over the remaining term of the insurance. Estimating the reserve requires the management to exercise judgment, with reference to historical data and the best estimates available at the time.

Post-employment benefits under defined benefit plans

The obligation under the defined benefit plan is determined based on actuarial techniques. Such determination is made based on various assumptions, including discount rate, future salary increase rate, mortality rate and staff turnover rate.

Litigation

The Company has contingent liabilities as a result of litigation. The Company's management has used judgement to assess of the results of the litigation and believes that losses incurred will not exceed the recorded amounts as at the end of reporting period.

7. Cash and cash equivalents

	(Unit: Baht)	
	2013	2012
Cash in hand	3,591,032	1,662,515
Deposits at banks with no fixed maturity date	121,910,955	148,660,098
Deposits at banks with fixed maturity date	980,922,824	735,633,741
Total cash and deposits at financial institutions	1,106,424,811	885,956,354
Less: Deposits at banks which amounts maturing in over 3 months	(850,559,132)	(515,670,131)
Deposits at banks which subject to restrictions	(18,038,000)	(27,418,000)
Cash and cash equivalents	<u>237,827,679</u>	<u>342,868,223</u>

As at 31 December 2013, bank deposits and short-term investments carried interests between 0.50% and 3.30% per annum (2012: between 0.50% and 3.45% per annum).

As at 31 December 2013, the Company has pledged fixed deposits at banks totaling Baht 18.0 million as security against overdraft facilities granted by banks, as bail bond in cases where insured drivers have been charged with criminal offence, as security against the use of safe deposit lockers and to secure against the issuance of bank guarantee on behalf of the Company (2012: Baht 27.4 million).

As at 31 December 2013, the Company has no pledged deposits at banks, which are subject to restriction with the Registrar in accordance with the Non-life Insurance Act. (2012: Baht 14.0 million).

8. Premium receivables

The balances as at 31 December 2013 and 2012 of premium receivables are classified by aging from the maturity date under the stipulated law of the premium collection as follows:

(Unit: Baht)

	2013			Total
	Due from insured	Due from agents and brokers	Due from reinsurers	
Not yet due	3,162,122	316,082,887	107,965	319,352,974
Not over 30 days	428,813	40,867,530	-	41,296,343
Over 30 days to 60 days	114,276	12,900,478	-	13,014,754
Over 60 days to 90 days	198,300	5,000,768	103,072	5,302,140
Over 90 days to 1 year	244,140	7,391,779	-	7,635,919
Over 1 year	217,352	3,658,458	49,062	3,924,872
Total premium receivables	4,365,003	385,901,900	260,099	390,527,002
Less: Allowance for doubtful accounts	(217,352)	(3,658,459)	-	(3,875,811)
Total premium receivables, net	4,147,651	382,243,441	260,099	386,651,191

(Unit: Baht)

	2012			Total
	Due from insured	Due from agents and brokers	Due from reinsurers	
Not yet due	3,102,646	325,587,806	110,401	328,800,853
Not over 30 days	518,876	45,517,164	-	46,036,040
Over 30 days to 60 days	224,669	12,211,276	8,032	12,443,977
Over 60 days to 90 days	148,521	3,346,267	-	3,494,788
Over 90 days to 1 year	959,236	7,079,643	6,305	8,045,184
Over 1 year	60,576	5,086,450	49,062	5,196,088
Total premium receivables	5,014,524	398,828,606	173,800	404,016,930
Less: Allowance for doubtful accounts	(60,576)	(5,086,450)	-	(5,147,026)
Total premium receivables, net	4,953,948	393,742,156	173,800	398,869,904

For premium receivables due from agents and brokers, the Company has stipulated the collection guideline in accordance with the law of the premium collection. For overdue premium receivables, the Company has the legal process with such agents and brokers.

9. Reinsurance assets

	(Unit: Baht)	
	2013	2012
Amounts due from reinsurers	17,353,089	104,173,512
Insurance reserve refundable from reinsurers	506,095,089	698,263,084
Reinsurance assets	<u>523,448,178</u>	<u>802,436,596</u>

Insurance reserve refundable from reinsurers as at 31 December 2013 includes insurance reserve refundable from reinsurers from flooding loss amounting to Baht 127 million as described in Note 1.2 to the financial statements (2012: Baht 257 million).

The balances as at 31 December 2013 and 2012 of amounts due from reinsurers are classified by aging as follows:

	(Unit: Baht)	
	2013	2012
Not yet due	3,041,121	78,834,852
Not over 12 months	13,741,631	23,527,953
Over 1 year to 2 years	570,337	-
Over 2 years	-	1,810,707
Total amounts due from reinsurers	<u>17,353,089</u>	<u>104,173,512</u>

10. Investments in securities

10.1 Trading securities

	31 December 2013				(Unit: Baht)
	Cost	Unrealised gains	Unrealised losses	Fair Value	Percentage of investments to total assets
Private enterprises securities					
Equity securities	411,615,664	11,316,319	(92,548,315)	330,383,668	7.72
Warrants	4,837	1,537,185	-	1,542,022	0.04
Total	<u>411,620,501</u>	<u>12,853,504</u>	<u>(92,548,315)</u>	<u>331,925,690</u>	<u>7.76</u>

(Unit: Baht)

31 December 2012					
	Cost	Unrealised gains	Unrealised losses	Fair Value	Percentage of investments to total assets
Private enterprises securities					
Equity securities	238,299,411	36,905,194	(3,723,536)	271,481,069	6.47
Warrants	12,427	4,678,615	-	4,691,042	0.11
Total	238,311,838	41,583,809	(3,723,536)	276,172,111	6.58

(Unit: Baht)

1 January 2012					
	Cost	Unrealised gains	Unrealised losses	Fair Value	Percentage of investments to total assets
Private enterprises securities					
Equity securities	189,500,664	4,899,502	(8,266,450)	186,133,716	5.24
Total	189,500,664	4,899,502	(8,266,450)	186,133,716	5.24

10.2 Available-for-sale investments

(Unit: Baht)

31 December 2013					
	Cost	Unrealised gains	Unrealised losses	Fair Value	Percentage of investments to total assets
Private enterprises securities					
Debentures	80,162,222	525,294	-	80,687,516	1.89
Equity securities	55,527,125	74,720,107	(758,646)	129,488,586	3.03
Unit trusts	679,250,281	53,041,193	(53,324,652)	678,966,822	15.87
Others	14,780,896	7,363,841	-	22,144,737	0.52
Total	829,720,524	135,650,435	(54,083,298)	911,287,661	21.31
Less: Allowance for impairment	(195,319)	-	-	(195,319)	(0.00)
Total available-for-sale investments, net	829,525,205	135,650,435	(54,083,298)	911,092,342	21.31

(Unit: Baht)

31 December 2012

	Cost	Unrealised gains	Unrealised losses	Fair Value	Percentage of investments to total assets
Private enterprises securities					
Debentures	40,701,590	1,158,936	-	41,860,526	1.00
Equity securities	61,281,594	84,862,613	(151,206)	145,993,001	3.48
Unit trusts	590,866,967	80,227,839	(11,977,212)	659,117,594	15.71
Others	14,780,896	13,640,157	-	28,421,053	0.68
Total	707,631,047	179,889,545	(12,128,418)	875,392,174	20.87
Less: Allowance for impairment	(195,319)	-	-	(195,319)	(0.00)
Total available-for-sale investments, net	707,435,728	179,889,545	(12,128,418)	875,196,855	20.87

(Unit: Baht)

1 January 2012

	Cost	Unrealised gains	Unrealised losses	Fair Value	Percentage of investments to total assets
Private enterprises securities					
Debentures	124,409,807	2,089,653	(62,350)	126,437,110	3.56
Equity securities	87,316,596	83,274,721	(856,543)	169,734,774	4.77
Unit trusts	473,099,815	29,850,974	(25,492,884)	477,457,905	13.43
Others	14,780,896	12,929,630	-	27,710,526	0.78
Total	699,607,114	128,144,978	(26,411,777)	801,340,315	22.54
Less: Allowance for impairment	(195,319)	-	-	(195,319)	(0.01)
Total available-for-sale investments, net	699,411,795	128,144,978	(26,411,777)	801,144,996	22.53

10.3 Held-to-maturity investments

(Unit: Baht)

31 December 2013	
	Percentage of investments to total assets
Cost/ Amortised cost	
Government and state enterprise securities	
Thai government bonds	272,226,888 6.36
State enterprise saving lotteries	25,000,000 0.58
Total	297,226,888 6.94
Private enterprises debt securities	
Debentures	841,000 0.02
Total	841,000 0.02
Less: Allowance for impairment	(841,000) (0.02)
Total	- -
Deposit at financial institutions which amounts maturing in over 3 months	
Deposit at banks	860,167,132 20.10
Total	860,167,132 20.10
Total held-to-maturity investments, net	1,157,394,020 27.04

(Unit: Baht)

31 December 2012	
	Percentage of investments to total assets
Cost/ Amortised cost	
Government and state enterprise securities	
Thai government bonds	259,777,175 6.19
Total	259,777,175 6.19
Private enterprises debt securities	
Bill of exchange	90,000,000 2.15
Debentures	841,000 0.02
Total	90,841,000 2.17
Less: Allowance for impairment	(841,000) (0.02)
Total	90,000,000 2.15
Deposit at financial institutions which amounts maturing in over 3 months	
Deposit at banks	534,878,131 12.75
Total	534,878,131 12.75
Total held-to-maturity investments, net	884,655,306 21.09

(Unit: Baht)

	1 January 2012	
	Cost/ Amortised cost	Percentage of investments to total assets
Government and state enterprise securities		
Thai government bonds	349,228,983	9.82
State enterprise bonds	100,000	-
Total	349,328,983	9.82
Private enterprises debt securities		
Debentures	841,000	0.02
Total	841,000	0.02
Less: Allowance for impairment	(841,000)	(0.02)
Total	-	-
Deposit at financial institutions which amounts maturing in over 3 months		
Deposit at banks	134,810,695	3.79
Total	134,810,695	3.79
Total held-to-maturity investments, net	484,139,678	13.61

10.4 Other investments

(Unit: Baht)

	31 December 2013		31 December 2012		1 January 2012	
	Cost	Percentage of investments to total assets	Cost	Percentage of investments to total assets	Cost	Percentage of investments to total assets
Investments in non-listed companies in Thailand	4,690,535	0.11	4,690,535	0.11	4,690,535	0.13
Total	4,690,535	0.11	4,690,535	0.11	4,690,535	0.13
Less: Allowance for impairment	(304,805)	(0.01)	(304,805)	(0.01)	(304,805)	(0.01)
Total other investments, net	4,385,730	0.10	4,385,730	(0.10)	4,385,730	0.12

10.5 Maturity of debt securities

(Unit: Baht)

	31 December 2013				
	Period to maturity				Total
	Overdue	Within 1 year	1 – 5 years	Over 5 years	
Available-for-sale investments					
Private enterprises debt securities					
Debentures	93,940	40,068,282	20,000,000	20,000,000	80,162,222
Total	93,940	40,068,282	20,000,000	20,000,000	80,162,222
Add : Unrealised gains	-	150,577	151,292	223,425	525,294
Total available-for-sale investments	93,940	40,218,859	20,151,292	20,223,425	80,687,516
Held-to-maturity investments					
Government and state enterprise securities					
Thai government bonds	200,000	99,996,667	156,844,095	15,186,126	272,226,888
State enterprise saving lotteries	-	-	25,000,000	-	25,000,000
Total	200,000	99,996,667	181,844,095	15,186,126	297,226,888
Private enterprises debt securities					
Debentures	841,000	-	-	-	841,000
Total	841,000	-	-	-	841,000
Less: Allowance for impairment	(841,000)	-	-	-	(841,000)
Total	-	-	-	-	-
Deposit at financial institutions which amount maturing in over 3 months					
Deposit at banks	-	860,087,132	80,000	-	860,167,132
Total	-	860,087,132	80,000	-	860,167,132
Total held-to-maturity investments	200,000	960,083,799	181,924,095	15,186,126	1,157,394,020

(Unit: Baht)

31 December 2012

	Period to maturity				Total
	Overdue	Within 1 year	1 – 5 years	Over 5 years	
Available-for-sale investments					
Private enterprises debt securities					
Debentures	-	93,940	40,607,650	-	40,701,590
Total	-	93,940	40,607,650	-	40,701,590
Add: Unrealised gains	-	-	1,158,936	-	1,158,936
Total available-for-sale investments	-	93,940	41,766,586	-	41,860,526
Held-to-maturity investments					
Government and state enterprise securities					
Thai government banks	-	149,847,310	109,929,865	-	259,777,175
Total	-	149,847,310	109,929,865	-	259,777,175
Private enterprises debt securities					
Bill of exchange	-	90,000,000	-	-	90,000,000
Debentures	841,000	-	-	-	841,000
Total	841,000	90,000,000	-	-	90,841,000
Less: Allowance for impairment	(841,000)	-	-	-	(841,000)
Total	-	90,000,000	-	-	90,000,000
Deposit at financial institutions which amount maturing in over 3 months					
Deposit at banks	-	534,878,131	-	-	534,878,131
Total	-	534,878,131	-	-	534,878,131
Total held-to-maturity investments	-	774,725,441	109,929,865	-	884,655,306

(Unit: Baht)

	1 January 2012				
	Period to maturity				
	Overdue	Within 1 year	1 – 5 years	Over 5 years	Total
Available-for-sale investments					
Private enterprises debt securities					
Debentures	-	83,526,251	40,883,556	-	124,409,807
Total	-	83,526,251	40,883,556	-	124,409,807
Add: Unrealised gains	-	371,920	1,655,383	-	2,027,303
Total available-for-sale investments	-	83,898,171	42,538,939	-	126,437,110
Held-to-maturity investments					
Government and state enterprise securities					
Thai government bonds	100,000	219,068,631	130,060,352	-	349,228,983
State enterprise bonds	100,000	-	-	-	100,000
Total	200,000	219,068,631	130,060,352	-	349,328,983
Private enterprises debt securities					
Debentures	841,000	-	-	-	841,000
Total	841,000	-	-	-	841,000
Less: Allowance for impairment	(841,000)	-	-	-	(841,000)
Total	-	-	-	-	-
Deposit at financial institutions which amount maturing in over 3 months					
Deposit at banks	-	110,730,695	24,080,000	-	134,810,695
Total	-	110,730,695	24,080,000	-	134,810,695
Total held-to-maturity investments	200,000	329,799,326	154,140,352	-	484,139,678

As at 31 December 2013, the Company has pledged deposit at financial institutions which amount maturing in over 3 months totaling Baht 9.6 million (2012: Baht 19.2 million) as security against overdraft facilities granted by banks, as bail bond in cases where insured drivers have been charged with criminal offence and as security against the issuance of bank guarantees on behalf of the Company, as discussed in Note 7 to the financial statements.

As at 31 December 2013, the Company has pledged bonds totaling Baht 1.8 million (2012: Baht 4.8 million) in relation to obligations arising in the normal course of business of the Company.

The Company pledged its securities with the Registrar as discussed in Notes 28 and 29 to the financial statements.

11. Loans

As at 31 December 2013 and 2012, the balances of loans and accrued interest are aged by principal and interest receivables as follows:

(Unit: Baht)

Outstanding period	2013						
	Mortgage loans		Other loans		Total		
	Principal	Interest	Principal	Interest	Principal	Interest	Total
Not yet due	8,768,094	-	2,434,527	-	11,202,621	-	11,202,621
Overdue							
Over 12 months	3,201,091	1,196,902	-	-	3,201,091	1,196,902	4,397,993
Total	11,969,185	1,196,902	2,434,527	-	14,403,712	1,196,902	15,600,614
Less: Allowance for doubtful accounts	(3,201,091)	(1,137,895)	-	-	(3,201,091)	(1,137,895)	(4,338,986)
Loans, net	8,768,094	59,007	2,434,527	-	11,202,621	59,007	11,261,628

(Unit: Baht)

Outstanding period	2012						
	Mortgage loans		Other loans		Total		
	Principal	Interest	Principal	Interest	Principal	Interest	Total
Not yet due	9,326,021	-	1,752,055	-	11,078,076	-	11,078,076
Overdue							
Over 12 months	3,275,819	1,556,902	-	-	3,275,819	1,556,902	4,832,721
Total	12,601,840	1,556,902	1,752,055	-	14,353,895	1,556,902	15,910,797
Less: Allowance for doubtful accounts	(3,275,819)	(1,137,895)	-	-	(3,275,819)	(1,137,895)	(4,413,714)
Loans, net	9,326,021	419,007	1,752,055	-	11,078,076	419,007	11,497,083

The assets used as collateral for mortgage loans are mainly land and construction thereon. The mortgage values of these assets have been used in assessing the loan loss allowance.

Details of loans to employees are as follows:

Project	Collateral	Credit line
Personal loan	Personal guarantees	- Not exceeding 4 times monthly salary, with a limit of Baht 50,000.
Housing loan	Land and/or construction thereon	- Not exceeding 40 times monthly salary, with a limit of Baht 2 million, and not exceeding 70% of the appraisal value of the land. - Not exceeding 40 times monthly salary, with a limit of Baht 2 million, and not exceeding 85% of the appraisal value of the land and construction thereon.
Housing maintenance loan	Personal guarantees and/or securities	- Not exceeding 40 times monthly salary, with a limit of Baht 2 million, and not exceeding 85% of the appraisal value of the housing.

General basis:

- Borrowers and/or guarantors need to have been employed no less than 1 year and not to have outstanding borrowings and/or guarantees on behalf of another employee.
- Interest rate is 5.5% per annum, with a rate of 8.5% per annum for the first consecutive loan and an additional 2% per annum for further consecutive loans. Consecutive loans are defined as increases in credit lines or new loans drawn within 1 year of a previous loan.
- All amounts are to be repaid when an employee resigns. If full payment cannot be made, interest is charged at 15% per annum.

12. Property, buildings and equipment

	(Unit: Baht)					
	Land	Buildings	Furniture, fixtures	Office equipment	Motor vehicles	Total
Cost						
As at 1 January 2012	134,682,780	160,690,786	87,916,778	89,820,393	74,533,909	547,644,646
Additions	8,054,000	1,946,000	1,861,110	5,570,674	7,303,280	24,735,064
Disposals	-	-	(6,917)	(174,067)	(2,695,000)	(2,875,984)
As at 31 December 2012	142,736,780	162,636,786	89,770,971	95,217,000	79,142,189	569,503,726
Additions	1,878,000	3,622,000	6,383,032	11,049,457	9,763,240	32,695,729
Disposals	-	-	(32,506)	(4,925,319)	(4,592,564)	(9,550,389)
As at 31 December 2013	144,614,780	166,258,786	96,121,497	101,341,138	84,312,865	592,649,066
Accumulated depreciation						
As at 1 January 2012	-	132,858,389	78,082,038	69,961,625	38,852,986	319,755,038
Depreciation for the year	-	6,746,595	4,413,823	9,918,250	12,071,929	33,150,597
Depreciation on disposals	-	-	(6,917)	(150,588)	(2,241,750)	(2,399,255)
As at 31 December 2012	-	139,604,984	82,488,944	79,729,287	48,683,165	350,506,380
Depreciation for the year	-	2,835,894	4,643,354	8,898,696	12,195,122	28,573,066
Depreciation on disposals	-	-	(32,505)	(4,910,845)	(4,479,451)	(9,422,801)
As at 31 December 2013	-	142,440,878	87,099,793	83,717,138	56,398,836	369,656,645
Net book value						
As at 31 December 2012	142,736,780	23,031,802	7,282,027	15,487,713	30,459,024	218,997,346
As at 31 December 2013	144,614,780	23,817,908	9,021,704	17,624,000	27,914,029	222,992,421
Depreciation for the year						
2012						33,150,597
2013						28,573,066

As at 31 December 2013, certain equipment items have been fully depreciated but are still in use. The gross carrying amount (before deducting accumulated depreciation) of those assets amounted to approximately Baht 281.9 million (2012: Baht 246.0 million).

13. Intangible asset - computer software

	(Unit: Baht)
	<u>Computer software</u>
As at 31 December 2013	
Cost	41,413,225
Less: Accumulated amortisation	<u>(31,839,611)</u>
Net book value	<u>9,573,614</u>
As at 31 December 2012	
Cost	40,660,225
Less: Accumulated amortisation	<u>(30,060,562)</u>
Net book value	<u>10,599,663</u>

A reconciliation of the net book value of intangible assets for the years 2013 and 2012 is presented below

	(Unit: Baht)	
	<u>2013</u>	<u>2012</u>
Net book value at beginning of year	10,599,663	11,701,108
Acquisition	753,000	767,460
Less: Amortisation	<u>(1,779,049)</u>	<u>(1,868,905)</u>
Net book value at end of year	<u>9,573,614</u>	<u>10,599,663</u>

14. Income tax

Income tax expenses for the years ended 31 December 2013 and 2012 are made up as follows:

	(Unit: Baht)	
	<u>For the years ended 31 December</u>	
	<u>2013</u>	<u>2012</u>
		(Restated)
Current income tax:		
Corporate income tax charge	38,125,884	28,752,396
Prior year's adjustment	-	13,444,871
Deferred tax:		
Relating to origination and reversal of temporary differences	<u>(18,099,310)</u>	<u>(442,535)</u>
Income tax expense reported in the statements of comprehensive income	<u>20,026,574</u>	<u>41,754,732</u>

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2013 and 2012 are as follows:

	(Unit: Baht)	
	For the years ended 31 December	
	2013	2012
		(Restated)
Deferred tax relating to gains (losses) on changes in values of available-for-sale investments	17,238,798	13,205,585

Reconciliation between income tax expenses and the product of accounting profits and the applicable tax rates for the years ended 31 December 2013 and 2012 are as follows:

	(Unit: Baht)	
	For the years ended 31 December	
	2013	2012
		(Restated)
Accounting profits before income tax expenses	118,891,391	204,375,278
Applicable corporate income tax rate	20%	23%
Income taxes at the applicable tax rate	23,778,278	47,006,314
Adjustment in respect of current income tax of previous year	-	13,444,871
Effect of non-deductible expenses	(3,751,704)	(18,762,834)
Effect of change in the applicable tax rates	-	66,381
Income taxes expenses reported in the statements of comprehensive income	20,026,574	41,754,732

The components of deferred tax assets and deferred tax liabilities are as follows:

	31 December 2013	31 December 2012	(Unit: Baht) 1 January 2012
Deferred tax assets			
Allowance for loss on doubtful account	7,047,212	5,491,552	7,159,277
Premium reserves	39,349,641	46,463,117	31,496,819
Provision for losses incurred but not yet reported (IBNR)	4,214,144	4,719,757	11,485,281
Losses on changes in values of investments in trading securities	15,938,962	-	673,387
Employee benefit obligations	12,896,105	12,244,383	10,089,455
Total	79,446,064	68,918,809	60,904,219
Deferred tax liabilities			
Gains on changes in values of investments in trading securities	-	7,572,055	-
Gains on changes in values of investments in available-for-sale securities	16,313,428	33,552,225	20,346,640
Total	16,313,428	41,124,280	20,346,640
Deferred tax assets, net	63,132,636	27,794,529	40,557,579

15. Other assets

	(Unit: Baht)		
	31 December 2013	31 December 2012	1 January 2012
		(Reclassified)	(Reclassified)
Prepaid commission expenses	37,251,543	28,085,290	21,418,417
Cash equivalents which subject to restrictions	8,430,000	8,210,000	9,281,130
Claim receivable from litigants, net	216,809,906	143,163,157	133,366,784
Advance payment of ceded premium	91,684,154	76,373,704	49,683,952
Receivable from sale of investments	712,580	-	6,342,249
Others	37,404,945	38,316,363	55,029,092
Total other assets	392,293,128	294,148,514	275,121,624

16. Due to reinsurers

	(Unit: Baht)	
	2013	2012
Outward premium payable	91,376,003	59,654,120
Amounts withheld on reinsurance	272,394,945	283,268,372
Total due to reinsurers	363,770,948	342,922,492

17. Loss reserves and outstanding claims

	(Unit: Baht)	
	2013	2012
Beginning balance	974,700,956	1,254,479,750
Claims and loss adjustment expenses for the year	1,646,097,225	1,364,288,635
Claims and loss adjustment expenses paid during the year	(1,631,244,481)	(1,644,067,429)
Ending balance	989,553,700	974,700,956

As at 31 December 2013 and 2012, the Company, which is a reinsurer under the reinsurance contracts, has loss reserve and outstanding claims under such contracts of Baht 124.7 million and Baht 192.1 million, respectively.

Loss reserves and outstanding claims as at 31 December 2013 includes loss reserves and outstanding claims from flooding claim amounting to Baht 124 million as discussed in Note 1.2 to the financial statements (2012: Baht 240 million).

18. Premium reserve

Premium reserve is the liability under insurance contracts, and is the higher of unearned premium reserve and unexpired risk reserve.

18.1 Unearned premium reserve

	(Unit: Baht)	
	2013	2012
Beginning balance	1,346,713,388	1,001,337,243
Premium written for the year	2,892,434,456	2,618,900,252
Premium earned during the current year	<u>(2,822,747,106)</u>	<u>(2,273,524,107)</u>
Ending balance	<u>1,416,400,738</u>	<u>1,346,713,388</u>

18.2 Unexpired risk reserve

	(Unit: Baht)	
	2013	2012
Beginning balance	1,028,096,772	781,447,898
Estimated claims for the year	1,568,388,483	1,436,698,958
Risk expired during the year	<u>(1,667,822,212)</u>	<u>(1,190,050,084)</u>
Ending balance	<u>928,663,043</u>	<u>1,028,096,772</u>

19. Employee benefit obligations

	(Unit: Baht)	
	2013	2012
Short-term employee benefit	51,257,686	65,817,323
Long-term employee benefit	<u>64,480,525</u>	<u>61,221,913</u>
Employee benefit obligations	<u>115,738,211</u>	<u>127,039,236</u>

Provision for long-term employee benefits, which is compensation on employees' retirement, was as follows:

	(Unit: Baht)	
	2013	2012
Defined benefit obligation at beginning of year	61,221,913	50,447,277
Current service cost	4,338,309	3,677,156
Interest cost	2,448,877	2,031,994
Benefits paid during the year	(1,301,000)	(618,000)
Actuarial (gain) loss	(2,227,574)	5,683,486
Defined benefit obligation at end of year	<u>64,480,525</u>	<u>61,221,913</u>

Long-term benefit expense included in the profit or loss was as follows:

	(Unit: Baht)	
	2013	2012
Current service cost	4,338,309	3,677,156
Interest cost	2,448,877	2,031,994
Actuarial (gain) loss recognised during the year	(2,227,574)	5,683,486
Total expense recognised in profit or loss	<u>4,559,612</u>	<u>11,392,636</u>

Principal actuarial assumptions at the valuation date were as follows:

	2013	2012
	(% per annum)	(% per annum)
Discount rate	4.4	4.0
Future salary increasing rate	6.0	6.0
Staff turnover rate (depending on age)	0.0 - 12.0	0.0 - 12.0

Amounts of defined benefit obligation and experience adjustments on the obligation for the current and previous two years are as follows:

	(Unit: Baht)	
	Defined benefit obligation	Experience adjustments on the obligation
Year 2013	64,480,525	157,491
Year 2012	61,221,913	7,093,644
Year 2011	50,447,277	-

20. Other liabilities

	(Unit: Baht)	
	2013	2012
Accrued commissions	75,742,494	89,338,308
Premium received in advance	198,351,733	153,360,499
Accrued operating expenses	42,895,537	67,626,647
Payables on purchases of investment	21,390,672	3,468,920
Others	116,717,685	85,994,921
Total other liabilities	<u>455,098,121</u>	<u>399,789,295</u>

21. Dividend paid

Dividend declared during the years 2013 and 2012 consist of the following:

		(Unit: Baht)	
	Approved by	Total dividends	Dividend per share
Final dividends for 2012	Annual General Meeting of the shareholder on 4 April 2013	65,144,355	0.43
Final dividends for 2011	Annual General Meeting of the shareholder on 5 April 2012	22,725,000	0.15

22. Statutory reserve

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside a statutory reserve at least 5% of its net income after deducting accumulated deficit brought forward (if any), until the reserve reaches 10% of the registered capital. The statutory reserve is not available for dividend distribution.

23. Underwriting information reported by insurance categories

Underwriting information classified by insurance categories for the year ended 31 December 2013 is as follows:

	(Unit: Baht)					
	Fire	Marine and transportation	Motor	Personal accident	Miscellaneous	Total
Underwriting income						
Premium written	169,403,605	10,228,885	2,306,419,267	21,274,393	385,108,306	2,892,434,456
Less: Premium ceded	(120,738,910)	(2,229,987)	(358,785,520)	(12,507,460)	(191,553,155)	(685,815,032)
Net premium written	48,664,695	7,998,898	1,947,633,747	8,766,933	193,555,151	2,206,619,424
Less (add): Unearned premium reserve	(11,676,204)	(101,212)	(78,188,972)	290,310	(14,785,327)	(104,461,405)
Earned premium	36,988,491	7,897,686	1,869,444,775	9,057,243	178,769,824	2,102,158,019
Fee and commission income	39,657,205	147,871	114,459,068	1,598,134	41,872,700	197,734,978
Total underwriting income	76,645,696	8,045,557	1,983,903,843	10,655,377	220,642,524	2,299,892,997
Underwriting expenses						
Claim and loss adjustment expenses	4,643,821	83,226	1,163,684,389	7,597,998	118,215,692	1,294,225,126
Commission and brokerage expenses	30,550,276	963,227	405,774,523	535,745	58,902,837	496,726,608
Other underwriting expenses	5,543,262	326,350	106,733,116	678,839	22,263,737	135,545,304
Contribution to Road Accident Victims Protection Co., Ltd.	-	-	11,376,185	-	-	11,376,185
Total underwriting expenses before operating expenses	40,737,359	1,372,803	1,687,568,213	8,812,582	199,382,266	1,937,873,223
Operating expenses						320,233,148
Total underwriting expenses						2,258,106,371

Underwriting information classified by insurance categories for the year ended 31 December 2012 is as follows:

						(Unit: Baht)
	Fire	Marine and transportation	Motor	Personal accident	Miscellaneous	Total
Underwriting income						
Premium written	165,624,239	9,435,422	2,092,423,521	17,729,014	333,688,056	2,618,900,252
Less: Premium ceded	(142,360,732)	(1,941,165)	(430,355,393)	(10,548,567)	(177,146,932)	(762,352,789)
Net premium written	23,263,507	7,494,257	1,662,068,128	7,180,447	156,541,124	1,856,547,463
Less (add): Unearned premium reserve	23,470,540	(358,191)	(106,937,511)	(402,852)	(7,084,641)	(91,312,655)
Earned premium	46,734,047	7,136,066	1,555,130,617	6,777,595	149,456,483	1,765,234,808
Fee and commission income	34,583,942	168,425	135,797,950	1,603,835	33,370,324	205,524,476
Total underwriting income	<u>81,317,989</u>	<u>7,304,491</u>	<u>1,690,928,567</u>	<u>8,381,430</u>	<u>182,826,807</u>	<u>1,970,759,284</u>
Underwriting expenses						
Claim and loss adjustment expenses	(7,676,891)	5,021,418	1,004,196,097	6,140,272	90,630,350	1,098,311,246
Commission and brokerage expenses	39,312,524	863,272	368,375,953	1,098,141	57,921,586	467,571,476
Other underwriting expenses	6,180,848	426,980	97,621,167	568,486	29,196,465	133,993,946
Contribution to Road Accident Victims Protection Co., Ltd.	-	-	9,528,613	-	-	9,528,613
Total underwriting expenses before operating expenses	<u>37,816,481</u>	<u>6,311,670</u>	<u>1,479,721,830</u>	<u>7,806,899</u>	<u>177,748,401</u>	<u>1,709,405,281</u>
Operating expenses						308,969,578
Total underwriting expenses						<u>2,018,374,859</u>

24. Operating expenses

	(Unit: Baht)	
	2013	2012
Personnel expenses which are not expenses for underwriting and claims	74,739,573	89,285,999
Property and equipment expenses which are not expenses for underwriting	92,274,020	87,746,363
Taxes and duties	8,648,156	3,586,408
Bad debts and doubtful accounts (reversal)	(1,715,853)	789,424
Advertising expenses	18,324,533	24,056,286
Other operating expenses	127,962,719	103,505,098
Total operating expenses	<u>320,233,148</u>	<u>308,969,578</u>

25. Employee expenses

	(Unit: Baht)	
	2013	2012
Salary and wages	248,763,383	246,763,328
Social security fund	3,916,236	2,990,637
Contribution to provident fund	9,935,931	8,965,032
Other benefits	13,921,305	18,744,858
Total employee expenses	<u>276,536,855</u>	<u>277,463,855</u>

The Company and its employees jointly established a provident fund under the Provident Fund Act B.E. 2530. The fund is contributed to by the employees on a monthly basis, at rates ranging 5% of the employees' basic salaries and by the Company on a monthly basis, at rates ranging 7.5% of the employees' basic salaries. The fund is managed by a fund manager which has been approved by the Ministry of Finance. During the year 2013, the Company contributed approximately Baht 9.9 million (2012: Baht 9.0 million) to the Fund.

26. Earnings per share

Basic earnings per share is calculated by dividing profit for the year attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the year.

27. Related party transactions

During the year, the Company had significant business transactions with related parties. Such transactions, which are summarised below, arose in the ordinary course of business and were concluded on commercial terms and bases agreed upon between the Company and those related parties.

	2013	2012	Pricing policies
(Unit: Baht)			
Thai Reinsurance Pcl. (related by way of common directors and shareholding)			
Premium ceded	104,759,534	141,261,043	Normal commercial terms for reinsurance depending on type of insurance and reinsurance contracts
Commission income	36,635,697	50,386,810	As stated in the agreement upon normal commercial terms for business operations
Claims refunded	19,221,845	10,914,593	As occurred upon portion in the agreement
Reinsurance premium written	16,242	7,599,843	Normal commercial terms for reinsurance depending on type of insurance and reinsurance contracts
Commission expenses	59,480	2,988,759	As stated in the agreement upon normal commercial terms for business operations
Claims	(14,474,081)	69,120,199	As occurred upon portion in the agreement
Road Accident Victims Protection Co., Ltd. (related by way of common directors and shareholding)			
Contribution expense	11,376,185	9,528,613	12.25% of premium written received from insurers under the Public Protection of Traffic Injury Act B.E. 2535
Other income	3,052,680	3,382,300	As stated in the agreement upon normal commercial terms for business operations

The Company had the following significant balances of assets and liabilities with its related parties:

	(Unit: Baht)	
	2013	2012
Thai Reinsurance Pcl.		
Investments in securities – stocks	18,921,769	30,045,993
Due to reinsurer	21,882,349	7,342,993
Road Accident Victims Protection Co., Ltd.		
Investments in securities – stocks	3,518,150	3,518,150
Accrued contribution expenses	2,875,524	2,606,765

Directors and management’s remuneration

During the years ended 31 December 2013 and 2012, the Company had employee benefit expenses payable to its directors and management as below.

	(Unit: Baht)	
	2013	2012
Short-term employee benefits	73,567,567	63,911,900
Post-employment benefits	3,143,115	2,873,475
Long-term benefits	2,428,043	4,216,044
Total	79,138,725	71,001,419

28. Assets pledged with the Registrar

As at 31 December 2013 and 2012, the following assets have been pledged with the Registrar in accordance with the Non-life Insurance Act.

	(Unit: Million Baht)			
	2013		2012	
	Cost	Fair value	Cost	Fair value
Deposit at bank	-	-	14.0	14.0
Government bond	15.0	14.9	-	-
Total	15.0	14.9	14.0	14.0

29. Assets reserved with the Registrar

As at 31 December 2013 and 2012, the following assets have been pledged as non-life insurance policy reserve with the Registrar in accordance with the Non-life Insurance Act.

(Unit: Million Baht)

	2013		2012	
	Cost/		Cost/	
	Amortised cost	Fair value	Amortised cost	Fair value
Deposit at bank	120.0	120.0	-	-
Certificates of deposits	30.0	30.0	-	-
Government bond	145.0	146.7	235.0	235.0
Total	295.0	296.7	235.0	235.0

30. Contribution to the General Insurance Fund

(Unit: Baht)

	2013	2012
Accumulated contribution at the beginning of the year	17,490,393	10,963,734
Contribution during the year	7,224,563	6,526,659
Accumulated contribution at the end of the year	24,714,956	17,490,393

31. Operating lease commitments

The Company has entered into several lease agreements in respect of the lease of office building space. The terms of the agreements are 3 years for office building space.

As at 31 December 2013 and 2012, future minimum lease payments required under those non-cancellable operating lease contracts were as follows.

(Unit: Million Baht)

	As at 31 December	
	2013	2012
Within 1 year	1.1	1.0
Over 1 year and not over 5 years	1.1	0.7

32. Bank guarantee

As at 31 December 2013 and 2012, there were outstanding bank guarantees of Baht 0.5 million issued by banks on behalf of the Company in respect of certain performance bonds as required in the normal course of business.

33. Lawsuit

As at 31 December 2013, the Company has been sued for damages totaling approximately Baht 105.3 million (2012: Baht 88.5 million) as insurer. The cases have not yet been finalized. Although the Company's has set aside reserves for contingent losses amounting to approximately Baht 7.9 million (2012: Baht 5.6 million).

34. Segment information

Operating segment information is reported in a manner consistent with the internal reports that are regularly reviewed by the Chief Operating Decision Maker in order to make decisions about the allocation of resources to the segment and assess its performance. The Chief Operating Decision Maker has been identified as Chairman of the Executive Board.

For management purposes, the Company is organised into business units based on its products, which consisted of Fire, Marine and transportation, Motor, and Miscellaneous insurance.

The Chief Operating Decision Maker monitors the operating results of the business units separately for the purpose of making decisions about resource allocation and assessing performance. Segment performance is measured based on operating profit or loss, total assets and liabilities and on a basis consistent with that used to measure operating profit or loss, total assets and liabilities in the financial statements.

The Company operates in Thailand only. As a result, all of the revenues and assets as reflected in these financial statements pertain exclusively to this geographical reportable segment.

The following tables present revenue and profit information regarding the Company's operating segments for the years ended 31 December 2013 and 2012, respectively.

(Unit: Baht)

	For the year end 31 December 2013				Total
	Fire	Marine and transportation	Motor	Miscellaneous	
Underwriting income					
Premium written	169,403,605	10,228,885	2,306,419,267	406,382,699	2,892,434,456
Less: Premium ceded	(120,738,910)	(2,229,987)	(358,785,520)	(204,060,615)	(685,815,032)
Net premium written	48,664,695	7,998,898	1,947,633,747	202,322,084	2,206,619,424
Less: Unearned premium reserve	(11,676,204)	(101,212)	(78,188,972)	(14,495,017)	(104,461,405)
Earned premium	36,988,491	7,897,686	1,869,444,775	187,827,067	2,102,158,019
Fee and commission income	39,657,205	147,871	114,459,068	43,470,834	197,734,978
Total underwriting income	76,645,696	8,045,557	1,983,903,843	231,297,901	2,299,892,997
Underwriting expenses					
Claims and losses adjustment expenses	4,643,821	83,226	1,163,684,389	125,813,690	1,294,225,126
Commission and brokerage expenses	30,550,276	963,227	405,774,523	59,438,582	496,726,608
Other underwriting expenses	5,543,262	326,350	106,733,116	22,942,576	135,545,304
Contribution to Road Accident Victims Protection Co., Ltd.	-	-	11,376,185	-	11,376,185
Total underwriting expenses before operating expenses	40,737,359	1,372,803	1,687,568,213	208,194,848	1,937,873,223
Profit from underwriting	35,908,337	6,672,754	296,335,630	23,103,053	362,019,774
Operating expenses					(320,233,148)
Net investment income					109,044,361
Gains on investments					92,264,588
Fair value losses on investments					(117,555,085)
Other income					9,228,695
Profit from operation					134,769,185
Contribution to the Office of Insurance Commission					(7,724,563)
Contribution to the General Insurance Fund					(7,224,563)
Contribution to the Victims Compensation Fund					(928,668)
Profit before income tax expenses					118,891,391
Income tax expenses					(20,026,574)
Profit for the year					98,864,817

For the year 2013, the Company has premium written from three major brokers in amounting of Baht 813.6 million, Baht 302.0 million and Baht 297.9 million, respectively.

(Unit: Baht)

For the year end 31 December 2012

	Fire	Marine and transportation	Motor	Miscellaneous	Total
Underwriting income					
Premium written	165,624,239	9,435,422	2,092,423,521	351,417,070	2,618,900,252
Less: Premium ceded	(142,360,732)	(1,941,165)	(430,355,393)	(187,695,499)	(762,352,789)
Net premium written	23,263,507	7,494,257	1,662,068,128	163,721,571	1,856,547,463
Add (less): Unearned premium reserve	23,470,540	(358,191)	(106,937,511)	(7,487,493)	(91,312,655)
Earned premium	46,734,047	7,136,066	1,555,130,617	156,234,078	1,765,234,808
Fee and commission income	34,583,942	168,425	135,797,950	34,974,159	205,524,476
Total underwriting income	81,317,989	7,304,491	1,690,928,567	191,208,237	1,970,759,284
Underwriting expenses					
Claims and losses adjustment expenses	(7,676,891)	5,021,418	1,004,196,097	96,770,622	1,098,311,246
Commission and brokerage expenses	39,312,524	863,272	368,375,953	59,019,727	467,571,476
Other underwriting expenses	6,180,848	426,980	97,621,167	29,764,951	133,993,946
Contribution to Road Accident Victims Protection Co., Ltd.	-	-	9,528,613	-	9,528,613
Total underwriting expenses before operating expenses	37,816,481	6,311,670	1,479,721,830	185,555,300	1,709,405,281
Profit from underwriting	43,501,508	992,821	211,206,737	5,652,937	261,354,003
Operating expenses					(308,969,578)
Net investment income					102,103,400
Gains on investments					112,174,665
Fair value gains on investments					41,227,221
Other income					10,816,731
Profit from operation					218,706,442
Contribution to the Office of Insurance Commission					(7,026,659)
Contribution to the General Insurance Fund					(6,526,659)
Contribution to the Victims Compensation Fund					(777,846)
Profit before income tax expenses					204,375,278
Income tax expenses					(41,754,732)
Profit for the year					162,620,546

For the year 2012, the Company has premium written from a major broker in amounting of Baht 892.3 million.

The following table presents segment assets and liabilities of the Company's operating segments as at 31 December 2013 and 2012.

(Unit: Baht)

	Fire	Marine and transportation	Motor	Miscellaneous	Unallocated assets	Total
Assets						
As at 31 December 2013	<u>195,077,204</u>	<u>2,118,608</u>	<u>679,390,679</u>	<u>363,320,235</u>	<u>3,039,114,439</u>	<u>4,279,021,165</u>
As at 31 December 2012	<u>214,404,391</u>	<u>2,832,247</u>	<u>638,171,760</u>	<u>490,761,623</u>	<u>2,849,527,906</u>	<u>4,195,697,927</u>
Liabilities						
As at 31 December 2013	<u>287,121,544</u>	<u>4,490,162</u>	<u>2,163,786,503</u>	<u>545,017,803</u>	<u>357,041,650</u>	<u>3,357,457,662</u>
As at 31 December 2012	<u>291,602,106</u>	<u>6,903,907</u>	<u>1,996,487,188</u>	<u>590,286,857</u>	<u>353,619,637</u>	<u>3,238,899,695</u>

35. Financial instruments

35.1 Financial risk management

The Company's financial instruments, as defined under Thai Accounting Standard No.107 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, premium receivables, investments in securities, loans and other receivables. The financial risks associated with these financial instruments and how they are managed is described below.

Credit risk

The Company is exposed to credit risk primarily with respect to premium receivables, loans and other receivables. The Company manages the risk by adopting appropriate credit control policies and procedures and therefore does not expect to incur material financial losses. In addition concentrations of the credit risk with respect to premium receivables are insignificant due to the large number of customers comprising the customer base and their dispersion across different industries and geographic regions in Thailand.

Concentrations of the credit risk with respect to secured loans are insignificant due to the large number of customers comprising the customer base and their dispersion across different industries and geographic regions in Thailand. In addition the values of the securities placed as collateral are adequate for the Company to receive complete payment of debt and the ratio of loans to collateral values is in accordance with the notification of the OIC.

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

Interest rate risk

The Company's exposure to interest rate risk relates primarily to its investments in securities, loans and deposits at financial institutions.

Significant financial assets as at 31 December 2013 and 2012 classified by type of interest rate are summarised in the table below, with those financial assets that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date.

(Unit: Baht)

	2013							Interest rate (% per annum)
	Fixed interest rates				Floating interest rate	Non-interest bearing	Total	
	Remaining periods to repricing dates or maturity dates							
	Overdue	Within 1 year	1 - 5 years	Over 5 years				
Cash and cash equivalents	-	112,325,692	-	-	121,910,955	3,591,032	237,827,679	0.75 - 3.15
Investments in securities								
Government and state								
enterprise securities	200,000	99,996,667	181,844,095	15,186,126	-	-	297,226,888	2.40 - 4.00
Private enterprise debt securities	93,940	40,218,859	20,151,292	20,223,425	-	-	80,687,516	4.10 - 6.00
Deposits at financial institutions	-	860,087,132	80,000	-	-	-	860,167,132	0.50 - 3.30
Loans, net	-	59,486	5,788,314	5,354,821	-	-	11,202,621	5.50 - 15.00
Total	293,940	1,112,687,836	207,863,701	40,764,372	121,910,955	3,591,032	1,487,111,836	

(Unit: Baht)

	2012							Interest rate (% per annum)
	Fixed interest rates				Floating interest rate	Non-interest bearing	Total	
	Remaining periods to repricing dates or maturity dates							
	Within 1 year	1 - 5 years	Over 5 years					
Cash and cash equivalents	192,545,610	-	-	-	148,660,098	1,662,515	342,868,223	0.50 - 3.45
Investments in securities								
Government and state								
enterprise securities	149,847,310	109,929,865	-	-	-	-	259,777,175	2.75 - 4.25
Private enterprise debt securities	90,093,940	41,766,586	-	-	-	-	131,860,526	3.35 - 5.30
Deposits at financial institutions	534,878,131	-	-	-	-	-	534,878,131	0.50 - 3.50
Loans, net	39,764	3,621,368	7,416,944	-	-	-	11,078,076	5.50 - 15.00
Total	967,404,755	155,317,819	7,416,944	148,660,098	1,662,515	1,280,462,131		

35.2 Fair value of financial instruments

A fair value is the amount for which an asset can be exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction. The fair value is determined by reference to the market price of the financial instrument or by using an appropriate valuation technique, depending on the nature of the instrument.

The following methods and assumptions were used by the Company in estimating the fair values of financial instruments:

Investments in securities/deposits with financial institutions

The fair values of equity securities and debt securities are based on their quoted market prices.

The fair value of deposits at financial institutions, and notes with maturity periods of less than 90 days is based on their carrying value. For those with maturity periods longer than 90 days, fair value is estimated using a discounted cash flow analysis based on the current interest rate and the remaining period to maturity.

36. Reclassification

The Company has reclassified certain amounts in the statements of financial position as 31 December 2012 and 1 January 2012 to conform to the current year's classifications with no effect to previously reported profit or equity.

(Unit: Baht)

	31 December 2012		1 January 2012	
	As reclassified	As previously reported	As reclassified	As previously reported
Investments in securities				
Available-for-sale investments	875,196,855	846,775,802	801,144,996	773,434,470
Other assets	294,148,514	322,569,567	275,121,624	302,832,150

37. Capital management

The primary objectives of the Company's capital management are to ensure that it preserves the ability to continue its business as a going concern and to maintain risk-based capital in accordance with Declaration of the OIC.

38. Events after the reporting period

On 26 February 2014, a meeting of the Board of Directors of the Company passed a resolution to propose to the Annual General Meeting of Shareholders that a dividend of Baht 0.32 per share be paid to the shareholders in respect of the operating results of the year 2013, a total of Baht 48.5 million.

39. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 26 February 2014.