
***SRI AYUDHYA GENERAL INSURANCE
PUBLIC COMPANY LIMITED***

Interim Financial Statements

***Three-month and nine-month periods ended
September 30, 2012***

**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 September 30, 2012, and the statements of comprehensive income for the three-month and nine-month periods ended September 30, 2012 and 2011, changes in equity and cash flows for the nine-month periods ended September 30, 2012 and 2011 and the condensed notes to the 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 No. 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 of condensed notes to the 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
November 12, 2012

DELOITTE TOUCHE TOHMATSU JAIYOS AUDIT CO., LTD.

SRI AYUDHYA GENERAL INSURANCE PUBLIC COMPANY LIMITED

STATEMENTS OF FINANCIAL POSITION

AS AT SEPTEMBER 30, 2012 AND DECEMBER 31, 2011

Baht : '000

	Notes	"Unaudited"	
		As at September 30, 2012	As at December 31, 2011
ASSETS			
Cash and cash equivalents	5.2	237,939	738,839
Accrued investment income		10,433	6,092
Premium due and uncollected - net	6	224,512	212,918
Reinsurance assets	7	4,110,706	5,258,564
Investments			
Investments in securities	8		
Available for sale securities		768,415	1,306,740
Held-to-maturity investment securities		823,590	140,277
General investment securities		1,211	1,211
Total investment in securities		1,593,216	1,448,228
Loans	9	4,174	3,634
Leasehold improvement and equipment - net	10	45,786	44,968
Intangible assets - net		120,765	123,688
Deferred tax assets	11	364,757	363,928
Deferred commission expense		38,195	38,408
Other assets	12	52,161	47,787
TOTAL ASSETS		6,802,644	8,287,054

See condensed notes to the financial statements

SRI AYUDHYA GENERAL INSURANCE PUBLIC COMPANY LIMITED

STATEMENTS OF FINANCIAL POSITION (CONTINUED)

AS AT SEPTEMBER 30, 2012 AND DECEMBER 31, 2011

Baht : '000

	Notes	"Unaudited"	
		As at September 30, 2012	As at December 31, 2011
LIABILITIES AND EQUITY			
Due to reinsurers	13	869,442	365,991
Insurance contract liabilities			
Loss reserves and outstanding claims	14	3,657,855	6,228,598
Premium reserve	15.1	878,737	796,725
Employee benefit obligation	16	42,771	38,479
Deferred tax liabilities	18	2,504	887
Premium written received in advance		243,139	256,904
Commission and brokerage payables		42,108	40,040
Accrued expenses		30,848	28,136
Other liabilities	19	65,231	54,267
TOTAL LIABILITIES		5,832,635	7,810,027

SRI AYUDHYA GENERAL INSURANCE PUBLIC COMPANY LIMITED
STATEMENTS OF FINANCIAL POSITION (CONTINUED)
AS AT SEPTEMBER 30, 2012 AND DECEMBER 31, 2011

Baht : '000

	Note	"Unaudited"	
		As at September 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			1,200,000
240,000,000 ordinary shares of Baht 10.00 each		2,400,000	
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		(838,375)	(725,943)
Other components of equity			
Surplus on revaluation of investment		8,384	2,970
TOTAL EQUITY		970,009	477,027
TOTAL LIABILITIES AND EQUITY		6,802,644	8,287,054

See condensed notes to the financial statements

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

Baht : '000

	Notes	2012	2011
Revenues			
Net premium earned	22	428,434	95,006
Fee and commission income	22	45,766	5,568
Total revenues		474,200	100,574
Expenses			
Underwriting expenses			
Losses incurred			
Insurance claims and loss adjustment expenses	22	180,309	51,936
Commissions and brokerage expenses	22	98,540	6,788
Other underwriting expenses	22	76,113	22,700
Operating expenses	23	57,857	14,090
Total underwriting expenses		412,819	95,514
Profit on underwriting		61,381	5,060
Net investment income		9,483	9,280
Gain on investment in securities		15	154
Other income		456	875
Income from operation		71,335	15,369

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

		Baht : '000	
	Notes	2012	2011
Contribution to the Office of Insurance Commission		1,861	306
Contribution to Non - life Guarantee Fund		1,860	255
Contribution to Road Victims Protection Fund		86	13
Income before income tax expense		67,528	14,795
Income tax expense	24	20,811	3,611
Net income		46,717	11,184
Other comprehensive income			
Surplus on revaluation of investments		3,936	55
Income tax relating to other comprehensive loss		(905)	(17)
Other net comprehensive income			
for the periods - net of tax		3,031	38
Total comprehensive income for the periods		49,748	11,222
Basic earnings per share	25	Baht	
		0.31	0.10

See condensed notes to the financial statements

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

Baht : '000

	Notes	2012	2011
Revenues			
Net premium earned	22	1,261,644	285,671
Fee and commission income	22	143,571	11,656
Total revenues		1,405,215	297,327
Expenses			
Underwriting expenses			
Losses incurred			
Insurance claims and loss adjustment expenses	22	858,305	155,586
Commissions and brokerage expenses	22	292,132	26,194
Other underwriting expenses	22	215,125	56,256
Operating expenses	23	178,072	53,291
Total underwriting expenses		1,543,634	291,327
Profit (loss) on underwriting		(138,419)	6,000
Net investment income		33,883	20,319
Loss on investment in securities		(793)	(163)
Other income		2,893	1,567
Income (loss) from operation		(102,436)	27,723

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

		Baht : '000	
	Notes	2012	2011
Contribution to the Office of Insurance Commission		5,535	921
Contribution to Non - life Guarantee Fund		5,035	665
Contribution to Road Victims Protection Fund		255	43
Income (loss) before income tax expense		<u>(113,261)</u>	<u>26,094</u>
Income tax - expense (income)	24	<u>(829)</u>	<u>7,844</u>
Net income (loss)		<u>(112,432)</u>	<u>18,250</u>
Other comprehensive income (loss)			
Surplus (deficit) on revaluation of investments	5.1	7,031	(2,018)
Income tax relating to other comprehensive income (loss)	5.1	<u>(1,617)</u>	<u>605</u>
Other net comprehensive income (loss)			
for the periods - net of tax		<u>5,414</u>	<u>(1,413)</u>
Total comprehensive income (loss) for the periods		<u>(107,018)</u>	<u>16,837</u>
Basic earnings (loss) per share	25	Baht (0.74)	0.17

See condensed notes to the financial statements

SRI AYUDHYA GENERAL INSURANCE PUBLIC COMPANY LIMITED
STATEMENTS OF CHANGES IN EQUITY
FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 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	-	18,250	(1,413)	16,837
Ending balance as at September 30, 2011		<u>1,200,000</u>	<u>48,761</u>	<u>(245)</u>	<u>1,248,516</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	-	(112,432)	5,414	(107,018)
Ending balance as at September 30, 2012		<u>1,800,000</u>	<u>(838,375)</u>	<u>8,384</u>	<u>970,009</u>

See condensed notes to the financial statements

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

Baht : '000

	Note	2012	2011
CASH FLOWS PROVIDED BY (USED IN) OPERATING ACTIVITIES			
Direct premium received		1,982,731	349,529
Cash received from reinsurance		1,745,104	30,178
Losses incurred from direct insurance		(3,998,256)	(197,653)
Loss adjustment expenses from direct insurance		(55,233)	(9,776)
Commissions and brokerages from direct insurance		(280,067)	(23,209)
Other underwriting expenses		(220,672)	(63,224)
Interest income		28,222	21,172
Dividend income		4	-
Other income		539	4,884
Operating expenses		(137,406)	(51,544)
Income tax paid		(8,170)	(20,195)
Net cash provided by (used in) operating activities	5.3	(943,204)	40,162
CASH FLOWS PROVIDED BY (USED IN) INVESTING ACTIVITIES			
CASH FLOWS PROVIDED BY			
Investment in securities		619,463	325,558
Loans		1,540	133
Leasehold improvement and equipment		2,389	1,096
Deposits at financial institutions with maturity over 3 months and deposits used as collateral		370,500	160,589
Cash provided by investing activities		993,892	487,376

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

	Baht : '000	
	2012	2011
CASH FLOWS PROVIDED BY (USED IN) INVESTING ACTIVITIES		
(CONTINUED)		
CASH FLOWS USED IN		
Investment in securities	(53,584)	(333,355)
Cash paid to parent company - share subscription to be returned	-	(21,625)
Loans	(2,080)	(625)
Leasehold improvement and equipment	(13,253)	(5,129)
Intangible assets	(8,858)	-
Deposits at financial institutions with maturity over 3 months and deposits used as collateral	(1,073,813)	(129,168)
Cash used in investing activities	<u>(1,151,588)</u>	<u>(489,902)</u>
Net cash used in investing activities	<u>(157,696)</u>	<u>(2,526)</u>
CASH FLOWS PROVIDED BY (USED IN) FINANCING ACTIVITIES		
Cash received from increase in share capital	<u>600,000</u>	<u>900,000</u>
Net cash provided by financing activities	<u>600,000</u>	<u>900,000</u>
Net increase (decrease) in cash and cash equivalents	(500,900)	937,636
Cash and cash equivalents as at January 1,	<u>738,839</u>	<u>54,578</u>
Cash and cash equivalents as at September 30,	<u><u>237,939</u></u>	<u><u>992,214</u></u>

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 NINE-MONTH PERIODS ENDED SEPTEMBER 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. 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 existing 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 was excess by 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 recorded such transaction in a part of other assets. Subsequently, on 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 nine-month periods ended September 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 nine-month periods ended September 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 nine-month period ended September 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
--------	--------------------

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 nine-month periods ended September 30, 2012, the Company has paid/(received) insurance claims from the flooding to the insured by net of loss refundable from reinsurance amounting to Baht (13.90) million and Baht 526.34 million, respectively, and recorded net insurance claims arising from loss incurred and loss refundable from such situation decreased amounting to Baht 42.43 million and increased amounting to Baht 126.55 million, respectively, as part of insurance claims and loss adjustment expenses account in the statements of comprehensive income for the three-month and nine-month periods ended September 30, 2012 (see Note 22). As at September 30, 2012, the Company has loss reserve from such claims of flooding amounting to Baht 2,911.23 million, as part of loss reserves and outstanding claims account (see Note 14), and loss refundable from reinsurance amounting to Baht 2,280.64 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

As at September 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	10,888	(350)
<u>Add</u> Deferred tax assets	-	105
<u>Less</u> Deferred tax liabilities	<u>(2,504)</u>	<u>-</u>
Surplus (deficit) on revaluation of investments - net	<u>8,384</u>	<u>(245)</u>

For the nine-month periods ended September 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	7,031	(2,018)
Increase of deferred tax assets	-	105
Decrease (increase) of deferred tax liabilities	<u>(1,617)</u>	<u>500</u>
Increase (decrease) of surplus (deficit) on revaluation of investments - net	<u>5,414</u>	<u>(1,413)</u>

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

	As at September 30, 2012	Baht: '000 As at December 31, 2011
Cash	260	190
Cheque on hands	31,587	-
Deposits at bank - call deposits	706,973	633,649
Deposits at bank - time deposits and certificate of deposits	317,209	219,777
	<u>1,056,029</u>	<u>853,616</u>
<u>Less</u> Deposits at bank with maturity over 3 months (see Note 8)	(5,488)	(30,777)
Deposits at bank used as collateral (see Note 8)	(812,602)	(84,000)
Cash and cash equivalents	<u>237,939</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 nine-month periods ended September 30, 2012 and 2011 are as follows:

	2012	Baht: '000 2011
CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit (loss) before income tax	(113,261)	26,094
Items to reconcile net profit to net cash flows:		
Depreciation	12,400	1,756
Amortization of intangible assets	13,140	221
Gain on sale of assets	(2,354)	(735)
Employment benefit expense	4,292	895
Unearned premium reserve increase (decrease) from prior period	82,012	(18,897)
Amortization of bonds premium	1,709	-
Amortization of bonds discount	(1,084)	(463)
Amortization of treasury bills discount	(1,967)	-
Amortization of debentures premium	37	198
Amortization of debentures discount	(11)	-
(Gain) loss on sale of investment in available for sale securities - other securities	793	(168)

	2012	Baht: '000 2011
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)
Doubtful debt accounts	47	4,247
Profit (loss) from operations before changes in operating assets and liabilities	(4,247)	13,479
Operating assets (increase) decrease		
Accrued investment income	(4,341)	(492)
Premium due and uncollected	(11,594)	12,574
Reinsurance assets	1,147,858	(53,253)
Deferred commission expense	213	4,027
Other assets	3,750	(6,240)
Operating liabilities increase (decrease)		
Due to reinsurers	503,451	54,408
Loss reserves and outstanding claims	(2,570,743)	7,445
Premium written received in advance	(13,765)	28,201
Accrued commissions	2,068	(2,029)
Accrued expense	2,712	(4,440)
Other liabilities	9,604	6,677
Cash provided by (used in) operating activities	(935,034)	60,357
Income tax paid	(8,170)	(20,195)
Net cash provided by (used in) operating activities	<u>(943,204)</u>	<u>40,162</u>

6. PREMIUM DUE AND UNCOLLECTED - NET

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

	As at September 30, 2012				As at December 31, 2011			
	Agent and				Agent and			
	Insured	Broker	Inward	Total	Insured	Broker	Inward	Total
Within credit terms	5,732	122,880	481	129,093	15,541	123,816	499	139,856
Less than 30 days	9,207	35,324	615	45,146	2,419	36,096	647	39,162
31 - 60 days	3,650	18,157	1,640	23,447	244	12,697	3,557	16,498
61 - 90 days	2,210	6,009	1,158	9,377	246	3,434	938	4,618
91 days - 1 year	5,889	16,970	3,290	26,149	218	7,687	7,763	15,668
Over 1 year	-	683	193	876	5,859	459	-	6,318
Total premium due and uncollected	26,688	200,023	7,377	234,088	24,527	184,189	13,404	222,120
<u>Less</u> Allowance for doubtful accounts	(1,841)	(7,735)	-	(9,576)	(6,077)	(3,125)	-	(9,202)
Premium due and uncollected - net	24,847	192,288	7,377	224,512	18,450	181,064	13,404	212,918

7. REINSURANCE ASSETS

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

	Baht: '000	
	As at September 30, 2012	As at December 31, 2011
Deposit on reinsurance	-	2
Due from reinsurers	1,452,474	247,817
Insurance reserve refundable from reinsurers	2,658,232	5,010,745
Reinsurance assets	4,110,706	5,258,564

Insurance reserve refundable from reinsurers as at September 30, 2012 and December 31, 2011 included an expected refundable from reinsurers caused by suffering losses from flooding in Thailand amounting to Baht 2,280.64 million and Baht 4,947.59 million, respectively (see Note 4).

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

	As at September 30, 2012	Baht: '000 As at December 31, 2011
Within credit terms	1,280,211	240,324
Within 12 months	172,176	7,446
1-2 years	69	25
Over 2 years	18	22
Due from reinsurers	<u>1,452,474</u>	<u>247,817</u>

8. INVESTMENTS IN SECURITIES

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

	As at September 30, 2012		As at December 31, 2011	
	Cost/ Amortized cost	Fair value	Cost/ Amortized cost	Fair value
Available for sale securities				
Government and state enterprise securities	290,278	292,023	521,744	523,460
Private enterprises debt securities	5,249	5,438	17,792	18,053
Foreign debt securities	405,163	405,616	704,983	704,855
Unit trusts	56,837	65,338	58,364	60,372
Total	<u>757,527</u>	<u>768,415</u>	<u>1,302,883</u>	<u>1,306,740</u>
Add Unrealized gain	10,888	-	3,857	-
Total available for sale securities	<u>768,415</u>	<u>768,415</u>	<u>1,306,740</u>	<u>1,306,740</u>
Held-to-maturity investment securities				
Private enterprises debt securities	5,500		25,500	
Fixed deposit with maturity over 3 months (see note 5.2)	5,488		30,777	
Fixed deposit used as collateral (see note 5.2)	812,602		84,000	
Total held-to-maturity investment securities	<u>823,590</u>		<u>140,277</u>	
General investment securities				
Equity securities	1,211		1,211	
Total general investment securities	<u>1,211</u>		<u>1,211</u>	
Total investment securities - net	<u>1,593,216</u>		<u>1,448,228</u>	

Debt securities classified by the remaining maturity as at September 30, 2012 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	8,854	278,119	3,305	290,278
Private enterprises debt securities	2,206	3,043	-	5,249
Foreign debt securities	4,702	400,461	-	405,163
Add Unrealized gain	21	2,089	277	2,387
Total available for sale debt securities	15,783	683,712	3,582	703,077
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	21,283	683,712	3,582	708,577

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	595,580	592,636	58,152	1,246,368
Held-to-maturity debt securities				
Private enterprises debt securities	23,000	2,500	-	25,500
Total held-to-maturity debt securities	23,000	2,500	-	25,500
Total debt securities - net	618,580	595,136	58,152	1,271,868

As at September 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 September 30, 2012 and December 31, 2011, investment in securities and fixed deposits are pledged as collateral with the Registrar amounting to Baht 205.57 million and Baht 66.05 million, respectively (see Note 28).

As at September 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 amounting to Baht 1,362.16 million and Baht 1,182.22 million, respectively (see Note 29).

9. LOANS

Loans of the Company is loan to employees in accordance with the welfare policy of the Company which its limit is not exceed Baht 100,000 each, with interest rate of 3.85% per annum.

10. LEASEHOLD IMPROVEMENT AND EQUIPMENT - NET

Leasehold improvement and equipment - net as at September 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 September 30, 2012		
	As at December 31, 2011	Increase	Disposal	As at September 30, 2012	As at December 31, 2011	Depreciation			Disposal	As at September 30, 2012
									Baht: '000	
Leasehold improvement	16,526	4,330	(18)	20,838	(13,507)	(1,089)	18	(14,578)	3,019	6,260
Furniture, fixtures and office equipment	108,684	1,940	(8,377)	102,247	(85,685)	(6,520)	8,353	(83,852)	22,999	18,395
Vehicles	38,608	6,983	(4,876)	40,715	(19,658)	(4,791)	4,865	(19,584)	18,950	21,131
Total	<u>163,818</u>	<u>13,253</u>	<u>(13,271)</u>	<u>163,800</u>	<u>(118,850)</u>	<u>(12,400)</u>	<u>13,236</u>	<u>(118,014)</u>	<u>44,968</u>	<u>45,786</u>

	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 December 31, 2010	Increase	Disposal	Transfer from parent Company*	As at December 31, 2011	As at December 31, 2010	Depreciation	Disposal			Transfer from parent Company*	As at December 31, 2011
											Baht: '000	
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>

As at September 30, 2012 and December 31, 2011, certain fixed assets at cost of Baht 79.06 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 September 30, 2012 and December 31, 2011 were as follows:

	As at September 30, 2012	Baht: '000 As at December 31, 2011
Deferred tax assets	<u>364,757</u>	<u>363,928</u>

Movements of deferred tax assets for the nine-month periods ended September 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 September 30, 2012
Allowance for doubtful accounts				
- Premium due and uncollected	1,840	75	-	1,915
Allowance for doubtful accounts				
- Other receivable	858	(601)	-	257
Unearned premium reserve	82,820	-	-	82,820
Loss reserve - net	261,680	(67,253)	-	194,427
Incurred but not reported claims	7,888	430	-	8,318
Employee benefit obligation	1,728	376	-	2,104
Unused tax losses	-	69,888	-	69,888
Others	7,114	(2,086)	-	5,028
Total	<u>363,928</u>	<u>829</u>	<u>-</u>	<u>364,757</u>

	As at December 31, 2010	Transactions recognized in profit or loss	Transaction recognized in other comprehensive income or loss	Baht: '000 As at September 30, 2011
Allowance for doubtful accounts				
- Premium due and uncollected	471	481	-	952
Allowance for doubtful accounts				
- Other receivable	2,827	1,275	-	4,102
Unearned premium reserve	16,339	3,403	-	19,742
Loss reserve - net	11,046	5,828	-	16,874
Incurred but not reported claims	3,165	7,726	-	10,891
Employee benefit obligation	1,723	268	-	1,991
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	-	-	105	105
Others	481	596	-	1,077
Total	<u>36,112</u>	<u>19,517</u>	<u>105</u>	<u>55,734</u>

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

12. OTHER ASSETS

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

	As at September 30, 2012	Baht: '000 As at December 31, 2011
Other receivable	28,218	14,703
Accrued income - related company	30	11,821
Premium saving certificates used as collateral	12,500	12,500
Other assets	11,413	8,763
	<u>52,161</u>	<u>47,787</u>

13. DUE TO REINSURERS

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

	As at September 30, 2012	Baht: '000 As at December 31, 2011
Premium ceded payables	103,616	76,477
Amount withheld on reinsurance	191,106	175,449
Other reinsurance payables	574,720	114,065
	<u>869,442</u>	<u>365,991</u>

14. LOSS RESERVES AND OUTSTANDING CLAIMS

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

	As at September 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	2,147	28,892
- Incurred but not yet agreed	(2,583,058)	6,090,183
- Incurred and agreed	3,521,862	316,906
Loss paid and loss adjustment paid in the period/year	(3,511,694)	(776,852)
<u>Add</u> Loss reserves and outstanding claims transferred from the parent company (see Note 1)	<u>-</u>	<u>462,265</u>
As at September 30, and December 31,	<u>3,657,855</u>	<u>6,228,598</u>

As at September 30, 2012 and December 31, 2011, the Company had loss reserves and outstanding claims under the reinsurance contracts amounting to Baht 2,014.25 million and Baht 2,230.89 million, respectively.

Loss reserves and outstanding claims as at September 30, 2012 and December 31, 2011 in the financial statements have been included claim from suffering losses from flooding in Thailand amounting to Baht 2,911.23 million and Baht 5,977.98 million, respectively (see Note 4).

15. PREMIUM RESERVE

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

15.1 Unearned premium reserve

	As at September 30, 2012	Baht: '000 As at December 31, 2011
As at 1 January	796,725	204,792
Premium written for the period/year	1,343,656	617,036
Earned premium for the period/year	(1,261,644)	(680,245)
<u>Add</u> Premium reserves transferred from the parent company (see Note 1)	<u>-</u>	<u>655,142</u>
As at September 30, and December 31,	<u>878,737</u>	<u>796,725</u>

As at September 30, 2012 and December 31, 2011, such unearned premium reserve did not include additional unearned premium reserve of ceded premium to foreign reinsurers amounting to Baht 187.40 million and Baht 90.22 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 September 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 599.73 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 nine-month periods ended September 30, 2012 and 2011 consist of the following:

	For the three-month periods ended September 30,		For the nine-month periods ended September 30,	
	2012	2011	2012	2011
Current service cost	1,085	237	3,254	712
Interest cost	381	61	1,143	183
Reserve for retirement benefit expense	<u>1,466</u>	<u>298</u>	<u>4,397</u>	<u>895</u>

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

	Baht: '000	
	As at September 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	3,254	2,750
Interest cost	1,143	244
Benefit paid during the period/year	(105)	-
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>42,771</u>	<u>38,479</u>

17. BANK OVERDRAFTS

As at September 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).

As at September 30, 2012 and December 31, 2011, such credit lines were undrawn.

18. DEFERRED TAX LIABILITIES

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

	Baht:'000	
	As at September 30, 2012	As at December 31, 2011
Deferred tax liabilities	<u>2,504</u>	<u>887</u>

Movements of deferred tax liabilities for the nine-month periods ended September 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 September 30, 2012
Unrealized gain on the change in value of investment in available for sale securities	887	-	1,617	2,504
Total	<u>887</u>	<u>-</u>	<u>1,617</u>	<u>2,504</u>

	As at December 31, 2010	Transactions recognized in profit or loss	Transaction recognized in other comprehensive income or loss	Baht:'000 As at September 30, 2011
Unrealized gain on the change in value of investment in available for sale securities	500	-	(500)	-
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 nine-month period ended September 30, 2011 and used tax rates of 20% and 23% for calculation of deferred tax for the nine-month period ended September 30, 2012 (see Note 24).

19. OTHER LIABILITIES

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

	As at September 30, 2012	Baht: '000 As at December 31, 2011
Other payable - promotion expense	17,228	19,450
Amount received in advance - premium	23,507	19,950
Value added tax payable	5,238	-
Withholding tax payable	3,832	3,584
Undue output VAT	2,679	2,947
Others	12,747	8,336
	<u>65,231</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.

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 September 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 243/273)	-	80,109,890
The number of weighted average ordinary shares during the period 2012 (60,000,000 x 150/274)	32,846,715	-
	<u>152,846,715</u>	<u>110,109,890</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 September 30, 2012 the Company has the capital adequacy ratio exceeded the requirement (see Note 20).

22. UNDERWRITING INFORMATION CLASSIFIED BY TYPE OF INSURANCE

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

	For the three-month period ended September 30, 2012					Baht: '000
	Fire	Marine	Motor	Personal accident	Other miscellaneous	Total
Underwriting income						
Gross premiums written	125,632	99,657	221,062	65,033	246,460	757,844
Less Premiums ceded	69,842	72,740	3,319	11,704	167,856	325,461
Net premiums written	55,790	26,917	217,743	53,329	78,604	432,383
(Add) Less Unearned premium reserve	(26,208)	(179)	20,855	3,717	5,764	3,949
Earned premium	81,998	27,096	196,888	49,612	72,840	428,434
Fee and commission income	7,579	18,812	-	1,837	17,538	45,766
Total underwriting income	89,577	45,908	196,888	51,449	90,378	474,200
Underwriting expenses						
Insurance claims and loss adjustment expenses (see Note 4)	19,925	10,685	124,272	30,246	(4,819)	180,309
Commissions and brokerages expenses	26,676	12,123	32,809	10,836	16,096	98,540
Other underwriting expenses	8,606	7,416	16,756	11,132	32,203	76,113
Total underwriting expenses	55,207	30,224	173,837	52,214	43,480	354,962
For the three-month period ended September 30, 2011						
						Baht: '000
	Fire	Marine	Motor	Personal accident	Other miscellaneous	Total
Underwriting income						
Gross premiums written	11,038	2,955	32,768	3,316	53,075	103,152
Less Premiums ceded	2,867	1,705	1,566	960	11,891	18,989
Net premiums written	8,171	1,250	31,202	2,356	41,184	84,163
(Add) Less Unearned premium reserve	(2,334)	370	(9,577)	1,188	(490)	(10,843)
Earned premium	10,505	880	40,779	1,168	41,674	95,006
Fee and commission income	811	550	36	336	3,835	5,568
Total underwriting income	11,316	1,430	40,815	1,504	45,509	100,574
Underwriting expenses						
Insurance claims and loss adjustment expenses	4,226	1,266	24,759	307	21,378	51,936
Commissions and brokerages expenses	2,190	300	1,275	442	2,581	6,788
Other underwriting expenses	891	99	4,438	1,278	15,994	22,700
Total underwriting expenses	7,307	1,665	30,472	2,027	39,953	81,424

	Baht: '000					
	For the nine-month period ended September 30, 2012					
	Fire	Marine	Motor	Personal accident	Other miscellaneous	Total
Underwriting income						
Gross premiums written	397,146	287,175	627,383	182,913	556,912	2,051,529
Less Premiums ceded	156,186	210,593	6,622	28,662	305,810	707,873
Net premiums written	240,960	76,582	620,761	154,251	251,102	1,343,656
(Add) Less Unearned premium reserve	(23,289)	5,610	45,017	12,805	41,869	82,012
Earned premium	264,249	70,972	575,744	141,446	209,233	1,261,644
Fee and commission income	23,628	65,752	(6)	5,138	49,059	143,571
Total underwriting income	<u>287,877</u>	<u>136,724</u>	<u>575,738</u>	<u>146,584</u>	<u>258,292</u>	<u>1,405,215</u>
Underwriting expenses						
Insurance claims and loss adjustment expenses (see Note 4)	167,407	28,225	356,173	94,866	211,634	858,305
Commissions and brokerages expenses	87,323	35,267	89,218	31,132	49,192	292,132
Other underwriting expenses	28,933	21,697	48,317	39,166	77,012	215,125
Total underwriting expenses	<u>283,663</u>	<u>85,189</u>	<u>493,708</u>	<u>165,164</u>	<u>337,838</u>	<u>1,365,562</u>
	Baht: '000					
	For the nine-month period ended September 30, 2011					
	Fire	Marine	Motor	Personal accident	Other miscellaneous	Total
Underwriting income						
Gross premiums written	45,319	5,879	115,388	8,800	135,645	311,031
Less Premiums ceded	9,637	2,867	2,324	3,654	25,775	44,257
Net premiums written	35,682	3,012	113,064	5,146	109,870	266,774
(Add) Less Unearned premium reserve	773	291	(10,131)	3,590	(13,420)	(18,897)
Earned premium	34,909	2,721	123,195	1,556	123,290	285,671
Fee and commission income	1,733	1,142	90	1,358	7,333	11,656
Total underwriting income	<u>36,642</u>	<u>3,863</u>	<u>123,285</u>	<u>2,914</u>	<u>130,623</u>	<u>297,327</u>
Underwriting expenses						
Insurance claims and loss adjustment expenses	6,416	3,905	80,239	768	64,258	155,586
Commissions and brokerages expenses	9,895	570	4,583	1,279	9,867	26,194
Other underwriting expenses	2,551	211	21,966	2,592	28,936	56,256
Total underwriting expenses	<u>18,862</u>	<u>4,686</u>	<u>106,788</u>	<u>4,639</u>	<u>103,061</u>	<u>238,036</u>

23. OPERATING EXPENSES

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

	For the three-month periods ended September 30,		For the nine-month periods ended September 30,	
	2012	2011	2012	2011
				Baht: '000
Employee benefit expense, excluded underwriting and loss adjustment expenses	17,300	4,409	53,440	12,876
Premises and equipment expense, excluded underwriting expenses	20,887	4,584	61,790	14,184
Taxes and duties	151	17	535	84
Bad debt and doubtful accounts (reversal)	-	(2,267)	47	4,247
Directors personnel's remuneration	341	328	1,023	934
Management fee (see Note 26.2)	9,499	3,855	31,551	11,565
Other operating expense	9,679	3,164	29,686	9,401
Total operating expenses	<u>57,857</u>	<u>14,090</u>	<u>178,072</u>	<u>53,291</u>

24. INCOME TAX EXPENSE

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

	For the three-month periods ended September 30,		For the nine-month periods ended September 30,	
	2012	2011	2012	2011
				Baht: '000
Income tax expense from taxable income per income tax return	-	2,451	-	27,361
Deferred tax expenses relating to the origination and reversal of temporary differences	<u>20,811</u>	<u>1,160</u>	<u>(829)</u>	<u>(19,517)</u>
Income tax expense (income) per the statements of comprehensive income	<u>20,811</u>	<u>3,611</u>	<u>(829)</u>	<u>7,844</u>

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

	For the three-month periods ended September 30,		For the nine-month periods ended September 30,	
	2012	2011	2012	2011
Accounting income (loss) before tax	67,528	14,795	(113,261)	26,094
Income tax at 30%	-	4,439	-	7,828
Income tax at 23%	15,531	-	(26,050)	-
Deferred income tax expenses related to change in corporation tax rate	5,193	-	24,752	-
Tax effect of non-deductible expenses (benefits)	87	(828)	469	16
Income tax expense (income) per the statements of comprehensive income	20,811	3,611	(829)	7,844

On October 11, 2011, the Thai Cabinet approved a reduction of the corporate income tax rates 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 rates had 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 only.

The Company used a tax rates of 23% for corporate income tax calculation for the three-month and nine-month periods ended September 30, 2012 and used a tax rate of 30% for corporate income tax calculation for the three-month and nine-month periods ended September 30, 2011.

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

25. BASIC EARNINGS (LOSS) PER SHARE

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

	For the three-month periods ended September 30,		For the nine-month periods ended September 30,	
	2012	2011	2012	2011
Net profit (loss) (Baht : '000)	46,717	11,184	(112,432)	18,250
Issued and paid-up share capital (shares) (see Note 20)	152,846,715	110,109,890	152,846,715	110,109,890
Basic earnings (loss) per share (Baht)	0.31	0.10	(0.74)	0.17

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. (Formerly The Ayudhya Insurance Plc.)	Parent company	Holding Company
Bank of Ayudhya Plc.	Some common shareholders and directors	Banking
Krungsri Securities Plc. (Formerly Ayudhya Securities Plc.)	Some common shareholders and directors	Finance
Krungsri Asset Management Co., Ltd.	Some common shareholders	Fund Management
PrimaVest 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
BBTV Equity Co., Ltd.	Some common shareholders	Office Space Rental
CKS Holding Co., Ltd.	Some common shareholders	Investments
Sunrise Equity Co., Ltd.	Some common shareholders	Consulting
Allianz Ayudhya Assurance Plc. (Formerly Ayudhya Allianz C.P. Life Plc.)	Some common shareholders and directors	Life Insurance
Grand Canal Land Plc..	Some common shareholders	Advertising
Ayudhya Asset Management Co., Ltd.	Some common shareholders	Asset Management
Siam Realty and Service Co., Ltd.	Some common shareholders	Services
Krungsri Factoring Co., Ltd. (Formerly Ayudhya Factoring Co., Ltd.)	Some common shareholders	Factoring
Ayudhya Capital Auto Lease Plc.	Some common shareholders	Leasing
Krungsriayudhya Card Co., Ltd.	Some common shareholders	Services

26.1 Investments

	As at September 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 September 30, 2012	Baht: '000 As at December 31, 2011
Bank deposits		
Bank of Ayudhya Plc.	868,259	564,921
Premium due and uncollected		
Krungsri Securities Plc.	-	72
Bank of Ayudhya Plc.	16,865	996
Krungsri Asset Management Co., Ltd.	44	25
Bangkok Broadcasting & T.V. Co., Ltd.	17	1,711
Siam City Cement Plc.	489	658
Great Luck Equity Co., Ltd.	22	-
Allianz Ayudhya Assurance Plc. (Formerly Ayudhya Allianz C.P. Life Plc.)	-	43
Ayudhya Asset Management Co., Ltd.	924	620
Siam Realty and Services Co., Ltd.	3	85
Krungsriayudhya Card Co., Ltd.	-	415
Ayudhya Capital Auto Lease Plc.	2	339
Grand Canal Land Plc.	-	357
	<u>18,366</u>	<u>5,321</u>
Accrued interest income		
Bank of Ayudhya Plc.	1,654	512
Accrued income		
Sri Ayudhya Capital Plc.	30	11,821
Rental and facilities deposits		
BBTV Equity Co., Ltd.	3,910	1,097

	As at September 30, 2012	Baht: '000 As at December 31, 2011
Accrued expense - custodian fee Bank of Ayudhya Plc.	12	11
Accrued expense - commissions and brokerages Bank of Ayudhya Plc.	12,830	12,945
Accrued expense - other underwriting expenses Bank of Ayudhya Plc.	5,299	6,180
Accrued expense Sri Ayudhya Capital Plc.	9,507	1,370

	For the three-month periods ended September 30,		For the nine-month periods ended September 30,	
	2012	2011	2012	2011
Premium written				
Ayudhya Development Leasing Co., Ltd.	-	-	36	-
Krungsri Securities Plc. (Formerly Ayudhya Securities Plc.)	-	-	17	-
Bank of Ayudhya Plc.	9,829	-	21,402	373
Krungsri Asset Management Co., Ltd.	55	-	1,401	-
Bangkok Broadcasting & T.V. Co., Ltd.	3,020	-	7,051	-
Super Assets Co., Ltd.	55	-	123	-
BBTV Equity Co., Ltd.	33	-	89	-
Siam City Cement Plc.	79,539	-	82,211	-
CKS Holding Ltd.	-	-	131	-
Great Luck Equity Co., Ltd.	21	-	48	-
Allianz Ayudhya Assurance Plc. (Formerly Ayudhya Allianz C.P. Life Plc.)	(1)	-	789	-
Ayudhya Asset Management Co., Ltd.	626	-	793	-
Siam Realty and Services Co., Ltd.	631	-	1,177	-
Krungsri Factoring Co., Ltd. (Formerly Ayudhya Factoring Co., Ltd.)	-	-	14	-
Ayudhya Capital Auto Lease Plc.	41	-	42	-
Krungsriayudhya Card Co., Ltd.	-	-	3,010	-
	<u>93,849</u>	<u>-</u>	<u>118,334</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 September 30,		For the nine-month periods ended September	
	2012	2011	2012	2011
Interest income				
Bank of Ayudhya Plc.	1,136	506	4,181	1,433
Other Income				
Sri Ayudhya Capital Plc. (Formerly The Ayudhya Insurance Plc.)	-	60	-	60

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

	Baht: '000			
	For the three-month periods ended September 30,		For the nine-month periods ended September 30,	
	2012	2011	2012	2011
Commissions and brokerages				
Bank of Ayudhya Plc.	34,208	-	99,576	-
Other underwriting expenses				
Bank of Ayudhya Plc.	14,914	-	48,554	-

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.

	Baht: '000			
	For the three-month periods ended September 30,		For the nine-month periods ended September 30,	
	2012	2011	2012	2011
Custodian fee				
Bank of Ayudhya Plc.	39	25	114	48

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

	For the three-month		Baht: '000	
	periods ended September 30,		For the nine-month	
	2012	2011	2012	2011
Rental and service fees				
BBTV Equity Co., Ltd.	3,910	1,097	10,739	2,560
Sri Ayudhya Capital Plc. (Formerly The Ayudhya Insurance Plc.) (see Note 23)	9,499	3,855	31,551	11,565

The Company has office rental, equipment rental and service agreements with related companies for a term of 3 years. Rental rates and conditions are the same as the related parties offer to other companies (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 nine-month periods ended September 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:

	For the three-month		Baht: '000	
	periods ended September 30,		For the nine-month	
	2012	2011	2012	2011
Directors and key management personnel's remuneration	4,123	1,354	15,850	4,574

Directors' remuneration for the three-month and nine-month periods ended September 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 September 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:

	As at September 30, 2012	Baht: '000 As at December 31, 2011
Government bonds	51,570	52,054
Fixed deposit	154,000	14,000
Total	<u>205,570</u>	<u>66,054</u>

29. BACKUP ASSETS

As at September 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 September 30, 2012	Baht: '000 As at December 31, 2011
Government and state enterprise securities	245,953	363,391
Private enterprises debt securities	5,438	48,265
Foreign debt securities	405,616	700,143
Unit trusts	65,337	20,141
Fixed deposit	638,602	50,000
Equity securities	1,211	282
Total	<u>1,362,157</u>	<u>1,182,222</u>

30. CONTINGENT LIABILITIES

As at September 30, 2012 and December 31, 2011, lawsuits have been brought against the Company, as insurer, from which the Company estimates losses totaling Baht 14.03 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 September 30, 2012 and December 31, 2011 consist of the following:

Type of lease	Remaining periods		Baht: '000
	Within 1 year	Over 1 year to 5 years	Total rental payments for the remaining periods
As at September 30, 2012			
Building			
- related companies	4,692	4,070	8,762
- others	4,486	2,127	6,613
Service - related company	4,692	4,070	8,762
Equipment - related company	6,256	5,426	11,682
	<u>20,126</u>	<u>15,693</u>	<u>35,819</u>

Type of lease	Remaining periods		Baht: '000
	Within 1 year	Over 1 year to 5 years	Total rental payments for the remaining periods
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 September 30, 2012 and December 31, 2011, the Company had a capital commitment to pay computer program development expenses in the amount of approximately Baht 18.01 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 November 12, 2012.