



ศรีอยุธยา แคปปิตอล
SRI AYUDHYA CAPITAL

Expanding Our Network

ANNUAL
REPORT
2011



บริษัท ศรีอยุธยา แคปปิตอล
SRI AYUDHYA CAPITAL PUBLIC CO.
บริษัท ศรีอยุธยา เจเนอรัล อินชัวรันซ์
SRI AYUDHYA GENERAL INSURANCE CO.



Industry Awards



The prestigious Prime Minister's Best Management Awards from the Office of Insurance Commission (OIC) for outstanding management practices



'Best Management' Awards from the Office of Insurance Regulatory and Supervision Commission, Ministry of Commerce (now renamed the Office of Insurance Commission)



'Innovation in Product Marketing' Award from Financial Insights Innovation Award, Singapore



'Best Product Innovation' Award, from the Netherlands Thai Chamber of Commerce

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Message from the Chairman

As Sri Ayudhya Capital Public Company Limited (AYUD) started to implement our new business structure in order to reduce the rigidity on future investment opportunities. Unfortunately, our efforts were disrupted by last year's devastating floods which caused distress and hardship to the people as well as the business community in Thailand.

Our core business activities, operated under our wholly owned subsidiary, Sri Ayudhya General Insurance Public Company Limited (SAGI) were badly affected. Many of our customers who insured their plants and equipment, automobiles as well as homes were not spared. Therefore, as expected, the financial performance of SAGI were negatively impacted. While Gross Written Premium Income rose 15.4% and net Written Premium grew even more at 31.8%. Notwithstanding the foregoing, a disagreement with reinsurers concerning certain aspects of the Catastrophe Protection Treaty entered into by Sri Ayudhya General Insurance (SAGI), caused concern and we felt it prudent to raise a provision thus adversely affecting the Group's result in 2011. The resultant consolidated performance for the year accordingly showed a disappointing after tax loss of Baht 455.1 million.

On a stand-alone basis, our Company's financial performance for 2011 managed to be profitable as investment income grew by 10.2%, this being a creditable performance in a challenging financial environment. Together with the management's ability to manage costs, net profit for the year registered Baht 295.8 Million or Baht 1.18 per share.

In light of this result the Board wishes to propose a dividend payment of Baht 1.00 per share for the year 2011, representing a dividend payout ratio of 84.51% of after tax income.

As an interim dividend of Baht 0.50 per share had been paid in September 2011 the final dividend of Baht 0.50 per share will, subject to shareholder approval, be paid on May 8, 2012.

Looking ahead, after the 2011 flood disaster and the uncertainties that exist in the first quarter of 2012, nevertheless, the Thai economy is expected to rebound on a full year basis.

Domestic demand is expected to be the main driver of economic growth as there will be repairs and reconstruction made to the flood areas. There will also be needs for new equipment in the manufacturing sector. The Thai economy also will benefit in the short term by



government's fiscal policies aimed at stimulating domestic spending by utilizing the country's available debt capacity. However exports are expected to grow at a slower pace due to moderation of economic growth in our customer's economies. With the Bank of Thailand's well managed monetary policy and high global liquidity the country should experience a harmonization of inflation and GDP growth, both at moderate pace.

As the economy recovers from the effects of the floods, the Thai insurance industry however cannot expect euphoric days ahead. While high growth may be expected in the Motor insurance and Industrial All Risks areas as these lines were worst amongst the deeply affected by the floods, there are certain difficulties that lie ahead. Insurance companies will be more selective in providing services to customers, the increased cost of reinsurance together with more a restricted policy coverage will force insurers to pass these expenses on to its consumer, thus limiting the potential growth in demand. Supports from Government will not come with flexibility nor will they be timely, therefore there will be pressure on companies to explore merger opportunities as some may find difficulty to survive on their own.

In the 2012, our company will not be complacent based on its continuing strong financial structure and its future diversified investment plan. SAGI, the subsidiary, will probably need to increase its capital to meet its statutory requirements. While our company has a strong asset base and should be able to fully support SAGI needs, but it must justify the diversion of assets. Therefore, SAGI's management has targeted, and committed to, a high single digit growth in Gross Written Premiums, while particularity focusing on Miscellaneous Portfolio which has always been our forte.

On building our second pillar, by diversifying into additional investments in the insurance business we plan to report to our shareholders the progress on our acquiring additional shares of the affiliated "Life Insurance" Company in which we are presently only a minority, but still significant shareholder. We believe our participation in "Life Insurance" business aspect will contribute to stabilize any volatility on the "General, Casualty" insurance business which we will continue to focus on and carefully look out for opportunities.

While we shall continue to follow on with our traditional high dividend payout ratio, the sustaining of high profitability should not be expected during next few years as our company is now in the post flooding rebuilding phase as well.

In ending, I, on behalf of the Board of Directors would like to express many thanks to our shareholders, customers, management and staff as well as all related person and organisations for their unfaltering support. The Board confirms its commitment to focus on sustainability of results based on the principles of Good Corporate Governance. In this way it can reciprocate the trust and confidence extended by all stakeholders.



Mr. Veraphan Teepsuwan
Chairman

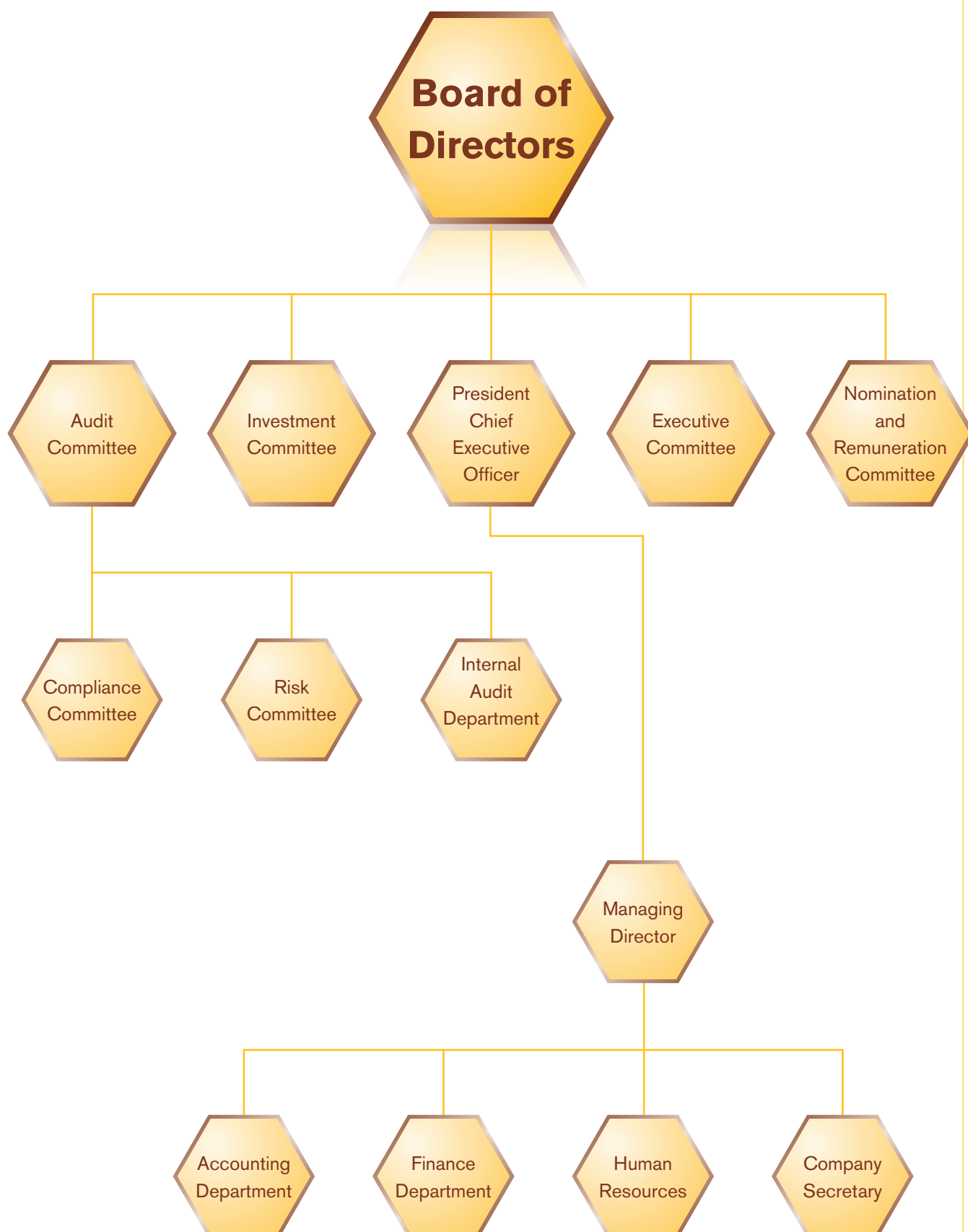
Financial Highlight

Unit : Million Baht

| Operating Results | Consolidated Financial Statements | | | Seperate Financial Statements | | |
|----------------------------------|-----------------------------------|----------|------------|-------------------------------|----------|------------|
| | 2011 | 2010 | Change (%) | 2011 | 2010 | Change (%) |
| TOTAL ASSETS | 12,666.64 | 7,872.44 | 60.90 | 5,616.35 | 7,401.23 | (24.12) |
| ISSUE AND PAID-UP SHARE CAPITAL | 250.00 | 250.00 | 0.00 | 250.00 | 250.00 | 0.00 |
| TOTAL SHAREHOLDERS' EQUITY | 4,700.09 | 5,560.50 | (15.47) | 5,446.64 | 5,559.58 | (2.03) |
| GROSS PREMIUM WRITTEN | 2,418.59 | 2,095.10 | 15.44 | 1,527.12 | 2,002.91 | (23.75) |
| UNDERWRITING PROFIT (LOSS) | (862.07) | 38.73 | (2,325.85) | 55.28 | 46.45 | 19.01 |
| PROFIT ON INVESTMENT | 332.58 | 313.06 | 6.24 | 304.27 | 310.73 | (2.08) |
| PROFIT (LOSS) BEFORE INCOME TAX | (519.25) | 351.39 | (247.77) | 377.89 | 352.48 | 7.21 |
| NET PROFIT (LOSS) | (455.09) | 321.66 | (241.48) | 295.81 | 320.28 | (7.64) |
| EARNINGS (LOSS) PER SHARE (BAHT) | (1.82) | 1.29 | (241.09) | 1.18 | 1.28 | (7.81) |
| DIVIDEND PER SHARE (BAHT) | | | | *1.00 | 1.20 | |

* Waiting for approval from Shareholders' Meeting

Organization Chart





Vision and Mission

Vision

To be a leader in our chosen niche markets

Mission

Employ skilled, entrepreneurial people

Develop innovative products

Provide exceptional service

Ensure sustainable premium growth

Deliver continuous growth in profits

Remain committed to change and continuous improvement

Our Business

We provide insurance solutions that allow our customers to manage their risks and opportunities

Key Moral and Social Values

Integrity - Honesty & Ethics

Equity - Fairness

Openness - Transparency

Accountability - Responsibility

Trustworthiness - Reliability

Respect - Accepting of Differences





Board of Directors

1 Mr. Veraphan Teepsuwan
Chairman

2 Mr. Rowan D'Arcy
President & CEO

3 Mr. Chusak Salee
Managing Director

4 Mr. Laksna Thongthai
Director & Assistant Managing
Director

5 Mr. Surachai Prukbamrong
Independent Director and
Chairman of the Audit Committee

6 Mr. Savang Tongsmutra
Independent Director and
Audit Committee Member



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

8 Mr. Adisorn Tantianankul
Director

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

10 Mr. Virojn Srethapramotaya
Director

11 Mr. Suwat Suksongkroh
Independent Director

Board of Directors Information

Mr. Veraphan Teepsuwan, Chairman, Age: 70 years old

Education

- ✧ MBA, Northeastern University, USA
- ✧ Bachelor of Economics, Boston University, USA
- ✧ Certificate - Role of the Chairman (RCP), Thai Institute of Directors Association (IOD)

Other Positions Held

- ✧ Chairman: Bank of Ayudhya Plc.
- ✧ Chairman: Siam City Cement Plc.
- ✧ Vice President: Eastern Star Real Estate Plc.
- ✧ Director: Bangkok Broadcasting & TV Co., Ltd.
- ✧ Director: Exclusive Senior Care International Co., Ltd.

Working Experience for the Past 5 Years

- ✧ Chairman: Royal Porcelain Plc.
- ✧ Chairman: Ayudhya Investment & Trust Plc.
- ✧ Chairman: Ayudhya Securities Plc.
- ✧ Chairman: Ayudhya Alliance C.P.

Mr. Rowan D'Arcy, President & CEO, Age: 57 years old

Education

- ✧ University of Witwatersrand, Johannesburg, South Africa
- ✧ Ashridge Business School, UK
- ✧ Director Certificate Program (DCP 103/2008)

Other Positions Held

- ✧ President & CEO, Sri Ayudhya General Insurance Plc.

Working Experience for the Past 5 Years

- ✧ Director: The Ayudhya Insurance Plc.
- ✧ Managing Director: Allianz Insurance Company of Singapore Pte. Ltd.
- ✧ Project Director: Allianz Insurance Management Asia Pacific

Mr. Chusak Salee, Managing Director, Age: 58 years old

Education

- ✧ Bachelor of Science, Agricultural Economics, Kasetsart University
- ✧ Master of Business Administration, Sul Ross State University, USA
- ✧ Director Certification Program, Institute of Directors Association (IOD)

Other Positions Held

- ✧ Managing Director, Sri Ayudhya General Insurance Plc.

Working Experience for the Past 5 Years

- ✧ Director: Ayudhya Fund Management Plc.
- ✧ Director: Ayudhya Development Leasing Co., Ltd.

Mr. Laksna Thongthai, Director & Assistant Managing Director, Age: 57 years old

Education

- ✧ Ph.D. in Industrial and Systems Engineering, University of Southern California, Los Angeles, USA
- ✧ M.S. in Systems Engineering, UCLA, Los Angeles, USA
- ✧ B.S. in Industrial Engineering, Chulalongkorn University
- ✧ Director Certification Program, Thai Institute of Director Association (IOD)
- ✧ Diploma Examination Assigned from Graduate Member to become Fellow Member

Other Positions Held

- ◉ Director, Nirvana Co., Ltd.
- ◉ Director, Thongthai Water Pipe & Chemical Co., Ltd.

Working Experience for the Past 5 Years

- ◉ Director, Ayudhya Fund Management Plc.
- ◉ Director, Ayudhya Development Leasing Co., Ltd.

Mr. Surachai Prukbamrong, Independent Director and Chairman of the Audit Committee, Age: 73 years old**Education**

- ◉ Bachelor of Accountancy and Bachelor of Commerce, Thammasart University
- ◉ Certificate of Bank Examiner, Bank of Examination School, Federal Deposit Insurance Corporation, USA
- ◉ Certificate - Pacific Rim Bankers Program, University of Washington, USA
- ◉ Certificate - Senior Management, University of California, Berkeley, USA
- ◉ Certificate of Banking, The Bank of Tokyo, Japan
- ◉ Certificate - Executive Information System,
- ◉ IBM Certificate of Executive Information System, IBM Education Center
- ◉ Senior Executive Program, Sasin Graduate Institute of Business Administration of Chulalongkorn University
- ◉ Certificate - Financial Executive, The Thai Institute of Banking and Finance Association Role of Chairman Program (RCP) (Chairman 2000), Directors Accreditation Program (DAP), Board Performance Evaluation (BPE), Corporate Governance Report of Thai Listed Companies (CGR), DCP Refresher Course, Director Forum - Thai Institute of Director Association (IOD)

Other Positions Held

- ◉ Independent Director & Chairman of the Audit Committee, Bank of Ayudhya Plc.
- ◉ Independent Director and Chairman of the Audit Committee, Sri Ayudhya General Insurance Plc.

Mr. Savang Tongsmuttra, Independent Director and Audit Committee Member, Age: 73 years old**Education**

- ◉ B.A. Accountancy, Thammasart University
- ◉ Director Accreditation Program (DAP 4/2003), Thai Institute of Director Association (IOD)

Other Positions Held

- ◉ Independent Director and Member of Audit Committee, Sri Ayudhya General Insurance Plc.

Working Experience for the Past 5 Years

- ◉ Director and Chairman of the Audit Committee, Ayudhya Auto Lease Plc.
- ◉ Director and Member of the Audit Committee, Media of Medias Plc.

Mr. Metha Suvanasarn, Independent Director and Member of the Audit Committee and Chairman of Nomination & Remuneration Committee, Age: 71 years old**Education**

- ◉ B.A. Accountancy, Thammasart University
- ◉ Director Certification Program, Thai Institute of Directors Association (IOD), Role of the Compensation Committee (RCC 9/2009), Thai Institute of Directors (IOD)
- ◉ Certified in the Governance of the Enterprise IT (CGEIT), USA
- ◉ Certified Internal Audit (CIA), USA
- ◉ Certified Public Accountant (CPA), Thailand
- ◉ Computer Audit Certificate, Federal Deposit Insurance Corporation (FDIC), USA
- ◉ Management Certificate, University of California at Berkeley, USA
- ◉ Advanced Management Certificate, Harvard University Graduate School of Business Administration, USA
- ◉ New Era Governance Certificate, Harvard Business School, USA

Other Positions Held

- ✧ Vice Chairman of Thailand Information Security Association (TISA)
- ✧ Director, Information Security, National Electronics and Computer Technology Center (NECTEC)
- ✧ Audit Chairman of ISACA, Bangkok Chapter
- ✧ IT Examination Specialist of Bank of Thailand
- ✧ Working Committee for CA, National Electronics and Computer Technology Center (NECTEC)
- ✧ Independent Director and Member of the Audit Committee, Sri Ayudhya General Insurance Plc.

Working Experience for the Past 5 Years

- ✧ Chairman of the Audit Committee, Software Industry Promotion Agency (public organization)
- ✧ Sub-Committee Standard Development, Office of the Auditor General of Thailand
- ✧ Sub-Committee Member, Governance of State Enterprise, Ministry of Finance

Mr. Adisorn Tantianankul, Director, Age: 64 years old**Education**

- ✧ ANZIIF Australian New Zealand Insurance Institute and Finance
- ✧ Director Certification Program and Financial Statements for Directors (FSD/2009), Thai Institute of Directors Association (IOD)

Working Experience for the Past 5 Years

- ✧ Director, Ayudhya Development Leasing Co., Ltd.
- ✧ Director, Thai Reinsurance Plc.

Mr. Andreas Johann Wilhelm, Ph.D., Director and Member of Nomination & Remuneration Committee, Age: 47 years old**Education**

- ✧ Ph.D., Albert-Ludwig's University, Germany
- ✧ Trent University, Canada
- ✧ University of Basel, Switzerland

Other Positions Held

- ✧ Chief Operating Officer, Asia Pacific Allianz Insurance Management Asia Pacific, Singapore
- ✧ Director, Sri Ayudhya General Insurance Plc.

Working Experience for the Past 5 Years

- ✧ Deputy Chief Executive Officer Allianz Life Insurance, Korea
- ✧ Head of Synergy Project, Head of M&A for Korea, Allianz AG, Germany
- ✧ Chief Operating Officer, Head of Mergers and Acquisition in Asia Pacific Allianz Insurance Management Asia Pacific, Singapore

Mr. Virojn Srethapramotaya, Director, Age: 60 years old**Education**

- ✧ MBA, Jacksonville State University, USA
- ✧ Bachelor of Accountancy, Chulalongkorn University
- ✧ Advanced Management Program for International Bankers, The Wharton School, University of Pennsylvania, USA
- ✧ Certificate of Financial Executive, The Thai Institute of Banking and Finance Association, The Thai Bankers' Association
- ✧ Certificate of Director Accreditation Program (DAP), Director Certification Program (DCP), Directors Diploma Examination (DDE), Role of the Chairman Program (RCP), DCP Refresher Course, Successful Formulation & Execution of Strategy (SFE), Financial Institutions Governance program (FIG), Thai Institute of Directors Association (IOD)

Other Positions Held

- ✧ Director, Bank of Ayudhya Plc.
- ✧ Chairman, Sri Ayudhya General Insurance Plc.

Working Experience for the Past 5 Years

- ✧ Positions within Bank of Ayudhya Plc.
 - Senior Advisor to the Corporate Banking Group
 - Head of Corporate Banking
 - Credit Committee Member
 - Executive Committee Member
 - Senior Executive Vice President
 - Risk Management Committee Member
 - Compliance Review Committee Member
- ✧ Chairman, The Ayudhya Factoring Co., Ltd.
- ✧ Director, Ayudhya Development Leasing Co., Ltd.
- ✧ Chairman, and Chairman of the Executive, Ayudhya Auto Lease Plc.
- ✧ Chairman, The Thai Institute of Banking and Finance Association (TIBFA)

Suwat Suksongkroh, Independent Director, Age: 65 years old**Education**

- ✧ Bachelor of Law, Thammasart University
- ✧ Thai Barrister at Law
- ✧ Directors Certification Program (DCP 12/2001), Company Secretary Program (CSP 1/2002), DCP Refresher Course (DCP 2/2006), Thai Institute of Directors Association (IOD)

Other Positions Held

- ✧ Independent Director, Sri Ayudhya General Insurance Plc.

Working Experience for the Past 5 Years

- ✧ Secretary to the Board of Directors and Executive Board of Directors, Bank of Ayudhya Plc.
- ✧ Director, Ayudhya Securities Plc.



Senior Executive Management

1 Mr. Rowan D'Arcy
President & CEO

2 Mr. Chusak Salee
Managing Director

3 Mr. Laksna Thongthai, Ph.D.
Director and Asst.
Managing Director

4 Capt. Vimonwan Vichitranan Rtn.
Asst. Managing Director
IT Department

*** 5 Mr. Amnat Tiptanagan**
Senior Motor Department
Manager

*** 6 Mr. Supakij Sookpong**
Motor Underwriting
Department Manager

*** 7 Mr. Virat Luang-a-lam**
Fire Underwriting
Department
Manager

*** 8 Mrs. Siriwan Wangvilai**
Marine & Transportation
Department Manager

* Senior Executive Management team for Subsidiary Company, as of September 30, 2011



*** 9 Ms. Krisna Phoonsiri**
Misc. Underwriting
Department Manager

10 Mrs. Sanguanwongse H.A.
Administration Department
Manager

11 Ms. Orathai Rongthongaram
Accounting Department
Manager

*** 12 Mr. Tivakorn Kanjanakit**
Marketing Department
Manager

*** 13 Mr. Sakrapee Sungkhapan**
Branch Operation &
Agency Department
Manager

*** 14 Mr. Paskorn Kaewprasert**
Non-Motor Claims
Department Manager

15 Mrs. Nusara Mattanakhun
Information Technology
Department Manager

16 Mrs. Paporn Piyayodilokchai
Internal Audit
Department Manager

Major Shareholders

Top ten major shareholders as at November 11, 2011

| No. | Name of Shareholders | No. of Shares | Percentage |
|-----|---|---------------|------------|
| 1 | DEUTSCHE BANK AG, FRANKFURT A/C CLIENTS ACCOUNT-DCS | 42,104,000 | 16.842 |
| 2 | Bangkok Broadcasting & Television Company Limited | 28,802,500 | 11.521 |
| 3 | Bank of Ayudhya Public Company Limited | 27,288,700 | 10.915 |
| 4 | BBTV Equity Company Limited | 21,946,000 | 8.778 |
| 5 | Thailand Securities Depository Co., Ltd | 13,986,090 | 5.594 |
| 6 | TRIPLE PRIME TEAM HOLDINGS COMPANY LIMITED | 11,252,660 | 4.501 |
| 7 | Thongthai (1956) Company Limited | 9,610,000 | 3.844 |
| 8 | Great Fortune Equity Company Limited | 7,045,250 | 2.818 |
| 9 | CITIBANK NOMINEES SINGAPORE PTE LTD-UBS AG LONDON BRANCH-NRBS IPB CLIENT SEG | 6,664,200 | 2.666 |
| 10 | Mrs. Sudthida Ratanarak | 6,344,870 | 2.538 |

Shares Held by Members of the Board of Directors

As at December 31, 2011

| No. | Board of Directors | Designation | 31 December 2011 | | 31 December 2010 | |
|-----|-----------------------------------|-------------|------------------|----------------|------------------|----------------|
| | | | Shares | Proportion (%) | Shares | Proportion (%) |
| 1 | Mr. Veraphan Teepsuwan | Chairman | - | - | - | - |
| 2 | Mr. Surachai Prukbamroong | Director | - | - | - | - |
| 3 | Mr. Metha Suvanasarn | Director | - | - | - | - |
| 4 | Mr. Savang Tongsmutra | Director | - | - | - | - |
| 5 | Mr. Suwat Suksongkroh | Director | 32,500 | 0.013 | 32,500 | 0.013 |
| 6 | Mr. Adisorn Tantianankul | Director | 15,000 | 0.006 | 15,000 | 0.006 |
| 7 | Mr. Virojn Srethapramotaya | Director | - | - | - | - |
| 8 | Mr. Andreas Johann Wilhelm, Ph.D. | Director | - | - | - | - |
| 9 | Mr. Rowan D'Arcy | Director | - | - | - | - |
| 10 | Mr. Chusak Salee | Director | *42,000 | 0.016 | *37,000 | 0.014 |
| 11 | Mr. Laksna Thongthai | Director | - | - | 25,238,750 | 10.095 |

Note *Spouse

Highlight of Activities



Donation to the Royal Projects

Her Royal Highness Princess Maha Chakri Sirindhorn graciously granted permission to Mr. Chusak Salee, Managing Director of Sri Ayudhya General Insurance PCL (formerly The Ayudhya Insurance PCL) to present a donation on the occasion of her visit to the Insurance Week, organized by the Office of Insurance Commission, September 24, 2011.

8th Consecutive Prime Minister's Best Management Award

Prime Minister Yingluck Shinawatra presented Mr. Rowan D'Arcy, President & CEO of Sri Ayudhya General Insurance PCL (formerly The Ayudhya Insurance PCL) with the Prime Minister's Best Management Award 2011, organized by the Office of Insurance Commission to recognize outstanding performance by insurance companies in the areas of financial stability and customer service excellence.



Thank You Party

The Company organized a 'Thank You Party' for all agents in Thailand.





Counter Service @ 7-11

Mr. Chusak Salee, Managing Director of Sri Ayudhya General Insurance PCL (formerly The Ayudhya Insurance PCL) together with Mr. Weeradej Ackapolpanich, General Manager of Counter Service Company Limited jointly launched payment services for AYUD customers.



BT Insurance changed its name to Sri Ayudhya General Insurance Company Limited and increases its capital to Bht. 1.2 billion

After having received the approval from the Office of Insurance Commission (OIC) to acquire BT Insurance Company Limited, The Ayudhya Insurance PCL moved ahead to change the name of this newly acquired company to Sri Ayudhya General Insurance Company Limited, or in short SAGI.



Sri Ayudhya General Insurance (SAGI) changed its status to 'Public Company Limited'

Mr. Rowan D'Arcy, President & CEO of Sri Ayudhya General Insurance Company Limited announced the change in the company status to Public Company Limited, after having received approval from the Office of Insurance Commission (OIC) and the Stock Exchange of Thailand (SET).



The Ayudhya Insurance PCL transformed into 'Investment Holding Company', with a new company name: SRI AYUDHYA CAPITAL PCL

Mr. Rowan D'Arcy, President & CEO of Ayudhya Insurance PCL, announced a major change in the Company structure to advance expansion in the growing insurance sector after having completed the transfer of the insurance business into Sri Ayudhya General Insurance PCL. As a final step in becoming an investment holding company, AYUD returned its general insurance license to the Office of Insurance Commission and renamed the Company to reflect its new status to: SRI AYUDHYA CAPITAL PUBLIC

COMPANY LIMITED. The Company will continue to be listed in the Stock Exchange of Thailand under the same name 'AYUD' and the general insurance business will continue to operate via Sri Ayudhya General Insurance Public Company Limited (SAGI).

AGM Annual General Meeting for Shareholders

Mr. Veraphan Teepsuwan, Chairman and Mr. Rowan D'Arcy and the Company Directors held the Annual Shareholders Meeting, No. 62, 2010 and announces 24.1% growth and a dividend payment of Bht. 1.20, an increase of 18.3% over the previous year.



Study Trip to Bali



Study Trip to Australia

Study Trip to Bali and Australia

Agents with outstanding performances were taken to Bali and Australia.

Insurance Week

Sri Ayudhya General Insurance participated in the Insurance Week held at Impact Arena, Muangthong Thani during September 2-4, 2011. The Company booth provides the public with information about insurance through games and quizzes.





Sri Ayudhya General Insurance (SAGI) paid Bht. 49.7 million for flood damage

Mr. Rowan D'Arcy, President & CEO of Sri Ayudhya General Insurance (SAGI) presented a cheque for Bht. 49.7 million to Hiroshi Kasuka representing J-Gourmet Co. Ltd., exporter of food products, for flood damage to stock in the Suratthani factory.



63rd Year Company Anniversary

Mr. Rowan D'Arcy together with Mr. Chusak Salee and Mr. Laksana Thongthai jointly cut the anniversary cake in celebration of the Company 63rd year in business.



Thammasat Rangsit University received an interim claim cheque in the amount Bht. 215 million for flood damage

Mr. Rowan D'Arcy, President & CEO and Mr. Chusak Salee, Managing Director presented an interim claim cheque for flood damage in the amount of Bht. 215 million to Thammasat Rangsit University as represented by Assoc. Prof. Gasinee Witoonchart, Vice Rector for Planning and Financial and Assoc. Prof. Dr. Somchart Chokchaitam, Assistant to the Rector for Planning.

Corporate Social Responsibility

Philosophy

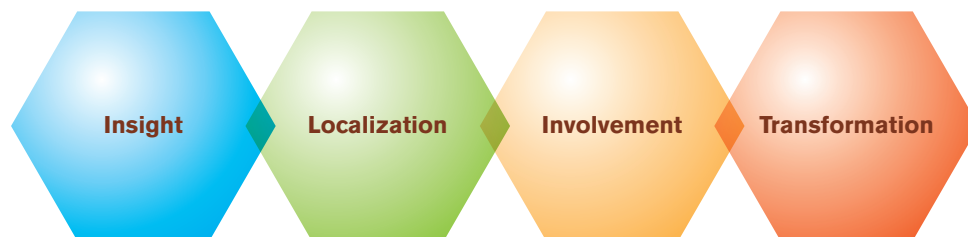
SMILE

VISION & MISSION

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

Pillar of AYUD CSR: Conscientious Involvement

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



- **Insight**
 A thorough understanding of the need for the proposed program.
- **Localization**
 The proposed programs are community-based so AYUD employees can offer and extend assistance.
- **Involvement**
 Required time and efforts involved to make the program a success and funds required to make impact and change.
- **Transformation**
 Vision of the change after completion of the program.

Personal Satisfaction and Corporate Recognition

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



CSR Activities



Ayutthaya Treasures 2011-2012

As a part of our contribution to preserving priceless treasures of Thailand, we decided to help raise the awareness and interest of the heritage of Thailand by featuring priceless treasures as preserved in the Chao Sam Phraya National Museum, Ayutthaya in our calendar for 2012.



Donation of boats to Chao Sam Phraya National Museum, Ayutthaya

Motor boats were donated to the Director of Chao Sam Phraya National Museum to assist staff at the Museum during the massive flooding in Ayutthaya.



AYUD Scholarship

This scholarship is in its third year. The Scholarship provides a four-year financial assistance to needy students with good grades to finish school. In addition, AYUD offers summer internship to students to gain real working experience at AYUD branch offices.

Massive floods, big help

AYUD and subsidiary, Sri Ayudhya General Insurance (SAGI), helped flood victims during the massive floods of 2011 by donating daily necessities to victims of floods — our staff volunteered to help in various instances:



Daily necessities to flood victims in Suratthani

Mr. Seri Chumsri, SAGI Branch Manager of Suratthani led staff to donate daily necessities to flood victims at the Center for Flood Victims Assistance, at Amphur Poopin, Suratthani.



Flood relief in Nakornsawan

Daily necessities were presented to flood victims in Tambol Watsi, Nakornsawan.



Flood Assistance in Pichit

SAGI staff and friends donated daily necessities to flood victims at Rajchangkwan village, Pichit. Village headman Santsunee Wongsetongkam and flood victims are seen receiving the goods.



Flood assistance by the Navy & SAGI team in Phutthamonthon

SAGI volunteers together with the Navy helped flood victims in Phutthamonthon, Bangbua Thong, and Petchkasem areas.



Giving Back to Society Project, Year 2, Kanjanaburi

SAGI Nakhonpathom Branch team and Ayudhya Capital Auto Lease - Nakhonpathom team jointly organized a 'Giving Back to Society Project, Year 2' day, giving school supplies, and free luncheon to students at Wat Punoi School.



'Ruamjai...Hai Nong' Project

SAGI Chiangmai staff donated computers, school supplies, and sports equipment to students at Baan Pangmakad School, Chiangrai.

Management Structure

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

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

In accordance with the Articles of Association, the Company shall have a Board of Directors comprised of at least five members to conduct the business of the Company, not less than half of whom shall reside within the country. As of 31 December 2011, the Board of Directors consists of 11 members:

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

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

Company Directors

As of 31 December 2011, the following are members of the Board of Directors registered in the Ministry of Commerce certificate:

| NO. | Name | Designation | Year Appointed |
|-----|-----------------------------------|------------------------|----------------|
| 1. | Mr. Veraphan Teepsuwan | Non-Executive Director | 2002 |
| 2. | Mr. Rowan D'Arcy | Executive Director | 2007 |
| 3. | Mr. Chusak Salee | Executive Director | 1997 |
| 4. | Mr. Laksna Thongthai | Executive Director | 1994 |
| 5. | Mr. Surachai Prukbamroong | Independent Director | 1999 |
| 6. | Mr. Metha Suvanasarn | Independent Director | 2005 |
| 7. | Mr. Savang Tongsmutra | Independent Director | 2000 |
| 8. | Mr. Suwat Suksongkroh | Independent Director | 1994 |
| 9. | Mr. Adisorn Tantianankul | Non-Executive Director | 1996 |
| 10. | Mr. Andreas Johann Wilhelm, Ph.D. | Non-Executive Director | 2006 |
| 11. | Mr. Virojn Srethapramotaya | Non-Executive Director | 1998 |
| | Ms. Jiratcha Ruplek | Secretary to the Board | 2008 |

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

Company Signatories

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

Report on Changes in Shareholding of Directors and Executives as of 31 December 2011 (Ordinary Shares) as per Shares Held by Members of the Board of Directors

Charter of the Board of Directors

1. Achieving the Vision

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

In pursuing the Vision of the Company — “To be a leader in our preferred niche markets” — the Board will conduct itself in accordance with the law and the highest ethical standards in the best interests of its shareholders.

2. Functions and Responsibilities

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

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

3. Authority

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

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

4. Composition

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

5. Criteria for Board Membership

In proposing directors, the Board will take into consideration experience in at least one area of significance to the Board (e.g., banking, business, marketing, human resources, finance, law, management or management consulting); the ability to contribute to deliberations of the Board; the ability to exercise sound business judgment;

the ability to think strategically; demonstrated leadership experience; and a high level of professional skill and integrity; as well as other appropriate personal qualities.

6. Types of Director

6.1 Independent Directors

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

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

- (h) Not operate any business of the same nature and in significant competition with the business of the Company or its subsidiary, or be a principal competitor in any partnership, or be an executive director, employee, staff or advisor who receives salary, or hold shares not exceeding 0.5% of the total number of voting rights of any other company operating a business of the same nature as, and in significant competition with, the business of the company or its subsidiary.
- (i) Not have any characteristics which make him/her incapable of expressing independent opinions with regard to the Company's business affairs.

6.2 Executive Directors

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

7. Retirement and Election

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

8. Induction

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

9. Meetings

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

10. Board Committees

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

11. Self-Assessment

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

The Executive Committee

As of 31 December 2011, the Executive Committee was comprised of the following:

| No. | Name/Surname | Designation | Attendance |
|-----|----------------------|----------------------|------------|
| 1. | Mr. Rowan D'Arcy | Chairman | 11/11 |
| 2. | Mr. Laksna Thongthai | Member | 11/11 |
| 3. | Mr. Chusak Salee | Member and Secretary | 9/11 |

Roles and Duties of the Executive Committee

1. Responsibilities

- 1.1 Assure that the Company's operations are in-line with the provisions of the Civil and Commercial Code on Limited Companies, ministerial regulations of the Non-Life Insurance Act and the Public Company Limited Act and other pertinent laws that are pending and will be enforced in the future.

- 1.2 Assure that the Company's operations are conducted with fidelity, justice and morals, and that the Executive Committee continues to rigorously adhere to its underlying philosophy of operating the business with caution to achieve the Company's objectives.
 - 1.3 Prepare and submit monthly financial balance sheets and profit and loss accounts to the Executive Committee within the twentieth of the month to be compared with the same month of the previous year.
 - 1.4 Prepare the budget and forecast plan for the following year and propose it at the first Board of Directors meeting for consideration, together with the Annual Report for each year for resolution.
- 2. Authority**
- 2.1 To determine risks and reinsurance acceptability;
 - 2.2 To determine the management structure and organization chart;
 - 2.3 To determine policies and procedures for upgrading human resources, e.g., company regulations, staff welfare, provident fund, etc;
 - 2.4 To revise future plans and/or business expansion, e.g., establishing or decreasing the number of office branches;
 - 2.5 To consider and appoint senior management, from the Assistant Managing Director to the Managing Director;
 - 2.6 To review the budget for staff salary increments, cost-of-living adjustments and annual bonuses for senior department managers, from the Assistant Managing Director to the Managing Director;
 - 2.7 To determine the scope of authority for signing off on Company policies and procedures;
 - 2.8 To allocate reserves against risks into categories by preparing the annual budget, which shall be performed separately as per the Chart of Account in advance;
 - 2.9 To approve the purchase of fixed assets that are considered necessary for Company operations; if beyond the budget and forecast plan, approval must be obtained from Board of Directors for each amount less than Baht 1.5 million (Baht One Million Five Hundred Thousand) and overall expenses shall not exceed Baht 5 million (Baht Five Million) per annum;
 - 2.10 To approve any expenses incurred over-budget at an amount not exceeding 5% of the overall budget, and other expenses that are not indicated in the annual budget or forecast plan, amounting to Baht 500,000 (Baht Five Hundred Thousand) for each expense. Overall expenses shall not exceed Baht 2,000,000 (Baht Two Million) per annum; and
 - 2.11 In case of an emergency, immediate action must be taken to prevent the Company from potential damage and to protect benefits deemed appropriate. Reports of such proceedings shall be submitted at the next Board of Directors meeting at the first stage.

Audit Committee

The Company established an Audit Committee on 12 October 1999 comprised of three independent directors; the tenure of committee members shall be for a period of three (3) years and shall run concurrently with their tenure on the Board. At Board of Directors Meeting No. 6/2011 held on 19 August 2011, a resolution was passed to re-elect for another term Audit Committee members who are retiring by rotation.

The Audit Committee was comprised of the following members:

| No. | Name/Surname | Designation | Attendance |
|-----|-----------------------------|-------------------------|------------|
| 1. | Mr. Surachai Prukbamroong | Chairman of the Meeting | 6/6 |
| 2. | Mr. Metha Suvanasarn | Member | 6/6 |
| 3. | Mr. Savang Tongsmutr | Member | 6/6 |
| | Miss Paporn Piyayodilokchai | Secretary | |

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

Audit Committee Charter *

Purpose

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

Authority

The Audit Committee will carry out the following duties:

1. Consider, select and propose for appointment capable persons with the independence to perform the duties of auditors of the Company for the Board of Directors, together with the annual audit fee, for approval at the Shareholders' Meeting.
2. Review the work of the auditors or external audit offices and determine the remuneration for external auditors.
3. Consider and resolve any disagreements between management and the auditor regarding financial reporting.
4. The Audit Committee is entitled to audit and investigate persons and related matters within the scope of its authority and duties; the Audit Committee must have the authority to employ specialists to help audit and investigate as it deems suitable.
5. The Audit Committee is entitled to audit if informed by the auditors that dubious behavior has been discovered on the part of Directors, managers or persons in charge of the operations of the Company, or that an offense has been committed.
6. The Audit Committee is entitled to meet with company officers, or outside counsel, as necessary.
7. The role and duties of members of the Audit Committee must be secondary to those of the Company's Board of Directors.
8. The Audit Committee shall not perform any role or duty other than those specified in this Charter unless the Company's Board of Directors specifies otherwise with the consent of the Audit Committee.

Composition

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

Meetings

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

Responsibilities

The Audit Committee will carry out the following responsibilities:

Financial Reports

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

Internal Control

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

Internal Audit

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

External Audit

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

Compliance

26. Review the effectiveness of the system for compliance with laws and regulations, monitor the findings of Management's investigations, and follow up on any instances of noncompliance, including taking disciplinary action.
27. Review the findings of any examinations by regulatory agencies, and any auditor observations.
28. Review the process for communicating the code of conduct to company personnel, and monitor compliance therewith.
29. Obtain regular updates from Management and the Company's legal counsel regarding compliance matters.
30. Review to assure company compliance with the regulations of the SEC and the Stock Exchange of Thailand, the determinations of the Stock Exchange of Thailand, and the laws concerning the business of the Company.
31. Consider determinations of the Stock Exchange of Thailand that may be contrary to the benefit of the Company to assure that such items are reasonable and provide maximum benefit to the Company.

Reporting Responsibilities

32. Prepare the Audit Committee Meeting minutes to be proposed to the Company's Board of Directors.
33. Prepare the Report of the Audit Committee detailing the responsibilities and performance of the Audit

Committee to be proposed to the Company's Board of Directors and included in the Company's Annual Report. The Report of the Audit Committee must at least consist of the information required by the Stock Exchange of Thailand.

Other Responsibilities

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

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

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

1. **Mr. Surachai Prukbumrung**, Chairman of the Audit Committee, held various positions with the Bank of Thailand for 39 years from 1959 to 1998 and other significant positions as follows:
 - Senior Director, Bank Examination and Analysis Department
 - Senior Director, Deposit and Bond Department
 - Senior Director, Administrative Department
 - Senior Deputy Director, Deposit and Bond Department
 - Deputy Director, Bank Supervision and Examination Department
2. **Mr. Metha Suvanasarn**, Member, has held various positions with the Bank of Thailand and other significant positions as follows:
 - Chairman of the Audit Committee, Software Industry Promotion Agency
 - Sub-Committee Member, Standard Development - Office of the Auditor General of Thailand
 - Risk Management Specialist, SME Development Bank of Thailand
 - Chairman of the Advanced Technology Committee, The Institute of Internal Auditors of Thailand
 - Senior Director, The Note Printing Works, Bank of Thailand
 - Director, Bank of Thailand, Khonkaen Regional Office
3. **Mr. Savang Tongsmutra**, Member, has held various positions with the Bank of Ayudhya PCL for 32 years from 1966 to 1998 as follows:
 - Sr. Vice President & Vice President, Accounting Department
 - Deputy Vice President, Audit Department
 - Vice President, Audit Department

Nomination & Remuneration Committee

The Company established the Nomination & Remuneration Committee on 19 January 2007. The committee is comprised of Independent/non-executive directors, and the tenure of committee members shall be for a period of three (3) years which shall run concurrently with their tenure on the Board.

As of 31 December 2011, the Nomination & Remuneration Committee was comprised of the following directors:

| No. | Name | Designation | Status | Attendance |
|-----|----------------------------------|--------------------|---------------|------------|
| 1. | Mr. Metha Suvanasarn | Chairman | Independent | 6/6 |
| 2. | Mr. Andreas Johann Wilhelm, Ph.D | Member & Secretary | Non-Executive | 6/6 |

Nomination & Remuneration Charter

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

Membership

- The Committee shall be comprised of at least three non-executive directors, one of whom shall be an independent director. Directors who are not Committee members may attend Committee meetings at the invitation of the Committee.
- The Chairman and other members of the Committee will be disclosed in the Company’s Annual Report and Accounts. Terms of Reference, membership of the Committee and a schedule of remuneration consultants to the Committee (including any other connections to the Company) shall be made available to any person upon request and shall also be available on the Company’s corporate website. The schedule of remuneration consultants shall be attached as an appendix to these Terms of Reference and will be updated and revised from time to time as necessary.
- In appointing the members of the Committee, the Board will give due consideration to the Principles of Good Corporate Governance for Listed Companies guidelines as recommended by the Stock Exchange of Thailand and the Stock Exchange Commission.
- The Chairman of the Committee shall be an independent director and shall be appointed by the Board. The Company Chairman shall not be the Chairman of the Committee.
- One member (or his/her nominee) shall act as Secretary to the Committee.
- The tenure of Committee members shall be for a period of three (3) years and shall run concurrently with their tenure on the Board.

Frequency of Meetings and Quorum

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

Nomination Terms of Reference

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

Nomination Duties and Scope of Responsibilities

1. Review regularly the Board structure, size and composition and make recommendations to the Board with regard to any adjustments that are deemed necessary;
2. Be responsible for identifying and nominating candidates for the approval of the Board for any new appointments (including appointments to committees) whether of executive or non-executive directors. The Committee may use either an external search consultancy or open advertising to assist in the recruitment process;
3. With the Board’s approval, proceed toward a final recommendation subsequent to having followed a formal selection procedure;
4. Subsequent to approval from the Board, ensure that a newly appointed director receives a full and proper induction into the Company’s affairs, including external training, as appropriate;
5. Be responsible for reviewing and providing to the Board a recommendation as appropriate on any extension of a non-executive director’s term of appointment on expiry; and
6. Recommend directors who are retiring by rotation to be put forward (or not as the case may be) for re-election.

Nomination Proceedings

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

Remuneration & Remuneration - Terms of Reference

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

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

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

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

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

1. Satisfy itself that appropriate supervision is in place for the Company's executive remuneration such as share options and similar schemes, determine grants of options to be made to executive directors, senior executives and other employees (having received written recommendations in respect of the same from the Chief Executive Officer), and determine any performance conditions to apply to the exercise of such options or award of shares;
2. Review the design of all share-based incentive plans for approval by the Board and/or shareholders. In designing schemes of performance-related remuneration, the Committee shall duly regard the provisions contained in the legal requirements including those of the SEC Listing Authority's Listing Rules, Disclosure Rules and Prospectus Rules and give due consideration to the Principles of Good Corporate Governance practices as recommended by the Stock Exchange of Thailand;
3. Monitor and review (at least annually) the remuneration packages and terms and conditions of Executive Directors' employment contracts and the Chief Executive Officer's senior direct reports' employment contracts;
4. In determining specific remuneration packages for executive directors and for the Chief Executive Officer's senior direct reports, determine basic salary, any benefits in kind, any annual bonuses, participation in any long-term incentive plans, any pension entitlements and other compensation payments;
5. Ensure that the Chairman (or in his absence, an alternative member) of the Committee attends the Company's Annual General Meeting to answer questions concerning executive directors' remuneration;
6. Be authorized by the Board to obtain such outside or other independent professional advice as it considers necessary in the fulfillment of its duties, all of which shall be at the Company's expense;
7. Consult with the Chairman of the Company in formulating the Committee's remuneration policy and consult with the Chief Executive Officer when determining specific remuneration packages for his/her senior direct reports;
8. Liaise with the Board in relation to the preparation of the statement of remuneration policy for executive directors in the Annual Report to shareholders;
9. Review the Remuneration Report appearing within the Annual Report and Accounts and make any necessary recommendations to the Board in respect of disclosure so as to comply with all applicable legal and Stock Exchange Commission requirements.

Remuneration – Excluded Matters

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

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

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

Remuneration Proceedings

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

Remuneration – General Matters

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

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

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

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

Appendix

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

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

Investment Committee

The Company established an Investment Committee on 9 May 1996. Members hold a one-year tenureship.

As of 31 December 2011, the Investment Committee was comprised of the following members:

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

Investment Committee Charter

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

1. Purpose of the Committee

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

2. Composition of the Committee

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

3. Meetings and Procedures of the Committee

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

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

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

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

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

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

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

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

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

4. Committee Responsibilities

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

- (a) To review and approve on a quarterly basis any loan or investment made by or on behalf of the Company;
- (b) To review and approve periodically policies and guidelines governing the Company's investment portfolio and monitor compliance with those policies;

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

5. Investigations, Studies and Outside Advisers

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

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

6. Evaluation of the Committee's Performance

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

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

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

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

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

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

| | | |
|---|---------------------------------|--|
| 1 | Mr. Rowan D'Arcy | President & CEO |
| 2 | Mr. Chusak Salee | Managing Director |
| 3 | Mr. Laksna Thongthai | Director and Assistant Managing Director |
| 4 | Capt. Vimolwan Vichitranan, Rtn | Assistant Managing Director — IT |
| 5 | Mr. Amnat Tiphthanakarn | Senior Department Manager |
| 6 | Ms. Orathai Rongthongaram | Accounting Department Manager |

Company Secretary

Miss Jiratcha Ruplek Company Secretary

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

The Nomination of Directors and Executive Officers

Appointment of the Board of Directors

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

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

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

1. They shall be a sui juris.
2. They shall not be adjudged bankrupt, incompetent or quasi-incompetent.
3. They shall never have been sentenced to imprisonment upon final judgment for offences relating to property obtained dishonestly.
4. They shall not be a person who was dismissed or removed from a government office, organization or state enterprise for dishonesty.
5. They shall not be rejected due to qualifications relevant to the subjects and procedures of the non-life insurance act prescribed by the Insurance Commissioner in the notification.

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

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

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

- 2.1. Each shareholder shall have the number of votes equal to the number of shares held.

- 2.2. One or more directors may be elected by vote at the same time, as the shareholders' meeting may deem appropriate. Each shareholder must exercise all of the votes he or she has under 2.1 to elect one or several persons to be a director or directors and must not allot his or her votes to any person in any number.
- 2.3. The persons having the highest number of votes shall be elected as the directors. In cases where the numbers of votes for the candidates are equal, the Chairman shall have the decisive vote.

Procedure to Revoke a Director

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

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

1. Death.
2. Resignation.
3. Lack of qualifications or possession of characteristics prohibited by law.
4. Resolution of a shareholders' meeting: an ordinary resolution shall require not less than three-fourths (3/4) of the number of shareowners present at the meeting and entitled to vote and representing total shares of not less than half of the number of shares held by the shareholders present at the meeting and entitled to vote.
5. Removal by court order. Any director leaving office must submit letter of resignation to the Company. Resignation is effective from the date that the resignation letter is received by the Company.

Summary of All Committee Meetings (Number of attendance) 1 January - 31 December 2011

| No. | Name | Directors | Executive Committee | Investment Committee | Audit Committee | The Nomination and Remuneration Committee |
|-----|-----------------------------------|-----------|---------------------|----------------------|-----------------|---|
| 1. | Mr. Veraphan Teepsuwan | 8/8 | | | | |
| 2. | Mr. Surachai Prukbamrong | 7/8 | | | 6/6 | |
| 3. | Mr. Metha Suvanasarn | 6/8 | | | 6/6 | 6/6 |
| 4. | Mr. Savang Tongsmutra | 8/8 | | | 6/6 | |
| 5. | Mr. Suwat Suksongkroh | 8/8 | | | | |
| 6. | Mr. Adisorn Tantianankul | 7/8 | | | | |
| 7. | Mr. Virojn Srethapramotaya | 8/8 | | | | |
| 8. | Mr. Andreas Johann Wilhelm, Ph.D. | 5/8 | | 4/4 | | 6/6 |
| 9. | Mr. Rowan D'Arcy | 7/8 | 11/11 | 4/4 | | |
| 10. | Mr. Chusak Salee | 8/8 | 11/11 | 4/4 | | |
| 11. | Mr. Laksna Thongthai | 8/8 | 9/11 | | | |

Remuneration for Directors and Executive Management

Cash Remuneration

The remuneration paid to the Company's Board of Directors and subsidiary (for transportation expenses) and Executives was based on both the nature and extent of each person's duties and responsibilities, and in line with comparable companies in the same industry.

In 2010, Board Members received in total the sum of Baht 8,565,900 which included annual compensation and transportation, and in 2011, it was decided that Board Members would receive in total the sum of Baht 9,289,400 the details as per the following comparison schedule:

Comparison of Board Remuneration 2010/2011

| No | Name | 2010 | | | 2011 | | |
|-------|-------------------------------|----------------|--------------|-----------|----------------|--------------|-----------|
| | | Transportation | Remuneration | Total | Transportation | Remuneration | Total |
| 1 | Mr. Veraphan Teepsuwan | 480,000 | 462,000 | 942,000 | 495,330 | 415,800 | 911,130 |
| 2 | Mr. Surachai Prukbamrong | 485,540 | 451,500 | 937,040 | 633,240 | 406,350 | 1,039,590 |
| 3 | Mr. Savang Tongsmutra | 447,000 | 409,500 | 856,500 | 582,000 | 368,550 | 950,550 |
| 4 | Mr. Metha Suvanasarn | 484,860 | 430,500 | 915,360 | 629,160 | 387,450 | 1,016,610 |
| 5 | Mr. Adisorn Tantikankul | 360,000 | 357,000 | 717,000 | 360,000 | 321,300 | 681,300 |
| 6 | Mr. Chusak Salee | 360,000 | 252,000 | 612,000 | 480,000 | 226,800 | 706,800 |
| 7 | Mr. Laksna Thongthai | 360,000 | 231,000 | 591,000 | 360,000 | 207,900 | 567,900 |
| 8 | Mr. Chet Raktakanishta | 35,000 | 35,000 | 70,000 | - | - | - |
| 9 | Mr. Virojn Srethapramotaya | 360,000 | 357,000 | 717,000 | 566,690 | 321,300 | 887,990 |
| 10 | Mr. Andreas J. Wilhelm, Ph.D. | 420,000 | 378,000 | 798,000 | 576,000 | 340,200 | 916,200 |
| 11 | Mr. Suwat Suksongkroh | 360,000 | 357,000 | 717,000 | 488,370 | 321,300 | 809,670 |
| 12 | Mr. Rowan D'Arcy | 420,000 | 273,000 | 693,000 | 555,960 | 245,700 | 801,660 |
| Total | | 4,572,400 | 3,993,500 | 8,565,900 | 5,726,750 | 3,562,650 | 9,289,400 |

In 2011, for top five executives, including the President & CEO, Managing Director, Director & Assistant Managing Director, Assistant Managing Director and Senior Department Manager (excluding the Accounting Department Manager), the Company paid salaries and bonus of Baht 31,556,873.71.

Other Remunerations

No director or Executive had a direct or indirect interest in any agreement entered into by the Company, i.e., ordinary shares/warrants.

Provident Fund

The Company and its employees jointly established a provident fund under the Provident Fund Act B.E. 2530. The fund is contributed to on a monthly basis by executives and employees and managed by Ayudhya Fund Management Company Limited. In 2011, the Company contributed approximately Baht 853,768 to the provident fund of the five top executives.

Report on Good Corporate Governance Practices

Policy on Corporate Governance

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

The Board of Directors has placed much importance on the creation of a good system of corporate governance. It is envisioned that business operations be carried out efficiently, with stability and sustainable growth, as well as value added to the economy. The Company strives toward business prosperity and pays due regard to the interests of stakeholders. The Company pursues an administrative policy based on the principles of the sufficiency economy, through reason, loyalty, honesty and fairness to all stakeholders pursuant the principles of good corporate governance outlined by the Stock Exchange of Thailand.

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

Section 1: Rights of Shareholders

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

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

The Company's Board of Directors always realizes the importance of shareholders' rights, and encourages them to exercise their rights. In this regard, in 2011 the Company has set the date for Shareholders' Meeting No. 62 for April 20, 2011 and Extraordinary Shareholders Meeting No. 1/2554 for December 7, 2011 with the following proceedings:

- (1) To send notices calling the meeting, the Company has entrusted the Securities Depository (Thailand) Company Limited, which acts as the Company's share registrar, to send notices of ordinary shareholders' meetings and relevant documents containing adequate and complete information together with the facts and opinions of the Board of Directors on every item on the agenda. The Company also provides proxy

forms, which may also be downloaded via www.ayud.co.th, in accordance with the regulations of the Ministry of Commerce so that shareholders who cannot attend the meeting in person may grant proxies to others, or independent directors specified by the Company to attend the meeting on his/her behalf and cast votes on resolutions. A map of the meeting venue is also provided. These documents allow shareholders to consider their vote on any item on the agenda at least seven days in advance, or 14 days in advance. Furthermore, the Company places advertisements in daily newspapers for three consecutive days at least three days before the meeting date. As a result of providing such documents, shareholders attend meetings regularly, and registration of attendance is carried out conveniently, at least two hours prior to the meeting. An appropriate reception is also provided for attendees.

- (2) To provide shareholders with the opportunity of proposing an agenda to nominate candidates for the Board of Directors: At the Shareholders' Meeting No. 62, the Company provided for an additional agenda calling for nomination of candidates for the Board of Directors in advance with specific criteria announced via www.ayud.co.th, and the SCP system of the Stock Exchange of Thailand.
4. Any shareholder who attends a meeting after its commencement is entitled to vote on the agenda under consideration and not yet decided and is counted as part of the quorum on the agenda he/she considers and votes on unless others shareholders view otherwise.
5. At the meeting of shareholders, prior to proceeding to the agenda
 - The Board of Directors will announce the number and proportions of shareholders present at the meeting and the number of proxies granted.
 - The Chairman will introduce all committees in attendance.
 - The President/Managing Director will provide an explanation on voting and vote-counting procedures that will be implemented for each agenda item pursuant to Company regulations. Votes are cast openly on every agenda item.
6. The Chairman allocates ample time for meetings. Every shareholder has equal and full opportunity to express opinions and recommendations. The Chairman will answer all questions clearly and directly throughout the meeting. Furthermore, the minutes of the meeting are completely recorded, and the resolutions and votes of all stakeholders are summarized transparently and fairly.
7. The Company discloses the structure of shareholding and the 10 major shareholders of the Company as at the closing date before the meeting date through the Company's website to make its shareholders confident in its operations. The Company also considers suitable compensation in return for its shareholders.
8. All directors stress the importance of attending Annual Shareholders Meetings, at which shareholders can ask relevant questions directly to the chairpersons of the committees responsible for specific issues.

In 2011, the Company set the Shareholders' Meeting No. 62 on 20 April 2011 and Extraordinary Shareholders' Meeting No. 1/2554 on December 7, 2011. All relevant documents were sent 14 days in advance to provide shareholders with support information on all items of the agenda for voting. Altogether, 11 Directors attended the General Shareholders' Meeting of 2010, including the Chairman of the Board, Chairman of the Audit Committee, Chairman of Nomination & Remuneration Committee, President & CEO, Managing Director and the Company's external auditors. The barcode system was used to register attendance and votes. The entire Meeting was also recorded and may be viewed via www.ayud.co.th.

The Board of Directors also set the date for the next Shareholders' Meeting No. 63 for April 30, 2012 at 14.00 hrs at The Sukhothai Bangkok Hotel, 13/3 South Sathorn Road, Thungmahamek, Sathorn, Bangkok 10120. The notice calling the meeting and relevant documents were disseminated through the Company's website, www.ayud.co.th, where shareholders could receive the information a month in advance. Again, the barcode system for registration of attendance and votes will be used as well as the capturing of the entire meeting via video recording.

Section 2: Equality of Shareholders

1. The Company organized its shareholders' meeting with equal treatment to all shareholders, whether Thai or foreigners. In cases of foreigners, the Company sent the notice calling the meeting and all relevant documents, as well as proxy forms, both in Thai and English, to enable all shareholders to participate in the deliberations and cast their votes on the various activities of the Company in accordance with the Company agenda.
2. The right to vote at the meeting is in accordance with the number of shares held, with one share equaling one vote.

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

Section 3: Role of Stakeholders

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

- Shareholders:** The Company is focused on growing the business through building long term value of the Company for better returns. Dividend payments are based on the result of the business as well as the economic position.
- Customers :** The emphasis is on the development of innovative, world-class products to meet with customer requirements on price, quality, and service.
- Staff :** Employees are essential to driving the Company toward its business targets. Policies are laid down in the Code of Conduct manual, providing guidance on fair treatment, in terms of opportunity, remuneration, appointments and transfers, as well as the importance of supporting the development of the potential and competence of employees at all levels. The working knowledge and skills of employees are enhanced and potential is developed toward leadership. Employees are also able to participate in determining the direction of operations so as to reach a unified vision. The working culture and environment are consistently maintained in a manner that is safe for the life, health and property of employees. Regarding health, sanitation and employee safety, measures have been implemented along with sufficient and appropriate vocational health and environmental measures to avoid loss of life from accidents and prevent injuries and illnesses as a result of work. A number of welfare benefits are also provided, such as annual health check-ups, a provident fund and an old-age retirement pension. Fair compensation is paid to employees commensurate to performance.

Furthermore, Executive Management set up sub-committees to encourage employees to take part in the management of various company matters to assure they are accurate, appropriate, efficient and effective. These five sub-committees each contain a member of the Executive Committee in an advisory capacity.

- Risk Management Committee
- Credit Control Committee
- Compliance Committee
- Staff Welfare Committee
- Provident Fund Committee

- Partners** : In setting Company policy and the operation plan, the Company takes into consideration fairness to agents, brokers, auto dealers and financial institutions for the long-term benefit of the Company.
- Competitors** : The Company adheres to sound and fair competitive practices. This forms part of the stimulus for the development of innovative products and prompt after-sales service that make a lasting impression. We cooperate with competitors that operate their business similarly to the Company's by avoiding any unscrupulous behavior.
- Creditors** : The Company adheres strictly to the terms as agreed with creditors and fosters an environment of mutual respect and trust.
- Social Responsibility** : The Company takes into account the effects of its operations on resource conservation and the environment, emphasizes energy conservation and participates in many activities that improve the quality of life of the people in our society.

Section 4: Disclosure and Transparency

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

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

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

The Board of Directors is satisfied that internal controls are sufficient to provide confidence in the reliability of the financial statements as at December 31, 2011.

Additionally, risk management — the assessment of major risk factors such as providing credit terms, investment risks, and major client risks are detailed in the Risk Factors section.

The Board of Directors has attended to the disclosure of Company financial and general information correctly and transparently with emphasis on the policies mandated by the Office of the Insurance Regulatory and Supervision Commission, the Securities and Exchange Commission and the Stock Exchange of Thailand.

The Company has set up an Investor Relations section within its website which may be viewed at www.ayud.co.th or further information may be obtained by telephone at (662) 263-0335.

Section 5: Responsibilities of the Board of Directors

1. Structure of the Company's Board of Directors

- 1.1 The Board of Directors determines policy and business direction, and supervises and monitors management operations to assure compliance with Company policy and objectives, toward the successful implementation the vision, strategy, target, and business plan for the best interests of the Company and shareholders. Their function is to operate the Company in line with the business plan and contribute to its service efficiency to the benefit of customers, shareholders and the Company, based on honesty, fairness and sincerity.

The duties, responsibilities and authority of the Board of Directors, Executive Committee, Investment Committee, Audit Committee and Nomination & Remuneration Committee are detailed in Company

Management Structure herein.

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

As at 31 December 2010, the Company had 11 members on its Board of Directors:

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

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

The Board of Directors clearly determines the charter of each appointed committee. The President & CEO, as the head of the executive team, is responsible for the Board of Directors' business operations and performance in accordance with the Board of Directors charter.

1.2 Terms of Directors

The term of office of the Board of Directors is specified in the by-laws of the Company and the Public Limited Company Act. When a term expires, the Board member may be re-elected. The Company appoints the Nomination & Remuneration Committee, which is independent and responsible for recruiting qualified directors with competence in diversified fields, vision, ethics and transparency.

1.3 Definition & Qualifications of Independent Directors

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

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

such indebtedness shall include indebtedness taking place during the course of one year prior to the date on which the business relationship with the person commences.

- (e) Neither being nor having been an auditor of the Company, its parent company, subsidiary, affiliate, major shareholder or controlling person of the company, and not being a principal shareholder or controlling person, or partner of an audit firm which employs audits of the Company, its parent company, subsidiary, affiliate, major shareholders or controlling person of the company unless the foregoing relationship has ended not less than two years from the date of company on filing with the Securities and Exchange Commission and the Stock Exchange of Thailand.
- (f) Neither being nor having been any professional advisor including legal advisor or financial adviser who receives an annual service fee exceeding Baht two million from the Company, its parent company, subsidiary, affiliate, major shareholders or controlling person of the company, and neither being nor having been a principal shareholder, controlling person or partner of the professional advisor unless the foregoing relationship has ended not less than two years from the date of the Company filing with the Securities and Exchange Commission and the Stock Exchange of Thailand.
- (g) Not being a director who has been appointed as a representative of the Company's director. Major shareholder or shareholders who are related to the major shareholder;
- (h) Not operating any business which has the same nature as and is in significant competition with the business of the Company or subsidiary, or not being a principal competition in any partnership, or not being an executive director, employee, staff, or advisor who receives salary; or holding shares not exceeding 0.5 percent of the total number of voting rights of any other company operating business which has the same nature as and is in significant competition with the business of the Company or subsidiary.
- (i) Not having any characteristics which make him incapable of expressing independent opinions with regard to the Company's business affairs.

1.4 Number of Companies in which Directors Have a Position

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

1.5 Aggregation and Delegation of Authority

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

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

1.6 Company Secretary

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

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

2. Sub-Committees

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

3. Roles, Charters and Responsibilities of Committees

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

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

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

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

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

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

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

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

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

Furthermore, such items will be promptly and transparently disclosed and included in the Annual Report and Form 56-1.

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

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

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

- Strategic risks;
- Financial risks, classified into two major types: (a) market risks and (b) Credit Control risks, on which the Company has to comply with the OIC Notification by sending a monthly report; and
- Operational risks

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

The Risk Management Committee regularly monitors risk revision status and reports to the OIC annually in accordance with the OIC Notification dated December 30, 2009.

The Company has a Business Continuity Plan and conducts annual virtual tests with staff members to minimize any disruption to its operations. In 2011, the Risk Management Committee held three meetings.

The Risk Management Committee consists of 17 executives at the department and division levels. The scope of its functions has been prescribed with a view to jointly implementing a more systematic and efficient risk management system. These operations commenced in 2008.

4. Board Meetings

Board of Directors Meetings are normally scheduled not less than once every three months. The agenda and minutes of the previous meeting, together with supporting documents, are submitted to Board of Directors seven days in advance to enable directors to undertake adequate considerations and studies of the information prior to attending the meeting. The exception is when there is an emergency relating to the protection of Company

interests, in which case less than seven days' notice may be given. The duration of each meeting is approximately two hours. During the meeting, directors are allowed to express opinions openly and freely, and the Company chairman will consolidate the opinions and conclusions reached. Directors having an interest must leave the meeting during the consideration of such matter, which must subsequently contain half of the Board of Directors. All meetings are attended by the Board Secretary in order to record it and take minutes, which will be approved by the meeting and verified by the Company Chairman and Board Secretary.

Board of Directors Meetings are scheduled five times annually. If there is an emergency, additional meetings may be called. The Audit Committee, President, Managing Director, Accounting Department Manager and internal audit units schedule regular joint meetings with the Company auditor quarterly.

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

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

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

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

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

5. Board Self-Assessment

In 2011, the Board of Directors drew up a self-assessment form for its performance, which exhibits the opinions of each director on the overall performance of the Board of Directors, and is not an evaluation of individual directors. The objective is to enable a review of the performance and any problems that may require further modification and improvement. The exercise promotes efficiency in the discharge of functions by the Board of Directors and aids in fostering relationships between the Board of Directors and the executives.

6. Remuneration of Directors and Executives

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

Ordinary Shareholders Meeting No. 62 held on April 20, 2011 approved remuneration that amounted to not more than Baht 4,410,000.00 million per annum. The remuneration is a Company asset and will be allocated appropriately.

Remuneration for Directors and Management is as follows:

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

7. Board of Directors' Development

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

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

Participation of Directors in Training/Seminars Organized by IOD

| | |
|--|-------|
| Role of the Chairman | (RCP) |
| Director Accreditation Program | (DAP) |
| Director Certificate Program | (DCP) |
| Role of the Compensation Committee | (RCC) |
| Audit Committee Program | (ACP) |
| Non-Finance Director | (FN) |
| Financial Statement for Directors | (FSD) |
| Corporate Governance Report of Thai Listed Companies | (CGR) |
| Successful Formulation & Execution of Strategy | (SFE) |
| Financial Institutions Governance Program | (FGP) |
| DCP Refresher Course | |
| Company Secretary Program | (CSP) |
| Fellowship | |

| No. | Name | RCP | DAP | DCP | Fellowship | RCC | ACP | FN | FSD | CGR | SFE | FGP | DCP Refresher Course | CSP |
|-----|-------------------------------|-----|-----|-----|------------|-----|-----|----|-----|-----|-----|-----|----------------------|-----|
| 1 | Mr. Veraphan Teepsuwan | x | | x | | | | | | | | | | |
| 2 | Mr. Surachai Prukbamrong | x | x | | | | | | | x | | | x | |
| 3 | Mr. Savang Tongsmutra | | x | | | | | | | | | | | |
| 4 | Mr. Metha Suvanasan | | | x | x | x | | | | | | | | |
| 5 | Mr. Adisorn Tantianankul | | | x | | | | | x | | | | | |
| 6 | Mr. Chusak Salee | | | x | | | | | | | | | | |
| 7 | Mr. Laksna Thongthai | | | x | x | | | | | | | | | |
| 8 | Mr. Virojn Srethapramotaya | x | x | x | x | | | | | | x | x | | |
| 9 | Mr. Andreas J. Wilhelm, Ph.D. | | | | | | | | | | | | | |
| 10 | Mr. Suwat Suksongkroh | | | x | | | | | | | | | x | x |
| 11 | Mr. Rowan D'Arcy | | | x | | | | | | | | | | |

b. Succession Plan

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

Internal Control

The Company has clear regulations concerning shareholding reporting stipulating that directors and Executive Committee members must report their shareholdings, as well as any of their spouse and their children under legal age, and related directors and/or senior executives, in accordance with Section No. 258 of the Securities and Exchange Act and the Stock Exchange of Thailand Act, B.E. 2535 (1992), which stipulate that the SET must be advised of any transfer of any shareholdings within three days of the date such action was taken. Additionally, the Company's policy under Section No. 7 regarding disciplinary action and penalties is enforced for the following violations:

- No. 1.12 Any direct and/or indirect involvement or undertaking of consultation for businesses that may be of similar nature to the Company's business.
- No. 1.22 Any direct and/or indirect use of position to acquire personal benefits and/or others' benefits by illegal means.
- No. 1.25 To disclose policy and business performance that is kept confidential to outsiders.

No. 1.36 To obtain photocopies of essential company documents without permission and/or inform those not related to the Company of its business performance.

8. Human Resources

As at 31 December 2011, the Company and its subsidiary had a total staff of 411 persons, which can be broken down as follows:

| | |
|--|-------------|
| Underwriting, claims and marketing staff | 200 persons |
| Support staff | 211 persons |
| The Company's total staff | 411 persons |
| Subsidiary's total staff | 386 persons |

In the past three years, there have been no significant changes in number of staff and no legal disputes involving domestic staff.

Employee Remuneration

The remuneration of staff in 2011 can be broken down as follows:

| Type of Payment | Baht Million |
|--------------------------|--------------|
| Salary | 153.53 |
| Bonus | 4.64 |
| Post employment benefits | 8.09 |
| Provident Fund | 161.52 |

Internal Controls

The Company's Board of Directors is of the opinion that internal controls are sufficient and appropriate, and contributing to the efficiency and effectiveness of the Company's operations. Financial reports are reliable and timely, and can be used with confidence to make sound business decisions. Operations are in compliance with the law, and the regulations and policies of the Company are in accordance with the Board's Recommendation No. 2/2012 dated 28 February 2012, which can be summarized as follows:



1. Organization and Environment

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

2. Risk Management

- The Company set up a group of committees that will be responsible for the Company's Risk Management procedures. These procedures are designed to mitigate significant risks to an extent that they are very unlikely to occur, including operational risks, insurance business risks, investment risks and risks involving particular principal clients. The committee will review and evaluate the system and standards, as well as the effectiveness of these procedures, once a year or as required.
- Early warnings will be investigated. In order to avoid any misbehavior, the Risk Management Team also established Fraud Guidance and Whistle Blower procedures via the Company's intranet, which staff can access to assure that business is conducted properly and legally.

3. Control of Management Operations

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

4. Information Technology and Telecommunications

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

5. Monitoring System

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

Corporate Highlights

- 1950 On October 7, The Ayudhya Insurance Company Limited is established with registered capital of Baht 2 million, and a license to operate in all classes of general insurance, including fire, marine & transportation and miscellaneous. The head office is situated at 34/37 Yaowarat Road, Samyeak, Samphanthawong, Bangkok.
- 1967 Registered capital is increased to Baht 5 million.
- 1968 Registered capital is increased to Baht 20 million.
- 1971 The Company moves its offices to the third floor of the Bank of Ayudhya Building at 550 Ploenchit Road, and expands its accident underwriting business to include motor.
- 1987 Registered capital is increased to Baht 40 million, and the Company moves to the 10th floor, Phanuni Building, Ploenchit Road, Lumpini, Pathumwan, Bangkok and registers the Company with the Stock Exchange of Thailand.
- 1988 Registered capital is increased to Baht 100 million.
- 1989 Registered capital is increased on the Stock Exchange of Thailand.
- 1990 Registered capital is increased to Baht 500 million, Baht 250 million paid up.
- 1993 The Company moves to its current location, at 898, 7th floor, Ploenchit Tower, Lumpini, Pathumwan, Bangkok 10330.
- 1994 On May 9, the Company changes its name to The Ayudhya Insurance Public Company Limited and becomes a public company.
- 1997 The Company expands its insurance and investment business, focusing on developing quality management and services. Commencing its nationwide expansion program, three branches are opened in Rayong, Hatyai and Phuket.
- 1998 The fourth branch opens in Khon Kaen.
- 1999 The fifth branch opens in Chiangmai.
- 2000 Three more branches open in Nakhon Ratchasima, Nakhon Sawan and Phisanulok.
- 2001 Four more branches open in Ubon Ratchathani and Surathani provinces, and two sub-branches are opened in Chonburi and Lopburi to expedite claims settlement.
- 2002 The Company receives the "Disclosure Award" from the Stock Exchange of Thailand for its commitment to providing customers with prompt service, accuracy and transparency.
- 2003
- ✪ The Company again receives the "Disclosure Award" from the Stock Exchange of Thailand.
 - ✪ The Company is awarded second place, "The Best Management Award" by the Department of Insurance (now called the Office of Insurance Commission), selected from 63 insurance companies, for achieving outstanding management practices.
- 2004
- ✪ The Company receives third place, "Best Management Award" for outstanding management practices from the Office of Insurance Commission.
 - ✪ The Company's Nakornpathom branch receives an award from the Regional Office of Insurance Commission for its prompt service with merit in a motor claim payment case.
- 2005 The Company receives second place, "Best Management Award" for outstanding management practices from the Office of Insurance Commission.
- 2006
- ✪ To mark the auspicious occasion of the 60th Anniversary His Majesty the King's Accession to the Throne, the Company dedicates merit to His Majesty by participating in various programs such as replanting mangrove, in both Rayong and Chonburi, and distributing cloth bags to customers in an effort to promote and cut down the use of plastic bags.
 - ✪ The Company receives second place, "Best Management Award" for outstanding management practices from the Office of Insurance Commission.
- 2007 The Company expands its distribution channels via agents and brokers, as well as major clients, and continues to focus on providing increasingly better service to its customers.

- 2008
- Recognizing the significance of environmental protection, particularly global warming, the Company promotes energy-saving in the office by switching off unnecessary lights and electrical appliances during the lunch break.
 - The Company encourages employees to participate in planting mangrove in Rayong and Chonburi.
 - The Company promotes recycling by distributing cotton bags to customers.
- 2009
- The Company upgrades its sub-Chonburi office into a full-fledged branch and opened a sub-branch in Pattaya, Chonburi to support growing business in the area. Three more are opened, making a total of 12 branches.
 - The Company launches PROMPT packaged insurance products in collaboration with 'Bancassurance' unit of Bank of Ayudhya PCL that results in PA Prompt, PA Care, Cancer Prompt, Auto Prompt 3 Plus, PA Prompt Plus, and Cancer Prompt Plus insurance products.
 - The Company launches Marine Jet Ski Policy, the first of its kind in the world, together with Tourism Authority of Phuket, to provide protection and security for tourists renting jet skis, and promote tourism.
 - In recognition of exceptional management practices, the Company receives the following awards for its operating performance:
 - Annual General Shareholders Meeting — The Company gets 5 stars on the 2009 AGM checklist (equivalent to 91 points) from the Thai Investors Association (TIA).
 - Corporate Governance Report of Thai Listed Companies — The Company gets 4 stars (equivalent to 89 points) from the Stock Exchange of Thailand.
 - The Company is awarded First Prize in the Prime Minister's "Best Management Award" category during 2007-2008 for two consecutive years among 68 general insurance companies.
 - The Company receives the "Most Innovative Product Award" from the Netherlands—Thai Chamber of Commerce.
- 2010
- The Company receives approval from the Office of Insurance Commission to purchase BT Insurance Company Limited from CIMB Thai Bank, and together with this purchase, a ten-year bancassurance agreement is signed for CIMB Thai Bank to distribute insurance products in all 147 CIMB Thai Bank branches.
 - The Company launches I-insurance, an on-line program to help brokers and agents manage their business/ portfolio of customers with increased accuracy and efficiency.
 - The Company receives a Certificate of Recognition for Product Innovation from Financial Insights Innovation Awards (FIIA) 2010 held in Singapore.
 - The Company receives second place, Prime Minister's "Best Management Award" for outstanding management practices from the Office of Insurance Commission.
 - The Company expands point-of-payment with Counter Service Company Limited to cover over 3,400 7-Eleven convenience stores throughout Thailand.
- 2011
- In February 2011, BT Insurance' is renamed Sri Ayudhya General Insurance Company Limited (SAGI) to be in alignment with AYUD brand and announces the increase in capitalization of the new company to Bht. 1.2 billion, in order to gear up for expansion as well as to be in line with the OIC's Risk-Based Capital (RBC) criteria. The insurance business transfer from AYUD to SAGI starts with the approval of the Office of the Insurance Commission.
 - In June 2011, Sri Ayudhya General Insurance Company Limited (SAGI) changes its status to a 'Public Company Limited', or in full: Sri Ayudhya General Insurance Public Company Limited.
 - The Company receives its 8th consecutive Prime Minister's "Best Management Award" for outstanding management practices from the Office of Insurance Commission in September.
 - In November-December, the insurance business transfer from AYUD to SAGI is completed. AYUD returns its general insurance license to the Office of Insurance Commission, then moves ahead to restructure the Company into an investment holding company, named Sri Ayudhya Capital Public Company Limited. The SET listed name 'AYUD' is maintained as it continues to trade in the market under the insurance sector.

Review of Business Operation

Review of Business Operations

Sri Ayudhya Capital Public Company Limited, formerly The Ayudhya Insurance Public Company Limited, is one of the leading non-life insurance companies in Thailand. The Company was founded on October 7, 1950 with registered capital of Baht 2 million to operate non-life insurance businesses, including fire, marine and transportation, miscellaneous and motor insurance.

The head office is located at Ploenchit Tower, 7th floor, 898 Ploenchit Road, Lumpini, Pathumwan, Bangkok 10330, telephone: (662) 263-0335, fax: (662) 263-0589, website: www.ayud.co.th, email: info@ayud.co.th.

The Company is listed on the Stock Exchange of Thailand with registered capital of Baht 500 million, 250 million paid-up.

Changes in 2010-2011

On March 12, 2010, the Company's Board of Directors passed a resolution to acquire shares in BT Insurance Co., Ltd. ("BTI"), a non-life insurance company, from CIMB Thai Bank Public Company Limited ("CIMBT"), which owned 99.99% of the total issued share capital of BTI. In support of the Company's business expansion plan, the Board of Directors foresaw an opportunity for greater distribution of the Company's products through a bancassurance arrangement via the distribution channels of CIMBT and thus approved the Company to enter into a Bancassurance Agreement with CIMBT as part of the acquisition of BTI shares. The purchase price of the BTI acquisition was Baht 392 million, comprised of Baht 292 million for the value of BTI shares and Baht 100 million for the Bancassurance Agreement. The net book value of BTI as of December 31, 2009 was Baht 292.07 million, and the purchase price is subject to post-completion adjustment in accordance with the terms set forth in the Share Purchase Agreement.

Subsequently, on March 15, 2010, the Company entered into the Share Purchase Agreement ("SPA") with CIMBT for the acquisition of BTI's 29,999,998 ordinary shares, representing 99.99% of the total issued share capital of BTI, at a purchase price of Baht 292 million, and on March 26, 2010, the Company entered into the Bancassurance Agreement with CIMBT and some of its subsidiaries for a period of 10 years.

The acquisition of BTI's shares would become effective when both parties had complied with the conditions specified in the SPA, including approval from the Office of the Insurance Commission ("OIC") and the Annual General Meeting of the Company's shareholders. The Bancassurance Agreement would become effective upon the completion of the BTI acquisition.

On April 20, 2010, the Ordinary Shareholders' Meeting passed resolutions to approve the acquisition of BTI's 29,999,998 ordinary shares, representing 99.99% of the total issued share capital of BTI, and to enter into the Bancassurance Agreement, for the total purchase price of Baht 392 million. In addition, the meeting approved the Business Integration Plan and authorized management to prepare the details of the Business Integration Plan to be presented to the Board of Directors for consideration and approval before it is submitted to the OIC and authorized two of the authorized directors to execute the SPA and/or the Bancassurance Agreement, the transfer of shares and any other documents, as well as to undertake any actions necessary or required for the purpose of the BTI acquisition.

The following are highlights of the plan:

1. After the acquisition of the BTI shares, the Company would transfer its insurance-related assets (except the existing insurance portfolio) to BTI and run off its insurance portfolio by ceasing to underwrite new or renewed insurance policies; the insurance policies currently underwritten by the Company would remain insured by the Company until their expiry, at which time customers will be offered a renewal with BTI.
2. The Run-Off Process was expected to be completed by the end of 2011, and thereafter BTI would remain the entity through which the non-life insurance business would continue to be conducted; the Company would be converted to an investment holding company while maintaining its status as a listed company on the Stock Exchange of Thailand.

The transfer of business was expected to be completed by end of 2011, after which the Company would change to an Investment Holding Company while remaining a publicly listed company on the Stock Exchange of Thailand.

On 17 September 2010, the Company received the approval from the Office of the Insurance Commission in connection with the proposed BTI acquisition and the business integration plan, which stipulates that the business integration must be completed by December 31, 2011.

On 4 November 2010, the Company entered into a memorandum of understanding (“MOU”) with CIMBT to specify the effective date of the BTI Share Purchase Agreement for the acquisition of BTI’s business, at which time the Company would receive the BTI shares and pay Baht 392 million to CIMBT for the value of BTI shares as per the SPA and the Bancassurance Agreement. However, the MOU specified that the net book value of BTI used for the acquisition of BTI shares was as of September 30, 2010, and that the adjusted amount would be paid at a later date.

On November 4, 2010, BTI’s shares were transferred to the Company and the Company paid Baht 292 million for the BTI shares and Baht 100 million for the Bancassurance Agreement, resulting in BTI’s becoming a subsidiary of the Company as of that date.

On 1 September 2011, the Company and its subsidiary were in agreement on the entire transfer of non-life business from the Company to its subsidiary, including the responsibility for all existing policies.

On 1 October 2011, the Company returned its insurance license to the Office of Insurance Commission (“OIC”) and moved forward with its plan to become an investment holding company effective 20 December 2011.

Business of Subsidiary

Sri Ayudhya General Insurance Public Company Limited, formerly BT Insurance Company Limited (the “Subsidiary”), was founded in Thailand on 21 September 1982 to operate a non-life insurance business and received a license for all types of non-life insurance on 24 September 1982.

On 31 January 2011, the Subsidiary registered with the Department of Business Development to change the company name from “BT Insurance Company Limited” to “Sri Ayudhya General Insurance Company Limited” and its increase its registered capital from Baht 300 million to Baht 1,200 million. The Company paid Baht 900 million of this capital to its subsidiary.

After receiving approval from the OIC on 3 October 2011, the subsidiary registered to change its status to a ‘Public Company Limited’ with the Department of Business Development and became Sri Ayudhya General Insurance Public Company Limited.

Revenue Structure of the Company and its Subsidiary

The main income of the Company and its subsidiary can be divided into two parts: Underwriting income and investment income. Details of income for 2011, 2010 and 2009 are as follows:

(Unit: Baht)

| | 2011* | | 2010* | | 2009** | |
|------------------------|----------------------|--------------|----------------------|--------------|----------------------|--------------|
| | Amount | % | Amount | % | Amount | % |
| Underwriting Income*** | | | | | | |
| Fire | 431,948,963 | 22.9 | 379,202,588 | 26.2 | 308,440,278 | 30.4 |
| Marine & Transport | 148,675,232 | 7.9 | 124,805,982 | 8.6 | 43,018,617 | 4.2 |
| Miscellaneous | 534,891,524 | 28.4 | 343,711,393 | 23.7 | 160,864,172 | 15.9 |
| Motor | 767,856,966 | 40.8 | 600,249,796 | 41.5 | 502,507,012 | 49.5 |
| Total | 1,883,372,715 | 100.0 | 1,447,969,759 | 100.0 | 1,014,830,079 | 100.0 |

(Unit: Baht)

| | 2011* | | 2010* | | 2009** | |
|--------------------|----------------------|--------------|----------------------|--------------|----------------------|--------------|
| | Amount | % | Amount | % | Amount | % |
| Net Earned Premium | | | | | | |
| Fire | 386,345,575 | 23.2 | 339,930,727 | 27.0 | 308,440,278 | 30.4 |
| Marine & Transport | 74,838,185 | 4.5 | 61,538,936 | 4.9 | 43,018,617 | 4.2 |
| Miscellaneous | 441,529,152 | 26.6 | 268,221,740 | 21.3 | 160,864,172 | 15.9 |
| Motor | 758,748,126 | 45.7 | 590,000,063 | 46.8 | 502,507,012 | 49.5 |
| Total | 1,661,461,038 | 100.0 | 1,259,691,466 | 100.0 | 1,014,830,079 | 100.0 |

* Consolidated Financial Statements

** Separate Financial Statements

*** Years 2011 and 2010 are presented in a new format with underwriting income comprised of net earned premium and commissions and brokerages

(Unit: Baht)

| | 2011 | | 2010 | | 2009 | |
|------------------------|----------------------|--------------|----------------------|--------------|----------------------|--------------|
| | Amount | % | Amount | % | Amount | % |
| 1. Underwriting Income | 1,883,372,715 | 84.1 | 1,447,969,759 | 81.8 | 1,014,830,079 | 81.0 |
| 2. Investment Income | 332,575,070 | 14.9 | 313,058,858 | 17.7 | 235,281,574 | 18.8 |
| 3. Other | 22,602,565 | 1.0 | 9,063,831 | 1.5 | 2,735,390 | 0.2 |
| Total Income | 2,238,550,350 | 100.0 | 1,770,092,448 | 100.0 | 1,252,847,043 | 100.0 |

The proportion of the Company and its subsidiary's income structure changed from the previous year. Underwriting income increased from 81.8% of revenue in 2010 to 84.1% in 2011 as a result of the Company's continued expansion of its distribution channels in the provinces in 2011, with the increased support of Bancassurance contracts with Bank of Ayudhya Plc. and CIMB Bank Thai Plc.

The net investment income of the Company and its subsidiary as a percentage of total income decreased from 17.7% in 2010 to 14.9% in 2011, and the proportion of other incomes decreased from 1.5% in 2010 to 1.0% in 2011. This was due to the increase of 468.46 million baht, equivalent to 26.47% of total income, in 2011 and 435.40 million baht, or 30.07%, was from underwriting income.

2011 Operating Results

Explanation and Analysis

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

1. 2011 Operating Results

In 2011, the Company and its subsidiary's business performance showed earned premiums of Baht 1,661.46 million, an increase of Baht 401.77 million, or 31.89%, over 2010. Net investment income from interest and dividends was Baht 234.63 million, an increase of Baht 8.62 million, or 3.81%, over the previous year as a result of increased dividends from stocks and funds of Baht 7.39 million, or 5.40%. Gains on investments in securities totaled Baht 97.95 million, an increase of Baht 12.06 million, or 14.03%, over last year's Baht 85.89 million. In 2010, the Company had Baht 1.15 million in income from the reversal of impairment losses on general investments, and other income showed a record Baht 22.60 million, a rise of Baht 17.69 million, or 359.86%, over 2010. Additionally, the Company gained an excess over fair value on the acquisition of its subsidiary of Baht 4.15 million.

The Company and its subsidiary's two major types of expenditures were comprised of underwriting and operating expenses. Underwriting expenses were comprised of losses incurred, loss adjustment expenses, commissions and brokerages, and other expenses on which the commissions and brokerages and other relevant expenses were variable costs related directly to underwriting income. Losses incurred and loss adjustment expenses depended on the losses incurred by policyholders during the year. In 2011, the Company had underwriting expenses of Baht 2,745.44 million, an increase of Baht 1,336.20 million, or 94.82%, over last year's Baht 1,409.24 million. The reason for the increase in underwriting expenses was the flood that occurred in fourth quarter of 2011. Claims from general operations excluding the massive, increased by Baht 168.74 million, or 26.70%, while claims from the flood totaled Baht 1,030.39 million. The loss ratio, excluding loss from the flood, equaled 48.20%, a 50.17% decrease from the same period last year. Additionally, commissions and brokerages increased over last year by Baht 27.26 million, or 8.17%, and total underwriting expenses increased by Baht 58.09 million, or 27.42%, due to the increased volume of business. In 2011, operating expenses increased by Baht 51.73 million, or 22.33%, over last year; personnel expenses increased by Baht 40.49 million, or 21.62%; and premises and equipment expenses increased from Baht 99.63 million to Baht 81.39 million, a Baht 18.24 million, or 22.41%, rise over 2010. This was due to the Company's investment in information technology to reduce redundancy, increase speed, efficiency and delivery of service, and support new innovative products.

The flood that occurred in the fourth quarter of last year caused a loss on underwriting of Baht 862.07 million in the consolidated financial statements, while in 2010 profit on underwriting was Baht 38.73 million.

As shown in the consolidated financial statements, operating results in 2011 showed a loss of Baht 506.89 million, in contrast to a gain of Baht 360.86 million in 2010.

The 2011 financial statements adjusted the report by separating the expenses of money reserved in the Office of Insurance Commission, General Insurance Funds, and Victims Compensation Funds, which for the Company and its subsidiary totaled Baht 12.33 million, a Baht 2.95 million, or 31.47%, increase over last year's Baht 9.38 million.

In 2011, the consolidated financial statements showed a pre-tax loss of Baht 519.25 million, while the year before showed a pre-tax profit of Baht 351.39 million. This loss was due to the rate of calculating deferred tax for corporate income tax that was reduced from 30% to 23% and from 23% to 20% of net profit onward in 2012 and 2013 respectively. As a result, in 2011 the corporate income tax of the Company and its subsidiary totaled Baht 64.16 million from using 20% and 23% rates in the calculation of deferred tax for corporate income tax, while last year's totaled Baht 29.73 million. Therefore, the operating results for 2011 in the consolidated financial statements showed a net loss of Baht 455.09 million and a loss per share of Baht 1.82, while 2010 showed a net profit of Baht 321.66 million and earnings per share of Baht 1.29.

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

- (1) Stronger competition brought on by insurance companies with foreign interests that are equipped with sophisticated information technology, and use telecommunications and direct marketing to attract new

customers. These firms introduced innovative insurance products to meet customer requirements, offering coverage for other risks and other services. To maintain competitiveness, the Company invested more in technology and human resources, resulting in an increase in operating expenses.

- (2) The insurance business in 2011 earned total direct premiums of Baht 139,834 million, an 11.87% growth over the same period of the previous year. The general insurance market showed sustainable growth, despite the impact of oil prices and the slowdown in household spending due to the increased prices of consumer goods. However, the flood that occurred in fourth quarter of 2011 affected Thailand's economy more severely than was predicted, especially the manufacturing sector, which was affected both directly and indirectly, as well as the agricultural sector. In 2011, Thailand's economy expanded at the rate of 1.0%, a huge slowdown from last year, while the insurance business over the past five years has expanded steadily and developed to its current strong position. Changes in social behavior, attitudes and values had a direct impact on the growth of the insurance business. Families began to realize the value of insurance as a mechanism to relieve some of the burden resulting from the economic slowdown and other crises, viewing insurance as a basic necessity. As the fundamental principle of insurance is to mitigate the risks of unexpected and unforeseeable circumstances, once people realize this benefit, no matter what the state of the economy may be, and with increases in crude oil prices, droughts, floods, earthquakes and the disturbances in the three southern provinces, the insurance business will be only slightly affected. Educational campaigns were conducted to raise public awareness of these risks and the importance of having insurance.

Underwriting Results

In 2011, the Company and its subsidiary generated total premiums of Baht 2,418.59 million, an increase over the previous year of Baht 323.49 million, or 15.44%. The increase in total written premiums for 2011 was derived from Fire, Marine and Transportation, Miscellaneous and Motor. Marine and Transportation premiums written increased substantially due to business expansion resulting from accepting more risks from agents. The increase seen in Miscellaneous premiums written was due to more sales via Bank of Ayudhya Plc.'s Bancassurance. The increase in written Motor premiums was due to the Company's expansion of distribution channels through provincial branches and sub-branches to enhance efficiency, speed and services to clients throughout the country. The Company paid Baht 823.37 million in reinsurance premiums, 34.04% of overall premiums. The Company's retention was Baht 1,595.21 million and the net written premium ratio per equity was 0.25 times, equal to the previous year's. Earned premiums were Baht 1,661.46 million, an increase of Baht 401.77 million, or 31.89%, over the previous year. The profit on underwriting ratio was -68.46% of net written premiums, down 2.78% from last year. This was because of a loss on underwriting of Baht 862.07 million in the consolidated financial statements resulting from the flood that occurred in the fourth quarter. Claims from the flood totaled Baht 1,030.39 million while claims from general operations were Baht 800.78 million, an increase of Baht 168.74 million, or 26.70%, over last year's Baht 632.04 million. The loss ratio, excluding losses from the flood, equaled 48.20%, a 50.17% decrease from the same period last year. Commissions and brokerages totaled Baht 360.91 million, a Baht 27.26 million, or 8.17%, increase over last year's Baht 333.65 million. Total underwriting expenses were Baht 269.98 million, an increase of Baht 58.09 million, or 27.42%, over last year's Baht 211.89 million. Operating expenses were Baht 283.38 million, an increase of Baht 51.73 million, or 22.33%, over the previous year's Baht 231.65 million. All of these factors influenced the increase in total underwriting expenses in 2011 of Baht 1,336.21 million, or 94.82%. Claims from the flood caused a loss on underwriting of Baht 862.07 million, while the previous year showed a profit on underwriting of Baht 38.73 million.

The retention rate in 2011 was 52.06%, against 66.58% last year, due to an increase in premium income of Baht 323.49 million, or 15.44%, while the cost of reinsurance increased by Baht 123.27 million, or 17.61%. As a result, net written premiums rose from Baht 1,395 million to Baht 1,595.21 million, an increase of Baht 200.21 million, or 14.35%.

The ratio of underwriting expenses for 2011 equaled 55.03% of earned premiums, a decrease from last year of 61.70% due to the Company's underwriting expenses, and operating expenses that increased by Baht 137.08 million, or 17.64%, over 2010. That notwithstanding, earned premiums increased by Baht 401.77 million, or 31.89%, over 2010.

Fire Insurance

The Company and its subsidiary generated gross premiums written in the amount of Baht 503.18 million, an increase of Baht 13.08 million, or 2.67%, over the previous year. The fire insurance business represented 20.80% of

total premiums. The Company ceded reinsurance premiums in the amount of Baht 141.64 million, or 28.15% of total Fire premiums. The Company and its subsidiary retained Baht 361.53 million, or 71.85% of total Fire premiums. The unearned premium reserve for Fire insurance increased over last year by Baht 56.79 million, or 177.58%, resulting in Baht 386.35 million in earned premiums, an increase over last year of Baht 46.41 million, or 13.65%. Income from commissions and brokerages was Baht 45.60 million, an increase over the previous year of Baht 6.33 million, equal to 16.12%. As a result, the Company and its subsidiary had underwriting income of Baht 431.95 million, up from last year by Baht 52.75 million, or 13.91%.

In 2011, losses incurred from Fire totaled Baht 116.50 million which came from general claims of Baht 63.69 million and losses from the flood of Baht 52.81 million. Losses incurred from Fire, excluding losses from the flood, increased over the previous year by Baht 9.07 million, or 16.61%. The Fire loss ratio equaled 16.49% of earned premiums, a 16.07% increase over last year. Commission and brokerage expenses increased by Baht 4.35 million, or 4%, over last year, and other underwriting expenses amounted to Baht 72.55 million, an increase over last year of Baht 1.89 million, or 2.68%. Consequently, profits from Fire amounted to Baht 129.76 million, down Baht 15.37, or 10.59%, from the previous year.

Written Fire premiums in 2011 increased slightly over the previous year due to a change of one bank customer; however, the Company still has other significant sources such as agents and brokers, as well as every Bank of Ayudhya Plc. customer that insures their residences and shops under a bank loan.

Marine and Transportation Insurance

Marine and Transportation gross premiums in 2011 totaled Baht 318.86 million, an increase over last year of Baht 42.79 million, or 15.50%. This segment of business generated 13.18% of overall written premiums. The Company ceded reinsurance premiums in the amount of Baht 241.42 million, or 75.71%, of total Marine and Transportation premiums. Net retention amounted to Baht 77.44 million, or 24.29% of total Marine and Transportation premiums. Earned premiums totaled Baht 74.84 million, an increase over last year of Baht 13.30 million, or 21.61%. Income from commissions and brokerages was Baht 73.84 million, a Baht 12.57 million, or 16.71%, increase over the previous year. As a result, the Company and its subsidiary had underwriting income of Baht 148.68 million, a Baht 23.87 million, or 19.13%, increase over last year.

Losses incurred in 2011 totaled Baht 25.77 million, an increase over 2010 of Baht 8.72 million, or 51.15%, and the loss ratio equaled 34.44% of earned premiums. Total underwriting expenses increased from last year in the amount of Baht 20.27 million, or 27.56%. As a result, profit on underwriting rose to Baht 54.87 million in 2011, up from the year before by Baht 3.60 million, or 7.02%.

In 2011, premiums for the Marine and Transportation sector grew 15.50%. These may be divided into Marine Cargo, which increased by 19.32%, and Marine Hull, which decreased by 5.17%. The growth in written premiums for Marine Cargo was due to the Company's expanded business through agents and brokers, and the decline in Marine Hull was due to the decrease of renewal premiums.

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

Motor Insurance

Gross premiums written totaled Baht 781.26 million, an increase of Baht 126.06 million, or 19.24%, over 2010. This segment represented 32.30 % of overall written premiums. Retention of motor premiums was Baht 747.67 million, or 95.70 % of total Motor premiums. The Motor unearned premium reserve decreased from the previous year by Baht 42.06 million, or 135.75%, which resulted in net earned premiums for Motor of Baht 758.75 million in 2011, an increase over last year of Baht 168.75 million, or 28.60%. Income from commissions and brokerages was Baht 9.11 million, down Baht 1.14 million, or 11.13%, from the previous year. As a result, the Company and its subsidiary had underwriting income of Baht 767.86 million, a Baht 167.61 million, or 27.92%, increase over last year.

Motor claims in 2011 amounted to Baht 477.67 million, an increase over the previous year of Baht 101.42 million, or 26.96 %. The loss ratio was 62.95% of earned premiums, while in 2010 it was 63.77%. Underwriting expenses increased Baht 130.39 million, or 24.88%. The Company earned Baht 113.39 million in profits in 2011, an increase over last year of Baht 37.21 million, or 48.85%.

The Office of Insurance Commission stressed the importance of the adherence to the 'Cash-Before-Cover' provision of Motor premium payment for personal and juristic vehicles, stating that the insured is required to pay its

premiums prior to the effective date of coverage. In response to this regulation, the Company provided such details to prospects and customers as well as agents and brokers. Internally, the Company adjusted operational procedures to comply with the regulation.

In 2011, the growth of Motor premiums written rose to 19.24%, coming from agents, brokers, vehicle dealers and financial institutions providing auto leasing. The Company's emphasis on providing good service to the insured and the efficient management of branches enhanced the ability of its customers to buy Motor insurance conveniently at Company branch offices.

Miscellaneous Insurance

Written Miscellaneous premiums totaled Baht 815.29 million in 2011, an increase over last year of Baht 141.55 million, or 21.01%. This segment represented 33.71% of the overall written premiums. The Company ceded reinsurance premiums in the amount of Baht 406.72 million, or 49.89% of total Miscellaneous premiums. The Company retained Baht 408.57 million, or 50.11%, of total Miscellaneous premiums. The unearned premium reserve decreased from the previous year by Baht 100.21 million, or 149%, resulting in the increase in earned Miscellaneous premiums of Baht 441.53 million in 2011, up Baht 173.31 million, or 66.61%, from last year. Income from commissions and brokerages was Baht 93.36 million, up from the previous year by Baht 17.87 million, or 23.68%. As a result, the Company and its subsidiary had underwriting income of Baht 534.89 million, Baht 191.18 million, or 55.62 %, more than last year.

Miscellaneous insurance incurred a loss of Baht 1,211.41 million, which came from general claims of Baht 233.65 million and losses from the flood of Baht 977.76 million. Losses incurred by Miscellaneous, excluding losses from the flood, increased Baht 49.52 million, or 26.90%, over the previous year. The Miscellaneous loss ratio equaled 52.92% of earned premiums, down 68.65% from last year; commission and brokerage expenses increased by Baht 11.87 million, or 13.79%; and other underwriting expenses amounted to Baht 102.39 million, an increase of Baht 26.72 million. Consequently, losses from Miscellaneous amounted to Baht 876.89 million in contrast to last year's Baht 2.19 million.

The strong partnership with BAY (Bank of Ayudhya Plc.)'s Bancassurance continued to help generate sales under "Prompt" packaged insurance products (PA Prompt, PA Care, PA Prompt Plus, Cancer Prompt Plus and Auto Prompt 3 Plus). Insurance brokers, agents and direct accounts continued to be important distribution channels for the Company.

Investment

In 2011, investments in the Stock Exchange of Thailand fluctuated due to numerous risk factors, notably foreign factors like the situation of US economy and the financial crisis in Europe, which tended to regress and delay debt settlements. The SET index closed at 1,025.32 points at end of 2011, while in 2010 it closed at 1,032.76 points. The Company still has a positive view of equity instruments for medium- to long-term investments. This is because of the low level of interest rates, the continued recovery of the economy, the continued growth of publicly listed companies, and the attractiveness of the SET. The direction of investment management is still to select good securities one by one and regularly assess and monitor them in terms of both quality and quantity.

As at December 31, 2011, the Company and its subsidiary had investment assets totaling Baht 6,505.89 million, a decrease of Baht 153.14 million, or 2.30%, from last year. Net investment income comprised of interest and dividends totaled Baht 234.63 million, a Baht 8.62 million, or 3.81%, increase over last year. This was due to a slight increase in the rates for short-term money market deposits, and an increase of Baht 7.39 million, or 5.40%, in dividends from investments in stocks and mutual funds. The Company sold some listed stocks and unit trusts during 2011. As a result, profit on investment in securities totaled Baht 97.95 million, an increase of Baht 12.06 million, or 14.03%, over last year's Baht 85.89 million. Additionally, the Company gained Baht 1.15 million on reversal of loss on impairment of general investments. Reflecting this upward trend, the Company and its subsidiary gained Baht 332.58 million on investments in securities, an increase over the previous year's Baht 313.06 million of Baht 19.52 million, or 6.23%, in 2011. Thus the rate of return on investment in 2011 increased from 2010's 4.70% to 5.11%.

2. Financial Status

2.1 Assets

(1) Components of assets

The assets of the Company and its subsidiary are comprised of investments in securities, loans, cash and deposits with financial institutions, land, premises and equipment, intangible assets, outstanding premiums, outstanding investment income, assets from reinsurance and other assets.

As at December 31, 2011, the Company and its subsidiary had total assets of Baht 12,666.64 million, an increase over last year of Baht 4,794.20 million, or 60.90%, and total investments in securities of Baht 5,015.92 million, a decrease of Baht 1,259.94 million from last year's Baht 6,275.86 million. The Company and its subsidiary had investments in available-for-sale securities totaling Baht 3,832.48 million, down Baht 957.28 million from last year's Baht 4,789.76 million. The available-for-sale securities were comprised of investments in government bonds, bank of Thailand bonds, foreign bonds, promissory notes, stocks, debentures, and unit trusts. Investments in government securities totaled Baht 1,048.88 million, up Baht 10.03 million from last year's Baht 1,038.85 million; private equity totaled Baht 2,078.74 million, down Baht 968.49 million from last year's Baht 3,047.23 million; and foreign securities totaled Baht 704.85 million, up Baht 1.17 million from last year's Baht 703.68 million. Promissory notes and money on deposit with financial institutions with original maturities of over three months and as collateral totaled Baht 413.21 million, down Baht 179.19 million from last year's Baht 592.40 million. General investment was of the same amount as last year at Baht 770.24 million.

Regarding investments in the securities of listed and non-listed companies, as at year-end 2011, the Company and its subsidiary had unrealized gains on investments in securities of Baht 84.02 million, a decrease from last year of Baht 160.62 million, or 65.66%. This was due to the SET index at end-2011 closing at 1,025.32 points while in 2010 it closed at 1,032.76 points.

To comply with the Company's Staff Welfare Policy, the Company made loans to employees with guarantors totaling Baht 3.72 million as at year-end 2011, a Baht 0.34 million increase over the previous year's Baht 3.38 million.

Cash and deposits at financial institutions at year-end 2011 totaled Baht 1,486.26 million, up Baht 738.84 million from previous year's Baht 747.42 million. This increase was due to the money reserved for flood claims payments that was placed in savings deposits.

Land, premises and equipment as at December 31, 2011 totaled Baht 210.14 million, a Baht 11 million decrease from last year's Baht 22.14 million. This was due to the Company and its subsidiary's investment in new IT equipment, office renovations and expansion of office space, and the purchase of new vehicles to replace the existing ones, which had completed their term of use. However, sales of old vehicles, combined with office equipment and computers that needed to be replaced, brought the total acquisition cost down to Baht 37.90 million.

Outstanding premiums as at December 31, 2011 were Baht 222.12 million, a Baht 20.52 million, or 8.46%, decrease from last year's Baht 242.64 million. This was due to the Company's emphasis on efficiency in following up on outstanding premiums and concentrating on collection. The Company and its subsidiary have a clear policy to manage collections, including a monthly review to formulate criteria on credit premium collection. The Company and its subsidiary have also taken stringent legal action against defaulting agents, brokers and clients. The Company's internal auditors have audited outstanding premium data, and followed up on receipt of payments and related accounting records.

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

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

(2) Asset Quality

(a) Assets

As at December 31, 2011, the Company and its subsidiary's investments in securities, including bonds, treasury bills, notes, stocks, debentures, unit trusts and warrants, totaled Baht 5,015.92 million, which was presented at fair value. In addition, the Company and its subsidiary recorded net

unrealized gains on the change in value of its investments of Baht 65.44 million in shareholders' equity.

(b) Debtors

In 2011, the Company and its subsidiary's turnover rate of outstanding premiums was 35 days. The Company and its subsidiary have a policy on credit terms for premium payments, allowing 30 days to clients who insured against risk other than motor. Motor clients must comply with the principles of "Cash before Cover" in which the insured has to pay its premium prior to the effective date of the policy.

As at December 31, 2011, the allowance for doubtful accounts totaled Baht 9.20 million. This estimate of doubtful debt as at year-end was based on the Company's experience in debt collection. The basis for calculating the reserve for doubtful accounts is as follows:

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

2.2. Liquidity

(1) Cash Flow

Over the past three years, the Company and its subsidiary's cash flow from operating activities has always been positive. In 2011, net cash provided by investment activities totaled Baht 2,073.36 million. Cash received in the form of investments of Baht 907.89 million was net on investments of Baht 1,165.47 million, received and used for major investments in debt and equity securities and cash deposits in financial institutions. In 2011, the Company sold a proportion of the securities available for sale and the Company and its subsidiary invested in treasury bills, bonds, debentures and unit trusts. The Company has a policy to manage funds for the best returns and adapt to economic changes like fluctuating interest rates and the SET index.

Cash and cash equivalents including cash on hand and all types of deposits at banks with original maturities not exceeding three months totaled Baht 1,486.26 million at December 31, 2011, higher than the previous year's Baht 379.79 million. This was due to an increase of cash in a savings account that was reserved for flood claims payments.

(2) Liquidity Ratio

As at December 31, 2011, the Company and its subsidiary recognized an outstanding liquidity ratio of 1.39 times, indicating that the Company and its subsidiary's backup assets were sufficient to pay its current liabilities.

The Office of Insurance Commission announced a provision concerning the financial status of non-life insurance companies using both quantity and quality criteria. The ratio of appraising outstanding premiums per total outstanding was the quantity basis used for the evaluation of the liquidity risk of the Company's outstanding premiums. The minimum standard ratio should not be under 75%, and at the end of 2011, the Company and its subsidiary recorded 91.10%.

2.3. Sources of Funds

(1) Appropriation of Capital Structure

The Company and its subsidiary had no change of capital structure during the past year. As at December 31, 2011, the Company's debt-to-equity ratio was 1.69 times, up from last year's 0.42 times. The debt-to-equity ratio was very high because the money reserved for flood claims payments amounted Baht 5,977.98 million and was included in total liability.

(2) Shareholders' Equity

The Company's shareholders' equity as at December 31, 2011 was Baht 4,700.09 million, a decrease of Baht 860.41 million from last year's Baht 5,560.50 million. This was due to the Company's unrealized gains of Baht 65.44 million from the change in the value of its investments, a decrease of Baht 105.32

million from last year's Baht 170.76 million. Moreover, loss in the Company's financial statements amounted Baht 77.53 million, while unappropriated retained earnings amounted Baht 677.56 million, equivalent to unappropriated retained earnings of Baht 755.09 million due to claims from the flood in the fourth quarter.

(3) Liabilities

The Company and its subsidiary had liabilities as at December 31, 2011 totaling Baht 7,966.55 million, an increase of Baht 5,654.61 million over the previous year's Baht 2,311.94 million. The reason liabilities increased was the Baht 5,977.98 million reserved for flood claims payments. The liabilities of the Company and its subsidiary largely arose from its operations, for example the unearned premium reserve, outstanding claims, the reserve for incurred but unreported claims, amounts withheld on reinsurance treaties due to reinsurers, premiums received in advance, accrued commissions, deferred tax liabilities, accrued operations expenses, and accrued corporate income tax.

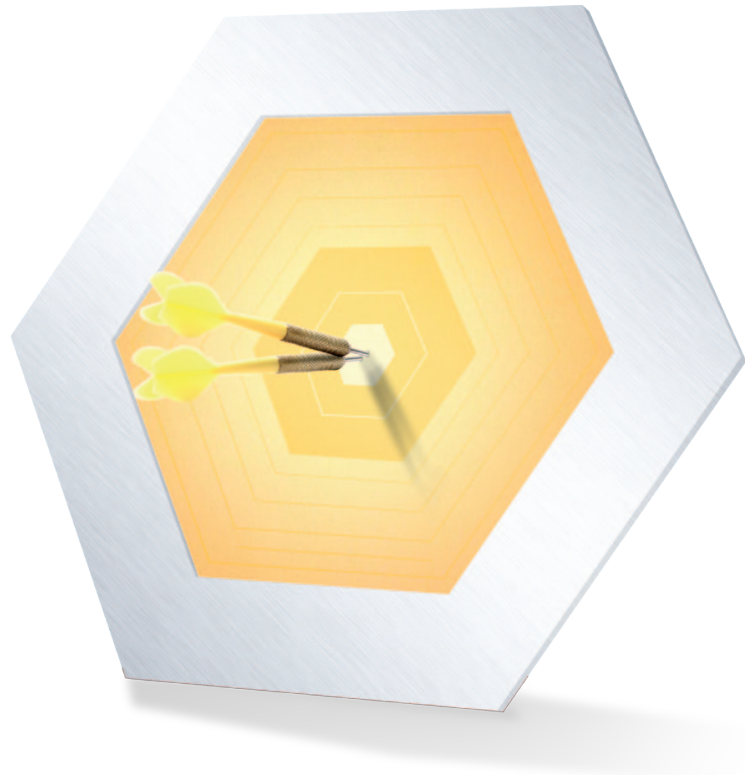
Goals

The Company's operational objectives are to maintain maximum profits, emphasizing the growth of underwriting premiums, managing investment assets to gain high returns, enhancing efficiency, and tightening control of operating expenses.

In 2011 premiums written totaled Baht 2,418.59 million, a 15.4% increase over the previous year's Baht 2,095.10 million. However, the flood that ravaged Thailand in the last quarter caused a loss from underwriting of Baht 862.07 million. While claims from general operations increased by Baht 168.74 million, or 26.70%, claims from the flood totaled Baht 1,030.39 million. The loss ratio, excluding losses from the flood, was equal to 48.20%, a 50.17% decrease from the same period last year. Additionally, commissions and brokerages increased over last year by Baht 27.26 million, or 8.17%, and total underwriting expenses increased by Baht 58.09 million, or 27.42%, which are attributable to the increased volume of business.

In 2011, net investment income increased by Baht 8.62 million, or 3.81%, over the previous year. This was because to the Company received Baht 7.39 million, or 5.40%, more in dividends from investments in stocks and mutual funds and gained Baht 12.05 million, or 14.03%, more from investments in securities than the previous year. These investments were exposed to numerous risk factors, notably foreign factors such as the American economy and the financial crisis in Europe, which tend to delay debt settlements. These factors caused considerable fluctuation in investments: the SET index at the end of 2011 closed at 1,025.32 points, while in 2010 it closed at 1,032.76 points. There is confidence that the Thai economy is on a positive trend of continuing growth. Liquidity was affected as the governments of many countries strongly subsidized their financial institutions to relieve the burden of the economic crisis, and the Thai government also issued measures to stimulate the economy.

However, the Company has always invested in a variety of ways for long-term revenue to assure financial security and good returns while enhancing security and minimizing risk-taking.



Human Resources Development



The Management and Board of Directors of Sri Ayudhya Capital Public Company Limited are well aware of the major role that human resources play in the Company's success. At the Company's instigation, the Board stresses the development and management of its human resources with an emphasis on creating and sustaining leadership and teamwork, and employs a management system that efficiently and appropriately balances productivity and returns. The Company also aims to improve the knowledge and skills of employees at every level to ensure their extensive knowledge base, proficiency and potential, so that they become a valuable driving force that supports the Company in achieving its operational objectives.

The Company has devised strategies and policies to develop and manage its human resources in the context of a changing business environment to ensure that employees are well prepared to compete in our business, emphasizing a workplace culture and work environment that motivate employees to continue learning while fully realizing their potential. Toward this end, the Company developed the Target Letter to evaluate and offer returns based on performance while ensuring transparency and fairness, with an aim to motivating and retaining its people.

Company staff have also attended an insurance business course conducted by the Thailand Insurance Institute, and information technology has been introduced that encourages employees to develop themselves and enhance their computer abilities to support the growth in volume of our business. Meanwhile, all are continually improving their service efficiency to provide maximum benefit to customers, based on a policy of honesty, fairness and sincerity.

To better realize the potential of our personnel, the Company has arranged a wide variety of training courses on work techniques, with an emphasis on the particular task of each employee. These short courses are offered in addition to the long-term staff development plan of the Company.

In 2011, the Company made a total disbursement Baht 1,122,688.87 on staff training and 369 employees participated in these development programs as follows:

| | | |
|----------|----|---------|
| In-house | 10 | courses |
| External | 48 | courses |
| Overseas | 4 | courses |

Information Technology and Tele-Communications Development

2011 was a challenging year for the IT Department and we are proud to have successfully met with those challenges. Over the years, the IT Department has applied selective LEGO-like reengineering using innovation availed to us. In the past three years alone, the Company saved more than Bht. 200 million as a result. In the future, cost savings will increase as the Company's operations continue to expand and economy-of-scale is achieved.

The IT Department played a critical role in 2011 on several fronts. One of the key successes this year was the migration and integration of IT systems between BT Insurance Co., Ltd. and Sri Ayudhya General Insurance PCL allowing smooth business transfer while keeping all functions operable. Additional development of applications kept the system ahead and ready at all times.

The support the IT Department was invaluable as the Company expanded through a variety of distribution channels, such as the bancassurance agreement with CIMB Thai to sell non-life insurance products at their branches, and an agreement with Tesco Lotus to sell a range of products at their stores. Enhancements were also made to the payment system that made it more convenient for customers to purchase and/or renew their policies.

The Office of Insurance Commission, or OIC, issued numerous announcements and regulations in the course of the year, among them the stipulation that insurance companies must submit information for audit and control purposes, to which the IT Department responded by creating and automating a variety of reports exclusively for the OIC.

The IT Department was push-button ready for last year's major flood in Thailand, having prepared for a couple of alternative sites as the Company's original alternative site was threatened with flooding. The final chosen alternative site, for the time, in case the Head Office in Bangkok was flooded, was the Cholburi Branch Office — fully prepared to provide operational services and support.



Business Environment and Competition

Marketing and Competition

(a) Policy and Types of Products

During the year 2011, the non-life insurance business had overall direct premium income of Baht 139,834.84 million, representing a 11.87% increase over the same period in 2010. Direct fire insurance premiums totaled Baht 8,060.86 million, a 2.83% increase over the previous year, whereas marine and transport premiums of Baht 4,585.29 million represented a 6.01% increase and miscellaneous insurance premiums of Baht 44,197.54 million represented a 15.54% increase. Motor premiums totaled Baht 82,991.16 million, a 11.27% increase over 2010.

| Class | Overall Direct Premiums (Unit: Thousand Baht) | | |
|-------------------------|---|--------------------|--------------------------|
| | 2011 | 2010 | % Increase (Decrease) |
| Fire | 8,060,858 | 7,839,298 | 2.83 |
| Marine & Transportation | 4,585,288 | 4,325,485 | 6.01 |
| Miscellaneous | 44,197,536 | 38,252,098 | 15.54 |
| Motor | 82,991,156 | 74,582,442 | 11.27 |
| Total | 139,834,838 | 124,999,323 | 11.87 |

(Source: Statistics Division, Examination Planning and Development Department, Office of Insurance Commission (OIC))

Competitive Strategies

To assure its position of leadership in the insurance industry, the Company has applied four strategic policies:

1. Utilize the full potential of our personnel to enhance the quality of our service;
2. Develop increasingly more efficient work processes to deliver quality service that meets customer requirements on time; and
3. Maintain our commitment to new technology to improve the quality of the tasks performed by our personnel, ensure quick and informed management decisions, and assure that our anticipated nationwide business expansion is handled in a smooth and timely fashion.
4. Develop new and innovative insurance products to meet the consumer lifestyle and needs to manage risks.

Clientele

Our wide range of customers includes government agencies and state enterprises, as well as private businesses and the general public. Customers in the private sector include factories, hotels, financial institutions and business concerns, and encompass customer loans from banks, affiliated financial institutions and hire-purchase companies that are required to insure their interest against the risk of loss. We also provide cover to individuals over 20 years of age who wish to insure their homes and motor vehicles. For personal accident insurance, the insured's mandatory age is from 15 to 60 years, whereas there is no mandatory age for travel accident insurance.

In 2011, 59.51% of the total premiums for fire insurance came from Bank of Ayudhya Plc (properties) and property owners insuring their homes and shops against the risk of fire under bank loans.

Target Customers

Major customers comprise three groups:

1. Bank of Ayudhya and customers who insure their residences and shops under bank loans.
2. Business enterprises: Industrial factories, financial institutions, and hotels.
3. Individuals : Over the age of 20 who take out personal accident, travel accident and property insurance

for their homes and motor vehicles.

Note: In the past three years, the Company has not relied on major clients whose business exceeds 30% of our total income.

Distribution Channels

The Company's primary distribution channels are:

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

Proportion of Distribution Channels over the Last Three Years (2009-2011)

| | Type of Distribution Channel | 2011 | 2010 | 2009 |
|----|---|--------|--------|--------|
| 1. | Brokers and Agents | 50.45% | 51.69% | 55.03% |
| 2. | Financial Institutions and Affiliated Companies | 43.78% | 42.92% | 39.43% |
| 3. | Direct Sales | 5.77% | 5.39% | 5.54% |

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

Licensing Regulations for Agent/Brokers and Juristic Persons

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

(b) Competition Within the Insurance Industry

Insurance industry market share in 2011 (January-December) is shown as follows

(Unit: Thousand Baht)

| Line of Business | Company Direct Premiums Written | | Market Share (%) | | Ranking in the Market | |
|--------------------|---------------------------------|----------------|------------------|-------------|-----------------------|------------|
| | AYUD | Subsidiary | AYUD | Subsidiary | AYUD | Subsidiary |
| Fire | 323,142 | 159,727 | 4.01 | 1.98 | 7 | 12 |
| Marine & Transport | 207,898 | 91,406 | 4.53 | 1.99 | 6 | 18 |
| Miscellaneous | 449,802 | 309,311 | 1.02 | 0.70 | 22 | 33 |
| Motor | 478,533 | 302,725 | 0.58 | 0.36 | 34 | 39 |
| Total | 1,459,375 | 863,169 | 1.04 | 0.62 | 27 | 35 |

(Unit: Thousand Baht)

| Line of Business | Company and its subsidiary | Overall Direct Premiums Written | Market Share | Ranking in the Market |
|--------------------|----------------------------|---------------------------------|--------------|-----------------------|
| | Direct Premium Written | 68 Companies | % | |
| Fire | 482,869 | 8,060,858 | 5.99 | 6 |
| Marine & Transport | 299,304 | 4,585,288 | 6.52 | 5 |
| Miscellaneous | 759,113 | 44,197,536 | 1.72 | 16 |
| Motor | 781,258 | 82,991,156 | 0.94 | 29 |
| Total | 2,322,544 | 139,834,838 | 1.66 | 18 |

As at 31 December 2011, there are 68 insurance companies, 58 of which are general insurance companies, five branches of foreign insurance companies, and five group health insurance companies.

The Company continues to have an edge over competition due to strong financial strengths enabling it to operate efficiently over the past 60 years. The Company is firmly established within the Bank of Ayudhya Public Company Limited network of affiliated companies and is fully supported by them. The Company also has a team of experts on hand for insuring large and complicated risks and operates with caution. This financial stability has allowed the Company to concentrate on building service excellence. At the end of 2011, the Company has 14 branches and four sub-branches in the north, central, east, northeast and south. For optimal efficiency and speed of service, all branches are on-line.

(c) Provision of Products and Services

Source of Funds

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

Loans

The Company policy on risk management of loans must be in compliance with the conditions stipulated in the Notification of the Ministry of Commerce — reinvestment of insurance companies in other businesses. Regarding investment assets, the proportions and conditions of loans are detailed here in.

Ability to Maintain Loss Ratio

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

Liquidity

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

Work-in-process

None.

Report on the Board of Directors' Responsibility towards the Financial Statements

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

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

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

The Board of Directors is of the opinion that the Company and its subsidiary's internal controls are satisfactory and allow for reasonable confidence in the reliability of the financial statements, the consolidated financial statements of the Company and its subsidiary as of 31 December 2011.



Mr. Veraphan Teepsuwan
Chairman



Mr. Rowan D'Arcy
President & CEO

Report of the Nomination and Remuneration Committee

Dear Shareholders,

The Nomination and Remuneration Committee is currently comprised of three non-executive directors: Mr. Metha Suvanasarn serves as Chairman of the Committee, and Mr. Andreas Johann Wilhelm, Ph.D., serves as a member and secretary to the Committee. The Committee is in the process of selecting a suitable candidate to replace a former member who passed away.

The Nomination and Remuneration Committee has performed its duties as assigned by the Board of Directors. In 2011, the Committee held six meetings. Joint meetings were also held with the Company president and senior management to acquire information that will support the Committee in its consideration of the matters in its purview. The results of the Committee's meetings are reported regularly to the Board of Directors. The Committee's significant undertakings in 2011 are as follows:

Nomination

- Proposed the renewal of terms of directors were required to retire in 2011 pursuant to the Articles of Association of the Company and its subsidiary. These included the three members of the Audit Committee and the three members of the Investment Committee.
- Re-elected the directors at the Annual Shareholders' meeting as they met the requirement of qualified person in compliance with SEC and SET regulations.
- Nominated suitable candidates for directorships in a joint venture company.
- Selected suitable candidates for positions in the subsidiary, including the Chairman of the Board of Directors, a new member of the Board of Directors, the President & CEO, Managing Director, Audit Committee and Company Secretary.
- Formulated and prepared the Succession Plan for the Company at all levels.
- Considered the Nomination and Remuneration Committee charter.

Remuneration

- Considered and proposed to the Board of Directors hardship allowance and provisions for temporary accommodation for staff of the Company and its subsidiary who were affected by the floods.
- Considered the annual salary increment for staff of the Company and its subsidiary.
- Considered and proposed to the Board of Directors the President's target letter.
- Considered and proposed to the Board of Directors remuneration of the President and Managing Directors.
- Considered and proposed to the Board of Directors remuneration of the directors.
- Considered and proposed to the Board of Directors a Board Self Assessment that would improve the corporate governance rating of the Company.

In 2011, the Committee performed its assigned duties fully and properly with competence, dedication and independence in the best interests of the Company and its shareholders.



Mr. Metha Suvanasarn
Chairman

Nomination & Remuneration Committee

Report of the Audit Committee

To: The Shareholders of Sri Ayudhya Capital Public Company Limited
(Original name : the Ayudhya Insurance Public Company Limited)

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

In 2011, the Audit Committee held six meetings, one with the auditor. The three Audit Committee members were present at every meeting, and the key issues can be summarized as follows:

1. To review, and hold discussions with, the internal and external auditors, and the Company's executives, regarding the quarterly consolidated financial statement and separate financial statement and annual consolidated financial statement and separate financial statement, audit results of the Computer Control System, and review the Company's risk management policies.
2. To evaluate the performance of the Company's Internal Audit Department through reviews of organization chart of internal audit department, audit plans, staffing policies, and audit results, monitor the Company's compliance with the comments and recommendations of the internal auditors, and review the Company's compliance with the principles of good corporate governance.
3. To consider and provide an opinion on the Company's internal control systems and procedures for investment in other businesses by non-life insurance companies issued by the Certified Public Accountants for the fiscal year ended December 31, 2010. The report of the Certified Public Accountants was conducted in accordance with the Notification of the Insurance Registrar Re: Criteria, Methods, and Conditions for Auditing Internal Control Systems and Investment Procedures of Non-Life Insurance Companies Investing in other Businesses, dated March 29, 2004.
4. To consider the good corporate governance and internal control material that was disclosed in the Annual Report for the year 2010.
5. To consider and agree in the principle for the company to sell all common stock of Ayudhya Securities Public Company Limited in holding to Bank of Ayudhya Public Company Limited.
6. To consider the internal audit report for work units of Sri Ayudhya General Insurance Public Company Limited.
7. To discuss with the Certified Public Accountants the issues that the Auditor intends to bring to the attention of the Audit Committee regarding auditing, IT auditing, and the efficiency of the Company's internal controls.

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

Furthermore, the Audit Committee proposed for approval at the Ordinary General Shareholders' Meeting the appointment of Deloitte Touche Tohmatsu Jaiyos Audit Company Limited, with Mr. Niti Jungnitnirundr and/or Mr. Suphamit Techamontrikul, and/or Mr. Permsak Wongpatcharapakorn as the Company's auditors for the fiscal year 2012.

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



(Mr. Surachai Prukbamroong)
Chairman of the Audit Committee
February 29, 2012

February 29, 2012

Subject : Opinion on Related Transactions

To : The Shareholders of Sri Ayudhya Capital Public Company Limited
(Original name : the Ayudhya Insurance Public Company Limited)

We, as Members of The Audit Committee of Sri Ayudhya Capital Public Company Limited, have reviewed the related transactions between Sri Ayudhya Capital Public Company Limited and related companies for the fiscal year ending December 31, 2011, and are of the opinion that the transactions were conducted in accordance to the Company's guideline on business operations.

For your acknowledgement.

Respectfully,



(Mr.Surachai Prukbamroong) (Mr.Savang Tongsmutra) (Mr. Metha Suvanasarn)

Members of the Audit Committee

Sri Ayudhya Capital Public Company Limited

Report of The Independent Certified Public Accountants

TO THE SHAREHOLDERS AND THE BOARD OF DIRECTORS

SRI AYUDHYA CAPITAL PUBLIC COMPANY LIMITED

(FORMERLY THE AYUDHYA INSURANCE PUBLIC COMPANY LIMITED)

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

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

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

Without qualifying our opinion, as discussed in Notes 2.1 and 3 to the financial statements, since January 1, 2011, the Company and its subsidiary have adopted the new and revised Thai Financial Reporting Standards issued by the Federation of Accounting Professions and presented the financial statements in accordance with the Notification of the Office of Insurance Commission regarding the Rules, Procedures, Conditions and Periods for Preparing and Submitting Financial Statements and Reports on the Operations of the Non-Life Insurance Business No. 2 B.E. 2553 dated May 27, 2010, which effective from January 1, 2011, in preparation and presentation of these financial statements. The consolidated and separate financial statements for the year ended December 31, 2010, presented herein for comparison, are presented in the new format according to such Thai Financial Reporting Standards and Notification to conform to the consolidated and separate financial statements for the year ended December 31, 2011.

As discussed in Notes 1 and 42 to the financial statements, on September 1, 2011, the Company and the subsidiary entered into the Transfer of Business Agreement to transfer all insurance policies including assets and liabilities relating to non-life insurance operation of the Company to the subsidiary. On October 1, 2011, the Company has transferred all insurance policies including assets and liabilities relating to non-life insurance operation to the subsidiary and has returned insurance to the office of the Insurance Commission which effective since December 20, 2011. The Company will then operate as an investment holding company and maintains its listing status on the Stock Exchange of Thailand. The related transactions of non-life insurance operations in the separate financial statements for the year ended December 31, 2011 of the Company have been presented as profit from discontinued operations. The separate statements of comprehensive income for the year ended December 31, 2010, presented herein for comparison, have been also presented for the non-life insurance operations of the Company as profit from discontinued operations which were previously presented as the Company's continuing operations.



Niti Jungnitnirundr

Certified Public Accountant (Thailand)

Registration No. 3809

DELOITTE TOUCHE TOHMATSU JAIYOS AUDIT CO., LTD.

BANGKOK

February 28, 2012

Statements of Financial Position

SRI AYUDHYA CAPITAL PUBLIC COMPANY LIMITED
(FORMERLY THE AYUDHYA INSURANCE PUBLIC COMPANY LIMITED) AND SUBSIDIARY
AS AT DECEMBER 31, 2011 AND 2010

| | | | | | BAHT |
|--------------------------------------|-------|----------------------|---------------|----------------------|---------------|
| | Notes | CONSOLIDATED | | SEPARATE | |
| | | FINANCIAL STATEMENTS | | FINANCIAL STATEMENTS | |
| | | 2011 | 2010 | 2011 | 2010 |
| ASSETS | | | | | |
| Cash and cash equivalents | 5.2 | 1,486,255,734 | 379,793,394 | 747,417,158 | 318,865,960 |
| Accrued investment income | | 20,585,176 | 24,771,122 | 14,492,832 | 19,767,707 |
| Premium due and uncollected - net | 6 | 212,918,012 | 235,043,352 | - | 190,147,463 |
| Reinsurance assets | 7 | 5,258,564,465 | 426,811,254 | - | 360,205,662 |
| Investments | | | | | |
| Investment in securities - net | 8 | | | | |
| Held for trading | | - | 123,462,830 | - | - |
| Available for sale | | 3,832,476,752 | 4,789,756,514 | 2,525,736,362 | 3,634,799,977 |
| Held-to-maturity financial assets | | 413,206,364 | 592,402,313 | 272,929,662 | 418,215,049 |
| Non marketable equity securities | | 770,235,210 | 770,235,210 | 769,024,240 | 769,024,240 |
| Total investment in securities - net | | 5,015,918,326 | 6,275,856,867 | 3,567,690,264 | 4,822,039,266 |
| | | | | | |
| Loans | 9 | 3,715,441 | 3,382,808 | 80,988 | 3,382,808 |
| Investment in subsidiary | 10 | - | - | 1,223,578,981 | 331,316,041 |
| Receivable from subsidiary - share | | | | | |
| subscription to be returned | 11 | - | - | - | 895,679,719 |
| Premises and equipment - net | 12 | 65,193,946 | 63,835,201 | 20,225,868 | 60,361,203 |
| Intangible assets - net | 13 | 123,699,841 | 133,381,482 | 11,615 | 132,751,603 |
| Deferred tax assets | 14 | 383,624,281 | 208,628,161 | 19,696,019 | 172,515,902 |
| Other assets | | 96,164,951 | 120,936,799 | 23,160,798 | 94,194,651 |
| TOTAL ASSETS | | 12,666,640,173 | 7,872,440,440 | 5,616,354,523 | 7,401,227,985 |

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

Statements of Financial Position (Continued)

SRI AYUDHYA CAPITAL PUBLIC COMPANY LIMITED
(FORMERLY THE AYUDHYA INSURANCE PUBLIC COMPANY LIMITED) AND SUBSIDIARY
AS AT DECEMBER 31, 2011 AND 2010

| | | | | | BAHT |
|--------------------------------------|-------|----------------------|---------------|----------------------|---------------|
| | Notes | CONSOLIDATED | | SEPARATE | |
| | | FINANCIAL STATEMENTS | | FINANCIAL STATEMENTS | |
| | | 2011 | 2010 | 2011 | 2010 |
| LIABILITIES AND EQUITY | | | | | |
| Income tax payable | | 17,524,236 | 35,453,928 | 17,524,236 | 29,247,075 |
| Due to reinsurers | 15 | 365,991,552 | 263,465,767 | - | 235,435,017 |
| Insurance contract liabilities | | | | | |
| Loss reserves and outstanding claims | 16 | 6,314,077,900 | 636,552,014 | 85,479,975 | 529,347,677 |
| Premium reserve | 17 | 796,725,368 | 862,974,131 | - | 658,181,780 |
| Employee benefit obligation | 18 | 53,555,750 | 45,658,876 | 15,077,001 | 39,915,436 |
| Deferred tax liabilities | 20 | 18,583,983 | 73,881,035 | 17,696,745 | 73,380,579 |
| Premium written received in advance | | 256,904,126 | 222,438,149 | - | 133,818,948 |
| Commission and brokerage payables | | 40,040,187 | 40,495,333 | - | 34,530,417 |
| Other payables | | - | 39,316,041 | - | 39,316,041 |
| Other liabilities | | 103,150,590 | 91,702,786 | 33,938,233 | 68,471,572 |
| TOTAL LIABILITIES | | 7,966,553,692 | 2,311,938,060 | 169,716,190 | 1,841,644,542 |
| EQUITY | | | | | |
| Share capital | | | | | |
| Authorized share capital | | | | | |
| 500,000,000 ordinary shares of | | | | | |
| Baht 1.00 each | | | | | |
| | | 500,000,000 | 500,000,000 | 500,000,000 | 500,000,000 |
| Issued and paid-up share capital | | | | | |
| 250,000,000 ordinary shares of | | | | | |
| Baht 1.00 each | | | | | |
| | | 250,000,000 | 250,000,000 | 250,000,000 | 250,000,000 |
| Premium on share capital | | 3,512,183,950 | 3,512,183,950 | 3,512,183,950 | 3,512,183,950 |
| Retained earnings | | | | | |
| Appropriated | | | | | |
| Statutory reserve | 21 | 50,000,000 | 50,000,000 | 50,000,000 | 50,000,000 |
| Other reserve | 22 | 900,000,000 | 900,000,000 | 900,000,000 | 900,000,000 |
| Unappropriated (deficit) | | (77,534,516) | 677,558,565 | 671,987,656 | 676,178,141 |
| Other components of equity | | | | | |
| Surplus on revaluation of investmen | 5.1 | 65,437,047 | 170,759,865 | 62,466,727 | 171,221,352 |
| TOTAL EQUITY | | 4,700,086,481 | 5,560,502,380 | 5,446,638,333 | 5,559,583,443 |
| TOTAL LIABILITIES AND EQUITY | | 12,666,640,173 | 7,872,440,440 | 5,616,354,523 | 7,401,227,985 |

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

Statements of Comprehensive Income

SRI AYUDHYA CAPITAL PUBLIC COMPANY LIMITED
(FORMERLY THE AYUDHYA INSURANCE PUBLIC COMPANY LIMITED) AND SUBSIDIARY
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

| BAHT | | | | | |
|--|-----------|----------------------|---------------|----------------------|--------------|
| | Notes | CONSOLIDATED | | SEPARATE | |
| | | FINANCIAL STATEMENTS | | FINANCIAL STATEMENTS | |
| | | 2011 | 2010 | 2011 | 2010 |
| CONTINUING OPERATIONS | | | | | |
| Revenues | | | | | |
| Net premium earned | 24 and 42 | 1,661,461,038 | 1,259,691,466 | - | - |
| Fee and commission income | 24 and 42 | 221,911,677 | 188,278,293 | - | - |
| Total revenues | | 1,883,372,715 | 1,447,969,759 | - | - |
| Expenses | | | | | |
| Underwriting Expenses | | | | | |
| Losses incurred | | | | | |
| Insurance claims and loss adjustment expenses | | | | | |
| - Normal operation | 24 and 42 | 800,779,322 | 632,038,901 | - | - |
| - Suffering losses from flooding in Thailand | 24 and 43 | 1,030,388,876 | - | - | - |
| Commissions and brokerages expenses | | | | | |
| | 24 and 42 | 360,911,724 | 333,653,688 | - | - |
| Other underwriting expenses | 24 and 42 | 269,978,865 | 211,887,957 | - | - |
| Operating expenses | 25 and 42 | 283,384,728 | 231,654,892 | 76,923,745 | 61,582,832 |
| Total Underwriting Expenses | | 2,745,443,515 | 1,409,235,438 | 76,923,745 | 61,582,832 |
| Profit (loss) on underwriting | | (862,070,800) | 38,734,321 | (76,923,745) | (61,582,832) |
| Net investment income | | 234,627,919 | 226,010,027 | 206,172,468 | 222,975,945 |
| Gain on investment in securities | 27 | 97,947,151 | 85,894,910 | 98,099,352 | 86,598,431 |
| Reversal of loss on impairment of general investment | | | | | |
| | | - | 1,153,921 | - | 1,153,921 |
| Excess of net fair value over purchase cost | | - | 4,148,692 | - | - |
| Other income | | 22,602,565 | 4,915,139 | 25,862,677 | 4,211,871 |
| Income (loss) from operation | | (506,893,165) | 360,857,010 | 253,210,752 | 253,357,336 |

Statements of Comprehensive Income (Continued)

SRI AYUDHYA CAPITAL PUBLIC COMPANY LIMITED

(FORMERLY THE AYUDHYA INSURANCE PUBLIC COMPANY LIMITED) AND SUBSIDIARY
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

BAHT

| | Notes | CONSOLIDATED | | SEPARATE | |
|--|-------|----------------------|--------------------|----------------------|--------------------|
| | | FINANCIAL STATEMENTS | | FINANCIAL STATEMENTS | |
| | | 2011 | 2010 | 2011 | 2010 |
| Contribution to the Office of Insurance Commission | | 6,737,945 | 5,538,747 | - | - |
| Contribution to Non - life guarantee fund | | 5,247,980 | 3,515,940 | - | - |
| Contribution to Road victims protection fund | | 341,328 | 321,635 | - | - |
| Finance cost | | 32,772 | 89,448 | 32,772 | 89,448 |
| Income (loss) before income tax expense | | (519,253,190) | 351,391,240 | 253,177,980 | 253,267,888 |
| Income tax expense (revenue) | 28 | (64,160,109) | 29,733,697 | 34,630,798 | 33,638,034 |
| Profit (loss) from continuing operations | | (455,093,081) | 321,657,543 | 218,547,182 | 219,629,854 |
| DISCONTINUED OPERATIONS | | | | | |
| Profit from discontinued operations | | | | | |
| - net of tax | 42 | - | - | 77,262,333 | 100,647,265 |
| Net income (loss) | | (455,093,081) | 321,657,543 | 295,809,515 | 320,277,119 |
| Other comprehensive income | | | | | |
| Surplus (deficit) on revaluation of investments | 5.1 | (160,619,870) | 74,926,984 | (164,438,459) | 75,586,251 |
| Income tax relating to other comprehensive income | 5.1 | 55,297,052 | (30,928,879) | 55,683,834 | (31,126,659) |
| Other net comprehensive income (loss) for the years - net of tax | | (105,322,818) | 43,998,105 | (108,754,625) | 44,459,592 |
| Total comprehensive income (loss) for the years | | (560,415,899) | 365,655,648 | 187,054,890 | 364,736,711 |
| Basic earnings per share | | | | | |
| 29 | | | | | |
| From continuing and discontinued operations | | | | | |
| Basic earning (loss) per share | Baht | (1.82) | 1.29 | 1.18 | 1.28 |
| From continuing operations | | | | | |
| Basic earning (loss) per share | Baht | (1.82) | 1.29 | 0.87 | 0.88 |

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

Separate Statements of Changes in Equity

SRI AYUDHYA CAPITAL PUBLIC COMPANY LIMITED

(FORMERLY THE AYUDHYA INSURANCE PUBLIC COMPANY LIMITED) AND SUBSIDIARY
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

| | | | | | | | | BAHT |
|--------------------------|-------|--|--------------------------------|----------------------|--------------------|--------------------|--|----------------------|
| | Notes | Issued and paid-up share capital | Premium on share capital | Retained earnings | | | Other components of equity-Surplus on revaluation of investments | Total equity |
| | | | | Statutory reserve | Other reserve | Unappropriated | | |
| Beginning balance at | | | | | | | | |
| January 1, 2010 | | 250,000,000 | 3,512,183,950 | 50,000,000 | 900,000,000 | 605,901,022 | 126,761,760 | 5,444,846,732 |
| Comprehensive income | | | | | | | | |
| for the year | - | - | - | - | - | 320,277,119 | 44,459,592 | 364,736,711 |
| Dividend paid | 32.1 | - | - | - | - | (125,000,000) | - | (125,000,000) |
| Interim dividend | 32.2 | - | - | - | - | (125,000,000) | - | (125,000,000) |
| Ending balance a | | | | | | | | |
| December 31, 2010 | | <u>250,000,000</u> | <u>3,512,183,950</u> | <u>50,000,000</u> | <u>900,000,000</u> | <u>676,178,141</u> | <u>171,221,352</u> | <u>5,559,583,443</u> |
| Beginning balance at | | | | | | | | |
| January 1, 2011 | | 250,000,000 | 3,512,183,950 | 50,000,000 | 900,000,000 | 676,178,141 | 171,221,352 | 5,559,583,443 |
| Comprehensive income | | | | | | | | |
| for the year | | - | - | - | - | 295,809,515 | (108,754,625) | 187,054,890 |
| Dividends paid | 32.3 | - | - | - | - | (175,000,000) | - | (175,000,000) |
| Interim dividend | 32.4 | - | - | - | - | (125,000,000) | - | (125,000,000) |
| Ending balance at | | | | | | | | |
| December 31, 2011 | | <u>250,000,000</u> | <u>3,512,183,950</u> | <u>50,000,000</u> | <u>900,000,000</u> | <u>671,987,656</u> | <u>62,466,727</u> | <u>5,446,638,333</u> |

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

Consolidated Statement of Changes in Equity

SRI AYUDHYA CAPITAL PUBLIC COMPANY LIMITED

(FORMERLY THE AYUDHYA INSURANCE PUBLIC COMPANY LIMITED) AND SUBSIDIARY
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

| | | | | | | | | BAHT |
|----------------------|-------|--|--------------------------------|----------------------|------------------|-----------------------------|--|-----------------|
| | Notes | Issued and paid-up share capital | Premium on share capital | Retained earnings | | | Other components of equity-Surplus on revaluation of investments | Total equity |
| | | | | Statutory reserve | Other reserve | Unappropriated (deficit) | | |
| Beginning balance at | | | | | | | | |
| January 1, 2010 | | 250,000,000 | 3,512,183,950 | 50,000,000 | 900,000,000 | 605,901,022 | 126,761,760 | 5,444,846,732 |
| Comprehensive income | | | | | | | | |
| for the year | | - | - | - | - | 321,657,543 | 43,998,105 | 365,655,648 |
| Dividend paid | 32.1 | - | - | - | - | (125,000,000) | - | (125,000,000) |
| Interim dividend | 32.2 | - | - | - | - | (125,000,000) | - | (125,000,000) |
| Ending balance at | | | | | | | | |
| December 31, 2010 | | 250,000,000 | 3,512,183,950 | 50,000,000 | 900,000,000 | 677,558,565 | 170,759,865 | 5,560,502,380 |
| Beginning balance at | | | | | | | | |
| January 1, 2011 | | 250,000,000 | 3,512,183,950 | 50,000,000 | 900,000,000 | 677,558,565 | 170,759,865 | 5,560,502,380 |
| Comprehensive income | | | | | | | | |
| for the year | | - | - | - | - | (455,093,081) | (105,322,818) | (560,415,899) |
| Dividend paid | 32.3 | - | - | - | - | (175,000,000) | - | (175,000,000) |
| Interim dividend | 32.4 | - | - | - | - | (125,000,000) | - | (125,000,000) |
| Ending balance at | | | | | | | | |
| December 31, 2011 | | 250,000,000 | 3,512,183,950 | 50,000,000 | 900,000,000 | (77,534,516) | 65,437,047 | 4,700,086,481 |

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

Statements of Cash Flows

SRI AYUDHYA CAPITAL PUBLIC COMPANY LIMITED
(FORMERLY THE AYUDHYA INSURANCE PUBLIC COMPANY LIMITED) AND SUBSIDIARY
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

BAHT

| | Notes | CONSOLIDATED | | SEPARATE | |
|---|-------|----------------------|---------------|----------------------|---------------|
| | | FINANCIAL STATEMENTS | | FINANCIAL STATEMENTS | |
| | | 2011 | 2010 | 2011 | 2010 |
| CASH FLOWS PROVIDED BY (USED IN) | | | | | |
| OPERATING ACTIVITIES | | | | | |
| Direct premium received | | 2,390,829,175 | 1,994,698,431 | 1,474,295,162 | 1,916,881,583 |
| Cash received (paid) from reinsurance | | 73,965,443 | (157,639,371) | (4,414,840) | (196,301,059) |
| Losses incurred from direct insurance | | (1,389,679,899) | (885,938,412) | (699,407,785) | (779,648,420) |
| Loss adjustment expenses from direct insurance | | (91,636,180) | (67,500,637) | (41,847,565) | (57,919,640) |
| Commissions and brokerages expenses from direct insurance | | (337,057,360) | (308,250,474) | (230,739,990) | (302,121,221) |
| Other underwriting expenses | | (283,546,312) | (230,639,547) | (159,396,239) | (203,551,340) |
| Interest income | | 107,474,296 | 84,943,742 | 66,862,896 | 83,823,030 |
| Dividend income | | 139,994,348 | 131,683,174 | 139,619,419 | 131,683,174 |
| Other income | | 25,567,842 | 2,487,809 | 21,670,390 | 1,592,837 |
| Operating expenses | | (265,640,772) | (173,153,834) | (175,073,510) | (188,822,853) |
| Income tax paid | | (129,278,205) | (89,020,391) | (107,480,297) | (88,448,616) |
| Others | | - | 7,763,414 | - | (7,424,162) |
| Net cash provided by operating activities | 5.3 | 240,992,376 | 309,433,904 | 284,087,641 | 309,743,313 |

Statements of Cash Flows (Continued)

SRI AYUDHYA CAPITAL PUBLIC COMPANY LIMITED

(FORMERLY THE AYUDHYA INSURANCE PUBLIC COMPANY LIMITED) AND SUBSIDIARY
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

| | | BAHT | | | |
|---|-------|----------------------|-------------|----------------------|-------------|
| | Notes | CONSOLIDATED | | SEPARATE | |
| | | FINANCIAL STATEMENTS | | FINANCIAL STATEMENTS | |
| | | 2011 | 2010 | 2011 | 2010 |
| CASH FLOWS PROVIDED BY (USED IN) | | | | | |
| INVESTING ACTIVITIES | | | | | |
| CASH FLOWS PROVIDED BY | | | | | |
| Investment in securities | | | | | |
| Redemption of Investment in held-to-maturity securities - notes with maturity over 3 months | | 81,500,000 | 163,562,517 | 50,000,000 | 159,562,517 |
| Receivable from subsidiary | | - | - | 21,625,495 | - |
| Redemption of investment in held for trading - bonds | | 31,500,000 | 1,860,000 | - | - |
| Redemption of investment in available for sale - bonds | | 221,230,000 | 56,000,000 | 80,000,000 | 45,000,000 |
| Redemption of investment in available for sale - debentures | | 13,830,000 | 50,000,000 | - | 50,000,000 |
| Sale of investment in trading securities - bonds | | 98,315,620 | - | - | - |
| Sale of investment in trading securities- debentures | | 14,392,810 | - | - | - |
| Sale of investment in available for sale - bonds | | 198,359,066 | - | 189,561,455 | - |
| Sale of investment in available for sale - debentures | | 579,376,168 | - | 579,376,167 | - |
| Sale of investment in available for sale - ordinary shares | | 269,011,415 | 306,490,936 | 269,004,697 | 306,490,936 |
| Sale of investment in available for sale - other securities | | 275,923,671 | 23,253,293 | 265,074,254 | 23,091,993 |
| Sale of investment in available for sale - warrants | | 38,917 | 829,723 | 38,917 | 829,723 |
| Sale of investment in available for sale - transferable subscription rights | | 58,201 | - | 58,201 | - |
| Capital decrease of investment in available for sale - other securities | | - | 1,133,783 | - | 1,133,783 |
| Refund from general investments - other securities | | - | 1,153,921 | - | 1,153,921 |
| Cash in flow by transfer business from subsidiary | | - | - | 59,469,514 | - |
| Loans | | 1,969,867 | 1,669,828 | 1,420,735 | 1,669,828 |
| Premises and equipment | | 11,604,824 | 4,809,874 | 10,113,511 | 4,809,874 |
| Deposits at financial institutions with maturity over 3 months | | 276,245,420 | 50,000,000 | 105,656,285 | 50,000,000 |
| Net cash provided by investing activities | | 2,073,355,979 | 660,763,875 | 1,631,399,231 | 643,742,575 |

Statements of Cash Flows (Continued)

SRI AYUDHYA CAPITAL PUBLIC COMPANY LIMITED

(FORMERLY THE AYUDHYA INSURANCE PUBLIC COMPANY LIMITED) AND SUBSIDIARY
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

| BAHT | | | | | |
|---|-------|----------------------|---------------|----------------------|---------------|
| | Notes | CONSOLIDATED | | SEPARATE | |
| | | FINANCIAL STATEMENTS | | FINANCIAL STATEMENTS | |
| | | 2011 | 2010 | 2011 | 2010 |
| CASH FLOWS USED IN | | | | | |
| Investment in securities | | | | | |
| Purchase of investment in held- | | | | | |
| to-maturity securities - notes with | | | | | |
| maturity over 3 months | | (137,125,011) | (130,000,000) | - | (130,000,000) |
| Purchase of investment in trading | | | | | |
| securities - bonds | | (29,671,297) | (2,897,925) | - | - |
| Purchase of investment in available | | | | | |
| for sale - treasury bil | | - | - | (29,201,402) | - |
| Purchase of investment in available | | | | | |
| for sale- bonds | | (299,253,976) | (22,966,690) | - | - |
| Purchase of investment in available | | | | | |
| or sale - ordinary shares | | (138,298,781) | (204,839,968) | (138,298,781) | (204,839,968) |
| Purchase of investment in available | | | | | |
| for sale - debentures | | (5,068,525) | (100,000,000) | - | (100,000,000) |
| Purchase of investment in available | | | | | |
| for sale - other securities | | (52,564,740) | (14,821,391) | (52,564,740) | (14,821,391) |
| Purchase of investment in available | | | | | |
| for sale - warrants | | - | (724,501) | - | (724,501) |
| Purchase of investment in available | | | | | |
| for sale - transferable subscription rights | | (11,131) | (34,911) | (11,131) | (34,911) |
| Purchase of investments in subsidiary | | - | (292,000,000) | - | (292,000,000) |
| Increase in share capital of subsidiary | | - | - | (899,999,940) | - |
| Cash paid for other payable - subsidiary | | (31,579,041) | - | (31,579,041) | - |
| Deposits at financial institutions with | | | | | |
| maturity over 3 months and deposits used | | | | | |
| as collateral | | (178,549,470) | (65,345,167) | (10,370,898) | (60,642,532) |
| Loans | | (2,302,500) | (2,086,500) | (1,199,600) | (2,086,500) |
| Premises and equipment | | (26,905,143) | (39,148,349) | (19,493,741) | (39,079,176) |
| Intangible assets | | (6,556,400) | (114,183,522) | (4,216,400) | (114,183,522) |
| Cash used in investing activities | | (907,886,015) | (989,048,924) | (1,186,935,674) | (958,412,501) |
| Net cash provided by (used in) | | | | | |
| investing activities | | 1,165,469,964 | (328,285,049) | 444,463,557 | (314,669,926) |

Statements of Cash Flows (Continued)

SRI AYUDHYA CAPITAL PUBLIC COMPANY LIMITED

(FORMERLY THE AYUDHYA INSURANCE PUBLIC COMPANY LIMITED) AND SUBSIDIARY
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

| | | | | BAHT | |
|---------------------------------------|-------|----------------------|---------------|----------------------|---------------|
| | Notes | CONSOLIDATED | | SEPARATE | |
| | | FINANCIAL STATEMENTS | | FINANCIAL STATEMENTS | |
| | | 2011 | 2010 | 2011 | 2010 |
| CASH FLOWS PROVIDED BY (USED IN) | | | | | |
| FINANCING ACTIVITIES | | | | | |
| Dividend paid | | (300,000,000) | (250,000,000) | (300,000,000) | (250,000,000) |
| Net cash used in financing activities | | (300,000,000) | (250,000,000) | (300,000,000) | (250,000,000) |
| Net increase (decrease) | | | | | |
| in cash and cash equivalents | | 1,106,462,340 | (268,851,145) | 428,551,198 | (254,926,613) |
| Cash and cash equivalents of | | | | | |
| subsidiary as of equivalents | | - | 74,851,966 | - | - |
| Cash and cash equivalents as | | | | | |
| at January 1 | 5.2 | 379,793,394 | 573,792,573 | 318,865,960 | 573,792,573 |
| Cash and cash equivalents as | | | | | |
| at December 31 | 5.2 | 1,486,255,734 | 379,793,394 | 747,417,158 | 318,865,960 |

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

Notes to the Consolidated and Separate Financial Statements

SRI AYUDHYA CAPITAL PUBLIC COMPANY LIMITED

(FORMERLY “THE AYUDHYA INSURANCE PUBLIC COMPANY LIMITED”) AND SUBSIDIARY
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

1. OPERATION OF THE COMPANY AND ITS SUBSIDIARY

1.1 Operation of the Company

Sri Ayudhya Capital Public Company Limited (formerly “The Ayudhya Insurance Public Company Limited”) (“the Company”) was registered in The Stock Exchange of Thailand. The main business is non-life insurance and the Company was awarded its license to operate all classes of non-life insurance on May 21, 1971. The head office is located at Ploenchit Tower, 7th floor, 898 Ploenchit Road, Lumpini, Pathumwan, Bangkok. On December 7, 2011, the extraordinary shareholders’ meeting No. 1/2011 passed a special resolution to change the Company’s name from “The Ayudhya Insurance Public Company Limited” to “Sri Ayudhya Capital Public Company Limited”. The Company registered the change in its name with the Department of Business Development on December 23, 2011.

On March 12, 2010, the Company’s Board of Directors passed a resolution for acquisition of shares in BT Insurance Co., Ltd. (“BTI”), a non-life insurance company, from CIMB Thai Bank Public Company Limited (“CIMBT”) which owned 99.99% of the total issued share capital of BTI. In support of the Company’s business expansion plan, the Board of Directors foresaw an opportunity for greater distribution of the Company’s products through bancassurance arrangement via the distribution channels of CIMBT and thus approved the Company to enter into the Bancassurance Agreement with CIMBT, as part of the acquisition of BTI shares. The purchase price in respect of the BTI acquisition was Baht 392 million, comprising Baht 292 million for the value of BTI shares and Baht 100 million for the Bancassurance Agreement. The net book value of BTI as of December 31, 2009 was Baht 292.07 million, and the purchase price is subject to post completion adjustment on terms set out in the Share Purchase Agreement.

Subsequently, on March 15, 2010, the Company entered into the Share Purchase Agreement (“SPA”) with CIMBT for acquisition of BTI’s 29,999,998 ordinary shares, representing 99.99% of the total issued share capital of BTI with the purchase price of Baht 292 million and on March 26, 2010, the Company entered into the Bancassurance Agreement with CIMBT and some of its subsidiaries for the period of 10 years.

However, the BTI’s shares acquisition will become effective when both parties complied with the conditions specified in the SPA including the approvals from the Office of the Insurance Commission (OIC) and the Annual General Meeting of the Company’s shareholders. The Bancassurance Agreement will become effective upon the completion of the BTI acquisition.

On April 20, 2010, the Ordinary Shareholders’ Meeting passed resolutions to approve the acquisition of BTI’s 29,999,998 ordinary shares, representing 99.99% of the total issued share capital of BTI and to enter into the Bancassurance Agreement in the total purchase price of Baht 392 million. In addition, the Meeting also approved the Business Integration Plan and authorized the management to prepare the detail of the Business Integration Plan to be presented to the Board of Directors for consideration and approval before submitting to OIC and authorized two of authorized directors to execute the SPA and/or the Bancassurance Agreement, the transfer of shares and any other documents as well as to undertake any actions necessary or required for the purpose of the BTI acquisition. The Business Integration Plan indicates the following steps:

- (1) After the acquisition of BTI’s shares, the Company will transfer its insurance-related assets (except the exiting insurance portfolio) to BTI and will run-off its insurance portfolio by ceasing underwrite new or renewed insurance policies whereby the insurance policies currently underwritten by the Company will remain insured by the Company until their expiry at which time the customers will be offered a renewal with BTI (the “Run-Off Process”).
- (2) The Run-Off Process is expected to be completed by the end of the year 2011, and thereafter, BTI will remain the entity through which the non-life insurance business will continue to be conducted and the Company will be converted to an investment holding company but will maintain its listing status on The Stock Exchange of Thailand.

On September 17, 2010, the Company received the approval from the Office of the Insurance Commission in connection with the proposed BTI acquisition and the business integration plan by which the business integration must be complete within December 31, 2011.

On November 3, 2010, the Company entered into the memorandum of understanding ("MOU") with CIMBT to specify the effective date of the BTI Share Purchase Agreement for acquiring BTI business on November 4, 2010 which the Company would receive the BTI shares and pay Baht 392 million to CIMBT for the value of BTI shares as per the SPA dated March 15, 2010 and for the Bancassurance Agreement agreed on March 26, 2010. However, such MOU specified that the net book value of BTI using for acquisition of BTI shares is September 30, 2010 which will be paid for the adjusted amount later on.

On November 4, 2010, the BTI's shares has been transferred to the Company and the Company paid for BTI shares amounting to Baht 292 million and the Bancassurance Agreement amounting to Baht 100 million, resulting in BTI becoming a subsidiary of the Company as of that date.

As at December 31, 2010, the Company was in the negotiation process with CIMB for the additional amount to pay. However, the Company's management had estimated the value of BTI's shares approximately Baht 331.32 million as the following:

| | Baht: million |
|--|---------------|
| Cash payment in advance | 292.00 |
| Additional amount to pay - recorded as other liabilities (see Note 5.1.3) | <u>39.32</u> |
| Total purchase amount of investment in the subsidiary | <u>331.32</u> |

The fair values of assets, liabilities and contingent liabilities of BTI that can be specified and related book values of each item are as follows:

| | Baht: million | |
|---|--|--|
| | Fair value as at September 30, 2010 | Book value as at November 4, 2010 |
| Assets | | |
| Investment in securities | 470.51 | 471.59 |
| Cash and deposits at financial institutions | 171.85 | 172.34 |
| Equipment - net | 4.20 | 3.99 |
| Amount on deposit for reinsurance treaties | 5.59 | 4.46 |
| Premiums due and uncollected - net | 41.14 | 36.04 |
| Accrued income on investment | 3.08 | 3.18 |
| Deferred tax assets | - | 37.06 |
| Other assets | <u>26.72</u> | <u>23.78</u> |
| Total Assets | <u>723.09</u> | <u>752.44</u> |
| Liabilities | | |
| Unearned premium reserve | 162.13 | 184.23 |
| Loss reserves and outstanding claims | 85.22 | 73.43 |
| Amount withheld on reinsurance treaties | 18.56 | 18.20 |
| Due to reinsurers | 0.37 | 1.36 |
| Other liabilities | <u>125.49</u> | <u>139.75</u> |
| Total liabilities | <u>391.77</u> | <u>416.97</u> |
| Net Asset Value | <u>331.32</u> | 335.47 |
| Excess of net fair value over purchase cost | | <u>(4.15)</u> |
| Purchase cost of investment in the subsidiary | | <u>331.32</u> |

The Company has recorded excess of net fair value over purchase cost as income in the consolidated statement of income for the year ended December 31, 2010. However, the value of BTI shares is based on the Company's management estimate to obtain the nearest value amount.

On June 20, 2011, the Company and CIMBT have agreed for the subsidiary's share purchase price at Baht 323.58 million which the Company had already paid the additional amount of the subsidiary's shares on that date resulting to decreasing the investment in subsidiary of the Company and other payable by Baht 7.74 million (see Note 10). In addition, the Company recorded excess of net fair value over purchase cost as income in the consolidated statement of comprehensive income for the year ended December 31, 2011 which no retrospectively restated due to not material.

On September 1, 2011, the Company and the subsidiary entered into the Transfer of Business Agreement to transfer all insurance policy including assets and liabilities relating to non-life insurance operation to the subsidiary. The responsibilities and obligations under exiting insurance policy made between the Company and clients or other parties will be responded by the subsidiary. The business transfer prices on the transferred date are based on the book values of assets and liabilities of the Company as at September 30, 2011 (see Note 42). The condition to determine the 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 subsidiary is required to pay amount that assets over liabilities to the Company.
- (2) If the book value of liabilities to be transferred exceeds the book value of assets to be transferred, the Company is required to pay amount that liabilities over assets compensation to the subsidiary.

Additional, the Transfer of Business Agreement states that the obligations relating to all expenditure under the transfer of business will be responded by the subsidiary.

Total assets and liabilities held for transfer are as follows:

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

On October 1, 2011, the Company transferred its non-life insurance operations to the subsidiary. The Company returned its insurance license to the Office of Insurance Commission (OIC) and has been converted to an investment holding company following the business integration plan since December 20, 2011.

On November 30, 2011, the Company paid the amount that liabilities over assets amounting to Baht 728.30 million for the transfer of insurance business to the subsidiary by transferring of bonds at cost amounting to Baht 775.24 million which it has fair value including accrued interest amounting to Baht 787.77 million. For the excess amounting to Baht 59.47 million, the subsidiary paid cash to the Company. However, in December 2011, the Company found that the book value of deferred tax assets transferred to the subsidiary was excess by Baht 8.92 million. As a result, the Company has to pay an additional amount for the difference to the subsidiary at the same amount. As at December 31, 2011, the Company has not yet paid such additional amount. The Company recorded such transaction in a part of other liabilities for the separate financial statement (see Note 5.1.4).

Subsequently, on February 24, 2012, the Company has already paid such additional amount to the subsidiary.

1.2 Operation of the subsidiary

Sri Ayudhya General Insurance Public Company Limited (formerly “BT Insurance Company Limited”) is a limited company incorporated in Thailand on September 21, 1982. The main business is non-life insurance and the Company was awarded its license to operate all classes of non-life insurance on September 24, 1982. The Company’s office was registered at CIMB Thai Building, 16th floor, 44 Soi Langsuan, Ploenchit Road, Lumpini, Pathumwan, Bangkok. Subsequently, on March 7, 2011, the Company has registered with the Ministry of Commerce to relocate its office to Ploenchit Tower, 18th floor, 898 Ploenchit Road, Lumpini, Pathumwan, Bangkok.

On January 31, 2011, the subsidiary registered the change of name from “BT Insurance Company Limited” to “Sri Ayudhya General Insurance Company Limited” with the Department of Business Development and registered the increased share capital from Baht 300 million to Baht 1,200 million, which the Company had already paid the increased share capital in amount of Baht 900 million (see Notes 10 and 11).

On October 3, 2011 the subsidiary has registered to be Public Company Limited with the Ministry of Commerce according to the extraordinary shareholders’ meeting of the subsidiary passed a special resolution to change the status of the subsidiary from a private company to be a public company. The subsidiary has been already approved by the Office of Insurance Commission to change the status of the Company from a private company to be a public company.

2. BASIS FOR PREPARATION OF THE FINANCIAL STATEMENTS

- 2.1 The financial statements are prepared in accordance with Thai Accounting Standard (TAS) and practices generally accepted in Thailand, where the format of financial statements is based on Thai Account Standard No. 1 (Revised 2009) “Presentation of Financial Statements” and the Notification of the Office of Insurance Commission regarding the Rules, Procedures, Conditions and Periods for Preparing and Submitting Financial Statements and Reports on the Operations of the Non-Life Insurance Business No. 2 B.E. 2553 dated May 27, 2010 which effective from January 1, 2011. Therefore, the consolidated and separate financial statements for year ended December 31, 2010 and the consolidated and separate statements of financial position as at December 31, 2010, presented herein for comparison, are presented in the new format according to such Thai Financial Reporting Standards and Notification to conform to the consolidated and separate financial statements for the year ended December 31, 2011. In addition, the consolidated and the separate financial statements have been prepared in accordance with the regulations of The Stock Exchange of Thailand (SET) dated January 22, 2001 regarding preparation and submission of financial statements and reports for the financial position and results of operations of listed companies B.E. 2544.

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

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

- 2.3 The Federation of Accounting Professions has issued the Notifications regarding the new and revised Thai Accounting Standards (TAS) 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 (Revised 2009) | Accounting for Government Grants and Disclosure of Government Assistance |
| TAS 21 (Revised 2009) | The Effects of Changes in Foreign Exchange Rates |

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

3. ADOPTION OF NEW AND REVISED THAI FINANCIAL REPORTING STANDARDS

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

4. SIGNIFICANT ACCOUNTING POLICIES

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

4.1 Recognition of revenues and expenses

Premium

For insurance policies with coverage period for one year, premium income is recognized on the date the insurance policy is issued after deducting premium ceded and premium cancelled and refunded. For long-term insurance policies which coverage periods of longer than one year, related revenues and expenses are recorded as unearned and prepaid items which recognized as income and expenses over the coverage period.

Reinsurance premium

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

Commissions and brokerages income

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

Interest and dividends income

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

Commissions and brokerages and other expenses

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

4.2 Cash and cash equivalents

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

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

4.3 Premium due and uncollected and allowance for doubtful accounts

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

4.4 Reinsurance assets

Reinsurance assets are stated at net realizable value. The Company and its subsidiary's record allowance for doubtful accounts for the estimated collection losses on reinsurance assets. Such estimated losses are based on the Company and its subsidiary's collection experience and the analysis of aging of each reinsurance assets.

4.5 Investment in securities

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

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

Securities classified as general investments are stated at cost.

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

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

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

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

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

4.6 Investments in subsidiary

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

4.7 Premises and equipment

Land is stated at cost. Premises and equipment are stated at cost, net of accumulated depreciation.

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

| | |
|----------|----------|
| Building | 20 years |
| Others | 5 years |

4.8 Intangible assets

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

Amortization is charged to the statement of income on a straight-line basis from the date that intangible assets are available for use over the estimated useful lives of the assets. The estimated useful lives are as follows:

| | |
|-------------------------|----------|
| Computer software | 5 years |
| Bancassurance agreement | 10 years |

4.9 Unearned premium reserve

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

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

4.10 Loss reserve and outstanding claims

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

4.11 Foreign currency transactions

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

4.12 Employee benefit

4.12.1 Provident fund

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

4.12.2 Post-employment benefits obligation

The Company and its subsidiary provide for post-employment benefits obligation, payable to employees under the Thai Labor Protection Act. The liability in respect of employee benefits is the present value of the defined benefit obligation which is calculated by using the actuarial technique. The present value of the defined benefits obligation is determined by discounting estimated future cash flows using yields on the government bonds which have terms to maturity approximating the terms of related liability. The estimated future cash flows shall reflect employee salaries, turnover rate, length of service and other factor. Actuarial gains or losses will be recognized in the statements of comprehensive income in the period to which they are related. The costs associated with providing these benefits are charged to the statements of comprehensive income so as to spread the cost over the employment period during which the entitlement to benefits is earned.

4.13 Income tax expenses

The Company and its subsidiary have early adopted Accounting Standard No.12 "Income Taxes" (see Note 28).

Income tax expenses is based on the taxable profit multiplied by the tax rate that has been enacted at the balance sheet date and adjusted by the effect of deferred income tax accounting.

Deferred income tax is provided on temporary differences arising from differences between the tax base of assets and liabilities and their carrying amounts in the financial statements, using the tax rates enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

4.14 Basic earnings per share

Basic earnings per share is calculated by dividing net income by the number of weighted average ordinary shares outstanding at the end of the year. In the case of a capital increase, the number of shares is equal to the weighted average according to the time of the subscription received for the increase in issued and paid-up share capital. As at December 31, 2011 and 2010, the Company and its subsidiary do not have any common share equivalents outstanding which would have had a dilutive effect on earnings per share.

4.15 Accounting estimates

The preparation of financial statements in conformity with generally accepted accounting principles also requires the Company and its subsidiary's management to exercise judgment in order to determine the accounting policies, estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of

contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expense during the reporting period. Although these estimates are based on management's reasonable consideration of current events, actual results may differ from these estimates.

5. ADDITIONAL INFORMATION FOR CASH FLOWS

5.1 Non-cash items

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

| | Consolidated financial statements | | Separate financial statements | |
|---|--------------------------------------|--------------|----------------------------------|--------------|
| | 2011 | 2010 | 2011 | 2010 |
| | Baht | Baht | Baht | Baht |
| Unrealized gain on investment in available for sale | 59,325,911 | 217,319,477 | 55,468,353 | 215,651,291 |
| Unrealized gain on bonds to be returned | - | 4,255,521 | - | 4,255,521 |
| Unrealized gain on non - marketable equity securities | 24,695,119 | 24,695,119 | 24,695,119 | 24,695,119 |
| Total unrealized gain | 84,021,030 | 246,270,117 | 80,163,472 | 244,601,931 |
| <u>Less</u> Beginning balance of surplus | | | | |
| on revaluation of investments of subsidiary | - | (1,629,217) | - | - |
| Deferred tax liabilities (see Note 20) | (18,583,983) | (73,881,035) | (17,696,745) | (73,380,579) |
| Surplus on revaluation of investments - net | 65,437,047 | 170,759,865 | 62,466,727 | 171,221,352 |

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

| | Consolidated financial statements | | Separate financial statements | |
|--|--------------------------------------|--------------|----------------------------------|--------------|
| | 2011 | 2010 | 2011 | 2010 |
| | Baht | Baht | Baht | Baht |
| Increase (decrease) of unrealized gain on investment | | | | |
| in available for sale | (160,619,870) | 74,926,984 | (164,438,459) | 75,586,251 |
| (Increase) decrease of deferred tax liabilities | 55,297,052 | (30,928,879) | 55,683,834 | (31,126,659) |
| Increase (decrease) of surplus on revaluation of | | | | |
| investments - net | (105,322,818) | 43,998,105 | (108,754,625) | 44,459,592 |

5.1.2 On December 8, 2010, the Company transferred investment in available for sale securities - bonds at fair value amounting to Baht 891.88 million (cost Baht 883.30 million) to the subsidiary for the increase in share capital of the subsidiary. However, the Office of Insurance Commission did not approve such increase in share capital by using such bonds transferred resulting to as at January 20, 2011, such bonds have been returned to the Company at fair value amounting to Baht 887.56 million (see Note 11).

5.1.3 As at December 31, 2010, the Company has recorded the additional amount to pay for investment in the subsidiary amounting to Baht 39.32 million in the consolidated and separate statements of financial position. The Company had paid such amount on June 20, 2011 (see Note 1.1).

5.1.4 As at December 31, 2011, the Company has to adjust by additional payment to the subsidiary amounting to Baht 8.92 million. The Company recorded such transaction in a part of other liabilities for the separate financial statement as at December 31, 2011 (see Note 1).

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

| | Consolidated | | Separate | |
|--|----------------------|--------------------|----------------------|--------------------|
| | financial statements | | financial statements | |
| | 2011 | 2010 | 2011 | 2010 |
| | Baht | Baht | Baht | Baht |
| Cash | 380,000 | 399,829 | 190,000 | 220,000 |
| Deposits at bank - call deposits | 1,380,414,050 | 226,109,391 | 746,765,475 | 170,361,786 |
| Deposits at bank - time deposits | 463,168,048 | 603,686,487 | 243,391,345 | 486,499,223 |
| Government securities - Treasury bills | 29,704,842 | - | 29,704,842 | - |
| Notes | - | 5,000,000 | - | - |
| | 1,873,666,940 | 835,195,707 | 1,020,051,662 | 657,081,009 |
| <u>Less</u> Deposits at bank with maturity over 3 months | (229,706,364) | (348,738,200) | (198,929,662) | (294,215,049) |
| Deposits at bank used as collateral | (128,000,000) | (106,664,113) | (44,000,000) | (44,000,000) |
| Government securities - Treasury bills with maturity over 3 months | (29,704,842) | - | (29,704,842) | - |
| Cash and cash equivalents | 1,486,255,734 | 379,793,394 | 747,417,158 | 318,865,960 |

5.3 Cash flows provided by operating activities

Items to reconcile net profit to net cash flows provided by operating activities for the years ended December 31, 2011 and 2010 were as follows:

| | Consolidated | | Separate | |
|---|----------------------|--------------|----------------------|--------------|
| | financial statements | | financial statements | |
| | 2011 | 2010 | 2011 | 2010 |
| | Baht | Baht | Baht | Baht |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | |
| Net profit (loss) | (455,093,081) | 321,657,543 | 295,809,515 | 320,277,119 |
| Items to reconcile net profit to net cash flows: | | | | |
| Depreciation | 22,840,213 | 21,077,541 | 16,811,388 | 20,688,015 |
| Amortization of intangible assets | 16,238,041 | 7,050,882 | 11,905,867 | 6,966,446 |
| Excess of net fair value over purchase cost | (7,737,060) | (4,148,692) | - | - |
| (Gain) loss on sale of assets | (8,898,639) | (2,427,331) | (7,853,871) | (2,619,034) |
| Post-employment benefits expense | 7,896,874 | 4,324,473 | 4,902,836 | 4,146,887 |
| Unearned premium reserve | (66,248,763) | 135,303,792 | (3,039,369) | 114,750,160 |
| Amortization of bonds premium | 7,181,800 | 7,501,561 | 6,999,234 | 7,501,561 |
| Amortization of bonds discount | (663,562) | (58,514) | (27,701) | (28,934) |
| Amortization of treasury bills discount | (620,188) | - | (510,904) | - |
| Amortization of debentures premium | 203,864 | 40,471 | - | - |
| Amortization of debentures discount | (705,429) | (549,605) | (582,013) | (549,605) |
| Loss on sale of trading securities - bonds | 162,273 | - | - | - |
| Loss on sale of trading securities - debentures | 110,188 | - | - | - |
| Gain on sale of investment in available for sale - ordinary shares | (77,893,228) | (84,515,707) | (77,893,228) | (84,515,707) |
| Gain on sale of investment in available for sale - other securities | (10,941,175) | (1,853,681) | (10,762,782) | (1,977,502) |
| Gain on sale of investment in available for sale - bonds | 1,800 | - | (16,062) | - |
| Gain on sale of investment in available for sale - debentures | (9,376,169) | - | (9,376,169) | - |
| Gain on sale of investment in available for sale - warrants | (38,917) | (105,222) | (38,917) | (105,222) |

| | Consolidated financial statements | | Separate financial statements | |
|---|--------------------------------------|---------------|----------------------------------|---------------|
| | 2011 | 2010 | 2011 | 2010 |
| | Baht | Baht | Baht | Baht |
| Gain on sale of investment in available for sale | | | | |
| - transferable subscription rights | (12,159) | - | (12,159) | - |
| Unrealized loss on investment in held on trading | | | | |
| - debentures | - | 154,645 | - | - |
| Unrealized loss on investment in held on trading | | | | |
| - bonds | - | 425,055 | - | - |
| Loss on transfer of investment | 40,271 | - | - | - |
| Reversal of loss on impairment of general investments | - | (1,153,921) | - | (1,153,921) |
| Bad debts and allowance for doubtful accounts | (5,589,338) | 1,327,272 | 158,803 | - |
| Deferred income tax | (174,996,120) | (58,021,861) | (13,675,862) | (58,852,368) |
| Profit from operations before changes | | | | |
| in operating assets and liabilities | (764,138,504) | 346,028,701 | 212,798,606 | 324,527,895 |
| Operating assets (increase) decrease | | | | |
| Accrued investment income | 4,185,886 | (1,194,626) | (5,644,358) | 632,191 |
| Premium due and uncollected | 22,125,340 | (14,135,791) | 18,097,605 | (6,436,895) |
| Reinsurance assets | (4,831,753,211) | (230,901,577) | 42,694,253 | (182,267,021) |
| Other assets | (13,356,525) | (24,819,215) | 8,952,656 | (26,568,002) |
| Operating liabilities increase (decrease) | | | | |
| Income tax payable | (17,929,692) | (1,264,833) | (11,722,839) | 2,604,222 |
| Due to reinsurers | 102,525,785 | 23,319,611 | 16,283,841 | 25,921,191 |
| Loss reserves and outstanding claims | 5,677,525,886 | 178,149,168 | 18,396,919 | 150,185,131 |
| Premium written received in advance | 34,465,977 | 7,511,685 | 2,820,558 | 13,381,897 |
| Accrued commissions | (455,146) | 1,991,551 | 265,050 | (198,921) |
| Other liabilities | 27,796,580 | 24,749,230 | (18,854,650) | 7,961,625 |
| Net cash provided by operating activities | 240,992,376 | 309,433,904 | 284,087,641 | 309,743,313 |

6. PREMIUM DUE AND UNCOLLECTED - NET

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

| | Consolidated financial statements | | | | | | | |
|-----------------------------|-----------------------------------|------------------|------------|-------------|------------|------------------|------------|-------------|
| | 2011 | | | | 2010 | | | |
| | Insured | Agent and Broker | Inward | Total | Insured | Agent and Broker | Inward | Total |
| | Baht | Baht | Baht | Baht | Baht | Baht | Baht | Baht |
| Within credit terms | 15,540,921 | 123,815,510 | 499,340 | 139,855,771 | 22,710,255 | 140,290,341 | 2,996,970 | 165,997,566 |
| Less than 30 days | 2,419,259 | 36,096,047 | 646,698 | 39,162,004 | 1,286,921 | 32,539,223 | 1,757,168 | 35,583,312 |
| 30 - 60 days | 243,461 | 12,697,496 | 3,557,573 | 16,498,530 | 4,468,458 | 5,056,336 | 2,016,726 | 11,541,520 |
| 60 - 90 days | 246,268 | 3,433,694 | 938,206 | 4,618,168 | (4,414) | 3,935,743 | 1,675,382 | 5,606,711 |
| 90 days - 1 year | 218,440 | 7,686,950 | 7,762,711 | 15,668,101 | 9,382,041 | 8,683,661 | 2,475,020 | 20,540,722 |
| Over 1 year | 5,858,716 | 459,049 | - | 6,317,765 | 2,752 | 1,418,793 | 1,952,531 | 3,374,076 |
| Total premium due | | | | | | | | |
| and uncollected | 24,527,065 | 184,188,746 | 13,404,528 | 222,120,339 | 37,846,013 | 191,924,097 | 12,873,797 | 242,643,907 |
| Less allowance for | | | | | | | | |
| doubtful accounts | (6,077,156) | (3,125,171) | - | (9,202,327) | - | (7,600,555) | - | (7,600,555) |
| Premium due and uncollected | | | | | | | | |
| - net | 18,449,909 | 181,063,575 | 13,404,528 | 212,918,012 | 37,846,013 | 184,323,542 | 12,873,797 | 235,043,352 |

Separate financial statements

| | 2011 | | | | 2010 | | | |
|--------------------------------------|---------|------------------|--------|-------|------------|------------------|------------|-------------|
| | Insured | Agent and Broker | Inward | Total | Insured | Agent and Broker | Inward | Total |
| | Baht | Baht | Baht | Baht | Baht | Baht | Baht | Baht |
| Within credit terms | - | - | - | - | 15,755,325 | 110,369,621 | 2,315,749 | 128,440,695 |
| Less than 30 days | - | - | - | - | 86,154 | 29,762,381 | 1,531,791 | 31,380,326 |
| 30 - 60 days | - | - | - | - | 4,430,987 | 3,771,749 | 1,930,044 | 10,132,780 |
| 60 - 90 days | - | - | - | - | 12,434 | 2,902,056 | 1,599,565 | 4,514,055 |
| 90 days - 1 year | - | - | - | - | 9,327,191 | 6,987,900 | 2,051,262 | 18,366,353 |
| Over 1 year | - | - | - | - | - | 1,424,389 | 1,917,603 | 3,341,992 |
| Total premium due | | | | | | | | |
| and uncollected | - | - | - | - | 29,612,091 | 155,218,096 | 11,346,014 | 196,176,201 |
| Less allowance for doubtful accounts | - | - | - | - | - | (6,028,738) | - | (6,028,738) |
| Premium due and uncollected - net | - | - | - | - | 29,612,091 | 149,189,358 | 11,346,014 | 190,147,463 |

7. REINSURANCE ASSETS

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

| | Consolidated | | Separate | |
|--|----------------------|-------------|----------------------|-------------|
| | financial statements | | financial statements | |
| | 2011 | 2010 | 2011 | 2010 |
| | Baht | Baht | Baht | Baht |
| Amount deposited for reinsurance treaties | 2,252 | 584,582 | - | 584,582 |
| Due from reinsurers | 247,817,366 | 120,828,861 | - | 108,128,124 |
| Insurance reserve refundable from reinsurers | 5,010,744,847 | 305,397,811 | - | 251,492,956 |
| Reinsurance assets | 5,258,564,465 | 426,811,254 | - | 360,205,662 |

Insurance reserve refundable from reinsurers as at December 31, 2011 has included an expected refundable from reinsurers caused by suffering losses from flooding in Thailand amounting to Baht 4,947.59 million (see Note 43).

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

| | Consolidated | | Separate | |
|---------------------|----------------------|-------------|----------------------|-------------|
| | financial statements | | financial statements | |
| | 2011 | 2010 | 2011 | 2010 |
| | Baht | Baht | Baht | Baht |
| Within credit terms | 240,324,406 | 113,041,059 | - | 105,131,747 |
| Within 12 months | 7,445,883 | 7,752,771 | - | 2,960,937 |
| 1 - 2 years | 25,531 | (395) | - | - |
| Over 2 years | 21,546 | 35,426 | - | 35,440 |
| Due from reinsures | 247,817,366 | 120,828,861 | - | 108,128,124 |

8. INVESTMENTS IN SECURITIES

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

| | Consolidated financial statements | | | | |
|--|-----------------------------------|--------------------|---------------------|----------------------|--------------------------------|
| | Cost/Amortized | Unrealized | Unrealized | Fair Value | Percentage |
| | Cost | Gains | Losses | | of Investment Per total Assets |
| | Baht | Baht | Baht | Baht | |
| Available for sale | | | | | |
| Government and state enterprise securities | | | | | |
| Government bonds | 551,455,594 | 7,263,523 | (357,579) | 558,361,538 | 4.41 |
| State enterprise bonds | 284,109,099 | 626,531 | (308,806) | 284,426,824 | 2.25 |
| Treasury bills | 137,745,200 | - | (25,464) | 137,719,736 | 1.09 |
| Equity securities | 17,567,634 | 1,291,878 | (1,495,680) | 17,363,832 | 0.14 |
| Unit trusts | 50,428,506 | 579,593 | - | 51,008,099 | 0.40 |
| Total | <u>1,041,306,033</u> | <u>9,761,525</u> | <u>(2,187,529)</u> | <u>1,048,880,029</u> | <u>8.29</u> |
| Private enterprise debt securities | | | | | |
| Debentures | 146,182,042 | 4,538,743 | (58,721) | 150,662,064 | 1.19 |
| Equity securities | 203,355,263 | 58,355,405 | (19,134,184) | 242,576,484 | 1.92 |
| Unit trusts | 1,677,324,292 | 40,840,063 | (32,660,760) | 1,685,503,595 | 13.31 |
| Total | <u>2,026,861,597</u> | <u>103,734,211</u> | <u>(51,853,665)</u> | <u>2,078,742,143</u> | <u>16.42</u> |
| Foreign debt securities | | | | | |
| Bonds | 700,277,924 | 9,899 | (144,482) | 700,143,341 | 5.53 |
| Debentures | 4,705,287 | 5,952 | - | 4,711,239 | 0.04 |
| Total | <u>704,983,211</u> | <u>15,851</u> | <u>(144,482)</u> | <u>704,854,580</u> | <u>5.57</u> |
| Total available for sale | <u>3,773,150,841</u> | <u>113,511,587</u> | <u>(54,185,676)</u> | <u>3,832,476,752</u> | <u>30.28</u> |

| | Consolidated financial statements | |
|--|-----------------------------------|-----------------------------|
| | Cost/Amortized | Percentage of |
| | Cost | Investment Per Total Assets |
| | Baht | |
| Held-to-maturity financial assets | | |
| Private enterprise securities | | |
| Notes | 55,500,000 | 0.44 |
| Total | <u>55,500,000</u> | <u>0.44</u> |
| Fixed deposit with maturity over 3 months | | |
| Cash deposits at financial institution | 229,706,364 | 1.81 |
| Fixed deposit used as collateral | 128,000,000 | 1.01 |
| Total | <u>357,706,364</u> | <u>2.82</u> |
| Total held-to-maturity financial assets | <u>413,206,364</u> | <u>3.26</u> |
| Non marketable equity securities | | |
| Equity securities | 745,500,609 | 5.89 |
| Unit trusts | 1,546,601 | 0.01 |
| <u>Add</u> Unrealized gain | 24,695,119 | 0.19 |
| <u>Less</u> Allowance for impairment | <u>(1,507,119)</u> | <u>(0.01)</u> |
| Total non-marketable equity securities | <u>770,235,210</u> | <u>6.08</u> |

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

| Consolidated financial statements | | | | |
|--|---------------|-------------|--------------|---------------|
| Maturities | | | | |
| | Within 1 year | 1 - 5 years | Over 5 years | Total |
| | Baht | Baht | Baht | Baht |
| Available for sale | | | | |
| Government and state enterprise securities | | | | |
| Government bonds | - | 242,376,251 | 309,079,343 | 551,455,594 |
| State enterprise bonds | 175,661,452 | 108,447,647 | - | 284,109,099 |
| Treasury bills | 137,745,200 | - | - | 137,745,200 |
| Add (less) Unrealized gain (loss) | (329,033) | 3,059,175 | 4,468,063 | 7,198,205 |
| Total | 313,077,619 | 353,883,073 | 313,547,406 | 980,508,098 |
| Private enterprise securities | | | | |
| Debentures | 12,530,021 | 133,652,021 | - | 146,182,042 |
| Add Unrealized gain | 38,614 | 4,441,408 | - | 4,480,022 |
| Total | 12,568,635 | 138,093,429 | - | 150,662,064 |
| Foreign debt securities | | | | |
| Bonds | 299,627,890 | 400,650,034 | - | 700,277,924 |
| Debentures | - | 4,705,287 | - | 4,705,287 |
| Add (less) Unrealized gain (loss) | 9,899 | (138,530) | - | (128,631) |
| Total | 299,637,789 | 405,216,791 | - | 704,854,580 |
| Total available for sale | 625,284,043 | 897,193,293 | 313,547,406 | 1,836,024,742 |
| Held-to-maturity financial assets | | | | |
| Private enterprise securities | | | | |
| Notes | 23,000,000 | 32,500,000 | - | 55,500,000 |
| Fixed deposit with maturity over 3 months | 225,302,305 | 4,404,059 | - | 229,706,364 |
| Fixed deposit used as collateral | 128,000,000 | - | - | 128,000,000 |
| Total held-to-maturity financial assets | 376,302,305 | 36,904,059 | - | 413,206,364 |
| Total debt securities - net | 1,001,586,348 | 934,097,352 | 313,547,406 | 2,249,231,106 |

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

| Separate financial statements | | | | | |
|--|----------------------|--------------------|---------------------|----------------------|----------------|
| | Cost/Amortized | Unrealized | Unrealized | Fair Value | Percentage of |
| | Cost | Gains | Losses | | Investment per |
| | Baht | Baht | Baht | Baht | Total Assets |
| Available for sale | | | | | |
| Government and state enterprise securities | | | | | |
| Government bonds | 421,854,013 | 5,846,674 | (357,579) | 427,343,108 | 7.61 |
| Treasury bills | 29,712,306 | - | (7,465) | 29,704,841 | 0.53 |
| Equity securities | 17,567,634 | 1,291,878 | (1,495,680) | 17,363,832 | 0.31 |
| Unit trust | 50,428,506 | 579,593 | - | 51,008,099 | 0.91 |
| Total | 519,562,459 | 7,718,145 | (1,860,724) | 525,419,880 | 9.36 |
| Private enterprise debt securities | | | | | |
| Debentures | 128,389,548 | 4,274,238 | (54,942) | 132,608,844 | 2.36 |
| Equity securities | 203,355,263 | 58,355,405 | (19,134,184) | 242,576,484 | 4.32 |
| Unit trusts | 1,618,960,739 | 37,843,576 | (31,673,161) | 1,625,131,154 | 28.94 |
| Total | 1,950,705,550 | 100,473,219 | (50,862,287) | 2,000,316,482 | 35.62 |
| Total available for sale | 2,470,268,009 | 108,191,364 | (52,723,011) | 2,525,736,362 | 44.98 |

| | Separate financial statements | |
|--|----------------------------------|---|
| | Cost/Amortized Cost | Percentage of Investment Per Total Assets |
| | Baht | |
| Held-to-maturity financial assets | | |
| Private enterprise securities | | |
| Notes | 30,000,000 | 0.53 |
| Total | 30,000,000 | 0.53 |
| Fixed deposit with maturity over 3 months | | |
| Cash deposits at financial institution | 198,929,662 | 3.54 |
| Fixed deposit used as collateral | 44,000,000 | 0.78 |
| Total | 242,929,662 | 4.32 |
| Total held-to-maturity financial assets | 272,929,662 | 4.85 |
| Non-marketable equity securities | | |
| Equity securities | 744,289,639 | 13.25 |
| Unit trusts | 1,546,601 | 0.03 |
| <u>Add</u> Unrealized gain on transfer of investment | 24,695,119 | 0.44 |
| <u>Less</u> Allowance for impairment | (1,507,119) | (0.03) |
| Total non-marketable equity securities | 769,024,240 | 13.69 |

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

| | Separate financial statements | | | |
|--|-------------------------------|---------------------|----------------------|--------------------|
| | Maturities | | | |
| | Within 1 year Baht | 1 - 5 years Baht | Over 5 years Baht | Total Baht |
| Available for sale | | | | |
| Government and state enterprise securities | | | | |
| Government bonds | - | 170,250,495 | 251,603,518 | 421,854,013 |
| Treasury bills | 29,712,306 | - | - | 29,712,306 |
| <u>Add</u> (less) Unrealized gain (loss) | (7,465) | 1,696,693 | 3,792,402 | 5,481,630 |
| Total | 29,704,841 | 171,947,188 | 255,395,920 | 457,047,949 |
| Private enterprise securities | | | | |
| Debentures | - | 128,389,548 | - | 128,389,548 |
| <u>Add</u> Unrealized gain | - | 4,219,296 | - | 4,219,296 |
| Total | - | 132,608,844 | - | 132,608,844 |
| Total available for sale | 29,704,841 | 304,556,032 | 255,395,920 | 589,656,793 |
| Held-to-maturity financial assets | | | | |
| Private enterprise securities | | | | |
| Notes | - | 30,000,000 | - | 30,000,000 |
| Fixed deposit with maturity over 3 months | 198,929,662 | - | - | 198,929,662 |
| Fixed deposit used as collateral | 44,000,000 | - | - | 44,000,000 |
| Total held-to-maturity financial assets | 242,929,662 | 30,000,000 | - | 272,929,662 |
| Total debt securities - net | 272,634,503 | 334,556,032 | 255,395,920 | 862,586,455 |

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

| | Consolidated financial statements | | | | |
|--|-----------------------------------|--------------------|---------------------|----------------------|----------------|
| | Cost/Amortized | Unrealized | Unrealized | Fair Value | Percentage of |
| | Cost | Gains | Losses | | Investment per |
| | Baht | Baht | Baht | Baht | Total Assets |
| Held for trading | | | | | |
| Government and state enterprise securities | | | | | |
| Government bonds | 8,197,209 | - | (47,022) | 8,150,187 | 0.10 |
| State enterprise bonds | 99,382,932 | 9 | (386,158) | 98,996,783 | 1.26 |
| Total | 107,580,141 | 9 | (433,180) | 107,146,970 | 1.36 |
| Private enterprise debt securities | | | | | |
| Debentures | 16,081,963 | 235,275 | (1,378) | 16,315,860 | 0.21 |
| Total | 16,081,963 | 235,275 | (1,378) | 16,315,860 | 0.21 |
| Total held for trading | 123,662,104 | 235,284 | (434,558) | 123,462,830 | 1.57 |
| Available for sale | | | | | |
| Government and state enterprise securities | | | | | |
| Government bonds | 519,282,916 | 3,565,072 | (4,555,311) | 518,292,677 | 6.58 |
| State enterprise bonds | 437,046,365 | 85 | (464,027) | 436,582,423 | 5.55 |
| Equity securities | 28,824,682 | 4,576,158 | - | 33,400,840 | 0.42 |
| Unit trusts | 48,123,278 | 2,448,512 | - | 50,571,790 | 0.64 |
| Total | 1,033,277,241 | 10,589,827 | (5,019,338) | 1,038,847,730 | 13.19 |
| Private enterprise debt securities | | | | | |
| Debentures | 727,479,635 | 17,083,058 | (26,651) | 744,536,042 | 9.45 |
| Equity securities | 215,919,351 | 166,907,600 | (7,949,961) | 374,876,990 | 4.76 |
| Warrants | 34,911 | - | - | 34,911 | 0.01 |
| Unit trusts | 1,892,047,275 | 55,893,104 | (20,158,162) | 1,927,782,217 | 24.49 |
| Total | 2,835,481,172 | 239,883,762 | (28,134,774) | 3,047,230,160 | 38.71 |
| Foreign debt securities | | | | | |
| Bonds | 703,678,624 | - | - | 703,678,624 | 8.94 |
| Total | 703,678,624 | - | - | 703,678,624 | 8.94 |
| Total available for sale | 4,572,437,037 | 250,473,589 | (33,154,112) | 4,789,756,514 | 60.84 |

| | Consolidated financial statements | |
|--|--------------------------------------|---|
| | Cost/Amortized Cost | Percentage of Investment Per Total Assets |
| | Baht | |
| Held-to-maturity financial assets | | |
| Private enterprise securities | | |
| Notes | 137,000,000 | 1.74 |
| Total | 137,000,000 | 1.74 |
| Fixed deposit with maturity over 3 months | | |
| Cash deposits at financial institution | 348,738,200 | 4.43 |
| Fixed deposit used as collateral | 106,664,113 | 1.35 |
| Total | 455,402,313 | 5.78 |
| Total held-to-maturity financial assets | 592,402,313 | 7.52 |
| Non-marketable equity securities | | |
| Equity securities | 745,500,609 | 9.47 |
| Unit trusts | 1,546,601 | 0.02 |
| <u>Add</u> Unrealized gain | 24,695,119 | 0.31 |
| <u>Less</u> Allowance for impairment | (1,507,119) | (0.02) |
| Total non-marketable equity securities | 770,235,210 | 9.78 |

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

| | Consolidated financial statements | | | |
|--|-----------------------------------|----------------------|----------------------|----------------------|
| | Maturities | | | |
| | Within 1 year Baht | 1 - 5 years Baht | Over 5 years Baht | Total Baht |
| Available for sale | | | | |
| Government and state enterprise securities | | | | |
| Government bonds | 12,497,633 | 138,841,542 | 367,943,741 | 519,282,916 |
| State enterprise bonds | 171,597,534 | 265,448,831 | - | 437,046,365 |
| <u>Less</u> Unrealized loss | (130,562) | (168,511) | (1,155,108) | (1,454,181) |
| Total | 183,964,605 | 404,121,862 | 366,788,633 | 954,875,100 |
| Private enterprise securities | | | | |
| Debentures | 208,950,105 | 515,469,959 | 3,059,571 | 727,479,635 |
| <u>Add</u> Unrealized gain | 4,167,359 | 12,660,101 | 228,947 | 17,056,407 |
| Total | 213,117,464 | 528,130,060 | 3,288,518 | 744,536,042 |
| Foreign debt securities | | | | |
| Bonds | - | 703,678,624 | - | 703,678,624 |
| Total available for sale | 397,082,069 | 1,635,930,546 | 370,077,151 | 2,403,089,766 |
| Held-to-maturity financial assets | | | | |
| Private enterprise securities | | | | |
| Notes | 81,500,000 | 55,500,000 | - | 137,000,000 |
| Fixed deposit with maturity over 3 months | 348,700,079 | 38,121 | - | 348,738,200 |
| Fixed deposit used as collateral | 106,664,113 | - | - | 106,664,113 |
| Total held-to-maturity financial assets | 536,864,192 | 55,538,121 | - | 592,402,313 |
| Total debt securities - net | 933,946,261 | 1,691,468,667 | 370,077,151 | 2,995,492,079 |

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

| | Separate financial statements | | | | |
|--|-------------------------------|--------------------|---------------------|----------------------|----------------|
| | Cost/Amortized | Unrealized | Unrealized | Fair Value | Percentage of |
| | Cost | Gains | Losses | | Investment per |
| | Baht | Baht | Baht | Baht | Total Assets |
| Available for sale | | | | | |
| Government and state enterprise securities | | | | | |
| Government bonds | 415,334,168 | 3,251,368 | (4,021,216) | 414,564,320 | 5.60 |
| State enterprise bonds | 190,092,062 | - | (459,028) | 189,633,034 | 2.56 |
| Equity securities | 28,824,682 | 4,576,158 | - | 33,400,840 | 0.45 |
| Unit trusts | 48,123,278 | 2,448,512 | - | 50,571,790 | 0.69 |
| Total | 682,374,190 | 10,276,038 | (4,480,244) | 688,169,984 | 9.30 |
| Private enterprise debt securities | | | | | |
| Debentures | 697,807,536 | 16,515,644 | (23,701) | 714,299,479 | 9.65 |
| Equity securities | 215,919,351 | 166,907,600 | (7,949,961) | 374,876,990 | 5.06 |
| Warrant | 34,911 | - | - | 34,911 | 0.01 |
| Unit trusts | 1,823,012,698 | 53,953,877 | (19,547,962) | 1,857,418,613 | 25.09 |
| Total | 2,736,774,496 | 237,377,121 | (27,521,624) | 2,946,629,993 | 39.81 |
| Total available for sale | 3,419,148,686 | 247,653,159 | (32,001,868) | 3,634,799,977 | 49.11 |

| | Separate financial statements | |
|--|-------------------------------|----------------|
| | Cost/Amortized | Percentage of |
| | Cost | Investment Per |
| | Baht | Total Assets |
| Held-to-maturity financial assets | | |
| Private enterprise debt securities | | |
| Notes | 80,000,000 | 1.08 |
| Total | 80,000,000 | 1.08 |
| Fixed deposit with maturity over 3 months | | |
| Cash deposits at financial institution | 294,215,049 | 3.98 |
| Fixed deposit used as collateral | 44,000,000 | 0.59 |
| Total | 338,215,049 | 4.57 |
| Total held-to-maturity financial assets | 418,215,049 | 5.65 |
| Non-marketable equity securities | | |
| Equity securities | 744,289,639 | 10.06 |
| Unit trusts | 1,546,601 | 0.02 |
| <u>Add</u> Unrealized gain | 24,695,119 | 0.33 |
| <u>Less</u> Allowance for impairment | (1,507,119) | (0.02) |
| Total non-marketable equity securities | 769,024,240 | 10.39 |

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

| | Separate financial statements | | | |
|--|-------------------------------|---------------------|----------------------|----------------------|
| | Maturities | | | Total Baht |
| | Within 1 year Baht | 1 - 5 years Baht | Over 5 years Baht | |
| Available for sale | | | | |
| Government and state enterprise securities | | | | |
| Government bonds | - | 138,343,966 | 276,990,202 | 415,334,168 |
| State enterprise bonds | 190,092,062 | - | - | 190,092,062 |
| <u>Add (less) Unrealized gain (loss)</u> | <u>(459,028)</u> | <u>1,174,414</u> | <u>(1,944,262)</u> | <u>(1,228,876)</u> |
| Total | 189,633,034 | 139,518,380 | 275,045,940 | 604,197,354 |
| Private enterprise securities | | | | |
| Debentures | 200,000,000 | 497,807,536 | - | 697,807,536 |
| <u>Add Unrealized gain</u> | <u>4,096,300</u> | <u>12,395,643</u> | <u>-</u> | <u>16,491,943</u> |
| Total | 204,096,300 | 510,203,179 | - | 714,299,479 |
| Total available for sale | 393,729,334 | 649,721,559 | 275,045,940 | 1,318,496,833 |
| Held-to-maturity financial assets | | | | |
| Private enterprise securities | | | | |
| Notes | 50,000,000 | 30,000,000 | - | 80,000,000 |
| Fixed deposit with maturity over 3 months | 294,215,049 | - | - | 294,215,049 |
| Fixed deposit used as collateral | 44,000,000 | - | - | 44,000,000 |
| Total held-to-maturity financial assets | 388,215,049 | 30,000,000 | - | 418,215,049 |
| Total debt securities - net | 781,944,383 | 679,721,559 | 275,045,940 | 1,736,711,882 |

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

As at December 31, 2011 and 2010, certain of investment in securities and bank deposits are deposited with banks as Registrar (see Note 34) and another certain of investment in securities are deposited as collateral with the Company and its subsidiary's backup assets (see Note 35).

As at December 31, 2011 and 2010, certain of bank deposits of the Company and its subsidiary are pledged as collateral for bank overdrafts, loans in the form of promissory notes and deposited as collateral with the Registrar (see Notes 19 and 34).

9. LOANS

Loans of the Company and its subsidiary are loan to employees in accordance with the welfare policy of the Company and its subsidiary which its limit is not exceed Baht 100,000 each, with interest rate of 2.75% - 3.85% per annum.

10. INVESTMENT IN SUBSIDIARY

As at December 31, 2011 and 2010, investment in subsidiary are as the following:

| Company's name | Separate financial statements | | | | | |
|---|-------------------------------|--------------|-------------------------|--------------|---------------|--------------|
| | Paid-up capital | | Shareholding percentage | | Cost | |
| | December 31, | December 31, | December 31, | December 31, | December 31, | December 31, |
| | 2011 | 2010 | 2011 | 2010 | 2011 | 2010 |
| | Baht | Baht | percent | percent | Baht | Baht |
| Sri Ayudhya General Insurance Public Company Limited (formerly "BT Insurance Company Limited") | 1,200,000,000 | 300,000,000 | 99.99 | 99.99 | 1,223,578,981 | 331,316,041 |

On January 31, 2011, the subsidiary registered the increased share capital with the Department of Business Development from Baht 300 million to Baht 1,200 million, which the Company had already paid the increased share capital in amount of Baht 900 million (see Note 11).

On June 20, 2011, the Company recorded investment in subsidiary by decreasing amount of Baht 7.74 million according to the purchase price of subsidiary's shares that was negotiated by the Company and CIMBT (see Note 1.1).

11. RECEIVABLE FROM SUBSIDIARY - SHARE SUBSCRIPTION TO BE RETURNED

On December 8, 2010, the Company transferred bonds at fair value amounting to Baht 891.88 million (cost Baht 883.30 million) and cash amounting to Baht 8.12 million to BT Insurance Co., Ltd. ("the subsidiary") as share subscription paid for the increase in share capital of the subsidiary amounting to Baht 900 million. The subsidiary submitted for a registration of the share capital increase with the Ministry of Commerce on that date. However, the increase in share capital of the subsidiary had to be approved by the Office of Insurance Commission (OIC) but OIC did not approve such increase in share capital by using such bonds transferred from the Company and required to use cash. Therefore, the subsidiary had to return the bonds to the Company which would replace it by paying cash. As such, the Company has recorded such bonds and cash as receivable from subsidiary - share subscription to be returned and regarded the bonds as the Company's investment and revalued the bonds at fair value as at the year-end date.

As at December 31, 2010, receivable from subsidiary - share subscription to be returned is as follows:

| | Baht |
|---|-------------|
| Bonds | 891,875,392 |
| <u>Less</u> Unrealized loss on changes in fair value of the bonds | (4,320,281) |
| | 887,555,111 |
| <u>Add</u> Cash | 8,124,608 |
| | 895,679,719 |

Subsequently, on January 20, 2011, such bonds and cash have been returned to the Company and the Company paid Baht 900 million in cash for the increase in share capital of the subsidiary. The subsidiary has registered the increased share capital with the Ministry of Commerce on January 31, 2011 (see Note 10).

12. PREMISES AND EQUIPMENT - NET

Premises and equipment - net as at December 31, 2011 and 2010 consist of the following:

| | Consolidated financial statements | | | | | | | | | |
|------------------------|-----------------------------------|------------|--------------|--------------------------|---------------|--------------|------------|---------------|------------------------------|------------------------------|
| | Cost | | | Accumulated depreciation | | | | | | |
| | As at | Increase | Disposal | As at | As at | Depreciation | Disposal | As at | Beginning | Ending |
| | December 31, | | | December 31, | December 31, | | | December 31, | balance of | balance of |
| | 2010 | | | 2011 | 2010 | | | 2011 | premises and equipment - net | premises and equipment - net |
| | Baht | Baht | Baht | Baht | Baht | Baht | Baht | Baht | Baht | Baht |
| Land | 1,610,500 | - | - | 1,610,500 | - | - | - | - | 1,610,500 | 1,610,500 |
| Building | 773,500 | - | - | 773,500 | (694,213) | (29,331) | - | (723,544) | 79,287 | 49,956 |
| Office equipment | 107,697,387 | 8,810,133 | (4,898,390) | 111,609,130 | (83,333,678) | (9,399,024) | 4,816,572 | (87,916,130) | 24,363,709 | 23,693,000 |
| Furniture and fixtures | 32,367,615 | 2,469,830 | (3,970,546) | 30,866,899 | (27,920,332) | (1,918,598) | 3,707,779 | (26,131,151) | 4,447,283 | 4,735,748 |
| Vehicles | 78,689,188 | 15,625,180 | (29,034,687) | 65,279,681 | (45,354,766) | (11,493,260) | 26,673,087 | (30,174,939) | 33,334,422 | 35,104,742 |
| Total | 221,138,190 | 26,905,143 | (37,903,623) | 210,139,710 | (157,302,989) | (22,840,213) | 35,197,438 | (144,945,764) | 63,835,201 | 65,193,946 |

Consolidated financial statements

| | Cost | | | Accumulated depreciation | | | | | | | | |
|------------------------|--------------|------------|--------------|--------------------------|--------------|---------------|--------------|------------|-----------------|---------------|------------------------------|----------------------------|
| | As at | Increase | Disposal | Assets of | As at | As at | Depreciation | Disposal | Assets of | As at | Beginning | Ending |
| | December 31, | | | subsidiary* | December 31, | December 31, | | | the subsidiary* | December 31, | balance of | balance of |
| | 2009 | | | | 2010 | 2009 | | | | 2010 | premises and equipment - net | premises and equipment net |
| | Baht | Baht | Baht | Baht | Baht | Baht | Baht | Baht | Baht | Baht | Baht | Baht |
| Land | 1,610,500 | - | - | - | 1,610,500 | - | - | - | - | - | 1,610,500 | 1,610,500 |
| Building | 773,500 | - | - | - | 773,500 | (664,882) | (29,331) | - | - | (694,213) | 108,618 | 79,287 |
| Office equipment | 84,726,766 | 11,535,708 | (3,651,387) | 15,086,300 | 107,697,387 | (64,007,639) | (9,630,697) | 3,543,420 | (13,238,762) | (83,333,678) | 20,719,127 | 24,363,709 |
| Furniture and fixtures | 25,721,699 | 2,395,489 | (841,466) | 5,091,893 | 32,367,615 | (20,977,883) | (3,165,087) | 753,519 | (4,530,881) | (27,920,332) | 4,743,816 | 4,447,283 |
| Vehicles | 59,912,812 | 25,217,152 | (11,988,639) | 5,547,863 | 78,689,188 | (42,933,991) | (8,252,426) | 9,800,078 | (3,968,427) | (45,354,766) | 16,978,821 | 33,334,422 |
| Total | 172,745,277 | 39,148,349 | (16,481,492) | 25,726,056 | 221,138,190 | (128,584,395) | (21,077,541) | 14,097,017 | (21,738,070) | (157,302,989) | 44,160,882 | 63,835,201 |

* On November 4, 2010 (date of subsidiary's shares were transferred), the Company included equipment of subsidiary which have book value amounting to Baht 3.99 million to be a part of the Company's equipment.

Separate financial statements

| | Cost | | | | Accumulated depreciation | | | | | | | |
|------------------------|--------------|------------|--------------|---------------|--------------------------|---------------|--------------|------------|-------------|--------------|------------------------------|----------------------------|
| | As at | Increase | Disposal | Transfer to | As at | As at | Depreciation | Disposal | Transfer to | As at | Beginning | Ending |
| | December 31, | | | subsidiary* | December 31, | December 31, | | | subsidiary* | December 31, | balance of | balance of |
| | 2010 | | | | 2011 | 2010 | | | | 2011 | premises and equipment - net | premises and equipment net |
| | Baht | Baht | Baht | Baht | Baht | Baht | Baht | Baht | Baht | Baht | Baht | Baht |
| Land | 1,610,500 | - | - | - | 1,610,500 | - | - | - | - | - | 1,610,500 | 1,610,500 |
| Building | 773,500 | - | - | - | 773,500 | (694,213) | (29,331) | - | - | (723,544) | 79,287 | 49,956 |
| Office equipment | 93,088,384 | 5,332,563 | (939,048) | (94,556,728) | 2,925,171 | (70,383,036) | (6,343,523) | 905,973 | 73,589,102 | (2,231,484) | 22,705,348 | 693,687 |
| Furniture and fixtures | 27,933,108 | 584,745 | (120,118) | (14,056,481) | 14,341,254 | (23,906,955) | (1,416,759) | 115,963 | 12,583,140 | (12,624,611) | 4,026,153 | 1,716,643 |
| Vehicles | 73,141,325 | 13,576,433 | (27,818,376) | (32,228,210) | 26,671,172 | (41,201,410) | (9,021,775) | 25,595,966 | 14,111,129 | (10,516,090) | 31,939,915 | 16,155,082 |
| Total | 196,546,817 | 19,493,741 | (28,877,542) | (140,841,419) | 46,321,597 | (136,185,614) | (16,811,388) | 26,617,902 | 100,283,371 | (26,095,729) | 60,361,203 | 20,225,868 |

Separate financial statements

| | Separate financial statements | | | | | | | | | |
|------------------------|-------------------------------|------------|--------------|--------------------------|---------------|--------------|------------|---------------|--|---|
| | Cost | | | Accumulated depreciation | | | | | Beginning balance of premises and equipment - net Baht | Ending balance of premises and equipment - net Baht |
| | As at | Increase | Disposal | As at | As at | Depreciation | Disposal | As at | | |
| | December 31, | | | December 31, | December 31, | | | December 31, | | |
| | 2009 | | | 2010 | 2009 | | | 2010 | | |
| Baht | Baht | Baht | Baht | Baht | Baht | Baht | Baht | | | |
| Land | 1,610,500 | - | - | 1,610,500 | - | - | - | - | 1,610,500 | 1,610,500 |
| Building | 773,500 | - | - | 773,500 | (664,882) | (29,331) | - | (694,213) | 108,618 | 79,287 |
| Office equipment | 84,726,766 | 11,466,535 | (3,104,917) | 93,088,384 | (64,007,639) | (9,478,042) | 3,102,645 | (70,383,036) | 20,719,127 | 22,705,348 |
| Furniture and fixtures | 25,721,699 | 2,395,489 | (184,080) | 27,933,108 | (20,977,883) | (3,113,145) | 184,073 | (23,906,955) | 4,743,816 | 4,026,153 |
| Vehicles | 59,912,812 | 25,217,152 | (11,988,639) | 73,141,325 | (42,933,991) | (8,067,497) | 9,800,078 | (41,201,410) | 16,978,821 | 31,939,915 |
| Total | 172,745,277 | 39,079,176 | (15,277,636) | 196,546,817 | (128,584,395) | (20,688,015) | 13,086,796 | (136,185,614) | 44,160,882 | 60,361,203 |

As at December 31, 2011 and 2010, certain fixed assets of the Company and its subsidiary at cost of Baht 100.27 million and Baht 91.68 million, respectively, were fully depreciated but still in use (Company: Baht 18.54 million and Baht 78.69 million, respectively).

* On October 1, 2011, the Company transferred equipment relating to non-life insurance operation to subsidiary which book value as at September 30, 2011 amounted of Baht 40.56 million (see Note 1.1).

13. INTANGIBLE ASSETS - NET

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

| | Consolidated financial statements | | | | | | | | |
|-------------------------------|-----------------------------------|------------------|-------------|--------------------------|---------------------|---------------------|---------------------|--------------------|--|
| | Cost | | | Accumulated amortization | | | | | Ending balance of intangible assets - net Baht |
| | As at | Increase | Transfer | As at | As at | Amortization | As at | Beginning | |
| | December 31, | | in/out | December 31, | December 31, | | December 31, | balance | |
| | 2010 | | | 2011 | 2010 | | 2011 | of intangible | |
| | Baht | Baht | Baht | Baht | Baht | Baht | Baht | assets - net | assets - net |
| Purchase/subsequently acquire | | | | | | | | | |
| Computer software | 56,084,562 | 231,500 | 6,006,000 | 62,322,062 | (37,029,344) | (6,246,254) | (43,275,598) | 19,055,218 | 19,046,464 |
| Computer software in process | 15,914,000 | 6,324,900 | (6,006,000) | 16,232,900 | - | - | - | 15,914,000 | 16,232,900 |
| Bancassurance agreement | 100,000,000 | - | - | 100,000,000 | (1,587,736) | (9,991,787) | (11,579,523) | 98,412,264 | 88,420,477 |
| Total | 171,998,562 | 6,556,400 | - | 178,554,962 | (38,617,080) | (16,238,041) | (54,855,121) | 133,381,482 | 123,699,841 |

| | Consolidated financial statements | | | | | | | | | |
|-------------------------------|-----------------------------------|--------------------|-------------|-------------------|--------------------------|---------------------|--------------------|---------------------|---------------------|-------------------|
| | Cost | | | | Accumulated amortization | | | | | |
| | As at | Increase | Transfer | Assets of | As at | As at | Amortization | Assets of | As at | Beginning |
| | December 31, | | in/out | Subsidiary* | December 31, | December 31, | | Subsidiary* | December 31, | balance |
| | 2009 | | | | 2010 | 2009 | | | 2010 | of intangible |
| | Baht | Baht | Baht | Baht | Baht | Baht | Baht | Baht | Baht | assets - net |
| Purchase/subsequently acquire | | | | | | | | | | สินทรัพย์ |
| Computer software | 40,199,067 | 1,801,522 | 1,660,000 | 12,423,973 | 56,084,562 | (19,856,540) | (5,463,146) | (11,709,658) | (37,029,344) | 20,342,527 |
| Computer software in process | 5,192,000 | 12,382,000 | (1,660,000) | - | 15,914,000 | - | - | - | - | 5,192,000 |
| Bancassurance agreement | - | 100,000,000 | - | - | 100,000,000 | - | (1,587,736) | - | (1,587,736) | - |
| Total | 45,391,067 | 114,183,522 | - | 12,423,973 | 171,998,562 | (19,856,540) | (7,050,882) | (11,709,658) | (38,617,080) | 25,534,527 |

* On November 4, 2010 (date of subsidiary's shares were transferred), the Company included intangible assets of subsidiary which have book value amounting to Baht 0.71 million to be a part of the Company's intangible assets.

| | Separate financial statements | | | | | | | | | | |
|-------------------------------|-------------------------------|------------------|-------------|----------------------|--------------------------|---------------------|---------------------|-------------------|-----------------|--------------------|---------------|
| | Cost | | | | Accumulated amortization | | | | | | |
| | As at | Increase | Transfer | Transfer to | As at | As at | Amortization | Transfer to | As at | Beginning | สินทรัพย์ |
| | December 31, | | in/out | The | December 31, | December 31, | | The | December 31, | balance | balance |
| | 2010 | | | subsidary | 2011 | 2010 | | subsidary | 2011 | of intangible | of intangible |
| | Baht | Baht | Baht | Baht | Baht | Baht | Baht | Baht | Baht | assets - net | assets - net |
| Purchase/subsequently acquire | | | | | | | | | | | |
| Computer software | 43,660,589 | 231,500 | 6,006,000 | (49,857,289) | 40,800 | (25,235,250) | (4,432,558) | 29,638,623 | (29,185) | 18,425,339 | 11,615 |
| Computer software in process | 15,914,000 | 3,984,900 | (6,006,000) | (13,892,900) | - | - | - | - | - | 15,914,000 | - |
| Bancassurance agreement | 100,000,000 | - | - | (100,000,000) | - | (1,587,736) | (7,473,309) | 9,061,045 | - | 98,412,264 | - |
| Total | 159,574,589 | 4,216,400 | - | (163,750,189) | 40,800 | (26,822,986) | (11,905,867) | 38,699,668 | (29,185) | 132,751,603 | 11,615 |

| | Separate financial statements | | | | | | | | | |
|---------------------------------|-------------------------------|--------------------|-------------|--------------------------|----------------------|--------------------|----------|----------------------|--|--|
| | Cost | | | Accumulated amortization | | | | | | |
| | As at | Increase | Transfer | As at | As at | Amortization | Decrease | As at | Beginning | Ending |
| | December 31, 2009 | | in/out | December 31, 2010 | December 31, 2009 | | | December 31, 2010 | balance of intangible assets - net | balance of intangible assets - net |
| | Baht | Baht | Baht | Baht | Baht | Baht | Baht | Baht | Baht | Baht |
| Purchase/subsequently acquire | | | | | | | | | | |
| Computer software | 40,199,067 | 1,801,522 | 1,660,000 | 43,660,589 | (19,856,540) | (5,378,710) | - | (25,235,250) | 20,342,527 | 18,425,339 |
| Computer software in process | 5,192,000 | 12,382,000 | (1,660,000) | 15,914,000 | - | - | - | - | 5,192,000 | 15,914,000 |
| Bancassurance agreement | - | 100,000,000 | - | 100,000,000 | - | (1,587,736) | - | (1,587,736) | - | 98,412,264 |
| Total | 45,391,067 | 114,183,522 | - | 159,574,589 | (19,856,540) | (6,966,446) | - | (26,822,986) | 25,534,527 | 132,751,603 |

As at December 31, 2011 and 2010, certain intangible assets of the subsidiary at cost of Baht 30.72 million and Baht 26.33 million, respectively, were fully amortized but still in use (Company: 2010 Baht 16.44 million).

* On October 1, 2011, the Company transferred intangible relating to non-life insurance operation to subsidiary which book value as at September 30, 2011 amounted of Baht 125.05 million (see Note 1.1).

14. DEFERRED TAX ASSETS

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

| | Consolidated financial statements | | Separate financial statements | |
|---------------------|--------------------------------------|--------------|----------------------------------|--------------|
| | 2011 Baht | 2010 Baht | 2011 Baht | 2010 Baht |
| Deferred tax assets | 383,624,281 | 208,628,161 | 19,696,019 | 172,515,902 |

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

| | Consolidated financial statements | | | |
|---|-----------------------------------|---------------------------------|---|----------------------|
| | As at | Transactions | Transaction | As at |
| | December 31, 2010 | recognized in profit or loss | recognized in other comprehensive income | December 31, 2011 |
| | Baht | Baht | Baht | Baht |
| Allowance for doubtful accounts | 2,280,167 | (439,702) | - | 1,840,465 |
| Unearned premium reserve | 86,902,922 | (4,082,822) | - | 82,820,100 |
| Loss reserve - net | 84,116,630 | 194,659,840 | - | 278,776,470 |
| Incurred but not reported claims | 13,031,131 | (5,142,655) | - | 7,888,476 |
| Cost - employee benefits obligation | 13,697,663 | (9,672,367) | - | 4,025,296 |
| Allowance for impairment of general investment | 452,136 | (150,712) | - | 301,424 |
| Unrealized loss on the change in value of investments - trading securities | 59,782 | (59,782) | - | - |
| Others | 8,087,730 | (115,680) | - | 7,972,050 |
| | <u>208,628,161</u> | <u>174,996,120</u> | <u>-</u> | <u>383,624,281</u> |

| | Consolidated financial statements | | | |
|---|-----------------------------------|-------------------|----------------------|--------------------|
| | As at | Transactions | Transaction | As at |
| | November 4, | recognized in | recognized in | December 31, |
| | 2010* | profit or loss | other | 2010 |
| | | income | comprehensive income | |
| | Baht | Baht | Baht | Baht |
| Allowance for doubtful accounts | 1,990,080 | 290,087 | - | 2,280,167 |
| Unearned premium reserve | 57,201,545 | 29,701,377 | - | 86,902,922 |
| Loss reserve - net | 67,208,672 | 16,907,958 | - | 84,116,630 |
| Incurred but not reported claims | 9,308,500 | 3,722,631 | - | 13,031,131 |
| Cost - employee benefits obligation | 10,611,893 | 3,085,770 | - | 13,697,663 |
| Allowance for impairment of general investment | 665,260 | (213,124) | - | 452,136 |
| Unrealized loss on the change in value of investments - trading securities | - | 59,782 | - | 59,782 |
| Others | 3,734,478 | 4,353,252 | - | 8,087,730 |
| | <u>150,720,428</u> | <u>57,907,733</u> | <u>-</u> | <u>208,628,161</u> |

* Beginning balance of consolidated financial statements for year 2010 started on November 4, 2010 (date of subsidiary's shares were transferred).

| | Separate financial statements | | | | |
|--|-------------------------------|-------------------|----------------------|------------------------------|-------------------|
| | As at | Transactions | Transactions | Deferred tax | As at |
| | December 31, | recognized | recognized | assets | December 31, |
| | 2010 | in profit | in other | transfer | 2011 |
| | | or loss | comprehensive income | to subsidiary (see Note 1.1) | |
| | Baht | Baht | Baht | Baht | Baht |
| Allowance for doubtful accounts | 1,808,622 | - | - | (1,808,622) | - |
| Unearned premium reserve | 70,564,026 | 27,990,681 | - | (98,554,707) | - |
| Loss reserve - net | 73,070,873 | (2,181,471) | - | (53,793,407) | 17,095,995 |
| Incurred but not reported claims | 9,865,965 | (79,756) | - | (9,786,209) | - |
| Cost - employee benefits obligation | 11,974,631 | (9,676,031) | - | - | 2,298,600 |
| Allowance for impairment of general investment | 452,136 | (150,712) | - | - | 301,424 |
| Others | 4,779,649 | (2,226,849) | - | (2,552,800) | - |
| Total deferred tax assets | <u>172,515,902</u> | <u>13,675,862</u> | <u>-</u> | <u>(166,495,745)</u> | <u>19,696,019</u> |

| | Separate financial statements | | | |
|--|-------------------------------|-------------------|----------------------|--------------------|
| | As at | Transactions | Transaction | As at |
| | December 31, | recognized in | recognized in | December 31, |
| | 2009 | profit or loss | other | 2010 |
| | | income | comprehensive income | |
| | Baht | Baht | Baht | Baht |
| Allowance for doubtful accounts | 1,435,009 | 373,613 | - | 1,808,622 |
| Unearned premium reserve | 43,409,058 | 27,154,968 | - | 70,564,026 |
| Loss reserve - net | 51,339,283 | 21,731,590 | - | 73,070,873 |
| Incurred but not reported claims | 6,716,299 | 3,149,666 | - | 9,865,965 |
| Cost - employee benefits obligation | 8,942,137 | 3,032,494 | - | 11,974,631 |
| Allowance for impairment of general investment | 665,260 | (213,124) | - | 452,136 |
| Others | 1,156,488 | 3,623,161 | - | 4,779,649 |
| | <u>113,663,534</u> | <u>58,852,368</u> | <u>-</u> | <u>172,515,902</u> |

The Company and subsidiary used a tax rate of 30% for calculation of deferred tax for the year ended December 31, 2010 and both 20% and 23% for calculation of deferred tax for the year ended December 31, 2011 (see Note 28).

15. DUE TO REINSURERS

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

| | Consolidated | | Separate | |
|-------------------------------------|----------------------|--------------------|----------------------|--------------------|
| | financial statements | | financial statements | |
| | 2011 | 2010 | 2011 | 2010 |
| | Baht | Baht | Baht | Baht |
| Premium ceded payables | 76,477,492 | 61,322,283 | - | 52,431,818 |
| Amount withheld on reinsurance | 175,449,197 | 156,014,065 | - | 137,574,966 |
| Other reinsurance payables - treaty | 114,064,863 | 46,129,419 | - | 45,428,233 |
| Total due to reinsurers | 365,991,552 | 263,465,767 | - | 235,435,017 |

16. LOSS RESERVES AND OUTSTANDING CLAIMS

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

| | Consolidated | | Separate | |
|--|----------------------|--------------------|----------------------|--------------------|
| | financial statements | | financial statements | |
| | 2011 | 2010 | 2011 | 2010 |
| | Baht | Baht | Baht | Baht |
| As at January 1, | 636,552,014 | 458,402,846 | 529,347,677 | 379,162,546 |
| Loss incurred and loss adjustment expenses during the years | | | | |
| - Incurred but not reported | 28,625,972 | 7,931,238 | (265,855) | 6,021,353 |
| - Incurred but not yet agreed | 6,110,244,454 | 168,911,816 | 20,061,369 | 142,857,664 |
| - Incurred and agreed | 1,050,542,539 | 894,169,564 | 733,636,430 | 827,897,580 |
| Loss paid and loss adjustment paid during the years | (1,511,887,079) | (892,863,450) | (735,035,025) | (826,591,466) |
| <u>Less</u> Loss reserves and outstanding claims transfer to the subsidiary (see Note 1.1) | - | - | (462,264,621) | - |
| As at December 31, | 6,314,077,900 | 636,552,014 | 85,479,975 | 529,347,677 |

As at December 31, 2011 and 2010, the Company and its subsidiary had loss reserves and outstanding claims under the reinsurance contracts of Baht 1,454.47 million and Baht 36.68 million, respectively (Company: 2010 Baht 32.40 million)

As at December 31, 2011 and 2010, the loss reserves and outstanding claims account in the separate financial statements are included outstanding claims and accrued interest of Baht 85.48 million and Baht 82.38 million, respectively, caused by a loss claim incurred by an insured company on September 24, 1997. On September 30, 2003, the courts passed a verdict that the Company had to pay the claim of Baht 41.29 million including 7.5% per annum of interest from the date of litigation until such claim is paid. The Company recorded such claim and accrued interest since 2003. However, in 2004 the Company has submitted an appeal to the court. On November 27, 2008, the appeal court had the dismissal for this case. After that the insured company submitted the case to the supreme court in December 2008. Currently, such case is still under consideration of the supreme court. On October 1, 2010 (the transferred date), the Company did not transfer such outstanding claim and accrued interest to subsidiary.

As at December 31, 2011, Loss reserves outstanding claims in the consolidate financial statements has included claim from suffering losses from flooding in Thailand amounting to Baht 5,977.98 million (See Note 43).

17. PREMIUM RESERVE

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

17.1 Unearned premium reserve

| | Consolidated financial statements | | Separate financial statements | |
|---|--------------------------------------|--------------------|----------------------------------|--------------------|
| | 2011 Baht | 2010 Baht | 2011 Baht | 2010 Baht |
| As at 1 January | 862,974,131 | 685,273,813 | 658,181,780 | 543,431,620 |
| Premium written in the years | 1,574,410,153 | 1,691,285,369 | 978,175,992 | 1,315,461,957 |
| Earned premium in the years | (1,640,658,916) | (1,513,585,051) | (981,215,361) | (1,200,711,797) |
| Unearned premium reserve transfer to subsidiary (see Note 1.1) | - | - | (655,142,411) | - |
| As at December 31, | 796,725,368 | 862,974,131 | - | 658,181,780 |

As at December 31, 2011 and 2010, the Company and its subsidiary did not include additional unearned premium reserve of ceded premium to foreign reinsurers in the consolidated statement of financial position of Baht 41.06 million and Baht 48.16 million and in the separate statement of financial position of year 2010 in amount of Baht 34.21 million. Such unearned premium reserve was required to be recorded in the financial report to be submitted particularly to the Office of Insurance Commission under its relevant regulations.

17.2 Unexpired risk reserve

As at December 31, 2011 and 2010, no additional reserve for unexpired risk reserve has been established as the unexpired risk reserve estimated by the Company and its subsidiary of Baht 662.54 million and Baht 430.10 million, respectively (Company: 2010 Baht 300.85 million) is lower than the unearned premium reserve.

18. EMPLOYEE BENEFIT OBLIGATION

The Company and its subsidiary calculated employee benefit obligation by using actuarial technique. The assumptions are included discount rate at 3.97% - 4.50%, turnover rate at 3%, 4% 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 years ended December 31, 2011 and 2010 were as follows:

| | Consolidated financial statements | | Separate financial statements | |
|--|--------------------------------------|--------------|----------------------------------|--------------|
| | 2011 Baht | 2010 Baht | 2011 Baht | 2010 Baht |
| Current service cost | 6,269,292 | 4,337,353 | 3,519,351 | 4,192,902 |
| Interest cost | 1,822,282 | 1,642,720 | 1,578,185 | 1,609,585 |
| Reserve for retirement benefit expense | 8,091,574 | 5,980,073 | 5,097,536 | 5,802,487 |

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

| | Consolidated financial statements | | Separate financial statements | |
|--|--------------------------------------|-------------------|----------------------------------|-------------------|
| | 2011 Baht | 2010 Baht | 2011 Baht | 2010 Baht |
| Present value of obligation at the beginning of the years | 45,658,876 | 41,334,403 | 39,915,436 | 35,768,549 |
| Current service cost of the years | 6,269,292 | 4,337,353 | 3,519,351 | 4,192,902 |
| Interest cost | 1,822,282 | 1,642,720 | 1,578,185 | 1,609,585 |
| Paid during the years | (194,700) | (1,655,600) | (194,700) | (1,655,600) |
| Employee benefit obligation transfer to subsidiary (see Note 1.1) | - | - | (29,741,271) | - |
| Present value of obligation at the end of the years | 53,555,750 | 45,658,876 | 15,077,001 | 39,915,436 |

19. BANK OVERDRAFTS

As at December 31, 2011 and 2010, the Company and its subsidiary had credit lines for bank overdrafts and loans in the form of promissory notes of Baht 50 million and Baht 10 million, respectively, (Company: Baht 30 million and Baht 10 million, respectively) which were guaranteed by fixed deposit of the Company and its subsidiary of Baht 50 million and Baht 30 million, respectively (Company: Baht 30 million). The interest rate was fixed deposit rate plus 2% (see Note 8).

As at December 31, 2011 and 2010, such credit lines were undrawn.

20. DEFERRED TAX LIABILITIES

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

| | Consolidated financial statements | | Separate financial statements | |
|------------------------|--------------------------------------|-------------------|----------------------------------|-------------------|
| | 2011 | 2010 | 2011 | 2010 |
| | Baht | Baht | Baht | Baht |
| Deferred tax liability | <u>18,583,983</u> | <u>73,881,035</u> | <u>17,696,745</u> | <u>73,380,579</u> |

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

| | Consolidated financial statements | | | |
|---|-----------------------------------|---|--|-------------------------------|
| | As at December 31, 2010 | Transactions recognized in profit or loss | Transaction recognized in other comprehensive income | As at December 31, 2011 |
| | Baht | Baht | Baht | Baht |
| Unrealized gain on the change in value of investments-available for sale | 66,472,499 | - | (52,827,540) | 13,644,959 |
| Unrealized gain on transfer of investments | <u>7,408,536</u> | <u>-</u> | <u>(2,469,512)</u> | <u>4,939,024</u> |
| Total (see Note 5.1) | <u>73,881,035</u> | <u>-</u> | <u>(55,297,052)</u> | <u>18,583,983</u> |

| | Consolidated financial statements | | | |
|---|-----------------------------------|---|--|-------------------------------|
| | As at November 4, 2010* | Transactions recognized in profit or loss | Transaction recognized in other comprehensive income | As at December 31, 2010 |
| | Baht | Baht | Baht | Baht |
| Unrealized gain on the change in value of investments - available for sale | 36,778,376 | - | 29,694,123 | 66,472,499 |
| Unrealized gain on transfer of investments | <u>6,173,780</u> | <u>-</u> | <u>1,234,756</u> | <u>7,408,536</u> |
| Unrealized gain on the change in value of investments - trading securities | <u>114,128</u> | <u>(114,128)</u> | <u>-</u> | <u>-</u> |
| Total (see Note 5.1) | <u>43,066,284</u> | <u>(114,128)</u> | <u>30,928,879</u> | <u>73,881,035</u> |

* Beginning balance of consolidated financial statements for year 2010 started on November 4, 2010 (date of subsidiary's shares were transferred).

| | Separate financial statements | | | |
|---|-------------------------------|---|--|-------------------------------|
| | As at December 31, 2010 | Transactions recognized in profit or loss | Transaction recognized in other comprehensive income | As at December 31, 2011 |
| | Baht | Baht | Baht | Baht |
| Unrealized gain on the change in value of investments - available for sale | 65,972,044 | - | (53,214,322) | 12,757,722 |
| Unrealized gain on transfer of investments | <u>7,408,535</u> | <u>-</u> | <u>(2,469,512)</u> | <u>4,939,023</u> |
| Total (see Note 5.1) | <u>73,380,579</u> | <u>-</u> | <u>(55,683,834)</u> | <u>17,696,745</u> |

| | Separate financial statements | | |
|---|-------------------------------|---------------------------------|---|
| | As at | Transactions | Transaction |
| | December 31, 2009 | recognized in profit or loss | recognized in other comprehensive income |
| | Baht | Baht | Baht |
| Unrealized gain on the change in value of investments - available for sale | 36,080,140 | - | 29,891,904 |
| Unrealized gain on transfer of investments | 6,173,780 | - | 1,234,755 |
| Total (see Note 5.1) | 42,253,920 | - | 31,126,659 |

The Company and subsidiary used a tax rate of 30% for calculation of deferred tax for the year ended December 31, 2010 and both 20% and 23% for calculation of deferred tax for the year ended December 31, 2011 (see Note 28).

21. STATUTORY RESERVE

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

As at December 31, 2011 and 2010, the Company has statutory reserve by ten percent of the authorized capital.

For the year ended December 31, 2010, the subsidiary is required to set aside as a legal reserve at least 5% of their net profit each time a dividend is declared until the reserve reaches 10% of registered capital, such reserve is not available for dividend distribution.

However, on October 30, 2011, the subsidiary has registered to be Public Company Limited resulting to comply with Pursuant to the Public Limited Companies Act B.E. 2535 involving a reserve fund same as the Company.

As at December 31, 2011, the subsidiary has not yet allocated such reserved fund.

22. OTHER RESERVES

As at December 31, 2011 and 2010, other reserves of the Company amounting to Baht 900 million were set without having a specific objective.

23. CAPITAL MANAGEMENT

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

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

In addition, the Company has policy to pay dividend at least 60% of net profit after tax annually, but dependent upon performance and shareholders' resolution.

24. UNDERWRITING INFORMATION CLASSIFIED BY TYPE OF INSURANCE

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

| | Consolidated financial statements | | | | | |
|--------------------------------------|--------------------------------------|--------------------|---------------------|--------------------|-----------------------|----------------------|
| | For the year ended December 31, 2011 | | | | | |
| | Fire | Marine | Motor | Personal | Other | Total |
| | Baht | Baht | Baht | accident Baht | miscellaneous Baht | Baht |
| Underwriting income | | | | | | |
| Gross premiums written | 503,179,090 | 318,860,142 | 781,257,997 | 216,308,163 | 598,979,922 | 2,418,585,314 |
| <u>Less</u> Premiums ceded | <u>141,644,995</u> | <u>241,424,548</u> | <u>33,588,114</u> | <u>47,934,386</u> | <u>358,780,996</u> | <u>823,373,039</u> |
| Net premiums written | 361,534,095 | 77,435,594 | 747,669,883 | 168,373,777 | 240,198,926 | 1,595,212,275 |
| <u>Less</u> Unearned premium reserve | <u>(24,811,480)</u> | <u>2,597,409</u> | <u>(11,078,243)</u> | <u>5,449,845</u> | <u>(38,406,294)</u> | <u>(66,248,763)</u> |
| Earned premium | 386,345,575 | 74,838,185 | 758,748,126 | 162,923,932 | 278,605,220 | 1,661,461,038 |
| Fee and commission income | 45,603,388 | 73,837,047 | 9,108,870 | 13,487,308 | 79,875,064 | 221,911,677 |
| Total underwriting income | <u>431,948,963</u> | <u>148,675,232</u> | <u>767,856,996</u> | <u>176,411,240</u> | <u>358,480,284</u> | <u>1,883,372,715</u> |

Underwriting expenses

| | | | | | | |
|----------------------------------|--------------------|-------------------|--------------------|--------------------|----------------------|----------------------|
| Insurance claims and loss | | | | | | |
| adjustment expenses | | | | | | |
| - Normal operation | 63,690,295 | 25,771,435 | 477,667,722 | 122,092,148 | 111,557,722 | 800,779,322 |
| - Suffering losses from flooding | | | | | | |
| in Thailand (see Note 43) | 52,809,478 | - | - | - | 977,579,398 | 1,030,388,876 |
| Commissions and brokerages | | | | | | |
| expenses | 113,137,204 | 39,363,303 | 110,430,772 | 35,666,688 | 62,313,757 | 360,911,724 |
| Other underwriting expenses | 72,549,171 | 28,670,370 | 66,370,921 | 36,085,609 | 66,302,794 | 269,978,865 |
| Total underwriting expenses | <u>302,186,148</u> | <u>93,805,108</u> | <u>654,469,415</u> | <u>193,844,445</u> | <u>1,217,753,671</u> | <u>2,462,058,787</u> |

| | Consolidated financial statements | | | | | |
|--------------------------------------|--------------------------------------|--------------------|--------------------|--------------------|-----------------------|----------------------|
| | For the year ended December 31, 2010 | | | | | |
| | Fire | Marine | Motor | Personal | Other | Total |
| | Baht | Baht | Baht | accident Baht | miscellaneous Baht | Baht |
| Underwriting income | | | | | | |
| Gross premiums written | 490,099,475 | 276,066,024 | 655,196,188 | 202,539,027 | 471,196,915 | 2,095,097,629 |
| <u>Less</u> Premiums ceded | <u>118,185,615</u> | <u>209,444,932</u> | <u>34,212,094</u> | <u>38,422,597</u> | <u>299,837,133</u> | <u>700,102,371</u> |
| Net premiums written | 371,913,860 | 66,621,092 | 620,984,094 | 164,116,430 | 171,359,782 | 1,394,995,258 |
| <u>Less</u> Unearned premium reserve | <u>31,983,133</u> | <u>5,082,156</u> | <u>30,984,031</u> | <u>42,569,857</u> | <u>24,684,615</u> | <u>135,303,792</u> |
| Earned premium | 339,930,727 | 61,538,936 | 590,000,063 | 121,546,573 | 146,675,167 | 1,259,691,466 |
| Fee and commission income | 39,271,861 | 63,267,046 | 10,249,733 | 11,394,560 | 64,095,093 | 188,278,293 |
| Total underwriting income | <u>379,202,588</u> | <u>124,805,982</u> | <u>600,249,796</u> | <u>132,941,133</u> | <u>210,770,260</u> | <u>1,447,969,759</u> |

Underwriting expenses

| | | | | | | |
|-----------------------------|--------------------|-------------------|--------------------|--------------------|--------------------|----------------------|
| Insurance claims and loss | | | | | | |
| adjustment expenses | 54,618,075 | 17,049,941 | 376,245,297 | 65,836,589 | 118,288,999 | 632,038,901 |
| Commissions and brokerages | | | | | | |
| expenses | 108,790,969 | 34,312,104 | 104,442,179 | 32,145,644 | 53,962,792 | 333,653,688 |
| Other underwriting expenses | 70,657,953 | 22,173,266 | 43,388,952 | 36,332,469 | 39,335,317 | 211,887,957 |
| Total underwriting expenses | <u>234,066,997</u> | <u>73,535,311</u> | <u>524,076,428</u> | <u>134,314,702</u> | <u>211,587,108</u> | <u>1,177,580,546</u> |

| Separate financial statements | | | | | | |
|--------------------------------------|---------------|---------------|---------------|----------------------|------------------------|-----------------|
| For the year ended December 31, 2011 | | | | | | |
| | Fire | Marine | Motor | Personal accident | Other miscellaneous | Total |
| | Baht | Baht | Baht | Baht | Baht | Baht |
| Underwriting income | | | | | | |
| Gross premiums written | 336,754,340 | 221,978,252 | 478,532,542 | 151,792,211 | 338,058,700 | 1,527,116,045 |
| <u>Less</u> Premiums ceded | 88,636,348 | 164,360,827 | 24,554,618 | 32,613,623 | 238,774,637 | 548,940,053 |
| Net premiums written | 248,117,992 | 57,617,425 | 453,977,924 | 119,178,588 | 99,284,063 | 978,175,992 |
| <u>Less</u> Unearned premium reserve | (11,944,490) | 1,134,496 | 8,644,042 | (1,436,498) | 563,081 | (3,039,369) |
| Earned premium | 260,062,482 | 56,482,929 | 445,333,882 | 120,615,086 | 98,720,982 | 981,215,361 |
| Fee and commission income | 33,389,658 | 53,787,759 | 6,912,303 | 9,350,461 | 51,547,545 | 154,987,726 |
| Total underwriting income | 293,452,140 | 110,270,688 | 452,246,185 | 129,965,547 | 150,268,527 | 1,136,203,087 |
| <u>Less</u> Underwriting income | | | | | | |
| - discontinued operations | | | | | | |
| (see Note 42) | (293,452,140) | (110,270,688) | (452,246,185) | (129,965,547) | (150,268,527) | (1,136,203,087) |
| Underwriting income | | | | | | |
| - continued operations | - | - | - | - | - | - |
| Underwriting expenses | | | | | | |
| Insurance claims and loss | | | | | | |
| adjustment expenses | 42,163,908 | 18,050,101 | 288,975,108 | 78,703,976 | 59,882,156 | 487,775,249 |
| Commissions and brokerages | | | | | | |
| expenses | 76,821,133 | 27,489,583 | 78,912,583 | 24,982,288 | 36,441,939 | 244,647,526 |
| Other underwriting expenses | 50,334,392 | 21,734,318 | 28,014,886 | 20,949,417 | 21,734,251 | 142,767,264 |
| Total underwriting expenses | 169,319,433 | 67,274,002 | 395,902,577 | 124,635,681 | 118,058,346 | 875,190,039 |
| <u>Less</u> Underwriting expenses | | | | | | |
| - discontinued operations | | | | | | |
| (see Note 42) | (169,319,433) | (67,274,002) | (395,902,577) | (124,635,681) | (118,058,346) | (875,190,039) |
| Underwriting expenses | | | | | | |
| - continued operations | - | - | - | - | - | - |
| Separate financial statements | | | | | | |
| For the year ended December 31, 2010 | | | | | | |
| | Fire | Marine | Motor | Personal accident | Other miscellaneous | Total |
| | Baht | Baht | Baht | Baht | Baht | Baht |
| Underwriting income | | | | | | |
| Gross premiums written | 474,135,211 | 274,597,944 | 621,922,664 | 202,539,026 | 429,718,642 | 2,002,913,487 |
| <u>Less</u> Premiums ceded | 107,361,419 | 208,632,843 | 34,148,429 | 38,422,596 | 298,886,243 | 687,451,530 |
| Net premiums written | 366,773,792 | 65,965,101 | 587,774,235 | 164,116,430 | 130,832,399 | 1,315,461,957 |
| <u>Less</u> Unearned premium reserve | 32,819,853 | 4,947,434 | 23,597,515 | 42,569,856 | 10,815,502 | 114,750,160 |
| Earned premium | 333,953,939 | 61,017,667 | 564,176,720 | 121,546,574 | 120,016,897 | 1,200,711,797 |
| Fee and commission income | 35,314,506 | 62,979,295 | 10,249,733 | 11,394,560 | 63,289,159 | 183,227,253 |
| Total underwriting income | 369,268,445 | 123,996,962 | 574,426,453 | 132,941,134 | 183,306,056 | 1,383,939,050 |
| <u>Less</u> Underwriting income | | | | | | |
| - discontinued operations | | | | | | |
| (see Note 42) | (369,268,445) | (123,996,962) | (574,426,453) | (132,941,134) | (183,306,056) | (1,383,939,050) |
| Underwriting income | | | | | | |
| - continued operations | - | - | - | - | - | - |
| Underwriting expenses | | | | | | |
| Insurance claims and loss | | | | | | |
| adjustment expenses | 50,768,693 | 16,876,533 | 370,499,516 | 65,767,415 | 87,734,211 | 591,646,368 |
| Commissions and brokerages | | | | | | |
| expenses | 105,309,846 | 34,117,893 | 102,766,324 | 32,145,644 | 49,530,270 | 323,869,977 |
| Other underwriting expenses | 68,516,838 | 21,947,955 | 37,513,704 | 36,269,963 | 33,273,588 | 197,522,048 |
| Total underwriting expenses | 224,595,377 | 72,942,381 | 510,779,544 | 134,183,022 | 170,538,069 | 1,113,038,393 |
| <u>Less</u> Underwriting expenses | | | | | | |
| - discontinued operations | | | | | | |
| (see Note 42) | (224,595,377) | (72,942,381) | (510,779,544) | (134,183,022) | (170,538,069) | (1,113,038,393) |
| Underwriting expenses | | | | | | |
| - continued operations | - | - | - | - | - | - |

25. OPERATING EXPENSES

Operating expenses for the years ended December 31, 2011 and 2010 consist of the following:

| | Consolidated financial statements | | Separate financial statements | |
|--|--------------------------------------|-------------|----------------------------------|---------------|
| | 2011 | 2010 | 2011 | 2010 |
| | Baht | Baht | Baht | Baht |
| Employee benefit expenses, excluded underwriting and loss adjustment expenses | 114,975,045 | 96,281,484 | 86,648,960 | 94,585,417 |
| Premises and equipment expense excluded underwriting expenses | 99,627,985 | 81,391,830 | 69,898,829 | 78,802,673 |
| Taxes and duties | 950,032 | 1,148,650 | 759,438 | 1,134,161 |
| Bad debt and allowance for doubtful account (reversal) | (5,589,338) | 1,327,271 | 158,803 | 52,107 |
| Other operating expense | 73,421,004 | 51,505,657 | 48,270,671 | 49,872,361 |
| Total operating expenses | 283,384,728 | 231,654,892 | 205,736,701 | 224,446,719 |
| Less Operating expenses - discontinued operations (see Note 42) | - | - | (128,812,956) | (162,863,887) |
| Operating expenses - continuing operations | 283,384,728 | 231,654,892 | 76,923,745 | 61,582,832 |

26. PERSONNEL EXPENSES

Personnel expenses for the years ended December 31, 2011 and 2010 consist of the following:

| | Consolidated financial statements | | Separate financial statements | |
|---|--------------------------------------|-------------|----------------------------------|---------------|
| | 2011 | 2010 | 2011 | 2010 |
| | Baht | Baht | Baht | Baht |
| Salary and wage | 153,531,963 | 127,896,895 | 103,983,369 | 125,056,802 |
| Social fund expenses | 4,637,440 | 3,116,401 | 3,200,575 | 2,978,494 |
| Employee Benefit expenses | 8,091,574 | 6,564,473 | 5,097,536 | 6,386,887 |
| Other benefit | 61,523,273 | 49,715,438 | 41,119,965 | 46,873,099 |
| Total personnel expenses | 227,784,250 | 187,293,207 | 153,401,445 | 181,295,282 |
| Less Personnel expenses - discontinued operations | - | - | (104,404,479) | (134,226,703) |
| Personnel expenses - continuing operations | 227,784,250 | 187,293,207 | 48,996,966 | 47,068,579 |

27. GAIN ON INVESTMENT IN SECURITIES

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

| | Consolidated financial statements | | Separate financial statements | |
|---|--------------------------------------|------------|----------------------------------|------------|
| | 2011 | 2010 | 2011 | 2010 |
| | Baht | Baht | Baht | Baht |
| Loss on transfer of investment | (40,271) | - | - | - |
| Gain on sale of available-for-sale securities - ordinary shares | 77,893,263 | 84,515,707 | 77,893,263 | 84,515,707 |
| Gain on sale of available-for-sale securities - debentures | 9,376,169 | - | 9,376,169 | - |
| Gain (loss) on sale of available-for-sale securities - bonds | (1,800) | - | 16,062 | - |
| Gain on sale of available-for-sale securities - other securities | 10,941,175 | 1,853,681 | 10,762,782 | 1,977,502 |
| Gain on sale of available-for-sale securities - warrants | 38,917 | 105,222 | 38,917 | 105,222 |
| Gain on sale of available-for-sale securities - transferable subscription rights | 12,159 | - | 12,159 | - |
| Loss on sale of trading securities - debentures | (110,188) | - | - | - |
| Loss on sale of trading securities - bonds | (162,273) | - | - | - |
| Unrealized loss of trading securities - debentures | - | (154,645) | - | - |
| Unrealized loss of trading securities - bonds | - | (425,055) | - | - |
| Total gain on investment in securities | 97,947,151 | 85,894,910 | 98,099,352 | 86,598,431 |

28. INCOME TAX EXPENSE

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

| | Consolidated financial statements | | Separate financial statements | |
|---|--------------------------------------|--------------|----------------------------------|--------------|
| | 2011 Baht | 2010 Baht | 2011 Baht | 2010 Baht |
| Income tax expense from taxable income per income tax return | 110,836,011 | 87,755,558 | 95,757,458 | 91,052,838 |
| Deferred tax expenses relating to the origination and reversal of temporary differences | (309,519,413) | (38,476,936) | (23,523,872) | (39,307,443) |
| Deferred income taxes related to change in corporate tax rate | 134,523,293 | (19,544,925) | 9,848,010 | (19,544,925) |
| Income tax expense (income) per the statements of comprehensive income | (64,160,109) | 29,733,697 | 82,081,596 | 32,200,470 |
| <u>Less</u> Income tax expenses (income) | | | | |
| - discontinued operations (see Note 42) | - | - | 47,450,798 | (1,437,564) |
| Income tax expense (income) - continuing operation | (64,160,109) | 29,733,697 | 34,630,798 | 33,638,034 |

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

| | Consolidated financial statements | | Separate financial statements | |
|--|--------------------------------------|--------------|----------------------------------|--------------|
| | 2011 Baht | 2010 Baht | 2011 Baht | 2010 Baht |
| Accounting income (loss) before tax | (519,253,190) | 351,391,240 | 377,891,111 | 352,477,589 |
| Income tax at 25% | - | 75,000,000 | - | 75,000,000 |
| Income tax at 30% | (155,775,957) | 15,417,372 | 113,367,333 | 15,743,277 |
| Deferred tax expenses reflect corporate tax change | 134,523,293 | (19,544,925) | 9,848,010 | (19,544,925) |
| Tax effect of non-deductible expenses (benefits) | (42,907,445) | (41,138,750) | (41,133,747) | (38,997,882) |
| Income tax expense (income) per the statements of comprehensive income | (64,160,109) | 29,733,697 | 82,081,596 | 32,200,470 |
| Deferred tax expense relating to the origination and reversal of temporary differences | 309,519,413 | 38,476,936 | 23,523,872 | 39,307,443 |
| Deferred tax expenses relating to reduction in corporate income tax rate | (134,523,293) | 19,544,925 | (9,848,010) | 19,544,925 |
| Income tax expense from taxable income | 110,836,011 | 87,755,558 | 95,757,458 | 91,052,838 |

According to the Royal Decree No. 475 B.E. 2551 issued under the Revenue Code regarding corporate income tax rate deduction effective on August 7, 2008, corporate income tax for listed companies in the Stock Exchange of Thailand has been reduced from 30% to 25% of net profit which does not exceed Baht 300 million. This will remain in effect for three consecutive accounting periods beginning on or after January 1, 2008 and not beyond the 2010 accounting period ending on December 31, 2010.

Therefore, the Company used tax rates of 25% and 30% for corporate income tax calculation for the year ended December 31, 2010 to conform to such tax rate change and used tax rate of 30% for corporate income tax calculation for the year ended December 31, 2011.

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

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 and subsidiary used tax rate of 30% for calculation of deferred tax for the year ended December 31, 2010 and both 20% and 23% for calculation of deferred tax for the year ended December 31, 2011 (see Notes 14 and 20)

29. BASIC EARNINGS PER SHARE

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

| | Consolidated financial statements | | Separate financial statements | |
|--|--------------------------------------|--------------|----------------------------------|--------------|
| | 2011 Baht | 2010 Baht | 2011 Baht | 2010 Baht |
| Gain (loss) from continuing and discontinued operations | | | | |
| Net profit (loss) (Baht) | (455,093,081) | 321,657,543 | 295,809,515 | 320,277,119 |
| Issued and paid-up share capital (shares) | 250,000,000 | 250,000,000 | 250,000,000 | 250,000,000 |
| Basic earnings (loss) per share (Baht) | (1.82) | 1.29 | 1.18 | 1.28 |
| | | | | |
| | Consolidated financial statements | | Separate financial statements | |
| | 2011 Baht | 2010 Baht | 2011 Baht | 2010 Baht |
| Gain (loss) from continuing operations | | | | |
| Profit (loss) from continuing operations (Baht) | (455,093,081) | 321,657,543 | 218,547,182 | 219,629,854 |
| Issued and paid-up share capital (shares) | 250,000,000 | 250,000,000 | 250,000,000 | 250,000,000 |
| Basic earnings (loss) per share (Baht) | (1.82) | 1.29 | 0.87 | 0.88 |

30. TRANSACTIONS WITH RELATED PARTIES

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

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

| Companies | Relationship | Type of Business |
|---|--|-------------------------------|
| 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. (Formerly Ayudhya Fund 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 |
| Ayudhya Auto Lease Co., Ltd. | Some common shareholders | Leasing |
| Ayudhya Capital Lease Plc. | Some common shareholders | Leasing |
| Siam City Cement Plc. | Some common shareholders and directors | Manufacturing |
| Bangkok Broadcasting & T.V. Co., Ltd. | Some common shareholders and director | Television Business |
| Great Luck Equity Co., Ltd. | Some common shareholders | Advertising |
| Super Asset Co., Ltd. | Some common shareholders | Investments |
| BBTV Equity Co., Ltd. | Some common shareholders | Office Space Rental |
| CKS Holding Ltd. | Some common shareholders | Investments |
| Sunrise Equity Co., Ltd. | Some common shareholders | Consulting |
| Thai Reinsurance Plc. | Some common shareholders and directors | Reinsurance |
| Ayudhya Allianz C.P. Life Plc. | Some common shareholders and directors | Life Insurance |
| Hyla (Thailand) Co., Ltd. | Some common shareholders and directors | Selling Electrical Appliances |
| Grand Canal Land Public Co., Ltd. | Some common shareholders | Advertising |
| Ayudhya Asset Management Co., Ltd. | Some common shareholders | Asset Management |
| Siam Realty and Services Co., Ltd. | Some common shareholders | Services |
| Krungsri Factoring Co., Ltd. (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 |
| Nirvana Co., Ltd. | Some common shareholders and directors | Training and Computer Sales |

30.1 Investments

As at December 31, 2011

| Companies | Consolidated and separate financial statements | | | |
|--|--|--------------|--------------------|-------------------|
| | Paid-up share capital | Shareholding | Investment | Dividend |
| | Baht | % | Baht | Baht |
| Investment - ordinary shares | | | | |
| Bank of Ayudhya Plc | 60,741,437,470 | 0.01 | 6,184,560 | 197,680 |
| Krungsri Securities Plc. (Formerly Ayudhya Securities Plc.) | 600,000,000 | 0.43 | 3,166,660 | - |
| Sunrise Equity Co., Ltd. | 9,970,000,000 | 5.43 | 546,136,660 | 60,184,260 |
| Siam City Cement Plc. | 2,300,000,000 | 0.13 | 76,987,200 | 3,600,000 |
| Ayudhya Allianz C.P. Life Plc. | 2,950,000,000 | 5.82 | 217,144,558 | - |
| | | | <u>849,619,638</u> | <u>63,981,940</u> |

| Companies | Consolidated and separate financial statements | |
|---|---|-------------------|
| | Investment | Dividend |
| | Baht | Baht |
| Investment - unit trusts | | |
| Unit trusts managed by Krungsri Asset Management Co., Ltd. (Formerly Ayudhya Fund Management Co., Ltd.) | | |
| - Krungsri Medium Term Fixed Income Dividend Fund | 447,757,866 | 5,191,141 |
| - Krungsri Medium Term Fixed Income Fund | 144,918,932 | - |
| - Krungsri Dividend Stock Fund | 25,802,600 | 1,000,000 |
| - Krungsri Dynamic Dividend Fund | 11,667,960 | 1,752,000 |
| - Krungsri Flexible Dividend Fund | 90,023,514 | 22,802,714 |
| - Krungsri Financial Focus Dividend Fund | 6,780,481 | 601,094 |
| - Krungsri-AllianzGI Oriental Flexible Fund | 26,447,228 | - |
| - Krungsri-AllianzGI Global High Payout Fund | 15,430,148 | - |
| | <u>768,828,729</u> | <u>31,346,949</u> |

As at December 31, 2010

| Companies | Consolidated and separate financial statements | | | |
|--|--|--------------|--------------------|-------------------|
| | Paid-up share capital | Shareholding | Investment | Dividend |
| | Baht | % | Baht | Baht |
| Investment - ordinary shares | | | | |
| Bank of Ayudhya Plc. | 60,741,437,740 | 0.01 | 7,201,200 | 112,960 |
| Krungsri Securities Plc. (Formerly Ayudhya Securities Plc.) | 600,000,000 | 0.43 | 3,166,660 | - |
| Sunrise Equity Co., Ltd. | 9,970,000,000 | 5.48 | 546,136,660 | 54,613,666 |
| Siam City Cement Plc. | 2,375,000,000 | 0.13 | 69,600,000 | 8,990,000 |
| Ayudhya Allianz C.P. Life Plc. | 2,950,000,000 | 5.82 | 217,144,558 | - |
| | | | <u>843,249,078</u> | <u>63,716,626</u> |

| Companies | | Investment | Dividend |
|---|--|--------------------|-------------------|
| | | Baht | Baht |
| Investment - unit trusts | | | |
| Unit trusts managed by | | | |
| Krungsri Asset Management Co., Ltd. | | | |
| (Formerly Ayudhya Fund Management Co., Ltd.) | | | |
| - Krungsri Medium Term Fixed Income Dividend Fund | | 442,469,941 | 4,619,235 |
| - Krungsri Medium Term Fixed Income Fund | | 141,472,980 | - |
| - Krungsri Cash Plus Fund | | 75,849,153 | - |
| - Krungsri Dividend Stock Fund | | 27,864,400 | 4,600,000 |
| - Krungsri Dynamic Dividend Fund | | 12,150,840 | 2,400,000 |
| - Krungsri Flexible Dividend Fund | | 112,393,376 | 9,201,095 |
| - Krungsri Financial Focus Dividend Fund | | 7,298,209 | 1,073,382 |
| - Krungsri Money Fund | | 134,183,726 | - |
| - Krungsri-AllianzGI Oriental Flexible Fund | | 27,939,802 | - |
| - Krungsri-AllianzGI Global High Payout Fund | | 15,513,892 | - |
| | | <u>997,136,319</u> | <u>21,893,712</u> |
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30.2 Significant balances and transactions are as follows:

| | Consolidated financial statements | | Separate financial statements | |
|--|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|
| | As at December 31, 2011 Baht | As at December 31, 2010 Baht | As at December 31, 2011 Baht | As at December 31, 2010 Baht |
| Bank deposits | | | | |
| Bank of Ayudhya Plc. | 1,370,263,501 | 162,187,918 | 805,315,644 | 152,808,552 |
| Premium due and uncollected | | | | |
| Ayudhya Development Leasing Co., Ltd. | - | 361,125 | - | 361,125 |
| Krungsri Securities Plc. (Formerly Ayudhya Securities Plc.) | 72,287 | 49,946 | - | 49,946 |
| Bank of Ayudhya Plc. | 966,337 | 601,313 | - | 601,313 |
| Krungsri Asset Management Co., Ltd. (Formerly Ayudhya Fund Management Co., Ltd.) | 25,224 | 33,433 | - | 33,433 |
| Bangkok Broadcasting & T.V. Co., Ltd. | 1,710,823 | 108,441 | - | 108,441 |
| BBTV Equity Co., Ltd. | - | 16,006 | - | 16,006 |
| Siam City Cement Plc. | 657,788 | 2,935,893 | - | 2,935,893 |
| Ayudhya Allianz C.P. Life Plc. | 42,544 | 958,940 | - | 958,940 |
| Ayudhya Asset Management Co., Ltd. | 620,338 | 756,754 | - | 756,754 |
| Siam Realty and Services Co., Ltd. | 85,287 | 76,533 | - | 76,533 |
| Krungsriayudhya Card Co., Ltd. | 415,048 | 3,498,167 | - | 3,498,167 |
| Ayudhya Capital Auto Lease Plc. | 339,015 | 238,799 | - | 238,799 |
| Grand Canal Land Plc. | 357,198 | 357,198 | - | 357,198 |
| | <u>5,291,889</u> | <u>9,992,548</u> | <u>-</u> | <u>9,992,548</u> |
| Investment in subsidiary (see Note 10) | | | | |
| Sri Ayudhya General Insurance Plc. (Formerly BT Insurance Co., Ltd.) | - | - | 1,223,578,981 | 331,316,041 |
| Due from subsidiary - bonds (see Note 11) | | | | |
| Sri Ayudhya General Insurance Plc. (Formerly BT Insurance Co., Ltd.) | - | - | - | 895,679,719 |
| Accrued interest income | | | | |
| Bank of Ayudhya Plc. | 1,539,458 | 1,546,733 | 1,027,937 | 1,544,205 |
| Siam City Cement Plc. | - | 197,260 | - | 197,260 |
| Ayudhya Capital Auto Lease Plc. | - | 2,441,367 | - | 2,441,367 |
| | <u>1,539,458</u> | <u>4,185,360</u> | <u>1,027,937</u> | <u>4,182,832</u> |
| Accrued income | | | | |
| Sri Ayudhya General Insurance Plc. (Formerly BT Insurance Co., Ltd.) | - | - | 1,369,908 | - |
| Rental and facilities deposits | | | | |
| BBTV Equity Co., Ltd. | 5,686,493 | 4,589,393 | 4,589,393 | 4,589,393 |
| Siam City Cement Plc. | 36,000 | 36,000 | 36,000 | 36,000 |
| | <u>5,722,493</u> | <u>4,625,393</u> | <u>4,625,393</u> | <u>4,625,393</u> |
| Financial lease liabilities | | | | |
| Ayudhya Capital Auto Lease Plc. | - | 1,190,150 | - | 1,190,150 |
| Accrued interest of financial lease | | | | |
| Ayudhya Capital Auto Lease Plc. | - | 4,951 | - | 4,951 |

| | Consolidated financial statements | | Separate financial statements | |
|---|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|
| | As at December 31, 2011 Baht | As at December 31, 2010 Baht | As at December 31, 2011 Baht | As at December 31, 2010 Baht |
| Accrued expense - management fee | | | | |
| Krungsri Securities Plc. | | | | |
| (Formerly Ayudhya Securities Plc.) | 40,042 | 42,571 | 40,042 | 42,571 |
| Accrued expense - custodian fee | | | | |
| Bank of Ayudhya Plc. | 19,239 | 14,137 | 8,546 | 14,137 |
| Accrued expense - commissions and brokerages | | | | |
| Bank of Ayudhya Plc. | 12,944,831 | 12,704,198 | - | 12,704,198 |
| Accrued expense - other underwriting expenses | | | | |
| Bank of Ayudhya Plc. | 6,180,003 | 10,053,512 | - | 10,053,512 |
| Accrued expense - other operating expenses | | | | |
| Sri Ayudhya General Insurance Plc. | | | | |
| (Formerly BT Insurance Co., Ltd.) | - | - | 11,820,911 | - |
| Premium written | | | | |
| Ayudhya Development Leasing Co., Ltd. | 35,909 | 486,509 | 35,909 | 486,509 |
| Ayudhya Auto Lease Plc. | 5,058 | 22,285 | 5,058 | 22,285 |
| Krungsri Securities Plc. | | | | |
| (Formerly Ayudhya Securities Plc.) | 72,635 | 174,285 | 5,347 | 174,285 |
| Bank of Ayudhya Plc. | 17,501,164 | 21,028,673 | 16,496,133 | 21,028,673 |
| Krungsri Asset Management Co., Ltd. | | | | |
| (Formerly Ayudhya Fund | | | | |
| Management Co., Ltd.) | 1,423,422 | 1,640,508 | 1,269,156 | 1,640,508 |
| Bangkok Broadcasting & T.V. Co., Ltd. | 7,573,599 | 7,977,423 | 6,010,628 | 7,977,423 |
| Super Assets Co., Ltd. | 85,144 | 73,903 | 58,194 | 73,903 |
| BBTV Equity Co., Ltd. | 997,768 | 1,029,055 | - | 1,029,055 |
| Siam City Cement Plc. | 76,778,053 | 66,800,601 | 66,149,013 | 66,800,601 |
| CKS Holding Co., Ltd. | 13,642 | 33,198 | 13,642 | 33,198 |
| Great Luck Equity Co., Ltd. | 57,823 | 63,780 | 57,823 | 63,780 |
| Thai Reinsurance Plc. | - | 5,667,630 | - | 5,667,630 |
| PrimaVest Asset Management Co., Ltd. | - | (1,633) | - | (1,633) |
| Ayudhya Allianz C.P. Life Plc. | 43,189 | 1,835,417 | 3,590 | 1,835,417 |
| Grand Canal Land Plc. | 332,500 | 860,171 | - | 860,171 |
| Ayudhya Asset Management Co., Ltd. | 2,934,746 | 4,476,282 | 2,252,019 | 4,476,282 |
| Siam Realty and Services Co., Ltd. | 1,261,485 | 1,265,008 | 990,789 | 1,265,008 |
| Krungsri Factoring Co., Ltd. | | | | |
| (formerly Ayudhya Factoring Co., Ltd.) | 4,300 | 4,300 | 4,300 | 4,300 |
| Ayudhya Capital Auto Lease Plc. | 350,573 | 260,589 | 35,000 | 260,589 |
| Krungsriayudhya Card Co., Ltd. | 753,902 | 6,948,572 | 367,553 | 6,948,572 |
| | <u>110,224,912</u> | <u>120,646,556</u> | <u>93,754,154</u> | <u>120,646,556</u> |
| Premium Ceded | | | | |
| Thai Reinsurance Plc. | - | 52,098,365 | - | 52,098,365 |

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

| | Consolidated financial statements | | Separate financial statements | |
|-----------------------------|--------------------------------------|-------------|----------------------------------|-------------|
| | For the years ended | | For the years ended | |
| | December 31, | | December 31, | |
| | 2011 | 2010 | 2011 | 2010 |
| | Baht | Baht | Baht | Baht |
| Commissions and brokerages | | | | |
| Bank of Ayudhya Plc. | 122,242,826 | 121,507,923 | 91,754,243 | 121,507,923 |
| Other underwriting expenses | | | | |
| Bank of Ayudhya Plc. | 65,665,992 | 73,234,149 | 48,895,110 | 73,234,149 |

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.

| | Consolidated financial statements | | Separate financial statements | |
|---|--------------------------------------|-------------------|----------------------------------|-------------------|
| | For the years ended | | For the years ended | |
| | December 31, | | December 31, | |
| | 2011 | 2010 | 2011 | 2010 |
| | Baht | Baht | Baht | Baht |
| Interest income | | | | |
| Bank of Ayudhya Plc. | 7,608,136 | 12,844,094 | 4,645,149 | 12,839,964 |
| Siam City Cement Plc. | 334,247 | 4,500,000 | 334,247 | 4,500,000 |
| Ayudhya Capital Auto Lease Plc. | 525,363 | 10,179,753 | 525,363 | 10,179,753 |
| | <u>8,467,746</u> | <u>27,523,847</u> | <u>5,504,759</u> | <u>27,519,717</u> |
| Other income | | | | |
| Sri Ayudhya General Insurance Plc. (Formerly BT Insurance Co., Ltd.) | 15,864,391 | - | 15,864,391 | - |
| Interest expense | | | | |
| Bank of Ayudhya Plc. | 407 | 789 | 407 | 789 |
| Ayudhya Capital Auto Lease Plc | 32,364 | 88,659 | 32,364 | 88,659 |
| | <u>32,771</u> | <u>89,448</u> | <u>32,771</u> | <u>89,448</u> |

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 other customers.

| | Consolidated financial statements | | Separate financial statements | |
|------------------------------|--------------------------------------|---------|----------------------------------|---------|
| | For the years ended | | For the years ended | |
| | December 31, | | December 31, | |
| | 2011 | 2010 | 2011 | 2010 |
| | Baht | Baht | Baht | Baht |
| Commission paid | | | | |
| Ayudhya Securities Plc. | 480,622 | 825,531 | 480,622 | 825,531 |
| Management fee | | | | |
| Ayudhya Securities Plc. | 495,907 | 435,621 | 495,907 | 435,621 |
| Custodian fee | | | | |
| Bank of Ayudhya Plc. | 216,997 | 157,513 | 140,812 | 157,513 |
| Purchase of office equipment | | | | |
| Nirvana Co., Ltd. | - | 27,061 | - | 27,061 |

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

| | Consolidated | | Separate | |
|---|----------------------|------------|----------------------|------------|
| | financial statements | | financial statements | |
| | For the years ended | | For the years ended | |
| | December 31, | | December 31, | |
| | 2011 | 2010 | 2011 | 2010 |
| | Baht | Baht | Baht | Baht |
| Rental and service expenses | | | | |
| BBTV Equity Co., Ltd. | 18,227,400 | 14,570,400 | 14,570,400 | 14,570,400 |
| Siam City Cement Plc. | 96,000 | 144,000 | 96,000 | 144,000 |
| Sri Ayudhya General Insurance Plc. (Formerly BT Insurance Co., Ltd.) | - | - | 75,000 | - |

The Company has office rental, equipment rental and service agreements with related companies for a term of 3 years. The rental rates and conditions are the same as the related parties offer to other companies (see Note 38).

The above related transactions with Thai Reinsurance Plc. related to the Company by virtue of having common director were shown by end of March 31, 2010. Since April 2010, the Company had no any common director with such company, so it's no longer the related company.

31. DIRECTORS AND KEY MANAGEMENT PERSONNEL'S REMUNERATION

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

| | Consolidated | | Separate | |
|--|----------------------|------------|----------------------|------------|
| | financial statements | | financial statements | |
| | 2011 | 2010 | 2011 | 2010 |
| | Baht | Baht | Baht | Baht |
| | | | | |
| Directors and key management personnel's remuneration | 41,464,607 | 34,595,723 | 35,291,045 | 33,193,928 |

Directors' remuneration for the years 2011 and 2010 were approved by the ordinary shareholders' meeting of the Company held on April 20, 2011 and 2010, respectively.

32. DIVIDENDS

- 32.1 On April 20, 2010, the ordinary shareholders' meeting passed a resolution to pay an annual dividend for the year 2009 of Baht 1.00 per share. The Company had paid an interim dividend for the operation result from January 1, to June 30, 2009 at Baht 0.50 per share, which was paid on September 18, 2009. The remaining portion of the annual dividend of Baht 0.50 per share, which was paid from the second half of year 2009 operating result for 250 million shares, totaling Baht 125 million, was paid on April 28, 2010.
- 32.2 On August 20, 2010, the Board of Directors' meeting passed a resolution to pay an interim dividend for the operation result from January 1, to June 30, 2010 for 250 million shares at Baht 0.50 per share, totaling Baht 125 million. Such dividend was paid on September 17, 2010.
- 32.3 On April 20, 2011, the ordinary shareholders' meeting of the Company passed a resolution to pay an annual dividend for the year 2010 of Baht 1.20 per share. The Company had paid an interim dividend for the operating result from January 1, to June 30, 2010 at Baht 0.50 per share, which was paid on September 17, 2010. The remaining portion of the annual dividend of Baht 0.70 per share paid from the second half of year 2010 operating result for 250 million shares, totaling Baht 175 million, was paid on April 27, 2011.
- 32.4 On August 19, 2011, the Board of Directors' meeting passed a resolution to pay an interim dividend for the operation result from January 1, to June 30, 2011 for 250 million shares at Baht 0.50 per share, totaling Baht 125 million. Such dividend was paid on September 16, 2011.

33. PROVIDENT FUND

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

For the years ended December 31, 2011 and 2010, the Company's and its subsidiary contributions recorded as expenses were Baht 5.94 million and Baht 5.96 million, respectively (Company: Baht 3.50 million and Baht 5.73 million, respectively).

34. DEPOSITS WITH THE REGISTRAR

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

| | Consolidated | | Separate | |
|----------------|----------------------|-------------|----------------------|-------------|
| | financial statements | | financial statements | |
| | 2011 | 2010 | 2011 | 2010 |
| | Baht | Baht | Baht | Baht |
| Bonds | 162,740,826 | 109,739,000 | 110,686,698 | 109,739,000 |
| Treasury Bills | 29,704,842 | - | 29,704,842 | - |
| Bank deposit | 28,000,000 | 56,506,690 | 14,000,000 | 14,000,000 |
| Total | 220,445,668 | 166,245,690 | 154,391,540 | 123,739,000 |

On January 13, 2012, the Company submitted to return deposits with the registrar from the Insurance Act and the Notification of the Office of Insurance Commission because the Company has returned non-life insurance license on October 17, 2011 and such license has expired since December 20, 2011.

35. BACKUP ASSETS

As at December 31, 2011 and 2010, the Company and its subsidiary have deposited certain investments with two banks used for the Company and its subsidiary's backup assets according to the Notification of the Office of Insurance Commission regarding "Asset allocation for liabilities and commitment of insurance contract and asset deposition at financial institution B.E. 2551" which indicates the Company and its subsidiary to start having the backup assets from April 1, 2009, onward (see Note 8). The backup assets are as follows:

| | Consolidated | | Separate | |
|-----------------|----------------------|---------------|----------------------|-------------|
| | financial statements | | financial statements | |
| | 2011 | 2010 | 2011 | 2010 |
| | Baht | Baht | Baht | Baht |
| Bonds | 1,325,381,510 | 538,784,697 | - | 249,725,020 |
| Debentures | 125,361,587 | 679,568,443 | - | 633,016,020 |
| Notes | 25,500,000 | 52,000,000 | - | - |
| Ordinary shares | 281,590 | - | - | - |
| Unit trusts | 20,141,428 | 30,227,348 | - | - |
| Bank deposit | 50,000,000 | 20,157,423 | - | - |
| Total | 1,546,666,115 | 1,320,737,911 | - | 882,741,040 |

36. CONTRIBUTION TO NON-LIFE GUARANTEE FUND

The Company and its subsidiary have accumulated funding amount which were paid into contribution to non-life guarantee fund as at December 31, 2011 and 2010 amounting to Baht 12.90 million and Baht 7.64 million, respectively (Company: Baht 9.51 million and Baht 6.31 million, respectively).

37. CONTINGENT LIABILITIES

As at December 31, 2011 and 2010, lawsuits have been brought against the Company and its subsidiary, as insurer, from which the Company and its subsidiary estimates losses totaling Baht 94.71 million and Baht 83.58 million, respectively, (Company : Baht 85.48 million and Baht 82.38 million, respectively). Such amount has been set aside in the loss reserve and outstanding claims accounts. The Company's management does not expect the outcome of the litigation to result in losses that differ from the recorded liability by amounts that would be material to the Company's operating results, liquidity or financial status.

38. LONG-TERM LEASES AND SERVICE AGREEMENTS

Long-term leases and service agreements as at December 31, 2011 and 2010 consist of the following:

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

| Type of lease | Consolidated financial statements | | |
|-----------------------------|-----------------------------------|-----------------------------------|---|
| | As at December 31, 2010 | | |
| | Remaining periods | | Total rental |
| | Within 1 year Baht | Over 1 year to 5 years Baht | payments for the remaining periods Baht |
| Building | | | |
| - related companies | 3,921,290 | 45,500 | 3,966,790 |
| - others | 4,374,078 | 2,745,705 | 7,119,783 |
| Service - related company | 2,986,460 | - | 2,986,460 |
| Equipment - related company | 3,543,280 | - | 3,543,280 |
| | <u>14,825,108</u> | <u>2,791,205</u> | <u>17,616,313</u> |

| Type of lease | Separate financial statements | | |
|-----------------------------|-------------------------------|-----------------------------------|---|
| | As at December 31, 2010 | | |
| | Remaining periods | | Total rental |
| | Within 1 year Baht | Over 1 year to 5 years Baht | payments for the remaining periods Baht |
| Building | | | |
| - related companies | 2,777,460 | -2,777,460 | |
| - others | 4,374,078 | 2,745,705 | 7,119,783 |
| Service - related company | 2,657,460 | - | 2,657,460 |
| Equipment - related company | 3,543,280 | - | 3,543,280 |
| | <u>13,352,278</u> | <u>2,745,705</u> | <u>16,097,983</u> |

39. DISCLOSURE OF FINANCIAL INSTRUMENTS

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

39.1 Accounting policies

Details of significant accounting policies and methods adopted, including criteria for recognition of revenues and expenses relating to financial assets and financial liabilities are disclosed in Note 4.

39.2 Credit risk

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

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

39.3 Interest rate risk

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

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

| | Consolidated financial statements | | | |
|--|-----------------------------------|--------------------------------|-----------------------------------|--------------------------------|
| | Balance as at December 31, | | | |
| | 2011 | | 2010 | |
| | Variable interest rate Baht | Fixed interest rate Baht | Variable interest rate Baht | Fixed interest rate Baht |
| Investment in securities | | | | |
| Government and state enterprise securities | | | | |
| Government bonds | - | 558,361,538 | - | 526,442,864 |
| State enterprise bonds | - | 284,426,824 | - | 535,579,206 |
| Treasury bills | - | 137,719,736 | - | - |
| Private enterprise debt securities | | | | |
| Notes | - | 55,500,000 | - | 142,000,000 |
| Debentures | - | 150,662,064 | - | 760,851,902 |
| Cash deposits at financial institution | | | | |
| Cash at bank | 1,419,329,983 | 186,238,386 | 356,726,136 | 358,438,811 |
| Fixed deposit used as collateral | - | 128,000,000 | 557,423 | 105,997,407 |
| Foreign debt securities | | | | |
| Bonds | - | 700,143,341 | - | 703,678,624 |
| Debenture | - | 4,711,239 | - | - |
| Total | <u>1,419,329,983</u> | <u>2,205,763,128</u> | <u>357,283,559</u> | <u>3,132,998,814</u> |

| Separate financial statements | | | | |
|--|---------------|---------------|---------------|---------------|
| Balance as at December 31, | | | | |
| | 2011 | | 2010 | |
| | Variable | Fixed | Variable | Fixed |
| | interest rate | interest rate | interest rate | interest rate |
| | Baht | Baht | Baht | Baht |
| Investment in securities | | | | |
| Government and state enterprise securities | | | | |
| Government bonds | - | 427,343,108 | - | 414,564,320 |
| State enterprise bonds | - | - | - | 189,633,034 |
| Treasury bills | - | 29,704,841 | - | - |
| Private enterprise debt securities | | | | |
| Notes | - | 30,000,000 | - | 80,000,000 |
| Debentures | - | 132,608,844 | - | 714,299,479 |
| Cash deposits at financial institution | | | | |
| Cash at bank | 888,346,450 | 50,461,684 | 301,535,954 | 303,248,953 |
| Fixed deposit used as collateral | - | 44,000,000 | - | 44,000,000 |
| Total | 888,346,450 | 714,118,477 | 301,535,954 | 1,745,745,786 |

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

As at December 31, 2011

| Consolidated financial statements | | | | | |
|--|---|-------------|--------------|---------------|---------------|
| | Period specified for fixing new interest rate | | | | Average |
| | Within 1 year | 1-5 years | Over 5 years | Total | interest rate |
| | Baht | Baht | Baht | Baht | % |
| Investment in securities | | | | | |
| Government and state enterprise securities | | | | | |
| Government bonds | - | 244,814,132 | 313,547,406 | 558,361,538 | 3.37 |
| State enterprise bonds | 175,357,883 | 109,068,941 | - | 284,426,824 | 2.99 |
| Treasury bills | 137,719,736 | - | - | 137,719,736 | 3.08 |
| Private enterprise debt securities | | | | | |
| Notes | 23,000,000 | 32,500,000 | - | 55,500,000 | 2.84 |
| Debentures | 12,568,635 | 138,093,429 | - | 150,662,064 | 5.12 |
| Cash deposits at financial institution | | | | | |
| Cash at banks | 181,834,327 | 4,404,059 | - | 186,238,386 | 2.79 |
| Fixed deposit used as collateral | 128,000,000 | - | - | 128,000,000 | 2.26 |
| Foreign debt securities | | | | | |
| Bonds | 299,637,789 | 400,505,552 | - | 700,143,341 | 3.96 |
| Debentures | - | 4,711,239 | - | 4,711,239 | 3.85 |
| Total | 958,118,370 | 934,097,352 | 313,547,406 | 2,205,763,128 | |

| Separate financial statements | | | | | |
|--|---|-------------|--------------|-------------|---------------|
| | Period specified for fixing new interest rate | | | Average | |
| | Within 1 year | 1-5 years | Over 5 years | Total | interest rate |
| | Baht | Baht | Baht | Baht | % |
| Investment in securities | | | | | |
| Government and state enterprise securities | | | | | |
| Government bonds | - | 171,947,188 | 255,395,920 | 427,343,108 | 3.51 |
| Treasury bills | 29,704,841 | - | - | 29,704,841 | 3.10 |
| Private enterprise debt securities | | | | | |
| Notes | - | 30,000,000 | - | 30,000,000 | 3.00 |
| Debentures | - | 132,608,844 | - | 132,608,844 | 5.22 |
| Cash deposits at financial institution | | | | | |
| Cash at banks | 50,461,684 | - | - | 50,461,684 | 2.65 |
| Fixed deposit used as collateral | 44,000,000 | - | - | 44,000,000 | 2.00 |
| Total | 124,166,525 | 334,556,032 | 255,395,920 | 714,118,477 | |

As at December 31, 2010

| Consolidated financial statements | | | | | |
|--|---|---------------|--------------|---------------|---------------|
| | Period specified for fixing new interest rate | | | Average | |
| | Within 1 year | 1-5 years | Over 5 years | Total | interest rate |
| | Baht | Baht | Baht | Baht | % |
| Investment in securities | | | | | |
| Government and state enterprise securities | | | | | |
| Government bonds | 20,611,301 | 139,518,379 | 366,313,184 | 526,442,864 | 3.85 |
| State enterprise bonds | 394,269,195 | 141,310,011 | - | 535,579,206 | 1.94 |
| Private enterprise debt securities | | | | | |
| Notes | 86,500,000 | 55,500,000 | - | 142,000,000 | 2.05 |
| Debentures | 216,416,788 | 541,146,596 | 3,288,518 | 760,851,902 | 4.45 |
| Cash deposits at financial institution | | | | | |
| Cash at banks | 358,400,690 | 38,121 | - | 358,438,811 | 1.50 |
| Fixed deposit used as collateral | 105,997,407 | - | - | 105,997,407 | 1.83 |
| Foreign debt securities | | | | | |
| Bonds | - | 703,678,624 | - | 703,678,624 | 3.87 |
| Total | 1,182,195,381 | 1,581,191,731 | 369,601,702 | 3,132,988,814 | |

| Separate financial statements | | | | | |
|--|---|-------------|--------------|---------------|---------------|
| | Period specified for fixing new interest rate | | | Average | |
| | Within 1 year | 1-5 years | Over 5 years | Total | interest rate |
| | Baht | Baht | Baht | Baht | % |
| Investment in securities | | | | | |
| Government and state enterprise securities | | | | | |
| Government bonds | - | 139,518,380 | 275,045,940 | 414,564,320 | 3.49 |
| State enterprise bonds | 189,633,034 | - | - | 189,633,034 | 1.10 |
| Private enterprise debt securities | | | | | |
| Notes | 50,000,000 | 30,000,000 | - | 80,000,000 | 1.91 |
| Debentures | 204,096,300 | 510,203,179 | - | 714,299,479 | 4.53 |
| Cash deposits at financial institution | | | | | |
| Cash at banks | 303,248,953 | - | - | 303,248,953 | 1.51 |
| Fixed deposit used as collateral | 44,000,000 | - | - | 44,000,000 | 1.03 |
| Total | 790,978,287 | 679,721,559 | 275,045,940 | 1,745,745,786 | |

39.4 Estimated fair value of financial instruments

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

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

| | Consolidated financial statements | | | |
|---|-----------------------------------|--------------------|------------------------|--------------------|
| | 2011 | | 2010 | |
| | Carrying Value Baht | Fair Value Baht | Carrying Value Baht | Fair Value Baht |
| Financial assets | | | | |
| Cash and deposits at financial institutions | 1,843,962,098 | 1,843,762,509 | 830,195,707 | 829,989,178 |
| Stocks | 1,030,136,044 | 1,461,101,765 | 1,178,473,558 | 1,262,384,088 |
| Other securities – unit trusts | 1,736,551,176 | 1,736,537,062 | 1,978,393,489 | 1,978,377,589 |
| Notes | 55,500,000 | 55,273,388 | 142,000,000 | 142,102,381 |
| | | | | |
| | Separate financial statements | | | |
| | 2011 | | 2010 | |
| | Carrying Value Baht | Fair Value Baht | Carrying Value Baht | Fair Value Baht |
| Financial assets | | | | |
| Cash and deposits at financial institutions | 990,346,820 | 990,343,332 | 657,081,009 | 657,063,008 |
| Stocks | 1,028,925,074 | 1,456,292,587 | 1,177,262,588 | 1,259,405,952 |
| Other securities – unit trusts | 1,676,178,735 | 1,676,164,621 | 1,908,029,885 | 1,908,013,985 |
| Notes | 30,000,000 | 29,815,674 | 80,000,000 | 80,102,381 |

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

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

40. SEGMENT INFORMATION

Management considers that the Company and its subsidiary 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.

41. COMMITMENT

41.1 As at December 31, 2011 and 2010, the Company and its subsidiary had a capital commitment to pay computer program development expenses in the amount of approximately Baht 22.51 million and Baht 28.03 million, respectively (Company: 2010 Baht 28.30 million).

41.2 On August 15, 2011, the Company entered into purchase share capital agreement of Ayudhya Allianz C.P. Life Public Company Limited from existing shareholders of 17,265,108 shares or 5.85% of paid up share capital of Ayudhya Allianz C.P. Life Public Company Limited at Baht 30 per share, totaling Baht 370.11 million. As such, the Company has 34,428,086 shares or 11.67% of paid up share capital of such company. On January 18, 2012, the Company paid such share price to the existing shareholders.

42. DISCONTINUED OPERATIONS

On September 1, 2011, the Company and its subsidiary entered into the Transfer of Business Agreement to transfer all insurance policy including assets and liabilities relating to non-life insurance operation to the subsidiary. On October 1, 2011, the Company has transferred all insurance policies including assets and liabilities relating to non-life insurance operation to its subsidiary which the business has completely transferred by the December 2011 (see Note 1.1).

The related transactions of non-life insurance operations in the separate statement of comprehensive income for the year ended December 31, 2011 of the Company have been presented as profit from discontinued operations. The separate statements of comprehensive income and cash flows for the year ended December 31, 2010, presented herein for comparison, have also been presented as profit from discontinued operations for non-life insurance operations of the Company which were previously presented as part of the Company's continuing operations.

The presentation of the separate statements of comprehensive income for the discontinued operations and cash flows for the discontinued operations for the years ended December 31, 2011 and 2010 are detailed as below:

| | Note | Separate financial statements | |
|---|------|-------------------------------------|--------------------|
| | | 2011 Baht | 2010 Baht |
| Profit from discontinued operations | | | |
| Net premium earned | 24 | 981,215,361 | 1,200,711,797 |
| Fee and commission income | 24 | 154,987,726 | 183,227,253 |
| Total revenues | | 1,136,203,087 | 1,383,939,050 |
| Losses incurred insurance claims and loss adjustment expenses | 24 | 487,775,249 | 591,646,368 |
| Commissions and brokerages expenses | 24 | 244,647,526 | 323,869,977 |
| Other underwriting expenses | 24 | 142,767,264 | 197,522,048 |
| Operating expenses | 25 | 128,812,956 | 162,863,887 |
| Total Underwriting Expenses | | 1,004,002,995 | 1,275,902,280 |
| Profit on under writing | | 132,200,092 | 108,036,770 |
| Net investment income | | 75,553 | 86,554 |
| Contribution to the Office of Insurance Commission | | 4,148,436 | 5,268,767 |
| Contribution to Non - life guarantee fund | | 3,192,494 | 3,335,954 |
| Contribution to Road victims protection fund | | 221,584 | 308,902 |
| Income before income tax expense | | 124,713,131 | 99,209,701 |
| Income tax - expense (income) | 28 | 47,450,798 | (1,437,564) |
| Net income from discontinued operations | | 77,262,333 | 100,647,265 |
| | | | |
| | | Separate financial statements | |
| | | For the years ended December 31, | |
| | | 2011 Baht | 2010 Baht |
| Cash flows from discontinued operations | | | |
| Cash provided by operating activities | | 258,847,782 | 362,406,335 |
| Cash provided by (used in) investing activities | | 54,199,538 | (132,620,329) |
| Net cash flows from discontinued operations | | 313,047,320 | 229,786,006 |

43. IMPACT OF SUFFERING LOSSES FROM FLOODING IN THAILAND

Suffering losses from flooding in Thailand, the subsidiary has been notified of flood claim advices from the insured and the subsidiary has recorded loss incurred from such claims amounting to Baht 5,977.98 million as part of loss reserves and outstanding claims account (see Note 16), loss refundable from reinsurance amounting to Baht 4,947.59 million as part of reinsurance assets account (see Note 7), and net insurance claims arising from loss incurred and loss refundable amounting to Baht 1,030.39 million as part of insurance claims and loss adjustment expenses account (see Note 24) in the consolidated financial statements for the year ended December 31, 2011. The Company and its subsidiary's management has reviewed and estimated such loss reserves and loss recovery which the amount appraised by an independent appraiser or by the subsidiary's appraiser, based on situation and supported documents as at the present and management experience of the subsidiary.

44. EVENTS AFTER THE REPORTING PERIOD

- 44.1 On February 28, 2012, the Board of Directors' meeting of the Company passed resolutions to pay an annual dividend for the year 2011 of Baht 1.00 per share. The Company had paid an interim dividend for the operating result from January 1, to June 30, 2011 at Baht 0.50 per share, which was paid on September 16, 2011. The remaining portion of the annual dividend of Baht 0.50 per share paid from the second half of year 2011 operating result for 250 million shares, totaling Baht 125 million, will be paid on May 8, 2012. Such resolutions will be proposed to the 2012 Annual Ordinary Shareholders' meeting for approval.
- 44.2 On February 28, 2012, the Board of Directors' meeting of the subsidiary passed resolutions to approve an increase the registered share capital of the subsidiary by issuing of 60 million ordinary shares with a par value of Baht 10 each, totalling of Baht 600 million or over such amount, as necessary. Such resolutions will be proposed to the 2012 Annual Ordinary Shareholders' meeting for approval. Thus, such increase in share capital has to be approved by the Office of Insurance Commission before registering of the increased share capital with the Ministry of Commerce.

45. AUTHORIZATION OF THE FINANCIAL STATEMENTS

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

Financial Statement

AUDITOR'S REMUNERATION

In 2011, the Company and its subsidiary paid Baht 4,850,000 in audit fees to the office where the auditor was employed:

| | AYUD | Its subsidiary |
|---|-----------|----------------|
| Annual audit fee for the year 2011 | 1,145,000 | 850,000 |
| Annual audit fee for financial statements for the 1st quarter as of 31 March 2011 | - | 800,000 |
| Annual audit fee for 2011 consolidated financial statements | 140,000 | - |
| Quarterly fee for reviewing consolidated financial statements for 3 quarters | 240,000 | - |
| Quarterly fee for reviewing financial statements for 3 quarters | 450,000 | 240,000 |
| Annual fee for assessment of general computer security | 145,000 | 130,000 |
| Annual fee for reviewing the risk-based capital report as of 30 September 2011 | 150,000 | 130,000 |
| Annual fee for assessing the risk-based capital report as of 30 December 2011 | - | 150,000 |
| Fees for the assessment and preparation of a report in accordance with the Notification of the Insurance Registrar Re: Criteria, Methods, and Conditions for Auditing Internal Control Systems and Investment Procedures of Non-Life Insurance Companies Investing in Other Businesses | 130,000 | 150,000 |
| Total | 2,400,000 | 2,450,000 |

MAJOR FACTORS THAT MAY IMPACT ON OPPORTUNITIES OR LIMIT THE OPERATION OF THE COMPANY

None, as the Company obtained a license to transact business in all classes of general insurance.

LEGAL DISPUTES

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

Analysis of Financial Ratio

| Financial Ratio | | Consolidated | | Separate |
|--|---------|---------------------|-------|---------------------|
| | | Financial Statement | | Financial statement |
| | | 2011 | 2010 | 2009 |
| | | | | "Restated" |
| Liquidity Ratio | | | | |
| Current Ratio | (Times) | 1.39 | 2.32 | 4.04 |
| Premium due and uncollected Turnover | (Days) | 35 | 36 | 46 |
| Profitability Ratio | | | | |
| Retention Rate | (%) | 52.06 | 66.58 | 58.73 |
| Loss Incurred Per Earned Premium | (%) | 48.20* | 50.17 | 41.54 |
| Underwriting Profit Per Net Premium Received | (%) | - | 2.78 | 36.02 |
| Underwriting Expenses Per Earned Premium | (%) | 55.03 | 61.70 | 49.18 |
| Return on Investment | (%) | 5.11 | 4.70 | 3.97 |
| Net Premium Written Per Equity | (Times) | 0.25 | 0.25 | 0.20 |
| Net Profit Per Total Income | (%) | - | 18.17 | 21.74 |
| Return on Equity | (%) | - | 5.85 | 5.09 |
| Efficiency Ratio | | | | |
| Return on Assets | (%) | - | 4.21 | 4.16 |
| Assets Turnover | (Times) | 0.23 | 0.23 | 0.19 |
| Financial Ratio | | | | |
| Debt to Equity Ratio | (Times) | 1.69 | 0.42 | 0.22 |
| POLICY LIABILITY TO CAPITAL FUND | (Times) | 1.50 | 0.26 | 0.14 |
| Unearned Premium Reserve Per Equity | (Times) | 0.17 | 0.16 | 0.10 |
| Unearned Premium Reserve Per Total Assets | (%) | 6.29 | 10.96 | 8.07 |
| Payout Ratio | (%) | 84.75 | 93.02 | 90.91 |
| Data Per Share | | | | |
| Par Value | BAHT | 1.00 | 1.00 | 1.00 |
| Book Value | BAHT | 18.80 | 22.24 | 21.78 |
| Net Profit (Loss) | BAHT | (1.82) | 1.29 | 1.09 |
| Dividend | BAHT | 1.00** | 1.20 | 1.00 |

* Loss incurred per earned premium shows ratios under normal operating circumstances and does not yet include loss ratios from the massive flood.

** Dividend for the year 2011 is waiting for approval from the General Shareholders' meeting.

Financial Records

| Statements of Comprehensive Income | Unit : Baht Million | | |
|--|---------------------|----------|---------------|
| | 2011 | 2010 | 2009 |
| | | | "As restated" |
| Gross premium written | 2,418.59 | 2,095.10 | 1,829.85 |
| Premium ceded | 823.38 | 700.10 | 755.24 |
| Net premium written | 1,595.21 | 1,395.00 | 1,074.61 |
| Unearned premium reserve | (66.25) | 135.31 | 59.78 |
| Earned premium | 1,661.46 | 1,259.69 | 1,014.83 |
| Underwriting income | 1,883.37 | 1,447.97 | 1,014.83 |
| Underwriting expenses | 2,462.06* | 1,177.58 | 627.76 |
| Profit (loss) on underwriting | (578.69) | 270.39 | 387.07 |
| Profit on investment | 332.58 | 313.06 | 235.28 |
| Other income | 22.60 | 9.06 | 2.74 |
| Profit (loss) on underwriting and investment | (246.11) | 583.45 | 622.35 |
| Operating expenses | 295.74 | 241.12 | 295.32 |
| Profit (loss) before income taxes | (519.25) | 351.39 | 329.77 |
| Corporate income tax expense (income) | (64.16) | 29.73 | 57.42 |
| Net profit (loss) | (455.09) | 321.66 | 272.35 |
| Earnings (loss) per share (Baht) | (1.82) | 1.29 | 1.09 |

| Statements of Financial Position | | | |
|----------------------------------|-----------|----------|----------|
| Total assets | 12,666.64 | 7,872.44 | 6,735.54 |
| Premises and equipment | 65.19 | 63.84 | 44.16 |
| Total Liabilities | 7,966.55 | 2,311.94 | 1,290.69 |
| Total Shareholders' Equity | 4,700.09 | 5,560.50 | 5,444.85 |
| Book Value (Baht) | 18.80 | 22.24 | 21.78 |
| Dividend per share (Baht) | 1.00 | 1.20 | 1.00 |
| Return on Equity (%) | - | 5.85 | 5.09 |

* Underwriting expenses already included flood claims during 4th quarter 2011

Risk Factors

1 Insurance Risk

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

The Company also shares its risks by arranging treaty reinsurance and facultative reinsurance with secured, first-class reinsurance companies both within the country and abroad. In 2011, the Company had ceded premiums in the amount of Baht 823.37 million from its total written premiums of Baht 2,418.59 million, a proportion of 34.04% of total written premiums. The remaining balance was retained by the Company. However, the Company also ceded non-proportional reinsurance, which did not limit the liability of the reinsurer in proportion to the liability of the reinsured, such as excess of loss reinsurance.

This type of reinsurance covers losses in excess of the limited amount agreed to in the treaty, and reinsurers use it to limit their liability. Thus, this reinsurance will reduce the risk of the Company in operating its insurance business, as in cases of major loss it will be liable for the limited amount in excess of the loss treaty and the excess amount can be recovered from the reinsurer.

2 Market Risk

In the insurance business, portfolio investment is affected by interest rate and stock market fluctuations, as well as local and global economic and political volatility.

The Stock Exchange of Thailand was volatile in 2011, due largely to the economic crises in the United States and Eurozone countries with their continual indications of further contractions to come and the possibility of repeated defaults on debts. At the end of 2011, the Stock Exchange of Thailand closed at 1,025.32 points in contrast to 1,032.76 points in 2010, and the Company and its subsidiary had Baht 84.02 million in unrealized gains on investments in securities, a decrease of Baht 162.25 million from the Baht 246.5 million of the same period in 2010.

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

3 Credit Risk

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

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

On December 31, 2011, the Company had a fund in the amount of Baht 3.72 million for loans to its employees who have guarantors in accordance with the rules of the employee loan welfare policy, with interest charged. The Company follows the rules, procedures and conditions specified in the announcement of the Ministry of Commerce on the matter of insurance company investment in other businesses.

4 Operational Risk

This may occur from operational errors that cause the Company to be unable to operate its business as usual, resulting in financial loss or damage to its reputation. In order to reduce such risks, the Company has a committee with the authority and duty to manage the Company in accordance with the law, as well as the purposes, regulations and resolutions of the Shareholders' Meeting. An Executive Committee, Investment Committee, Audit Committee, Nomination & Remuneration Committee, and Monitoring Committee have also been established and the scope of authority and duties of each committee clearly specified.

The Company has also organized training on risk management and set policy and direction for operational risk management. In addition, the Company emphasizes its internal control system on finance, operations, supervision and practice and has established an Internal Audit Committee charged with auditing its operations in accordance with the specified control system.

5 Liquidity Risk

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

On December 31, 2011, the Company and its affiliates had assets in the form of cash and deposits with financial institutions amounting to Baht 1,486.26 million. Among the Company's investments, Baht 3,832.48 million was in available for sales securities, Baht 55.5 million was in treasury bills, and Baht 229.71 million was in deposit money with financial institutes with original maturities of over three months. This investment justified book value, and major short- and long-term investments were made after consideration of the liquidity of each security as required by the secondary market.

6 Risk from Dependence on Major Customers

At present, the Company and its subsidiary receives fire premiums from Bank of Ayudhya Public Company Limited and a large number of their debtors and depositors, amounting to 59.51% of the overall fire premiums of the Company in 2011. The Company and its subsidiary has coordinated with the Bank of Ayudhya to set up a bancassurance project that allows the bank to act as an insurance broker. To date, the Company has a good relationship with the bank, which continues to direct insurance business to the Company.

7 Overdue Premium Collection Risk

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

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

The OIC has stipulated that the premium collection and financial status of non-life insurance companies will be measured on the basis of both quantity and quality, and the ratio of appraised outstanding premiums per total outstanding serves as the quantity basis used for the evaluation of liquidity risks of the Company's outstanding premiums. The minimum standard ratio should not be under 75%, and at the end of 2011, the ratio of the Company and its affiliates was 91.10%.

Dividend Policy

The Company has a policy to pay dividend to its shareholders at a rate of not less than 60% of the next profit of each year, based on operating results and resolution of the Annual General Shareholders' Meeting.

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

None

- **Debentures and Promissory Notes:**

The Company has never issued debentures or promissory notes.

Major factors and influences that could Affect the Company's Operations and Future Financial Situation

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

1. The Company had statutory reserves of Baht 50 million, equivalent to 10% of the authorized capital of the Company, in accordance with the Public Limited Company Act, B.E. 2535, stipulating that the Company must allocate a reserve fund from annual net profits of not less than 5%. That is deducted by the total accumulated loss brought forward (if any) until the reserve fund reaches an amount of not less than 10% of the authorized capital. Such reserve fund is not available for dividend distribution.
2. At December 31, 2011, the Company had an allocation of unearned premium reserves in the amount of Baht 796.73 million in accordance with the announcement of the Office of Insurance Commission concerning the allocation of such reserves.
3. The loss ratio from regular operations in 2011 was equal to 48.20% of earned premiums, a decrease from last year of 50.17%, excluding losses from the flood incurred in the fourth quarter.

General Information

Head Office

Bangkok : 898 Ploenchit Tower 7th Fl., Ploenchit Road,
Lumpini, Pathumwan, Bangkok 10330, Thailand.
Tel. : 66-2263-0335
Fax : 66-2263-0589
Email : info@ayud.co.th
Website : www.ayud.co.th

Registration and Shareholding Structure

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

Authorized Share Capital

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

Issued and paid-up Share of Capital

Ordinary shares : 250 million ordinary shares at Baht 1
per share
Total : Baht 250 million

Subsidiary

Sri Ayudhya General Insurance Public Company Limited
(formerly BT Insurance Co., Ltd.)

Bangkok : 898 Ploenchit Tower 18th Fl., Zone A,
Ploenchit Road, Lumpini, Pathumwan,
Bangkok 10330, Thailand.
Tel. : 66-2657-2555, 66-2657-2525
Fax : 66-2657-2500-1
Email : info@sagi.co.th
Website : www.sagi.co.th

References

Registrar

Thailand Securities Depository Co., Ltd.,
62 The Stock Exchange of Thailand Bldg.,
4, 6-7 Fl., Rachadapisek Road, Klongtoey,
Bangkok 10110 Thailand
Tel. : 66-2229-2800, 0-2654-5599
Fax : 66-2359-1259

Debenture holder's representative

-None-

Auditor

Mr.Niti Jungnitnirundr, CPA Number 3809; and/or
Mrs. Nachalee Boonyakarnkul, CPA Number 3126; and/or
Mr. Permsak Jirajakwattana, CPA Number 3427

Deloitte Touche Tohmatsu Jaiyos Audit Co., Ltd.

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

Financial Institutions

Bank of Ayudhya Public Company Limited

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

Ploenchit Branch

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

The Thai Military Bank Public Company Limited

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

Kasikorn Bank Public Company Limited

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

Ratburana Branch

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

The Government Housing Bank

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

Thanachart Bank Public Company Limited

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

Branches

Northern Region

Chiangmai Branch

Branch Manager : Chakkrit Utachee
 Address : 158/9 Chiangmai-Lampang Road,
 Paton, Muang, Chiangmai 50300
 Tel : 0-5321-0405-8
 Fax : 0-5321-0409
 Covered Areas : Chiangmai, Lampang, Lampoon,
 Prae, Nan, and Maehongson
 อีเมล / Email : chakkrit@sagi.co.th

Nakhonsawan Branch

Branch Manager : Wisid Chantarapatch
 Address : 21/77 Moo 11, Nakhonsawan-
 Phitsanulok Road, Watsai, Muang,
 Nakhonsawan 60000
 Tel : 0-5631-0751-4
 Fax : 0-5631-0668
 Covered Areas : Nakhonsawan, Chai Nat, Singburi,
 Ang Thong, and Uthai Thani
 Email : wisid@sagi.co.th

Phitsanulok Branch

Branch Manager : Songphon Opasnipath
 Address : 459/1079-80 Moo 7, Samorkae,
 Muang, Phitsanulok 65000
 Tel : 0-5522-4161, 0-5522-3758
 Fax : 0-5522-4169
 Covered Areas : Phitsanulok, Sukhothai, Uttaradit,
 Phetchabun, Phichit, Tak, and
 Kamphaeng Phet
 Email : songphon@sagi.co.th

Chiangrai Sub-Branch

Branch Manager : Charnvit Pattananubharb
 Address : 261/8 Moo 19, Paholyothin Road,
 Robvieng, Muang, Chiangrai 57000
 Tel : 0-5374-8556-8
 Fax : 0-5374-8559
 Covered Areas : Chiangrai and Phayao
 Email : charnvit@sagi.co.th

Saraburi Sub-Branch

Branch Manager : Chirayut Tungcawuttivijit
 Address : 96/18 Sudbantad Road, Pakpreew,
 Muang, Saraburi 18000
 Tel : 0-3631-5071-2
 Fax : 0-3631-5073
 Covered Areas : Saraburi, Phra Nakhon Sri Ayudhya,
 Lopburi, and Nakhon Nayok
 Email : chirayut@sagi.co.th

Northeast Region

Khon Kaen Branch

Branch Manager : Isra Prasert
 Address : 90 Moo 14, Mitraparp Road,
 Nai Muang, Muang, Khon Kaen 40000
 Tel : 0-4323-5280-2
 Fax : 0-4323-5283
 Covered Areas : Khon Kaen, Mahasarakham, Roi-et,
 and Kalasin
 Email : isra@sagi.co.th

Ubonratchathani Branch

Branch Manager : Pongphan Sujatanonda
 Address : 792/1-2 Chayangkool Road, Nai
 Muang, Muang, Ubonratchathani 34000
 Tel : 0-4528-4422-4
 Fax : 0-4528-4425
 Covered Areas : Ubonratchathani, Yasothon, Si Sa Ket,
 Amnatcharoen, and Mukdahan
 Email : pongphan@sagi.co.th

Nakhonratchasima Branch

Branch Manager : Peera Jaturanont
 Address : 1982/2-3 Mitraparp Road, Nai Muang,
 Muang, Nakhonratchasima 30000
 Tel : 0-4426-3540-2
 Fax : 0-4426-3543, 0-4434-2234
 Covered Areas : Nakhonratchasima and Chaiyaphum
 Email : peera@sagi.co.th

Surin Sub-Branch

Branch Manager : Peera Jaturanont
 Address : 13/9 Lakmuang Road, Nai Muang,
 Muang, Surin 32000
 Tel : 0-4453-1673-4
 Fax : 0-4453-1711
 Covered Areas : Surin and Buri Ram
 Email : peera@sagi.co.th

Udonthani

Branch Manager : Prarita Suvannakug
 Address : 844/7-8 Taharn Road, Markhaeng,
 Muang, Udonthani 41000
 Tel : 0-4234-2280-1
 Fax : 0-4234-2782
 Covered Areas : Udonthani, Loei, Sakon Nakhon,
 Nong Khai, Nongbualamphu,
 and Nakhon Phanom
 Email : prarita@sagi.co.th

Southern Region

📍 Hatyai Branch

Branch Manager : Sawadee Pattanasanti
Address : 70, 72 Chotevidhyakul 3 Road, Hatyai, Songkhla 90110
Tel : 0-7442-8746-9
Fax : 0-7442-8750
Covered Areas : Songkhla, Satun, Phatthalung, Trang, Yala, Pattani, and Narathiwat
Email : sawadee@sagi.co.th

📍 Phuket Branch

Branch Manager : Jackkrawut Srikajang
Address : 74/253-254 (Poonpol Night Plaza) Poonpol Road, Talard Nua, Muang, Phuket 83000
Tel : 0-7621-6000, 0-7622-4999
Fax : 0-7621-9383
Covered Areas : Phuket and Phang-nga
Email : jackkrawut@sagi.co.th

📍 Suratthani Branch

Branch Manager : Seri Chumsri
Address : 210/9-10 Moo 4, Chonkasem Road, Makhom Teea, Muang, Suratthani 84000
Tel : 0-7721-8529-31
Fax : 0-7721-8532
Covered Areas : Suratthani, Chumphon, Nakhonsithammarat, and Ranong
Email : seri@sagi.co.th

📍 Krabi Sub-Branch

Branch Manager : Jackkrawut Srikajang
Address : 434/21 U-Tarakij Road, Krabiyai, Muang, Krabi 81000
Tel : 0-7563-2871-2
Fax : 0-7563-2873
Covered Areas : Krabi
Email : jackkrawut@sagi.co.th

Eastern Region

📍 Rayong Branch

Branch Manager : Kris Chamkrachang
Address : 9/7 Bangna-Trad Road, Cherng-Nern, Muang, Rayong 21000
Tel : 0-3886-1326-8, 0-3861-4465, 0-3861-4923
Fax : 0-3862-0659
Covered Areas : Rayong, Chanthaburi, and Trat
Email : kris@sagi.co.th

📍 Chonburi Branch

Branch Manager : Mana Ngarm-kiatsap
Address : 208/12 Moo 3, Prayasajja Road, Samet, Muang, Chonburi 20000
Tel : 0-3871-5877-8, 0-3871-5743-4
Fax : 0-3871-5879
Covered Areas : Chonburi, Chaechoengsao, Prachinburi, and Sakaeo
Email : mana@sagi.co.th

📍 Nakhonpathom Branch

Branch Manager : Nikom Srithongtae
Address : 94 Ratchamakka Road, Sanamchan, Muang, Nakhonpathom 73000
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Fax : 0-3428-0122
Covered Areas : Nakhonpathom, Samut Sakhon, Suphanburi, Kanchanaburi, Ratchaburi, Samut Songkhram, Phetchaburi, and Prachuap Khiri Khan
Email : nikom@sagi.co.th

📍 Pattaya

Branch Manager : Satthwut Pruksachart
Address : 3/146, 147 Moo 6, Chaloem Phra Kiat Road, Na Klua, Banglamung, Chonburi 20150
Tel : 0-3848-8379-80
Fax : 0-3848-8381
Covered Areas : Pattaya
Email : satthawut@sagi.co.th

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