



บริษัท ดีลอยท์ ทูเช่ โทมัทสึ
ไชยยศ สอบบัญชี จำกัด
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REPORT OF THE INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

TO THE SHAREHOLDERS AND THE BOARD OF DIRECTORS SRI AYUDHYA GENERAL INSURANCE PUBLIC COMPANY LIMITED (FORMERLY "BT INSURANCE COMPANY LIMITED")

We have audited the statements of financial position of Sri Ayudhya General Insurance Public Company Limited (formerly "BT Insurance Company Limited") as at December 31, 2011 and 2010, and statements of comprehensive income, changes in equity and cash flows for the years then ended. These financial statements are the responsibility of the Company's management as to their correctness and completeness of the presentation. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the aforementioned financial statements present fairly in all material respects the financial position of Sri Ayudhya General Insurance Public Company Limited (Formerly "BT Insurance Company Limited"), as at December 31, 2011 and 2010, and the result of its operations and its cash flows for the years then ended in conformity with generally accepted accounting principles.

Without qualifying our opinion, as discussed in Notes 2.1 and 3 to financial statements, since January 1, 2011, the Company has adopted the new and revised Thai Financial Reporting Standards issued by the Federation of Accounting Professions and presented the financial statements in accordance with 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, which was the effective from January 1, 2011, in preparation and presentation of these financial statements. The financial statements for year ended December 31, 2010, presented herein for comparison, are presented in the new format according to such Thai Financial Reporting Standards and Notification to conform to the financial statements for the year ended December 31, 2011.

As discussed in Note 1 to the financial statements, on September 1, 2011, the Company entered into the Transfer of Business Agreement to received transfers all insurance policies including assets and liabilities relating to non-life insurance operation of the parent company to the Company. On October 1, 2011, the Company has received transferred all insurance policies including assets and liabilities relating to non-life insurance operation from the Parent Company which the business has completely transferred by December 2011.



Niti Jungnitnirundr

Certified Public Accountant (Thailand)

Registration No. 3809

BANGKOK

February 28, 2012

DELOITTE TOUCHE TOHMATSU JAIYOS AUDIT CO., LTD.

SRI AYUDHYA GENERAL INSURANCE PUBLIC COMPANY LIMITED

(FORMERLY "BT INSURANCE COMPANY LIMITED")

STATEMENTS OF FINANCIAL POSITION

AS AT DECEMBER 31, 2011 AND 2010

BAHT

	Notes	2011	2010
ASSETS			
Cash and cash equivalents	5.2	738,838,576	54,578,170
Accrued investment income		6,092,344	5,003,415
Premium due and uncollected - net	6	212,918,012	44,895,889
Reinsurance assets	7	5,258,564,465	66,605,592
Investments			
Investment in securities	8		
Held for trading		-	123,462,830
Available for sale		1,306,740,390	1,154,956,537
Held-to-maturity financial assets		140,276,702	179,187,265
Non marketable equity securities		1,210,970	1,210,970
Total investment in securities		<u>1,448,228,062</u>	<u>1,458,817,602</u>
Loans	9	3,634,454	-
Leasehold improvement and equipment - net	10	44,968,078	3,473,998
Intangible assets - net	11	123,688,225	629,879
Deferred tax assets	12	363,928,262	36,112,260
Deferred commission expense		38,408,230	14,002,350
Other assets	13	47,786,740	12,739,798
TOTAL ASSETS		<u><u>8,287,055,448</u></u>	<u><u>1,696,858,953</u></u>

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

SRI AYUDHYA GENERAL INSURANCE PUBLIC COMPANY LIMITED

(FORMERLY "BT INSURANCE COMPANY LIMITED")

STATEMENTS OF FINANCIAL POSITION (CONTINUED)

AS AT DECEMBER 31, 2011 AND 2010

BAHT

	Notes	2011	2010
LIABILITIES AND EQUITY			
Income tax payable		-	5,966,853
Due to reinsurers	14	365,991,552	28,030,750
Insurance contract liabilities			
Loss reserves and outstanding claims	15	6,228,597,925	107,204,337
Premium reserve	16	796,725,370	204,792,352
Payable from parent company - share subscription to be returned	17	-	895,679,779
Employee benefit obligation	18	38,478,748	5,743,440
Deferred tax liabilities	19	887,239	500,456
Premium written received in advance		256,904,126	88,619,202
Commission and brokerage payables		40,040,187	5,964,916
Accrued expense		28,136,404	12,582,888
Other liabilities	20	54,266,771	10,095,128
TOTAL LIABILITIES		<u>7,810,028,322</u>	<u>1,365,180,101</u>

SRI AYUDHYA GENERAL INSURANCE PUBLIC COMPANY LIMITED

(FORMERLY "BT INSURANCE COMPANY LIMITED")

STATEMENTS OF FINANCIAL POSITION (CONTINUED)

AS AT DECEMBER 31, 2011 AND 2010

BAHT

	Notes	2011	2010
LIABILITIES AND EQUITY (CONTINUED)			
EQUITY			
Share capital	22		
Authorized share capital			
120,000,000 ordinary shares of Baht 10.00 each		<u>1,200,000,000</u>	
30,000,000 ordinary shares of Baht 10.00 each			<u>300,000,000</u>
Issued and paid-up share capital			
120,000,000 ordinary shares of Baht 10.00 each		1,200,000,000	
30,000,000 ordinary shares of Baht 10.00 each			300,000,000
Retained earnings (deficit)			
Unappropriated		(725,943,193)	30,511,122
Other components of equity			
Surplus on revaluation of investment	5.1	<u>2,970,319</u>	<u>1,167,730</u>
TOTAL EQUITY		<u>477,027,126</u>	<u>331,678,852</u>
TOTAL LIABILITIES AND EQUITY		<u><u>8,287,055,448</u></u>	<u><u>1,696,858,953</u></u>

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

SRI AYUDHYA GENERAL INSURANCE PUBLIC COMPANY LIMITED

(FORMERLY "BT INSURANCE COMPANY LIMITED")

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

BAHT

	Notes	2011	2010
Revenues			
Net premium earned	25	680,245,675	312,873,254
Fee and commission income	25	66,923,952	29,503,838
Total revenues		<u>747,169,627</u>	<u>342,377,092</u>
Expenses			
Underwriting Expenses			
Losses incurred			
Insurance claims and loss adjustment expense			
- Normal operation	25	313,004,073	174,730,353
- Suffering losses from flooding in Thailand	25 and 42	1,030,388,876	-
Commissions and brokerage expenses	25	116,264,199	45,069,172
Other underwriting expenses	25	127,211,600	68,768,950
Operating expenses	26	92,787,418	51,730,628
Total Underwriting Expenses		<u>1,679,656,166</u>	<u>340,299,103</u>
Gain (loss) on underwriting		(932,486,539)	2,077,989
Net investment income		30,009,115	11,126,477
Gain (loss) on investment in securities	28	(152,201)	2,164,159
Other income		4,942,219	817,326
Gain (loss) from operating		<u>(897,687,406)</u>	<u>16,185,951</u>

SRI AYUDHYA GENERAL INSURANCE PUBLIC COMPANY LIMITED

(FORMERLY "BT INSURANCE COMPANY LIMITED")

STATEMENTS OF COMPREHENSIVE INCOME (CONTINUED)

FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

		BAHT	
	Notes	2011	2010
Contribution to the Office of Insurance Commission		2,589,509	1,209,044
Contribution to Non - life guarantee fund		2,055,486	768,429
Contribution to Road victims protection fund		119,744	109,295
Income (loss) before income tax expense		<u>(902,452,145)</u>	14,099,183
Income tax - expense (income)	29	<u>(145,997,830)</u>	3,116,601
Net income (loss)		<u>(756,454,315)</u>	<u>10,982,582</u>
Other comprehensive income			
Surplus on revaluation of investments	5.1	2,189,372	7,039,640
Income tax relating to other comprehensive income	5.1	<u>(386,783)</u>	<u>(2,111,892)</u>
Other net comprehensive income			
for the years - net of tax		<u>1,802,589</u>	<u>4,927,748</u>
Total comprehensive income (expense)			
for the years		<u>(754,651,726)</u>	<u>15,910,330</u>
Basic earnings (loss) per share	30 Baht	(6.72)	0.37

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

SRI AYUDHYA GENERAL INSURANCE PUBLIC COMPANY LIMITED
(FORMERLY "BT INSURANCE COMPANY LIMITED")

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

BAHT

	Notes	Issued and paid-up share capital	Unappropriated Retain earnings	Other components of equity - Surplus (deficit) on revaluation of investments	Total equity
Beginning balance as at January 1, 2010		300,000,000	19,528,540	(3,760,018)	315,768,522
Comprehensive income for the year	5.1	-	10,982,582	4,927,748	15,910,330
Ending balance as at December 31, 2010		<u>300,000,000</u>	<u>30,511,122</u>	<u>1,167,730</u>	<u>331,678,852</u>
Beginning balance as at January 1, 2011		300,000,000	30,511,122	1,167,730	331,678,852
Increase in share capital	22	900,000,000	-	-	900,000,000
Comprehensive income (loss) for the year	5.1	-	(756,454,315)	1,802,589	(754,651,726)
Ending balance as at December 31, 2011		<u>1,200,000,000</u>	<u>(725,943,193)</u>	<u>2,970,319</u>	<u>477,027,126</u>

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

SRI AYUDHYA GENERAL INSURANCE PUBLIC COMPANY LIMITED

(FORMERLY "BT INSURANCE COMPANY LIMITED")

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

BAHT

	Notes	2011	2010
CASH FLOWS PROVIDED BY (USED IN)			
OPERATING ACTIVITIES			
Direct premium received		916,534,013	436,222,994
Cash received from reinsurance		78,380,283	36,745,812
Losses incurred from direct insurance		(690,272,113)	(232,536,504)
Loss adjustment expenses from direct insurance		(49,788,615)	(4,833,894)
Commissions and brokerages from direct insurance		(106,317,369)	(41,011,592)
Other underwriting expenses		(124,150,073)	(51,733,533)
Interest income		40,611,399	10,207,398
Net Investment income		374,929	-
Other income		3,897,450	817,326
Operating expenses		(89,218,057)	(75,696,908)
Income tax		(21,797,907)	(8,008,889)
Net cash provided by (used in) operating activities		<u>(41,746,060)</u>	<u>70,172,210</u>
CASH FLOWS PROVIDED BY (USED IN)			
INVESTING ACTIVITIES			
CASH FLOWS PROVIDED BY			
Investment in securities		355,422,175	897,517,317
Loans		549,133	-
Leasehold improvement and equipment		1,491,314	7,407
Deposits at financial institutions with maturity over 3 months		170,589,134	14,784,541
Cash provided by investing activities		<u>528,051,756</u>	<u>912,309,265</u>

SRI AYUDHYA GENERAL INSURANCE PUBLIC COMPANY LIMITED

(FORMERLY "BT INSURANCE COMPANY LIMITED")

STATEMENTS OF CASH FLOWS (CONTINUED)

FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

		BAHT	
	Notes	2011	2010
CASH FLOWS USED IN			
Investment in securities		(441,917,407)	(975,785,795)
Loans		(1,102,900)	-
Cash payment to parent company-share subscription to be returned		(21,625,495)	-
Cash payment to parent company - transferred non-life insurance business		(59,469,514)	-
Deposits at financial institutions with maturity over 3 months and deposits used as collateral		(168,178,572)	-
Leasehold improvement and equipment		(9,751,402)	(253,558)
Cash used in investing activities		(702,045,290)	(976,039,353)
Net cash used in investing activities		(173,993,534)	(63,730,088)
CASH FLOWS PROVIDED BY FINANCING ACTIVITIES			
Cash received from increase in share capital		900,000,000	-
Net cash provided by financing activities		900,000,000	-
Net increase in cash and cash equivalents		684,260,406	6,442,122
Cash and cash equivalents as at January 1,		54,578,170	48,136,048
Cash and cash equivalents as at December 31,	5.2	738,838,576	54,578,170

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

SRI AYUDHYA GENERAL INSURANCE PUBLIC COMPANY LIMITED
(FORMERLY "BT INSURANCE COMPANY LIMITED")
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

1. OPERATION OF THE COMPANY

Sri Ayudhya General Insurance Public Company Limited ("the Company") (formerly "BT Insurance Company Limited") 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. The Company's office was registered at CIMB Thai Building, 16th floor, 44 Soi Langsuan, Ploenchit Road, Lumpini, Pathumwan, Bangkok. Subsequently, on March 7, 2011, the Company has registered with the Ministry of Commerce to relocate its office to Ploenchit Tower, 18th floor, 898 Ploenchit Road, Lumpini, Pathumwan, Bangkok.

Formerly, the major shareholder company is CIMB Thai Bank Public Company Limited which was incorporated in Thailand, holding 99.99% of its share capital. The Ultimate Parent Company is CIMB Group Holdings Berhad which was incorporated in Malaysia.

Subsequently, on March 15, 2010, The Ayudhya Insurance Public Company Limited entered into the Share Purchase Agreement ("SPA") with CIMB Thai Bank Public Company Limited ("CIMBT") for acquisition of the Company's 29,999,998 ordinary shares, representing 99.99% of the total issued and fully-paid share capital of the Company and on November 4, 2010, the Company's shares have been transferred to The Ayudhya Insurance Public Company Limited resulting in The Ayudhya Insurance Public Company Limited becoming a parent company of the Company as of that date.

On December 7, 2010, the extraordinary shareholders' meeting No. 3/2010 passed a special resolution to change the Company's name from "BT Insurance Company Limited" to "Sri Ayudhya General Insurance Company Limited". The Company registered the change in its name with the Department of Business Development on January 31, 2011.

On December 23, 2010, The Ayudhya Insurance Co., Ltd, a parent company, registered the change in its name with the Department of Business Development to "Sri Ayudhya Capital Co., Ltd."

On September 1, 2011, the Company and the parent company entered into the Transfer of Business Agreement to transfer all insurance policy including assets and liabilities relating to non-life insurance operations from the parent company ("non-life insurance business transfer"). The responsibilities and obligations under exiting insurance policy made between the parent company and clients or other parties will be responded by the Company. The non-life insurance business transfer prices on the transferred non-life insurance business date are based on the book values of assets and liabilities of the parent company as at September 30, 2011. The condition to determine the non-life insurance business transfer prices are as follows:

- (1) If the book value of assets to be transferred exceeds the book value of liabilities to be transferred, the Company is required to pay amount that assets over liabilities to the parent company.
- (2) If the book value of liabilities to be transferred exceeds the book value of assets to be transferred, the parent company is required to pay amount that liabilities over assets to the Company.

Additional, the Transfer of Business Agreement states that the obligations relating to all expenditure under the transfer of non-life insurance business will be responded by the Company.

Total assets held for transfer and liabilities held for transfer are as follows:

	Baht: million
	Book value
	as at
	September 30,
	2011
Assets	
Premiums due and uncollected - net	172.05
Reinsurance assets	317.51
Loans	3.08
Equipment - net	40.56
Intangible assets - net	125.05
Deferred tax assets	175.42
Other assets	32.93
Total Assets	<u>866.60</u>
Liabilities	
Due to reinsurers	251.72
Insurance contract liabilities	
Outstanding claims	462.26
Premium reserve	655.14
Employee benefit obligation	29.74
Premium written received in advance	136.64
Commission and brokerage payables	34.80
Other liabilities	24.60
Total liabilities	<u>1,594.90</u>
Liability over assets	<u>728.30</u>

On October 1, 2011, the Company has been transferred non-life insurance operation from the parent company. And on November 30, 2011, the Company received the amount that liabilities over assets amounting to Baht 728.30 million for the transfer of insurance business from the parent company by transferring of bonds at cost amounting to Baht 775.24 million which it has fair value including accrued interest amounting to Baht 787.77. For the excess amounting to Baht 59.47 million, the Company paid cash to the parent company. However, in December 2011, the company found that the book value of deferred tax assets to be transferred from the parent company has difference amounting to Baht 8.92 million. As a result, the Company has to adjust by being received from the parent company at the same amount. As at December 31, 2011, the Company has not yet received such additional amount. The Company recorded such transaction in a part of other assets (see Note 5.1.3).

Subsequently, on February 24, 2012, the Company has already received such additional amount from the parent company.

On October 3, 2011, the Company was registered to be Public Company Limited with the Ministry of Commerce and has been already approved by the Office of Insurance Commission.

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

2. BASIS FOR PREPARATION OF THE FINANCIAL STATEMENTS

- 2.1 These financial statements are prepared in accordance with Thai Accounting Standard practices generally accepted in Thailand, where the format of financial statements is based on Thai Account Standard No. 1 (Revised 2009) "Presentation of Financial Statements" and the Notification of the Office of Insurance Commission regarding the Rules, Procedures, Conditions and Periods for Preparing and Submitting Financial Statements and Reports on the Operations of the Non-Life Insurance Business No. 2 B.E. 2553 dated May 27, 2010 which was effective from January 1, 2011. Therefore, the financial statements for year ended December 31, 2010, presented herein for comparison, are presented in the new format according to such Thai Financial Reporting Standards and Notification to conform to the financial statements for the year ended December 31, 2011.

The Company maintains its accounting records in Thai Baht and prepares its statutory financial statements in the Thai language in conformity with accounting standards and practices generally accepted in Thailand.

2.2 The Federation of Accounting Professions has issued the Notifications regarding the new and revised Thai Accounting Standards (TASs) and Thai Accounting Standards Interpretation (TSIs), which will become effective for the financial statements for the accounting periods beginning on or after January 1, 2013 onwards as follows:

TASs

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

TSIs

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

The Company's management will adopt the above TASs and TSIs relevant to the Company in the preparation of Company's financial statements when they become effective. The Company's management has assessed the effects of these standards and believes that they will not have any significant impact on the financial statements for the period in which they are initially applied. However, the Company has elected to early adopted TAS 12 "Income Taxes".

3. ADOPTION OF NEW AND REVISED THAI FINANCIAL REPORTING STANDARDS

Since January 1, 2011, the Company has adopted the new and revised Thai Financial Reporting Standards (TFRSs) issued by the Federation of Accounting Professions, which are effective for the financial statements for the accounting periods beginning on or after January 1, 2011 onwards, in preparation financial statements. Such TFRS have no significant impact to the Company's financial statements except for TAS 1 (Revised 2009) "Presentation of Financial Statements" which changed requirements about presentation in the financial statements. Therefore, it is affected the reclassification in the financial statements for the year ended December 31, 2010 presented for comparison (see Note 2.1).

4. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies below.

4.1 Recognition of revenues and expenses

Premium

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 period.

Reinsurance premium

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

Commissions and brokerages income

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

Interest and dividends income

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

Commissions and brokerages and other expenses

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

4.2 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 of 3 months or less.

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.

4.3 Premium due and uncollected and allowance for doubtful accounts

Premium due and uncollected is stated at the net realizable value. Allowance for doubtful accounts is provided for the estimated losses that may be incurred in collection of premium due and uncollected. The allowance is generally based on collection experience and analysis of premium due and uncollected aging.

4.4 Reinsurance assets

Reinsurance assets are presented by net received value which the Company record allowance for doubtful debt for the loss by estimated basic from experience uncorrected receivable and analysis aging reinsurance receivable.

4.5 Investment in securities

Securities classified as trading are stated at fair value. Gain or loss on the change in fair value is recognized in the statement of comprehensive income.

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 is based on the last 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.

4.6 Leasehold improvement and equipment

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

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

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

4.7 Intangible assets

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

Amortization is charged to the statement of 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

4.8 Unearned premium reserve

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

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

4.9 Loss reserve and outstanding claims

Loss reserve and outstanding claims have been provided upon receipt of claim advices from the insured and recorded at the amount appraised by an independent appraiser or by the Company's appraiser. In addition, the Company records a provision for losses incurred but not yet reported (IBNR) equal to the higher of the amount calculated under the actuarial method and 2.5% of net premium written for the last 12 months, according to the notification of the Office of Insurance Commission regarding "Allocation of Unearned Premium Reserve and Loss Reserve" dated September 30, 2005.

4.10 Foreign currency transactions

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

4.11 Employee benefit

4.11.1 Provident fund

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

4.11.2 Post-employment benefits obligation

The Company provide for post-employment benefits obligation, payable to employees under the Thai Labor Protection Act. The liability in respect of employee benefits is the present value of the defined benefit obligation which is calculated by using the actuarial technique. 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. Actuarial gains or losses will be recognized in the statements of income in the period to which they are related. The costs associated with providing these benefits are charged to the statements of income so as to spread the cost over the employment period during which the entitlement to benefits is earned.

4.12 Income tax expenses (income)

The Company has early adopted Thai Accounting Standard No.12 “Income Taxes”.

Income tax expenses (income) is based on the taxable profit (loss) 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.

4.13 Basic earnings (loss) per share

Basic earnings (loss) per share is calculated by the number of weighted average ordinary shares outstanding at the end of the year. In the case of a capital increase, the number of shares is equal to the weighted average according to the time of the subscription received for the increase in paid-up share capital. The Company does not has any common share equivalents outstanding which would have had a dilutive effect on earnings (loss) per share.

4.14 Use of accounting estimates

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

5. ADDITIONAL INFORMATION FOR CASH FLOWS

5.1 Non-cash items

5.1.1 As at December 31, 2011 and 2010, the surplus on revaluation of investments which is presented in other components of equity were shown net of deferred tax liabilities as follows:

	2011	2010
	Baht	Baht
Unrealized gain on investment in available for sale	3,857,558	1,668,186
<u>Less</u> Deferred tax liabilities (see Note 19)	<u>(887,239)</u>	<u>(500,456)</u>
Surplus on revaluation of investments - net	<u>2,970,319</u>	<u>1,167,730</u>

For the years ended December 31, 2011 and 2010, changes in surplus on revaluation of investments - net of deferred tax were as follows:

	2011	2010
	Baht	Baht
Increase of unrealized gain on investment in available for sale	2,189,372	7,039,640
Increase of deferred tax liabilities	<u>(386,783)</u>	<u>(2,111,892)</u>
Increase of surplus on revaluation of investments - net	<u>1,802,589</u>	<u>4,927,748</u>

5.1.2 On December 8, 2010, the Company received bonds at fair value amounting to Baht 891.88 million (Bonds amounting to 876.76 million and accrued interest amounting to Baht 15.12 million) from the parent company. Subsequently, on January 20, 2011, the Company returned such bonds and cash to the parent company (see Note 17).

5.1.3 As at December 31, 2011, the Company has to adjust by additional received from the parent company amounting to Baht 8.92 million. The Company recorded such transaction in a part of other assets for the separate financial statements as at December 31, 2011 (see Note 1).

5.2 Cash and cash equivalents as at December 31, 2011 and 2010 consist of the following:

	2011	2010
	Baht	Baht
Cash	190,000	179,829
Deposits at bank - call deposits	633,648,576	54,398,341
Deposits at bank - time deposits and certificate of deposits	<u>219,776,702</u>	<u>117,187,265</u>
	853,615,278	171,765,435
<u>Less</u> Deposits at bank with maturity over 3 months	<u>(30,776,702)</u>	<u>(54,632,435)</u>
Deposits at bank used as collateral	<u>(84,000,000)</u>	<u>(62,554,830)</u>
Cash and cash equivalents	<u>738,838,576</u>	<u>54,578,170</u>

6. PREMIUM DUE AND UNCOLLECTED - NET

Premium due and uncollected - net as at December 31, 2011 and 2010 were as follows:

	As at December 31, 2011				As at December 31, 2010			
	Agent and		Inward	Total	Agent and Broker		Inward	Total
	Insured	Broker			Insured	Broker		
	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht
Within credit terms	15,540,921	123,815,510	499,340	139,855,771	6,935,353	29,865,125	681,221	37,481,699
Less than 30 days	2,419,259	36,096,047	646,698	39,162,004	1,200,768	2,776,842	225,376	4,202,986
30 - 60 days	243,461	12,697,496	3,557,573	16,498,530	37,470	1,284,587	86,682	1,408,739
60 - 90 days	246,268	3,433,694	938,206	4,618,168	2,730	1,033,687	75,816	1,112,233
90 days - 1 year	218,440	7,686,950	7,762,711	15,668,101	54,850	1,695,761	423,759	2,174,370
Over 1 year	5,858,716	459,049	-	6,317,765	2,752	49,999	34,928	87,679
Total premium due and uncollected	24,527,065	184,188,746	13,404,528	222,120,339	8,233,923	36,706,001	1,527,782	46,467,706
Less allowance for doubtful accounts	(6,077,156)	(3,125,171)	-	(9,202,327)	-	(1,571,817)	-	(1,571,817)
Premium due and uncollected - net	18,449,909	181,063,575	13,404,528	212,918,012	8,233,923	35,134,184	1,527,782	44,895,889

The Company received transferred premium due and uncollected net relating to non-life insurance operation from the parent company which book value as at September 30, 2011 amounted of Baht 172.05 million (see Note 1).

7. REINSURANCE ASSETS

Reinsurance assets as at December 31, 2011 and 2010 were as follows:

	2011 Baht	2010 Baht
Deposit on reinsurance	2,252	-
Due from reinsurers	247,817,366	12,700,737
Insurance reserve refundable from reinsurers	5,010,744,847	53,904,855
Reinsurance assets	<u>5,258,564,465</u>	<u>66,605,592</u>

Insurance reserve refundable from reinsurers as at December 31, 2011 has included an expected refundable from reinsurers caused by suffering losses from flooding in Thailand amounting to Baht 4,947.59 million (see Note 42).

Aging analyze for due from reinsurers as at December 31, 2011 and 2010 were as follows:

	2011 Baht	2010 Baht
Within credit terms	240,324,406	7,908,903
Due within 12 months	7,445,883	4,791,834
Due within 1-2 years	25,531	-
Due more than 2 years	21,546	-
Due from reinsurers	<u>247,817,366</u>	<u>12,700,737</u>

8. INVESTMENTS IN SECURITIES

Investments in securities as at December 31, 2011 consisted of the following:

	Cost/Amortized cost	Unrealized gain	Unrealized loss	Fair value	Percentage of investment per total assets
	Baht	Baht	Baht	Baht	
Available for sale					
Government and state enterprise securities					
Government bonds	129,601,581	1,416,849	-	131,018,430	1.58
State enterprise bonds	284,109,099	626,531	(308,806)	284,426,824	3.43
Treasury bills	108,032,893	-	(17,999)	108,014,894	1.30
Total	521,743,573	2,043,380	(326,805)	523,460,148	6.31
Private enterprises securities					
Debenture	17,792,494	264,505	(3,778)	18,053,221	0.22
Unit trusts	58,363,554	2,996,487	(987,600)	60,372,441	0.73
Total	76,156,048	3,260,992	(991,378)	78,425,662	0.95
Foreign debt securities					
Bonds	700,277,924	9,899	(144,482)	700,143,341	8.45
Debenture	4,705,287	5,952	-	4,711,239	0.06
Total	704,983,211	15,851	(144,482)	704,854,580	8.51
Total available for sale	1,302,882,832	5,320,223	(1,462,665)	1,306,740,390	15.77
Held-to-maturity investment securities					
Private enterprises debt securities					
Notes				25,500,000	0.31
Total				25,500,000	0.31
Fixed deposit with maturity over 3 months					
Fixed deposit used as commercial bank				30,776,702	0.37
Fixed deposit used as collateral				84,000,000	1.01
Total				114,776,702	1.38
Total Held-to-maturity investment securities				140,276,702	1.69
Non-marketable equity securities					
Equity securities				1,210,970	0.01
Total Non-marketable equity securities				1,210,970	0.01

Debt securities as at December 31, 2011 classified by the remaining maturity were as follows:

	Maturities			Total Baht
	Within 1 year Baht	1 - 5 years Baht	Over 5 years Baht	
Available for sale				
Government and state enterprise securities				
Government bonds	-	72,125,756	57,475,825	129,601,581
State enterprise bonds	175,661,452	108,447,647	-	284,109,099
Treasury bills	108,032,893	-	-	108,032,893
<u>Add (Less) Unrealized gain (loss)</u>	<u>(321,568)</u>	<u>1,362,482</u>	<u>675,661</u>	<u>1,716,575</u>
Total	<u>283,372,777</u>	<u>181,935,885</u>	<u>58,151,486</u>	<u>523,460,148</u>
Private enterprises securities				
Debenture	12,530,021	5,262,473	-	17,792,494
<u>Add Unrealized gain</u>	<u>38,614</u>	<u>222,113</u>	<u>-</u>	<u>260,727</u>
Total	<u>12,568,635</u>	<u>5,484,586</u>	<u>-</u>	<u>18,053,221</u>
Foreign debt securities				
Bonds	299,627,890	400,650,034	-	700,277,924
Debenture	-	4,705,287	-	4,705,287
<u>Add Unrealized gain (loss)</u>	<u>9,899</u>	<u>(138,530)</u>	<u>-</u>	<u>(128,631)</u>
Total	<u>299,637,789</u>	<u>405,216,791</u>	<u>-</u>	<u>704,854,580</u>
Total Available for sale	<u>595,579,201</u>	<u>592,637,262</u>	<u>58,151,486</u>	<u>1,246,367,949</u>
Held-to-maturity investment securities				
Private enterprises debt securities				
Notes	23,000,000	2,500,000	-	25,500,000
Fixed deposit with maturity over 3 months	26,372,643	4,404,059	-	30,776,702
Fixed deposit used as collateral	84,000,000	-	-	84,000,000
Total Held-to-maturity investment securities	<u>133,372,643</u>	<u>6,904,059</u>	<u>-</u>	<u>140,276,702</u>
Total debt securities - net	<u>728,951,844</u>	<u>599,541,321</u>	<u>58,151,486</u>	<u>1,386,644,651</u>

Investments in securities as at December 31, 2010 consisted of the following:

	Cost/Amortized cost	Unrealized gain	Unrealized loss	Fair value	Percentage of investment per total assets
	Baht	Baht	Baht	Baht	
Held for trading					
Government and state enterprise securities					
Government bonds	8,197,209	-	(47,022)	8,150,187	0.48
State enterprise bonds	99,382,932	9	(386,158)	98,996,783	5.83
Total	107,580,141	9	(433,180)	107,146,970	6.31
Private enterprises securities					
Debenture	16,081,963	235,275	(1,378)	16,315,860	0.96
Total	16,081,963	235,275	(1,378)	16,315,860	0.96
Total Held for trading	123,662,104	235,284	(434,558)	123,462,830	7.27
Available for sale					
Government and state enterprise securities					
Government bonds	104,168,107	313,705	(753,454)	103,728,358	6.11
State enterprise bonds	247,671,238	85	(721,934)	246,949,389	14.55
Total	351,839,345	313,790	(1,475,388)	350,677,747	20.66
Private enterprises securities					
Debenture	29,672,099	567,414	(2,950)	30,236,563	1.78
Unit trusts	69,034,577	1,939,227	(610,200)	70,363,604	4.15
Total	98,706,676	2,506,641	(613,150)	100,600,167	5.93
Foreign securities					
Bond	707,062,551	-	(3,383,928)	703,678,623	41.47
Total	707,062,551	-	(3,383,928)	703,678,623	41.47
Total Available for sale	1,157,608,572	2,820,431	(5,472,466)	1,154,956,537	68.06
Held-to-maturity investment securities					
Private enterprises debt securities					
Notes				62,000,000	3.65
Total				62,000,000	3.65
Fixed deposit with maturity over 3 months					
Fixed deposit with commercial bank				54,632,435	3.22
Fixed deposit used as collateral				62,554,830	3.69
Total				117,187,265	6.91
Total Held-to-maturity investment securities				179,187,265	10.56
Non-marketable equity securities					
Equity securities				1,210,970	0.07
Total Non-marketable equity securities				1,210,970	0.07

Debt securities as at December 31, 2010 classified by the remaining maturity were as follows:

	Maturities			Total Baht
	Within 1 year Baht	1 - 5 years Baht	Over 5 years Baht	
Available for sale				
Government and state enterprise securities				
Government bonds	12,497,633	-	91,670,474	104,168,107
State enterprise bonds	171,816,893	75,854,345	-	247,671,238
<u>Add (Less) Unrealized gain (loss)</u>	<u>(349,921)</u>	<u>(883,897)</u>	<u>72,220</u>	<u>(1,161,598)</u>
Total	<u>183,964,605</u>	<u>74,970,448</u>	<u>91,742,694</u>	<u>350,677,747</u>
Private enterprises securities				
Debenture	8,950,105	17,662,423	3,059,571	29,672,099
<u>Add Unrealized gain</u>	<u>71,059</u>	<u>264,458</u>	<u>228,947</u>	<u>564,464</u>
Total	<u>9,021,164</u>	<u>17,926,881</u>	<u>3,288,518</u>	<u>30,236,563</u>
Foreign securities				
Bond	-	707,062,551	-	707,062,551
<u>Less Unrealized loss</u>	<u>-</u>	<u>(3,383,928)</u>	<u>-</u>	<u>(3,383,928)</u>
Total	<u>-</u>	<u>703,678,623</u>	<u>-</u>	<u>703,678,623</u>
Total Available for sale	<u>192,985,769</u>	<u>796,575,952</u>	<u>95,031,212</u>	<u>1,084,592,933</u>
Held-to-maturity investment securities				
Private enterprises debt securities				
Notes	36,500,000	25,500,000	-	62,000,000
Fixed deposit with maturity over 3 months	54,594,314	38,121	-	54,632,435
Fixed deposit used as collateral	62,554,830	-	-	62,554,830
Total Held-to-maturity investment securities	<u>153,649,144</u>	<u>25,538,121</u>	<u>-</u>	<u>179,187,265</u>
Total debt securities - net	<u>346,634,913</u>	<u>822,114,073</u>	<u>95,031,212</u>	<u>1,263,780,198</u>

As at December 31, 2010, available-for-sale securities-bond were included bonds at fair value amounting to Baht 887.56 million (Cost amounting to Baht 891.88 million and unrealized loss on change in fair value of bonds amounting to Baht 4.32 million) which was received from the parent company to increase in share capital of the Company and to be returned. On January 20, 2011, the Company returned such bonds to the parent company (see Note 17).

As at December 31, 2011, certain of bank deposits are pledged as collateral for bank overdrafts amounting to Baht 20 million (see Note 21).

As at December 31, 2011 and 2010, bonds and fixed deposits are pledged as collateral with the Registrar amounting to Baht 66.05 million and 42.30 million, respectively (see Note 34).

As at December 31, 2011 and 2010, certain of investment in securities and bank deposits are deposited with a bank as the Company's backup assets according to the Notification of the Office of Insurance Commission (see Note 35).

As at December 31, 2010, fixed deposits are pledged as collateral for insured amounting to Baht 0.10 million.

9. LOANS

Loans of the Company is loan to employees in accordance with the welfare policy of the Company with interest rate at 3.75% - 3.85% per annum.

10. LEASEHOLD IMPROVEMENT AND EQUIPMENT - NET

Leasehold improvement and equipment - net as at December 31, 2011 and 2010 consisted of the following:

	Cost		Accumulated depreciation						Ending balance of		
	As at	Disposal	Transfer	As at	Depreciation	Disposal	Transfer from	As at	Beginning balance of	Ending balance of	
	December 31, 2010	Baht	from parent Company*	December 31, 2010	Baht	Baht	parent Company*	December 31, 2011	Baht	leasehold improvement and equipment - net Baht	leasehold improvement and equipment - net Baht
Leasehold improvement	4,434,507	(3,850,428)	14,056,481	16,525,645	(4,013,376)	(501,839)	3,591,816	(12,583,140)	(13,506,539)	421,131	3,019,106
Furniture, fixtures and office equipment	14,609,003	(3,959,341)	94,556,728	108,683,960	(12,950,642)	(3,055,501)	3,910,599	(73,589,102)	(85,684,646)	1,658,361	22,999,314
Vehicles	5,547,862	(1,216,311)	32,228,210	38,608,508	(4,153,356)	(2,471,485)	1,077,120	(14,111,129)	(19,658,850)	1,394,506	18,949,658
Total	24,591,372	(9,026,080)	140,841,419	163,818,113	(21,117,374)	(6,028,825)	8,579,535	(100,283,371)	(118,850,035)	3,473,998	44,968,078

	Cost		Accumulated depreciation						Ending balance of	
	As at	Increase	Disposal	As at	Depreciation	Disposal	As at	Beginning balance of	Ending balance of	
	December 31, 2009	Baht	Baht	December 31, 2010	Baht	Baht	December 31, 2010	Leasehold improvement	Leasehold improvement	
Leasehold improvement	6,419,148	-	(1,984,641)	4,434,507	(5,455,090)	(492,054)	1,933,768	(4,013,376)	964,058	421,131
Furniture, fixtures and office equipment	15,171,044	253,558	(815,599)	14,609,003	(12,542,515)	(1,133,520)	725,393	(12,950,642)	2,628,529	1,658,361
Vehicles	5,547,862	-	-	5,547,862	(3,043,784)	(1,109,572)	-	(4,153,356)	2,504,078	1,394,506
Total	27,138,054	253,558	(2,800,240)	24,591,372	(21,041,389)	(2,735,146)	2,659,161	(21,117,374)	6,096,665	3,473,998

As at December 31, 2011 and 2010, certain fixed assets at cost of Baht 66.62 million and Baht 12.90 million, respectively, were fully depreciated but still in use.

* The Company received transferred equipment relating to non-life insurance operation from the parent company which book value as at September 30, 2011 amounted of Baht 40.56 million (see Note 1).

11. INTANGIBLE ASSETS - NET

Intangible assets - net as at December 31, 2011 and 2010 consisted of the following:

	Cost		Accumulated depreciation				Beginning balance of		Ending balance of											
	As at December 31, 2010	Increase Baht	Disposal Baht	Transfer from parent Company*	As at December 31, 2010	Amortization Baht	Decrease Baht	As at December 31, 2011	Transfer from parent Company*	As at December 31, 2011	As at December 31, 2010	Decrease Baht	As at December 31, 2010	Amortization Baht	Decrease Baht	As at December 31, 2010	As at December 31, 2011	As at December 31, 2010	As at December 31, 2011	
Purchase/																				
Subsequently acquired																				
Computer software	12,423,973	-	-	63,750,189	76,174,162	(1,794,094)	(1,813,696)	(43,246,413)	(29,638,623)	(43,246,413)										
Computer software in process	-	2,340,000	-	-	2,340,000	-	-	-	-	-										
Bancassurance agreement	-	-	-	100,000,000	100,000,000	(2,518,478)	(9,061,046)	(11,579,524)	(9,061,046)	(11,579,524)										
Total	12,423,973	2,340,000	-	163,750,189	178,514,162	(11,794,094)	(4,332,174)	(54,825,937)	(38,699,669)	(54,825,937)										
Purchase/																				
Subsequently acquired																				
Computer software	12,423,973	-	-	-	12,423,973	(11,256,359)	(537,735)	(1,167,614)	-	(1,167,614)										
Total	12,423,973	-	-	-	12,423,973	(11,256,359)	(537,735)	(1,167,614)	-	(1,167,614)										

As at December 31, 2011 and 2010, certain intangible assets at cost of Baht 24.34 million and Baht 11.35 million, respectively, were fully depreciated but still in use.

* The Company received transferred intangible assets relating to non-life insurance operation from the parent company which book value as at September 30, 2011 amounted of Baht 125.05 million (see Note 1).

12. DEFERRED TAX ASSETS

Deferred tax assets as at December 31, 2011 and 2010 are as follows:

	2011 Baht	2010 Baht
Deferred tax assets	<u>363,928,262</u>	<u>36,112,260</u>

Deferred tax assets as at December 31, 2011 and 2010 consist of tax effects from the following:

	As at December 31, 2010 Baht	Transactions recognized in profit or loss Baht	Transaction recognized in other comprehensive income Baht	Deferred tax assets transfer From parent company (See Note 1) Baht	As at December 31, 2011 Baht
Allowance for doubtful - premium due and uncollected	471,545	(439,702)	-	1,808,622	1,840,465
Allowance for doubtful-other receivable	2,827,549	(1,969,196)	-	-	858,353
Unearned premium reserve	16,338,896	(32,073,503)	-	98,554,707	82,820,100
Loss reserve - net	11,045,757	196,841,311	-	53,793,407	261,680,475
Incurred but not reported claims	3,165,167	(5,062,898)	-	9,786,208	7,888,477
Employee benefits obligation	1,723,032	3,663	-	-	1,726,695
Unrealized loss on the change in value of investments - trading securities	59,782	(59,782)	-	-	-
Others	480,532	4,080,363	-	2,552,802	7,113,697
Total deferred tax assets	<u>36,112,260</u>	<u>161,320,256</u>	<u>-</u>	<u>166,495,746</u>	<u>363,928,262</u>

	As at December 31, 2009 Baht	Transactions recognized in profit or loss Baht	Transaction recognized in other comprehensive income Baht	As at December 31, 2010 Baht
Allowance for doubtful - premium due and uncollected	277,962	193,583	-	471,545
Allowance for doubtful-other receivable	2,170,541	657,008	-	2,827,549
Unearned premium reserve	9,549,281	6,789,615	-	16,338,896
Loss reserve - net	12,523,480	(1,477,723)	-	11,045,757
Incurred but not reported claims	2,062,711	1,102,456	-	3,165,167
Employee benefits obligation	1,403,377	319,655	-	1,723,032
Unrealized loss on the change in value of investments - trading securities	-	59,782	-	59,782
Unrealized loss on the change in value of investments - available for sale	1,611,437	-	(1,611,437)	-
Others	672,543	(192,011)	-	480,532
Total deferred tax assets	<u>30,271,332</u>	<u>7,452,365</u>	<u>(1,611,437)</u>	<u>36,112,260</u>

The Company used a tax rate of 30% for calculation of deferred tax for the year ended December 31, 2010 and both 20% and 23% for calculation of deferred tax for the year ended December 31, 2011 (see Note 29).

13. OTHER ASSETS

Other assets as at December 31, 2011 and 2010 consisted of:

	2011	2010
	Baht	Baht
Other receivable	14,703,047	-
Accrued income - related company	11,820,911	-
Premium saving certificates used as collateral	12,500,000	3,000,000
Other assets	8,762,782	9,739,798
	<u>47,786,740</u>	<u>12,739,798</u>

14. DUE TO REINSURERS

Due to reinsurers as at December 31, 2011 and 2010 consisted of the following:

	2011	2010
	Baht	Baht
Premium ceded payables	76,477,492	8,890,465
Amount withheld on reinsurance	175,449,197	18,439,099
Other reinsurance payables - treaty	114,064,863	701,186
Total due to reinsurers	<u>365,991,552</u>	<u>28,030,750</u>

15. LOSS RESERVES AND OUTSTANDING CLAIMS

Loss reserves and outstanding claims as at December 31, 2011 and 2010 consisted of the following:

	2011	2010
	Baht	Baht
As at January 1,	107,204,337	61,324,828
Loss incurred and loss adjustment expenses during the years		
- Incurred but not reported	28,891,827	3,674,851
- Incurred but not yet agreed	6,090,183,085	42,204,658
- Incurred and agreed	316,906,110	197,642,258
Loss paid and loss adjustment paid during the years	(776,852,055)	(197,642,258)
<u>Add</u> Loss reserves and outstanding claims		
transfer from the parent company (see Note 1)	462,264,621	-
As at December 31,	<u>6,228,597,925</u>	<u>107,204,337</u>

As at December 31, 2011 and 2010, the Company had loss reserves and outstanding claims under the reinsurance contracts of Baht 1,454.47 million and Baht 4.28 million, respectively

As at December 31, 2011, Loss reserves and outstanding claims in the financial statements was included claim from suffering losses from flooding in Thailand amounting to Baht 5,977.98 million (see Note 42).

16. PREMIUM RESERVE

Premium reserve as at December 31, 2011 and 2010 consisted of the following:

16.1 Unearned premium reserve

	2011	2010
	Baht	Baht
As at 1 January	204,792,352	141,842,193
Premium written for the years	617,036,282	375,823,413
Earned premium for the years	(680,245,675)	(312,873,254)
<u>Add</u> Premium reserves and transfer from the parent company (see Note 1)	<u>655,142,411</u>	<u>-</u>
As at December 31,	<u>796,725,370</u>	<u>204,792,352</u>

As at December 31, 2011 and 2010, the Company did not include additional unearned premium reserve of ceded premium to foreign reinsurers in statement of financial position of Baht 41.06 million and Baht 13.95 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.

16.2 Unexpired risk reserve

As at December 31, 2011 and 2010, no additional reserve for unexpired risk reserve has been established as the unexpired risk reserve estimated by the Company of Baht 644.90 million and Baht 129.25 million, respectively, is lower than the unearned premium reserve.

17. PAYABLE FROM PARENT COMPANY-SHARE SUBSCRIPTION TO BE RETURNED

On December 8, 2010, the Company received bonds at fair value amounting to Baht 891.88 million (Bonds amounting to Baht 876.76 million and accrued interest amounting to Baht 15.12 million) and cash amounting to Baht 8.12 million from the parent company as share subscription paid for the increase in share capital of the Company amounting to Baht 900 million. The Company submitted for a registration of the share capital increase with the Ministry of Commerce on that date. The increase in share capital of the Company had been approved by the Office of Insurance Commission (OIC), however, OIC did not approve such increase in share capital by using such bonds transferred from the parent company and required to use cash. Therefore, the Company had to return the bonds to the parent company which would replace it by paying cash. As such, as at December 31, 2010, the Company recorded such bonds and cash as payable from parent company - share subscription to be returned (see Note 8).

As at December 31, 2010, payable from parent company - share subscription to be returned was as follows:

	Baht
Bonds	876,763,885
Accrued interest	1,610,620
<u>Less</u> Unrealized loss on changes in fair value of the bonds	<u>(4,320,221)</u>
	874,054,284
<u>Add</u> Cash	<u>21,625,495</u>
	<u>895,679,779</u>

Subsequently, on January 20, 2011, the Company returned such bonds and cash to the parent company and received cash of Baht 900 million for the increase in share capital of the Company instead. The Company has registered the increased share capital with the Ministry of Commerce on January 31, 2011 (see Note 22).

18. EMPLOYEE BENEFIT OBLIGATION

The Company calculated employee benefit obligation by using actuarial technique. The assumptions are included discount rate at 3.97% - 4.25%, turnover rate at 3%, 4% and 10% based on age group of employees, salary increase rate at 5% and retirement age at 60 years, respectively.

Employee benefit obligation for the years ended December 31, 2011 and 2010 were as follows:

	2011	2010
	Baht	Baht
Current service cost	2,749,941	866,704
Interest cost	244,096	198,812
Reserve for retirement benefit expense	<u>2,994,037</u>	<u>1,065,516</u>

Movements in the present value of employee benefit obligation as at December 31, 2011 and 2010 were as follows:

	2011	2010
	Baht	Baht
Present value of obligation at the beginning of the years	5,743,440	4,677,924
Current service cost of the years	2,749,941	866,704
Interest cost	244,096	198,812
<u>Add</u> Employee benefit obligation transferred from the parent company (see Note 1)	<u>29,741,271</u>	-
Present value of obligation at the ending of the years	<u>38,478,748</u>	<u>5,743,440</u>

19. DEFERRED TAX LIABILITIES

Deferred tax liabilities as at December 31, 2011 and 2010 are as follows:

	2011 Baht	2010 Baht
Deferred tax liabilities	<u>887,239</u>	<u>500,456</u>

Deferred tax liabilities as at December 31, 2011 and 2010 consist of tax effects from the following items:

	As at December 31, 2010 Baht	Transactions recognized in profit or loss Baht	Transaction recognized in other comprehensive income Baht	As at December 31, 2011 Baht
Unrealized gain on the change in value of investments - available for sale	500,456	-	386,783	887,239
Total (see Note 5.1)	<u>500,456</u>	<u>-</u>	<u>386,783</u>	<u>887,239</u>

	As at December 31, 2009 Baht	Transactions recognized in profit or loss Baht	Transaction recognized in other comprehensive income Baht	As at December 31, 2010 Baht
Unrealized gain on the change in value of investments - available for sale	-	-	500,456	500,456
Unrealized gain on the change in value of investments - trading securities	1,547,629	(1,547,629)	-	-
Total (see Note 5.1)	<u>1,547,629</u>	<u>(1,547,629)</u>	<u>500,456</u>	<u>500,456</u>

The Company used a tax rate of 30% for calculation of deferred tax for the year ended December 31, 2010 and both 20% and 23% for calculation of deferred tax for the year ended December 31, 2011 (see Note 29).

20. OTHER LIABILITIES

Other liabilities as at December 31, 2011 and 2010 consisted of:

	2011 Baht	2010 Baht
Other payable - promotion expense	19,450,276	3,068,305
Deferred premium received	19,949,669	1,316,000
Premium cancelled and refunded payable	-	1,409,930
Other payable - Revenue Department	-	1,977,415
Other payable - related companies	1,369,908	-
Others	13,496,918	2,323,478
	<u>54,266,771</u>	<u>10,095,128</u>

21. BANK OVERDRAFTS

As at December 31, 2011, the Company had unused credit lines for bank overdrafts of Baht 20 million which were guaranteed by fixed deposit of the Company of Baht 20 million. The interest rate was the fixed deposit rate plus 2% (see Note 8).

22. SHARE CAPITAL

On December 7, 2010, the extraordinary shareholders' meeting No. 3/2010 passed the resolution to increase the share capital from Baht 300 million (30 million ordinary shares of Baht 10.00 each) to Baht 1,200 million (120 million ordinary shares of Baht 10.00 each) by issuing 90 million new ordinary shares with a par value of Baht 10.00 each to be offered to the existing shareholders, at par value of Baht 10.00 each per share, totaling Baht 900 million. The Company has called and received subscriptions of the increased share capital and registered with the Registrar of Partnerships and Companies on January 31, 2011 (see Note 17).

The number of weighted average ordinary shares as at December 31, 2011 and 2010 are as follows:

	2011 shares	2010 shares
Beginning balance	30,000,000	30,000,000
The number of weighted average ordinary shares during the periods (90,000,000 x 335/365)	82,602,740	-
	<u>112,602,740</u>	<u>30,000,000</u>

23. STATUTORY RESERVE

For the year ended December 31, 2010, the Company has to comply with The Civil and Commercial Code to set aside as a legal reserve at least 5% of their net profit each time a dividend is declared until the reserve reaches 10% of registered capital, such reserve is not available for dividend distribution.

However, on October 30, 2011, the Company has registered to be Public Company Limited (see Note 1) resulting to comply with Pursuant to the Public Limited Companies Act B.E. 2535 involving reserved fund as statutory reserve. The Company must allocate to a reserve fund from the annual net profit, 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, 2011 and 2010, the Company has not yet allocated such reserved fund.

24. CAPITAL MANAGEMENT

Under the Non-life Insurance Act, the Company shall maintain the capital fund during the undertaking of non-life insurance business in the amount of not less than ten percent of net premium written for the last calendar year but not lower than thirty million Baht. As at December 31, 2011 and 2010, the Company maintains the capital fund exceed the requirement.

The Company objectives in managing capital are to safeguard the Company ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders.

25. UNDERWRITING INFORMATION CLASSIFIED BY TYPE OF INSURANCE

Underwriting information classified by type of insurance for the years ended December 31, 2011 and 2010 consisted of the following:

	For the year ended December 31, 2011					Total Baht
	Fire Baht	Marine Baht	Motor Baht	Personal accident Baht	Other miscellaneous Baht	
Underwriting income						
Gross premiums written	166,424,750	96,881,890	302,725,454	64,515,952	260,921,222	891,469,268
<u>Less</u> Premiums ceded	<u>53,008,648</u>	<u>77,063,721</u>	<u>9,033,495</u>	<u>15,320,763</u>	<u>120,006,359</u>	<u>274,432,986</u>
Net premiums written	113,416,102	19,818,169	293,691,959	49,195,189	140,914,863	617,036,282
<u>Less</u> Unearned premium reserve	<u>(12,866,990)</u>	<u>1,462,915</u>	<u>(19,722,286)</u>	<u>6,886,343</u>	<u>(38,969,375)</u>	<u>(63,209,393)</u>
Earned premium	126,283,092	18,355,254	313,414,245	42,308,846	179,884,238	680,245,675
Fee and commission income	12,213,730	20,049,289	2,196,567	4,136,847	28,327,519	66,923,952
Total underwriting income	<u>138,496,822</u>	<u>38,404,543</u>	<u>315,610,812</u>	<u>46,445,693</u>	<u>208,211,757</u>	<u>747,169,627</u>
Underwriting expenses						
Insurance claims and loss adjustment expenses						
- Normal operation	21,526,387	7,721,334	188,692,614	43,388,173	51,675,565	313,004,073
- Suffering losses from flooding in Thailand (see Note 42)	52,809,478	-	-	-	977,579,398	1,030,388,876
Commissions and brokerages expenses	36,316,071	11,873,720	31,518,190	10,684,400	25,871,818	116,264,199
Other underwriting expenses	22,214,779	6,936,052	38,356,035	15,136,191	44,568,543	127,211,600
Total underwriting expenses	<u>132,886,715</u>	<u>26,531,106</u>	<u>258,566,839</u>	<u>69,208,764</u>	<u>1,099,695,324</u>	<u>1,586,868,748</u>

For the year ended December 31, 2010

	<u>Fire</u>	<u>Marine</u>	<u>Motor</u>	<u>Personal</u>	<u>Other</u>	<u>Total</u>
	Baht	Baht	Baht	accident Baht	miscellaneous Baht	Baht
Underwriting income						
Gross premiums written	108,928,221	7,505,245	160,848,948	11,305,639	170,374,743	458,962,796
<u>Less</u> Premiums ceded	<u>61,976,152</u>	<u>4,166,156</u>	<u>2,303,281</u>	<u>9,095,858</u>	<u>5,597,936</u>	<u>83,139,383</u>
Net premiums written	46,952,069	3,339,089	158,545,667	2,209,781	164,776,807	375,823,413
<u>Less</u> Unearned premium reserve	<u>3,671,079</u>	<u>106,887</u>	<u>17,254,690</u>	<u>(13,931)</u>	<u>41,931,434</u>	<u>62,950,159</u>
Earned premium	43,280,990	3,232,202	141,290,977	2,223,712	122,845,373	312,873,254
Fee and commission income	21,051,741	1,616,308	-	3,671,144	3,164,645	29,503,838
Total underwriting income	<u>64,332,731</u>	<u>4,848,510</u>	<u>141,290,977</u>	<u>5,894,856</u>	<u>126,010,018</u>	<u>342,377,092</u>
Underwriting expenses						
Insurance claims and loss adjustment expenses	8,183,861	915,036	70,247,573	5,014,284	90,369,599	174,730,353
Commissions and brokerages expenses	20,246,189	961,512	9,667,608	1,448,040	12,745,823	45,069,172
Other underwriting expenses	13,672,259	1,145,494	26,164,019	401,667	27,385,511	68,768,950
Total underwriting expenses	<u>42,102,309</u>	<u>3,022,042</u>	<u>106,079,200</u>	<u>6,863,991</u>	<u>130,500,933</u>	<u>288,568,475</u>

26. OPERATING EXPENSES

Operating expenses for the years ended December 31, 2011 and 2010 consisted of the follows:

	2011	2010
	Baht	Baht
Employee benefit expense excluded underwriting and loss adjustment expenses	28,326,085	21,275,715
Premises and equipment expense excluded underwriting expenses	31,360,688	16,255,271
Taxes and duties	190,594	87,350
Bad debt and doubtful accounts (reversal)	(5,748,141)	2,195,261
Other operating expenses	38,658,192	11,917,031
Total operating expenses	<u>92,787,418</u>	<u>51,730,628</u>

27. EMPLOYEE EXPENSES

Employee expenses for the years ended December 31, 2011 and 2010 consisted of the follows:

	2011	2010
	Baht	Baht
Salary and wage	51,851,565	31,622,762
Provident fund	1,436,866	862,492
Employee benefit expenses	2,994,037	1,065,516
Other benefits	20,403,308	12,645,325
Total employee expenses	<u>76,685,776</u>	<u>46,196,095</u>

28. GAIN (LOSS) ON INVESTMENT IN SECURITIES

Gain (loss) on investment in securities for the years ended December 31, 2011 and 2010 consist of the following:

	2011 Baht	2010 Baht
Loss on transfer of investment	(40,271)	-
Gain on sale of available-for-sale securities - debentures	-	168,857
Gain (loss) on sale of available-for-sale securities - bonds	(17,862)	10,143
Gain (loss) on sale of available-for-sale securities - Other securities	178,393	(1,089,207)
Gain on sale of trading securities - stocks	-	3,401,592
Gain (loss) on sale of trading securities - debentures	(110,188)	41,991
Gain (loss) on sale of trading securities - bonds	(162,273)	2,465
Unrealized gain of trading securities - debenture	-	42,853
Unrealized loss of trading securities - bonds	-	(414,535)
Total gain (loss) on investment in securities	<u>(152,201)</u>	<u>2,164,159</u>

29. INCOME TAX EXPENSE

For the years ended December 31, 2011 and 2010, income tax expense consisted of the following:

	2011 Baht	2010 Baht
Income tax expense from taxable income per income tax return	15,322,426	12,116,595
Deferred tax expenses relating to the origination and reversal of temporary differences	(285,995,541)	(8,999,994)
Deferred income taxes related to change in corporate tax rate	<u>124,675,285</u>	<u>-</u>
Income tax - expense (income) per the statements of comprehensive income	<u>(145,997,830)</u>	<u>3,116,601</u>

The reconciliation between income tax - income (expense) and accounting income for the years ended December 31, 2011 and 2010 are as follows:

	2011 Baht	2010 Baht
Accounting income (loss) before tax	(902,452,145)	14,099,183
Income tax at 30%	(270,735,643)	4,229,755
Deferred tax expenses reflect corporation tax change	124,675,285	-
Tax effect of non-deductible expenses (benefits)	62,528	(1,113,154)
Income tax - expense (income) per the statements of comprehensive income	<u>(145,997,830)</u>	<u>3,116,601</u>

On October 11, 2011, the Thai Cabinet approved a reduction of the corporate income tax rate from 30% to 23% of profits for companies or juristic partnerships with a 2012 accounting period ending on or after December 31, 2012, and from 23% to 20% for companies or juristic partnerships with a 2013 accounting period beginning on or after January 1, 2013. According to the Royal Decree No. 530 dated December 21, 2011, the income tax rate has been reduced from 30% to 23% for the accounting period beginning on or after January 1, 2012 and 20% for the accounting periods beginning on or after January 1, 2013 and 2014.

The Company used tax rate of 30% for the corporate income tax calculation for the years ended December 31, 2011 and 2010.

The Company used a tax rate of 30% for calculation of deferred tax for the year ended December 31, 2010 and both 20% and 23% for calculation of deferred tax for the year ended December 31, 2011 (see Notes 12 and 19).

30. BASIC EARNINGS (LOSS) PER SHARE

Basic earnings (loss) per share for the years ended December 31, 2011 and 2010 were as follows:

	2011	2010
Net profit (loss) (Baht)	(756,454,315)	10,982,582
Issued and paid-up share capital (shares) (see Note 22)	112,602,740	30,000,000
Basic earnings (loss) per share (Baht)	<u>(6.72)</u>	<u>0.37</u>

31. TRANSACTIONS WITH RELATED PARTIES

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

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

Companies	Relationship	Type of Business
Sri Ayudhya Capital Plc. (formerly The Ayudhya Insurance Plc.)	Parent company	Holding Company
CIMB Thai Bank Plc.*	Parent company	Banking
Bank of Ayudhya Plc.	Some common shareholders and directors	Banking
BBTV Equity Co., Ltd.	Some common shareholders	Office Space Rental
BT World Lease Co., Ltd.*	Some common shareholders and directors	Leasing
Center Auto Lease Co., Ltd.* (Formerly BT Leasing Co., Ltd.)	Some common shareholders and directors	Leasing
CIMB Principal Assets Management Co., Ltd.* (Formerly BT Asset Management Co., Ltd.)	Some common shareholders and directors	Asset Management
Krungsri Securities Plc. (Formerly Ayudhya Securities Plc.)	Some common shareholders and directors	Finance
Krungsri Asset Management Co., Ltd. (Formerly Ayudhya Fund Management Co., Ltd.)	Some common shareholders	Fund Management
Siam City Cement Plc.	Some common shareholders and directors	Manufacturing
Bangkok Broadcasting & T.V. Co., Ltd.	Some common shareholders and directors	Television Business
Super Asset Co., Ltd.	Some common shareholders	Investment
Ayudhya Alliznz C.P. Life Plc.	Some common shareholders and directors	Life Insurance
Grand Canal Land Public Co., Ltd.	Some common shareholders	Advertising
Ayudhya Asset Management Co., Ltd.	Some common shareholders	Asset Management
Siam Realty and Service Co., Ltd.	Some common shareholders	Services
Ayudhya Capital Auto Lease Plc.	Some common shareholders	Leasing
Krungsriayudhya Card Co., Ltd.	Some common shareholders	Services

* Since November 4, 2010, such companies were no longer the related company as changing of the parent company to Sri Ayudhya Capital Public Company Limited (formerly The Ayudhya Insurance Public Company Limited) (see Note 1).

31.1 Investments

	As at December 31,	
	2011 Baht	2010 Baht
Investment - notes		
Bank of Ayudhya Plc.	20,000,000	20,000,000
Investment - debentures		
Bank of Ayudhya Plc.	-	500,000

31.2 Significant balances and transactions are as follows:

	As at December 31	
	2011	2010
	Baht	Baht
Bank deposits		
Bank of Ayudhya Plc.	564,920,857	20,000,000
Premium due and uncollected		
Krungsri Securities Plc. (Formerly Ayudhya Securities Plc.)	72,287	-
Bank of Ayudhya Plc.	996,337	-
Krungsri Asset Management Co., Ltd. (Formerly Ayudhya Fund Management Co., Ltd.)	25,224	-
Bangkok Broadcasting & T.V. Co., Ltd.	1,710,823	-
Siam City Cement Plc.	657,788	-
Ayudhya Allianz C.P. Life Plc.	42,544	-
Ayudhya Asset Management Co., Ltd.	620,338	-
Siam Realty and Services Co., Ltd.	85,287	-
Krungsriayudhya Card Co., Ltd.	415,048	-
Ayudhya Capital Auto Lease Plc.	339,015	-
Grand Canal Land Plc.	357,198	-
Accrued interest income		
Bank of Ayudhya Plc.	511,521	117,808
Accrued income		
Sri Ayudhya Capital Plc. (Formerly The Ayudhya Insurance Plc.)	11,820,911	-
Rental and facilities deposits		
BBTV Equity Co., Ltd.	1,097,100	-
Payable from parent company-share		
Subscription to be returned (see Note 17) Sri Ayudhya Capital Plc. (Formerly The Ayudhya Insurance Plc.)	-	895,679,719
Accrued expense - custodian fee		
Bank of Ayudhya Plc.	10,693	-
Accrued expense		
Sri Ayudhya Capital Plc. (Formerly The Ayudhya Insurance Plc.)	1,369,908	-
Accrued expense - commissions and brokerages		
Bank of Ayudhya Plc.	12,994,831	-
Accrued expense - other underwriting expenses		
Bank of Ayudhya Plc.	6,180,003	-

	For the years ended	
	December 31,	
	2011	2010
	Baht	Baht
Premium written		
CIMB Thai Bank Plc.*	-	13,281,975
Bank of Ayudhya Plc.	1,005,031	-
Krungsri Asset Management Co., Ltd. (Formerly Ayudhya Fund Management Co., Ltd.)	154,266	-
Bangkok Broadcasting & T.V. Co., Ltd.	1,562,971	-
Super Assets Co., Ltd.	26,950	-
BBTV Equity Co., Ltd.	997,768	-
Siam City Cement Plc.	10,629,040	-
Ayudhya Allianz C.P. Life Plc.	39,599	-
Krungsri Securities Plc. (Formerly Ayudhya Securities Plc.)	67,288	-
Ayudhya Asset Management Co., Ltd.	682,727	-
Siam Realty and Services Co., Ltd.	270,696	-
Ayudhya Capital Auto Lease Plc.	315,573	-
Krungsriayudhya Card Co., Ltd.	386,349	-
Grand Canal Land Plc.	332,500	-

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

	For the years ended	
	December 31,	
	2011	2010
	Baht	Baht
Interest income		
CIMB Thai Bank Plc.*	-	225,807
Bank of Ayudhya Plc.	2,962,987	4,130
Other income		
Sri Ayudhya Capital Plc. (Formerly The Ayudhya Insurance Plc.)	4,948,445	-

Interest was charged at the same interest rates as the bank has offered to other insurance companies. For the interest rates charged by other related parties, the rates were the same as they charged to other customers.

	For the years ended December 31,	
	2011	2010
	Baht	Baht
Commissions and brokerages Bank of Ayudhya Plc.	30,488,583	-
Other underwriting expenses Bank of Ayudhya Plc.	16,770,812	-

The Company paid commissions and brokerages and other underwriting expenses as specified in the Bancassurance Agreement made between the Company and such related bank. The commission rates were in compliance with the Office of Insurance Commission criteria and the same basis of the commission rate that the Company has offered to other insurance broker companies.

	For the years ended December 31,	
	2011	2010
	Baht	Baht
Commission paid BT World Lease Co., Ltd.* Center Auto Lease Co., Ltd.* (Formerly BT Leasing Co., Ltd.)	-	21,132,572
	-	13,461,515
Management fees CIMB Principal Assets Management Co., Ltd.* (Formerly BT Asset Management Co., Ltd.)	-	1,132,583
Custodian fee Ayudhya Securities Plc	76,184	-

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

	For the years ended December 31,	
	2011	2010
	Baht	Baht
Rental and service fees CIMB Thai Bank Plc.* BBTV Equity Co., Ltd. The Ayudhya Capital Plc. (Formerly The Ayudhya Insurance Plc.)	-	4,410,000
	3,657,000	-
	638,877	47,500

The Company has office rental, equipment rental and service agreements with related companies for a term of 1 year. Rental rates and conditions are the same as the related parties offer to other companies.

32. DIRECTORS AND KEY MANAGEMENT PERSONNEL'S REMUNERATION

During for the years ended December 31, 2011 and 2010, the Company had salaries, bonuses, meeting allowances and post-employment benefits of its directors and key management personnel recognized as expenses as follows:

	For the years ended December 31,	
	2011 Baht	2010 Baht
Directors and key management personnel's remuneration	6,173,561	7,598,707

Directors' remuneration for the years 2011 and 2010 were approved by the ordinary shareholders' meeting of the Company held on April 29, 2011 and April 26, 2010, respectively.

33. PROVIDENT FUND

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

For the years ended December 31, 2011 and 2010, the Company's contributions recorded as expenses were Baht 2.44 million and Baht 1.43 million, respectively.

34. DEPOSITS WITH THE REGISTRAR

As at December 31, 2011 and 2010, certain fixed deposits and the Company's bond were deposited with the Registrar in accordance with the Insurance Act and according to the announcement of the Office of Insurance Commission regarding "Rates, Rules and Procedures for pledge of unearned premium reserve of Non-Life Insurance Company B.E. 2552" (see Note 8) as follows:

	2011 Baht	2010 Baht
Bonds	52,054,128	-
Fixed deposit	14,000,000	42,297,407
	<u>66,054,128</u>	<u>42,297,407</u>

35. BACKUP ASSETS

As at December 31, 2011 and 2010, the Company has deposited certain investments with bank used for the Company's backup assets 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" which indicates the Company to start having the backup assets from April 1, 2009 onward (see Note 8). The backup assets are as follows:

	2011 Baht	2010 Baht
Bonds	1,063,534,467	289,059,677
Notes	25,500,000	52,000,000
Stock	281,590	-
Debentures	22,764,460	46,552,423
Unit trusts	20,141,429	30,227,348
Deposits at financial institutions	50,000,000	20,157,423
	<u>1,182,221,946</u>	<u>437,996,871</u>

36. CONTRIBUTION TO NON-LIFE GUARANTEE FUND

The Company has accumulated funding amount which was paid into contribution to non-life guarantee fund as at December 31, 2011 and 2010 amounting to Baht 3.39 million and 1.33 million, respectively.

37. LONG-TERM LEASES AND SERVICE AGREEMENTS

Long-term leases and service agreements consist of the following:

Type of lease	Remaining periods		Total rental payments for the remaining periods Baht
	Within 1 year Baht	Over 1 year to 5 years Baht	
As at December 31, 2011			
Building			
- related companies	1,316,520	1,535,940	2,852,460
- others	2,426,440	3,343,533	5,769,973
Service - related company	1,316,520	1,535,940	2,852,460
Equipment - related company	1,755,360	2,047,920	3,803,280
	<u>6,814,840</u>	<u>8,463,333</u>	<u>15,278,173</u>

Type of lease	Remaining periods		Total rental payments for the remaining periods Baht
	Within 1 year Baht	Over 1 year to 5 years Baht	
As at December 31, 2010			
Building - others	1,120,330	45,500	1,165,830
Vehicles - others	329,000	-	329,000
	<u>1,449,330</u>	<u>45,500</u>	<u>1,494,830</u>

38. CONTINGENT LIABILITIES

As at December 31, 2011 and 2010, lawsuits have been brought against the Company, as insurer, from which the Company estimates losses totaling Baht 9.23 million and Baht 1.2 million, respectively. Such amount has been set aside in the loss reserve and outstanding claims accounts. The Company's management does not expect the outcome of the litigation to result in losses that differ from the recorded liability by amounts that would be material to the Company's operating results, liquidity or financial status.

39. COMMITMENT

As at December 31, 2011, the Company had a capital commitment to pay computer program development expenses in the amount of approximately Baht 22.51 million.

40. DISCLOSURE OF FINANCIAL INSTRUMENTS

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

40.1 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 4.

40.2 Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company 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 Office of Insurance Commission regulation related to investment for other business of non-life companies.

In the case of recognized financial assets in the statements of financial position, the carrying amount of the assets recorded in the statements of financial position represents the Company's maximum exposure to credit risk.

40.3 Interest rate risk

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

As at December 31, 2011 and 2010, significant financial assets classified by type of interest rate are as follows:

	Balance as at			
	December 31, 2011		December 31, 2010	
	Variable interest rate	Fixed interest rate	Variable interest rate	Fixed interest rate
	Baht	Baht	Baht	Baht
Investment in securities – net				
Government and state enterprise securities				
Government bonds	-	131,018,430	-	111,878,545
State enterprise bonds	-	284,426,824	-	345,946,172
Treasury bills	-	108,014,894	-	-
Private enterprises securities				
Notes	-	25,500,000	-	62,000,000
Debenture	-	18,053,221	-	46,552,423
Fixed deposit with Financial institution				
Fixed deposit with commercial bank	530,983,533	135,776,702	53,840,918	54,632,435
Fixed deposit used as collateral	-	84,000,000	557,423	61,997,407
Foreign securities				
Bonds	-	700,143,341	-	703,678,623
Debentures	-	4,711,239	-	-
Total	530,983,533	1,491,644,651	54,398,341	1,386,685,605

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:

	As at December 31, 2011					
	Within 1 year	Period specified for fixing new interest rate			Total	Average interest rate
		Baht	1-5 years	Overs 5 years		
	Baht	Baht	Baht	Baht	%	
Investment in securities						
Government and state enterprise securities						
Government bonds	-	72,866,945	58,151,485	131,018,430	2.95	
State enterprise bonds	175,357,883	109,068,941	-	284,426,824	2.99	
Treasury bills	108,014,894	-	-	108,014,894	3.08	
Private enterprises securities						
Notes	23,000,000	2,500,000	-	25,500,000	2.66	
Debenture	12,568,635	5,484,586	-	18,053,221	4.37	
Fixed deposit with Financial institution						
Fixed deposit with commercial bank	131,372,643	4,404,059	-	135,776,702	2.84	
Fixed deposit used as collateral	84,000,000	-	-	84,000,000	2.40	
Foreign securities						
Bonds	299,637,789	400,505,552	-	700,143,341	3.96	
Debentures	-	4,711,239	-	4,711,239	3.85	
Total	833,951,844	599,541,322	58,151,485	1,491,644,651		

	As at December 31, 2010				Average interest rate %
	Period specified for fixing new interest rate			Total Baht	
	Within 1 year Baht	1 -5 years Baht	Overs 5 years Baht		
Investment in securities					
Government and state enterprise securities					
Government bonds	20,611,301	-	91,267,244	111,878,545	4.37
State enterprise bonds	204,636,161	141,310,011	-	345,946,172	2.56
Private enterprises securities					
Notes	36,500,000	25,500,000	-	62,000,000	2.22
Debenture	12,320,488	30,943,417	3,288,518	46,552,423	4.66
Fixed deposit with Financial institution					
Fixed deposit with commercial bank	54,594,314	38,121	-	54,632,435	1.47
Fixed deposit used as collateral	61,997,407	-	-	61,997,407	1.86
Foreign securities					
Bonds	-	703,678,623	-	703,678,623	3.87
Total	<u>390,659,671</u>	<u>901,470,172</u>	<u>94,555,762</u>	<u>1,386,685,605</u>	

40.4 Estimated fair value of financial instruments

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

As at December 31, 2011 and 2010, the carrying amounts of financial assets and financial liabilities which were different from the estimated fair value were as follows:

	As at December 31, 2011		As at December 31, 2010	
	Carrying Value	Fair Value	Carrying Value	Fair Value
	Baht	Baht	Baht	Baht
Financial assets				
Cash and deposits at financial institutions	853,615,278	853,419,177	171,765,435	171,576,906
Stocks	1,210,970	4,809,178	1,210,970	2,978,136
Other securities - Unit trusts	60,372,441	60,372,441	70,363,604	70,363,604
Notes	25,500,000	25,457,714	62,000,000	62,164,323

The following methods and assumptions were used by the Company 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. 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. 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.

41. SEGMENT INFORMATION

Management considers that the Company operates in a single line of business, namely non-life insurance business and a single geographic area, namely in Thailand, therefore, only one major business segment and one major geographic segment are presented.

42. IMPACT OF SUFFERING LOSSES FROM FLOODING IN THAILAND

Suffering losses from flooding in Thailand, the Company has been notified of flood claim advices from the insured and the Company has recorded loss incurred from such claims amounting to Baht 5,977.98 million as part of loss reserves and outstanding claims account (see Note 15), loss refundable from reinsurance amounting to Baht 4,947.59 million as part of reinsurance assets account (see Note 7), and net insurance claims arising from loss incurred and loss refundable amounting to Baht 1,030.39 million as part of insurance claims and loss adjustment expenses account (see Note 25) in the financial statements for the year ended December 31, 2011. The Company's management has reviewed and estimated such loss reserves and loss recovery which the amount appraised by an independent appraiser or by the Company's appraiser, based on situation and supported documents as at the present and experience of the Company's management.

43. EVENT AFTER THE REPORTING PERIOD

On February 28, 2012, the Board of Directors' meeting of the Company passed resolutions to approve an increase the registered share capital of the Company by issuing of 60 million ordinary shares with a par value of Baht 10 each, totalling of Baht 600 million or over such amount, as necessary. Such resolutions will be proposed at the 2012 Annual Ordinary Shareholders' meeting for approval. Thus, such increase in share capital of the subsidiary has to be approved by the Office of Insurance Commission before register of the increased share capital with the Ministry of Commerce.

44. AUTHORIZATION OF THE FINANCIAL STATEMENTS

These financial statements were approved for issuance by the Company's authorized executive director on February 28, 2012.