

24 February 2014

Subject: Explanation of changes in operating result
To: The President
The Stock Exchange of Thailand

The Navakij Insurance Public Company Limited (the “Company”) would like to clarify the Operating Results and the Financial Statements in which the equity method is applied for the period ended 31 December 2013.

Operating Results

As of 2013, the Company’s operating results represented net profit of 247.81 million Baht, an increase of 210 million Baht or 555.45 % from the same period of the previous year of 37.81 million Baht. Return on Equity or ROE was 11.56 % comparing to 1.92 % of last year and Earning per share was 8.26 Baht compared to last year having 1.26 Baht per share.

Underwriting Income

As of 2013, The Company’s net profit from operating before income on investment was 58.20 million Baht comparing to loss of 176.67 million Baht with the same period of the previous year. 2013 stabilized operating results resulted from underwriting income of 2,109.93 million Baht, increased by 299.63 million Baht or 16.55 % from the same period of the previous year of 1,810.31 million Baht. Net earned premium was 1,977.24 million Baht, an increase of 335.32 million Baht or 20.42 % from the same period of the previous year of 1,641.92 million Baht. The increase of net earned premium was due to the adjustment rate of the retention of fire insurance from 21.94 % to 42.43 %, including the growth of motor insurance of branch offices which increased by 22.43%

Underwriting Expenses

The Company’s underwriting expenses was 2,051.73 million Baht, increased by 64.76 million Baht or 3.26 % from the same period of the previous year of 1,986.97 million Baht. Claim and loss adjustment expenses of 1,046.76 million Baht, reduced by 45.67 million Baht or 4.18% from the same period of the previous year. Commissions and brokerages expenses was 458.21 million Baht, reduced by 12.59 million Baht or 2.67% from the last year. Other underwriting expenses was 391.13 million Baht, an increase of 93.83 million Baht, due to the recognition of the doubtful accounts from reinsurance claims of 64 million Baht.

Investment and Other income

Investment income was 192.05 million Baht, decreased by 51.42 million Baht compared with the same period of the previous year. Income from interest and dividend was 103.39 million Baht, increased by 8.16 million Baht or 8.57% from the last year. Gains on sales of securities of 88.66 million Baht decreased by 59.58 million Baht or 40.19 % from the last year. Share of profit from investment in associate company of 43.85 million Baht increased by 30.17 million Baht or 220.54%.

Financial Status

As of 31 December 2013, total assets was 6,566.60 million Baht, decreased by 13,948.87 million Baht or 68 % comparing to 20,515.47 million baht of the previous year. Total liabilities was 4,404.93, decreased by 13,986.09 million Baht or 76.05% from the same period of the previous year. The high reduction was due to a settlement of outstanding claims and claim recovery from reinsurers. Furthermore, 200 million Baht cash outflow of loan repayment has been paid since 2013

As of 31 December 2013, shareholder's equity was 2,161.67 million Baht, an increase of 37.23 million Baht or 1.75% from the last year, mainly due to the increasing of unappropriated retained earning of 217.81 million Baht which was a result of the increasing of 2013 net profit from operating. The reduction of other components of equity of 180.58 million Baht, which resulted from losses on changes in value of investment in associate company and investment of securities, were presented on the other comprehensive income for the year - net of tax.

Please be informed accordingly.

Yours faithfully,
The Navakij Insurance Public Company Limited

(Pitiphong Bisalputra)
President