



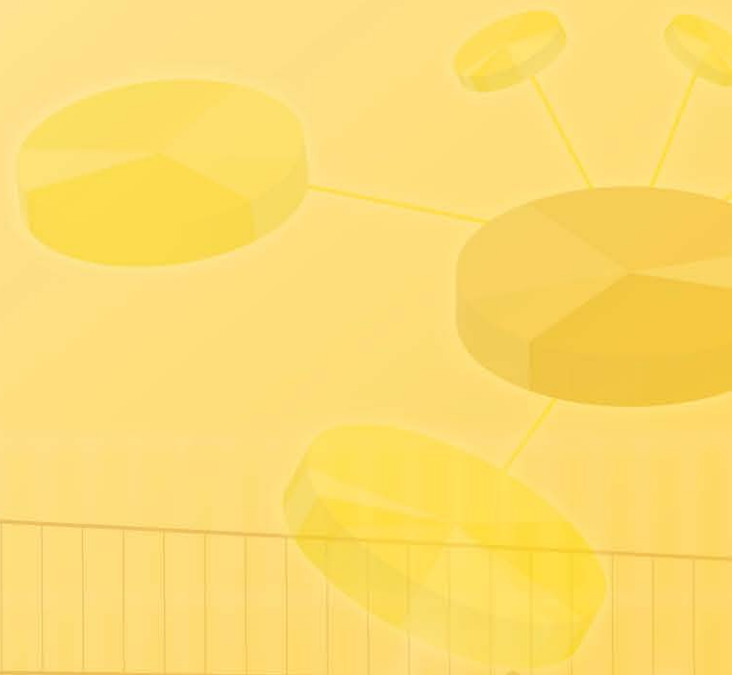
ศรีอยุธยา แคปปิตอล
SRI AYUDHYA CAPITAL

Creating Advantage ANNUAL REPORT 2013



Creating Advantage

ANNUAL REPORT 2013



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MESSAGE FROM THE CHAIRMAN AND PRESIDENT & CEO



In 2013, the Thai economy was expected to expand in the range of 5-6 percent based on supporting factors. These factors included: continuing capital flows into Thai capital market, fairly strong export growth, a stimulus package increasing consumption spending and continuing private investment, in part resulting from the expectation that some public investment projects would start to be implemented in 2013. Notwithstanding these factors Thailand's economy experienced a slowdown starting in the second half of 2013 since agricultural prices fell and domestic demand was lower after the stimulus package including the first car policy had run its course. Household debt climbed to a higher level. In addition, public investment was delayed and some businesses postponed their investment pending improvement in the economic and political situation. Also, exports did not benefit much from the nascent global economic recovery. Tourism, however, in this past year grew robustly and remained a key driver of the economy. Thus, in 2013 the Thai economy expanded modestly by only 2.9 percent.

At the same time during the year the insurance industry increased its market penetration from 5.0 to 5.4 percent. The general insurance sector managed to increase premiums to THB 203 billion of which 58 percent arose from automobile insurance. Growth came mainly from the government's first car policy incentive scheme. However, the political turmoil in the last quarter of 2013 saw a slowdown in insurance sales.

Your company's performance on a consolidated basis saw revenue increase by 24 percent and Net Profit increase by 521 percent. This was a result of a strong performance at its general insurance subsidiary. SAGI, which has now totally recovered from the effects of the 2011 flood, is well placed for the future. Ayudhya Allianz Assurance, our 20 percent owned associate company, also delivered a strong performance which, taken together with the first full year of integration, resulted in a profit sharing of THB 355 million.

In 2014 Thailand's economic expansion is projected to slow owing to the political situation. The slowdown and the effects of a political

vacuum are obstacles to some infrastructure investment projects. These obstacles erode private sector confidence in terms of consumption and investment and have a multiplying effect on fiscal spending. Nonetheless, the Thai economy should be able to cope with the political conflict and the global financial condition. Thailand still remains a creditable country for foreign investors as economic fundamentals remain sound. Moreover, the business and commercial banking sectors' financial positions are relatively strong. As a consequence, this year economic growth is targeted to be in the 2.5-3.0 percent range.

The outlook for the general insurance industry in 2014 is of an expected lower growth rate of 5 percent due mainly to the finalization of the first car policy scheme, the softening of the rate for catastrophe insurance for house owners, SME's and factories, and the delay in some infrastructure projects. It is anticipated that there will be a distinct move towards electronic policies especially for automobile insurance, Personal Accident insurance and House Owners insurance policies. The Office of the Insurance Commissioner is due to announce its new Insurance Development Plan in the first half of 2014. The effect of Asean on the general insurance industry will be positively felt as international and regional players intensely compete to gain territory and market share.

On behalf of the Board of Directors, we wish to express our gratitude to the company's management and staff for their hard work and commitment throughout 2013. We also would like to thank our customers, shareholders and all stakeholders for their unfaltering supports and trust in us as always.



Mr. Veraphan Teepsuwan
Chairman



Mr. Rowan D'Arcy
President & CEO



FINANCIAL HIGHLIGHTS

(Unit: Million Baht)

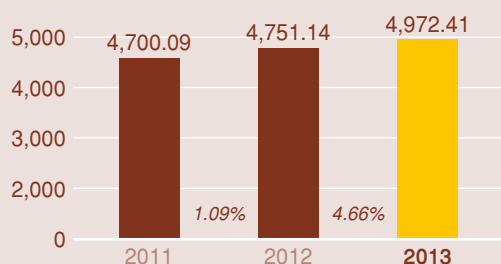
TOTAL ASSETS



ISSUE AND PAID-UP SHARE CAPITAL



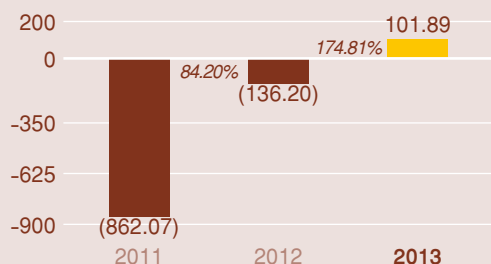
TOTAL SHAREHOLDERS' EQUITY



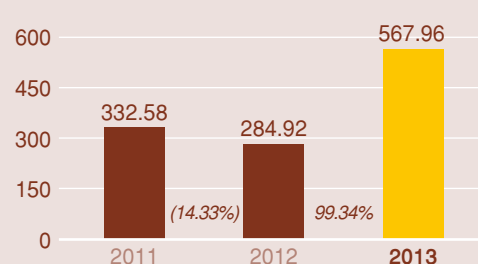
GROSS PREMIUM WRITTEN



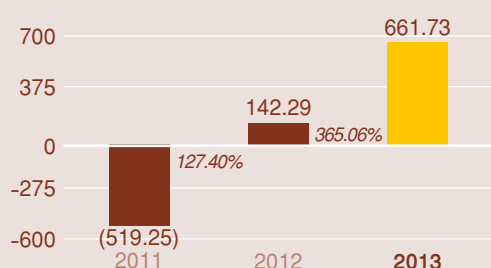
UNDERWRITING PROFIT (LOSS)



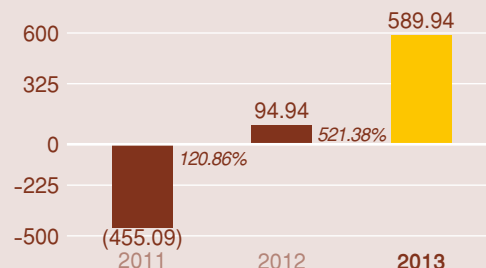
PROFIT ON INVESTMENT



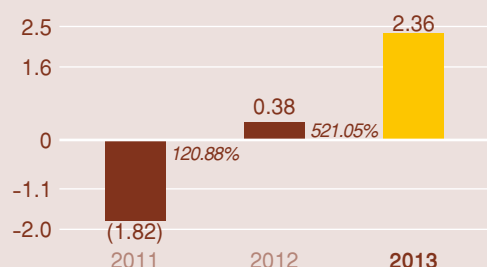
PROFIT BEFORE INCOME TAX



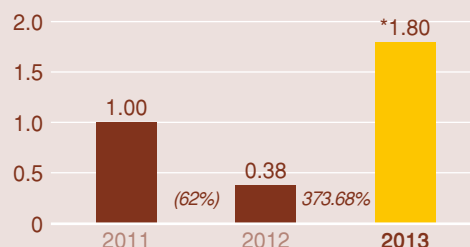
NET PROFIT



EARNINGS PER SHARE (BAHT)



DIVIDEND PER SHARE (BAHT)



* Dividend per share from the operating result in 2013 is pending approval from the Shareholders' Meeting.

VISION AND MISSION

OUR BUSINESS

We are an investment holding company that focuses on selecting and accumulating a portfolio of investments primarily in the insurance industry, both life and non-life, and others to create value-added returns for stockholders.

VISION

To become one of Thailand's leading investment holding companies with primary focus in the insurance sector, leveraging on AYUD's experience, expertise, and network to achieve sustainable growth.

MISSION

- Employ skilled, entrepreneurial people
- Provide exceptional service
- Ensure sustainable growth
- Deliver continuous growth in profits
- Remain committed to change and continuous improvement

VALUE

- Responsibility
- Transparency
- Respect
- Fairness
- Integrity
- Trust

STRATEGY

Build value for our group of companies by delivering attractive returns to shareholders through:

Approaching the market with a long term view on investment, returns and dividend growth

Acquiring holdings in companies with strong brands and/or companies with valuable assets that match with the Company's criteria on investment/risk assessments

BOARD OF DIRECTORS



1 Mr. Veraphan Teepsuwan
Chairman



2 Mr. Rowan D'Arcy
President & CEO



3 Mr. Chusak Salee
Managing Director



7 Mr. Metha Suvanasarn
Independent Director and Member of
Audit Committee, and Chairman of
Nomination & Remuneration Committee



8 Mr. Adisorn Tantanankul*
Director



9 Ms. Nopporn Tirawattanagool
Director and Member of
Nomination & Remuneration
Committee



10 Mr. Andreas Johann Wilhelm, Ph.D.
Director and Member of
Nomination & Remuneration
Committee



11 Mr. Virojn Srethapramotaya
Director



12 Mr. Suwat Suksongkroh
Independent Director



4 Mr. Laksna Thongthai
Director, and Assistant Managing Director

5 Mr. Surachai Prukbamroong
Independent Director, and Chairman of Audit Committee

6 Mr. Vichit Kornvityakoon
Independent Director, Member of Audit Committee, and Chairman of Compliance Committee

ORGANIZATION CHART



BOARD OF DIRECTORS INFORMATION



MR. VERAPHAN TEE PSUWAN

Chairman

Age	● 72 years old
Education	<ul style="list-style-type: none"> ● MBA, Northeastern University, USA ● Bachelor of Economics, Boston University, USA ● Certificate - Role of the Chairman (RCP) 2008, Thai Institute of Directors Association (IOD)
Other Positions Held	<ul style="list-style-type: none"> ● Chairman, Bank of Ayudhya Plc. ● Director, Exclusive Senior Care International Co., Ltd. ● Chairman, Siam City Cement Plc. ● Vice President, Eastern Star Real Estate Plc. ● Director, Bangkok Broadcasting & TV Co., Ltd.
Working Experience for the Past 5 Years	<ul style="list-style-type: none"> ● Chairman, Allianz Ayudhya Assurance PCL (Formerly, Ayudhya Allianz C.P. Life PCL)



MR. ROWAN D'ARCY

President & CEO

Age	● 59 years old
Education	<ul style="list-style-type: none"> ● University of Witwatersrand, Johannesburg, South Africa ● Ashridge Business School, UK ● Director Certificate Program (DCP 103/2008)
Other Positions Held	<ul style="list-style-type: none"> ● President & CEO, Sri Ayudhya General Insurance PCL
Working Experience for the Past 5 Years	<ul style="list-style-type: none"> ● Director, The Ayudhya Insurance PCL ● Managing Director, Allianz Insurance Company of Singapore Pte. Ltd. ● Project Director, Allianz Insurance Management Asia Pacific



MR. CHUSAK SALEE

Managing Director

Age	● 60 years old
Education	● Master of Business Administration, Sul Ross State University, USA ● Bachelor of Science, Agricultural Economics, Kasetsart University ● Director Certification Program, Institute of Directors Association (IOD)
Other Positions Held	● Managing Director, Sri Ayudhya General Insurance PCL
Working Experience for the Past 5 Years	● Director, Ayudhya Fund Management Plc. ● Director, Ayudhya Development Leasing Co., Ltd.



MR. LAKSNA THONGTHAI

Director, and Assistant Managing Director

Age	● 59 years old
Education	● Ph.D. in Industrial and Systems Engineering, University of Southern California, Los Angeles, USA ● M.S. in Systems Engineering, UCLA, Los Angeles, USA ● B.S. in Industrial Engineering, Chulalongkorn University ● Director Certification Program, Thai Institute of Director Association (IOD) ● Diploma Examination Assigned from Graduate Member to become Fellow Member from Thai Institute of Director Association (IOD) ● Pass of Reinsurance and Insurance Management Training Courses from France, Germany, and England
Other Positions Held	● Director, Nirvana Co., Ltd. ● Director, Thongthai Water Pipe & Chemical Co., Ltd.
Working Experience for the Past 5 Years	● Director, Ayudhya Fund Management Plc. ● Director, Ayudhya Development Leasing Co., Ltd.



MR. SURACHAI PRUKBAMROONG

Independent Director, and Chairman of Audit Committee

Age	<ul style="list-style-type: none"> 75 years old
Education	<ul style="list-style-type: none"> Bachelor of Accountancy and Bachelor of Commerce, Thammasat University Certificate of Bank Examiner, Bank of Examination School, Federal Deposit Insurance Corporation, USA Certificate - Pacific Rim Bankers Program, University of Washington, USA Certificate - Senior Management, University of California, Berkeley, USA Certificate of Banking, The Bank of Tokyo, Japan Senior Executive Program, Sasin Graduate Institute of Business Administration of Chulalongkorn University Certificate - Financial Executive, The Thai Institute of Banking and Finance Certificate - Executive Information System, IBM Certificate of Executive Information System, IBM Education Center Director Certification Program, Thai Institute of Directors Association (IOD) <ul style="list-style-type: none"> - Association Role of Chairman Program (RCP) (Chairman 2000) - Directors Accreditation Program (DAP) - Board Performance Evaluation (BPE) - Corporate Governance Report of Thai Listed Companies (CGR) - DCP Refresher Course, Director Forum - Thai Institute of Director Association (IOD)
Other Positions Held	<ul style="list-style-type: none"> Independent Director and Chairman of the Audit Committee, Sri Ayudhya General Insurance PCL
Working Experience for the Past 5 Years	<ul style="list-style-type: none"> Independent Director and Chairman of the Audit Committee, Bank of Ayudhya



MR. VICHIT KORNVITYAKOON

Independent Director, Member of Audit Committee, and Chairman of Compliance Committee

Age	<ul style="list-style-type: none"> 63 years old
Education	<ul style="list-style-type: none"> Master of Business Administration Program, Thammasat University Bachelor of Accountant, Chulalongkorn University Bachelor of Laws, Thammasat University Director Certification Program, Thai Institute of Directors Association (IOD) <ul style="list-style-type: none"> - Director Certification Program (DCP 172/2013) - Advanced Audit Committee Program (AACP 14/2014)
Other Positions Held	<ul style="list-style-type: none"> Independent Director, Audit Committee and Chairman of Compliance Committee, Sri Ayudhya General Insurance PCL Director in Sub-Committee of Developed Supervision in Deposit Protection System, Deposit Protection Agency Director in Ex.Com Group of Sukhumvit Asset Management Co., Ltd
Working Experience for the Past 5 Years	<ul style="list-style-type: none"> Director, Financial Institutions Policy Group, Bank of Thailand (BOT) Director, Planning and Development Department, Bank of Thailand (BOT)



MR. METHA SUVANASARN

Independent Director and Member of Audit Committee, and
Chairman of Nomination & Remuneration Committee

Age	● 73 years old
Education	<ul style="list-style-type: none">● B.A. Accountancy, Thammasat University● Director Certification Program, Thai Institute of Directors Association (IOD), Role of the Compensation Committee (RCC 9/2009), Thai Institute of Directors (IOD)● Certified in the Governance of the Enterprise IT (CGEIT), USA● CRISC Certified in Risk and Information System Controls, USA● CRMA Certification in Risk Management Assurance, USA● Certified Internal Audit (CIA), USA● Certified Public Accountant (CPA), Thailand● Computer Audit Certificate, Federal Deposit Insurance Corporation (FDIC), USA● Management Certificate, University of California at Berkeley, USA● Advanced Management Certificate, Harvard University Graduate School of Business Administration, USA● New Era Governance Certificate, Harvard Business School, USA
Other Positions Held	<ul style="list-style-type: none">● Audit Chairman of ISACA(Information Security Audit and Control Association), Bangkok Chapter● Vice Chairman of Thailand Information Security Association (TISA)● Risk Management Committee, The Thai Chamber of Commerce and Board of Trade of Thailand Director, Information Security, National Electronics and Computer Technology Center (NECTEC)● IT Examination Specialist of Bank of Thailand● Sub-Committee Standard Development of Electronics Transaction, Ministry of Information and Communication Technology● Working Committee for CA, National Electronics and Computer Technology Center (NECTEC)● Independent Director and Member of the Audit Committee, Sri Ayudhya General Insurance PCL
Working Experience for the Past 5 Years	<ul style="list-style-type: none">● Sub-Committee of Improvement of State Enterprise Performance Appraisal: SEPA● Vice President of Internal Audit of Thailand● Sub-Committee of State Enterprise Risk Management Evaluation● Chairman of Nomination and Remuneration Committee, Independent Committee and Audit Committee, Thai Credit Bank



MR. ADISORN TANTIANANKUL*

Director

Age	● 66 years old
Education	<ul style="list-style-type: none">● ANZIIF Australian New Zealand Insurance Institute and Finance● Director Certification Program and Financial Statements for Directors (FSD/2009), Thai Institute of Directors Association (IOD)
Working Experience for the Past 5 Years	<ul style="list-style-type: none">● Director, Thai Reinsurance Plc.

Remark: *The Director has completed his term on April 22, 2013.



MS. NOPPORN TIRAWATTANAGOO

Director and Member of Nomination & Remuneration Committee

Age	<ul style="list-style-type: none"> ● 59 years old
Education	<ul style="list-style-type: none"> ● Master of Accounting, Faculty of Commerce and Accountancy, Thammasat University ● Bachelor of Business Administration (Accounting), Thammasat University ● Certificate of Training and Seminar, Thai Institute of Director Association (IOD) <ul style="list-style-type: none"> - Director Accreditation Program (DAP), Year 2003 - Role of the Compensation Committee (RCC), Year 2009 - Audit Committee Program (ACP), Year 2010 - Director Certification Program (DCP), Year 2011 - Financial Institutions Governance Program (FGP), Year 2011 - Anti-Corruption for Executive Program (ACEP), Year 2013
Other Positions Held	<ul style="list-style-type: none"> ● Director, Nomination and Remuneration Committee, Bank of Thailand ● Director, BBTV Alliance Limited ● Director, BBTV Bond Street Building Limited ● Director ITBC Business Consultant Group Co., Ltd ● Director Siam City Cement PCL ● Director, Exclusive Senior Care International. Co., Ltd ● Director, Sunrise Equity Co., Ltd ● Director, BBTV Equity. Co., Ltd
Working Experience for the Past 5 Years	<ul style="list-style-type: none"> ● Positions held in Bank of Ayudhya PCL <ul style="list-style-type: none"> - Executive Director - Head of Human Resources - First Executive Vice President - Secretary to the Executive Committee ● Independent Director / Audit Committee, Lanna Resources PCL ● Chairman, Professional Call Center Co., Ltd ● Director, Dherakut International Law Office Co., Ltd ● Director, Total Services Solutions PCL ● Director, Ayudhya Total Solution PCL ● Director, Ayudhya Capital Auto Lease PCL ● Director, Ayudhya Auto Lease PCL ● Director, Krungsri Securities PCL



MR. ANDREAS JOHANN WILHELM, PH.D.

Director and Member of Nomination & Remuneration Committee

Age	<ul style="list-style-type: none"> ● 49 years old
Education	<ul style="list-style-type: none"> ● Ph.D., Albert-Ludwig's University, Germany ● Trent University, Canada ● University of Basel, Switzerland
Other Positions Held	<ul style="list-style-type: none"> ● Chief Operating Officer, Asia Pacific Allianz Insurance Management Asia Pacific, Singapore ● Director, and Member of Nomination & Remuneration Committee Sri Ayudhya General Insurance PCL
Working Experience for the Past 5 Years	<ul style="list-style-type: none"> ● Deputy Chief Executive Officer Allianz Life Insurance, Korea ● Head of Synergy Project, Head of M&A for Korea, Allianz AG, Germany ● Chief Operating Officer, Head of Mergers and Acquisition in Asia Pacific Allianz Insurance Management Asia Pacific, Singapore



MR. VIROJN SRETHAPRAMOTAYA

Director

Age	● 62 years old
Education	● MBA, Jacksonville State University, USA ● Bachelor of Accountancy, Chulalongkorn University ● Advanced Management Program for International Bankers, The Wharton School, University of Pennsylvania, USA ● Certificate of Financial Executive, The Thai Institute of Banking and Finance Association, The Thai Bankers' Association ● Certificate of Director Accreditation Program (DAP), Director Certification Program (DCP), Directors Diploma Examination (DDE), Role of the Chairman Program (RCP), DCP Refresher Course, Successful Formulation & Execution of Strategy (SFE), Financial Institutions Governance program (FGP), Audit Committee Program (ACP), Monitoring Fraud Risk Management (MFM), Monitoring the Internal Audit Function (MIA), Monitoring the System of Internal Control and Risk Management (MIR), Chartered Director Class (CDC), Thai Institute of Directors Association (IOD)
Other Positions Held	● Director, Bank of Ayudhya Plc. ● Chairman, Sri Ayudhya General Insurance PCL ● Director and Audit Committee Member, Allianz Ayudhya Assurance PCL (Formerly, Ayudhya Allianz C.P. Life PCL)
Working Experience for the Past 5 Years	● Positions held in Bank of Ayudhya Plc. - Senior Advisor to the Corporate Banking Group - Head of Corporate Banking - Credit Committee Member - Executive Committee Member - Senior Executive Vice President - Risk Management Committee Member - Compliance Review Committee Member ● Chairman, The Ayudhya Factoring Co., Ltd. ● Director, Ayudhya Development Leasing Co., Ltd.



MR. SUWAT SUKSONGKROH

Independent Director

Age	● 67 years old
Education	● Bachelor of Law, Thammasat University ● Thai Barrister at Law ● Directors Certification Program (DCP 12/2001), Company Secretary Program (CSP 1/2002), DCP Refresher Course (DCP 2/2006), Thai Institute of Directors Association (IOD)
Other Positions Held	● Independent Director, Sri Ayudhya General Insurance PCL
Working Experience for the Past 5 Years	● Secretary to the Board of Directors and Executive Board of Directors, Bank of Ayudhya Plc. ● Director, Ayudhya Securities Plc.

MAJOR SHAREHOLDERS

Top ten major shareholders as at August 29, 2013.

No	Name of Shareholders	No. of Shares	Percentage
1	DEUTSCHE BANK AG, FRANKFURT A/C CLIENTS ACCOUNT-DCS	42,104,000	16.842
2	Bangkok Broadcasting & Television Company Limited	28,802,500	11.521
3	TRIPLE PRIME TEAM HOLDINGS COMPANY LIMITED	25,238,750	10.096
4	Bank of Ayudhya Public Company Limited	24,305,800	9.722
5	BBTV Equity Company Limited	21,946,000	8.778
6	Thongthai (1956) Company Limited	9,610,000	3.844
7	CITIBANK NOMINEES SINGAPORE PTE LTD-UBS AG LONDON BRANCH-NRBS IPB CLIENT SEG	7,380,500	2.952
8	Great Fortune Equity Company Limited	7,045,250	2.818
9	Ms. Sudthida Ratanarak	6,344,870	2.538
10	Krungthai Panich Insurance Company Limited	3,938,400	1.575

SHARES HELD BY MEMBERS OF THE BOARD OF DIRECTORS

As at December 31, 2013

No.	Board of Directors	Designation	31 December 2013		31 December 2012	
			Shares	Proportion (%)	Shares	Proportion (%)
1	Mr. Veraphan Teepsuwan	Chairman	-	-	-	-
2	Mr. Surachai Prukbamroong	Director	-	-	-	-
3	Mr. Metha Suvanasarn	Director	-	-	-	-
4	Mr. Vichit Kornvityakoon	Director	-	-	-	-
5	Mr. Suwat Suksongkroh	Director	32,500	0.013	32,500	0.013
6	Ms. Nopporn Tirawattanagool	Director	-	-	-	-
7	Mr. Virojn Srethapramotaya	Director	-	-	-	-
8	Mr. Andreas Johann Wilhelm, Ph.D.	Director	-	-	-	-
9	Mr. Rowan D'Arcy	Director	-	-	-	-
10	Mr. Chusak Salee	Director	*42,000	0.016	*42,000	0.016
11	Mr. Laksna Thongthai	Director	-	-	-	-

Remark: *Including spouse

CORPORATE SOCIAL RESPONSIBILITY



PHILOSOPHY

VISION & MISSION

Our business is complete only when we can do good things in return for the society in which we live and that supports us. As a contributing member of Thai society, we embrace the responsibility of being a good corporate citizen, and express this through corporate social responsibility (CSR) programs. These programs are voluntary and we encourage employees at every level to get involved in social and environmental development programs that they have personal interest in. Whatever programs chosen, the essence is engagement and accountability that goes hand-in-hand to ensure quality delivery of development and change, no matter how big or small.

Pillar of AYUD CSR: Conscientious Involvement

At the heart of AYUD CSR, it is about conscientious involvement. AYUD empowers employees to spend the time and efforts to support corporate social responsibility programs they choose to get involved in. For any program to qualify AYUD's involvement and funding, the following thoughts are to be followed to ensure that we are guided by real needs and that we can follow through with the intended change.

Insight

A thorough understanding of the need for the proposed program.

Localization

The proposed programs are community-based so AYUD employees can offer and extend assistance

Involvement

Required time and efforts involved to make the program a success and funds required to make impact and change.

Transformation

Vision of the change after completion of the program.

Personal Satisfaction and Corporate Recognition

Aside from personal satisfaction our employees gained from participating and seeing their supported social contribution to its fruition, AYUD recognizes their efforts in the corporate social contribution as well. Once a year, all social contribution initiatives undergo a management review process to identify and give recognition to staff with outstanding programs that meet with the Company's values on social contribution.



Entering Fourth Year: Mangroves Replanting, Coral Reef and Sea Turtle Conservation

The Company's concern for the environment was translated into action through two environmental preservation programs. These are the mangroves replanting program in Klongkone, Samutsongkram, in its fourth year, now covers 20 rai of replanted mangroves; and a turtle nursery and coral reef revival project at Sea Turtles Conservation Center, Royal Thai Navy in Sattahip, Choburi. Over 50 employees volunteered their time to participate in these projects. They gained first-hand knowledge and experience on environmental changes, impact and revival to share with others.

Thai Ocean Preservation

As a follow up to these projects, to ensure that we reach a wider audience about preservation of coastal life and environment, we embarked on another project focused on building the public awareness of environment preservation through a calendar. The result: 2013 "Source of Wealth" calendar which showcased Thailand's ocean life forms, from the ones feeding off mangrove forests to big beautiful sea creatures and the importance of environment preservation. These amazing sea creatures belong to all of us and is considered a source of wealth which we all must protect and preserve for future generations.



PUBLIC HEALTH

Clean Water for Children, Baan Huaykrai School, Amphur Mae Saruai, Chiangrai

Our employees in Chiangrai discovered that water pipes at the local school had been damaged, resulting in a shortage of clean water. Our Company's employees volunteered and rebuilt the entire system. This massive project involved laying approximately four kilometers of new piping, installing new water tanks, filters, and 30 points of water distributions. The team efforts was led by Mr. Sakrapee Sangkapan, Vice President — Branch Operations; Mr. Chakkrit Utachee, Chiangmai Branch Manager; employees from Chiangmai and Chiangrai branches, villagers, and Baan Huaykrai teachers.



BEFORE



AFTER



EDUCATION

Project “We are all Brothers and Sisters”, Year Three

The “We are all Brothers and Sisters” project was conceived three years ago to support stronger education in Thailand. The mission of this project is to reach out to children who are already in school but still need some form of support, either financial assistance in the form of school supplies, scholarships, or sporting equipment and/or positive morale encouragement. The chosen children are supported by our employees sharing their time to participate in ‘edutaining’ activities and provide assistance as required so that the children can complete their education and have a better future. Four schools and foundations were under our sponsorship during 2013.

YWAM, Rajburi

Rice and school supplies were donated to students, led by Mr. Rowan D’Arcy, President & CEO, Mr. Chusak Salee, Managing Director, and Mr. Sakrapee Sangkapan, Senior Vice President — Branch Operations, Mr. Suthee Eiampanakij, Deputy Branch Manager and employees.



Wichawadee School, Nakornsawan

Mr. Rowan D'Arcy, President & CEO were joined by Mr. Sakrapee Sangkapan, Vice President and Mr. Wisid Chantarapatch, Branch Manager and team to donate school supplies, and sports equipment.

Phuket Sunshine Village Foundation, Phuket

scholarships and sports equipment were donated to students, led by Mr. Sakrapee Sangkapan, Vice President and Mr. Boriphat Ounanong, Branch Manager and team.



The School of the Blind, Nakornratchasima

Donations for students at the School of the Blind, Nakornratchasima included water coolers, school supplies, and lunch funds. Mr. Rowan D'Arcy, President & CEO; Mr. Sakrapee Sangkapan, Vice President; and Mr. Peera Jaturanont, Branch Manager and team were joined by jubilant students.



MANAGEMENT STRUCTURE



The Company's Management structure is comprised of the Board of Directors and five sub-committees that are appointed by the Board of Directors:

1. The Executive Committee
2. The Investment Committee
3. The Audit Committee
4. The Nomination & Remuneration Committee
5. The Compliance Committee

In accordance with the Articles of Association, the Company shall have a Board of Directors comprised of at least five members to conduct the business of the Company, not less than half of whom shall reside within the country. As of 31 December 2013, the Board of Directors consists of 11 members:

Non-executive Directors	4 members
Independent Directors	4 members
Executive Directors	3 members

Board members are qualified to assure adherence to the relevant rules and regulations set forth by the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET). The term of reference for each board member is three years.

COMPANY DIRECTORS

As of 31 December 2013, the following are members of the Board of Directors registered in the Ministry of Commerce certificate:

NO.	Name	Designation	Year Appointed
1	Mr. Veraphan Teepsuwan	Non-Executive Director	2002
2	Mr. Rowan D'Arcy	Executive Director	2007
3	Mr. Chusak Salee	Executive Director	1997
4	Mr. Laksna Thongthai	Executive Director	1994
5	Mr. Surachai Prukbamroong	Independent Director	1999
6	Mr. Metha Suvanasarn	Independent Director	2005
7	Mr. Vichit Kornvityakoon ^{1/}	Independent Director	2013
8	Mr. Suwat Suksongkroh	Independent Director	1994
9	Ms. Nopporn Tirawattanagool ^{2/}	Non-Executive Director	2013
10	Mr. Andreas Johann Wilhelm, Ph.D.	Non-Executive Director	2006
11	Mr. Virojn Srethapramotaya	Non-Executive Director	1998
	Ms. Jiratcha Ruplek	Secretary to the Board	2008

1/ Appointed director as per the resolution of the Board of Directors' Meeting No. 1/2013 on January 29, 2013.

2/ Appointed director as per the resolution of the Annual General Meeting No. 64 on April 22, 2013.

Note: Ms. Jiratcha Ruplek was appointed Secretary to the Board on 15 August 2008.

COMPANY SIGNATORIES

The Articles of Association stipulate that the Board has the authority to assign a director or a number of directors to sign or act on behalf of the Company, with criteria stipulated by the Board as per company registration details. The certified registration specifies the four authorized directors, namely Mr. Rowan D'Arcy, Mr.Chusak Salee, Mr.Laksna Thongthai, and Mr.Virojn Srethapramotaya, validated by having two out of four signatures with the Company seal.

Report on Changes in Shareholding of Directors and Executives as of 31 December 2013 (Ordinary Shares) as per Shares Held by Members of the Board of Directors is shown herein.

CHARTER OF THE BOARD OF DIRECTORS

1. ACHIEVING THE VISION

The Board of Directors (the "Board") of Sri Ayudhya Capital Public Company Limited (the "Company") recognizes the importance of good corporate governance in promoting and strengthening the trust of its shareholders, stakeholders and the public, and believes that good corporate governance will enhance shareholder value.

In pursuing the Vision of the Company: "To become one of Thailand's leading investment holding companies with primary focus in the insurance sector, leveraging on AYUD's experience, expertise, and network to achieve sustainable growth", the Board will conduct itself in accordance with the law and the highest ethical standards in the best interests of its shareholders.

2. FUNCTIONS AND RESPONSIBILITIES

The functions and responsibilities of the Board are as stipulated by law and the resolutions of shareholders' meetings, including:

- 2.1 Directing the policies, strategies and financial objectives of the Company and monitoring the implementation of these policies, strategies and financial objectives, with an aim to maximizing economic value and shareholder wealth;
- 2.2 Creating structures and procedures designed to ensure compliance with regulatory requirements, the Articles of Association, resolutions of shareholders' meetings and ethical standards in good faith and with care;
- 2.3 Creating structures and procedures designed to ensure that there are appropriate systems of risk management, internal compliance and control;
- 2.4 Monitoring and assessing management performance in achieving strategies and budgets approved by the Board (at least semi-annually);
- 2.5 Setting criteria for, and evaluating, the performance of the President, and other senior management (at least annually);
- 2.6 Reviewing on a regular and continuing basis the succession plan for the position of President; and
- 2.7 Observing and ensuring compliance with the Directors' Code of Conduct.

3. AUTHORITY

The Board exercises its authority as stipulated by law and the resolutions of shareholders' meetings, including:

- 3.1 Appointing and determining the remuneration and conditions of service of the President & CEO;
- 3.2 Appointing the Managing Director; and
- 3.3 Approving:
 - 3.3.1 The Strategic Plan (to be reviewed annually);
 - 3.3.2 The Annual Business Plan;
 - 3.3.3 The Annual Budget;
 - 3.3.4 The Quarterly, Semi-annual and Annual Financial Reports;
 - 3.3.5 The remuneration of members of Board Committees (within the overall amount approved by shareholders);
 - 3.3.6 The remuneration and conditions of service for the President, following annual review;
 - 3.3.7 Changes to organizational structure at the group level and other significant organizational changes;
 - 3.3.8 The acquisition, establishment, disposal or cessation of any significant asset or business of the Company;
 - 3.3.9 Any changes to the authority delegated by the Board; and
- 3.4 All matters not otherwise delegated to the Executive Committee, the President or management.

4. COMPOSITION

At least four members or one third of the Board (whichever is higher) shall be Independent Directors, and not more than one-third of the Board shall be Executive Directors.

5. CRITERIA FOR BOARD MEMBERSHIP

In proposing directors, the Board will take into consideration experience in at least one area of significance to the Board (e.g., banking, business, marketing, human resources, finance, law, management or management consulting); the ability to contribute to deliberations of the Board; the ability to exercise sound business judgment; the ability to think strategically; demonstrated leadership experience; and a high level of professional skill and integrity; as well as other appropriate personal qualities.

6. TYPES OF DIRECTOR

6.1 Independent Directors

“Independent Director” means a director who has no business transaction or participation in business management which may impact his/her independent decision-making. The qualifications for the Company’s Independent Directors are defined in a more restrictive manner than the criteria set by the Securities and Exchange Commission (SEC) and the Capital Market Supervisory Board. Details of the Independent Director’s qualifications are as follows:

- (1) Not hold shares exceeding 0.5% of the total number of voting rights of the Company, its parent company, subsidiary, affiliate, principal shareholder or controlling person of the Company, including shares held by persons related to the Independent Director.
- (2) Neither be nor have been an executive director, employee, staff, or advisor who receives salary, or a controlling person of the Company, its parent company, subsidiary, affiliate, same-level subsidiary, principal shareholder or controlling person of the Company unless the foregoing status has ended not less than two years prior to the date of company filing with the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET); however, the prohibition excludes Independent Directors who were government officers or advisors of the government agencies that are major shareholder or controlling person of the Company.
- (3) Not being a person related by blood or registration under laws, such as father, mother, spouse, sibling, and child, including spouse of the children, executives, major shareholders, controlling persons, or persons to be nominated as executive or controlling persons of the Company or its subsidiary.
- (4) Not have a business relationship with the Company, its parent company, subsidiary, affiliate, major shareholder or controlling person of the Company, in a manner which may interfere with his/her independent judgment, and neither be nor have been a principal shareholder or controlling person of any business having a relationship with the Company, its parent company, subsidiary, affiliate, major shareholder or controlling person of the Company unless the foregoing relationship has ended not less than two years prior to the date of company filing with the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET). The term “business relationship” aforementioned under paragraph one includes any normal business transaction, rental or lease of immovable property, and/or transaction relating to assets or services or grant or receipt of financial assistance through receiving or extending loans or guarantees, providing assets as collateral, including any other similar actions that result in the Company or his/her counterparty being subject to indebtedness payable to the other party in the amount of 3% or more of the net tangible assets of the Company or Baht 20,000,000 (Baht Twenty Million) or more, whichever is lower. The amount of such indebtedness shall be calculated according to the calculation method for value of connected transactions under the Notification of Capital Market Supervisory Board concerning rules on connected transactions mutatis mutandis. The combination of such indebtedness shall include indebtedness taking place during the course of one year prior to the date on which the business relationship with the person commences.
- (5) Neither be, nor have been, an auditor of the Company, its parent company, subsidiary, affiliate, major shareholder or controlling person of the Company, and not be a principal shareholder or controlling person, or partner of an audit firm which is employed to audit the Company, its parent company, subsidiary, affiliate, major shareholders or controlling person of the Company unless the foregoing relationship has ended not less than two years from the date of the Company filing with the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET).

- (6) Neither be, nor having been, a professional advisor, including legal advisor or financial advisor, who receives an annual service fee exceeding Baht 2,000,000 (Baht Two Million) from the Company, its parent company, subsidiary, affiliate, major shareholders or controlling person of the Company, and neither be, nor have been, a principal shareholder, controlling person or partner of the professional advisor unless the foregoing relationship has ended not less than two years from the date of the Company filing with the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET).
- (7) Not be a director who has been appointed as a representative of the Company's director, major shareholder or shareholders who are related to the major shareholder.
- (8) Not operate any business of the same nature and in significant competition with the business of the Company or its subsidiary, or be a principal competitor in any partnership, or be an executive director, employee, staff or advisor who receives salary, or hold shares not exceeding 0.5% of the total number of voting rights of any other company operating a business of the same nature as, and in significant competition with, the business of the company or its subsidiary.
- (9) Not have any characteristics which make him/her incapable of expressing independent opinions with regard to the Company's business affairs.

6.2 Executive Directors

An Executive Director is a Director who is involved in company management on a full-time basis, and receives regular monthly remuneration from the Company in the form of salary or its equivalent (an "Executive Director").

7. RETIREMENT AND ELECTION

- 7.1 One-third of the Directors shall retire from office at every Annual General Meeting. If the number of Directors to retire from office is not a multiple of three, then the number nearest to but not exceeding one-third shall retire.
- 7.2 The Nomination and Remuneration Committee will propose candidates for consideration by the Board.
- 7.3 The Board shall elect one of the Directors (not an Executive Director) as Chairman.

8. INDUCTION

Newly appointed directors will be provided with appropriate briefings and information relating to the Company, and be advised of the legal, regulatory and other duties of Directors of listed companies.

9. MEETINGS

- 9.1 The Board shall meet no fewer than five times a year. Directors are obliged to meet legal attendance requirements and are expected to attend all Board meetings.
- 9.2 At least one-half of the Directors must be present at a Board meeting to constitute a quorum.
- 9.3 Decisions of the Board shall be made by majority vote. A Director having an interest in a given matter must not participate in any decisions relating to that matter.
- 9.4 Board and Committee papers shall be provided to Directors at least seven days prior to the relevant meeting.

10. BOARD COMMITTEES

- 10.1 The Board may establish Committees to assist it in carrying out its responsibilities, which shall include Audit Committee, Nomination and Remuneration Committees, Investment Committee, and an Executive Committee.
- 10.2 The Board shall approve Committee members and Charters, setting out matters relevant to their composition, responsibilities and administration, and other matters relating to such committees as the Board may consider appropriate.

11. SELF-ASSESSMENT

The Board shall undertake an annual Board performance evaluation that compares the performance of the Board with the requirements of this Charter, and considers and implements any improvements to the Board Charter.

THE EXECUTIVE COMMITTEE

As of 31 December 2013, the Executive Committee was comprised of the following:

No.	Name	Designation	Attendance
1	Mr. Rowan D'Arcy	Chairman	10/11
2	Mr. Chusak Salee	Member and Secretary	11/11
3	Mr. Laksna Thongthai	Member	10/11

ROLES AND DUTIES OF THE EXECUTIVE COMMITTEE

1. RESPONSIBILITIES

- 1.1 Assure that the Company's operations are in-line with the provisions of the Civil and Commercial Code on Limited Companies, the Public Company Limited Act, the Securities and Exchange Act and other pertinent laws that are pending and will be enforced in the future.
- 1.2 Assure that the Company's operations are conducted with fidelity, justice and morals, and that the Executive Committee continues to rigorously adhere to its underlying philosophy of operating the business with caution to achieve the Company's objectives.
- 1.3 Prepare and submit monthly financial balance sheets and profit and loss accounts to the Executive Committee within the twentieth of the month to be compared with the same month of the previous year.
- 1.4 Prepare the budget and forecast plan for the following year and propose it at the first Board of Directors meeting for consideration, together with the Annual Report for each year for resolution.

2. AUTHORITY

- 2.1 To determine the investment policy and risk management policy;
- 2.2 To determine the management structure and organization chart;
- 2.3 To determine policies and procedures for upgrading human resources, e.g. company regulations, staff welfare, provident fund, etc;
- 2.4 To revise annual business plan;
- 2.5 To consider and appoint senior management, from the Assistant Managing Director to the Managing Director;
- 2.6 To review the budget for staff salary increments, cost-of-living adjustments and annual bonuses for senior department managers, from the Assistant Managing Director to the Managing Director;
- 2.7 To determine the scope of authority for signing off on Company policies and procedures;
- 2.8 To allocate reserves against risks into categories by preparing the annual budget, which shall be performed separately as per the Chart of Account in advance;

- 2.9 To approve the purchase of fixed assets that are considered necessary for Company operations; if beyond the budget and forecast plan, approval must be obtained from Board of Directors for each amount less than Baht 1.5 million (Baht One Million Five Hundred Thousand) and overall expenses shall not exceed Baht 5 million (Baht Five Million) per annum;
- 2.10 To approve any expenses incurred over-budget at an amount not exceeding 5% of the overall budget, and other expenses that are not indicated in the annual budget or forecast plan, amounting to Baht 500,000 (Baht Five Hundred Thousand) for each expense. Overall expenses shall not exceed Baht 2,000,000 (Baht Two Million) per annum; and
- 2.11 In case of an emergency, immediate action must be taken to prevent the Company from potential damage and to protect benefits deemed appropriate. Reports of such proceedings shall be submitted at the next Board of Directors meeting at the first stage.

AUDIT COMMITTEE

The Company established an Audit Committee on 12 October 1999 comprised of three independent directors; the tenure of committee members shall be for a period of three years and shall run concurrently with their tenure on the Board.

At Board of Directors Meeting No. 6/2011 held on 19 August 2011, a resolution was passed to re-elect for another term Audit Committee members who are retiring by rotation.

The Audit Committee comprised of the following members:

No.	Name	Designation	Attendance
1	Mr. Surachai Prukbamroong	Chairman of the Meeting	7/7
2	Mr. Metha Suvanasarn	Member	6/7
3	Mr. Vichit Kornvityakoon	Member	6/7
	Miss Paporn Piyayodilokchai	Secretary	

Note: Miss Paporn Piyayodilokchai was as appointed Secretary to the meeting on 21 May 2001.

AUDIT COMMITTEE CHARTER*

PURPOSE

The Audit Committee was established with the approval of the Board of Directors to be an independent organization that will support and operate in the name of the Board of Directors, reviewing the financial information proposed to shareholders and concerned parties, reviewing the internal control system and internal auditing process determined by Management and the Board of Directors, communicating with the auditors of the Company, and considering any items that may be contrary to the benefit of the Company.

AUTHORITY

The Audit Committee will carry out the following duties:

1. Consider, select and propose for appointment capable persons with the independence to perform the duties of auditors of the Company for the Board of Directors, together with the annual audit fee, for approval at the Shareholders' Meeting;
2. Review the work of the auditors or external audit offices and determine the remuneration for external auditors;
3. Consider and resolve any disagreements between management and the auditor regarding financial reporting;
4. The Audit Committee is entitled to audit and investigate persons and related matters within the scope of its authority and duties; the Audit Committee must have the authority to employ specialists to help audit and investigate as it deems suitable;

5. The Audit Committee is entitled to audit if informed by the auditors that dubious behaviour has been discovered on the part of Directors, managers or persons in charge of the operations of the Company, or that an offense has been committed;
6. The Audit Committee is entitled to meet with company officers, or outside counsel, as necessary;
7. The role and duties of members of the Audit Committee must be secondary to those of the Company's Board of Directors;
8. The Audit Committee shall not perform any role or duty other than those specified in this Charter unless the Company's Board of Directors specifies otherwise with the consent of the Audit Committee;

COMPOSITION

9. The Audit Committee must be comprised of at least three highly qualified persons in accordance with the regulations set forth by Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET). At least one member must have sufficient knowledge and experience to reliably review the financial statements. The Chairman of the Audit Committee shall be appointed by the Company's Board of Directors, or the Audit Committee, which is appointed by the Company's Board of Directors, will select the Chairman of Audit Committee among themselves.

MEETINGS

10. The Audit Committee will organize at least four meetings per annum, and more if necessary. The Audit Committee may invite Management or persons involved to join the meetings and supply any pertinent information. Audit Committee members will attend each meeting in person or via tele- or video-conference. Meeting agendas will be prepared and provided in advance to the participants, along with pertinent information. Minutes will be prepared.

RESPONSIBILITIES

The Audit Committee will carry out the following responsibilities:

FINANCIAL REPORTS

11. Review the Company's financial reports correctly and sufficiently.
12. Consider the following factors with Management and the auditor upon completion of quarterly and annual audits:
 - 12.1 Financial statement for the quarter and year;
 - 12.2 Audit report;
 - 12.3 Observations and additional suggestions regarding the auditor's plans;
 - 12.4 Troubles and conflicts that are significant to Management regarding the work of the Auditor; and
 - 12.5 Other matters relating to the auditing standards that the Audit Committee should understand or communicate to the auditor.
13. Review the accuracy and completeness of the information in the Annual Report.
14. Understand how Management develops interim financial information, and the nature and extent of internal and external auditor involvement.

INTERNAL CONTROL

15. Review the Company's internal control and internal audit systems to assure that they are appropriate and successful, considering the independence of Internal Audit Department.
16. Review and consider with the auditor and the Internal Audit Department Manager the adequacy of:
 - 16.1 The internal control system, including information technology security and control; and
 - 16.2 Significant carelessness about which the auditor, the Internal Audit Department Manager and Management are in agreement.
17. Review and consider the level of major risk as well as the method of risk reduction from Management, the Internal Audit Department Manager and the auditor.

INTERNAL AUDIT

18. Review and approve the annual audit plan.
19. Review and consider with Management and the Internal Audit Department Manager the following matters:
 - 19.1 Significant carelessness discovered during the year and the response from Management; and
 - 19.2 Troubles occurring during the audit that include the scope of work or access to the information necessary for auditing.
 - 19.3 Changing the scope of the audit from the one in the auditing plan.
 - 19.4 The budget and headcount of the Internal Audit Department.
 - 19.5 The Internal Audit Department Charter.
 - 19.6 The standard of work performance of the Internal Audit Department should be in line with that of the Institute of Internal Auditors of Thailand as stipulated herein.
20. Consent to the appointment, deposition, transfer or dismissal, and make an evaluation of the annual performance of the Internal Audit Department Manager.
21. Participate in a meeting with the Internal Audit Department Manager without the participation of Management at least once per annum.

EXTERNAL AUDIT

22. Review and consider the proposed scope of the external auditors' work and approach, including coordination of audit efforts with the internal audit.
23. Review the performance of the external auditors and select and propose for appointment, or change, the external auditors.
24. Review the independence of the external auditors by obtaining statements from the auditors on relationships between the auditors and the Company.
25. Participate in a meeting with the auditors without the participation of Management at least once per annum.

COMPLIANCE

26. Review the effectiveness of the system for compliance with laws and regulations, monitor the findings of Management's investigations, and follow up on any instances of non-compliance, including taking disciplinary action.

27. Review the findings of any examinations by regulatory agencies, and any auditor observations.
28. Review the process for communicating the code of conduct to company personnel, and monitor compliance therewith.
29. Obtain regular updates from Management and the Company's legal counsel regarding compliance matters.
30. Review to assure company compliance with the regulations of the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET), the determinations of the Stock Exchange of Thailand (SET), and the laws concerning the business of the Company.
31. Consider determinations of the Stock Exchange of Thailand (SET) that may be contrary to the benefit of the Company to assure that such items are reasonable and provide maximum benefit to the Company.

REPORTING RESPONSIBILITIES

32. Prepare the Audit Committee Meeting minutes to be proposed to the Company's Board of Directors.
33. Prepare the Report of the Audit Committee detailing the responsibilities and performance of the Audit Committee to be proposed to the Company's Board of Directors and included in the Company's Annual Report. The Report of the Audit Committee must at least consist of the information required by the Stock Exchange of Thailand (SET).

OTHER RESPONSIBILITIES

34. Coordinate the same trend of understanding among the Board of Directors, the Auditor and the Internal Audit Department and provide confidence and confirmation of the independence of the Internal Auditor and the Auditor.
35. Review and amend the Audit Committee Charter to suit the environment of the organization and propose amendments to the Company's Board of Directors for approval.
36. Review the Company's good corporate governance results to assure that they are suitable and in line with the policies specified by the supervisory unit.
37. The Chairman of the Audit Committee acknowledges the interests of the Directors and the Administrators and associated persons according to the copy of the report on the interests received from the Secretary of the Company.
38. Evaluate the committee's or individual member's performance on a regular basis.

- * This Audit Committee Charter has been written as a Thai issue and translated into English. In the event of any discrepancies, the Thai issue shall prevail.

Qualifications and past experience of three audit committee members who have adequate expertise and experience to review the credibility of the Company's financial statements:

1. Mr. Surachai Prukbamroong, Chairman of the Audit Committee, held various positions with the Bank of Thailand for 39 years from 1959 to 1998 and other significant positions as follows:
 - Senior Director, Bank Examination and Analysis Department
 - Senior Director, Deposit and Bond Department
 - Senior Director, Administrative Department

- Senior Deputy Director, Deposit and Bond Department
 - Deputy Director, Bank Supervision and Examination Department
2. Mr. Metha Suvanasarn, Member, has held various positions with the Bank of Thailand and other significant positions as follows:
- Chairman of the Audit Committee, Software Industry Promotion Agency
 - Sub-Committee Member, Standard Development - Office of the Auditor General of Thailand
 - Risk Management Specialist, SME Development Bank of Thailand
 - Chairman of the Advanced Technology Committee, The Institute of Internal Auditors of Thailand
 - Senior Director, The Note Printing Works, Bank of Thailand
 - Director, Bank of Thailand, Khonkaen Regional Office
3. Mr. Vichit Kornvityakoon, Member, has held various of significant positions with the Bank of Thailand for 36 years from 1975 to 2010 as follows:
- Senior Vice President & Vice President, Accounting Department
 - Deputy Vice President, Audit Department

NOMINATION & REMUNERATION COMMITTEE

The Company established the Nomination & Remuneration Committee on 19 January 2007. The committee is comprised of Independent/non-executive directors, and the tenure of committee members shall be for a period of three years which shall run concurrently with their tenure on the Board.

As of 31 December 2013, the Nomination & Remuneration Committee comprised of the following directors:

No.	Name	Designation	Status	Attendance
1	Mr. Metha Suvanasarn	Chairman	Independent	5/5
2	Ms. Nopporn Tirawattanagool ^{1/}	Member	Non-Executive	3/5
3	Mr. Andreas Johann Wilhelm, Ph.D.	Member & Secretary	Non-Executive	3/5

Remark: 1/ Appointed as member of the Nomination & Remuneration Committee in May 2013

NOMINATION & REMUNERATION CHARTER

The terms of reference set out by the Nomination and Remuneration Committee (the "Committee") shall be constituted and shall operate as follows:

MEMBERSHIP

- The Committee shall be comprised of at least three non-executive directors, one of whom shall be an independent director. Directors who are not Committee members may attend Committee meetings at the invitation of the Committee.

- The Chairman and other members of the Committee will be disclosed in the Company's Annual Report and Accounts. Terms of Reference, membership of the Committee and a schedule of remuneration consultants to the Committee (including any other connections to the Company) shall be made available to any person upon request and shall also be available on the Company's corporate website. The schedule of remuneration consultants shall be attached as an appendix to these Terms of Reference and will be updated and revised from time to time as necessary.
- In appointing the members of the Committee, the Board will give due consideration to the Principles of Good Corporate Governance for Listed Companies guidelines as recommended by the Stock Exchange of Thailand (SET) and the Stock and Exchange Commission (SEC).
- The Chairman of the Committee shall be an independent director and shall be appointed by the Board. The Company Chairman shall not be the Chairman of the Committee.
- One member (or his/her nominee) shall act as Secretary to the Committee.
- The tenure of Committee members shall be for a period of three years and shall run concurrently with their tenure on the Board.

FREQUENCY OF MEETINGS AND QUORUM

- a. Meetings shall be held quarterly and at such other times and locations as may be deemed appropriate;
- b. A quorum of the Committee shall be three members present throughout the meeting, which can also be held via teleconference or e-mail.
- c. The Chairman of the Committee (or failing him/her, a nominee who shall be a member of the Committee) shall attend Annual General Meetings of the Company.

NOMINATION TERMS OF REFERENCE

- The Committee is authorized by the Board to exercise such of the powers and discretions of the Board as it deems necessary or expedient to provide a formal selection and recommendation procedure for new Board appointments, CEO and CEO direct reports, with the exception that without the sanction of a resolution of the Board of Directors of the Company, the Committee shall not have any of the powers or discretions of the Board in relation to any of the matters exclusively reserved for the Board of Directors from time to time.
- The Committee is authorized by the Board to obtain independent professional advice, at the Company's expense, if it considers this necessary to the fulfilment of its duties.

NOMINATION DUTIES AND SCOPE OF RESPONSIBILITIES

1. Review regularly the Board structure, size and composition and make recommendations to the Board with regard to any adjustments that are deemed necessary;
2. Be responsible for identifying and nominating candidates for the approval of the Board for any new appointments (including appointments to committees) whether of executive or non-executive directors. The Committee may use either an external search consultancy or open advertising to assist in the recruitment process;
3. With the Board's approval, proceed toward a final recommendation subsequent to having followed a formal selection procedure;
4. Subsequent to approval from the Board, ensure that a newly appointed director receives a full and proper induction into the Company's affairs, including external training, as appropriate;

5. Be responsible for reviewing and providing to the Board a recommendation as appropriate on any extension of a non-executive director's term of appointment on expiry; and
6. Recommend directors who are retiring by rotation to be put forward (or not as the case may be) for re-election.

NOMINATION PROCEEDINGS

1. The meetings and proceedings of the Committee shall be governed, mutatis mutandis, by the provisions of the Company's Articles of Association regulating the meetings and proceedings of the Directors, so far as the same are not superseded by any regulations imposed by the Committee.
2. Where at all possible not less than seven days' prior notice of a meeting will be given, such notice to include the distribution of an agenda and supporting papers in respect thereof to all Committee members.
3. Minutes of Committee meetings will be circulated to all Committee members, other directors (provided no conflict of interest exists) and the Company Secretary as soon as reasonably practicable after each meeting.
4. The Committee's remit shall be subject to review and approval by the Board at least annually.

NOMINATION & REMUNERATION - TERMS OF REFERENCE

Subject to the restrictions set out under Excluded Matters below, the role of the Committee will be to determine on behalf of the Board and shareholders and within these terms of reference the following:

1. Specific remuneration packages for executive directors, the Chief Executive Officer's senior direct reports and the Chairman of the Company including, but not limited to, any pension rights and compensation payments; and
2. Recommendations to the Board on the Company's framework of executive remuneration and its cost.

The Committee, in carrying out its duties under these terms of reference, will:

3. Comply with all legal requirements including those of the Stock and Exchange Commission (SEC) Listing Authority's Listing Rules, Disclosure Rules and Prospectus Rules and give due consideration to the Principles of Good Corporate Governance practices as recommended by the Stock Exchange of Thailand (SET); and
4. Give due regard to the proportion of the Executive Director's and Chief Executive Officer's senior direct reports' remuneration, which should be structured so as to link rewards to corporate, business sector and individual performance.

Without prejudice to the generality of the terms of the Committee set out above, the Committee will:

1. Satisfy itself that appropriate supervision is in place for the Company's executive remuneration such as share options and similar schemes, determine grants of options to be made to executive directors, senior executives and other employees (having received written recommendations in respect of the same from the Chief Executive Officer), and determine any performance conditions to apply to the exercise of such options or award of shares;
2. Review the design of all share-based incentive plans for approval by the Board and/or shareholders. In designing schemes of performance-related remuneration, the Committee shall duly regard the provisions contained in the legal requirements including those of the Securities and Exchange Commission (SEC) Listing Authority's Listing Rules, Disclosure Rules and Prospectus Rules and give due consideration to the principles of good corporate governance practices as recommended by the Stock Exchange of Thailand (SET);
3. Monitor and review (at least annually) the remuneration packages and terms and conditions of Executive Directors' employment contracts and the Chief Executive Officer's senior direct reports' employment contracts;
4. In determining specific remuneration packages for executive directors and for the Chief Executive Officer's senior direct reports, determine basic salary, any benefits in kind, any annual bonuses, participation in any long-term incentive plans, any pension entitlements and other compensation payments;

5. Ensure that the Chairman (or in his absence, an alternative member) of the Committee attends the Company's Annual General Meeting to answer questions concerning executive directors' remuneration;
6. Be authorized by the Board to obtain such outside or other independent professional advice as it considers necessary in the fulfilment of its duties, all of which shall be at the Company's expense;
7. Consult with the Chairman of the Company in formulating the Committee's remuneration policy and consult with the Chief Executive Officer when determining specific remuneration packages for his/her senior direct reports;
8. Liaise with the Board in relation to the preparation of the statement of remuneration policy for executive directors in the Annual Report to shareholders;
9. Review the Remuneration Report appearing within the Annual Report and Accounts and make any necessary recommendations to the Board in respect of disclosure so as to comply with all applicable legal and Stock and Exchange Commission (SEC) requirements.

REMUNERATION - EXCLUDED MATTERS

For the avoidance of doubt the Committee will not (but the Board will):

- (a) Determine the remuneration of any non-executive director (with the exception of the Company Chairman);
- (b) Determine the terms of any consultancy agreement of any non-executive director including the members of this Committee;
- (c) Report and account directly to shareholders on remuneration policies for both executive and non-executive directors;
- (d) Determine any other matter which the Board shall advise the Committee is reserved to be determined by the Board; and
- (e) Ensure that, through the Chairman of the Board, the Company maintains contact as required with its principal shareholders about executive remuneration.

Notwithstanding the above, the Committee may at any time make recommendations to the Board in respect of the above matters for the Board to consider and/or decide as it sees fit.

REMUNERATION PROCEEDINGS

- The meetings and proceedings of the Committee will be governed by the Company's Articles of Association regulating the meetings and proceedings of directors.
- Where at all possible, not less than seven days' prior notice of a meeting will be given of the Committee. Such notice will include the agenda and any supporting papers.
- Minutes of meetings shall be taken by the Secretary and will be circulated to all Committee members and, upon request, made available to other Board directors as soon as reasonably practicable after each meeting.

REMUNERATION - GENERAL MATTERS

The Committee in carrying out its tasks under these terms of reference:

- (a) Shall normally invite the Chief Executive Officer to attend meetings to discuss the performance of other executive directors and make proposals as necessary. Others may be called upon or shall be able to speak by prior arrangement with the Chairman of the Committee. No Committee attendee shall participate in any discussion or decision on their own remuneration.
- (b) May wish to consult with the other non-executive Board directors in its evaluation of the Chief Executive Officer.
- (c) Has exclusive authority to review and approve in advance any new pension arrangement (whether in respect of an executive director or any other employee of the Company) in excess of the Inland Revenue's statutory earnings cap, as amended from time to time.

The Board will ensure that the Committee has access to professional advice both inside and outside the Company, such advice to be provided at the Company's expense.

These terms of reference will be subject to annual review (unless required earlier) and approval by the Board.

APPENDIX

In order to assist the Committee in carrying out its duties, the Committee consults on a regular basis with its independent external remuneration advisers.

With respect to the remuneration of senior executives (for whom the Company's remuneration policy also applies), the Committee also consults with the Chief Executive Officer.

INVESTMENT COMMITTEE

The Company established an Investment Committee on 9 May 1996. Members hold a one-year tenureship. As of 31 December 2013, the Investment Committee comprised of the following members:

No.	Name	Designation	Attendance
1	Mr. Rowan D'Arcy	Chairman	4/4
2	Mr. Andreas Johann Wilhelm, Ph.D.	Member	3/4
3	Mr. Chusak Salee	Member and Secretary	4/4
4	Mr. Surajak Kotikula	Consultant	3/4

INVESTMENT COMMITTEE CHARTER

The Investment Committee establishes investment guidelines and supervises the investment activity of the Company. The Investment Committee regularly monitors overall investment results, reviews compliance with investment objectives and guidelines, and ultimately reports the overall investment results to the Board of Directors. These guidelines specify minimum criteria on the overall credit quality and liquidity characteristics of the Company's portfolio. They include limitations on the size of certain holdings as well as restrictions on purchasing certain types of securities or investing in certain industries.

1. PURPOSE OF THE COMMITTEE

The purposes of the Investment Committee (the "Committee") of the Board of Directors (the "Board") of Sri Ayudhya Capital Public Company Limited (the "Company") shall be to oversee the Company's investment transactions, management, policies and guidelines, including review of investment manager selection, establishment of investment benchmarks, review of investment performance and oversight of investment risk management exposure policies and guidelines.

2. COMPOSITION OF THE COMMITTEE

The Committee shall be comprised of three or more directors. The members of the Committee shall be elected annually to one-year terms by the affirmative vote of a majority of the Board members at the first meeting of the Board to be held following the annual general meeting of shareholders or as soon thereafter as practicable. Vacancies on the Committee shall be filled by like vote of the Board at the next meeting of the Board following the occurrence of the vacancy or as soon thereafter as practicable. A member may be removed from the Committee at any time, with or without cause, by vote of the Board.

3. MEETINGS AND PROCEDURES OF THE COMMITTEE

The Board shall designate one member of the Committee as its Chairman.

The Committee shall fix its own rules of procedure, which shall be consistent with the By-Laws of the Company and this Charter.

The Committee shall establish a regular meeting schedule, which shall be at least two times annually or more frequently as circumstances require.

The Chairman of the Committee or a majority of the members of the Committee may also call a special meeting of the Committee.

A majority of the members of the Committee present in person, or by means of a conference telephone or other communications equipment by means of which all persons participating in the meeting can hear each other, shall constitute a quorum.

All actions of the Committee will require the vote of a majority of its members present at a meeting of the Committee at which a quorum is present.

The Committee shall maintain minutes of its meetings and shall regularly report on its actions to the Board.

The Committee may form sub-committees for any purpose that the Committee deems appropriate and may delegate to such sub-committees such power and authority as the Committee deems appropriate; provided, however, that no sub-committee shall consist of fewer than two members; and, provided further, that the Committee shall not delegate to a sub-committee any power or authority required by any law, regulation or listing standard to be exercised by the Committee as a whole.

The Committee shall have access to any of the books and records of the Company that the Committee shall consider relevant to carrying out its duties and may require any officer or employee of the Company to attend meetings of the Committee and provide it with any information available to the Company relevant to the Committee's activities, except as the Board may otherwise direct.

4. COMMITTEE RESPONSIBILITIES

The Committee shall have the following goals and responsibilities with respect to the Company's investment transactions, management, policies and guidelines:

- (a) To review and approve on a quarterly basis any loan or investment made by or on behalf of the Company;
- (b) To review and approve periodically policies and guidelines governing the Company's investment portfolio and monitor compliance with those policies;
- (c) To review and approve periodically policies and guidelines regarding the Company's use of derivatives and monitor compliance with those policies;
- (d) To review and approve periodically any investment benchmarks or other measurement devices employed by the Company to monitor the performance of its investment portfolio;
- (e) To monitor on an on-going basis the performance of the Company's investment advisers and retain and terminate such advisers as it deems appropriate; and
- (f) To perform such other responsibilities regarding the Company's investment activities or policies or other matters as the Board may from time to time assign the Committee.

5. INVESTIGATIONS, STUDIES AND OUTSIDE ADVISERS

The Committee may conduct or authorize investigations into or studies of matters within the Committee's scope of responsibilities, and may retain, at the Company's expense, such independent counsel or other advisers as it deems necessary for the proper performance of its responsibilities.

The Company's Chief Investment Officer, with the approval of the Chief Executive Officer and the Committee, shall have the authority to retain or terminate any consultant or adviser retained at the direction of the Committee or the Company's Chief Investment Officer to assist the Committee in carrying out its responsibilities, including the authority to approve the fees or other compensation, and other retention terms, of such consultant or adviser, such fees or other compensation to be borne by the Company.

6. EVALUATION OF THE COMMITTEE'S PERFORMANCE

The Committee shall, on an annual basis, evaluate its performance under this Charter. In conducting this review, the Committee shall evaluate whether this Charter appropriately addresses the matters that are or should be within its scope.

The Committee shall address all matters that the Committee considers relevant to its performance, including at least the following:

- a. The adequacy, appropriateness and quality of the information received by the Committee and presented by the Committee to the Board; and
- b. The adequacy of the Committee's deliberations regarding the matters reported to and acted upon by the Committee and of the deliberations of the Board regarding the matters reported to and recommended to the Board by the Committee.

The Committee shall deliver to the Board a report setting forth the results of its evaluation, including any recommended amendments to this Charter and any recommended changes to the Company's or the Board's policies or procedures.

COMPLIANCE COMMITTEE

The Company established a Compliance Committee on 28 February 2012. As of 31 December 2013, the Compliance Committee comprised of the following members:

No.	Name	Designation	Status	Attendance
1	Mr. Vichit Kornvityakoon	Independent Director and Audit Committee Member	Chairman	4/4
2	Mr. Chusak Salee	Head of Operations	Member	4/4
3	Mr. Tivakorn Kanjanakit	Head of Distribution	Member	4/4
4	Ms. Orathai Rongthongaram	Head of Accounting/Finance	Member	2/4
5	Mr. Rakchart Smitinandana ^{1/}	Head of Information Technology	Member	1/4
6	Mrs. Apiradee Kanjanarat	Head of Human Resources	Member	2/4
7	Mr. Pramote Watthanateerakul	Head of Risk Management	Member	4/4
8	Ms. Jiratcha Ruplek	Head of Legal	Member and Secretary	4/4

Remark: 1/ effective on 1 November 2013

COMPLIANCE COMMITTEE CHARTER

1. GENERAL

The Compliance Committee ("the Committee") is established by the Board of Directors of the Company.

2. PURPOSE

The purpose of the Compliance Committee is to assist and support the Board in reviewing and monitoring the Company's employee compliance in the areas of Corporate Governance, Social Responsibility and Sustainability.

THE COMMITTEE WILL DO THIS BY:

- Operating within the context of the Company's Corporate Governance framework to ensure compliance with the laws and regulations as applicable to the Company's business activities as set forth in this Charter as well as reviewing the effectiveness of the Company's non-financial policies and procedures;
- Building trust through lawful conduct and management of non-financial risk;
- Building trust by integrating high standards of business conduct and legal compliance with regards to environment laws and regulations;
- Building trust that the Company maintains a high standard of conduct in the society and community in which we operate;

3. COMPOSITION

3.1 The Committee shall consist of at least the following members:

- Head of Distribution
- Head of Operations
- Head of Accounting and Finance
- Head of Legal
- Head of Information Technology
- Head of Human Resources
- Head of Risk Management
- Head of Audit (shall be an adviser to the Committee)

3.2 The Chairman of the Committee shall be an Independent Director and shall be appointed by the Chairman of the Board.

3.3 The President or equivalent shall be an adviser to the Committee

3.4 The Secretary of the Committee shall be appointed by the Board of Directors.

3.5 The Committee may invite other individuals to attend meetings of the Committee as appropriate

4. TERM

Members of the Compliance Committee shall have a term of two years and be reviewed every two years. Additional members may be added, with the term specified as per the directive of their appointments. In case of a vacancy for reasons other than completion of the term, the Board of Directors shall appoint a new member who shall hold the office only for the remaining period. Members of the Committee may be re-appointed upon completion of their term to ensure continuity in their functions.

5. MEETINGS

- 5.1 The Committee shall meet as frequently as required but not less than three times a year;
- 5.2 Any Committee member may call for a meeting of the Committee;
- 5.3 Members of the Committee must be notified at least three days in advance on the meeting date, time, venue and agenda;
- 5.4 A quorum of the Committee shall be at least 50% or more.

6. RESPONSIBILITIES

The Committee is responsible for reviewing the Company's overall compliance program to ensure adherence and integration of laws and regulations into daily business operation and conduct of employees with the objective of reducing risks.

The Committee's responsibilities include but are not limited to the following:

6.1 Adherence to Corporate Governance

- 6.1.1 Certify that corporate governance policies are properly applied and implemented to provide guidance to the directors, executives and other employees on:

- Adherence to Corporate Governance rules and regulations as applied to stakeholders, such as shareholders, suppliers, customers and employees;
- Assurance that ethical standards and practices are maintained in the Company's operations;
- The responsibility to detect, communicate and report any unlawful and unethical practices; and
- Strict adherence to the Company's culture of compliance.

- 6.1.2 Control and, where appropriate, recommend changes to the Company's Corporate Governance policies;

- 6.1.3 Review the Company's policy and management process as applicable to corporate social responsibility, and move it forward in order to meet objectives.

6.2 Risk Management of non-financial matters

- 6.2.1 Conduct ongoing assessment of the Company's risk profile such as security risk, IT risk and its impact to the business and make recommendations to the Audit Committee on acceptable levels of risk;

- 6.2.2 Assess and monitor the appropriateness of the Company's risk management strategy to ensure that risk is reduced and managed to levels determined to be acceptable to the Board;

- 6.2.3 Review and check on the Company's strategic operational compliance including breaches of the Company's systems and controls; and

- 6.2.4 Review the nature and level of insurance coverage.

6.3 Conducting business with quality on health, and safety standards:

- | | |
|-------|--|
| 6.3.1 | Conduct ongoing assessments of the Company's overall quality on health and safety standards; |
| 6.3.2 | Review and recommend to the Board changes to the occupational health and safety policies based on global industry trends and update safety standards as appropriate; |
| 6.3.3 | Seek assurance that the Company complies with appropriate occupational health and safety laws and regulations; |
| 6.3.4 | Seek assurance that the Company commits to its principles on occupational health and safety policies and standards. |

7. ANNUAL REVIEW

The Committee shall review its performance on an annual basis and improve assessment criteria. In addition, the Committee shall review the Charter criteria at least once a year. Proposed changes shall be submitted to the Board for review and approval.

The Company's Senior Management, as stipulated by the Securities and Exchange Commission (SEC), is defined as follows:

The top 4 executives starting from the President & CEO, and executives with positions equivalent to the 4th ranked executive are:

- | | | |
|----|-----------------------------|---|
| 1. | Mr. Rowan D'Arcy | President & CEO |
| 2. | Mr. Chusak Salee | Managing Director |
| 3. | Mr. Laksna Thongthai | Director and Assistant Managing Director |
| 4. | Ms. Orathai Rongthongaram | Executive Vice President, Accounting Department |
| 5. | Mrs. Paporn Piyayodilokchai | Senior Vice President, Internal Audit Department |
| 6. | Mrs. Apiradee Kanjanarat | Senior Vice President, Human Resources Department |
| 7. | Mrs. Jiratcha Ruplek | Senior Vice President and Company Secretary |

COMPANY SECRETARY

Miss Jiratcha Ruplek, Company Secretary

At the Board of Directors Meeting No.4/2008, a resolution was passed to appoint Mrs. Jiratcha Ruplek to the position of Secretary to the Board in compliance with SEC Act (No.4) B.E. 2551 in effect 15 August 2008.

THE NOMINATION OF DIRECTORS AND EXECUTIVE OFFICERS

APPOINTMENT OF THE BOARD OF DIRECTORS

Selection and appointment of the Board of Directors from qualified persons is adjudicated by the Nomination & Remuneration Committee. However, to appoint the Board of Directors, the following Company guidelines are followed.

The appointment procedure must be in compliance with the good corporate governance practices of the Stock Exchange of Thailand (SET) and the regulations stipulated in Section 68 of the Public Limited Company Act B.E. 2535 and the Company regulation stated in Article of Association No. 17, as follows:

Members of the Board of Directors shall be comprised of persons with the following particulars:

1. They shall be a sui juris.
2. They shall not be adjudged bankrupt, incompetent or quasi-incompetent.
3. They shall never have been sentenced to imprisonment upon final judgment for offences relating to property obtained dishonestly.
4. They shall not be a person who was dismissed or removed from a government office, organization or state enterprise for dishonesty.
5. They shall not be disqualified by the law.

Procedures for the selection and appointment of the Board of Directors are summarized in these two approaches:

1. The appointment of directors must be carried out by a resolution made at the organizational meeting of shareholders. The election of replacements for retiring directors or new additional directors shall be approved at the shareholders' meeting. The Board of Directors shall nominate candidates for director who meet at the relevant qualifications and do not have any of the prohibited characteristics specified by the laws, notifications, rules and regulations issued by relevant commission to the shareholders' meeting. The directors shall be elected at the shareholders' meeting in accordance with Article of Association No. 18, as follows:
 - 1.1 Each shareholder shall have the number of votes equal to the number of shares held;
 - 1.2 One or more directors may be elected by vote at the same time, as the shareholders' meeting may deem appropriate. Each shareholder must exercise all of the votes he or she has under 1.1 to elect one or several persons to be a director or directors and must not allot his or her votes to any person in any number;
 - 1.3 The persons having the highest number of votes shall be elected as the directors. In cases where the numbers of votes for the candidates are equal, the Chairman shall have the decisive vote.
2. In cases of vacancies on the Board of Directors for reasons other than rotation, the Board of Directors shall elect a person who meets at relevant qualifications and does not possess any of the characteristics prohibited by law to be a substitute director at the next meeting of the Board, unless the remaining term of directors in office is less than two (2) months. The Board of Directors shall nominate director candidates who meet all the relevant qualifications and do not have any of the prohibited characteristics specified by the laws, notifications, rules and regulations of the relevant commission using the criteria and election procedures stipulated in Section 75 of the Public Limited Company Act B.E. 2535 (1992) and the Company's Article of Association No. 22 stating that the resolution of the Board of Directors must be reached by not less than three-fourths (3/4) of the remaining directors. A replacement director's term is limited to the remaining time in the term of the director he or she is replacing.

Directors shall be nominated at the shareholders' meeting in accordance with the following rules and procedures:

- 2.1 Each shareholder shall have the number of votes equal to the number of shares held.
- 2.2 One or more directors may be elected by vote at the same time, as the shareholders' meeting may deem appropriate.

Each shareholder must exercise all of the votes he or she has under 2.1 to elect one or several persons to be a director or directors and must not allot his or her votes to any person in any number.

- 2.3 The persons having the highest number of votes shall be elected as the directors. In cases where the numbers of votes for the candidates are equal, the Chairman shall have the decisive vote.

PROCEDURE TO REVOKE A DIRECTOR

At every Annual General Shareholders Meeting, one-third (1/3) of the directors shall retire from office. If the number of directors cannot be divided evenly into three (3) parts, the nearest number to such one-third (1/3) of the directors shall retire from office. A director who retires in due course may be re-elected after retirement.

A director shall be terminated/dismissed in the case of:

1. Death.
2. Resignation.
3. Lack of qualifications or possession of characteristics prohibited by law.
4. Resolution of a shareholders' meeting: an ordinary resolution shall require not less than three-fourths (3/4) of the number of shareowners present at the meeting and entitled to vote and representing total shares of not less than half of the number of shares held by the shareholders present at the meeting and entitled to vote.
5. Removal by court order.

Any director leaving office must submit letter of resignation to the Company. Resignation is effective from the date that the resignation letter is received by the Company.

Summary of All Committee Meetings (Number of attendance) 1 January - 31 December 2013.

No.	Name	Directors	Executive Committee	Investment Committee	Audit Committee	Nomination & Remuneration Committee	Compliance Committee
1	Mr. Veraphan Teepsuwan	5/5					
2	Mr. Surachai Prukbamroong	5/5			7/7		
3	Mr. Metha Suvanasarn	5/5			6/7	5/5	
4	Mr. Vichit Kornvityakoon ^{1/}	4/5			6/7		4/4
5	Mr. Suwat Saksongkroh	5/5					
6	Mr. Adisorn Tantianankul ^{2/}	1/5					
7	Ms. Nopporn Tirawattanagool ^{3/}	3/5				3/5	
8	Mr. Virojn Srethapramotaya	5/5					
9	Mr. Andreas Johann Wilhelm, Ph.D.	2/5		3/4			
10	Mr. Rowan D'Arcy	5/5	10/11	4/4		3/5	
11	Mr. Chusak Salee	5/5	11/11	4/4			4/4
12	Mr. Laksna Thongthai	5/5	10/11				
13	Mr. Tivakorn Karnjanakij						4/4
14	Ms. Orathai Rongthongaram						2/4
15	Mr. Rakchart Smitinandana ^{4/}						1/4
16	Mrs. Apiradee Kanjananarat ^{5/}						2/4
17	Mr. Pramote Watthanateerakul						4/4
18	Miss Jiratcha Ruplek						4/4

Remark: 1/ Mr. Vichit Kornvityakoon has held the position of Director by the resolution of the Board Meeting No. 1/2013 held on January 29, 2013

2/ Mr. Adisorn Tantianankul has retired by rotation (The Annual General Meeting of Shareholders No. 64 held on April 22, 2013)

3/ Ms. Nopporn Tirawattanagool has held the position of Director as the resolution at the Annual General Meeting of Shareholders No.64 held on April 22, 2013

4/ Mr. Rakchart Smitinandana served as committee of Compliance Committee in November 1, 2013

5/ Mrs. Apiradee Kanjananarat served as committee of Compliance Committee in July 1, 2013

REMUNERATION FOR DIRECTORS AND EXECUTIVE MANAGEMENT

CASH REMUNERATION

The remuneration paid to the Company's Board of Directors, subsidiary and management team were approved through the Nomination and Remuneration Committee based on both the nature and extent of each person's duties and responsibilities, in line with comparable companies within the same industry.

In 2012, Board Members received in total the sum of Baht 9,779,900 which included annual remuneration and bonus; and in 2013, it was decided that Board Members would receive in total the sum of Baht 10,218,530 with details as per the following comparison schedule:

Comparison of Board Remuneration 2012 and 2013

No	Name	2013			2012		
		Remuneration	Bonus	Total	Remuneration	Bonus	Total
1	Mr. Veraphan Teepsuwan	440,000	515,400	955,400	480,000	462,500	942,500
2	Mr. Surachai Prukbamroong	633,240	503,100	1,136,340	633,240	456,000	1,089,240
3	Mr. Metha Suvanasarn	629,160	479,700	1,108,860	629,160	430,500	1,059,660
4	Mr. Savang Tongsmutra	-	-	-	582,000	409,500	991,500
5	Mr. Vichit Kornvityakoon	576,730	439,700	1,016,430	-	-	-
6	Mr. Andreas J. Wilhelm, Ph.D.	576,000	421,200	997,200	576,000	378,000	954,000
7	Ms. Nopporn Tirawattanagool	277,500	280,800	558,300	-	-	-
8	Mr. Virojn Srethapramotaya	660,000	397,800	1,057,800	660,000	357,000	1,017,000
9	Mr. Suwat Suksongkroh	500,040	397,800	897,840	500,040	357,000	857,040
10	Mr. Adisorn Tantanankul	120,000	132,600	252,600	360,000	357,000	717,000
11	Mr. Rowan D'Arcy	555,960	303,900	859,860	555,960	273,000	828,960
12	Mr. Chusak Salee	480,000	280,500	760,500	480,000	252,000	732,000
13	Mr. Laksna Thongthai	360,000	257,400	617,400	360,000	231,000	591,000
	Total	5,808,630	4,409,900	10,218,530	5,816,400	3,963,500	9,779,900

REMUNERATION FOR THE MANAGEMENT TEAM

In 2013, the total remuneration for the seven members of the management team of the Company as defined by the Securities and Exchange Commission was Baht 23.34 million which comprised salaries, bonus, and other benefits.

The total remuneration for the subsidiary company management team comprising 11 members amounted to Baht 20.32 million.

OTHER REMUNERATION

- **Provident Fund**
The Company and its subsidiary provide provident fund for staff by contributing 5% of staff salary into the fund. In 2013, the Company contributed Baht 0.84 million into the provident fund for the management team; and its subsidiary contributed Baht 0.80 million.
- No Directors or Executives had any direct or indirect interest in any agreement entered into by the Company, i.e. ordinary shares/warrants.

REPORT ON GOOD CORPORATE GOVERNANCE PRACTICES

POLICY ON CORPORATE GOVERNANCE

Good corporate governance refers to fair, transparent and equitable business administration and management by persons authorized to manage and make decisions for the business. These authorized persons need to be held responsible for their duties and accountable for their actions by all stakeholders of the Company, which includes shareholders, creditors, employees, customers and the general public.

The Board of Directors has made the creation of a good system of corporate governance a top priority. The business operations are held to the highest standards to be carried out efficiently, with stability and sustainable growth, as well as adding value to the economy. The Company strives towards business prosperity and pays due regard to the interests of stakeholders. The Company pursues an administrative policy based on the principles of the sufficiency economy, through reason, loyalty, honesty and fairness to all stakeholders pursuant to the principles of good corporate governance outlined by the Stock Exchange of Thailand.

Pursuant to the Good Corporate Governance Policy For Listed Companies of the Stock Exchange of Thailand, the Company addresses five areas.

SECTION 1: RIGHTS OF SHAREHOLDERS

The Company appreciates all aspects of shareholders' rights. Guidelines have been laid down for the preservation of rights and equality of all shareholders as prescribed by the articles and the Company's code of conduct in order to engender the confidence of shareholders that they are receiving ample protection. Such rights consist of the right to; trade or transfer shares, have the benefit of profits or dividends, receive adequate news and information on the business, and attend shareholders' meetings and express opinions and vote on matters such as electing and removing directors, determining directors' remuneration, and approving the appointment of auditors and transactions that affect the Company.

1. The Company has provided for the extensive disclosure of information and performance, as well as connected transactions, and essential information for shareholders to make decisions, in addition to resolutions of the Board of Directors on dividend payments and information about ordinary shareholders' meetings approximately two months in advance. This is disseminated in both Thai and English media through the SCP system of the Stock Exchange of Thailand and the Company's website: www.ayud.co.th.
2. The Company has additional channels for distributing notices of ordinary shareholders' meetings and relevant documents, in Thai and English, through the Company's website 30 days in advance of the ordinary shareholders' meeting date and before receiving meeting documents. This is to furnish shareholders with additional time to consider the materials.
3. Shareholders have the right to attend the ordinary shareholders' meeting held annually within 120 days of the closing date of the Company's fiscal year at 31 December of each year. The date, time and venue are scheduled appropriately for the convenience of shareholders, as follows:
 - The meeting date will be set on a business day between 08.00 and 16.00 hrs;
 - The meeting venue will be in Bangkok or a metropolitan area with convenient transport; and
 - The Company uses a barcode system and employs officials for convenience of registration, as well as the provision of duty stamps in the case of proxies.

The Company's Board of Directors always recognizes the importance of shareholders' rights, and encourages them to exercise their rights. In this regard, in 2013, the Company has set the date for Shareholders' Meeting No. 64 on April 22, 2013 at the Function room, Lotus Suite 7 on the 22nd Floor, Centara Grand at Central World, 999/99 Rama 1 Road, Pathumwan, Bangkok with the following proceedings:

- (1) To send notices calling the meeting, the Company has entrusted the Securities Depository (Thailand) Company Limited, which acts as the Company's share registrar, to send notices of ordinary shareholders' meetings and relevant documents containing adequate and complete information together with the facts and opinions of the Board of Directors on every item on the agenda. The Company also provides proxy forms, which may also be downloaded via www.ayud.co.th, in accordance with the regulations of the Ministry of Commerce so that shareholders who cannot attend the meeting in person may grant proxies to others, or independent directors specified by the Company to attend the meeting on his/her behalf and cast votes on resolutions. A map of the meeting venue is also provided. These documents allow shareholders to consider their vote on any item on the agenda at least seven days in advance, or 14 days in advance. Furthermore, the Company places advertisements in daily newspapers for three consecutive days at least three days before the meeting date. As a result of providing such documents, shareholders attend meetings regularly, and registration of attendance is carried out conveniently, at least two hours prior to the meeting. An appropriate reception is also provided for attendees; and
 - (2) To provide shareholders with the opportunity of proposing an agenda to nominate candidates for the Board of Directors: At the Shareholders' Meeting No. 64, the Company provided for an additional agenda calling for nomination of candidates for the Board of Directors in advance with specific criteria announced via www.ayud.co.th, and the SCP system of the Stock Exchange of Thailand.
4. Any shareholder who attends a meeting after its commencement is entitled to vote on the agenda under consideration which is not yet decided and is counted as part of the quorum on the agenda he/she considers and votes on unless others shareholders view otherwise.
 5. At the shareholders meeting, prior to proceeding to the agenda:
 - The Board of Directors will announce the number and proportions of shareholders present at the meeting and the number of proxies granted;
 - The Chairman will introduce all committees in attendance;
 - The President/Managing Director will provide an explanation on voting and vote-counting procedures that will be implemented for each agenda item pursuant to Company regulations. Votes are cast openly on every agenda item.
 6. The Chairman allocates ample time for meetings. Every shareholder has equal and full opportunity to express opinions and recommendations. The Chairman will answer all questions clearly and directly throughout the meeting. Furthermore, the minutes of the meeting are completely recorded, and the resolutions and votes of all stakeholders are summarized transparently and fairly.
 7. The Company discloses the structure of shareholding and the 10 major shareholders of the Company as at the closing date before the meeting date through the Company's website to make its shareholders confident in its operations. The Company also considers suitable compensation in return for its shareholders.
 8. All directors stress the importance of attending Annual Shareholders Meetings, at which shareholders can ask relevant questions directly to the chairpersons of the committees responsible for specific issues.

In 2013, the Company set the Shareholders' Meeting No. 64 on April 22, 2013 and all relevant documents were sent 14 days in advance to provide shareholders with support information on all items of the agenda for voting. Altogether, 10 Directors attended the General Shareholders' Meeting of 2013, including the Chairman of the Board, Chairman of the Audit Committee, Chairman of Nomination & Remuneration Committee, President & CEO, Managing Director and the Company's external auditors. The barcode system was used to register attendance and votes. The entire Meeting was also recorded and may be viewed via www.ayud.co.th.

The Company also set the date for the next Shareholders' Meeting No. 65 for April 22, 2014 at 14.00 hrs at the Grand Ballroom 2&3, Grand Hyatt Erawan Bangkok, 494 Rajdamri Road, Lumpini, Pathumwan, Bangkok 10330. The notice calling the meeting and relevant documents were disseminated through the Company's website, www.ayud.co.th, where shareholders could receive the information a month in advance. Again, the barcode system for registration of attendance and votes will be used as well as the capturing of the entire meeting via video recording.

SECTION 2: EQUALITY OF SHAREHOLDERS

1. The Company organizes its shareholders' meeting with equal treatment to all shareholders, whether Thais or foreigners. In cases of foreigners, the Company sends the notice calling the meeting and all relevant documents, as well as proxy forms, both in Thai and English, to enable all shareholders to participate in the deliberations and cast their votes on the various activities of the Company in accordance with the Company agenda.
2. The right to vote at the meeting is in accordance with the number of shares held, with one share equalling one vote.
3. The Company will not add any addenda to the agenda of the shareholder meeting without advance notice and will convey the information at the meeting pursuant to the notice so that shareholders can consider items before making a decision on each.
4. In cases where a shareholder cannot attend the meeting, the Company provides him/her with a proxy form attached to the notice calling the meeting so such shareholder can authorize another person or the Chairman of the Audit Committee or an independent director to attend the meeting on his/her behalf for the protection of his/her rights.
5. Votes are cast openly, and ballot papers are provided for every item on the agenda. Shareholders have the opportunity to vote as they see fit. Ballot papers are collected in cases of disapprovals or abstentions for each item. The results are then aggregated and processed with the total number of votes in attendance at the meeting. Before announcing the final votes at the resolution of the meeting, the Company summarizes the results and displays them on a screen for all shareholders to acknowledge simultaneously at the meeting. In addition, for transparency, the ballot papers are kept at the head office in Bangkok, and are open to inspection after the conclusion of the meetings.
6. Minutes of the meeting are recorded accurately and comprehensively and signed by the company Chairman who presides over the meeting. Such minutes are sent to the Stock Exchange of Thailand within 14 days of the date of the General Shareholders Meeting. Publication is also made on the Company's website in both Thai and English to provide a channel for shareholders to acknowledge and examine information without having to wait for the next meeting. The documents are sent to the Ministry of Commerce within the deadline prescribed by law.
7. The monitoring and internal control of data is stipulated in the Code of Conduct. Directors, executives, and other employees involved with internal data, are forbidden to trade the Company's securities within one month prior to the disclosure of the Company's financial statements to the public. If a trade occurs, it must be reported to the Company and the Securities and Exchange Commission within three business days of the date of the trade. The updated information of securities held by Directors, executives and external auditors will be reported to executives at the board meeting. The Company discloses information on shareholding structure and shares held by the Board in the annual report.
8. Company by-laws allow the right to vote at the meeting on the election of directors in accordance with the number of shares held, with one share equalling one vote. A resolution of the Board of Directors must be passed by majority vote. In case of equal votes, the decision of the Chairman of the Meeting shall be the decisive vote.

SECTION 3: ROLE OF STAKEHOLDERS

The Company recognizes the rights of various groups of stakeholders that are related to the Company such as customers, management and employees, stakeholders, competitors and shareholders. The legal and other relevant regulations on the rights of the aforementioned communities are rigorously followed:

Shareholders:	The Company is focused on growing the business through building long term value of the Company for better returns. Dividend payments are based on the result of the business as well as the economic position.
Customers:	The Company delivers services to customers with integrity and fairness.
Staff:	Employees play an important role in driving the Company towards its business targets. Policies are laid down in the Code of Conduct manual, providing guidance on fair treatment, in terms of opportunity, remuneration, appointments

and transfers, as well as the importance of supporting the development of employees at all levels. The working knowledge and skills of employees are enhanced through continuous training with the goal towards development of leadership skills. Employees are also able to participate in determining the direction of operations so as to reach a unified vision. The working culture and environment are consistently maintained in a manner that is safe for the life, health and property of employees. Regarding health, sanitation and employee safety, measures have been implemented along with sufficient and appropriate health and environmental measures to avoid loss of life from accidents and prevent injuries and illnesses resulting from work environment. A number of welfare benefits are also provided, such as annual health check-ups, a provident fund and an old-age retirement pension. Fair compensation is paid to employees commensurate to performance.

Furthermore, the Company set up sub-committees to encourage employees to take part in the management of various company matters to assure they are accurate, appropriate, efficient and effective. The sub-committees are comprised of the following:

- Risk Management Committee
- Compliance Committee

Partners:	The Company manages the relationship with equality and honesty based on fair and mutual benefits to both parties. Trading terms are honoured and conflicts of interests are avoided.
Competitors:	The Company adheres to sound and fair competitive practices. Competition is viewed as a stimulus for the development of innovative products and better customer service.
Creditors:	The Company adheres strictly to the terms of credit as agreed with creditors and fosters an environment of mutual respect and trust.
Social, Community and Environment:	The Company takes seriously its role in giving back to the society in which it operates. The Company supports many social, community and environmental programs to improve the quality of life and environment. Details of these programs are described in the Corporate Social Responsibilities section herein.

SECTION 4: DISCLOSURE AND TRANSPARENCY

The Board of Directors is responsible for financial statements and financial information technology as specified in the annual report. The financial statements have been prepared in conformity with Thai accounting standards and practices generally accepted in Thailand, and the appropriate accounting policy is used regularly. Also, significant disclosure has been revealed in a section of Notes to the Financial Statements herein. The Board of Directors appointed an Audit Committee comprised of Non-Executive Directors and Independent Directors that is responsible for the quality of financial statements and the internal control system.

The Company has clear regulations concerning internal control and monitoring day-to-day management performance. The Audit Committee is responsible for maintaining internal control and providing reasonable assurance of the integrity and reliability of the financial statements.

The Board of Directors appointed the Audit Committee consisting of Independent Directors and Non-Executive Directors to be responsible for the quality of financial reports and internal controls.

The Board of Directors is satisfied that internal controls are sufficient to provide confidence in the reliability of the financial statements as at December 31, 2013.

Additionally, the Company has set clear policies on risk management, assessing major risk factors such as providing operational risks, credit terms risks, investment risks, and major client risks. These policies are detailed in the Risk Factors section.

The Board of Directors gives importance in providing accurate and transparent information through the disclosure of the Company

financial and general information with emphasis on the policies mandated by the Securities and Exchange Commission and the Stock Exchange of Thailand.

The Company provides information for the investors through its website: www.ayud.co.th under a separate section called “Investor Relations”. For additional information, please contact by telephone at (622) 657-2970.

SECTION 5: RESPONSIBILITIES OF THE BOARD OF DIRECTORS

1. Structure of the Company’s Board of Directors

- 1.1 The Board of Directors functions responsibly based on the Company’s objectives and By-Laws, with participation in setting the vision, goal, business plan and budget as well as monitoring business performance to ensure effectiveness and alignment with plan in the best interests of the Company and its shareholders. The appointment of directors are made in accordance to the Company’s regulations and resolutions of the shareholders meeting.

The duties, responsibilities and authority of the Board of Directors, Executive Committee, Investment Committee, Audit Committee, Nomination & Remuneration Committee, and Compliance Committee are detailed in Company Management Structure section herein.

The Chairman, President and Managing Director enjoy clear separation of power and authority in accordance with the corporate governance and Company management structures.

As at 31 December 2013, the Company had 11 members on its Board of Directors:

- Executive Directors 3 persons
- Non-Executive Directors 4 persons
- Independent Directors 4 persons or 36.36% of the Board of Directors

The Company is confident that the Executive Directors, Non-Executive Directors and Independent Directors will independently perform and approve policies in the best interests of the Company. Moreover, each of the Directors was trained and passed courses held by the Institution of Directors (IOD).

The Company appoints the Nomination & Remuneration Committee, which is independent and responsible for recruiting qualified directors with competence in diversified fields, vision, ethics and transparency. The Board of Directors clearly determines the role and responsibilities of each appointed committee. The President & CEO, as the head of the executive team, is responsible to the Board of Directors for the business operations and performance in accordance with the Board of Directors charter.

1.2 Terms of Directors

The term of office of the Board of Directors is specified in the By-Laws of the Company and the Public Limited Company Act. When a term expires, the Board member may be re-elected by the shareholders meeting resolution and/or the resolution of the Board of Directors.

There is no limit on the age of the directors as the Company firmly believes in the business acumen and expertise of the directors.

1.3 Definition & Qualifications of Independent Directors

In compliance with the minimum requirements of the Securities and Exchange Commission and the Stock Exchange of Thailand, an Independent Director is a director who can express his/her opinions freely with an aim to improving the management of the organization and leading it toward progress, transparency and good governance. The qualifications of an Independent Director are as follows:

- (1) Holding shares not exceeding 0.5 percent of the total number of voting rights of the company, its parent company, subsidiary, affiliate, principal shareholder or controlling person of the company, including the shares held by related persons of the independent director.
- (2) Neither being nor having been an executive director, employee, staff, or advisor who receives salary, or a controlling person of the company, its parent company, subsidiary, affiliate, same-level subsidiary, principal shareholder or controlling person of the company unless the foregoing status has ended not less than two years prior to the date of company filing with the Securities and Exchange Commission and the Stock Exchange of Thailand; however, the prohibition excludes independent director who was government officer or adviser of the government agencies that are major shareholder or controlling person of the company.
- (3) Not being a person related by blood or registration under laws, such as father, mother, spouse, sibling, and child, including spouse of the children, executives, major shareholders, controlling persons, or persons to be nominated as executive or controlling persons of the company or its subsidiary.
- (4) Not having a business relationship with the company, its parent company, subsidiary, affiliate, major shareholder or controlling person of the company, in the manner which may interfere with his independent judgment, and neither being nor having been a principal shareholder or controlling person of any having business relationship with the company, its parent company, subsidiary, affiliate, major shareholder or controlling person of the company unless the foregoing relationship has ended not less than two years prior to the date of company filing with the Securities and Exchange Commission and the Stock Exchange of Thailand. The term business relationship aforementioned under paragraph one includes any normal business transaction, rental or lease of immovable property, transaction relating to assets or services or grant or receipt of financial assistance through receiving or extending loans, guarantee, providing assets as collateral, including any other similar actions, which result in the company or his counterparty being subject to indebtedness payable to the other party in the amount of three percent or more of the net tangible assets of the company or Baht twenty million or more, whichever is lower. The amount of such indebtedness shall be calculated according to the calculation method for value of connected transactions under the Notification of Capital Market Supervisory Board concerning rules on connected transactions mutatis mutandis. The combination of such indebtedness shall include indebtedness taking place during the course of one year prior to the date on which the business relationship with the person commences.
- (5) Neither being nor having been an auditor of the Company, its parent company, subsidiary, affiliate, major shareholder or controlling person of the company, and not being a principal shareholder or controlling person, or partner of an audit firm which employs audits of the Company, its parent company, subsidiary, affiliate, major shareholders or controlling person of the company unless the foregoing relationship has ended not less than two years from the date of company on filing with the Securities and Exchange Commission and the Stock Exchange of Thailand.
- (6) Neither being nor having been any professional advisor including legal advisor or financial adviser who receives an receives an annual service fee exceeding Baht two million from the Company, its parent company, subsidiary, affiliate, major shareholders or controlling person of the company, and neither being nor having been a principal shareholder, controlling person or partner of the professional advisor unless the foregoing relationship has ended not less than two years from the date of the Company filing with the Securities and Exchange Commission and the Stock Exchange of Thailand.
- (7) Not being a director who has been appointed as a representative of the Company's director. Major shareholder or shareholders who are related to the major shareholder;
- (8) Not operating any business which has the same nature as and is in significant competition with the business of the Company or subsidiary, or not being a principal competition in any partnership, or not being an executive director, employee, staff, or advisor who receives salary; or holding shares not exceeding 0.5 percent of the total number of voting rights of any other company operating business which has the same nature as and is in significant competition with the business of the Company or subsidiary.

- (9) Not having any characteristics which make him incapable of expressing independent opinions with regard to the Company's business affairs.

1.4 Number of Companies in which Directors Have a Position

The Company discloses any other companies where directors are working in the same or another position in Form 56-1 and in the annual report. At present, the Company is assured that there are no negative effects arising from other positions and all directors have ample time for the Company, attend meetings regularly and benefit the Company.

1.5 Aggregation and Delegation of Authority

The Chairman of the Board is not the same person as the President & CEO and is not related in any manner to the executive team. These two persons hold different positions, perform different duties, and are independent from each other.

The by-laws of the Company clearly provide for the delegation of authority among the Board of Directors and the management team at all levels. Important issues must be approved by both to maintain the balance of authority, and assure transparency and good corporate governance.

1.6 Company Secretary

A resolution was passed at Board of Directors Meeting No. 4/2008 held on 15 August 2008 to appoint Ms.Jiratcha Ruplek as Company Secretary, which role and responsibilities are in accordance with the policies set forth by the SEC and SET:

1. To arrange the Annual Shareholders Meeting and Board of Directors Meeting, prepare minutes of the meeting, and follow up on Board resolutions in compliance with the rules and regulations of the Company;
2. To serve the Board of Directors in providing legal advice, taking care of the activities, and monitoring compliance with resolutions;
3. To advise on rules, regulations and guidelines that should be acknowledged and complied with by the Board of Directors;
4. To supervise and assure the proper and prudent discharge of functions by the Board of Directors and executive officers, taking into consideration the rights and fair treatment of shareholders; and
5. To communicate with the relevant supervisory authorities.

2. Sub-Committees

The Board of Directors has appointed five sub-committees: Executive Management Committee, Investment Committee, Audit Committee, Nomination & Remuneration Committee, and Compliance Committee. Certain sub-committees are not comprised entirely of independent members, but of Non-Executive Directors, Executive Directors and Independent Directors. All members are qualified persons who possess an understanding of the roles and charters of Company Directors and sub-committee members. Charters are discharged responsibly, loyalty, honestly, fairly, prudently, diligently and independently. It is believed that all committee members understand and strictly adhere to these principles and the structures of each committee are accepted by shareholders. Details are shown in the Shareholding and Management Structure section.

3. Roles, Charters and Responsibilities of Committees

- 3.1 The Board of Directors is comprised of members with knowledge, expertise and experience in the core business of the Company. The Board sets the vision, mission, strategies, goals, annual operating plan and budget for the utmost efficiency of operations and to achieve Company targets. The Board monitors the performance of the executives to assure compliance with operating plans, and stipulates and separates roles, duties and responsibilities among its members, the executives, employees and relevant persons.

The Board entrusts the Audit Committee to supervise the performance of the Internal Control Department and sets the internal control system to assure that it is sufficient. In addition, the Board monitors risk management and applies the principles of good corporate governance to add value to the business and shareholders.

In order to achieve the leadership and vision of the Board in terms of knowledge, competence and capabilities, the Company encourages the Board to participate in seminars and training programs that are useful in the performance of its duties.

3.2 The Board of Directors appreciates the importance of good corporate governance and good practices of listed company directors, and continually undertakes to enhance the efficiency, effectiveness and transparency of the organization's operating systems. The Company seeks to engender the trust and confidence of shareholders, investors and the general public, which in turn will promote the advancement and stability of the business and consequently confer benefits upon shareholders, interested persons, and the society as a whole as well as enhance the prospects of the Company's employees. Hence, the following corporate governance policies have been prescribed in writing, and disseminated on the Company's website and intranet. These consist of three parts: Policy on Corporate Governance, Code of Ethics, and Code of Conduct. These good corporate governance policies are as follows:

- (1) Procedures should be implemented to ensure that the Company's management structure has a clear scope of the mandates, functions and responsibilities of each committee and executive;
- (2) Procedures should be implemented to assure confidence that financial statements accurately reflect the Company's performance and appraisals, and that prescriptions and measures are imposed to prevent and maintain risks at appropriate levels;
- (3) Procedures should be implemented to assure confidence that the Company's various processes are efficient and effective subject to checks and balances that ensure transparency and accountability;
- (4) Procedures should be implemented to eliminate conflicts of interest, with the Company's interests the initial consideration. For this reason, a transparent operating system must be utilized;
- (5) Procedures should be implemented to disclose accurate and complete data to the extent it does not prejudice the legitimate interests of the Company;
- (6) The Company's objective is business excellence on the basis of customer satisfaction by having an open mind to suggestions and performing self-assessments to ensure continued exciting innovations;
- (7) Employees are trained in ethics and morals along with the development of their career potential;
- (8) The ownership status of the shareholder is appreciated and respected along with the rights of every interested person. Treatment of such persons is equitable;
- (9) Business is undertaken with the awareness of accountability to shareholders, interested persons and society as a whole; and
- (10) Business is undertaken with an appreciation of environmental responsibility.

3.3 The Company issues the Code of Ethics for the Board of Directors, executives and employees to adhere to as guidelines in dealing with the Company, shareholders, customers, employees, agents/brokers, society, the environment and competitors for the purpose of attaining the utmost good faith, honestly and fairness in its operations.

Furthermore, the Company issues the Code of Conduct in writing, which was approved by the Board of Directors, executives and employees. This Code of Conduct, available via the company's intranet and website, is the guidebook of practices all people in the organization must adhere to in fulfilling their duties with good intentions that will lead to good corporate governance, and as a result, create confidence among shareholders, allies and competitors.

- 3.4 Following are the practical measures established by the Company's Board of Directors to prevent conflicts of interest for the maximum benefit of the Company and shareholders:

Items that may lead to conflicts of interest are revealed at the meeting of the Board, in terms of value, parties concerned and reasons supported, according to the applicable rules promulgated by the Stock Exchange of Thailand. Directors with conflicts of interest must leave the meeting room and are not allowed to vote on the agenda relating to such items.

- 3.5 The Board of Directors pays attention to the internal control of financial operations, business performance and corporate governance, including the computer system. Accordingly, an internal audit was established to monitor these controls and provide recommendations directly to the Audit Committee, as well as report annually to assure confidence that these controls follow the stipulated guidelines, are effective and independent, and fulfill the functions of monitoring and balancing.

Both the Board of Directors and the Audit Committee concur that the Company has a proper and adequate internal control system, as shown in the Audit Committee Report included in the Annual Report and Form 56-1.

- 3.6 The Board of Directors appreciates the importance of risk factors in the continual management of the organization. The committee was entrusted with the task of managing these factors and controlling activities and processes, in order to reduce factors that may be detrimental to the organization and maintain the level and extent of any damages that could arise at a level that is acceptable to the organization, assessable, controllable and reviewable systematically to assure compliance with the Company's targets and assure significant risks as well as areas are effectively managed across the enterprise. These risks can be viewed from three perspectives:

- Strategic risks;
- Financial risks, classified into two major types: Market risks and credit control risks; and
- Operational risks.

Management assesses risk and regularly reviews any significant risk mitigation to ensure that the Company can prevent and handle incidents in a timely manner. The Risk Management Committee continually raises the issue of risk awareness to management and employees.

The Company has established a Business Continuity Plan and conducts annual virtual tests with staff members to minimize any disruption to its operations.

The Risk Management Committee consists of executives of each departments and division. The scope of its functions has been prescribed with a view to jointly implementing a more systematic and efficient risk management system. These operations commenced in 2008.

4. Board Meetings

Board of Directors Meetings are normally scheduled not less than once every three months. The agenda and minutes of the previous meeting, together with supporting documents, are submitted to Board of Directors seven days in advance to enable directors to undertake adequate considerations and studies of the information prior to attending the meeting. The exception is when there is an emergency relating to the protection of Company interests, in which case less than seven days' notice may be given. The duration of each meeting is approximately two hours. During the meeting, directors are allowed to express opinions openly and freely, and the Company chairman will consolidate the opinions and conclusions reached. Directors having an interest must leave the meeting during the consideration of such matter, which must subsequently contain half of the Board of Directors. All meetings are attended by the Board Secretary in order to record it and take minutes, which will be approved by the meeting and verified by the Company Chairman and Board Secretary.

Board of Directors Meetings are scheduled not less than five times annually. If there is an emergency, additional meetings may be called.

The Audit Committee, President, Managing Director, Accounting Department Manager and internal audit units schedule regular joint meetings with the Company auditor quarterly.

In a meeting of the Board of Directors, if there is query, or additional information is required from relevant persons, the President/ Managing Director may invite the appropriate high-level executive officers to provide explanation.

Moreover the Board of Directors has delegated to the President the task of scheduling meetings of the Executive Committee at least once a month. Additional meetings may, however, be called in cases of emergency.

The Board of Directors has also delegated to the President the task of scheduling meetings of the Investment Committee, accompanied by an investment consultant, quarterly. Additional meetings may be called in cases of emergency.

Minutes of Board meetings and meetings of sub-committees are recorded in writing and the originals filed at the Company's head office for the convenience of reference by the Board of Directors and relevant persons.

The comparative attendance of the Board of Directors for the year 2012 and 2013 is shown in the Nomination and Executive Officers section.

5. Board Self-Assessment

In 2013, the Board of Directors drew up a self-assessment form for its performance, which exhibits the opinions of each director on the overall performance of the Board of Directors, and is not an evaluation of individual directors. The objective is to enable a review of the performance and any problems that may require further modification and improvement. The exercise promotes efficiency in the discharge of functions by the Board of Directors and aids in fostering relationships between the Board of Directors and the executives.

6. Remuneration of Directors and Executives

The Company Director appointed the Nomination & Remuneration Committee to recommend appropriate compensation to the Company's directors and executives. The Shareholders' Meeting assumes responsibility for approving this remuneration and assigning the Board of Directors to allocate it.

Remuneration for Directors and Management is as follows:

- Remuneration for Directors — an appropriate amount is clearly specified and approved by shareholders' resolution; and
- Remuneration for Management — this is paid to each management executive in compliance with Company policy, which is related to operating results and their work experience.

Remuneration for Directors and Executive Management in 2013 is shown in the Comparison of Board Remuneration 2012 and 2013 section herein.

7. Board of Directors' Development

7.1 The Board realizes the importance of roles, functions and responsibilities to the Company and strives to improve the performance of all staff by encouraging directors and employees to participate in training programs such as the Director Certification Program of IOD and others that are useful in the performance of their duties and good for the organization. The Company also reimburses traveling expenses both domestically and internationally. When the Company appoints a new director or hires a new employee, he or she is informed of the nature of our business, trends and Company objectives.

The Company also emphasizes maximizing the potential and capacity of all levels of employees by encouraging continuing education for high-level employees toward a leading role in the organization. This is to assure that the Company can hand down each position to the next generation for sustainable growth.

Participation of Directors in Training/Seminars Organized by IOD

No.	Name	RCP	DAP	DCP	Fellowship	RCC	AACP	ACP	CGR	SFE	FGP	DCP Refresher Course	MFM	MIA	MIR	CDC	CSP	ACEP
1	Mr.Veraphan Teepsuwan	x		x														
2	Mr. Surachai Prukbamroong	x	x						x			x						
3	Mr. Vichit Kornvityakoon			x			x											
4	Mr. Metha Suvanasarn			x	x	x												
5	Miss Nopporn Tirawattanagool		x	x		x		x			x							x
6	Mr. Chusak Salee			x														
7	Mr. Laksna Thongthai			x	x													
8	Mr. Virojn Srethapramotaya	x	x	x	x			x		x	x	x	x	x	x	x		
9	Mr. Andreas J. Wilhelm, Ph.D.																	
10	Mr. Suwat Suksongkroh			x								x					x	
11	Mr. Rowan D'Arcy			x														

Role of the Chairman	(RCP)
Director Accreditation Program	(DAP)
Director Certificate Program	(DCP)
Fellowship	
Role of the Compensation Committee	(RCC)
Advanced Audit Committee Program	(AACP)
Audit Committee Program	(ACP)
Corporate Governance Report of Thai Listed Companies	(CGR)
Successful Formulation & Execution of Strategy	(SFE)
Financial Institutions Governance Program	(FGP)
DCP Refresher Course	
Monitoring Fraud Risk Management	(MFM)
Monitoring the Internal Audit Function	(MIA)
Monitoring the system of Internal Control and Risk Management	(MIR)
Chartered Director Class	(CDC)
Company Secretary Program	(CSP)
Anti-Corruption for Executive Program	(ACEP)

7.2 Succession Plan

Executive Committee is appointed by the Board of Directors and is responsible for preparing the succession plan in order to ensure that the Company's objectives are reached with continuity.

8. Internal Control

The Company has clear regulations concerning shareholding reporting stipulating that directors and Executive Committee members must report their shareholdings, as well as any of their spouse and their children under legal age, and related directors and/or senior executives, in accordance with Section No. 258 of the Securities and Exchange Act and the Stock Exchange of Thailand

Act, B.E. 2535 (1992), which stipulate that the SET must be advised of any transfer of any shareholdings within three days of the date such action was taken. Additionally, the Company's policy under Section No. 7 regarding disciplinary action and penalties is enforced for the following violations:

- 8.1 Any direct and/or indirect involvement or undertaking of consultation for businesses that may be of similar nature to the Company's business;
- 8.2 Any direct and/or indirect use of position to acquire personal benefits and/or others' benefits by illegal means;
- 8.3 To disclose policy and business performance that is kept confidential to outsiders; and
- 8.4 To obtain photocopies of essential company documents without permission and/or inform those not related to the Company of its business performance.

9. Corporate Governance for Subsidiary and Associate Companies

9.1 Policy on Corporate Governance for Subsidiary, Sri Ayudhya General Insurance PCL

The Board of Directors has established a system of control to manage the subsidiary's operation as follows:

- (1) A majority of the directors are entrusted with directorship of the subsidiary in order to oversee that the operation meets with the objectives set;
- (2) The Audit Committee has been appointed as the Audit Committee for the subsidiary with full authority and responsibility as per the Committee's charter; and
- (3) Internal control system is in place to appropriately manage the subsidiary and in alignment with the overall internal control covering the areas of organizational structure & environment, risk management, management control, IT and communications and monitoring system.

9.2 Corporate Governance for Associate Company (Allianz Ayudhya Life Insurance PCL). Several directors have been entrusted with directorship.

10. Other Corporate Governance Policies

- 10.1 Code of Ethics: The Company put in place the Code of Ethics to provide Board of Directors, Management Committees, and employees a guideline in conducting business principled by ethics to achieve success as planned. A monitoring system checks on adherence to the Code of Ethics on a regular basis.
- 10.2 Corporate Social Responsibility (CSR) The Company places importance in giving back to the society in which it operates and takes the pledge of corporate social responsibility seriously. Programs are driven to ensure participation and involvement in community, social and environment development. Details of such programs are described in Corporate Social Responsibility section herein.

INTERNAL CONTROL



The Company's Board of Directors is of the opinion that internal controls are sufficient and appropriate, and contributing to the efficiency and effectiveness of the Company's operations. Financial reports are reliable and timely, and can be used with confidence to make sound business decisions. Operations are in compliance with the law, and the regulations and policies of the Company are in accordance with the Board's Recommendation No. 2/2014 dated 25 February 2014, the full review of internal control was completed by three Internal Audit Committee members, summarized as follows:

1. ORGANIZATION AND ENVIRONMENT

- Clear business objectives and measurable output: The annual budget is analyzed carefully by management and approved in the Board of Directors meeting. In setting policies and drafting the operations plan, fairness to business partners was taken into consideration for the long-term benefit of the Company.
- An organizational structure with clearly defined responsibilities: Each division of the Company functions in accordance with the organizational chart and written operational rules and manuals. The Company rules specify morals and regulations that prohibit staff members from actions that would be counter-productive to the interests of the Company as well as penalties for any violations.

2. RISK MANAGEMENT

- The Company set up a group of committees that will be responsible for the Company's Risk Management procedures. These procedures are designed to mitigate significant risks to an extent that they are very unlikely to occur, including operational risks, insurance business risks, investment risks and risks involving particular principal clients. The committee will review and evaluate the system and standards, as well as the effectiveness of these procedures, once a year or as required.

- Early warning signs are investigated. In order to avoid any misbehaviour, the Risk Management Team also established Fraud Guidance and Whistle Blower procedures via the Company's intranet which staff can access to assure that business is conducted properly and legally.

3. CONTROL OF MANAGEMENT OPERATIONS

- Delegate authority: Credit authorization will be determined by the administration at each level and clearly defined in writing.
- Division of authority: This division of authority extends to authorizing and reporting on accounting records and IT, and responsibilities include separating assets for counter-checking.
- Compliance with SET regulations: The Company operates in compliance with the Announcements and Regulations of the Stock Exchange of Thailand, as prescribed by the Securities and Exchange Commission regarding business operations with major shareholders, the Board, administrators and other related parties.
- Monitoring: Measures have been put in place to assure that business is conducted properly to prevent any violations.

4. INFORMATION TECHNOLOGY AND TELECOMMUNICATIONS

- Compilation of adequate data: The Board is provided with ample and accurate information to be used in making decisions, including letters calling for meetings, and documents used in meetings; necessary documents and data for consideration are prepared in advance. Reports of Board Meetings are sufficiently detailed for shareholders to inspect the work of the Board.
- Proper records kept: File documents, account records and financial data are kept systematically. This has been achieved using standard certified accounting procedures appropriate to the nature of the Company's business.
- Compilation of financial data: This includes appropriate, topical, and timely financial data and informational materials relating to various operations that management can use to make decisions on policies and procedures, utilizing IT to assess possible outcomes and assuring that this data is readily accessible to the relevant authorities.
- Establishment of efficient communications: An efficient system of internal and external communications has been established to keep staff members informed of administrative information and the duties of each person.

5. MONITORING SYSTEM

- Dealing with discrepancies: Management compares output with objectives and presents their findings to the Board. When discrepancies occurred between objectives and results, Management immediately determines the cause and take corrective and timely measures. It is the Company policy that Management report to the Board immediately in cases of dishonesty or suspected dishonesty, violation of the law or other wrongdoings that could have significant implications for the Company and damage its name or financial standing.
- The Audit Committee: The committee is responsible for monitoring finances and financial procedures through a system of internal controls and audits, in compliance with the relevant laws and regulations. The remuneration and nomination of auditors is specified.
- The Internal Audit Department: The department is responsible for checking internal control systems. The internal auditor may work independently and submit reports in a frank manner. If a significant error is detected, it will be reported to the Board and the Audit Committee for a determination of corrective measures within an appropriate time frame.

REVIEW OF BUSINESS OPERATION



Presently, Sri Ayudhya Capital PCL is an investment holding company focused primarily on investing in insurance sector, with minor investments in other businesses. The Company has a registered capital of Baht 500 million, paid-up Baht 250 million, and holds a 'public company limited' status. It is registered in the Stock Exchange of Thailand as AYUD.

The office is situated at 898 Ploenchit Tower, 7th floor, Ploenchit Road, Lumpini, Pathumwan, Bangkok 10330. Telephone: +66-2657-2970. Fax: +66-2657-2971 Website: www.ayud.co.th. E-mail: info@ayud.co.th

The Company has been serving customers for 63 years, principled on honesty and fairness.

HISTORY AND KEY DEVELOPMENT

Sri Ayudhya Capital PCL, previously named The Ayudhya Insurance PCL, was a leading non-life insurance company. It was first established on October 7, 1950 with a registered capital of Baht 2 million to conduct non-life insurance businesses including fire, marine & transportation, miscellaneous and motor.

CHANGES IN 2011

In 2011, the Company and its subsidiary, Sri Ayudhya General Insurance PCL, entered into a transfer of business agreement to transfer all insurance policies, including assets and liabilities relating to non-life insurance operation to the subsidiary. The responsibilities and obligations under existing insurance policies made between the Company and customers and/or other parties will be held by the subsidiary.

The Company then returned its insurance license to the Office of Insurance (OIC) and changed its company status to 'investment holding company' with the purpose of investing in other businesses as specified in the Company's acquisition plan, effective December 20, 2011. The Company continues to keep its status a registered company in the Stock Exchange of Thailand.

SUBSIDIARY BUSINESS

Sri Ayudhya General Insurance PCL (subsidiary), (formerly BT Insurance Co., Ltd.) was established in Thailand on September 21, 1982, and received the license to conduct all types of non-life insurance businesses on September 24, 1982.

On March 31, 2011, the subsidiary registered to change the company name from "BT Insurance Company Limited" to "Sri Ayudhya General Insurance Company Limited" with the Department of Business Development, Ministry of Commerce and increased its registered capital from Baht 300 million to Baht 1,200 million, the difference of Baht 900 million was registered.

On October 3, 2011, the subsidiary registered to change its company status to a 'public company limited' with the Department of Business Development, Ministry of Commerce and received the approval from the Office of Insurance (OIC).

On April 12, 2012, at the 2nd extraordinary shareholders' meeting of the subsidiary, shareholders approved the increase of the capital of Baht 1,200 million (120 million ordinary shares at Baht 10.00 per share) to Baht 2,400 million (240 million ordinary shares at Baht 10.00 per share) by issuing 120 new shares and offered to existing shareholders at Baht 10.00 per share, totaling Baht 1,200 million. The subsidiary called for share subscription payment totaling 60 million amounting to Baht 600 million which then paid for the increase in capital with the Department of Business Development, Ministry of Commerce on May 4, 2012.

Presently, the subsidiary's head office is situated at 898 Ploenchit Tower, 18th floor, Zone A, Ploenchit Road, Lumpini, Pathumwan, Bangkok 10330.

ASSOCIATE COMPANY

Allianz Ayudhya Assurance Public Company Limited (AZAY), an associate company of the Company, has the core business in life insurance and currently the Company holds 20.17% of the total issued shares of AZAY.

In 2002, the Company invested in ordinary shares of Allianz Ayudhya Assurance Public Company Limited (AZAY), formerly named Ayudhya Allianz C.P. Life Public Company Limited (AACP), in a total of 17,162,978 shares, representing 5.82% of the total issued shares of AZAY. On January 18, 2012, the Company acquired more ordinary shares of 17,265,108 shares, equivalent to Baht 517.95 million, and made the total investment of the Company equal to 34,428,086 shares, representing 11.67% of the total issued shares of AZAY. On May 9, 2012, the Company acquired more ordinary shares of 25,072,194 shares, equivalent to Baht 752.17 million, and made the total investment of the Company in ordinary shares of AZAY equal to 59,500,280 shares, representing 20.17% of the total issued shares of AZAY and classified this investment as the investment the associate company on that day.

Allianz Ayudhya Assurance Public Company Limited is a corporation founded in Thailand on April 11, 1951 and was granted a life insurance license on April 20, 1951. Presently, the associate company is located at 898 Ploenchit Tower, 1st floor Zone B, 2nd floor Zone B (Mezzanine), 6th floor, 14th floor, and 17th floor, Ploenchit Road, Lumpini, Pathumwan, Bangkok 10330.

COMPANY REVENUE STRUCTURE

The main income of the Company as per the consolidated financial statements can be divided into two parts: underwriting income from the subsidiary and the investment income. Details of the income as of December 31 for 2011, 2012, and 2013 are as follows:

(Unit: Baht)

	2013		2012		2011	
	Amount	%	Amount	%	Amount	%
Underwriting Income*						
Fire	373,343,636	17.4	377,216,931	19.8	431,948,963	22.9
Marine and transportation	185,758,315	8.7	184,091,421	9.7	148,675,232	7.9
Miscellaneous	673,724,926	31.5	559,780,439	29.4	534,891,524	28.4
Motor	906,304,879	42.4	780,373,022	41.1	767,856,966	40.8
Total	2,139,131,756	100.0	1,901,461,813	100.0	1,883,372,715	100.0

* Underwriting income comprised of net earned premium and commissions and brokerages.

(Unit: Baht)

	2013		2012		2011	
	Amount	%	Amount	%	Amount	%
Net Earned Premium						
Fire	314,578,414	16.5	341,344,058	20.0	386,345,575	23.2
Marine and transportation	112,676,553	5.9	97,060,741	5.7	74,838,185	4.5
Miscellaneous	575,091,530	30.1	491,086,102	28.7	441,529,152	26.6
Motor	906,304,872	47.5	780,379,006	45.6	758,748,126	45.7
Total	1,908,651,369	100.0	1,709,869,907	100.0	1,661,461,038	100.0

(Unit: Baht)

	2013		2012		2011	
	Amount	%	Amount	%	Amount	%
1. Underwriting income	2,139,131,756	78.8	1,901,461,813	86.6	1,883,372,715	84.1
2. Investment income	567,962,149	20.9	284,924,149	13.0	332,575,070	14.9
3. Other income	7,497,340	0.3	7,991,835	0.4	22,602,565	1.0
Total income	2,714,591,245	100.0	2,194,377,797	100.0	2,238,550,350	100.0

The proportion of the Company's income structure changed from the previous year as the underwriting income showed a decrease from 86.6% in 2012 to 78.8% in 2013 due to a higher increase in the investment income.

The proportion of investment income jumped from 13.0% in 2012 to 20.9% in 2013 due to higher profit sharing from our associate company, Allianz Ayudhya Assurance Public Company Limited, which totaled Baht 355.28 million versus Baht 25.87 million from the previous year. The higher profit in 2013 derived from the increased investment through additional ordinary share purchase made during 2012 resulting in a 20.17% shareholding versus the recognized share of profit in 2012 which reflected only a partial recognized share of profit of the total investment.

2013 OPERATING RESULTS

EXPLANATION AND ANALYSIS

Investors are advised to study the consolidated and separate financial statements and summary of operating results, both past and present, together with the notes to the consolidated and separate financial statements and other pertinent information herein.

1. 2013 Operating Results for the Company and its Subsidiary

In 2013, the Company and its subsidiary showed net earned premiums of Baht 1,908.65 million, an increase of Baht 198.78 million, or 11.63%, over the previous year. Net investment income from interest and dividends was Baht 158.58 million, a decrease of Baht 20.79 million, or 11.59%, from the previous year. Gains on investments in securities totaled Baht 54.09 million, a decrease of Baht 25.59 million, or 32.11%, from last year's Baht 79.68 million resulting from the fluctuations in Thailand stock market during 2013 and the impact of the downward trend of the interest rate. The investment in Allianz Ayudhya Assurance Public Company Limited of 20.17% was categorized as an investment in an associate company, thereby showing investment profit separately at Baht 355.28 million, an increase of Baht 329.41 million, or 1,273.33%, from last year's profit of Baht 25.87 million using the equity method in the consolidated financial statements.

The Company and its subsidiary's two major expenditures were underwriting and operating expenses. Underwriting expenses comprised of losses incurred, loss adjustment expenses, commissions and brokerages, and other expenses on which the commissions and brokerages and other relevant expenses were variable costs related directly to underwriting income. Loss incurred and loss adjustment expenses were based on the losses incurred by policyholders during the year. The Company had underwriting expenses of Baht 2,037.25 million, a decrease of Baht 0.41 million, or 0.02%, from last year's Baht 2,037.66 million. The reason for this decrease in underwriting expenses was due to the reduction of losses incurred at Baht 225.58 million, or 21.40%, which referred to the booking of Baht 108.58 million for losses incurred from the 2011 massive floods in 2012. The loss ratio, excluding the loss from the massive floods, equaled 43.42%, a reduction of 11.89% from last year's 55.31%. Commissions and brokerages increased over last year by Baht 20.65 million, or 5.15%, pushing total underwriting expenses to increase by Baht 58.16 million, or 19.82%, driven by the increased volume of business. In 2013, operating expenses increased by Baht 146.35 million, or 50.61%, over last year, personnel expenses increased by Baht 26.57 million, or 23.17%; and premises and equipment expenses increased from Baht 100.21 million to Baht 102.84 million, a Baht 2.63 million or a 2.63% rise. This was due to the Company's investment in information technology to reduce redundancy, increase speed, efficiency and delivery of service, and to support new innovative products. Moreover, in 2013 the Company had set a defensive provision for bad debts of Baht 114.6 million for certain international reinsurers' suffering downgrades.

In 2013, the Company and its subsidiary totally recovered from the effect of the 2011 massive floods as reflected in gains from underwriting of Baht 101.89 million versus the loss from underwriting of Baht 136.20 million in the previous year.

As shown in the consolidated financial statements, operating results in 2013 showed a gain of Baht 677.34 million, an increase of Baht 520.63 million, or 332.22%, from the last year's Baht 156.71 million.

In 2013, the consolidated financial statements showed a pre-tax profit of Baht 661.73 million, an increase of Baht 519.44 million, or 365.06%, from the last year's Baht 142.29 million. The Company and its subsidiary used a deferred income tax rate at 20% of net profit and this resulted in the income tax expense for 2013 at Baht 71.79 million, an increase of Baht 24.45 million, or 51.63%, from the last year's Baht 47.35 million.

Therefore, the operating results for 2013 in the consolidated financial statements showed a net profit of Baht 589.94 million, an increase of Baht 495 million, or 521.36%, from the last year's Baht 94.94 million, and earnings per share in 2013 equaled Baht 2.36.

Other factors affecting the Company and its subsidiary's performance during the past year included:

- (1) Stronger competition brought on by insurance companies with foreign interests that are equipped with sophisticated information technology, using telecommunications and direct marketing to attract new customers. These firms introduced innovative insurance products to meet customer requirements, offering coverage for other risks and other services. To maintain our competitiveness, the Company invested more in technology and human resources, resulting in increases in operating expenses; and
- (2) The insurance business in 2013 earned total direct premiums of Baht 203,021 million, and showed 13.12% growth over the same period last year. This growth rate is an indication of the strength and sustainability of the general insurance industry as it steadily overcame the effects of the flood crisis and other external factors such as increasing oil prices and the slowdown in household spending due to higher prices of consumer goods. However, the floods that occurred in the fourth quarter of 2011 affected Thailand's economy more severely than was predicted, particularly the manufacturing sector, which was affected both directly and indirectly, as well as the agricultural sector. In 2013, Thailand's economy expanded only 2.9%. The insurance business over the past five years continued to expand driven by industry development as well as social changes. Families began to realize the value of insurance as a mechanism to relieve some of the financial burden resulting from unforeseen events, the economic slowdown and other crises, viewing insurance as the fifth basic necessity. Once this benefit is realized, the insurance business will continue to grow with little impact from the state of economy. With the current economic uncertainties – the increases in crude oil prices, droughts, floods, earthquakes, and the disturbances in the three southern provinces — we must continue to raise public awareness of these risks and the importance of having insurance.

Underwriting Results

In 2013, the Company and its subsidiary generated gross premiums written of Baht 2,988.85 million, and increase over the previous year of Baht 223.02 million, or 8.06%. The increase in gross premiums was derived from three lines of business: Fire, Miscellaneous and Motor. The increase seen in Miscellaneous premiums was due to more sales via Bank of Ayudhya Plc.'s Bancassurance. The increase in Motor and Fire premiums was due to the Company's expansion in sales, marketing and distribution channels through provincial branches and sub-branches throughout the country. The Company paid Baht 1,067.95 million in reinsurance premiums, or 35.73% of the overall premiums. The Company's retention was Baht 1,920.90 million and the net written premium ratio per equity was 0.40 times, in contrast to the previous year's 0.38. Earned premiums were Baht 1,908.65 million, an increase of Baht 198.78 million, or 11.63%, over the previous year.

The gross profit margin in 2013 was 5.30% of net written premiums, versus -7.52% shown in the previous year. The negative margin was due to the loss on underwriting of Baht 136.20 million in the consolidated financial statements in 2012, resulting from the massive floods that occurred in the fourth quarter of 2011. In 2013, the total of loss incurred and loss adjustment expense was Baht 828.78 million, a decrease of Baht 225.58 million, or 21.40%, from previous year at Baht 1,054.36 million. Claims from general operations in 2013, excluding 2011 flooding, was Baht 43.42 million versus Baht 55.31 million in the previous year. Commissions and brokerages totaled Baht 421.40 million, an increase of Baht 20.65 million, or 5.15%, over the last year's Baht 400.74 million. Other underwriting expense was Baht 351.53 million, an increase of Baht 58.15 million, or 19.82%, over the last year's Baht 293.38 million. Operating expense was Baht 435.54 million, up by Baht 146.35 million, or 50.61%, from last year's Baht 289.19 million. Total underwriting expense was Baht 2,037.25 million, an increase of Baht 0.41 million, or 0.02%. As a result, 2013 turned out to be a year of recovery and profit was made on underwriting at Baht 101.89 million versus the previous year's loss of Baht 136.20 million.

The retention rate in 2013 was 64.27% against 65.48% last year, due to an increase in gross premiums written of Baht 223.02 million, or 8.06%, while reinsurance increased by Baht 113.20 million or 11.86%. As a result, net written premiums rose from Baht 1,811.08 million to Baht 1,920.90 million, an increase of Baht 109.82 million, or 6.06%.

The ratio of underwriting expenses for 2013 equaled 63.32% of earned premiums, against last year of 57.51%, due to the Company's underwriting expenses; which composed of commissions and brokerages, other underwriting expense; and operating expenses which increased by Baht 225.17 million, or 22.90%, while earned premiums in 2013 increased by Baht 198.78 million, or 11.63%, from the previous year.

Fire Insurance

The Company and its subsidiary generated gross premiums written in the amount of Baht 582.20 million, an increase of Baht 43.86 million, or 8.15%, over the previous year. The fire insurance business represented 19.48% of total premiums.

The Fire loss ratio equaled 17.71% of earned premiums, a 57.60% decrease due to lower claims in 2013 versus high claims due to massive flooding in the previous year.

Written Fire premiums in 2013 grew by 8.15%, making us number 7 in the market. The significant growth contributions came from agents, brokers, Bank of Ayudhya Plc. and other financial institutions.

Marine and Transportation Insurance

Marine and Transportation gross premiums written in 2013 totaled Baht 383.37 million, a decrease from last year of Baht 10.14 million, or 2.58%. This segment of business generated 12.83% of total premiums.

Loss incurred and loss adjustment expense in 2013 totaled Baht 45.57 million, an increase over 2012 of Baht 9.84 million, or 27.54%, and the loss ratio equaled 40.44% of earned premiums which increased from previous year by 36.81%.

In 2013, total direct premium of Marine and Transportation was ranked number 4 in the market. The business may be split into Marine Hull, which grew 6.84%; and Marine Cargo, which had a slower growth at only 4.90% due to depressed agricultural prices in the world market resulting in lower premiums taken. The Company made up the shortfall by increasing the number of agents.

The primary source of business for Marine and Transportation insurance came from agents who are satisfied with the quality and efficiency of our service.

Motor Insurance

Motor gross premiums written in 2013 totaled Baht 947.47 million, an increase over last year of Baht 92.64 million, or 10.84%. The segment represented 31.70% of overall written premiums.

Motor loss incurred and loss adjustment expense in 2013 amounted to Baht 533.85 million, an increase of Baht 55.74 million, or 11.66%, over last year. The loss ratio was 58.90% of earned premiums, while in 2012 it was 61.27%.

In 2013, the growth of Motor premiums written rose to 10.84% but still lower than market growth rate at 13.96% due to the Company's restricted participation in the first car scheme and the market segment for large corporate accounts.

The primary source of business came from agents, brokers, vehicle dealers and financial institutions providing auto leasing. The Company's emphasis on providing good service to the insured and the efficient management of branches enhanced the ability of its customers to buy Motor insurance conveniently at Company branch offices.

Miscellaneous Insurance

Written Miscellaneous premiums totaled Baht 1,075.81 million in 2013, an increase over last year of Baht 96.66 million, or 9.87%. This segment represented 35.99% of overall written premiums.

Miscellaneous loss incurred and loss adjustment expense in 2013 amounted to Baht 193.64 million, a decrease of Baht 150.27 million, or 43.69%, over last year. The loss ratio was 33.67% of earned premiums, while in 2012 it was 70.03% as a result of 2011 massive flooding.

The primary sources of business for Miscellaneous insurance are Bank of Ayudhya Pcl., financial institutions, agents, brokers, and direct accounts. The strong partnership with Bank of Ayudhya Pcl.'s Bancassurance channel continued to help generate sales under the Company's "Prompt" packaged insurance products (PA Prompt, PA Care, PA Prompt Plus, Cancer Prompt Plus,

Home Prompt, Senior PA Prompt Plus, Mobile Prompt, Auto Prompt Super 3 Plus, and Auto Prompt 3+ flood protection) and we have received very positive feedback from the bank's customers.

Investment

In 2013, the world capital markets were impacted by changes in the US monetary policy. Economic recovery in the US, Japan, and Europe further turned the attention of investors to invest in these developed markets causing funds to move out of the Stock Exchange of Thailand (SET) and thereby pushing the index down by 6.7% by end of 2012. During 2013, the SET index was extremely volatile, peaking at 1,643.43, the highest in the last 20 years and diving to its low point by the end of the year, at 1,298.71 or 6.70% lower from previous year. During 2013 the SET index reached the highest point at 1,643.43 points (on May 21, 2013) and the lowest points at 1,275.76 points (on August 28, 2013).

As for equity instruments for medium-to-long term investments, the Company still holds a positive outlook because of low interest rates, the government policy of stimulating the economy and encouraging consumption in the country, the continued growth of publicly listed companies, and the attractiveness of the SET. The Company's investment strategy continues to focus and select quality securities one by one and regularly assesses and monitors them in terms of both quality and quantity. This process assists the Company in ensuring a good return on investment both for medium and long term. In addition to evaluating reasonable returns with acceptable risks, the Company gives importance to the stability of investment, investing conservatively and cautiously for the utmost benefit to shareholders.

As at December 31, 2013, the Company and its subsidiary had investment assets totaling Baht 6,345.88 million, an increase of Baht 856.33 million, or 15.60%, from last year. Net investment income comprised of interest and dividends totaled Baht 158.58 million, a Baht 20.79 million, or 11.59%, decrease from last year. Profit on investment in securities totaled Baht 54.09 million, a decrease of Baht 25.59 million, or 32.11%, from last year's Baht 79.68 million. This was due to the fluctuation of the Thai stock markets in 2013 and the low interest rates. Moreover, the investment of the Company in Allianz Ayudhya Assurance Public Company Limited at 20.17% of its paid-up capital made this investment to fall under an investment in associate company category. In 2013, the Company recognized Baht 355.28 million in profit from its investment in the associate company, an increase of Baht 329.41 million, or 1,273.33% versus last year.

In 2013, the Company and its subsidiary had a profit on investment of Baht 567.96 million, an increase of Baht 283.04 million, or 99.34%, from the previous year's Baht 284.92 million. Thus the return on investment in 2013 increased from 2012's 5.19% to 8.95%.

2. Financial Status

2.1 Assets

(1) Components of assets

The assets of the Company and its subsidiary are comprised of investments in securities, loans, cash and cash equivalents, premises and equipment, intangible assets, premiums due and uncollected, accrued investment income, reinsurance assets, and other assets.

As at December 31, 2013, the Company and its subsidiary had total assets of Baht 9,382.96 million, a decrease from last year by Baht 601.30 million, or 6.02%.

Investment in securities was Baht 3,142.81 million, down Baht 185.88 million from last year's Baht 3,328.69 million. The Company and its subsidiary had investments in available-for-sale securities totaling Baht 2,031.86 million, down Baht 116.65 million from last year's Baht 2,148.51 million. These available-for-sale securities were comprised of government bonds, Bank of Thailand bonds, foreign bonds, treasury bills, stocks, debentures, and unit trusts.

The Company and its subsidiary had unrealized gains on investments in securities of Baht 29.03 million, a decrease from last year of Baht 97.76 million, or 77.10%. This was due to the fall of the SET index, which closed at 1,298.71 points at end of 2013, a decrease from previous year by 6.70%.

To comply with the Company's staff welfare policy, the Company made loans to employees with guarantors totaling Baht 2.68 million, a Baht 1.70 million decrease from the previous year's Baht 4.38 million.

Cash and cash equivalents at year-end 2013 totaled Baht 1,687.25 million, an increase of Baht 1,043.91 million versus Baht 643.34 million the year before, due to large amounts of claims payments made on flood losses during that year.

Premises and equipment as at December 31, 2013 totaled Baht 155.85 million, down Baht 48.82 million from the previous year's Baht 204.67 million. This was due to the Company and its subsidiary's Baht 20.16 million investment in IT equipment, office renovation, and the purchase of new vehicles to replace the existing ones, which had completed their term of use. Meanwhile, old vehicles, office equipment, and computers that needed to be replaced were distributed at a cost of Baht 68.98 million.

Premiums due and uncollected as at December 2013 amounted to Baht 264.65 million, an increase of Baht 13.74 million, or 5.48%, over the previous year's Baht 250.91 million. The Company's emphasis on efficiency in following up on outstanding premiums and concentrating on collection is reflected in its clear policy on managing collections, including a monthly review to formulate criteria on credit premium collection. The Company and its subsidiary have also taken stringent legal action against defaulting agents, brokers and clients. The Company's internal auditors have audited outstanding premium data, and followed up on receipt of payments and related accounting records.

The Office of Insurance Commission (OIC) stipulated that motor premium payments must be in compliance with the universal practice of 'Cash-before-Cover' in which the insured has to pay its premium prior to the effective date of the policy. Therefore, the policy of risk in respect of premium collection procedures was established and published in the form of a Premium Collection Manual, and the Company adheres to the processes and terms of payment and coordinates with all concerned parties to ensure proper implementation.

The Company and its subsidiary managed premium collection by issuing a policy that concisely indicates the credit terms for long-outstanding overdue premiums. A meeting on credit control is held once a month to follow up on long-overdue accounts in order to comply with the regulations stipulated by the OIC. Once an outstanding account exceeds the specific period of agreement, the credit control unit will follow up with the appropriate collection procedures.

(2) Asset Quality

a. Assets

As at December 31, 2013, the Company and its subsidiary's investments in securities, including bonds, treasury bills, stocks, debentures, unit trusts, and deposits at financial institutions with a maturity of over three months, totaled Baht 3,142.81 million, which was presented at fair value. The Company and its subsidiary recorded unrealized gains from surplus on revaluation of investment of Baht 29.03 million in equity.

b. Debtors

In 2013, the Company and its subsidiary's turnover rate of outstanding premiums was 31 days. The Company and its subsidiary have a policy on credit terms for premium payments, allowing 30 days to clients who insure against risk other than motor. Motor clients must comply with the principles of 'Cash before Cover' in which the insured must pay its premium prior to the effective date of the policy.

As at December 31, 2013, the allowance for doubtful accounts totaled Baht 9.58 million. This estimate of doubtful debt as at year-end was based on the Company's experience in debt collection. The basis for calculating the reserve for doubtful accounts is as follows:

- Outstanding premiums 6 months to 1 year: The Company sets the reserve for doubtful accounts at 50%
- Outstanding premiums over 1 year: The Company sets the reserve for doubtful accounts at 100%

2.2 Liquidity

(1) Cash Flow

In 2013, the Company and its subsidiary had net cash for operations totaling Baht 1,217.74 million, which came from Baht 3,766.99 million in cash received, and Baht 2,549.25 million in cash payment which mostly were used for claim payments, underwriting expenses, and operating expenses. Cash received from investment activities totaled Baht 703.55 million and was derived from sales of common stocks and a portion of unit trusts, including mature bonds, debentures, treasury bills, and deposits at financial institutions. Cash used for investment totaled Baht 607.38 million and was used for investments in bonds, stocks, debentures, unit trusts in mutual funds, and deposits at financial institutions, resulting in net cash from investment activities of Baht 96.17 million. The Company manages an investment policy that takes into consideration economic changes as well as fluctuating interest rates and the SET index to ensure the best possible returns as related to economic circumstances in which it operates.

In 2013, the Company paid dividends totaling Baht 270 million divided into dividends from the operating result in 2012 at Baht 95 million and interim payment of dividends in 2013 at Baht 175 million.

Cash and cash equivalents, including cash on hand and all types of deposits at banks with original maturities not exceeding three months, totaled Baht 1,687.25 million at December 31, 2013, higher than the previous year's Baht 643.34 million due to significant flood claim payments made in 2012.

(2) Liquidity Ratio

As at December 31, 2013, the Company and its subsidiary recognized an outstanding liquidity ratio of 1.31 times, indicating that the Company and its subsidiary's backup assets were sufficient to pay its current liabilities.

2.3 Sources of Funds

(1) Appropriation of Capital Structure

The Company and its subsidiary had a change of capital structure during the past year. As at December 31, 2013, the Company's debt-to-equity ratio was 0.89 times, a decrease from last year's 1.10 times. The debt-to-equity ratio decrease was due to lower flood claim payments during 2013, and therefore lowering cash reserved for claim payments and accrued claim payments by Baht 662.78 million at end of 2013.

(2) Shareholders' Equity

The Company's shareholders' equity as at December 31, 2013 was Baht 4,972.41 million, an increase of Baht 221.27 million over last year's Baht 4,751.14 million. This was due to an increase in unrealized gains from surplus on revaluation of investment of Baht 29.03 million, a Baht 97.76 million decrease from last year's Baht 126.79 million. In 2013, accumulated profit in the Company's consolidated financial statements amounted to Baht 231.20 million, an increase of Baht 319.04 million over last year's accumulated loss of Baht 87.84 million due to claims from the massive flooding in 2012.

(3) Liabilities

The Company and its subsidiary had liabilities as at December 31, 2013 totaling Baht 4,410.55 million, a decrease of Baht 822.58 million from the previous year's Baht 5,233.13 million. The reason for this was the reduction in cash reserved needed for flood claim payments, outstanding of claim payments, and the Baht 928.45 million owed to reinsurance companies. The liabilities of the Company and its subsidiary largely arose from its operations, for example, the unearned premium reserve, outstanding claims, the reserve for incurred but unreported claims, amounts withheld on reinsurance treaties due to reinsurers, premiums received in advance, accrued commissions, deferred tax liabilities, accrued operations expenses, and accrued corporate income tax.

3. Major factors and influences that could affect the Company's operations and financial status in the future

The Company and its subsidiary's policy on risk management is discussed in the Risk Factors section herein.

4. Maintaining various ratios in accordance with regulatory agencies and key ratios that are characteristic of the industry

- 4.1. The Company had statutory reserves of Baht 50 million, equivalent to 10% of its authorized capital, in accordance with the Public Limited Company Act, B.E. 2535, stipulating that the Company must allocate a reserve fund from annual net profits of not less than 5%. This is calculated by the total accumulated loss brought forward (if any) until the reserve fund reaches an amount of not less than 10% of the authorized capital. Such reserve fund is not available for dividend distribution.
- 4.2. As at December 31, 2013, the subsidiary had an allocation of unearned premium reserves in the amount of Baht 910.18 million in accordance with the announcement of the Office of Insurance Commission (OIC) concerning the allocation of such reserves.
- 4.3. The loss ratio from regular operations in 2013 was equal to 43.42% of earned premiums, a decrease from last year of 55.31%.
- 4.4. On September 1, 2011, the Office of Insurance Commission (OIC) issued a regulation concerning funds of non-life insurance companies that use capital adequacy ratios (CARs) for insurance risk, market risk, credit risk, and concentration risk.

CARs from January 1, 2013 onward shall not be less than 140%.

As of December 31, 2013, the subsidiary had CARs of 372% (calculated based on measures stipulated due to the effect of 2011 massive flooding).

HUMAN RESOURCES



In the present day and age, human resource management plays a significantly more important role in driving the Company forward through continuous employee development programs. The role of the Company's human resource management has evolved with an emphasis placed on the increased participation in the business planning process and to contribute more as thinking partners to the Management. It is also a foundation to provide business leverage through competent employees.

The Company firmly believes that the employees are the most important resources to drive the Company towards set goals. This belief has been translated into our human resource policy and is extended into our subsidiary as well.

In 2013, the Human Resource Management laid out a road map to establish a more efficient infrastructure to be in tune with the changes in business practices and technology that had impact in the way we work, as well as in how we service our customers, partners and suppliers. Performance and evaluations are much more in accordance to the compensation given and are covered individually and as well as in teams for maximum effectiveness. The following initiatives were implemented during the year:

- Refinements in the human resource management team to support other departments' needs more concisely and efficiently;
- Changes in infrastructure, assessment and development process to be more directly linked to the work, and the development of employees;
- Joint participation in manpower planning to be more compatible to the goals of each department;
- Regularizing Succession Planning to reduce risk potentially arising from manpower gaps or loss of knowledge retention;
- Implementation of employee programs to further build relationship and loyalty.

In 2013, a total of 486 staff and employees of the Company and its subsidiary participated in personnel development and training sessions through five internal training courses and 29 external training courses which accounted for the total expenses of Baht 1,089,722.35.

EMPLOYEE ENGAGEMENT AND LOYALTY-BUILDING PROGRAMS

The Company places high importance on the relationship between the Company and the employees and continuously seek to develop deeper relationship through various activities during the year in which employees can participate in, such as team-building programs, trips, and sports activities. The Company believes that happy employees have better relationship with their co-workers and therefore, produce better quality work.

BUSINESS ENVIRONMENT AND COMPETITION

Sri Ayudhya General Insurance Public Company Limited, our core investment and sole subsidiary, operates a non-life insurance business covering fire insurance, marine and transportation insurance, miscellaneous insurance, and motor insurance.

INDUSTRY, MARKET AND COMPETITION

a) Insurance Industry

During the year 2013, the non-life insurance industry had overall direct premiums income of Baht 203,021.47 million, representing a 13.12% increase over the same period in 2012. Compared with the same period last year, direct premiums from fire insurance totaled Baht 11,812.66 million, or a 21.04% increase, whereas marine and transportation insurance represented Baht 5,299.29 million, or a 2.05% increase, miscellaneous insurance totaled Baht 67,491.57 million, or a 11.35% increase, and motor insurance totaled Baht 118,417.95 million, or a 13.96% increase.

(Unit: Thousand Baht)

Line of Business	Direct premium of Non-life insurance business		
	2013	2012	% Increase (Decrease)
Fire	11,812,656	9,759,195	21.04
Marine & Transportation	5,299,296	5,193,039	2.05
Miscellaneous	67,491,569	60,612,448	11.35
Motor	118,417,949	103,915,345	13.96
Total	203,021,470	179,480,027	13.12

Source: Market Analysis and Statistics Department, Office of Insurance Commission (OIC)

Competitive strategy

To be competitive, the Company's strategies included the following:

1. Staff competency: Development programs included enhancing professional skills of our staff as well as in increasing service-mind awareness and quality to provide excellent service to our customers.
2. Operations development: Continuous improvement programs enabled us to provide high quality and prompt service to our customers.
3. Technology development: At the heart of the operation is the technology that supports our team to work efficiently and accurately. The standards of technology is systematically and periodically raised to ensure quality of functional system and efficiency to provide prompt service in both underwriting and claim as well as to enable business growth with ease.

Clientele

Our customers include government agencies and state enterprises, as well as private businesses and the general public. Customers in the private sector include factories, hotels, financial institutions covering their risks in providing loans, affiliated financial institutions and hire-purchase companies that are required to insure their interests against the risk of loss. We also provide cover to individuals over 20 years of age who wish to insure their homes and motor vehicles. For personal accident insurance, the insured's mandatory age is from 15 to 60 years, whereas there is no mandatory age for travel accident insurance. In 2013, 51.90% of the total premium of fire insurance came from Bank of Ayudhya Public Company Limited covering property and home insurance under bank loans.

Target customers

Major customers comprised of three groups:

1. Bank of Ayudhya and customers who insure their residences and shops under bank loans
2. Business enterprises including industrial factories, financial institutions, and hotels
3. Individuals over the age of 20 who take out personal accident, travel accident, and property insurance for their homes and motor vehicles.

Note: In past three years, the Company and its subsidiary have not relied on any major client whose business exceeds 30% of our total income.

Distribution channels

The subsidiary's distribution channels are comprised of the following:

1. Brokers and agents
2. Financial institutions and affiliated companies
3. Direct sales

Distribution breakdown in past three years

	2013	2012	2011
Brokers and agents	48.78%	52.59%	50.45%
Financial institutions and affiliated companies	47.25%	43.30%	43.78%
Direct sales	3.97%	4.11%	5.77%

A major source of business comes from Bank of Ayudhya Public Company Limited, financial institutions, brokers and agents, and direct accounts. Bancassurance is a key distribution channel in which we focus our efforts.

New innovative products based on consumer insights which were developed together with Bank of Ayudhya Public Company Limited include PA Prompt, PA Care, PA Prompt Plus, Cancer Prompt Plus, Home Prompt, Senior PA Prompt Plus, and Mobile Prompt. Additionally, for motor insurance, we offer Auto Prompt Super 3 Plus and Auto Prompt 3 Plus including flood coverage. These products are well-received by customers throughout Thailand.

Agents and brokers play a significant role in the Company expansion plan as they are the ones providing consultation to customers on risk management appropriate to customer needs. With that in mind, the Company places high importance in selecting only the most qualified agents and brokers to service our customers. Training programs are offered throughout the year to agents and brokers, to update and increase the level of professionalism criteria set forth by the Company.

Licensing regulations for agents, brokers, and juristic persons

To qualify as an agent of the Company, a juristic person must be licensed in accordance with the Non-Life Insurance Act, B.E. 2535 (1992) amended by the Non-Life Insurance Act (No.2) B.E. 2551 (2008), promulgated on 6 February 2551 (2008). Those whose examination results pass the required level of non-life insurance knowledge are to submit a non-life insurance agent/broker application to the Registrar in the form prescribed by the Registrar.

b) Competition within the Insurance Industry

2013 market share of the subsidiary as provided by Statistics Division, Examination Planning and Development, Office of Insurance Commission (OIC) is shown as follows:

(Unit: Thousand Baht)

	Subsidiary direct premiums	Total direct premiums of 64 companies	Market Share (%)	Rank
Fire	576,976	11,812,656	4.88	7
Marine & Transportation	367,710	5,299,296	6.94	4
Miscellaneous	1,068,887	67,491,569	1.58	18
Motor	947,473	118,417,949	0.80	28
Total	2,961,046	203,021,470	1.51	20

As at 31 December 2013, there are 64 general insurance companies in Thailand, 54 of which are Thai general insurance companies, five are branches of foreign insurance companies, and five are group health insurance companies.

The subsidiary continues to have an edge over competition due to strong financial strengths enabling it to operate efficiently for many decades. The subsidiary is firmly established within the Bank of Ayudhya Public Company Limited network of affiliated companies and is fully supported by them and other financial institutions as well. The subsidiary also has a team of experts on hand of insuring large and complicated risks and operates with caution. This financial stability has allowed the subsidiary to concentrate on building service excellence. At the end of 2013, the subsidiary has 14 branches and five sub-branches in the north, central, east, northeast, and south. For optimal efficiency and speed of service, all branches are on-line.

c) Provision of Products and Services

Source of funds

Underwriting income and shareholder fund were the source of funds that the subsidiary aimed to maintain in its operating performance to maximize profit, which also represented the efficiency, performance and control of operating expenses that are considered by the subsidiary to be long-term objectives that will yield financial security and good returns.

Loans

The policy on risk management of loans must be in compliance with the conditions stipulated in the guideline of the Notification of the Office of Insurance Commission - Investment of insurance companies in other businesses B.E. 2556 ("Announcement") in which type, proportion, and loan conditions are specified.

Ability to Maintain Loss Ratio

The subsidiary has set a loss ratio on overall insurance classes of approximately 50%.

Liquidity

The subsidiary has a policy in day-to-day business operations of retaining an appropriate amount of cash on hand and in short-term investments to support claims settlements with assurance and efficiency.

d) Work-in-process

None

2013 HIGHLIGHTS



AGM CHECKLIST

The Company received three consecutive AGM Awards from Thai Investors Association for 2010, 2011, and 2012 for having achieved the full 100% score on the quality of AGM held.



E-CLAIM AWARD

Our subsidiary, Sri Ayudhya General Insurance PCL, received the E-Claim Award from the Office of Insurance Commission on November 4, 2013 for having successfully reached the OIC's standards in providing convenience to customers on claim payments. The e-claim system enables customers to make motor insurance claim requests online and obtain medical expense approval without first having to pay for the expense.

REPORT ON THE BOARD OF DIRECTORS' RESPONSIBILITY TOWARDS THE FINANCIAL STATEMENTS

The Board of Directors is responsible for the financial statements of the Company and its subsidiary, the financial information appearing in the annual report and on the internet. As such, the financial statements are prepared in accordance with generally accepted Thai accounting standards, by utilizing appropriate accounting policies, consistency and cautious discretion, and the best methods for calculating estimates. Furthermore, sufficient essential information is disclosed in the footnotes to the financial statements.

The Board of Directors has established and implemented effective internal control systems, to ensure reasonable confidence that the reporting of accounting data is accurate, comprehensive and sufficient to support the business. The ability to identify possible areas of weakness in the systems would reduce the opportunities for fraud or significant misconduct.

Notwithstanding, the Board of Directors has appointed the Audit Committee, which comprises independent directors, to supervise and be responsible for the quality of financial data and the system for internal controls. The opinion of the Audit Committee on this matter is contained in the annual report.

The Board of Directors is of the opinion that the Company and its subsidiary's internal controls are satisfactory and allow for reasonable confidence in the reliability of the financial statements, the consolidated financial statements of the Company and its subsidiary as of 31 December 2013.



Mr. Veraphan Teepsuwan
Chairman



Mr. Rowan D'Arcy
President & CEO

2013 REPORT OF THE NOMINATION AND REMUNERATION COMMITTEE

Dear Shareholders,

The Nomination and Remuneration Committee is comprised of three non-executive directors: Mr. Metha Suvanasarn serves as Chairman of the Committee, Mr. Andreas Johann Wilhelm, Ph.D. serves as a member and secretary to the Committee, and Ms. Nopporn Tirawattanagool serves as a member to the Committee. Ms. Nopporn Tirawattanagool is appointed to be the director of company as per the resolution of the Annual General Meeting No. 64 of Sri Ayudhya Capital Public Company Limited on 22 April 2013. Later, Ms. Nopporn Tirawattanagool is appointed by the director of company to be the member of the Nomination and Remuneration Committee to replace the vacancy of the committee.

The Nomination and Remuneration Committee has performed its duties as assigned by the Board of Directors. In 2013, the Committee held five meetings. Joint meetings were also held with the Company President & CEO and senior management to acquire information that will support the Committee in its consideration of the matters in its purview. The results of the Committee's meetings are reported regularly to the Board of Directors. The Committee's significant undertakings in 2013 are as follows:

Nomination

- Re-elected the directors at the Annual Shareholders' meeting as they met the requirement of qualified person in compliance with the Public Limited Companies Act, B.E. 2535 and other related regulations.
- Nominated qualified individuals to serve as directors and/or committee members when the term is complete, pursuant to the Articles of Association of the Company and its subsidiary.
- Considered the Nomination and Remuneration Committee Charter.

Remuneration

- Considered the annual salary increment for staff of the Company and its subsidiary.
- Considered the adjustment of provident fund rate of the Company and its subsidiary to be more appropriate.
- Considered and proposed to the Board of Directors the target letter for President & CEO and Managing Director.
- Considered and proposed to the Board of Directors the remuneration of President & CEO and Managing Director.
- Considered and proposed to the Board of Directors remuneration of the directors.

In 2013, the Committee performed its assigned duties fully and properly with competence, dedication and independence in the best interests of the Company and its shareholders.



Mr. Metha Suvanasarn
Chairman
Nomination and Remuneration Committee

REPORT OF THE AUDIT COMMITTEE

To: The Shareholders of Sri Ayudhya Capital Public Company Limited

The Audit Committee is responsible for supervising the Company's financial reports and monitoring the systems of internal control and internal audit. The Committee is also assigned to monitoring the Company's compliance with all rules and regulations promulgated and enforced by the relevant authorities, as well as nominating the Company's auditors and proposing auditing fees.

The Audit Committee consists of three independence directors:

- | | | |
|----|-----------------------------|----------------------------------|
| 1. | Mr. Surachai Prukbamroong | Chairman of the Audit Committee |
| 2. | Mr. Metha Suvanasarn | Member of the Audit Committee |
| 3. | Mr. Vichit Kornvityakoon | Member of the Audit Committee |
| | Mrs. Paporn Piyayodilokchai | Secretary to the Audit Committee |

In 2013, the Audit Committee held seven meetings, two with the Auditor. The key issues can be summarized as follows:

1. To review, and hold discussions with, the internal auditors and external auditors, and the Company's executives, regarding the quarterly consolidated financial statement and separate financial statement and annual consolidated financial statement and separate financial statement, audit results of the Computer Control System of external auditors, and review the Company's risk management and internal control.
2. To evaluate the performance of the Company's Internal Audit Department through reviews of audit plans, staffing policies, and audit results, monitor the Company's compliance with the comments and recommendations of the internal auditors, and review the Company's compliance with the principles of good corporate governance.
3. To consider the good corporate governance and internal control that was disclosed in the Annual Report.
4. To consider the Fraud Guideline for update.
5. To consider the internal audit report for business units of the Company.
6. To discuss with the Certified Public Accountants the issues that the Auditor intends to bring to the attention of the Audit Committee regarding auditing, IT auditing, and the efficiency of the Company's internal controls.

The Audit Committee determined that the financial report of the Company is correct and sufficient, and its internal control and internal audit systems are appropriate and efficient, in compliance with the laws of the Securities Exchange of Thailand, the determinations of the Stock Exchange of Thailand, and the laws concerning the business of the Company, and that all related transactions are in compliance with the laws and determinations of the Stock Exchange of Thailand.

Furthermore, the Audit Committee proposed for approval at the Ordinary General Shareholders' Meeting the appointment of Deloitte Touche Tohmatsu Jaiyos Audit Company Limited, with Dr. Suphamit Techamontrikul, and/or Mr. Permsak Wongpatcharakorn, and/or Mr. Chavala Tienpasertkij, as the Company's auditors for the fiscal year 2014.

The Audit Committee has independently performed its duties with full information and cooperation. The Committee wishes to express its sincere appreciation for the kind cooperation of all concerned.



(Mr. Surachai Prukbamroong)

Chairman of the Audit Committee

February 26, 2014

February 26, 2014

Subject : Opinion on Related Transactions

To : The Shareholders of Sri Ayudhya Capital Public Company Limited

We, as a Member of The Audit Committee of Sri Ayudhya Capital Public Company Limited has opinions on related transactions between Sri Ayudhya Capital Public Company Limited and related companies for the fiscal year ended December 31, 2013 were conducted in the company's normal course of business.

For your acknowledgement

Respectfully,



(Mr. Surachai Prukbamroong) (Mr. Metha Suvanasarn) (Mr. Vichit Kornvityakoon)
Member of the Audit Committee
Sri Ayudhya Capital Public Company Limited

REPORT OF THE INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

TO THE SHAREHOLDERS AND BOARD OF DIRECTORS
SRI AYUDHYA CAPITAL PUBLIC COMPANY LIMITED

We have audited the consolidated financial statements of Sri Ayudhya Capital Public Company Limited and its subsidiary and the separate financial statements of Sri Ayudhya Capital Public Company Limited, which comprise the consolidated and separate statements of financial position as at December 31, 2013, and the related consolidated and separate statements of comprehensive income, changes in 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 entity 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 consolidated and separate financial statements present fairly, in all material respects, the financial position of Sri Ayudhya Capital Public Company Limited and its subsidiary and of Sri Ayudhya Capital Public Company Limited as at December 31, 2013, and financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.



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

BANGKOK
February 18, 2014

DELOITTE TOUCHE TOHMATSU JAIYOS AUDIT CO., LTD.

STATEMENTS OF FINANCIAL POSITION

SRI AYUDHYA CAPITAL PUBLIC COMPANY LIMITED AND SUBSIDIARY
STATEMENTS OF FINANCIAL POSITION
AS AT DECEMBER 31, 2013

BAHT

	Notes	CONSOLIDATED		SEPARATE	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		2013	2012	2013	2012
ASSETS					
Cash and cash equivalents	5.2	1,687,252,257	643,336,334	94,959,977	108,594,264
Accrued investment income		19,762,271	20,773,777	8,872,295	12,573,711
Premium due and uncollected - net	6	255,078,129	241,337,045	-	-
Reinsurance assets	7	1,838,461,453	3,590,959,395	-	-
Investments					
Investment in securities	8				
Available-for-sale securities		2,031,863,773	2,148,507,241	1,128,175,838	1,386,658,341
Held-to-maturity securities		561,064,442	630,304,109	251,669,433	277,352,800
General investment in securities		549,883,992	549,883,992	548,673,022	548,673,022
Total investment in securities		3,142,812,207	3,328,695,342	1,928,518,293	2,212,684,163
Loans	9	2,677,320	4,378,107	102,578	145,338
Investment in an associate	10	1,868,420,720	1,513,136,319	1,487,263,618	1,487,263,618
Investment in a subsidiary	10	-	-	1,823,578,981	1,823,578,981
Premises and equipment - net	11	56,030,529	57,447,296	12,122,438	14,450,086
Intangible assets - net	12	101,051,296	117,252,004	24	3,442
Deferred tax assets	13	297,414,027	356,907,491	21,496,018	20,558,462
Deferred commission expense		54,395,871	39,920,631	-	-
Other assets	14	59,607,809	70,122,222	17,897,628	22,573,120
TOTAL ASSETS		<u>9,382,963,889</u>	<u>9,984,265,963</u>	<u>5,394,811,850</u>	<u>5,702,425,185</u>

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

STATEMENTS OF FINANCIAL POSITION (CONTINUED)

SRI AYUDHYA CAPITAL PUBLIC COMPANY LIMITED AND SUBSIDIARY
STATEMENTS OF FINANCIAL POSITION (CONTINUED)
AS AT DECEMBER 31, 2013

BAHT

	Notes	CONSOLIDATED		SEPARATE	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		2013	2012	2013	2012
LIABILITIES AND EQUITY					
Income tax payable		1,123,654	1,146,162	1,123,654	1,146,162
Due to reinsurers	15	622,509,146	888,181,628	-	-
Insurance contract liabilities					
Loss reserves and outstanding claims	16	2,268,281,429	2,931,055,765	91,681,635	88,585,047
Premium reserve	17	910,179,915	897,934,687	-	-
Employee benefit obligation	18	62,757,420	57,217,784	14,572,338	12,981,146
Deferred tax liabilities	20	12,196,552	36,637,056	9,755,202	33,823,419
Premium written received in advance		330,860,001	258,459,569	-	-
Commission and brokerage payables		52,876,141	47,104,950	-	-
Accrued expenses		66,361,950	47,763,396	20,672,957	16,692,656
Other liabilities	21	83,406,497	67,625,246	421,897	1,582,665
TOTAL LIABILITIES		4,410,552,705	5,233,126,243	138,227,683	154,811,095
EQUITY					
Share capital					
Authorized share capital					
500,000,000 ordinary shares of					
Baht 1.00 each		500,000,000	500,000,000	500,000,000	500,000,000
Issued and paid-up share capital					
250,000,000 ordinary shares of					
Baht 1.00 each		250,000,000	250,000,000	250,000,000	250,000,000
Premium on share capital		3,512,183,950	3,512,183,950	3,512,183,950	3,512,183,950
Retained earnings (deficit)					
Appropriated					
Statutory reserve	22	50,000,000	50,000,000	50,000,000	50,000,000
Others reserve	23	900,000,000	900,000,000	900,000,000	900,000,000
Unappropriated (deficit)		231,197,121	(87,836,359)	525,135,502	719,892,557
Other components of equity					
Surplus on revaluation of investment	5.1.1	29,030,113	126,792,129	19,264,715	115,537,583
TOTAL EQUITY		4,972,411,184	4,751,139,720	5,256,584,167	5,547,614,090
TOTAL LIABILITIES AND EQUITY		9,382,963,889	9,984,265,963	5,394,811,850	5,702,425,185

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

STATEMENTS OF COMPREHENSIVE INCOME

SRI AYUDHYA CAPITAL PUBLIC COMPANY LIMITED AND SUBSIDIARY
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2013

BAHT

	Notes	CONSOLIDATED		SEPARATE	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		2013	2012	2013	2012
Revenues					
Net premium earned	24	1,908,651,369	1,709,869,907	-	-
Fee and commission income	24	230,480,387	191,591,906	-	-
Total revenues		<u>2,139,131,756</u>	<u>1,901,461,813</u>	<u>-</u>	<u>-</u>
Expenses					
Underwriting expenses					
Losses incurred					
Insurance claims and loss adjustment expenses	24	828,777,267	1,054,361,513	-	-
Commissions and brokerages expenses	24	421,395,418	400,740,578	-	-
Other underwriting expenses	24	351,533,433	293,375,010	-	-
Operating expenses	25	<u>435,540,607</u>	<u>289,187,785</u>	<u>88,957,773</u>	<u>82,880,381</u>
Total underwriting expenses		<u>2,037,246,725</u>	<u>2,037,664,886</u>	<u>88,957,773</u>	<u>82,880,381</u>
Profit (loss) on underwriting		101,885,031	(136,203,073)	(88,957,773)	(82,880,381)
Net investment income		158,584,405	179,372,541	94,173,110	134,028,501
Gain on investment in securities	27	54,093,343	79,678,907	52,089,372	79,312,864
Share of profit of investment in an associate	10.1	355,284,401	25,872,701	-	-
Other income		<u>7,497,340</u>	<u>7,991,835</u>	<u>20,278,286</u>	<u>42,454,337</u>
Income from operation		<u>677,344,520</u>	<u>156,712,911</u>	<u>77,582,995</u>	<u>172,915,321</u>

STATEMENTS OF COMPREHENSIVE INCOME (CONTINUED)

SRI AYUDHYA CAPITAL PUBLIC COMPANY LIMITED AND SUBSIDIARY
STATEMENTS OF COMPREHENSIVE INCOME (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2013

BAHT

	Notes		CONSOLIDATED		SEPARATE	
			FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
			2013	2012	2013	2012
Contribution to the Office of Insurance						
Commission			7,902,615	7,294,138	-	-
Contribution to Non-life Guarantee Fund			7,402,615	6,794,138	-	-
Contribution to Road Victims Protection Fund			311,071	336,825	-	-
Income before income tax expense			661,728,219	142,287,810	77,582,995	172,915,321
Income tax expense	28		71,792,183	47,345,748	2,340,050	19,766,515
Net income			589,936,036	94,942,062	75,242,945	153,148,806
Other comprehensive income (loss)						
Actuarial loss on defined employee						
benefit plans - net of income tax	18		(902,556)	-	-	-
Surplus (deficit) on revaluation						
of investments - net of income tax	5.1.1		(97,762,016)	81,111,177	(96,272,868)	72,826,951
Other net comprehensive income (loss)						
for the years - net of income tax			(98,664,572)	81,111,177	(96,272,868)	72,826,951
Total comprehensive income (loss) for the years			491,271,464	176,053,239	(21,029,923)	225,975,757
Basic earnings per share	29	Baht	2.36	0.38	0.30	0.61

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

SEPARATE STATEMENTS OF CHANGES IN EQUITY

SRI AYUDHYA CAPITAL PUBLIC COMPANY LIMITED AND SUBSIDIARY
SEPARATE STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2013

BAHT

	Notes	Issued and paid-up share capital	Premium on share capital	Retained earnings			Other components of equity - Surplus (deficit) on revaluation of investments	Total equity
				Statutory reserve	Other reserve	Unappropriated		
Beginning balance as at January 1, 2012		250,000,000	3,512,183,950	50,000,000	900,000,000	671,987,656	62,466,727	5,446,638,333
Changing during the year								
Comprehensive income		-	-	-	-	153,148,806	72,826,951	225,975,757
Dividends paid	32.1	-	-	-	-	(125,000,000)	-	(125,000,000)
Transfer from surplus on revaluation of investments	8	-	-	-	-	19,756,095	(19,756,095)	-
Ending balance as at December 31, 2012		<u>250,000,000</u>	<u>3,512,183,950</u>	<u>50,000,000</u>	<u>900,000,000</u>	<u>719,892,557</u>	<u>115,537,583</u>	<u>5,547,614,090</u>
Beginning balance as at January 1, 2013		250,000,000	3,512,183,950	50,000,000	900,000,000	719,892,557	115,537,583	5,547,614,090
Changing during the year								
Comprehensive income		-	-	-	-	75,242,945	(96,272,868)	(21,029,923)
Dividends paid	32.2	-	-	-	-	(95,000,000)	-	(95,000,000)
Interim dividends	32.3	-	-	-	-	(175,000,000)	-	(175,000,000)
Ending balance as at December 31, 2013		<u>250,000,000</u>	<u>3,512,183,950</u>	<u>50,000,000</u>	<u>900,000,000</u>	<u>525,135,502</u>	<u>19,264,715</u>	<u>5,256,584,167</u>

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

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

SRI AYUDHYA CAPITAL PUBLIC COMPANY LIMITED AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2013

BAHT

	Notes	Issued and paid-up share capital	Premium on share capital	Retained earnings (deficit)			Other components of equity - Surplus (deficit) on revaluation of investments	Total equity
				Statutory reserve	Other reserve	Unappropriated		
Beginning balance as at January 1, 2012		250,000,000	3,512,183,950	50,000,000	900,000,000	(77,534,516)	65,437,047	4,700,086,481
Changing during the year								
Comprehensive income		-	-	-	-	94,942,062	81,111,177	176,053,239
Dividends paid	32.1	-	-	-	-	(125,000,000)	-	(125,000,000)
Transfer from surplus on revaluation of investments	8	-	-	-	-	19,756,095	(19,756,095)	-
Ending balance as at December 31, 2012		<u>250,000,000</u>	<u>3,512,183,950</u>	<u>50,000,000</u>	<u>900,000,000</u>	<u>(87,836,359)</u>	<u>126,792,129</u>	<u>4,751,139,720</u>
Beginning balance as at January 1, 2013		250,000,000	3,512,183,950	50,000,000	900,000,000	(87,836,359)	126,792,129	4,751,139,720
Changing during the year								
Comprehensive income		-	-	-	-	589,033,480	(97,762,016)	491,271,464
Dividends paid	32.2	-	-	-	-	(95,000,000)	-	(95,000,000)
Interim dividends	32.3	-	-	-	-	(175,000,000)	-	(175,000,000)
Ending balance as at December 31, 2013		<u>250,000,000</u>	<u>3,512,183,950</u>	<u>50,000,000</u>	<u>900,000,000</u>	<u>231,197,121</u>	<u>29,030,113</u>	<u>4,972,411,184</u>

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

STATEMENTS OF CASH FLOWS

SRI AYUDHYA CAPITAL PUBLIC COMPANY LIMITED AND SUBSIDIARY

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2013

BAHT

	Notes	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
		2013	2012	2013	2012
CASH FLOWS PROVIDED BY (USED IN)					
OPERATING ACTIVITIES					
Direct premium received		3,018,210,191	2,688,553,153	-	-
Cash received from reinsurance		577,708,001	1,968,461,157	-	-
Losses incurred from direct insurance		(1,420,664,477)	(4,871,083,945)	-	-
Loss adjustment expenses from direct insurance		(93,664,574)	(73,480,996)	-	-
Commissions and brokerages from direct insurance		(424,152,119)	(382,523,621)	-	-
Other underwriting expenses		(337,020,804)	(302,286,493)	-	(1,368,725)
Interest income		95,133,351	78,056,373	29,699,533	35,517,290
Dividend income		71,101,792	104,428,627	71,093,292	104,424,627
Other income		4,838,621	4,258,964	18,158,826	34,746,068
Operating expenses		(258,901,149)	(237,347,455)	(70,226,312)	(83,188,311)
Income tax paid		(14,847,217)	(48,074,576)	(3,300,114)	(37,007,032)
Net cash provided by (used in) operating activities	5.3	1,217,741,616	(1,071,038,812)	45,425,225	53,123,917
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		30,000,000	110,000,000	30,000,000	-
Redemption of investment in held-to-maturity securities - notes with maturity over 3 months		32,500,000	23,000,000	30,000,000	-
Redemption of investment in available-for-sale securities - bonds		8,860,000	476,210,000	-	-
Redemption of investment in available-for-sale securities - debentures		16,900,000	12,520,000	10,000,000	-
Sale of investment in available-for-sale securities - bonds		181,307,784	94,464,102	181,307,784	94,464,102
Sale of investment in available-for-sale securities - ordinary shares		297,818,557	246,140,300	297,818,557	246,140,300
Sale of investment in available-for-sale securities - unit trusts		60,626,204	1,279,020,155	40,433,169	1,268,004,623
Sale of investment in available-for-sale securities - warrants		-	481,091	-	481,091

STATEMENTS OF CASH FLOWS (CONTINUED)

SRI AYUDHYA CAPITAL PUBLIC COMPANY LIMITED AND SUBSIDIARY
STATEMENTS OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2013

BAHT

	Notes	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
		2013	2012	2013	2012
CASH FLOWS PROVIDED BY (USED IN)					
INVESTING ACTIVITIES (CONTINUED)					
CASH FLOWS PROVIDED BY (CONTINUED)					
Investment in securities (Continued)					
Sale of general investment in securities					
- ordinary shares		-	3,258,655	-	3,258,655
Cash received from subscriptions receivable		329,865	-	329,865	-
Deposits at financial institutions with maturity					
over 3 months and deposits used as collateral		70,455,400	888,324,230	638,211	1,364,706
Loans		1,977,861	2,247,334	42,760	35,650
Premises and equipment		2,775,464	5,305,635	374	1,536,075
Cash provided by investing activities		<u>703,551,135</u>	<u>3,140,971,502</u>	<u>590,570,720</u>	<u>1,615,285,202</u>
CASH FLOWS USED IN					
Investment in securities					
Purchase of investment in available-for-sale					
securities - bonds		(181,370,468)	(53,584,140)	-	-
Purchase of investment in available-for-sale					
securities - ordinary shares		(327,391,030)	(135,661,748)	(327,391,030)	(135,661,748)
Purchase of investment in available-for-sale					
securities - unit trusts		(45,020,200)	(170,000,000)	(45,020,200)	(170,000,000)
Purchase of investment in available-for-sale					
securities - warrants		-	(460,012)	-	(460,012)
Increase in share capital of subsidiary		-	-	-	(600,000,000)
Purchase of investments in associate		-	(1,270,119,060)	-	(1,270,119,060)
Deposits at financial institutions with maturity					
over 3 months and deposits used as collateral		(33,715,733)	(1,128,421,975)	(4,954,844)	(5,787,846)
Loans		(365,000)	(2,910,000)	-	(100,000)
Premises and equipment		(18,349,132)	(15,479,195)	(2,264,158)	(103,347)
Intangible assets		(1,165,265)	(11,215,960)	-	-
Cash used in investing activities		<u>(607,376,828)</u>	<u>(2,787,852,090)</u>	<u>(379,630,232)</u>	<u>(2,182,232,013)</u>
Net cash provided by (used in) investing activities		<u>96,174,307</u>	<u>353,119,412</u>	<u>210,940,488</u>	<u>(566,946,811)</u>
CASH FLOWS USED IN FINANCING ACTIVITIES					
Dividends paid		(270,000,000)	(125,000,000)	(270,000,000)	(125,000,000)
Net cash used in financing activities		<u>(270,000,000)</u>	<u>(125,000,000)</u>	<u>(270,000,000)</u>	<u>(125,000,000)</u>
Net increase (decrease) in cash and cash equivalents		1,043,915,923	(842,919,400)	(13,634,287)	(638,822,894)
Cash and cash equivalents as at January 1,		643,336,334	1,486,255,734	108,594,264	747,417,158
Cash and cash equivalents as at December 31,	5.2	<u>1,687,252,257</u>	<u>643,336,334</u>	<u>94,959,977</u>	<u>108,594,264</u>

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

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

SRI AYUDHYA CAPITAL PUBLIC COMPANY LIMITED AND SUBSIDIARY

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2013

1. GENERAL INFORMATION AND OPERATION OF THE COMPANY AND ITS SUBSIDIARY

1.1 The Company

Sri Ayudhya Capital Public Company Limited ("the Company") was registered in The Stock Exchange of Thailand. The main business is an investment holding company. The head office is located at Ploenchit Tower, 7th floor, 898 Ploenchit Road, Lumpini, Pathumwan, Bangkok.

The Company has a subsidiary company, Sri Ayudhya General Insurance Public Company Limited which operate non-life insurance business, holding by 99.99%.

1.2 The subsidiary

Sri Ayudhya General Insurance Public Company Limited ("subsidiary") is a limited company incorporated in Thailand on September 21, 1982. The main business is non-life insurance and the Company was awarded its license to operate all classes of non-life insurance on September 24, 1982 and the subsidiary has registered to be Public Company Limited on October 3, 2011. The Company's office was registered at Ploenchit Tower, 18th floor, 898 Ploenchit Road, Lumpini, Pathumwan, Bangkok.

2. BASIS FOR PREPARATION OF THE CONSOLIDATED AND THE SEPARATE FINANCIAL STATEMENTS

- 2.1 These financial statements are prepared and fairly presented in accordance with Thai Financial Reporting Standards ("TFRSs") and accounting practices generally accepted in Thailand and the Notification of the Office of Insurance Commission regarding the Rules, Procedures, Conditions and Periods for Preparing and Submitting Financial Statements and Reports on the Operations of the Non-Life Insurance Business No. 2 B.E. 2553 dated May 27, 2010. In addition, the consolidated and the separate financial statements have been prepared in accordance with the regulations of The Stock Exchange of Thailand (SET) dated January 22, 2001 regarding preparation and submission of financial statements and reports for the financial position and results of operations of listed companies B.E. 2544.

The Company and its subsidiary maintain their accounting records in Thai Baht and prepare their statutory financial statements in the Thai language in conformity with TFRSs and accounting practices generally accepted in Thailand.

- 2.2 These consolidated financial statements include the financial statements of Sri Ayudhya Capital Public Company Limited and Sri Ayudhya General Insurance Public Company Limited which 99.99% owned by the Company (see Note 10). Significant transactions and balances between the Company and the subsidiary have been eliminated.

The accounting period and significant accounting policies used for the financial statements of the subsidiary is the same as those of the Company.

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

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

Thai Accounting Standard (TAS)

TAS 21 (Revised 2009)

The Effects of Changes in Foreign Exchange Rates

Thai Financial Reporting Standard (TFRS)

TFRS 8

Operating Segments

The Company and its subsidiary have adopted the above Thai Accounting Standard and Thai Financial Reporting Standard with no material impact on the Company and its subsidiary's financial statements.

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

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

TAS 1	(Revised 2012)	Presentation of Financial Statements	January 1, 2014
TAS 7	(Revised 2012)	Statement of Cash Flows	January 1, 2014
TAS 12	(Revised 2012)	Income Taxes	January 1, 2014
TAS 17	(Revised 2012)	Leases	January 1, 2014
TAS 18	(Revised 2012)	Revenue	January 1, 2014
TAS 19	(Revised 2012)	Employee Benefits	January 1, 2014
TAS 21	(Revised 2012)	The Effects of Changes in Foreign Exchange Rates	January 1, 2014
TAS 24	(Revised 2012)	Related Party Disclosures	January 1, 2014
TAS 28	(Revised 2012)	Investments in Associates	January 1, 2014
TAS 31	(Revised 2012)	Interests in Joint Ventures	January 1, 2014
TAS 34	(Revised 2012)	Interim Financial Reporting	January 1, 2014
TAS 38	(Revised 2012)	Intangible Assets	January 1, 2014

Thai Financial Reporting Standards (TFRSs)

TFRS 2	(Revised 2012)	Share-based Payment	January 1, 2014
TFRS 3	(Revised 2012)	Business Combinations	January 1, 2014
TFRS 4		Insurance Contracts	January 1, 2016
TFRS 5	(Revised 2012)	Non-current Assets Held for Sale and Discontinued Operations	January 1, 2014
TFRS 8	(Revised 2012)	Operating Segments	January 1, 2014

Thai Accounting Standard Interpretations (TSIs)

TSI 15	Operating Leases - Incentive	January 1, 2014
TSI 27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease	January 1, 2014
TSI 29	Disclosure - Service Concession Arrangements	January 1, 2014
TSI 32	Intangible Assets - Web Site Costs	January 1, 2014

Thai Financial Reporting Interpretations (TFRIs)

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

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

- 2.5 The preparation of financial statements in conformity with TFRSs also requires the Company and its subsidiary'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 subsidiary receives the reinsurance application or statement of accounts from the ceding company. Reinsurance profit commissions are recognized when the subsidiary receives the statement of accounts from the reinsurers.

Commissions and brokerages income

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

Interest and dividends income

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

Commissions and brokerages and other expenses

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

3.2 Cash and cash equivalents

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

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

3.3 Premium due and uncollected and allowance for doubtful accounts

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

3.5 Investment in securities

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

Securities classified as general investments are stated at cost.

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

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

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

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

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

3.6 Investments in a subsidiary and an associate

Investments in a subsidiary and an associate as presented in the separate financial statements are accounted for under the cost method net of allowance for impairment loss (if any). Investments in an associate as presented in the consolidated financial statements are accounted for under the equity method.

3.7 Premises and equipment

Land is stated at cost. Premises 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:

Building	20 years
Others	5 years

3.8 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

3.9 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

3.10 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 and its subsidiary's appraiser. In addition, the subsidiary records a provision for losses incurred but not yet reported (IBNR) which assessed by certified actuary.

3.11 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 is 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.

3.12 Employee benefit

3.12.1 Provident fund

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

3.12.2 Post-employment benefits obligation

The Company and its subsidiary provide 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.

3.13 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.

3.14 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.

3.15 Basic earnings per share

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

3.16 Use of accounting estimates

The preparation of financial statements in conformity with TFRSs and practices generally accepted accounting in Thailand also requires the Company and its subsidiary'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 subsidiary's managements have continued to monitor the development of the flood losses. As at December 31, 2013, the subsidiary recorded loss reserves from claims of flooding amounting to Baht 1,337.12 million (December 31, 2012 : Baht 2,170.77 million), as part of loss reserves and outstanding claims (see Note 16), and recorded loss refundable from reinsurance - net amounting to Baht 806.81 million (December 31, 2012 : Baht 1,896.63 million), as part of reinsurance assets (see Note 7).

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

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

5. ADDITIONAL INFORMATION FOR CASH FLOWS

5.1 Non-cash items

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

	Consolidated financial statements		Separate financial statements	
	2013 Baht	2012 Baht	2013 Baht	2012 Baht
Unrealized gain on investment in available-for-sale securities	36,287,641	158,490,161	24,080,893	144,421,978
Less Deferred tax liabilities (see Note 20)	(7,257,528)	(31,698,032)	(4,816,178)	(28,884,395)
Surplus on revaluation of investments - net	<u>29,030,113</u>	<u>126,792,129</u>	<u>19,264,715</u>	<u>115,537,583</u>

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

	Consolidated financial statements		Separate financial statements	
	2013 Baht	2012 Baht	2013 Baht	2012 Baht
Increase (decrease) of unrealized gain on investment in available-for-sale securities	(122,202,520)	74,469,131	(120,341,085)	64,258,505
Transfer surplus on revaluation of investment	-	24,695,119	-	24,695,119
(Increase) decrease of deferred tax liabilities (see Note 20)	24,440,504	(18,053,073)	24,068,217	(16,126,673)
Increase (decrease) of surplus on revaluation of investments - net	<u>(97,762,016)</u>	<u>81,111,177</u>	<u>(96,272,868)</u>	<u>72,826,951</u>

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

	Consolidated financial statements	
	2013 Baht	2012 Baht
Other payable - fixed assets as at January 1,	-	-
<u>Add</u> Purchases of fixed assets	20,162,426	15,479,195
<u>Less</u> Cash paid for purchase of fixed assets	(18,349,131)	(15,479,195)
Other payable - fixed assets as at December 31,	<u>1,813,295</u>	<u>-</u>

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

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

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

	Consolidated financial statements		Separate financial statements	
	2013 Baht	2012 Baht	2013 Baht	2012 Baht
Cash	295,000	290,000	30,000	30,000
Cheque on hands	8,500,273	18,318,496	-	-
Deposits at bank - call deposits	614,038,514	314,889,083	29,965,470	48,595,473
Deposits at bank - time deposits	561,064,442	597,804,109	251,669,433	247,352,800
Government securities - Treasury bills	<u>1,064,418,470</u>	<u>339,838,755</u>	<u>64,964,507</u>	<u>89,968,791</u>
	2,248,316,699	1,271,140,443	346,629,410	385,947,064
<u>Less</u> Deposits at bank with maturity over 3 months (see Note 8)	(207,669,433)	(228,102,519)	(207,669,433)	(203,352,800)
Deposits at bank used as collateral (see Note 8)	(353,395,009)	(369,701,590)	(44,000,000)	(44,000,000)
Government securities - Treasury bills with maturity over 3 months	<u>-</u>	<u>(30,000,000)</u>	<u>-</u>	<u>(30,000,000)</u>
Cash and cash equivalents	<u>1,687,252,257</u>	<u>643,336,334</u>	<u>94,959,977</u>	<u>108,594,264</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, 2013 and 2012 were as follows:

	Consolidated financial statements		Separate financial statements	
	2013 Baht	2012 Baht	2013 Baht	2012 Baht
CASH FLOWS PROVIDED BY (USED IN)				
OPERATING ACTIVITIES				
Profit before income tax	661,728,219	142,287,810	77,582,995	172,915,321
Items to reconcile net profit to net cash flows:				
Share of profit of investment in an associate	(355,284,401)	(25,872,701)	-	-
Depreciation	21,460,945	21,653,082	4,591,780	4,980,187
Amortization	17,644,553	17,663,797	3,418	8,173
Gain on sale of assets	(2,658,719)	(3,732,872)	(348)	(637,133)
Employee benefit expenses	4,411,441	3,662,034	1,591,192	(2,095,855)
Unearned premium reserve increase from prior years	12,245,228	101,209,317	-	-
Amortization of bonds premium	7,454,844	7,274,845	3,571,074	4,900,055
Amortization of bonds discount	(177,839)	(1,132,687)	-	-
Amortization of treasury bills discount	-	(2,254,800)	-	(287,693)
Amortization of debentures premium	15,003	42,377	-	-
Amortization of debentures discount	(652,775)	(628,672)	(652,775)	(618,065)
Gain on sale of investment in available-for -sale securities - ordinary shares	(35,020,100)	(71,643,288)	(35,020,100)	(71,643,288)
Gain on sale of investment in available-for -sale securities - unit trusts	(18,448,083)	(7,522,460)	(16,444,112)	(7,156,417)
Gain on sale of investment in available-for -sale securities - bonds	(625,160)	(440,085)	(625,160)	(440,085)
Gain on sale of investment in available-for -sale securities - warrants	-	(21,079)	-	(21,079)
Gain on sale of investment in general securities - ordinary shares	-	(91,995)	-	(91,995)
Loss on impairment of general investments - ordinary shares	-	40,000	-	40,000
Bad debts and allowance for doubtful accounts	114,677,115	46,906	-	-
Profit from operations before changes in operating assets and liabilities	426,770,271	180,539,529	34,597,964	99,852,126
Operating assets (increase) decrease				
Accrued investment income	1,011,506	(188,601)	3,701,416	1,919,121
Premium due and uncollected	(13,741,084)	(28,419,033)	-	-
Reinsurance assets	1,637,820,827	1,667,605,070	-	-
Deferred commission expense	(14,475,240)	(1,512,401)	-	-
Other assets	13,189,973	(1,014,999)	4,509,838	917,542
Operating liabilities increase (decrease)				
Due to reinsurers	(265,672,482)	522,190,076	-	-
Loss reserves and outstanding claims	(662,774,336)	(3,383,022,135)	3,096,588	3,105,072
Premium written received in advance	72,400,432	1,555,443	-	-
Commission and brokerage payables	5,771,191	7,064,763	-	-
Accrued expenses	18,598,554	(349,922)	3,980,301	(16,475,076)
Other liabilities	13,689,221	12,587,974	(1,160,768)	812,164
Cash provided by (used in) operating activities	1,232,588,833	(1,022,964,236)	48,725,339	90,130,949
Income tax paid	(14,847,217)	(48,074,576)	(3,300,114)	(37,007,032)
Net cash provided by (used in) operating activities	1,217,741,616	(1,071,038,812)	45,425,225	53,123,917

6. PREMIUM DUE AND UNCOLLECTED - NET

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

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

7. REINSURANCE ASSETS

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

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

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

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

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

8. INVESTMENTS IN SECURITIES

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

	Consolidated financial statements				
	Cost/Amortized	Unrealized	Unrealized	Fair value	Percentage of
	cost	gains	losses		investment
	Baht	Baht	Baht	Baht	per total assets
Available-for-sale securities					
Government and state enterprise securities					
Thai government bonds	497,513,991	4,322,710	-	501,836,701	5.35
State enterprise bonds	99,956,023	253,927	-	100,209,950	1.07
Debentures	3,031,010	167,024	-	3,198,034	0.03
Equity securities	47,200,449	593,405	(4,352,391)	43,441,463	0.46
Unit trusts	50,428,506	3,009,159	-	53,437,665	0.57
Total	698,129,979	8,346,225	(4,352,391)	702,123,813	7.48
Private enterprise securities					
Debentures	119,660,388	1,536,477	-	121,196,865	1.29
Equity securities	198,985,682	12,365,503	(19,377,050)	191,974,135	2.05
Unit trusts	578,668,675	51,969,983	(15,804,042)	614,834,616	6.55
Total	897,314,745	65,871,963	(35,181,092)	928,005,616	9.89
Foreign securities					
Bonds	400,131,408	1,602,936	-	401,734,344	4.28
Total	400,131,408	1,602,936	-	401,734,344	4.28
Total available-for-sale securities	1,995,576,132	75,821,124	(39,533,483)	2,031,863,773	21.65

	Consolidated financial statements	
	Cost/Amortized	Percentage of
	cost	investment per
	Baht	total assets
Held-to-maturity securities		
Fixed deposit with maturity over 3 months		
Fixed deposit used as commercial bank (see Note 5.2)	207,669,433	2.21
Fixed deposit used as collateral (see Note 5.2)	353,395,009	3.77
Total	561,064,442	5.98
Total held-to-maturity securities	561,064,442	5.98
General investment in securities		
Equity securities	549,844,510	5.86
Unit trusts	1,546,601	0.02
<u>Less</u> Allowance for impairment	(1,507,119)	(0.02)
Total general investment in securities	549,883,992	5.86

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

	Consolidated financial statements			
	Maturities			Total
	Within 1 year	1 - 5 years	Over 5 years	
	Baht	Baht	Baht	Baht
Available-for-sale debt securities				
Government and state enterprise securities				
Thai government bonds	90,833,278	359,783,555	46,897,158	497,513,991
State enterprise bonds	99,956,023	-	-	99,956,023
Debentures	-	3,031,010	-	3,031,010
<u>Add Unrealized gains</u>	<u>776,996</u>	<u>3,411,211</u>	<u>555,454</u>	<u>4,743,661</u>
Total	191,566,297	366,225,776	47,452,612	605,244,685
Private enterprise debt securities				
Debentures	99,660,388	20,000,000	-	119,660,388
<u>Add Unrealized gains</u>	<u>1,402,495</u>	<u>133,982</u>	<u>-</u>	<u>1,536,477</u>
Total	101,062,883	20,133,982	-	121,196,865
Foreign debt securities				
Bonds	400,131,408	-	-	400,131,408
<u>Add Unrealized gains</u>	<u>1,602,936</u>	<u>-</u>	<u>-</u>	<u>1,602,936</u>
Total	401,734,344	-	-	401,734,344
Total available-for-sale debt securities	694,363,524	386,359,758	47,452,612	1,128,175,894
Held-to-maturity debt securities				
Fixed deposit with maturity over 3 months	207,669,433	-	-	207,669,433
Fixed deposit used as collateral	353,395,009	-	-	353,395,009
Total held-to-maturity debt securities	561,064,442	-	-	561,064,442
Total debt securities - net	1,255,427,966	386,359,758	47,452,612	1,689,240,336

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

	Consolidated financial statements				
	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	504,016,612	6,899,195	-	510,915,807	5.12
State enterprise bonds	108,638,184	672,782	(57)	109,310,909	1.10
Treasury bills	30,000,000	-	-	30,000,000	0.30
Debentures	3,041,079	194,125	-	3,235,204	0.03
Equity securities	21,696,159	1,782,562	(220,534)	23,258,187	0.23
Unit trusts	50,428,506	1,863,750	-	52,292,256	0.52
Total	717,820,540	11,412,414	(220,591)	729,012,363	7.30
Private enterprise securities					
Debentures	131,210,951	3,183,188	(102)	134,394,037	1.35
Equity securities	160,061,610	52,383,218	(8,427,019)	204,017,809	2.04
Unit trusts	575,826,596	103,432,495	(5,326,441)	673,932,650	6.75
Total	867,099,157	158,998,901	(13,753,562)	1,012,344,496	10.14
Foreign securities					
Bonds	400,395,786	2,040,746	-	402,436,532	4.03
Debentures	4,701,596	12,254	-	4,713,850	0.05
Total	405,097,382	2,053,000	-	407,150,382	4.08
Total available-for-sale securities	1,990,017,079	172,464,315	(13,974,153)	2,148,507,241	21.52

	Consolidated financial statements	
	Cost/Amortized cost	Percentage of investment per total assets
	Baht	
Held-to-maturity securities		
Government and state enterprise securities		
Notes	2,500,000	0.03
Total	2,500,000	0.03
Private enterprise securities		
Notes	30,000,000	0.30
Total	30,000,000	0.30
Fixed deposit with maturity over 3 months		
Fixed deposit used as commercial bank (see Note 5.2)	228,102,519	2.28
Fixed deposit used as collateral (see Note 5.2)	369,701,590	3.70
Total	597,804,109	5.98
Total held-to-maturity securities	630,304,109	6.31
General investment in securities		
Equity securities	549,844,510	5.51
Unit trusts	1,546,601	0.02
<u>Less</u> Allowance for impairment	(1,507,119)	(0.02)
Total general investment in securities	549,883,992	5.51

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

	Consolidated financial statements			
	Maturities			Total
	Within 1 year	1 - 5 years	Over 5 years	
	Baht	Baht	Baht	Baht
Available-for-sale debt securities				
Government and state enterprise securities				
Thai government bonds	-	305,922,183	198,094,429	504,016,612
State enterprise bonds	8,858,813	99,779,371	-	108,638,184
Treasury bills	30,000,000	-	-	30,000,000
Debentures	-	3,041,079	-	3,041,079
<u>Add</u> Unrealized gains	1,422	3,814,036	3,950,587	7,766,045
Total	38,860,235	412,556,669	202,045,016	653,461,920
Private enterprise debt securities				
Debentures	12,203,338	119,007,613	-	131,210,951
<u>Add</u> Unrealized gains	8,544	3,174,542	-	3,183,086
Total	12,211,882	122,182,155	-	134,394,037
Foreign debt securities				
Bonds	-	400,395,786	-	400,395,786
Debentures	4,701,596	-	-	4,701,596
<u>Add</u> Unrealized gains	12,254	2,040,746	-	2,053,000
Total	4,713,850	402,436,532	-	407,150,382
Total available-for-sale debt securities	55,785,967	937,175,356	202,045,016	1,195,006,339

	Consolidated financial statements			
	Maturities			Total Baht
	Within 1 year Baht	1 - 5 years Baht	Over 5 years Baht	
Held-to-maturity debt securities				
Government and state enterprise securities				
Notes	2,500,000	-	-	2,500,000
Private enterprise debt securities				
Notes	30,000,000	-	-	30,000,000
Fixed deposit with maturity over 3 months	228,102,519	-	-	228,102,519
Fixed deposit used as collateral	369,701,590	-	-	369,701,590
Total held-to-maturity debt securities	630,304,109	-	-	630,304,109
Total debt securities - net	686,090,076	937,175,356	202,045,016	1,825,310,448

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

	Separate financial statements				
	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	138,676,245	613,199	-	139,289,444	2.58
Equity securities	47,200,449	593,405	(4,352,391)	43,441,463	0.80
Unit trust	50,428,506	3,009,159	-	53,437,665	0.99
Total	<u>236,305,200</u>	<u>4,215,763</u>	<u>(4,352,391)</u>	<u>236,168,572</u>	<u>4.37</u>
Private enterprise securities					
Debentures	119,660,388	1,536,477	-	121,196,865	2.25
Equity securities	198,985,682	12,365,503	(19,377,050)	191,974,135	3.56
Unit trusts	549,143,675	45,496,633	(15,804,042)	578,836,266	10.72
Total	<u>867,789,745</u>	<u>59,398,613</u>	<u>(35,181,092)</u>	<u>892,007,266</u>	<u>16.53</u>
Total available-for-sale securities	1,104,094,945	63,614,376	(39,533,483)	1,128,175,838	20.90

	Separate financial statements	
	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 commercial bank (see Note 5.2)	207,669,433	3.85
Fixed deposit used as collateral (see Note 5.2)	44,000,000	0.82
Total	251,669,433	4.67
Total held-to-maturity securities	251,669,433	4.67
General investment in securities		
Equity securities	548,633,540	10.16
Unit trusts	1,546,601	0.03
<u>Less</u> Allowance for impairment	(1,507,119)	(0.03)
Total general investment in securities	548,673,022	10.16

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

	Separate financial statements			
	Maturities			Total
	Within 1 year Baht	1 - 5 years Baht	Over 5 years Baht	
Available-for-sale debt securities				
Government and state enterprise securities				
Thai government bonds	-	138,676,245	-	138,676,245
<u>Add</u> Unrealized gains	-	613,199	-	613,199
Total	-	139,289,444	-	139,289,444
Private enterprise debt securities				
Debentures	99,660,388	20,000,000	-	119,660,388
<u>Add</u> Unrealized gains	1,402,495	133,982	-	1,536,477
Total	101,062,883	20,133,982	-	121,196,865
Total available-for-sale debt securities	101,062,883	159,423,426	-	260,486,309
Held-to-maturity debt securities				
Fixed deposit with maturity over 3 months	207,669,433	-	-	207,669,433
Fixed deposit used as collateral	44,000,000	-	-	44,000,000
Total held-to-maturity debt securities	251,669,433	-	-	251,669,433
Total debt securities - net	352,732,316	159,423,426	-	512,155,742

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

	Separate financial statements				
	Cost/Amortized	Unrealized	Unrealized	Fair value	Percentage of
	cost	gains	losses		investment
	Baht	Baht	Baht	Baht	per total assets
Available-for-sale securities					
Government and state enterprise securities					
Thai government bonds	322,929,942	4,252,150	-	327,182,092	5.74
Treasury bills	30,000,000	-	-	30,000,000	0.53
Equity securities	21,696,159	1,782,562	(220,534)	23,258,187	0.41
Unit trust	50,428,506	1,863,750	-	52,292,256	0.92
Total	425,054,607	7,898,462	(220,534)	432,732,535	7.60
Private enterprise securities					
Debentures	129,007,613	3,174,542	(102)	132,182,053	2.32
Equity securities	160,061,610	52,383,218	(8,427,019)	204,017,809	3.58
Unit trusts	528,112,532	94,939,853	(5,326,441)	617,725,944	10.83
Total	817,181,755	150,497,613	(13,753,562)	953,925,806	16.73
Total available-for-sale securities	1,242,236,362	158,396,075	(13,974,096)	1,386,658,341	24.33

	Separate financial statements	
	Cost/Amortized	Percentage of
	cost	investment per
	Baht	total assets
Held-to-maturity securities		
Private enterprise securities		
Notes	30,000,000	0.53
Total	30,000,000	0.53
Fixed deposit with maturity over 3 months		
Fixed deposit used as commercial bank (see Note 5.2)	203,352,800	3.57
Fixed deposit used as collateral (see Note 5.2)	44,000,000	0.77
Total	247,352,800	4.34
Total held-to-maturity securities	277,352,800	4.87
General investment in securities		
Equity securities	548,633,540	9.62
Unit trusts	1,546,601	0.03
<u>Less</u> Allowance for impairment	(1,507,119)	(0.03)
Total general investment in securities	548,673,022	9.62

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

	Separate financial statements			
	Maturities			Total Baht
	Within 1 year Baht	1 - 5 years Baht	Over 5 years Baht	
Available-for-sale debt securities				
Government and state enterprise securities				
Thai government bonds	-	128,137,034	194,792,908	322,929,942
Treasury bills	30,000,000	-	-	30,000,000
Add Unrealized gains	-	619,892	3,632,258	4,252,150
Total	30,000,000	128,756,926	198,425,166	357,182,092
Private enterprise debt securities				
Debentures	10,000,000	119,007,613	-	129,007,613
Add (less) Unrealized gains (losses)	(102)	3,174,542	-	3,174,440
Total	9,999,898	122,182,155	-	132,182,053
Total available-for-sale debt securities	39,999,898	250,939,081	198,425,166	489,364,145
Held-to-maturity debt securities				
Private enterprise debt securities				
Notes	30,000,000	-	-	30,000,000
Fixed deposit with maturity over 3 months	203,352,800	-	-	203,352,800
Fixed deposit used as collateral	44,000,000	-	-	44,000,000
Total held-to-maturity debt securities	277,352,800	-	-	277,352,800
Total debt securities - net	317,352,698	250,939,081	198,425,166	766,716,945

In 2002, the Company transferred stock of a related company previously included in available-for-sale securities to general investment as such company delisted their shares from the Stock Exchange of Thailand. The fair value of the stock at the transfer date amounted to Baht 154.70 million. The unrealized gain on the transfer of investment amounting to Baht 24.70 million was recorded as surplus on the change in value of investment under equity.

Subsequently, on January 18, 2012 and May 9, 2012, the Company purchased additional common shares of such company, resulting in a total holding of 20.17% (see Note 10.1). The Company considers the investment as an investment in an associated company and reverses unrealized gain on transfer of the investment amounting to Baht 19.76 million, which is net of deferred tax amount to Baht 4.94 million, as part of retained earnings as at December 31, 2012.

As at December 31, 2013 and 2012, certain deposits at bank of the Company and its subsidiary are pledged as collateral for credit facilities for bank overdrafts and loans in the form of promissory notes (see Note 19).

As at December 31, 2013 and 2012, certain investment in securities of the Company and its subsidiary are deposited as collateral with Registrar (see Note 34).

As at December 31, 2013 and 2012, certain investment in securities of subsidiary are deposited as collateral with subsidiary's backup assets (see Note 35).

9. LOANS

Loans of the Company and its subsidiary are loan to employees with personal collateral in accordance with the welfare policy of the Company and its subsidiary consists of the following :

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

10. INVESTMENT IN A SUBSIDIARY AND AN ASSOCIATE

10.1 Investments in an associate in the consolidated financial statements

As at December 31, 2013 and 2012, the Company had investment in an associated company accounted for under equity method in the consolidated financial statements as follows:

Company name	Consolidated financial statements						
	Nature of business	Percentage of shareholding		Cost		Carrying value under equity method	
		2013 percent	2012 percent	2013 Baht	2012 Baht	2013 Baht	2012 Baht
Associated company							
Allianz Ayudhya Assurance							
Public Company Limited	Life Insurance	20.17	20.17	1,487,263,618	1,487,263,618	1,868,420,720	1,513,136,319

In 2002, the Company invested in 17,162,978 common shares of Allianz Ayudhya Assurance Public Company Limited or equivalent to 5.82% of its paid-up capital.

Subsequently on January 18, 2012, the Company purchased an additional 17,265,108 common shares of such company for Baht 517.95 million, resulting in a total holding of 34,428,086 shares or 11.67%. On May 9, 2012, the Company purchased additional 25,072,194 common shares for Baht 752.17 million. These resulted in a total investment of 59,500,280 shares or 20.17%. The Company considers the investments as an investment in an associated company in that day.

As at December 31, 2013 and 2012, the associated company had total assets of Baht 113,401.45 million and Baht 113,725.43 million, respectively and total liabilities of Baht 104,349.16 million and Baht 105,574.47 million, respectively. The associated company had net income for the years ended December 31, 2013 and 2012 of Baht 1,761.47 million and Baht 728.87 million, respectively.

The consolidated statement of comprehensive income for the years ended December 31, 2013 and 2012 recognized share of profit of investment in an associate amounting to Baht 355.28 million and 25.87 million, respectively, resulting from portion of holding of investment in an associate.

10.2 Investments in a subsidiary and an associate in the separate financial statements

As at December 31, 2013 and 2012, investments in a subsidiary and an associate are as follows:

Company's name	Separate financial statements					
	Paid-up capital		Shareholding percentage		Cost	
	2013 Baht	2012 Baht	2013 percent	2012 percent	2013 Baht	2012 Baht
Associated company						
Allianz Ayudhya Assurance						
Public Company Limited	2,950,000,000	2,950,000,000	20.17	20.17	1,487,263,618	1,487,263,618
Subsidiary company						
Sri Ayudhya General Insurance						
Public Company Limited	1,800,000,000	1,800,000,000	99.99	99.99	1,823,578,981	1,823,578,981

11. PREMISES AND EQUIPMENT - NET

Premises and equipment - net as at December 31, 2013 and 2012 consists of the following:

	Consolidated financial statements									
	Cost				Accumulated depreciation				Beginning balance of premises and equipment - net as at January 1, 2013	Ending balance of premises and equipment - net as at December 31, 2013
	As at January 1, 2013	Increase	Disposal / Write off	As at December 31, 2013	As at January 1, 2013	Depreciation	Disposal / Write off	As at December 31, 2013		
	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht		
Land	1,610,500	-	-	1,610,500	-	-	-	-	1,610,500	1,610,500
Building	773,500	-	-	773,500	(752,956)	(20,542)	-	(773,498)	20,544	2
Office equipment	104,848,602	9,377,987	(50,214,011)	64,012,578	(87,708,464)	(8,042,658)	50,191,713	(45,559,409)	17,140,138	18,453,169
Furniture and fixtures	35,527,577	5,259,624	(13,333,151)	27,454,050	(28,181,596)	(2,742,044)	13,237,207	(17,686,433)	7,345,981	9,767,617
Vehicles	61,910,285	5,524,816	(5,434,535)	62,000,566	(30,580,152)	(10,655,701)	5,434,528	(35,801,325)	31,330,133	26,199,241
Total	204,670,464	20,162,427	(68,981,697)	155,851,194	(147,223,168)	(21,460,945)	68,863,448	(99,820,665)	57,447,296	56,030,529

	Consolidated financial statements									
	Cost				Accumulated depreciation				Beginning balance of premises and equipment - net as at January 1, 2012	Ending balance of premises and equipment - net as at December 31, 2012
	As at January 1, 2012	Increase	Disposal / Transfer out	As at December 31, 2012	As at January 1, 2012	Depreciation	Disposal / Transfer out	As at December 31, 2012		
	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht		
Land	1,610,500	-	-	1,610,500	-	-	-	-	1,610,500	1,610,500
Building	773,500	-	-	773,500	(723,544)	(29,412)	-	(752,956)	49,956	20,544
Office equipment	111,609,130	2,506,907	(9,267,435)	104,848,602	(87,916,130)	(9,026,452)	9,234,118	(87,708,464)	23,693,000	17,140,138
Furniture and fixtures	30,866,899	4,715,888	(55,210)	35,527,577	(26,131,151)	(2,080,855)	30,410	(28,181,596)	4,735,748	7,345,981
Vehicles	65,279,681	8,256,400	(11,625,796)	61,910,285	(30,174,939)	(10,516,363)	10,111,150	(30,580,152)	35,104,742	31,330,133
Total	210,139,710	15,479,195	(20,948,441)	204,670,464	(144,945,764)	(21,653,082)	19,375,678	(147,223,168)	65,193,946	57,447,296

	Separate financial statements									
	Cost				Accumulated depreciation				Beginning balance of premises and equipment - net as at January 1, 2013	Ending balance of premises and equipment - net as at December 31, 2013
	As at January 1, 2013	Increase	Disposal / Write off	As at December 31, 2013	As at January 1, 2013	Depreciation	Disposal / Write off	As at December 31, 2013		
	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht		
Land	1,610,500	-	-	1,610,500	-	-	-	-	1,610,500	1,610,500
Building	773,500	-	-	773,500	(752,956)	(20,542)	-	(773,498)	20,544	2
Office equipment	3,028,518	739,977	-	3,768,495	(2,553,564)	(230,324)	-	(2,783,888)	474,954	984,607
Furniture and fixtures	14,341,254	1,524,181	(11,351,002)	4,514,433	(13,145,107)	(592,765)	11,350,976	(2,386,896)	1,196,147	2,127,537
Vehicles	22,675,722	-	-	22,675,722	(11,527,781)	(3,748,149)	-	(15,275,930)	11,147,941	7,399,792
Total	42,429,494	2,264,158	(11,351,002)	33,342,650	(27,979,408)	(4,591,780)	11,350,976	(21,220,212)	14,450,086	12,122,438

	Separate financial statements									
	Cost				Accumulated depreciation				Beginning balance of premises and equipment - net as at January 1, 2012	Ending balance of premises and equipment - net as at December 31, 2012
	As at January 1, 2012	Increase	Disposal / Transfer out	As at December 31, 2012	As at January 1, 2012	Depreciation	Disposal / Transfer out	As at December 31, 2012		
	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht		
Land	1,610,500	-	-	1,610,500	-	-	-	-	1,610,500	1,610,500
Building	773,500	-	-	773,500	(723,544)	(29,412)	-	(752,956)	49,956	20,544
Office equipment	2,925,171	103,347	-	3,028,518	(2,231,484)	(322,080)	-	(2,553,564)	693,687	474,954
Furniture and fixtures	14,341,254	-	-	14,341,254	(12,624,611)	(520,496)	-	(13,145,107)	1,716,643	1,196,147
Vehicles	26,671,172	-	(3,995,450)	22,675,722	(10,516,090)	(4,108,199)	3,096,508	(11,527,781)	16,155,082	11,147,941
Total	<u>46,321,597</u>	<u>103,347</u>	<u>(3,995,450)</u>	<u>42,429,494</u>	<u>(26,095,729)</u>	<u>(4,980,187)</u>	<u>3,096,508</u>	<u>(27,979,408)</u>	<u>20,225,868</u>	<u>14,450,086</u>

As at December 31, 2013 and 2012, certain premises and equipment of the Company and its subsidiary at cost of Baht 45.26 million and Baht 95.99 million, respectively, were fully depreciated but still in use (Company: Baht 7.89 million and Baht 17.81 million, respectively).

12. INTANGIBLE ASSETS - NET

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

	Consolidated financial statements									
	Cost				Accumulated depreciation				Beginning balance of intangible assets - net as at January 1, 2013	Ending balance of intangible assets - net as at December 31, 2013
	As at January 1, 2013	Increase	Write off	As at December 31, 2013	As at January 1, 2013	Amortization	Write off	As at December 31, 2013		
	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht		
Purchase/subsequently acquire										
Computer software	70,860,922	274,000	(6,956,598)	64,178,324	(50,920,234)	(7,652,765)	6,956,443	(51,616,556)	19,940,688	12,561,768
Computer software in process	18,910,000	1,170,000	-	20,080,000	-	-	-	-	18,910,000	20,080,000
Bancassurance agreement	100,000,000	-	-	100,000,000	(21,598,684)	(9,991,788)	-	(31,590,472)	78,401,316	68,409,528
Total	<u>189,770,922</u>	<u>1,444,000</u>	<u>(6,956,598)</u>	<u>184,258,324</u>	<u>(72,518,918)</u>	<u>(17,644,553)</u>	<u>6,956,443</u>	<u>(83,207,028)</u>	<u>117,252,004</u>	<u>101,051,296</u>

	Consolidated financial statements								
	Cost				Accumulated amortization			Beginning balance of intangible assets - net as at January 1, 2012	Ending balance of intangible assets - net as at December 31, 2012
	As at January 1, 2012	Increase	Transfer in / (Transfer out)	As at December 31, 2012	As at January 1, 2012	Amortization	As at December 31, 2012		
	Baht	Baht	Baht	Baht	Baht	Baht	Baht		
Purchase/subsequently acquire									
Computer software	62,322,062	6,033,860	2,505,000	70,860,922	(43,275,598)	(7,644,636)	(50,920,234)	19,046,464	19,940,688
Computer software in process	16,232,900	5,182,100	(2,505,000)	18,910,000	-	-	-	16,232,900	18,910,000
Bancassurance agreement	100,000,000	-	-	100,000,000	(11,579,523)	(10,019,161)	(21,598,684)	88,420,477	78,401,316
Total	178,554,962	11,215,960	-	189,770,922	(54,855,121)	(17,663,797)	(72,518,918)	123,699,841	117,252,004

	Separate financial statements								
	Cost				Accumulated amortization			Beginning balance of intangible assets - net as at January 1, 2013	Ending balance of intangible assets - net as at December 31, 2013
	As at January 1, 2013	Increase	Transfer in / (Transfer out)	As at December 31, 2013	As at January 1, 2013	Amortization	As at December 31, 2013		
	Baht	Baht	Baht	Baht	Baht	Baht	Baht		
Purchase/subsequently acquire									
Computer software	40,800	-	-	40,800	(37,358)	(3,418)	(40,776)	3,442	24
Total	40,800	-	-	40,800	(37,358)	(3,418)	(40,776)	3,442	24

	Separate financial statements								
	Cost				Accumulated amortization			Beginning balance of intangible assets - net as at January 1, 2012	Ending balance of intangible assets - net as at December 31, 2012
	As at January 1, 2012	Increase	Transfer in / (Transfer out)	As at December 31, 2012	As at January 1, 2012	Amortization	As at December 31, 2012		
	Baht	Baht	Baht	Baht	Baht	Baht	Baht		
Purchase/subsequently acquire									
Computer software	40,800	-	-	40,800	(29,185)	(8,173)	(37,358)	11,615	3,442
Total	40,800	-	-	40,800	(29,185)	(8,173)	(37,358)	11,615	3,442

As at December 31, 2013 and 2012, certain intangible assets of the Company and its subsidiary at cost of Baht 26.73 million and Baht 31.34 million, respectively, were fully amortized but still in use (Company : December 31, 2013, Baht 0.04 million).

13. DEFERRED TAX ASSETS

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

	Consolidated financial statements		Separate financial statements	
	2013 Baht	2012 Baht	2013 Baht	2012 Baht
Deferred tax assets	297,414,027	356,907,491	21,496,018	20,558,462

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

	Consolidated financial statements			
	As at January 1, 2013	Transactions recognized in profit or loss	Transaction recognized in other comprehensive income or loss	As at December 31, 2013
	Baht	Baht	Baht	Baht
Allowance for doubtful accounts	1,915,251	-	-	1,915,251
Unearned premium reserve	72,017,478	20,241,863	-	92,259,341
Loss reserve - net	132,453,044	46,402,869	-	178,855,913
Incurred but not reported claims	9,112,477	3,428,096	-	12,540,573
Employee benefit obligation	4,769,203	2,451,362	225,639	7,446,204
Allowance for impairment of general investment in securities	301,424	-	-	301,424
Unused tax losses	130,107,385	(130,107,385)	-	-
Others	6,231,229	(2,135,908)	-	4,095,321
Total	356,907,491	(59,719,103)	225,639	297,414,027

	Consolidated financial statements			
	As at January 1, 2012	Transactions recognized in profit or loss	Transaction recognized in other comprehensive income or loss	As at December 31, 2012
	Baht	Baht	Baht	Baht
Allowance for doubtful accounts	1,840,465	74,786	-	1,915,251
Unearned premium reserve	82,820,100	(10,802,622)	-	72,017,478
Loss reserve - net	278,776,470	(146,323,426)	-	132,453,044
Incurred but not reported claims	7,888,476	1,224,001	-	9,112,477
Employee benefit obligation	4,025,296	743,907	-	4,769,203
Allowance for impairment of general investment in securities	301,424	-	-	301,424
Unused tax losses	-	130,107,385	-	130,107,385
Others	7,972,050	(1,740,821)	-	6,231,229
Total	383,624,281	(26,716,790)	-	356,907,491

	Separate financial statements			
	As at January 1, 2013	Transactions recognized in profit or loss	Transaction recognized in other comprehensive income or loss	As at December 31, 2013
	Baht	Baht	Baht	Baht
Loss reserve - net	17,717,009	619,318	-	18,336,327
Employee benefit obligation	2,540,029	318,238	-	2,858,267
Allowance for impairment of general investment in securities	301,424	-	-	301,424
Total	<u>20,558,462</u>	<u>937,556</u>	<u>-</u>	<u>21,496,018</u>

	Separate financial statements			
	As at January 1, 2012	Transactions recognized in profit or loss	Transaction recognized in other comprehensive income or loss	As at December 31, 2012
	Baht	Baht	Baht	Baht
Loss reserve - net	17,095,995	621,014	-	17,717,009
Employee benefit obligation	2,298,600	241,429	-	2,540,029
Allowance for impairment of general investment in securities	301,424	-	-	301,424
Total	<u>19,696,019</u>	<u>862,443</u>	<u>-</u>	<u>20,558,462</u>

The Company and its subsidiary used a tax rate of 20% for calculation of deferred tax for the years ended December 31, 2013 and 2012 (see Note 28).

14. OTHER ASSETS

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

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
	Baht	Baht	Baht	Baht
Other receivables	14,209,887	22,074,564	164,210	329,865
Refundable withholding tax	13,819,174	11,067,544	-	-
Premium saving certificates used as collateral	16,165,000	23,615,000	3,665,000	11,115,000
Others	15,413,748	13,365,114	14,068,418	11,128,255
Total other assets	<u>59,607,809</u>	<u>70,122,222</u>	<u>17,897,628</u>	<u>22,573,120</u>

15. DUE TO REINSURERS

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

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

16. LOSS RESERVES AND OUTSTANDING CLAIMS

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

	Consolidated financial statements		Separate financial statements	
	2013 Baht	2012 Baht	2013 Baht	2012 Baht
As at January 1,	2,931,055,765	6,314,077,900	88,585,047	85,479,975
Loss incurred and loss adjustment expenses during the years				
- Incurred but not reported	17,140,484	6,120,004	-	-
- Incurred but not yet agreed	(675,623,647)	(3,398,564,281)	3,096,588	3,105,072
- Incurred and agreed	1,947,643,978	4,492,617,911	-	-
Loss paid and loss adjustment paid during the years	(1,951,935,151)	(4,483,195,769)	-	-
As at December 31,	<u>2,268,281,429</u>	<u>2,931,055,765</u>	<u>91,681,635</u>	<u>88,585,047</u>

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

As at December 31, 2013 and 2012, the loss reserves and outstanding claims account in the separate financial statements are included outstanding claims and accrued interest of Baht 91.68 million and Baht 88.59 million, respectively, caused by a loss claim incurred by an insured company on September 24, 1997. On September 30, 2003, the courts passed a verdict that the Company had to pay the claim of Baht 41.29 million including 7.5% per annum of interest from the date of litigation until such claim is paid. The Company recorded such claim and accrued interest since 2003. However, in 2004 the Company has submitted an appeal to the court. On November 27, 2008, the appeal court had the dismissal for this case. After that the insured company submitted the case to the supreme court in December 2008. Currently, such case is still under consideration of the supreme court. On October 1, 2011 (the transferred date), the Company did not transfer such outstanding claim and accrued interest to the subsidiary.

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

17. PREMIUM RESERVE

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

17.1 Unearned premium reserve

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

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

17.2 Unexpired risk reserve

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

18. EMPLOYEE BENEFIT OBLIGATION

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

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

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

	Consolidated		Separate	
	financial statements		financial statements	
	2013	2012	2013	2012
	Baht	Baht	Baht	Baht
Present value of obligation at the beginning of the years	57,217,784	53,555,750	12,981,146	15,077,001
Current service cost of the years	5,496,425	5,370,306	1,086,996	1,031,869
Interest cost	2,127,416	1,979,728	504,196	456,276
Actuarial loss	1,128,195	-	-	-
Benefit paid during the years	(3,212,400)	(3,688,000)	-	(3,584,000)
Present value of obligation at the ending of the years	<u>62,757,420</u>	<u>57,217,784</u>	<u>14,572,338</u>	<u>12,981,146</u>

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

	Consolidated		Separate	
	financial statements		financial statements	
	2013	2012	2013	2012
	Baht	Baht	Baht	Baht
Current service cost	5,496,425	5,370,306	1,086,996	1,031,869
Interest cost	2,127,416	1,979,728	504,196	456,276
Total employee benefit expenses (see Note 26)	<u>7,623,841</u>	<u>7,350,034</u>	<u>1,591,192</u>	<u>1,488,145</u>

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

19. BANK OVERDRAFTS

As at December 31, 2013 and 2012 the Company had credit lines for bank overdrafts and loans in the form of promissory notes of Baht 30 million which were guaranteed by deposits at bank of the Company of Baht 30 million. The interest rate was deposits at bank rate plus 2% - 3% (see Note 8).

As at December 31, 2013, the subsidiary had unused credit line 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 subsidiary of Baht 20 million (see Note 8) (December 31, 2012 : Nil).

20. DEFERRED TAX LIABILITIES

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

	Consolidated financial statements		Separate financial statements	
	2013 Baht	2012 Baht	2013 Baht	2012 Baht
Deferred tax liabilities	<u>12,196,551</u>	<u>36,637,055</u>	<u>9,755,202</u>	<u>33,823,419</u>

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

	Consolidated financial statements			
	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
Unrealized gain on the change in value of investment in available-for-sale securities (see Note 5.1.1)	31,698,032	-	(24,440,504)	7,257,528
Unrealized gain on transfer of investments	<u>4,939,024</u>	<u>-</u>	<u>-</u>	<u>4,939,024</u>
Total	<u>36,637,056</u>	<u>-</u>	<u>(24,440,504)</u>	<u>12,196,552</u>

	Consolidated financial statements			
	As at January 1, 2012 Baht	Transactions recognized in profit or loss Baht	Transaction recognized in other comprehensive income or loss Baht	As at December 31, 2012 Baht
Unrealized gain on the change in value of investment in available-for-sale securities (see Note 5.1.1)	13,644,959	-	18,053,073	31,698,032
Unrealized gain on transfer of investments	<u>4,939,024</u>	<u>-</u>	<u>-</u>	<u>4,939,024</u>
Total	<u>18,583,983</u>	<u>-</u>	<u>18,053,073</u>	<u>36,637,056</u>

	Separate financial statements			
	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
Unrealized gain on the change in value of investment in available-for-sale securities (see Note 5.1.1)	28,884,395	-	(24,068,217)	4,816,178
Unrealized gain on transfer of investments	<u>4,939,024</u>	<u>-</u>	<u>-</u>	<u>4,939,024</u>
Total	<u>33,823,419</u>	<u>-</u>	<u>(24,068,217)</u>	<u>9,755,202</u>

	Separate financial statements			
	As at January 1, 2012	Transactions recognized in profit or loss	Transaction recognized in other comprehensive income or loss	As at December 31, 2012
	Baht	Baht	Baht	Baht
Unrealized gain on the change in value of investment in available-for-sale securities (see Note 5.1.1)	12,757,722	-	16,126,673	28,884,395
Unrealized gain on transfer of investments	4,939,024	-	-	4,939,024
Total	17,696,746	-	16,126,673	33,823,419

The Company and its subsidiary used a tax rate of 20% for calculation of deferred tax for the years ended December 31, 2013 and 2012 (see Note 28).

21. OTHER LIABILITIES

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

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
	Baht	Baht	Baht	Baht
Other payables – promotion expense	17,343,800	9,845,990	-	-
Amount received in advance – premium	25,688,569	32,603,618	-	-
Revenue Department payable	6,841,434	5,455,470	421,897	994,074
Undue output VAT	3,340,209	3,148,981	-	-
Others	30,192,485	16,571,187	-	588,591
Total other liabilities	83,406,497	67,625,246	421,897	1,582,665

22. STATUTORY RESERVE

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

As at December 31, 2013 and 2012, the Company has statutory reserve by ten percent of the authorized capital.

23. OTHER RESERVES

As at December 31, 2013 and 2012, other reserves of the Company amounting to Baht 900 million were set without having a specific objective.

24. UNDERWRITING INFORMATION CLASSIFIED BY TYPE OF INSURANCE

Underwriting information classified by type of insurance for the years ended December 31, 2013 and 2012 consists of the following:

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

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

25. OPERATING EXPENSES

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

	Consolidated financial statements		Separate financial statements	
	2013 Baht	2012 Baht	2013 Baht	2012 Baht
Employee benefit expenses, excluded underwriting and loss adjustment expenses	141,281,116	114,708,196	56,820,643	43,866,653
Premises and equipment expense excluded underwriting expenses	102,839,556	100,206,501	12,672,092	15,599,136
Taxes and duties	1,528,135	893,498	237,391	207,089
Bad debt and allowance for doubtful accounts	114,677,115	46,906	-	-
Directors personnel's remuneration	9,767,630	9,379,050	8,406,500	8,014,650
Other operating expense	65,447,055	63,953,634	10,821,147	15,192,853
Total operating expenses	<u>435,540,607</u>	<u>289,187,785</u>	<u>88,957,773</u>	<u>82,880,381</u>

26. EMPLOYEE EXPENSES

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

	Consolidated financial statements		Separate financial statements	
	2013 Baht	2012 Baht	2013 Baht	2012 Baht
Salary and wage	165,770,629	158,261,373	31,920,151	28,713,619
Social fund expenses	2,951,980	2,495,097	149,129	154,950
Employee benefit expenses (see Note 18)	7,623,841	7,350,034	1,591,192	1,488,145
Provident fund (see Note 33)	6,983,277	6,819,797	1,178,220	1,087,316
Other benefits	74,022,382	51,982,942	21,981,951	12,422,623
Total employee expenses	<u>257,352,109</u>	<u>226,909,243</u>	<u>56,820,643</u>	<u>43,866,653</u>

27. GAIN ON INVESTMENT IN SECURITIES

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

	Consolidated financial statements		Separate financial statements	
	2013 Baht	2012 Baht	2013 Baht	2012 Baht
Gain on sale of investment in available-for-sale securities - ordinary shares	35,020,100	71,643,288	35,020,100	71,643,288
Gain on sale of investment in available-for-sale securities - bonds	625,160	440,085	625,160	440,085
Gain on sale of investment in available-for-sale securities - unit trusts	18,448,083	7,522,460	16,444,112	7,156,417
Gain on sale of investment in available-for-sale securities - warrants	-	21,079	-	21,079
Gain on sale of general investment in securities - ordinary shares	-	91,995	-	91,995
Loss on impairment of general investment in securities - ordinary shares	-	(40,000)	-	(40,000)
Total gain on investment in securities	<u>54,093,343</u>	<u>79,678,907</u>	<u>52,089,372</u>	<u>79,312,864</u>

28. INCOME TAX EXPENSE

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

	Consolidated financial statements		Separate financial statements	
	2013 Baht	2012 Baht	2013 Baht	2012 Baht
Income tax expense from taxable income per income tax return	12,073,080	20,628,958	3,277,606	20,628,958
Deferred tax expenses relating to the origination and reversal of temporary differences	59,719,103	(13,197,142)	(937,556)	(991,810)
Deferred income taxes related to change in corporate tax rate	-	39,913,932	-	129,367
Income tax expense per the statements of comprehensive income	<u>71,792,183</u>	<u>47,345,748</u>	<u>2,340,050</u>	<u>19,766,515</u>

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

	Consolidated financial statements		Separate financial statements	
	2013 Baht	2012 Baht	2013 Baht	2012 Baht
Accounting income before tax	661,728,219	142,287,810	77,582,995	172,915,321
Income tax at 20%	132,345,644	-	15,516,599	-
Income tax at 23%	-	32,726,196	-	39,770,524
Deferred tax expenses relating to change in corporate tax rate	-	39,913,932	-	129,367
Tax effect of non-deductible expenses (benefits)	<u>(60,553,461)</u>	<u>(25,294,380)</u>	<u>(13,176,549)</u>	<u>(20,133,376)</u>
Income tax expense per the statements of comprehensive income	<u>71,792,183</u>	<u>47,345,748</u>	<u>2,340,050</u>	<u>19,766,515</u>

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

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

The Company and its subsidiary used a tax rate of 20% for calculation of deferred tax for the years ended December 31, 2013 and 2012, respectively (see Notes 13 and 20).

29. BASIC EARNINGS PER SHARE

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

	Consolidated financial statements		Separate financial statements	
	2013 Baht	2012 Baht	2013 Baht	2012 Baht
Net profit (Baht)	589,936,036	94,942,062	75,242,945	153,148,806
Issued and paid-up share capital (shares)	250,000,000	250,000,000	250,000,000	250,000,000
Basic earnings per share (Baht)	2.36	0.38	0.30	0.61

30. TRANSACTIONS WITH RELATED PARTIES

The consolidated and separate financial statements include certain transactions with the subsidiary and related parties. The relationship may be by shareholding or the companies may have the same group of shareholders or directors. The consolidated and separate financial statements reflect the effects of these transactions on the basis determined by the Company, the subsidiary and the related parties which are as follows:

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

Companies	Relationship	Type of Business
Sri Ayudhya General Insurance Plc.	Some common shareholders and directors	Insurance
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	Investments
BBTV Equity Co., Ltd.	Some common shareholders	Office Space Rental
CKS Holding Co., Ltd.	Some common shareholders	Investments
Sunrise Equity Co., Ltd.	Some common shareholders	Consulting
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 Services Co., Ltd.	Some common shareholders	Services
Krungsri Factoring Co., Ltd.	Some common shareholders	Factoring
Ayudhya Capital Auto Lease Plc.	Some common shareholders	Leasing
Krungsriayudhya Card Co., Ltd.	Some common shareholders	Services

30.1 Investments

As at December 31, 2013

Companies	Consolidated and separate financial statements			
	Paid-up share capital Baht	Shareholding %	Investment Baht	Dividend Baht
Investment - ordinary shares				
Bank of Ayudhya Plc.	60,741,437,470	-	-	225,920
Sunrise Equity Co., Ltd.	9,970,000,000	5.48	546,136,660	-
Siam City Cement Plc.	2,300,000,000	0.02	9,925,000	350,000
			556,061,660	575,920

Companies	Consolidated and separate financial statements	
	Investment Baht	Dividend Baht
Investment - unit trusts		
Unit trusts managed by		
Krungsri Asset Management Co., Ltd.		
- Krungsri Star Plus Fund	82,926,120	-
- Krungsri Cash Management Fund	20,399	-
- Krungsri Dividend Stock Fund	38,227,848	5,300,000
- Krungsri Dynamic Dividend Fund	11,547,600	900,000
- Krungsri Flexible Dividend Fund	92,439,802	24,562,923
- Krungsri Financial Focus Dividend Fund	6,459,611	1,495,579
- Krungsri Global High Payout Fund	19,727,488	-
- Krungsri Europe Equity Fund	44,718,056	-
	<u>296,066,924</u>	<u>32,258,502</u>

As at December 31, 2012

Companies	Consolidated and separate financial statements			
	Paid-up share capital	Shareholding	Investment	Dividend
	Baht	%	Baht	Baht
Investment - ordinary shares				
Bank of Ayudhya Plc.	60,741,437,470	0.01	9,178,000	211,800
Sunrise Equity Co., Ltd.	9,970,000,000	5.48	546,136,660	24,466,922
Siam City Cement Plc.	2,300,000,000	0.02	16,800,000	1,215,000
			<u>572,114,660</u>	<u>25,893,722</u>

Companies	Consolidated and separate financial statements	
	Investment Baht	Dividend Baht
Investment - unit trusts		
Unit trusts managed by		
Krungsri Asset Management Co., Ltd.		
- Krungsri Star Plus Fund	90,257,230	-
- Krungsri Medium Term Fixed Income Dividend Fund	-	6,158,980
- Krungsri Dividend Stock Fund	30,972,000	5,000,000
- Krungsri Dynamic Dividend Fund	12,731,040	1,596,000
- Krungsri Flexible Dividend Fund	108,784,147	10,001,190
- Krungsri Financial Focus Dividend Fund	8,777,186	357,794
- Krungsri Oriental Flexible Fund	28,800,891	-
- Krungsri Global High Payout Fund	16,538,522	-
	<u>296,861,016</u>	<u>23,113,964</u>

30.2 Significant balances and transactions are as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	As at December 31		As at December 31	
	2013	2012	2013	2012
	Baht	Baht	Baht	Baht
Deposits at bank				
Bank of Ayudhya Plc.	877,516,158	580,252,814	108,723,731	127,013,504
Premium due and uncollected				
Bank of Ayudhya Plc.	311,236	41,515	-	-
Krungsri Securities Plc.	-	139,516	-	-
Krungsri Asset Management Co., Ltd.	128,862	-	-	-
Ayudhya Development Leasing Co., Ltd.	-	4,930,108	-	-
Siam City Cement Plc.	485,597	230,936	-	-
Bangkok Broadcasting & T.V. Co., Ltd.	975,414	26,320	-	-
CKS Holding Co., Ltd.	107,614	131,772	-	-
Allianz Ayudhya Assurance Plc.	37,632	41,350	-	-
Grand Canal Land Plc.	-	343,770	-	-
Ayudhya Asset Management Co., Ltd.	-	513,411	-	-
Siam Realty and Services Co., Ltd.	-	115,186	-	-
Ayudhya Capital Auto Lease Plc.	570,639	-	-	-
Krungsriayudhya Card Co., Ltd.	2,155,489	-	-	-
	4,772,483	6,513,884	-	-
Investment in an associate (see Note 10)				
Allianz Ayudhya Assurance Plc.	1,868,420,720	1,513,136,319	1,487,263,618	1,487,263,618
Investment in a subsidiary (see Note 10)				
Sri Ayudhya General Insurance Plc.	-	-	1,823,578,981	1,823,578,981
Accrued interest income				
Bank of Ayudhya Plc.	3,524,277	4,017,551	1,122,625	1,273,759
Accrued income				
Sri Ayudhya General Insurance Plc.	-	-	10,560,156	8,441,044
Rental and facilities deposits				
BBTV Equity Co., Ltd.	5,082,466	5,068,943	1,158,193	1,158,893
Accrued expense - management fee				
Krungsri Securities Plc.	51,762	52,259	51,762	52,259
Accrued expense - custodian fee				
Bank of Ayudhya Plc.	13,895	14,637	1,507	3,169
Accrued expense - commissions and brokerages				
Bank of Ayudhya Plc.	15,883,099	13,201,654	-	-
Accrued expense - other underwriting expenses				
Bank of Ayudhya Plc.	6,286,136	5,483,482	-	-

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

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

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

The subsidiary paid commissions and brokerages and other underwriting expenses as specified in the Bancassurance Agreement made between the subsidiary 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 subsidiary has offered to other insurance broker companies.

	Consolidated financial statements For the years ended December 31,		Separate financial statements For the years ended December 31,	
	2013	2012	2013	2012
	Baht	Baht	Baht	Baht
Interest income				
Bank of Ayudhya Plc.	11,602,481	12,177,507	2,720,999	4,501,549
Management fees				
Sri Ayudhya General Insurance Plc.	-	-	19,266,319	39,999,990

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

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

	Consolidated financial statements For the years ended December 31,		Separate financial statements For the years ended December 31,	
	2013 Baht	2012 Baht	2013 Baht	2012 Baht
Commission paid				
Krungsri Securities Plc.	725,482	506,513	725,482	506,513
Management fees				
Krungsri Securities Plc	655,024	533,620	655,024	533,620
Krungsri Asset Management Co., Ltd.	595,473	-	595,473	-
Custodian fees				
Bank of Ayudhya Plc.	149,392	198,567	24,596	59,924

Commission, management fees and custodian fees were paid at the same rates and conditions as the related parties charged other customers.

	Consolidated financial statements For the years ended December 31,		Separate financial statements For the years ended December 31,	
	2013 Baht	2012 Baht	2013 Baht	2012 Baht
Rental and service fees				
BBTV Equity Co., Ltd.	20,369,649	20,736,550	4,719,600	6,087,700

The Company and its subsidiary have 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.

31. DIRECTORS AND KEY MANAGEMENT PERSONNEL'S REMUNERATION

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

	Consolidated financial statements For the years ended December 31,		Separate financial statements For the years ended December 31,	
	2013 Baht	2012 Baht	2013 Baht	2012 Baht
Directors and key management personnel's remuneration	71,594,554	55,518,476	47,179,663	33,038,321

Directors' remuneration for the years ended December 31, 2013 and 2012 were approved by the ordinary shareholders' meeting of the Company held on April 22, 2013 and April 30, 2012, respectively.

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

32. DIVIDENDS

- 32.1 On April 30, 2012, the ordinary shareholders' meeting of the Company passed a resolution to pay an annual dividend for the year 2011 of Baht 1.00 per share. The Company had paid an interim dividend for the operating result from January 1, to June 30, 2011 of Baht 0.50 per share, which was paid on September 16, 2011. The remaining portion of the annual dividend of Baht 0.50 per share paid from the second half of year 2011 operating result for 250 million shares, totaling Baht 125 million, was paid on May 8, 2012.
- 32.2 On April 22, 2013, the ordinary shareholders' meeting of the Company passed a resolution to pay an annual dividend for the year ended December 31, 2012 of Baht 0.38 per share for 250 million shares, totaling Baht 95 million. Such dividend was paid on May 2, 2013.
- 32.3 On August 13, 2013, the Board of Directors' meeting passed a resolution to pay an interim dividend for the operation result from January 1, to June 30, 2013 of Baht 0.70 per share for 250 million shares, totaling Baht 175 million. Such dividend was paid on September 9, 2013.

33. PROVIDENT FUND

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

For the years ended December 31, 2013 and 2012, the Company's and its subsidiary contributions recorded as expenses were Baht 6.98 million and Baht 6.82 million, respectively (Company: Baht 1.18 million and Baht 1.09 million, respectively) (see Note 26).

34. DEPOSITS WITH THE REGISTRAR

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

	Consolidated financial statements		Separate financial statements	
	2013 Baht	2012 Baht	2013 Baht	2012 Baht
Government and state enterprise securities	396,565,340	191,012,499	139,289,444	139,412,175
Deposits at banks	28,000,000	198,000,000	14,000,000	14,000,000
Total deposits with the Registrar	424,565,340	389,012,499	153,289,444	153,412,175

On January 13, 2012, the Company requested to return deposits with the Registrar from the Notification of the Office of Insurance Commission. According to, the Company returned insurance license on October 17, 2011 and this license had been terminated since December 20, 2011. Subsequently on November 1, 2012, the Notification of the Office of Insurance Commission refused the appeal because the Company has contingent liabilities about insurance policies under considering by court. Such creditors of insurance policies have a preferential right on unearned premium reserve of the Company which deposit placed with the Office of Insurance Commission according to section 26 of Non-life Insurance Act B.E. 2535. Therefore, the Office of Insurance Commission has not yet returned such securities to the Company.

35. BACKUP ASSETS

As at December 31, 2013 and 2012, the subsidiary has deposited certain investment in securities with a bank used for the subsidiary'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:

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

36. CONTRIBUTION TO NON-LIFE GUARANTEE FUND

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

37. CONTINGENT LIABILITIES AND COMMITMENT

37.1 As at December 31, 2013 and 2012, lawsuits have been brought against the Company and its subsidiary, as insurer, from which the Company and its subsidiary estimate losses totaling Baht 123.67 million and Baht 102.27 million, respectively, (Company: Baht 91.68 million and Baht 88.59 million, respectively). Such amount has been set aside in the loss reserve and outstanding claims accounts. The Company and its subsidiary's management do 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 and its subsidiary's operating results.

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

38. LONG-TERM LEASES AND SERVICE AGREEMENTS

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

Type of leases	Consolidated financial statements		
	As at December 31, 2013		
	Remaining periods		Total rental payments for the remaining periods Baht
	Within 1 year Baht	Over 1 year to 5 years Baht	
Building			
- related company	3,758,468	-	3,758,468
- others	2,927,971	3,379,014	6,306,985
Service - related company	3,722,355	-	3,722,355
Equipment - related company	4,963,140	-	4,963,140
	<u>15,371,934</u>	<u>3,379,014</u>	<u>18,750,948</u>

Type of leases	Consolidated financial statements		
	As at December 31, 2012		
	Remaining periods		Total rental payments for the remaining periods
	Within 1 year	Over 1 year to 5 years	
	Baht	Baht	Baht
Building			
- related company	6,107,940	3,722,355	9,830,295
- others	2,523,075	5,051,005	7,574,080
Service - related company	6,107,940	3,722,355	9,830,295
Equipment - related company	8,143,920	4,963,140	13,107,060
	<u>22,882,875</u>	<u>17,458,855</u>	<u>40,341,730</u>

Type of leases	Separate financial statements		
	As at December 31, 2013		
	Remaining periods		Total rental payments for the remaining periods
	Within 1 year	Over 1 year to 5 years	
	Baht	Baht	Baht
Building - related company	825,930	-	825,930
Service - related company	825,930	-	825,930
Equipment - related company	1,101,240	-	1,101,240
	<u>2,753,100</u>	<u>-</u>	<u>2,753,100</u>

Type of leases	Separate financial statements		
	As at December 31, 2012		
	Remaining periods		Total rental payments for the remaining periods
	Within 1 year	Over 1 year to 5 years	
	Baht	Baht	Baht
Building - related company	1,415,880	825,930	2,241,810
Service - related company	1,415,880	825,930	2,241,810
Equipment - related company	1,887,840	1,101,240	2,989,080
	<u>4,719,600</u>	<u>2,753,100</u>	<u>7,472,700</u>

39. DISCLOSURE OF FINANCIAL INSTRUMENTS

The Company and its subsidiary do not speculate or engage in trading of any derivative financial instruments.

39.1 Accounting policies

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

39.2 Credit risk

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

In the case of recognized financial assets in the statement of financial position, the carrying amount of the assets recorded in the statement of financial position represents the Company and its subsidiary maximum exposure to credit risk.

39.3 Interest rate risk

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

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

	Consolidated financial statements			
	Balance as at			
	December 31, 2013		December 31, 2012	
	Variable interest rate Baht	Fixed interest rate Baht	Variable interest rate Baht	Fixed interest rate Baht
Cash and cash equivalents				
Saving accounts	634,912,228	-	251,704,595	-
Investment in securities				
Available-for-sale securities				
Government and state enterprise securities				
Thai government bonds	-	501,836,701	-	510,915,807
State enterprise bonds	-	100,209,950	-	109,310,909
Treasury bills	-	-	-	30,000,000
Debentures	-	3,198,034	-	3,235,204
Private enterprise securities				
Debentures	-	121,196,865	-	134,394,037
Foreign securities				
Bonds	-	401,734,344	-	402,436,532
Debentures	-	-	-	4,713,850
Held-to-maturity investment				
Government and state enterprise securities				
Notes	-	-	-	2,500,000
Private enterprise securities				
Notes	-	-	-	30,000,000
Fixed deposit with maturity over 3 months				
Fixed deposit used as commercial bank	157,669,433	50,000,000	153,352,800	74,749,719
Fixed deposit used as collateral	-	353,395,009	-	369,701,590
Total	792,581,661	1,531,570,903	405,057,395	1,671,957,648

	Separate financial statements			
	Balance as at			
	December 31, 2013		December 31, 2012	
	Variable interest rate Baht	Fixed interest rate Baht	Variable interest rate Baht	Fixed interest rate Baht
Cash and cash equivalents				
Saving accounts	31,070,712	-	48,621,734	-
Investment in securities				
Available-for-sale securities				
Government and state enterprise securities				
Thai government bonds	-	139,289,444	-	327,182,092
Treasury bills	-	-	-	30,000,000
Private enterprise securities				
Debentures	-	121,196,865	-	132,182,053
Held-to-maturity investment				
Private enterprise securities				
Notes	-	-	-	30,000,000
Fixed deposit with maturity over 3 months				
Fixed deposit used as commercial bank	157,669,433	50,000,000	153,352,800	50,000,000
Fixed deposit used as collateral	-	44,000,000	-	44,000,000
Total	<u>188,740,145</u>	<u>354,486,309</u>	<u>201,974,534</u>	<u>613,364,145</u>

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

	Consolidated financial statements				
	As at December 31, 2013				Average interest rate %
	Period specified for fixing new interest rate				
	Within 1 year Baht	1-5 years Baht	Over 5 years Baht	Total Baht	
Investment in securities					
Available-for-sale securities					
Government and state enterprise securities					
Thai government bonds	91,356,347	363,027,742	47,452,612	501,836,701	3.26
State enterprise bonds	100,209,950	-	-	100,209,950	3.38
Debentures	-	3,198,034	-	3,198,034	5.39
Private enterprise securities					
Debentures	101,062,883	20,133,982	-	121,196,865	5.41
Foreign securities					
Bonds	401,734,344	-	-	401,734,344	4.18
Held-to-maturity investment					
Fixed deposit with maturity over 3 months					
Fixed deposit used as commercial bank	50,000,000	-	-	50,000,000	2.60
Fixed deposit used as collateral	353,395,009	-	-	353,395,009	2.68
Total	1,097,758,533	386,359,758	47,452,612	1,531,570,903	

	Consolidated financial statements				
	As at December 31, 2012				Average interest rate %
	Period specified for fixing new interest rate				
	Within 1 year Baht	1-5 years Baht	Over 5 years Baht	Total Baht	
Investment in securities					
Available-for-sale securities					
Government and state enterprise securities					
Thai government bonds	-	308,870,791	202,045,016	510,915,807	3.47
State enterprise bonds	8,860,235	100,450,674	-	109,310,909	3.36
Treasury bills	30,000,000	-	-	30,000,000	3.10
Debentures	-	3,235,204	-	3,235,204	5.39
Private enterprise securities					
Debentures	12,211,881	122,182,156	-	134,394,037	5.21
Foreign securities					
Bonds	-	402,436,532	-	402,436,532	4.18
Debentures	4,713,850	-	-	4,713,850	3.85
Held-to-maturity investment					
Government and state enterprise securities					
Notes	2,500,000	-	-	2,500,000	3.25
Private enterprise securities					
Notes	30,000,000	-	-	30,000,000	3.00
Fixed deposit with maturity over 3 months					
Fixed deposit used as commercial bank	74,749,719	-	-	74,749,719	2.84
Fixed deposit used as collateral	369,701,590	-	-	369,701,590	2.91
Total	532,737,275	937,175,357	202,045,016	1,671,957,648	

	Separate financial statements				
	As at December 31, 2013				Average interest rate %
	Period specified for fixing new interest rate				
	Within 1 year Baht	1-5 years Baht	Over 5 years Baht	Total Baht	
Investment in securities					
Available-for-sale securities					
Government and state enterprise securities					
Thai government bonds	-	139,289,444	-	139,289,444	3.31
Private enterprise securities					
Debentures	101,062,883	20,133,982	-	121,196,865	5.41
Held-to-maturity investment					
Fixed deposit with maturity over 3 months					
Fixed deposit used as commercial bank	50,000,000	-	-	50,000,000	2.60
Fixed deposit used as collateral	44,000,000	-	-	44,000,000	2.07
Total	195,062,883	159,423,426	-	354,486,309	

	Separate financial statements				
	As at December 31, 2012				Average interest rate %
	Period specified for fixing new interest rate				
	Within 1 year Baht	1-5 years Baht	Over 5 years Baht	Total Baht	
Investment in securities					
Available-for-sale securities					
Government and state enterprise securities					
Thai government bonds	-	128,756,926	198,425,166	327,182,092	3.42
Treasury bills	30,000,000	-	-	30,000,000	3.10
Private enterprise securities					
Debentures	9,999,897	122,182,156	-	132,182,053	5.23
Held-to-maturity investment					
Private enterprise securities					
Notes	30,000,000	-	-	30,000,000	3.00
Fixed deposit with maturity over 3 months					
Fixed deposit used as commercial bank	50,000,000	-	-	50,000,000	2.85
Fixed deposit used as collateral	44,000,000	-	-	44,000,000	2.46
Total	163,999,897	250,939,082	198,425,166	613,364,145	

39.4 Estimated fair value of financial instruments

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

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

	Consolidated financial statements			
	2013		2012	
	Carrying Value Baht	Fair Value Baht	Carrying Value Baht	Fair Value Baht
Financial assets				
Cash and deposits at financial institutions	1,175,397,956	1,176,486,434	912,983,192	913,828,984
Stocks	785,260,108	920,819,435	777,120,506	870,828,589
Other securities - unit trusts	668,311,763	668,332,307	726,264,388	726,286,719
Notes	-	-	32,500,000	32,627,940

	Separate financial statements			
	2013		2012	
	Carrying Value Baht	Fair Value Baht	Carrying Value Baht	Fair Value Baht
Financial assets				
Cash and deposits at financial institutions	281,664,903	281,664,903	295,978,273	295,978,273
Stocks	784,049,138	896,107,206	775,909,536	852,936,313
Other securities - unit trusts	632,313,413	632,333,957	670,057,682	670,080,013
Notes	-	-	30,000,000	30,127,940

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

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

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

40. FINANCIAL INFORMATION BY SEGMENT

The business segment results are prepared based on the Management of the company and its subsidiary. 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 and its subsidiary have been operating in two principal business segments: (1) Non-life insurance business and (2) Investment business, which are only organized and managed in a single geographic area, namely in Thailand. Therefore, no geographical segment information is presented.

For the years ended December 31, 2013 and 2012, there is no revenue from a single external customers contributed 10% or more to the Company and its subsidiary's total revenue.

The financial information of the Company and its subsidiary for the years ended December 31, 2013 and 2012 were presented by business segment as follows:

	Consolidated financial statements							
	For the year ended December 31,							
	Non-life insurance business		Investment business		Elimination of inter-segment		Total	
	2013	2012	2013	2012	2013	2012	2013	2012
Revenue from external	2,205,547,022	1,947,171,896	146,262,482	213,341,365	-	-	2,351,809,504	2,160,513,261
Share of profit of investment in an associate	-	-	355,284,401	25,872,701	-	-	355,284,401	25,872,701
Other income	6,485,373	5,537,488	20,278,286	42,454,337	(19,266,319)	(39,999,990)	7,497,340	7,991,835
Total revenues	2,212,032,395	1,952,709,384	521,825,169	281,668,403	(19,266,319)	(39,999,990)	2,714,591,245	2,194,377,797
Insurance business expenses	1,617,322,419	1,762,902,202	-	-	-	-	1,617,322,419	1,762,902,202
Directors and key management personnel's remuneration	24,414,891	22,480,155	47,179,663	33,038,321	-	-	71,594,554	55,518,476
Other expenses	341,434,262	223,827,239	41,778,110	49,842,060	(19,266,319)	(39,999,990)	363,946,053	233,669,309
Income tax expense	69,452,133	27,579,233	2,340,050	19,766,515	-	-	71,792,183	47,345,748
Net income (loss)	159,408,690	(84,079,445)	430,527,346	179,021,507	-	-	589,936,036	94,942,062

Assets and liabilities of the Company and its subsidiary as at December 31, 2013 and 2012 were presented by business segment as follows:

	Consolidated financial statements							
	As at December 31,							
	Non-life insurance business		Investment business		Elimination of inter-segment		Total	
	2013	2012	2013	2012	2013	2012	2013	2012
Total Assets	5,441,134,074	6,087,988,102	3,952,389,971	3,904,718,905	(10,560,156)	(8,441,044)	9,382,963,889	9,984,265,963
Total Liabilities	4,282,885,178	5,086,756,192	138,227,683	154,811,095	(10,560,156)	(8,441,044)	4,410,552,705	5,233,126,243

41. APPROVAL OF THE FINANCIAL STATEMENTS

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

FINANCIAL STATEMENTS

AUDITOR'S REMUNERATION

In 2013, the Company and its subsidiary paid Baht 4,010,000 in audit fees to the office where the auditor was employed:

	Company	Subsidiary
Annual audit fee for the year 2013	520,000	1,300,000
Annual audit fee for 2013 consolidated financial statements	310,000	-
Quarterly fee for reviewing consolidated financial statements for 3 quarters	465,000	-
Quarterly fee for reviewing financial statements for 3 quarters	375,000	465,000
Annual fee for assessment of general computer security	-	155,000
Fee for reviewing the risk-based capital report as of 30 June 2013	-	165,000
Fee for auditing the risk-based capital report as of 31 December 2013	-	185,000
Fee for the assessment and preparation of a report in accordance with the Notification of the Insurance Registrar Re: Criteria, Methods, and Conditions for Auditing Internal Control Systems and Investment Procedures of Non-Life Insurance Companies Investing in Other Businesses	-	70,000
Total	1,670,000	2,340,000

LEGAL DISPUTES

The Company did not engage in any legal disputes against the risks of assets of more than 5% of Total Equity.

ANALYSIS OF FINANCIAL RATIO

Major financial ratio to reflect financial status and operating result of the Company's core business.

Financial Ratio		Consolidated Financial Statements		
		2013	2012	2011
Liquidity Ratio				
Current Ratio	(Times)	1.31	1.09	1.39
Premium Due and Uncollected Turnover	(Days)	31	31	35
Profitability Ratio				
Retention Rate	(%)	64.27	65.48	52.06
Loss Ratio	(%)	43.42	**55.31	**48.20
Gross Profit Margin	(%)	5.30	(7.52)	(68.46)
Underwriting Expense Ratio	(%)	63.32	57.51	55.03
Return on Investment	(%)	8.95	5.19	5.11
Net Premium Written Per Equity	(Times)	0.40	0.38	0.25
Net Profit Margin	(%)	21.73	4.33	(20.33)
Return on Equity	(%)	12.13	2.01	(8.87)
Efficiency Ratio				
Return on Assets	(%)	6.09	0.84	(4.43)
Assets Turnover	(Times)	0.28	0.19	0.22
Financial Ratio				
Debt to Equity Ratio	(Times)	0.89	1.10	1.69
POLICY LIABILITY TO CAPITAL FUND	(Times)	0.63	0.80	1.50
Unearned Premium Reserve Per Equity	(Times)	0.18	0.19	0.17
Unearned Premium Reserve Per Total Assets	(%)	9.70	8.99	6.29
Payout Ratio	(%)	76.27	100.00	84.75
Data Per Share				
Per Value	Baht	1.00	1.00	1.00
Book Value	Baht	19.89	19.00	18.80
Net Profit (Loss)	Baht	2.36	0.38	(1.82)
Dividend	Baht	*1.80	0.38	1.00

* Dividend per share from the operating result in 2013 is pending approval from the Shareholders' Meeting.

** Loss ratio is ratio under normal operating circumstances and exclude loss ratio from the 2011 Flooding.

FINANCIAL RECORDS

(Unit : Million Baht)

	2013	2012	2011
Statement of Income			
Gross premium written	2,988.85	2,765.83	2,418.59
Premium ceded	1,067.95	954.75	823.38
Net premium written	1,920.90	1,811.08	1,595.21
Unearned premium reserve increase (decrease) from previous year	12.25	101.21	(66.25)
Earned premium	1,908.65	1,709.87	1,661.46
Underwriting income	2,139.13	1,901.46	1,883.37
Underwriting expenses	1,601.71	1,748.48	2,462.06
Profit (loss) on underwriting	537.42	152.98	(578.69)
Profit on investment	567.96	284.92	332.58
Other income	7.50	7.99	22.60
Profit (loss) on underwriting and investment	1,112.88	445.89	(246.11)
Operating expenses	451.15	303.60	295.74
Profit (loss) before income taxes	661.73	142.29	(519.25)
Corporate income tax expense (income)	71.79	47.35	(64.16)
Net profit (loss)	589.94	94.94	(455.09)
Earnings (loss) per share (Baht)	2.36	0.38	(1.82)
Balance Sheet			
Total assets	9,382.96	9,984.27	12,666.64
Premises and equipment	56.03	57.45	65.19
Total Liabilities	4,410.55	5,233.13	7,966.55
Total Shareholders' Equity	4,972.41	4,751.14	4,700.09
Book Value (Baht)	19.89	19.00	18.80
Dividend per share (Baht)	*1.80	0.38	1.00
Return on Equity (%)	12.13	2.01	(8.87)

* Dividend per share from the operating result in 2013 is pending approval from the Shareholders' Meeting.

RISK FACTORS

Major factors and influences that could affect the Company and its subsidiary's operations and future financial performance are discussed below.

MARKET RISK

The Company's investment portfolio is affected by interest rate and stock market fluctuations, as well as local and global economic and political volatility.

In 2013, the world capital markets were impacted by changes in the US monetary policy. Economic recovery in the US, Japan, and Europe further turned the attention of investors to invest in these developed markets causing funds to move out of the Stock Exchange of Thailand (SET) and thereby pushing the index down by 6.7% by end of 2012. During 2013, the SET index was extremely volatile, peaking at 1,643.43, the highest in the last 20 years and diving to its low point by the end of the year, at 1,298.71 or 6.70% lower from previous year. During 2013 the SET index reached the highest point at 1,643.43 points (on May 21, 2013) and the lowest points at 1,275.76 points (on August 28, 2013). The overall Thai economy grew at a slower rate due to economic and political uncertainties in the last half of the year which impacted the government's infrastructure investment plans as well as the short-term growth of the economy.

At the end of 2013, the Company and its subsidiary had Baht 29.03 million in unrealized gains from surplus on revaluation of investment, a decrease of Baht 97.76 million from the Baht 126.79 million of the same period in 2012.

With continued low interest rates, the recovering local economy, growth of publicly listed companies, and the attractive Thai stock market, the Company maintains a positive outlook on medium- to-long term investments in equity instruments. Our strategy for managing investment focuses on the individual selection of stocks augmented by qualitative and quantitative analysis tools and regular monitoring of their performance. Guided by the principles of conservative investing and maintaining financial strength and stability, the Company believes that it will continue to generate good returns from its investments in the market, balanced with acceptable risk, for the greatest benefit to shareholders.

LIQUIDITY RISK

The Company has both short- and long-term financial investments to manage its liquidity efficiently and assure daily cash flow. In addition, there is a change management policy on investments for high return at low risk that is suitable to every situation and considers the liquidity of each invested security.

On December 31, 2013, the Company and its subsidiary had assets in the form of cash and deposits with financial institutions amounting to Baht 1,687.25 million. Among the Company's investments, Baht 2,031.86 million was in securities, and Baht 207.67 million was in deposits at financial institutions with terms to maturity of over three months. These investments are shown at fair value, and major short- and long-term investments were made after consideration of the liquidity of each security as required by the secondary market.

OPERATIONAL RISK

This may occur from operational errors that cause the Company to be unable to operate its business as usual, resulting in financial loss or damage to its reputation. In order to reduce such risks, the Company has a committee with the authority and duty to manage the Company in accordance with the law, as well as the regulations and resolutions of the Shareholders' Meeting. An Executive Committee, Investment Committee, Audit Committee, Nomination & Remuneration Committee, and Compliance Committee have also been established and the scope of authority and duties of each committee clearly specified. The Company has organized training on risk management and set the policy and direction for operational risk management. In addition, the Company emphasizes internal controls on finance, operations, supervision and practice, and has established an Internal Audit Department charged with auditing its operations in accordance with the appropriate controls.

INSURANCE RISK

Damages to insured property arising from disasters and/or accidents that the Company has agreed to cover are honored through claims. Thus, the Company manages its risk and follows underwriting procedures by considering the insured, the nature of the business,

risk, and prevention. The Company also shares its risks by arranging treaty reinsurance and facultative reinsurance with secured, first-class reinsurance companies both within the country and abroad. In 2013, the Company had ceded premiums in the amount of Baht 1,067.95 million from its total written premiums of Baht 2,988.85 million, a proportion of 35.73 of total written premiums, with the remaining balance retained by the Company. However, the Company also ceded non-proportional reinsurance, which did not limit the liability of the reinsurer in proportion to the liability of the reinsured, such as excess of loss reinsurance. This type of reinsurance covers losses in excess of the limited amount agreed to in the treaty, and reinsurers use it to limit their liability. Thus, this reinsurance will reduce the risk of the Company in operating its insurance business, as in cases of major loss it will be liable for the limited amount in excess of the loss treaty and the excess amount can be recovered from the reinsurer. In 2013, premiums for excess of loss reinsurance amounted to Baht 134.59 million, Baht 26.73 million, or 16.57%, lower than the previous year's Baht 161.32 million. The reduction in excess of loss reinsurance was due to the lowering of premium rate of foreign reinsurance companies as a result of decreasing of loss incurred.

CREDIT RISK

Credit risk is an investor's risk of financial loss arising from a counterparty who does not make payments as promised or from insuring parties or counterparties whose credit rating is downgraded. Counterparties as used herein refers to issuers of promissory notes, debtors, or reinsurance counterparties, as well as treaty-related insurance intermediaries and brokers. An example of credit risk is the default risk that an organization will not pay out, or postpones payment on, a credit insurance contract or other trade or transaction on time.

A downgrade in the credit rating of the issuer or the reinsurers will eventually affect the current value of the contract. Therefore, the Company has instituted the appropriate policy for working with both domestic and international reinsurance companies. In addition, investments in debt securities are only made with private companies with a strong financial background based on their credit rating.

As at December 31, 2013, the Company and its subsidiary had a fund in the amount of Baht 2.68 million for loans to its employees who have guarantors in accordance with the rules of the employee loan welfare policy, with interest charged. The Company follows the rules, procedures and conditions specified in the announcement of the Ministry of Commerce on the matter of insurance company investment in other businesses.

RISK FROM DEPENDENCE ON MAJOR CUSTOMERS

At present, the Company and its subsidiary receives fire premiums from Bank of Ayudhya Public Company Limited and a large number of their debtors and depositors, amounting to 51.90% of the overall fire premiums of the Company in 2013. The Company and its subsidiary have coordinated with the Bank of Ayudhya to set up a Bancassurance unit that allows the bank to act as an insurance broker. To date, the Company has a good relationship with the bank, which continues to direct insurance business to the Company.

OVERDUE PREMIUM COLLECTION RISK

For the non-life insurance business of the subsidiary, the distribution channels are agents and brokers. The subsidiary issues policies through agents and brokers, and both are able to collect premiums from customers within a specified period. The subsidiary might be subject to uncollected premium risks if the agents or brokers are faced with a liquidity crisis or other financial problem, which makes it a risk for the non-life insurance business.

The Company has issued a policy to manage premium collection that concisely indicates the credit terms for long-outstanding premiums. A meeting on credit control is held monthly to follow up on long-overdue accounts in order to comply with the regulations of the Office of Insurance Commission (OIC). When an outstanding account exceeds the specified term of the agreement, the credit control unit will be take over and follow up with collection procedures.

To analyse and monitor the financial status and stability of insurance companies, the OIC introduced the Early Warning System - a tracking system using measurements from a group of financial ratio for analysis. To appraise outstanding premiums, the ratio method is used as a criterion to measure the quality of assets of insurance companies. At the end of 2013, the subsidiary showed the ratio of appraised outstanding premiums at 90.38% while the minimum standard ratio was 80%.

DIVIDEND POLICY

The Company has a policy to pay dividend to its shareholders at a rate of not less than 60% of net profit after tax annually, but dependent upon performance and shareholders' resolution that will be considered from the Company's consolidated financial statements.

SUBSIDIARIES' DIVIDEND PAYOUT POLICY

Dividend payments by the subsidiary must be approved by a resolution of the shareholders at a general shareholders' meeting and must be in compliance with relevant rules and regulations.

In each case, the subsidiary must allocate to a reserve fund from the annual net profit, not less than 5% 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 10% of the authorized capital.

- **Obligation incurred through the issuance of Common Stocks:**

None

- **Debenture and Promissory Notes:**

The Company has never issued debentures or promissory notes.

GENERAL INFORMATION

OFFICE

Bangkok : 898 Ploenchit Tower 7th Fl., Ploenchit Road,
Lumpini, Pathumwan, Bangkok 10330, Thailand.
Tel. : +66-2657-2970
Fax : +66-2657-2971
Email : info@ayud.co.th
Website : www.ayud.co.th

REGISTRATION AND SHAREHOLDING STRUCTURE

Type of registration : Public Company Limited
Registration number : 0107537001391
Type of business : Investment holding company with
investment focus in the insurance
business

AUTHORIZED SHARE CAPITAL

Ordinary shares : 500 million ordinary shares at Baht 1.00
per share
Total : Baht 500 million

ISSUED AND PAID-UP SHARE OF CAPITAL

Ordinary shares : 250 million ordinary shares at Baht 1.00
per share
Total : Baht 250 million

SUBSIDIARY

Sri Ayudhya General Insurance Public Company Limited
(formerly BT Insurance Co., Ltd.)
Head Office : 898 Ploenchit Tower 18th Fl., Zone A,
Ploenchit Road, Lumpini, Pathumwan,
Bangkok 10330, Thailand.
Tel. : +66-2657-2555
Fax : +66-2657-2500
Email : info@sagi.co.th
Website : www.sagi.co.th

ASSOCIATED COMPANY

Allianz Ayudhya Assurance Public Company Limited
Head Office : 898 Ploenchit Tower, Ploenchit Road, Lumpini,
Pathumwan, Bangkok 10330 Thailand
Tel : +66-2305-7000
Fax : +66-2305-7011
Website : www.azay.co.th

REFERENCES

Registrar
Thailand Securities Depository Co., Ltd.,
62 The Stock Exchange of Thailand Bldg., 4, 6-7 Fl.,
Rachadapisek Road, Klongtoey,
Bangkok 10110 Thailand
Tel. : +66-2229-2800, +66-2654-5599
Fax : +66-2359-1259

DEBENTURE HOLDER'S REPRESENTATIVE

-None-

AUDITOR

Dr. Suphamit Techamontrikul,
Certified Public Accountant Registration No. 3356 and/or
Mr. Permsak Wongpatcharapakorn,
Certified Public Accountant Registration No. 3427 and/or
Mr. Chavala Tienpasertkij,
Certified Public Accountant Registration No. 4301

DELOITTE TOUCHE TOHMATSU JAIYOS AUDIT CO., LTD.

Rajanakarn Building, 25th Floor, 183 South Sathorn Road,
Kwaeng Yannawa, Khet Sathorn, Bangkok 10120 Thailand
Tel. : +66-2676-5700
Fax : +66-2676-5757

FINANCIAL INSTITUTIONS

BANK OF AYUDHYA PUBLIC COMPANY LIMITED

Head Office
1222 Rama III Road, Bangponpang, Yannawa,
Bangkok 10120 Thailand
Tel. : +66-2296-2000

Ploenchit Branch

550 Ploenchit Road, Lumpini, Pathumwan,
Bangkok, 10330 Thailand
Tel. : +66-2208-2000

THE THAI MILITARY BANK PUBLIC COMPANY LIMITED

Phaholyothin Branch
3000 Phaholyothin Road, Ladyao, Chatuchak,
Bangkok 10900 Thailand
Tel. : +66-2299-1111

KASIKORN BANK PUBLIC COMPANY LIMITED

Lang Suan Branch
99/8 Lang Suan Road, Lumpini, Pathumwan,
Bangkok 10300 Thailand
Tel. : +66-2652-0240-2

Ratburana Branch

1 Ratburana Road, Ratburana, Bangkok 10140 Thailand
Tel. : +66-2871-3650-5

THE GOVERNMENT HOUSING BANK

Head Office
63 Rama 9 Road, Huai Khwang, Bangkok 10320 Thailand
Tel. : +66-2645-9000

THANACHART BANK PUBLIC COMPANY LIMITED

Tonson Branch
900 Tonson Tower, Ploenchit Road, Lumpini, Pathumwan,
Bangkok 10330 Thailand
Tel. : +66-2655-9000

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