
*SRI AYUDHYA GENERAL INSURANCE
PUBLIC COMPANY LIMITED*

Interim Financial Statements

*Three-month and six-month periods ended
June 30, 2012*



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**REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION BY
THE INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS**

TO THE BOARD OF DIRECTORS

SRI AYUDHYA GENERAL INSURANCE PUBLIC COMPANY LIMITED

We have reviewed the statement of financial position of Sri Ayudhya General Insurance Public Company Limited as at June 30, 2012, and the statements of comprehensive income for the three-month and six-month periods ended June 30, 2012 and 2011, changes in equity and cash flows for the six-month periods ended June 30, 2012 and 2011 and the condensed notes to financial statements. The Company's management is responsible for the preparation and presentation of this interim financial information in accordance with Thai Accounting Standard No. 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim financial information based on our reviews.

Scope of Reviews

We conducted our reviews in accordance with the Thai Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Thai Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our reviews, nothing has come to our attention that causes us to believe that the aforementioned interim financial information has not been prepared, in all material respects in accordance with Thai Accounting Standard No. 34 "Interim Financial Reporting".

Comparative statement of financial position as at December 31, 2011

We have previously audited, in accordance with Thai Standards on Auditing, the financial statements of Sri Ayudhya General Insurance Public Company Limited for the year ended December 31, 2011, and expressed an unqualified opinion in our report dated February 28, 2012, with an emphasis of matter paragraphs summarized that the Company had been transferred all insurance policies including assets and liabilities relating to non-life insurance operation from the parent company. The statement of financial position as at December 31, 2011, presented herein for comparison, has been derived from such financial statements. We have not performed any other audit procedures subsequent to such report date.

Emphasis of matter

Without qualifying our conclusion, as discussed in Note 1 to the condensed financial statements, on October 1, 2011, the Company had been transferred the insurance business from the parent company which transferred all insurance policies including assets and liabilities relating to non-life insurance operation of the parent company to the Company. The insurance business has completely been transferred in December 2011.



Niti Jungnitnirundr
Certified Public Accountant (Thailand)
Registration No. 3809

BANGKOK
August 10, 2012

DELOITTE TOUCHE TOHMATSU JAIYOS AUDIT CO., LTD.

SRI AYUDHYA GENERAL INSURANCE PUBLIC COMPANY LIMITED

STATEMENTS OF FINANCIAL POSITION

AS AT JUNE 30, 2012 AND DECEMBER 31, 2011

Baht : '000

	Notes	"Unaudited"	
		As at June 30, 2012	As at December 31, 2011
ASSETS			
Cash and cash equivalents	5.2	332,188	738,839
Accrued investment income		6,041	6,092
Premium due and uncollected - net	6	229,058	212,918
Reinsurance assets	7	4,503,858	5,258,564
Investments			
Investments in securities	8		
Available for sale securities		927,049	1,306,740
Held-to-maturity investment securities		982,827	140,277
General investment securities		1,211	1,211
Total investment in securities		<u>1,911,087</u>	<u>1,448,228</u>
Loans	9	3,376	3,634
Leasehold improvement and equipment - net	10	43,777	44,968
Intangible assets - net		121,980	123,688
Deferred tax assets	11	385,568	363,928
Deferred commission expense		37,432	38,408
Other assets	12	56,575	47,787
TOTAL ASSETS		<u><u>7,630,940</u></u>	<u><u>8,287,054</u></u>

See condensed notes to the financial statements

SRI AYUDHYA GENERAL INSURANCE PUBLIC COMPANY LIMITED

STATEMENTS OF FINANCIAL POSITION (CONTINUED)

AS AT JUNE 30, 2012 AND DECEMBER 31, 2011

Baht : '000

	Notes	"Unaudited"	
		As at June 30, 2012	As at December 31, 2011
LIABILITIES AND EQUITY			
Due to reinsurers	13	697,750	365,991
Insurance contract liabilities			
Loss reserves and outstanding claims	14	4,732,723	6,228,598
Premium reserve	15.1	874,788	796,725
Employee benefit obligation	16	41,306	38,479
Bank overdraft	17	594	-
Deferred tax liabilities	18	1,599	887
Premium written received in advance		234,583	256,904
Commission and brokerage payables		44,206	40,040
Accrued expense		27,424	28,136
Other liabilities	19	55,706	54,267
TOTAL LIABILITIES		<u>6,710,679</u>	<u>7,810,027</u>

SRI AYUDHYA GENERAL INSURANCE PUBLIC COMPANY LIMITED

STATEMENTS OF FINANCIAL POSITION (CONTINUED)

AS AT JUNE 30, 2012 AND DECEMBER 31, 2011

Baht : '000

	Notes	"Unaudited"	
		As at June 30, 2012	As at December 31, 2011
LIABILITIES AND EQUITY (CONTINUED)			
EQUITY			
Share capital	20		
Authorized share capital			
120,000,000 ordinary shares of Baht 10.00 each			<u>1,200,000</u>
240,000,000 ordinary shares of Baht 10.00 each		<u>2,400,000</u>	
Issued and paid-up share capital			
120,000,000 ordinary shares of Baht 10.00 each			1,200,000
180,000,000 ordinary shares of Baht 10.00 each		1,800,000	
Retained deficit			
Unappropriated		(885,092)	(725,943)
Other components of equity			
Surplus on revaluation of investment		<u>5,353</u>	<u>2,970</u>
TOTAL EQUITY		<u>920,261</u>	<u>477,027</u>
TOTAL LIABILITIES AND EQUITY		<u><u>7,630,940</u></u>	<u><u>8,287,054</u></u>

See condensed notes to the financial statements

SRI AYUDHYA GENERAL INSURANCE PUBLIC COMPANY LIMITED
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE THREE-MONTH PERIODS ENDED JUNE 30, 2012 AND 2011
"UNAUDITED"

		Baht : '000	
	Notes	2012	2011
Revenues			
Net premium earned	22	423,226	99,766
Fee and commission income	22	40,636	3,790
Total revenues		463,862	103,556
Expenses			
Underwriting expenses			
Losses incurred			
Insurance claims and loss adjustment expenses	22	271,928	55,039
Commissions and brokerage expenses	22	97,282	9,149
Other underwriting expenses	22	65,462	24,817
Operating expenses	23	60,895	22,701
Total underwriting expenses		495,567	111,706
Loss on underwriting		(31,705)	(8,150)
Net investment income		13,199	7,535
Gain on investment in securities		24	7
Other income		2,404	21
Loss from operation		(16,078)	(587)

SRI AYUDHYA GENERAL INSURANCE PUBLIC COMPANY LIMITED
STATEMENTS OF COMPREHENSIVE INCOME (CONTINUED)
FOR THE THREE-MONTH PERIODS ENDED JUNE 30, 2012 AND 2011
"UNAUDITED"

		Baht : '000	
	Notes	2012	2011
Contribution to the Office of Insurance Commission		1,750	250
Contribution to Non - life Guarantee Fund		1,571	167
Contribution to Road Victims Protection Fund		87	12
Loss before income tax expense		<u>(19,486)</u>	<u>(1,016)</u>
Income tax expense	24	<u>597</u>	<u>602</u>
Net loss		<u>(20,083)</u>	<u>(1,618)</u>
Other comprehensive income (loss)			
Surplus (deficit) on revaluation of investments		3,862	(2,055)
Income tax relating to other comprehensive income (loss)		<u>(888)</u>	<u>616</u>
Other net comprehensive income (loss)			
for the periods - net of tax		<u>2,974</u>	<u>(1,439)</u>
Total comprehensive loss for the periods		<u>(17,109)</u>	<u>(3,057)</u>
Basic loss per share	25	Baht (0.14)	(0.02)

See condensed notes to the financial statements

SRI AYUDHYA GENERAL INSURANCE PUBLIC COMPANY LIMITED
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2012 AND 2011
"UNAUDITED"

		Baht : '000	
	Notes	2012	2011
Revenues			
Net premium earned	22	833,210	190,665
Fee and commission income	22	97,805	6,088
Total revenues		931,015	196,753
Expenses			
Underwriting expenses			
Losses incurred			
Insurance claims and loss adjustment expenses	22	677,996	103,650
Commissions and brokerage expenses	22	193,592	19,406
Other underwriting expenses	22	139,012	33,556
Operating expenses	23	120,215	39,201
Total underwriting expenses		1,130,815	195,813
Profit (loss) on underwriting		(199,800)	940
Net investment income		24,400	11,039
Loss on investment in securities		(808)	(317)
Other income		2,437	692
Income (loss) from operation		(173,771)	12,354

SRI AYUDHYA GENERAL INSURANCE PUBLIC COMPANY LIMITED
STATEMENTS OF COMPREHENSIVE INCOME (CONTINUED)
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2012 AND 2011
"UNAUDITED"

		Baht : '000	
	Notes	2012	2011
Contribution to the Office of Insurance Commission		3,674	615
Contribution to Non - life Guarantee Fund		3,175	410
Contribution to Road Victims Protection Fund		169	30
Income (loss) before income tax expense		<u>(180,789)</u>	<u>11,299</u>
Income tax - expense (income)	24	<u>(21,640)</u>	<u>4,233</u>
Net income (loss)		<u>(159,149)</u>	<u>7,066</u>
Other comprehensive income (loss)			
Surplus (deficit) on revaluation of investments	5.1	3,095	(2,073)
Income tax relating to other comprehensive income (loss)	5.1	<u>(712)</u>	<u>622</u>
Other net comprehensive income (loss)			
for the periods - net of tax		<u>2,383</u>	<u>(1,451)</u>
Total comprehensive income (loss) for the periods		<u>(156,766)</u>	<u>5,615</u>
Basic earnings (loss) per share	25	Baht (1.14)	0.07

See condensed notes to the financial statements

SRI AYUDHYA GENERAL INSURANCE PUBLIC COMPANY LIMITED
STATEMENTS OF CHANGES IN EQUITY
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2012 AND 2011
"UNAUDITED"

Baht : '000

	Notes	Issued and paid-up share capital	Unappropriated Retain earnings (deficit)	Other components of equity - Surplus (deficit) on revaluation of investments	Total equity
Beginning balance as at January 1, 2011		300,000	30,511	1,168	331,679
Changing during the period					
Increase of share capital	20	900,000	-	-	900,000
Comprehensive income	5.1	-	7,066	(1,451)	5,615
Ending balance as at June 30, 2011		<u>1,200,000</u>	<u>37,577</u>	<u>(283)</u>	<u>1,237,294</u>
Beginning balance as at January 1, 2012		1,200,000	(725,943)	2,970	477,027
Changing during the period					
Increase of share capital	20	600,000	-	-	600,000
Comprehensive loss	5.1	-	(159,149)	2,383	(156,766)
Ending balance as at June 30, 2012		<u>1,800,000</u>	<u>(885,092)</u>	<u>5,353</u>	<u>920,261</u>

See condensed notes to the financial statements

SRI AYUDHYA GENERAL INSURANCE PUBLIC COMPANY LIMITED
STATEMENTS OF CASH FLOWS
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2012 AND 2011
"UNAUDITED"

Baht : '000

	Note	2012	2011
CASH FLOWS PROVIDED BY (USED IN) OPERATING ACTIVITIES			
Direct premium received		1,226,865	238,646
Cash received (paid) from reinsurance		1,540,425	9,874
Losses incurred from direct insurance		(2,852,886)	(102,343)
Loss adjustment expenses from direct insurance		(37,103)	(2,980)
Commissions and brokerages from direct insurance		(182,539)	(14,844)
Other underwriting expenses		(146,714)	(37,304)
Interest income		22,819	12,036
Dividend income		4	3
Other income		131	692
Operating expenses		(103,982)	(42,437)
Income tax paid		(4,218)	(6,797)
Net cash provided by (used in) operating activities	5.3	(537,198)	54,546
CASH FLOWS PROVIDED BY (USED IN) INVESTING ACTIVITIES			
CASH FLOWS PROVIDED BY			
Investment in securities		457,090	286,330
Loans		988	30
Leasehold improvement and equipment		2,315	100
Deposits at financial institutions with maturity over 3 months and deposits used as collateral		70,376	90,966
Cash provided by investing activities		530,769	377,426

SRI AYUDHYA GENERAL INSURANCE PUBLIC COMPANY LIMITED
STATEMENTS OF CASH FLOWS (CONTINUED)
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2012 AND 2011
"UNAUDITED"

	Baht : '000	
	2012	2011
CASH FLOWS USED IN		
Investment in securities	(53,584)	(333,355)
Cash paid to parent company - share subscription to be returned	-	(21,625)
Loans	(730)	(618)
Leasehold improvement and equipment	(6,562)	(2,412)
Intangible assets	(7,015)	-
Deposits at financial institutions with maturity over 3 months and deposits used as collateral	(932,925)	(114,865)
Cash used in investing activities	(1,000,816)	(472,875)
Net cash used in investing activities	(470,047)	(95,449)
CASH FLOWS PROVIDED BY FINANCING ACTIVITIES		
Cash received from increase in share capital	600,000	900,000
Bank overdraft	594	-
Net cash provided by financing activities	600,594	900,000
Net increase (decrease) in cash and cash equivalents	(406,651)	859,097
Cash and cash equivalents as at January 1,	738,839	54,578
Cash and cash equivalents as at June 30,	332,188	913,675

See condensed notes to the financial statements

**SRI AYUDHYA GENERAL INSURANCE PUBLIC COMPANY LIMITED
CONDENSED NOTES TO THE FINANCIAL STATEMENTS
FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED JUNE 30, 2012 AND 2011
“UNAUDITED”**

1. GENERAL INFORMATION AND OPERATION OF THE COMPANY

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

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

On September 1, 2011, the Company and the parent company entered into the Transfer of Business Agreement to transfer all insurance policies including assets and liabilities relating to non-life insurance operation from the parent company (“non-life insurance business transfer”). The responsibilities and obligations under exiting insurance policies 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 compensation 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 compensation 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>
Liabilities over assets	<u>728.30</u>

Subsequently, on October 1, 2011, the Company has been transferred non-life insurance operation from the parent company. On November 30, 2011, the Company received the excess amount of liabilities over assets amounting to Baht 728.30 million for the transfer of insurance business from the parent company by transferring bonds at cost amounting to Baht 775.24 million with fair value including accrued interest amounting to Baht 787.77 million. 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 February 24, 2012, the Company has already received such additional amount from the parent company.

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 INTERIM FINANCIAL STATEMENTS

- 2.1 These interim financial statements are prepared in accordance with Thai Accounting Standard (TAS) No. 34 (Revised 2009) "Interim Financial Statements", 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 which was effective from January 1, 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 interim financial statement for the three-month and six-month periods ended June 30, 2012 and 2011 are prepared by the management of the Company and are unaudited. However, in the opinion of the Company, all adjustments necessary for a fair presentation have been reflected therein.

The statement of financial position as at December 31, 2011, presented herein for comparison, has been derived from the financial statements for the year then ended which had been previously audited.

- 2.3 The unaudited results of operations presented in the interim financial statements for the three-month and six-month periods ended June 30, 2012 and 2011 are not necessarily an indication nor anticipation of the operating results for the full year.
- 2.4 Certain financial information which is normally included in financial statements prepared in accordance with generally accepted accounting principles, but which is not required for interim reporting purposes, has been omitted. In addition, the interim financial statements for the three-month and six-month period ended June 30, 2012 should be read in conjunction with the audited financial statements for the year ended December 31, 2011.
- 2.5 The Federation of Accounting Professions has issued the Notifications regarding the new and revised Thai Accounting Standards ("TAS") Thai Financial Reporting Standards ("TFRS") and Thai Accounting Standards Interpretation ("TSI"), which will become effective for the financial statements for the accounting periods beginning on or after January 1, 2013 onwards as follows:

TAS

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

TFRS

TFRS 8	Operating Segments
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TSI	
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 TAS, TFRS and TSI 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".

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

3. SIGNIFICANT ACCOUNTING POLICIES

The interim financial statements have been prepared based on the basis, accounting policies and method of computation consistent with those used in the financial statements for the year ended December 31, 2011.

4. IMPACT FROM SEVERE FLOODING IN THAILAND

From the severe flooding in Thailand by the end of 2011, as at December 31, 2011 the Company recorded loss reserve from flood claims advised from the insured amounting to Baht 5,977.98 million, as part of loss reserves and outstanding claims account (see Note 14), and recorded loss refundable from reinsurance amounting to Baht 4,947.59 million, as part of reinsurance assets account (see Note 7). Net insurance claims arising from such loss incurred and loss refundable amounting to Baht 1,030.39 million has been recorded as part of insurance claims and loss adjustment expenses account in the statements of comprehensive income for the year ended December 31, 2011.

For the three-month and six-month periods ended June 30, 2012, the Company has paid insurance claims from the flooding to the insured by net of loss refundable from reinsurance amounting to Baht 245.42 million and Baht 464.76 million, respectively, and recorded net insurance claims arising from loss incurred and loss refundable from such situation decreased amounting to Baht 29.44 million and increased amounting to Baht 93.49 million, respectively, as part of insurance claims and loss adjustment expenses account in the statements of comprehensive income for the three-month and six-month periods ended June 30, 2012 (see Note 22). As at June 30, 2012, the Company has loss reserve from such claims of flooding amounting to Baht 3,648.34 million, as part of loss reserves and outstanding claims account (see Note 14), and loss refundable from reinsurance amounting to Baht 2,989.22 million as part of reinsurance assets account (see Note 7).

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

5. ADDITIONAL INFORMATION FOR CASH FLOWS

5.1 Non-cash items

For the six-month periods ended June 30, 2012 and 2011, the surplus (deficit) on revaluation of investments which is presented in other components of equity were shown net of deferred tax liabilities as follows:

	2012	Baht: '000 2011
Unrealized gain (loss) on investment in available for sale securities	6,952	(405)
<u>Add</u> Deferred tax assets	-	122
<u>Less</u> Deferred tax liabilities	<u>(1,599)</u>	<u>-</u>
Surplus (deficit) on revaluation of investments - net	<u>5,353</u>	<u>(283)</u>

For the six-month periods ended June 30, 2012 and 2011, changes in surplus (deficit) on revaluation of investments - net of deferred tax were as follows:

	2012	Baht: '000 2011
Increase (decrease) of unrealized gain on investment in available for sale securities	3,095	(2,073)
Increase of deferred tax assets	-	122
Decrease (increase) of deferred tax liabilities	<u>(712)</u>	<u>500</u>
Increase (decrease) of surplus (deficit) on revaluation of investments - net	<u>2,383</u>	<u>(1,451)</u>

- 5.2 Cash and cash equivalents as at June 30, 2012 and December 31, 2011 consist of the following:

	As at June 30, 2012	Baht: '000 As at December 31, 2011
Cash	260	190
Deposits at bank - call deposits	1,132,810	633,649
Deposits at bank - time deposits and certificate of deposits	176,445	219,777
	<u>1,309,515</u>	<u>853,616</u>
<u>Less</u> Deposits at bank with maturity over 3 months	(5,610)	(30,777)
Deposits at bank used as collateral	(971,717)	(84,000)
Cash and cash equivalents	<u>332,188</u>	<u>738,839</u>

- 5.3 Cash flows provided by operating activities

Items to reconcile net profit to net cash flows provided by operating activities for the six-month periods ended June 30, 2012 and 2011 are as follows:

	2012	Baht: '000 2011
CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit (loss) before income tax	(180,789)	11,299
Items to reconcile net profit to net cash flows:		
Depreciation	8,218	1,134
Amortization of intangible assets	8,723	165
Gain (loss) on sale of assets	(2,306)	207
Employment benefit expense	2,827	597
Unearned premium reserve increase (decrease) from prior period	78,063	(8,054)
Amortization of bonds premium	1,045	-
Amortization of bonds discount	(1,036)	(199)
Amortization of treasury bills discount	(1,657)	-
Amortization of debentures premium	30	153
Amortization of debentures discount	(11)	-
(Gain) loss on sale of investment in available for sale securities - other securities	809	(14)
Loss on sale of investment in available for sale securities - bonds	-	174
Loss on sale of investment in available for sale securities - debentures	-	110
Loss on transfer of investment in trading securities - bonds	-	55
Gain on transfer of investment in trading securities - debentures	-	(8)

	2012	Baht: '000 2011
Profit (loss) from operations before changes in operating assets and liabilities	(86,084)	5,619
Operating assets (increase) decrease		
Accrued investment income	51	(629)
Premium due and uncollected	(16,140)	14,213
Reinsurance assets	754,706	(86,893)
Deferred commission expense	976	4,587
Other assets	(4,469)	(3,769)
Operating liabilities increase (decrease)		
Due to reinsurers	331,759	10,279
Loss reserves and outstanding claims	(1,495,875)	97,275
Premium written received in advance	(22,321)	18,733
Accrued commissions	4,166	(339)
Accrued expense	(712)	(7,045)
Other liabilities	963	9,312
Cash provided by (used in) operating activities	(532,980)	61,343
Income tax paid	(4,218)	(6,797)
Net cash provided by (used in) operating activities	<u>(537,198)</u>	<u>54,546</u>

6. PREMIUM DUE AND UNCOLLECTED - NET

Premium due and uncollected - net as at June 30, 2012 and December 31, 2011 consist of the following:

	As at June 30, 2012				As at December 31, 2011			
	Agent and				Agent and			
	Insured	Broker	Inward	Total	Insured	Broker	Inward	Total
Within credit terms	5,459	129,802	32	135,293	15,541	123,816	499	139,856
Less than 30 days	373	33,897	1,328	35,598	2,419	36,096	647	39,162
30 - 60 days	338	26,791	2,104	29,233	244	12,697	3,557	16,498
61 - 90 days	5,847	8,044	447	14,338	246	3,434	938	4,618
91 days - 1 year	5,484	12,708	4,871	23,063	218	7,687	7,763	15,668
Over 1 year	-	504	231	735	5,859	459	-	6,318
Total premium due and uncollected	17,501	211,746	9,013	238,260	24,527	184,189	13,404	222,120
Less Allowance for doubtful accounts	(4,253)	(4,949)	-	(9,202)	(6,077)	(3,125)	-	(9,202)
Premium due and uncollected - net	<u>13,248</u>	<u>206,797</u>	<u>9,013</u>	<u>229,058</u>	<u>18,450</u>	<u>181,064</u>	<u>13,404</u>	<u>212,918</u>

7. REINSURANCE ASSETS

Reinsurance assets as at June 30, 2012 and December 31, 2011 consist of the following:

	As at June 30, 2012	Baht: '000 As at December 31, 2011
Deposit on reinsurance	4	2
Due from reinsurers	1,222,043	247,817
Insurance reserve refundable from reinsurers	3,281,811	5,010,745
Reinsurance assets	<u>4,503,858</u>	<u>5,258,564</u>

Insurance reserve refundable from reinsurers as at June 30, 2012 and December 31, 2011 included an expected refundable from reinsurers caused by suffering losses from flooding in Thailand amounting to Baht 2,989.22 million and Baht 4,947.59 million, respectively (see Note 4).

Aging analyze for due from reinsurers as at June 30, 2012 and December 31, 2011 were as follows:

	As at June 30, 2012	Baht: '000 As at December 31, 2011
Within credit terms	1,129,331	240,324
Within 12 months	92,538	7,446
1-2 years	150	25
Over 2 years	24	22
Due from reinsurers	<u>1,222,043</u>	<u>247,817</u>

8. INVESTMENTS IN SECURITIES

Investments in securities as at June 30, 2012 and December 31, 2011 consist of the following:

	As at June 30, 2012		As at December 31, 2011	
	Cost/ Amortized cost	Fair value	Cost/ Amortized cost	Fair value
Baht: '000				
Available for sale securities				
Government and state enterprise securities	450,279	451,733	521,744	523,460
Private enterprises debt securities	7,585	7,775	17,792	18,053
Foreign debt securities	405,229	405,078	704,983	704,855
Unit trusts	57,004	62,463	58,364	60,372
Total	920,097	927,049	1,302,883	1,306,740
Add Unrealized gain	6,952	-	3,857	-
Total available for sale securities	927,049	927,049	1,306,740	1,306,740
Held-to-maturity investment securities				
Private enterprises debt securities	5,500		25,500	
Fixed deposit with maturity over 3 months	5,610		30,777	
Fixed deposit used as collateral	971,717		84,000	
Total held-to-maturity investment securities	982,827		140,277	
General investment securities				
Equity securities	1,211		1,211	
Total general investment securities	1,211		1,211	
Total investment securities - net	1,911,087		1,448,228	

Debt securities classified by the remaining maturity as at June 30, 2012 were as follows:

	Maturities			Total
	Within 1 year	1 - 5 years	Over 5 years	
Baht: '000				
Available for sale debt securities				
Government and state enterprise securities	168,303	278,667	3,309	450,279
Private enterprises debt securities	4,539	3,046	-	7,585
Foreign debt securities	4,704	400,525	-	405,229
Add (Less) Unrealized gain (loss)	2	1,193	298	1,493
Total available for sale debt securities	177,548	683,431	3,607	864,586
Held-to-maturity debt securities				
Private enterprises debt securities	5,500	-	-	5,500
Total held-to-maturity debt securities	5,500	-	-	5,500
Total debt securities - net	183,048	683,431	3,607	870,086

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

	Maturities			Baht: '000
	Within 1 year	1 - 5 years	Over 5 years	Total
Available for sale debt securities				
Government and state enterprise securities	283,695	180,573	57,476	521,744
Private enterprises debt securities	12,530	5,262	-	17,792
Foreign debt securities	299,628	405,355	-	704,983
Add (Less) Unrealized gain (loss)	(273)	1,446	676	1,849
Total available for sale debt securities	<u>595,580</u>	<u>592,636</u>	<u>58,152</u>	<u>1,246,368</u>
Held-to-maturity debt securities				
Private enterprises debt securities	23,000	2,500	-	25,500
Total held-to-maturity debt securities	<u>23,000</u>	<u>2,500</u>	<u>-</u>	<u>25,500</u>
Total debt securities - net	<u>618,580</u>	<u>595,136</u>	<u>58,152</u>	<u>1,271,868</u>

As at June 30, 2012 and December 31, 2011, certain of bank deposits are pledged as collateral for bank overdrafts amounting to Baht 20 million (see Note 17).

As at June 30, 2012 and December 31, 2011, investment in securities and fixed deposits are pledged as collateral with the Registrar amounting to Baht 175.43 million and Baht 66.05 million, respectively (see Note 28).

As at June 30, 2012 and December 31, 2011, 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 29).

9. LOANS

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

10. LEASEHOLD IMPROVEMENT AND EQUIPMENT - NET

Leasehold improvement and equipment - net as at June 30, 2012 and December 31, 2011 consist of the following:

	Cost			Accumulated depreciation			Beginning balance of leasehold improvement and equipment - net as at December 31, 2011	Ending balance of leasehold improvement and equipment - net as at June 30, 2012	
	As at	Increase	Disposal	As at	As at	Disposal			As at
	December 31, 2011			June 30, 2012	December 31, 2011				June 30, 2012
Leasehold improvement	16,526	3,864	-	20,390	(13,507)	(663)	(14,170)	3,019	6,220
Furniture, fixtures and office equipment	108,684	608	(325)	108,967	(85,685)	(4,349)	(89,709)	22,999	19,258
Vehicles	38,608	2,564	(4,875)	36,297	(19,658)	(3,206)	(17,998)	18,950	18,299
Total	<u>163,818</u>	<u>7,036</u>	<u>(5,200)</u>	<u>165,654</u>	<u>(118,850)</u>	<u>(8,218)</u>	<u>(121,877)</u>	<u>44,968</u>	<u>43,777</u>

Baht: '000

	Cost				Accumulated depreciation				Beginning balance of leasehold improvement and equipment - net as at December 31, 2010	Ending balance of leasehold improvement and equipment - net as at December 31, 2011		
	As at	Increase	Disposal	Transfer from parent Company*	As at	As at	Disposal	Transfer from parent Company*			As at	
	December 31, 2010			December 31, 2011	December 31, 2010	December 31, 2010		December 31, 2011			December 31, 2011	
Leasehold improvement	4,435	1,885	(3,850)	14,056	16,526	(4,013)	(502)	3,592	(12,584)	(13,507)	422	3,019
Furniture, fixtures and office equipment	14,608	3,478	(3,959)	94,557	108,684	(12,951)	(3,056)	3,911	(73,589)	(85,685)	1,657	22,999
Vehicles	5,548	2,049	(1,217)	32,228	38,608	(4,153)	(2,471)	1,077	(14,111)	(19,658)	1,395	18,950
Total	<u>24,591</u>	<u>7,412</u>	<u>(9,026)</u>	<u>140,841</u>	<u>163,818</u>	<u>(21,117)</u>	<u>(6,029)</u>	<u>8,580</u>	<u>(100,284)</u>	<u>(118,850)</u>	<u>3,474</u>	<u>44,968</u>

Baht: '000

As at June 30, 2012 and December 31, 2011, certain fixed assets at cost of Baht 82.48 million and Baht 66.62 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 Note1).

11. DEFERRED TAX ASSETS

Deferred tax assets as at June 30, 2012 and December 31, 2011 were as follows:

	As at June 30, 2012	Baht: '000 As at December 31, 2011
Deferred tax assets	<u>385,568</u>	<u>363,928</u>

Movements of deferred tax assets for the six-month periods ended June 30, 2012 and 2011 consist of tax effects from the following items:

	As at December 31, 2011	Transactions recognized in profit or loss	Transaction recognized in other comprehensive income or loss	Baht: '000 As at June 30, 2012
Allowance for doubtful accounts				
- Premium due and uncollected	1,840	-	-	1,840
Allowance for doubtful accounts				
- Other receivable	858	-	-	858
Unearned premium reserve	82,820	-	-	82,820
Loss reserve - net	261,680	(50,635)	-	211,045
Incurred but not reported claims	7,888	(46)	-	7,842
Employee benefit obligation	1,728	250	-	1,978
Unused tax losses	-	74,169	-	74,169
Others	7,114	(2,098)	-	5,016
Total	<u>363,928</u>	<u>21,640</u>	<u>-</u>	<u>385,568</u>

	As at December 31, 2010	Transactions recognized in profit or loss	Transaction recognized in other comprehensive income or loss	Baht: '000 As at June 30, 2011
Allowance for doubtful accounts				
- Premium due and uncollected	471	481	-	952
Allowance for doubtful accounts				
- Other receivable	2,827	1,955	-	4,782
Unearned premium reserve	16,339	3,631	-	19,970
Loss reserve - net	11,046	8,781	-	19,827
Incurred but not reported claims	3,165	5,094	-	8,259
Employee benefit obligation	1,723	179	-	1,902
Unrealized loss on the change in value of investment in trading securities	60	(60)	-	-
Unrealized loss on the change in value of investment in available for sale securities	-	122	-	122
Others	481	615	-	1,096
Total	<u>36,112</u>	<u>20,798</u>	<u>-</u>	<u>56,910</u>

The Company used a tax rate of 30% for calculation of deferred tax for the six-month period ended June 30, 2011 and used tax rate of 20% and 23% for calculation of deferred tax for the six-month period ended June 30, 2012 (see Note 24).

12. OTHER ASSETS

Other assets as at June 30, 2012 and December 31, 2011 consist of the following:

	As at June 30, 2012	Baht: '000 As at December 31, 2011
Other receivable	25,376	14,703
Accrued income - related company	298	11,821
Premium saving certificates used as collateral	12,500	12,500
Other assets	18,401	8,763
	<u>56,575</u>	<u>47,787</u>

13. DUE TO REINSURERS

Due to reinsurers as at June 30, 2012 and December 31, 2011 consist of the following:

	As at June 30, 2012	Baht: '000 As at December 31, 2011
Premium ceded payables	68,049	76,477
Amount withheld on reinsurance	197,694	175,449
Other reinsurance payables	432,007	114,065
	<u>697,750</u>	<u>365,991</u>

14. LOSS RESERVES AND OUTSTANDING CLAIMS

Loss reserves and outstanding claims as at June 30, 2012 and December 31, 2011 consist of the following:

	As at June 30, 2012	Baht: '000 As at December 31, 2011
As at January 1,	6,228,598	107,204
Loss incurred and loss adjustment expenses in the period/year		
- Incurred but not reported	(228)	28,892
- Incurred but not yet agreed	(1,905,998)	6,090,183
- Incurred and agreed	2,696,286	316,906
Loss paid and loss adjustment paid in the period/year	(2,285,935)	(776,852)
<u>Add</u> Loss reserves and outstanding claims transferred from the parent company (see Note 1)	-	462,265
As at June 30, and December 31,	<u>4,732,723</u>	<u>6,228,598</u>

As at June 30, 2012 and December 31, 2011, the Company had loss reserves and outstanding claims under the reinsurance contracts amounting to Baht 2,211.27 million and Baht 2,230.89 million, respectively.

Loss reserves and outstanding claims as at June 30, 2012 and December 31, 2011 in the financial statements have been included claim from suffering losses from flooding in Thailand amounting to Baht 3,648.34 million and Baht 5,977.98 million, respectively (see Note 4).

15. PREMIUM RESERVE

Premium reserve as at June 30, 2012 and December 31, 2011 consist of the following:

15.1 Unearned premium reserve

	As at June 30, 2012	Baht: '000 As at December 31, 2011
As at 1 January	796,725	204,792
Premium written for the period/year	911,273	617,036
Earned premium for the period/year	(833,210)	(680,245)
<u>Add</u> Premium reserves transferred from the parent company (see Note 1)	-	655,142
As at June 30, and December 31,	<u>874,788</u>	<u>796,725</u>

As at June 30, 2012 and December 31, 2011, the Company did not include additional unearned premium reserve of ceded premium to foreign reinsurers amounting to Baht 78.64 million and Baht 41.06 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.

15.2 Unexpired risk reserve

As at June 30, 2012 and December 31, 2011, no additional reserve for unexpired risk reserve has been established as the unexpired risk reserve estimated by the Company amounting to Baht 774.15 million and Baht 644.90 million, respectively, is lower than the unearned premium reserve.

16. 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%, 10% and 12% based on age group of employees, salary increase rate at 5% and retirement age at 60 years, respectively.

Employee benefit obligation for the three-month and six-month periods ended June 30, 2012 and 2011 consist of the following:

	For the three-month periods ended June 30,		For the six-month periods ended June 30,	
	2012	2011	2012	2011
Current service cost	1,085	238	2,169	475
Interest cost	381	61	762	122
Reserve for retirement benefit expense	<u>1,466</u>	<u>299</u>	<u>2,931</u>	<u>597</u>

Movements in the present value of the employee benefit obligation as at June 30, 2012 and December 31, 2011 were as follows:

	Baht: '000	
	As at June 30, 2012	As at December 31, 2011
Present value of obligation at the beginning of the period/year	38,479	5,744
Current service cost of the period/year	2,169	2,750
Interest cost	762	244
Benefit paid during the period/year	(104)	-
Employee benefit obligation transferred from the parent company (see Note 1)	-	29,741
Present value of obligation at the ending of the period/year	<u>41,306</u>	<u>38,479</u>

17. BANK OVERDRAFTS

As at June 30, 2012 and December 31, 2011, the Company had unused credit lines for bank overdrafts of Baht 20 million with interest rate of the fixed deposit rate of plus 2% - 3% per annum which were guaranteed by fixed deposit of the Company of Baht 20 million (see Note 8).

18. DEFERRED TAX LIABILITIES

Deferred tax liabilities as at June 30, 2012 and December 31, 2011 were as follows:

	As at June 30, 2012	Baht:'000 As at December 31, 2011
Deferred tax liabilities	<u>1,599</u>	<u>887</u>

Movements of deferred tax liabilities for the six-month periods ended June 30, 2012 and 2011 consist of tax effects from the following items:

	As at December 31, 2011	Transactions recognized in profit or loss	Transaction recognized in other comprehensive income or loss	Baht:'000 As at June 30, 2012
Unrealized gain on the change in value of investment in available for sale securities	<u>887</u>	<u>-</u>	<u>712</u>	<u>1,599</u>
Total	<u>887</u>	<u>-</u>	<u>712</u>	<u>1,599</u>

	As at December 31, 2010	Transactions recognized in profit or loss	Transaction recognized in other comprehensive income or loss	Baht:'000 As at June 30, 2011
Unrealized gain on the change in value of investment in available for sale securities	<u>500</u>	<u>-</u>	<u>(500)</u>	<u>-</u>
Total	<u>500</u>	<u>-</u>	<u>(500)</u>	<u>-</u>

The Company used a tax rate of 30% for calculation of deferred tax for the six-month period ended June 30, 2011 and used tax rate of 20% and 23% for calculation of deferred tax for the six-month period ended June 30, 2012 (see Note 24).

19. OTHER LIABILITIES

Other liabilities as at June 30, 2012 and December 31, 2011 consist of the following:

	As at June 30, 2012	Baht: '000 As at December 31, 2011
Other payable - promotion expense	13,785	19,450
Amount received in advance - premium	21,868	19,950
Value added tax payable	4,337	-
Withholding tax payable	4,108	3,584
Suspense output VAT	2,439	2,947
Others	9,169	8,336
	<u>55,706</u>	<u>54,267</u>

20. 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 Department of Business Development on January 31, 2011.

Subsequently, on April 12, 2012, the ordinary shareholders' meeting No. 2 passed resolutions to approve an increase in share capital of the Company from Baht 1,200 million (120 million ordinary shares of Baht 10.00 each) to Baht 2,400 million (240 million ordinary shares of Baht 10.00 each) by issuing 120 million new ordinary shares with a par value of Baht 10.00 each to offer to the existing shareholders at par value of Baht 10.00 each per share, totally Baht 1,200 million. The Company has called and received subscriptions of the increased share capital of 60 million ordinary shares, totaling Baht 600 million and registered with the Department of Business Development on May 4, 2012.

The number of weighted average ordinary shares as at June 30, 2012 and 2011 were as follows:

	2012 shares	2011 shares
Beginning balance	120,000,000	30,000,000
The number of weighted average ordinary shares during the period 2011 (90,000,000 x 151/181)	-	75,082,873
The number of weighted average ordinary shares during the period 2012 (60,000,000 x 58/182)	19,120,879	-
	<u>139,120,879</u>	<u>105,082,873</u>

21. CAPITAL FUND MAINTAINED

In accordance with the registrar declarations regarding “Rules, Procedures and Conditions for preparing Risk-Based Capital report of non-life insurance company B.E. 2554” dated August 31, 2011, non-life insurance company has to maintain the capital adequacy ratio at least 125 percent. As at December 31, 2011, the Company has capital adequacy ratio less than condition. However, on April 12, 2012, the ordinary shareholders’ meeting No. 2 passed resolutions to approve an increase in share capital of the Company from Baht 1,200 million to Baht 2,400 million. The Company has called and received subscriptions of the increased share capital of 60 million ordinary shares, totaling Baht 600 million and registered on May 4, 2012 resulting to as at June 30, 2012 the Company has the capital adequacy ratio exceeded the requirement.

22. UNDERWRITING INFORMATION CLASSIFIED BY TYPE OF INSURANCE

Underwriting information classified by type of insurance for the three-month and six-month periods ended June 30, 2012 and 2011 were as follows:

	For the three-month period ended June 30, 2012					Baht: '000
	Fire	Marine	Motor	Personal	Other	Total
				accident	miscellaneous	
Underwriting income						
Gross premiums written	132,061	97,789	207,813	53,920	149,908	641,491
<u>Less</u> Premiums ceded	37,059	71,036	(7)	8,405	68,399	184,892
Net premiums written	95,002	26,753	207,820	45,515	81,509	456,599
<u>(Add) Less</u> Unearned premium reserve	2,936	4,201	17,579	(2,147)	10,804	33,373
Earned premium	92,066	22,552	190,241	47,662	70,705	423,226
Fee and commission income	5,787	19,398	(3)	1,810	13,644	40,636
Total underwriting income	97,853	41,950	190,238	49,472	84,349	463,862
Underwriting expenses						
Insurance claims and loss adjustment expenses (see Note 4)	91,430	7,838	103,545	15,701	53,414	271,928
Commissions and brokerages expenses	29,908	12,314	29,850	9,282	15,928	97,282
Other underwriting expenses	7,721	7,670	16,318	8,957	24,796	65,462
Total underwriting expenses	129,059	27,822	149,713	33,940	94,138	434,672

Baht: '000						
For the six-month period ended June 30, 2012						
	Fire	Marine	Motor	Personal accident	Other miscellaneous	Total
Gross premiums written	271,514	187,518	406,321	117,881	310,452	1,293,686
<u>Less</u> Premiums ceded	86,344	137,853	3,303	16,959	137,954	382,413
Net premiums written	185,170	49,665	403,018	100,922	172,498	911,273
<u>(Add) Less</u> Unearned premium reserve	2,920	5,789	24,161	9,088	36,105	78,063
Earned premium	182,250	43,876	378,857	91,834	136,393	833,210
Fee and commission income	16,049	46,940	(6)	3,301	31,521	97,805
Total underwriting income	198,299	90,816	378,851	95,135	167,914	931,015
Underwriting expenses						
Insurance claims and loss adjustment expenses (see Note 4)	147,482	17,541	231,900	64,620	216,453	677,996
Commissions and brokerages expenses	60,647	23,144	56,410	20,296	33,095	193,592
Other underwriting expenses	20,326	14,280	31,563	28,034	44,809	139,012
Total underwriting expenses	228,455	54,965	319,873	112,950	294,357	1,010,600
Baht: '000						
For the three-month period ended June 30, 2011						
	Fire	Marine	Motor	Personal accident	Other miscellaneous	Total
Underwriting income						
Gross premiums written	19,710	1,307	44,440	3,769	45,367	114,593
<u>Less</u> Premiums ceded	2,411	427	149	1,631	4,740	9,358
Net premiums written	17,299	880	44,291	2,138	40,627	105,235
<u>(Add) Less</u> Unearned premium reserve	5,301	(1)	1,966	1,435	(3,232)	5,469
Earned premium	11,998	881	42,325	703	43,859	99,766
Fee and commission income	884	169	40	599	2,098	3,790
Total underwriting income	12,882	1,050	42,365	1,302	45,957	103,556
Underwriting expenses						
Insurance claims and loss adjustment expenses (see Note 4)	9	2,527	21,441	522	30,540	55,039
Commissions and brokerages expenses	4,332	60	1,240	558	2,959	9,149
Other underwriting expenses	1,108	50	15,671	1,033	6,955	24,817
Total underwriting expenses	5,449	2,637	38,352	2,113	40,454	89,005

	For the six-month period ended June 30, 2011					Baht: '000
	Fire	Marine	Motor	Personal accident	Other miscellaneous	Total
Gross premiums written	34,280	2,924	82,620	5,484	82,571	207,879
<u>Less</u> Premiums ceded	6,770	1,163	757	2,694	13,884	25,268
Net premiums written	27,510	1,761	81,863	2,790	68,687	182,611
<u>(Add) Less</u> Unearned premium reserve	3,107	(79)	(554)	2,402	(12,930)	(8,054)
Earned premium	24,403	1,840	82,417	388	81,617	190,665
Fee and commission income	922	591	54	1,022	3,499	6,088
Total underwriting income	25,325	2,431	82,471	1,410	85,116	196,753
Underwriting expenses						
Insurance claims and loss adjustment expenses see Note 4)	2,190	2,640	55,479	461	42,880	103,650
Commissions and brokerages expenses	7,704	271	3,308	837	7,286	19,406
Other underwriting expenses	1,661	112	17,528	1,315	12,940	33,556
Total underwriting expenses	11,555	3,023	76,315	2,613	63,106	156,612

23. OPERATING EXPENSES

Operating expenses for the three-month and six-month periods ended June 30, 2012 and 2011 consist of the following:

	Baht: '000			
	For the three-month periods ended June 30,		For the six-month periods ended June 30,	
	2012	2011	2012	2011
Employee benefit expense, excluded underwriting and loss adjustment expenses	18,487	4,076	36,140	8,467
Premises and equipment expense, excluded underwriting expenses	20,635	5,100	40,903	9,372
Taxes and duties	214	214	384	239
Bad debt and doubtful accounts	47	6,515	47	6,515
Directors personnel's remuneration	341	301	682	606
Management fee (see Note 26.2)	11,292	3,897	22,052	7,709
Other operating expense	9,879	2,598	20,007	6,293
Total operating expenses	60,895	22,701	120,215	39,201

24. INCOME TAX EXPENSE

Income tax expense for the three-month and six-month periods ended June 30, 2012 and 2011 consist of the following:

	Baht: '000			
	For the three-month periods ended June 30,		For the six-month periods ended June 30,	
	2012	2011	2012	2011
Income tax expense from taxable income per income tax return	-	17,756	-	24,909
Deferred tax expenses relating to the origination and reversal of temporary differences	<u>597</u>	<u>(17,154)</u>	<u>(21,640)</u>	<u>(20,676)</u>
Income tax expense (income) per the statements of comprehensive income	<u>597</u>	<u>602</u>	<u>(21,640)</u>	<u>4,233</u>

The reconciliation between income tax expenses (income) and accounting income for the three-month and six-month periods ended June 30, 2012 and 2011 were as follows:

	Baht: '000			
	For the three-month periods ended June 30,		For the six-month periods ended June 30,	
	2012	2011	2012	2011
Accounting income (loss) before tax	<u>(19,486)</u>	<u>(1,016)</u>	<u>(180,789)</u>	<u>11,299</u>
Income tax at 30%	-	(304)	-	3,390
Income tax at 23%	(4,481)	-	(41,581)	-
Deferred income tax expenses related to change in corporation tax rate	4,797	-	19,559	-
Tax effect of non-deductible expenses (benefits)	<u>281</u>	<u>906</u>	<u>382</u>	<u>843</u>
Income tax expense (income) per the statements of comprehensive income	<u>597</u>	<u>602</u>	<u>(21,640)</u>	<u>4,233</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 onwards. 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 23% and 30% for corporate income tax calculation for the three-month and six-month periods ended June 30, 2012 and 2011, respectively.

The Company used a tax rate of 30% for calculation of deferred tax for the three-month and six-month periods ended June 30, 2012 and 2011 and used tax rate of 20% and 23% for calculation of deferred tax for the three-month and six-month period ended June 30, 2012 (see Notes 11 and 18).

25. BASIC EARNINGS (LOSS) PER SHARE

Basic earnings (loss) per share for the three-month and six-month periods ended June 30, 2012 and 2011 were as follows:

	For the three-month periods ended June 30,		For the six-month periods ended June 30,	
	2012	2011	2012	2011
Net profit (loss) (Baht : '000)	(20,083)	(1,618)	(159,149)	7,066
Issued and paid-up share capital (shares) (see Note 20)	139,120,879	105,082,873	139,120,879	105,082,873
Basic earnings (loss) per share (Baht)	<u>(0.14)</u>	<u>(0.02)</u>	<u>(1.14)</u>	<u>0.07</u>

26. TRANSACTIONS WITH RELATED PARTIES

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

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

Companies	Relationship	Type of Business
Sri Ayudhya Capital Plc.	Parent company	Holding Company
Bank of Ayudhya Plc.	Some common shareholders and directors	Banking
BBTV Equity Co., Ltd.	Some common shareholders	Office Space Rental
Krungsri Securities Plc.	Some common shareholders and directors	Finance
Krungsri Asset Management Co., Ltd.	Some common shareholders	Fund Management
Ayudhya Development Leasing Co., Ltd.	Some common shareholders	Leasing
Siam City Cement Plc.	Some common shareholders and directors	Construction Materials
Bangkok Broadcasting & T.V. Co., Ltd.	Some common shareholders and directors	Television Business
Great Luck Equity Co., Ltd.	Some common shareholders	Advertising
Super Asset Co., Ltd.	Some common shareholders	Investment
Allianz Ayudhya Assurance Plc. (Formerly Ayudhya Allianz 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
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
CKS Holding Ltd.	Some common shareholders	Investments

26.1 Investments

	As at June 30, 2012	Baht: '000 As at December 31, 2011
Investment - notes		
Bank of Ayudhya Plc.	-	20,000

26.2 Significant balances and transactions are as follows:

	As at June 30, 2012	Baht: '000 As at December 31, 2011
Bank deposits		
Bank of Ayudhya Plc.	1,156,274	564,921
Premium due and uncollected		
Krungsri Securities Plc.	-	72
Bank of Ayudhya Plc.	12,050	996
Krungsri Asset Management Co., Ltd.	-	25
Bangkok Broadcasting & T.V. Co., Ltd.	335	1,711
Siam City Cement Plc.	517	658
BBTV Equity Co., Ltd.	41	-
Allianz Ayudhya Assurance Plc. (Formerly Ayudhya Allianz C.P. Life Plc.)	-	43
Grand Canal Land Plc.	-	357
Ayudhya Asset Management Co., Ltd.	242	620
Siam Realty and Services Co., Ltd.	103	85
Ayudhya Capital Auto Lease Plc.	1	339
Krungsriayudhya Card Co., Ltd.	-	415
	<u>13,289</u>	<u>5,321</u>
Accrued interest income		
Bank of Ayudhya Plc.	518	512
Accrued income		
Sri Ayudhya Capital Plc.	298	11,821
Rental and facilities deposits		
BBTV Equity Co., Ltd.	3,910	1,097
Bank Overdraft		
Bank of Ayudhya Plc.	594	-

	Baht: '000			
	As at June 30, 2012		As at December 31, 2011	
Accrued expense - custodian fee Bank of Ayudhya Plc.	15		11	
Accrued expense - commissions and brokerages Bank of Ayudhya Plc.	12,749		12,945	
Accrued expense - other underwriting expenses Bank of Ayudhya Plc.	4,366		6,180	
Accrued expense Sri Ayudhya Capital Plc.	11,292		1,370	
	Baht: '000			
	For the three-month periods ended June 30, 2012		For the six-month periods ended June 30, 2011	
Premium written	2012	2011	2012	2011
Ayudhya Development Leasing Co., Ltd.	-	-	36	-
Krungsri Securities Plc.	-	-	17	-
Bank of Ayudhya Plc.	8,661	373	11,573	373
Krungsri Asset Management Co., Ltd.	-	-	1,346	-
Bangkok Broadcasting & T.V. Co., Ltd.	3,554	-	4,031	-
Super Assets Co., Ltd.	-	-	68	-
BBTV Equity Co., Ltd.	38	-	56	-
Siam City Cement Plc.	939	-	2,672	-
CKS Holding Ltd.	-	-	131	-
Great Luck Equity Co., Ltd.	27	-	27	-
Allianz Ayudhya Assurance Plc.	-	-	790	-
Ayudhya Asset Management Co., Ltd.	199	-	167	-
Siam Realty and Services Co., Ltd.	294	-	546	-
Krungsri Factoring Co., Ltd.	14	-	14	-
Ayudhya Capital Auto Lease Plc.	1	-	1	-
Krungsriayudhya Card Co., Ltd.	-	-	3,010	-
	<u>13,727</u>	<u>373</u>	<u>24,485</u>	<u>373</u>

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

	Baht: '000			
	For the three-month periods ended June 30, 2012		For the six-month periods ended June 30, 2011	
Interest income	2012	2011	2012	2011
Bank of Ayudhya Plc.	2,180	772	3,045	927

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 three-month periods ended June 30,		Baht: '000 For the six-month periods ended June 30,	
	2012	2011	2012	2011
Commissions and brokerages				
Bank of Ayudhya Plc.	31,159	-	65,368	-
Other underwriting expenses				
Bank of Ayudhya Plc.	12,743	-	33,640	-

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 three-month periods ended June 30,		Baht: '000 For the six-month periods ended June 30,	
	2012	2011	2012	2011
Custodian fee				
Bank of Ayudhya Plc.	42	23	75	23

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

	For the three-month periods ended June 30,		Baht: '000 For the six-month periods ended June 30,	
	2012	2011	2012	2011
Rental and service fees				
BBTV Equity Co., Ltd.	3,910	1,097	6,829	1,463
Sri Ayudhya Capital Plc. (Formerly The Ayudhya Insurance Plc.)	11,292	3,897	22,052	7,709

The Company has office rental, equipment rental and service agreements with related companies for a term of 3 year. Rental rates and conditions are the same as the related parties offer to other companies (see Note 31).

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

27. DIRECTORS AND KEY MANAGEMENT PERSONNEL'S REMUNERATION

During the three-month and six-month periods ended June 30, 2012 and 2011, the Company had salaries, bonuses, meeting allowances and employment benefit expense of its directors and key management personnel recognized as expenses as follows:

	Baht: '000			
	For the three-month periods ended June 30,		For the six-month periods ended June 30,	
	2012	2011	2012	2011
Directors and key management personnel's remuneration	4,642	1,456	11,727	3,220

Directors' remuneration for the three-month and six-month periods ended June 30, 2012 and 2011 were approved by the ordinary shareholders' meeting No.2 of the Company held on April 12, 2012 and April 29, 2011, respectively.

28. DEPOSITS WITH THE REGISTRAR

As at June 30, 2012 and December 31, 2011, certain fixed deposits and the Company's bond were deposited with the Registrar (see Note 8) in accordance with the Insurance Act and according to the announcement of the Office of Insurance Commission regarding "Rates, Rules and Procedures for pledge of unearned premium reserve of Non-Life Insurance Company B.E. 2552" as follows:

	Baht: '000	
	As at June 30, 2012	As at December 31, 2011
Bonds	51,725	52,054
Treasury bill	109,706	-
Fixed deposit	14,000	14,000
Total	175,431	66,054

29. BACKUP ASSETS

As at June 30, 2012 and December 31, 2011, the Company has deposited certain investments with bank used for the Company's backup assets (see Note 8) according to the Notification of the Office of Insurance Commission regarding "Asset allocation for liabilities and commitment of insurance contract and asset deposition at financial institution B.E. 2551". The backup assets were as follows:

	As at June 30, 2012	Baht: '000 As at December 31, 2011
Government and state enterprise securities	290,302	363,391
Private enterprises debt securities	13,275	48,265
Foreign debt securities	405,078	700,143
Unit trusts	62,463	20,141
Fixed deposit	937,717	50,000
Equity securities	1,211	282
Total	1,710,046	1,182,222

30. CONTINGENT LIABILITIES

As at June 30, 2012 and December 31, 2011, lawsuits have been brought against the Company, as insurer, from which the Company estimates losses totaling Baht 12.91 million and Baht 9.23 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.

31. LONG-TERM LEASES AND SERVICE AGREEMENTS

Long-term leases and service agreements as at June 30, 2012 and December 31, 2011 consist of the following:

Type of lease	Remaining periods		Baht: '000 Total rental payments for the remaining periods
	Within 1 year	Over 1 year to 5 years	
As at June 30, 2012			
Building			
- related companies	4,692	5,242	9,934
- others	5,470	5,372	10,842
Service - related company	4,692	5,242	9,934
Equipment - related company	6,256	6,991	13,247
	21,110	22,847	43,957

Type of lease	Remaining periods		Total rental payments for the remaining periods
	Within 1 year	Over 1 year to 5 years	
As at December 31, 2011			
Building			
- related companies	1,317	1,536	2,853
- others	2,426	3,343	5,769
Service - related company	1,317	1,536	2,853
Equipment - related company	1,755	2,048	3,803
	<u>6,815</u>	<u>8,463</u>	<u>15,278</u>

32. 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.

33. COMMITMENT

As at June 30, 2012 and December 31, 2011, the Company had a capital commitment to pay computer program development expenses in the amount of approximately Baht 21.21 million and Baht 22.51 million, respectively.

34. AUTHORIZATION OF INTERIM FINANCIAL STATEMENTS

These interim financial statements were approved for issuance by the Company's authorized executive director on August 10, 2012.