



Building Blocks of Success

ANNUAL REPORT 2010



ศรียุทธยาประกันภัย  
THE AYUDHYA INSURANCE



# Building on Success

The prestigious **Prime Minister's Best Management Awards** from the Office of Insurance Commission (OIC) for outstanding management practices granted to The Ayudhya Insurance PCL by Prime Minister Abhisit Vejjajiva



2009



2008



2007

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



2006



2005



2004



2003

'Innovation in Product Marketing' Award from Financial Insights Innovation Award, Singapore, February 24, 2010



2010

'Best Product Innovation' Award, from the Netherlands Thai Chamber of Commerce, November 1, 2009



2009

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## Financial Highlight

Unit: Million Baht

Operating Results	2010	2009	Change (%)
Total Assets	7,547.13	6,753.54	12.05
Issued and Fully Paid	250.00	250.00	0.00
Total Shareholders' Equity	5,560.50	5,444.85	2.12
Gross Premium Written	2,095.10	1,829.85	14.50
Underwriting Profit	352.02	387.07	(9.06)
Profit on Investment	313.06	235.28	33.06
Profit Before Income Tax	351.39	272.35	29.02
Net Profit	321.66	272.35	18.11
Earning Per Share (Baht)	1.29	1.09	18.35
Dividend Per Share (Baht)	*1.20	1.00	20.00

\* Waiting for approval from Shareholders' Meeting



## Message from the Chairman

In 2010 Thailand's economy registered strong growth despite the economic and political turbulence.

The export sector, in particular, helped sustain the momentum and pushed the country's economic performance to significantly exceed expectations.

Both the Thai government's and private sector's leadership was largely responsible for this success. They have demonstrated their wisdom and creative ability to manage the economy during the difficult times that prevailed throughout the year. Also at the time of the bloody rioting in the center of Bangkok and next to our main office, our business continuity plans were successfully activated which allowed us to continue to provide a high level of service. This achievement was a source of great pride.

The general insurance market growth of 13.5% during the year reflected both the growth in the number of policies by 7.4%, and by an increased average value.

The strong expansion was due largely to the increase in consumer spending with the motor insurance sector being the main beneficiary. An improvement in the motor insurance results led to strong competitive advantage in this sector and this trend is expected to continue into 2011. While natural catastrophes impacted results in the second half of the year mainly resulting from the floods in Southern Thailand, industry losses from the public disturbances in the second quarter were contained as many customers contracted only for restricted fire protection insurance which did not entail costly losses. This restricted coverage saved us from more severe losses.

The Ayudhya Insurance Pcl returned an improved result and was able to outperform the industry in terms of volume, policies and new customers. The flooding in the South led to a deterioration in loss experience by approximately 4% without which the claims ratio would remain within the normal range. Furthermore, the transaction for the acquisition of BT Insurance, now Sri Ayudhya General Insurance Company Limited (SAGI), was closed on 4 November 2010, bringing with it a ten year exclusive bancassurance agreement with CIMB — Thai Bank.

In 2011, it is envisaged that the Thai economy will expand by between 4% and 5% with inflation during this period expected to reach as much as 3 - 4%. Strong double digit growth in the non-life insurance sector is expected given the longer term fundamentals for the industry such as the low market penetration rate and a growing middle class. The implementation of Risk Based Capital on 1 September 2011 can be seen as a further step by the authorities to strengthen the industry. Your company and its subsidiary are fully prepared for this measure.

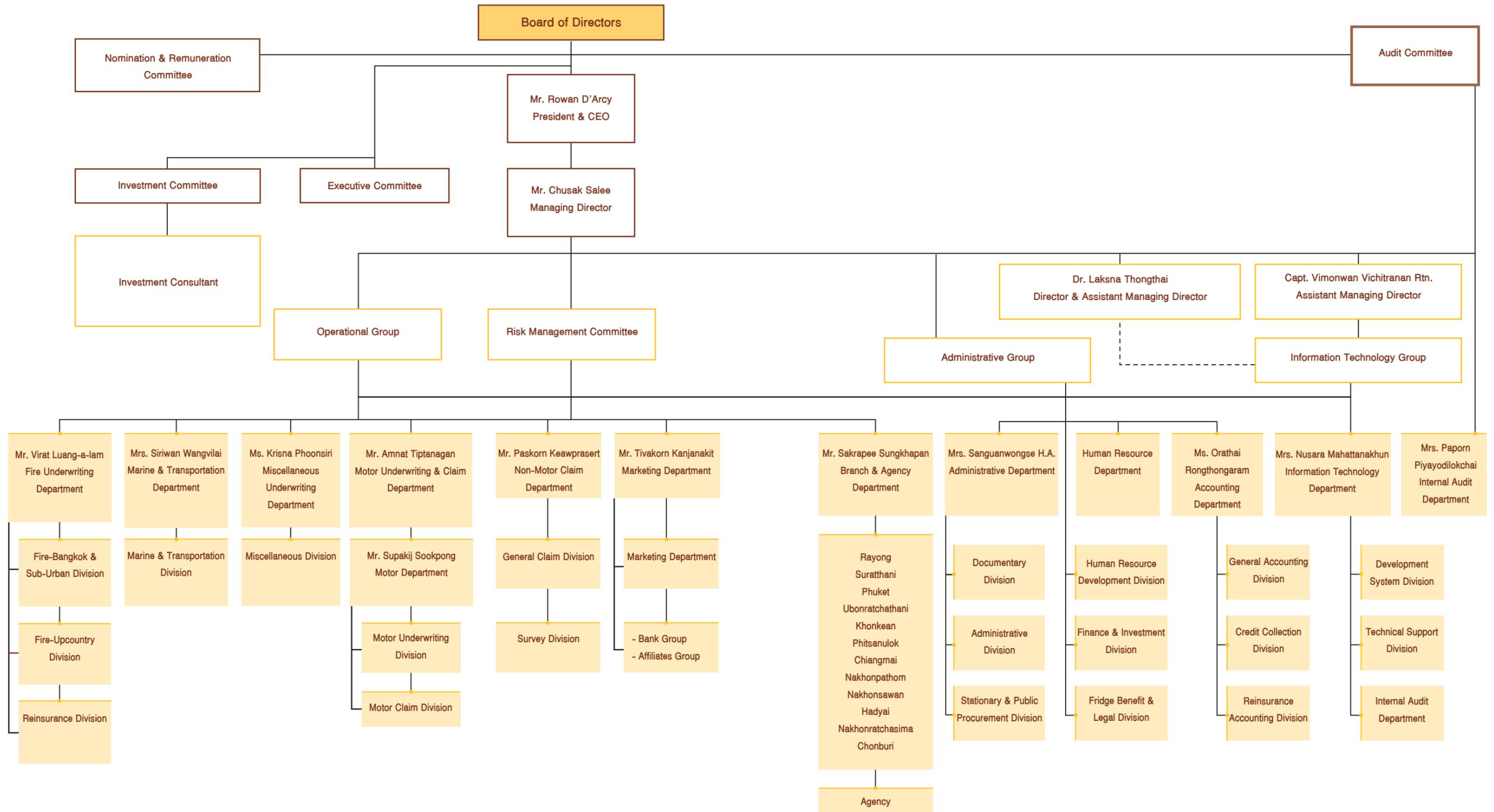
As approved by the shareholders, this year your company will begin the systematic transfer to Sri Ayudhya General Insurance Company Limited (SAGI), and consolidation of its insurance portfolio within this wholly owned subsidiary and commence the winding down our own insurance operation. Completion is expected by year-end after which your company will return its insurance license to the Office of the Insurance Commissioner and convert itself into an investment holding company. Henceforth non-life insurance business will be conducted exclusively through Sri Ayudhya General Insurance Company Limited.(SAGI)

On behalf of the Board of Directors, I wish to express our gratitude to the shareholders, customers, business associates, management and staff for their continuing supports. The Board also wishes to confirm its commitment to sustaining respectable results based on the principles of Good Corporate Governance in order to continue earning the trust and confidence placed on us by all stakeholders.



Mr. Veraphan Teepsuwan  
Chairman

# Organization Chart





## Board of Directors



**Mr. Veraphan Teepsuwan**

Age: 69 years old  
Chairman



**Mr. Rowan D'Arcy**

Age: 56 years old  
President & CEO

### ■ Education

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- 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

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- Chairman: Bank of Ayudhya Plc.
- Chairman: Ayudhya Allianz CP Life 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

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- Chairman: Royal Porcelain Plc.
- Chairman: Ayudhya Investment & Trust Plc.
- Chairman: Ayudhya Securities Plc.

### ■ Criminal-Free Track Record for the past 10 years

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- None

### ■ Education

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

### ■ Other Positions Held

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- President & CEO, BT Insurance Co., Ltd.

### ■ Working Experience for the Past 5 Years

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

### ■ Criminal-Free Track Record for the Past 10 Years

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- None



## Board of Directors



**Mr. Chusak Salee**

Age: 57 years old  
Managing Director



**Mr. Laksana Thongthai**

Age: 56 years old  
Director & Assistant  
Managing Director

### ■ 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, BT Insurance Co., Ltd.

### ■ Working Experience for the Past 5 years

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

### ■ Criminal-Free Track Record for the past 10 years

- None

### ■ 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.

### ■ Criminal-Free Track Record for the Past 10 Years

- None



# Board of Directors



### **Surachai Prukbamrong**

Age: 72 years old  
Independent Director and  
Chairman of the Audit  
Committee



### **Mr. Savang Tongsmutra**

Age: 72 years old  
Independent Director and  
Audit Committee Member

#### ■ 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) (Chairman2000), 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, BT Insurance Co., Ltd.

#### ■ Criminal-Free Track Record for the Past 10 Years

- None

#### ■ 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, BT Insurance Co., Ltd.

#### ■ 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.

#### ■ Criminal-Free Track Record for the Past 10 years

- None



## Board of Directors



### Mr. Metha Suvanarn

Age: 70 years old  
Independent Director and  
Member of the Audit Committee  
and Chairman of Nomination  
& Remuneration Committee



### Mr. Adisorn Tantanankul

Age: 63 years old  
Director

#### 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, BT Insurance Co., Ltd.

#### 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

#### Criminal-Free Record for the Past 10 Years

- None

#### 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.

#### Criminal-Free Record for the Past 10 Years

- None



## Board of Directors



**Mr. Andreas Johann Wilhelm, Ph.D.**

Age: 46 years old  
Director, and Member of Nomination & Remuneration Committee

### ■ 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, BT Insurance Co., Ltd.

### ■ 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

### ■ Criminal-Free Record for the Past 10 Years

- None



**Mr. Virojn Srethapramotaya**

Age: 59 years old  
Director

### ■ 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.
- Director, BT Insurance Co., Ltd.

### ■ 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)

### ■ Criminal-Free Record for the Past 10 Years

- None



## Board of Directors



**Mr. Suwat Suksongkroh**

Age: 64 years old  
Independent Director

### ■ Education

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- 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)

### ■ Working Experience for the Past 5 Years

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

### ■ Criminal-Free Record for the Past 10 Years

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- None



## Senior Executive Management



**Mr. Rowan D'Arcy**  
President & CEO



**Mr. Chusak Salee**  
Managing Director



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



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



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



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



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



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



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



**Mrs. Sanguanwongse H.A.**  
Administration Department  
Manager



**Ms. Orathai Rongthongaram**  
Accounting Department  
Manager



**Mr. Tivakorn Kanjanakit**  
Marketing Department  
Manager



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



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



**Mrs. Nusara Mattanakhun**  
Information Technology  
Department Manager



**Mrs. Paporn Piyayodilokchai**  
Internal Audit Department  
Manager



## Vision and Mission

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### Vision

To be a leader in our chosen niche markets

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### 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.

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### Our Business

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

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### Key Moral and Social Values

Integrity - Honesty & Ethics

Equity - Fairness

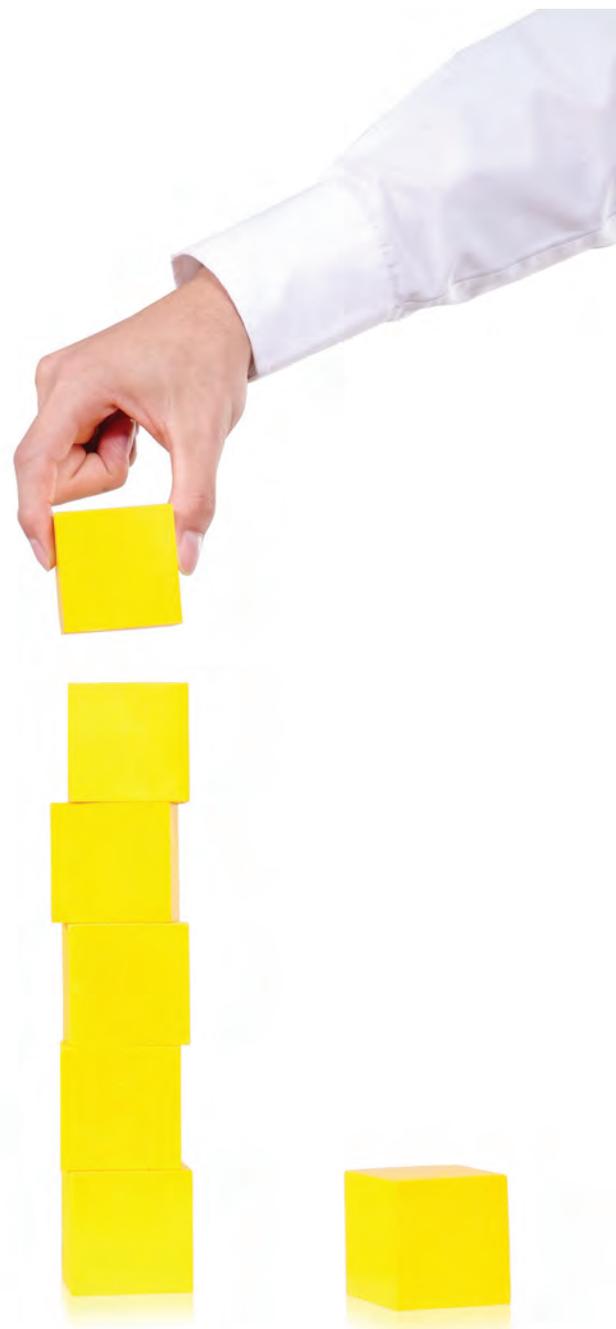
Openness - Transparency

Accountability - Responsibility

Trustworthiness - Reliability

Respect - Accepting of Differences

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## Major Shareholders

Top ten major Shareholders as at 7th September 2010

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	Mr. Laksna Thongthai	25,238,750	10.095
5	BBTV Equity Company Limited	21,946,000	8.778
6	Thongthai (1956) Company Limited	9,610,000	3.844
7	Great Fortune Equity Company Limited	7,045,250	2.818
8	CITIBANK NOMINEES SINGAPORE PTE LTD-UBS AG LONDON BRANCH-NRBS IPB CLIENT SEG	4,698,600	1.879
9	Krungthai Panich Insurance Company Limited	3,938,400	1.575
10	Mrs. Sasithorn Ratanarak	3,125,000	1.250

\* A Nominee for Allianz SE



## Shares Held by Members of the Board of Directors

As at 31st December 2010

No.	Board of Directors	Designation	31 December 2010		31 December 2009	
			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. Chet Raktakanishta	Director	*335,000	0.134	*335,000	0.134
8	Mr. Virojn Srethapramotaya	Director	-	-	-	-
9	Mr. Andreas Johann Wilhelm, Ph.D.	Director	-	-	-	-
10	Mr. Rowan D'Arcy	Director	-	-	-	-
11	Mr. Chusak Salee	Director	**37,000	0.014	**37,000	0.014
12	Mr. Laksna Thongthai	Director	25,238,750	10.095	25,238,750	10.095

Note \*Mr. Chet Raktakanishta passed away on 31 January 2010.

\*\*Spouse



## Highlights of Activities



### Donation to the Royal Projects

Her Royal Highness Princess Maha Chakri Sirindhorn graciously grants permission to Rowan D'Arcy, President & CEO of Ayudhya Insurance PCL on September 24, 2010 to present a donation on the occasion of her visit to the Insurance Week, organized by the Office of Insurance Commission at Impact Muangthong Thani.



### Best Management Award

Prime Minister Abhisit Vejjajiva presents Rowan D'Arcy, President & CEO of Ayudhya Insurance PCL with the Prime Minister's Best Management Award 2010, organized by the Office of Insurance Commission to honor outstanding performance by insurance companies. Ayudhya Insurance PCL consistently receives this prestigious award since 2003.



### Acquisition of BT Insurance Co., Ltd. from CIMB Thai Bank PCL

Rowan D'Arcy, President & CEO of Ayudhya Insurance PCL enters into a purchase agreement with CIMB Thai Bank, represented by Subhak Siwaraksa, President and CEO, to acquire a 99.99% stake in BT Insurance Co Ltd (BTI), an affiliated company of CIMB Thai Bank, at an initial reference price of Baht 392 million.



# Highlights of Activities



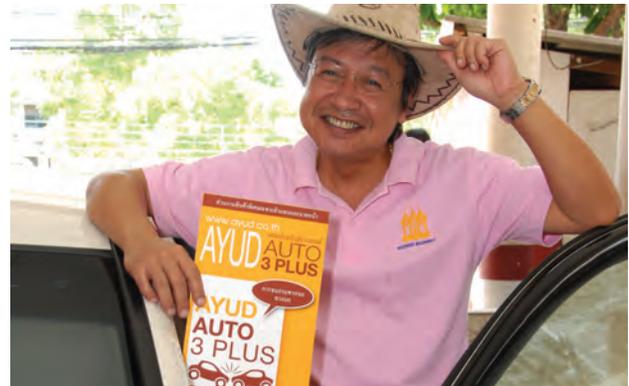
### Ayudhya Insurance launches products for SMEs and young generation

The Ayudhya Insurance PCL (AYUD) launches two innovative insurance packages that bundle several policies into one. AYUDHYA OK insurance package is developed for home owners and small and medium-sized business owners for protection against property damages, fire, and other related risks while PA PERFECT is developed for personal protection against injuries, accidents and third party liabilities.



### Fire Insurance for SMEs

A fire insurance plan that is catered to SMEs to reduce risks, and provide protection based on type, and size of business.



### Motor Insurance with Special Protection

AYUD Auto 3 Plus, a new class 3 motor insurance that provides protection with three different types of coverage, giving protection for all on-land collision with maximum coverage. The coverage is inclusive of providing personal accident protection, medical expenses, and bail bond.



### Help Extended to Flood Victims

The Office of Insurance Commission of Nakornrajsrima (OIC) together with General Insurance Club members and The Ayudhya Insurance PCL (AYUD), represented by Khun Sakrapee Sungkhapan, Branch & Agency Operation Department Manager of Ayudhya Insurance PCL, donate food and other necessities to flood victims.



### Claim Payment at Bht. 2.75 million

Nikom Srithongtae, Nakornpathom Branch Manager of Ayudhya Insurance PCL together with Sithichai Mingrapoj, Prachaubkirikhan Branch Manager of Bank of Ayudhya PCL present a claim cheque in the amount of Bht. 2.75 million to Prinya Banditniyamanond, a customer whose merchandise and stocks were damaged in a fire.



## Highlights of Activities



### AYUD concludes BT Insurance acquisition with the company key handover

Rowan D'Arcy, President & CEO of The Ayudhya Insurance PCL receives the BT Insurance company key from Surachai Chitratsenee, Acting MD of BT Insurance Company Limited after the approval of the acquisition by the Office of Insurance Commission, with Chusak Salee, Managing Director of The Ayudhya Insurance PCL and Oranart Laokajornchareonkit, Deputy Managing Director of BT Insurance Company Limited as witnesses.



# Corporate Social Responsibility

The Company recognizes the importance of being a responsible and contributing member of the Thai society. It is our duty to identify, create, and encourage our employees to volunteer their participation. The underlying principle of our corporate social programs is in making real impact and change to people's lives and the environment. Social and environmental programs are varied to cover interests and passion that our employees have.

Our contributions extend to the insurance industry as a whole. One of the key programs that we are proud to be involved in is Uar-Artorn Personal Accident Insurance Program in which we work closely with the government to help provide personal accident coverage and protection to people at the grass-root level.

In all, our corporate social responsibility programs are:

## CSR Activities



### Mangrove replanting project

The mangrove replanting project is a continuing joint effort between our employees and local community in Samutsongkram to bring about better environment.



### AYUD Scholarship

This scholarship was set up in 2009 to financially assist needy students with an average grade of 2.75 and above to study until graduation. This four-year scholarship program aims to provide students with education and experience that they can take back to help their own community on a long term basis. Additionally, during summer months, students participating in this program receive internship and daily financial allowance from the Company.



# CSR Activities



### IT Experience Workshop

This program involves visiting students from Redemptorist School for the Disabled, Pattaya, Cholburi to our Head Office at the Ploenchit Tower to discuss IT system, and share real-life experience in the Company's IT unit.



### Sports & Computer Equipment Contribution

To increase well-rounded capability of the students at Redemptorist School for the Disabled, Pattaya, Cholburi, the Company donated both sports equipment and computers to the school.



### School Room Project

Employees visit students at Baan Nongsoan, Kornburi, Nakorn-rajsrima to provide school supplies and help with the set up of school rooms.



### Children Gazebo Project

This gazebo is built with a donation given to Arankamwaree School, Kiansa, Suratthani.



### Preservation of E-Sarn Culture Project

Employees participate in donating regional musical instruments and costumes to children at Baan Tanmui School, Huaypai, Kongjiam, Ubonratchathani.



# CSR Activities



### School Supplies Project

In recognition of the importance of education, the Company continuously provides school supplies to needy students at the following schools:

- Eight schools belonging to Baan Mai Kong Ang-wa Group of Schools, Baan Rai, Uthai Thani
- Naampu-ron School, Baan Kaow, Kanjanaburi
- Baan Thasai School, Haadyai, Songkla



### Luncheon at the School for the Blind

Students at the School for the Blind under the Royal Patronage, Northern Chiangmai, are treated with free luncheon.



### Luncheon for the Elderly

Employees visit Home for the Elderly II, Bangkok treating lunch to the elders.



### Scholarships to Silpakorn University Art Students

Fifteen scholarships are given to talented Silpakorn University students participating in the AYUD "Happiness of Giving" Calendar 2011 program. The students not only get to showcase their work in the calendar, the real compliments come from the public showcase held at Central World.



# 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 2010, 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 Office of Insurance Commission (OIC), and promulgate amendments issued 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 2010, 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, Ph.D.	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. Chet Raktakanishta	Non-Executive Director	1994
12.	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.

\* Mr. Chet Raktakanishta passed away on 31 January 2010. The Nomination & Remuneration Committee is in the process of recruiting a suitable candidate to fill the vacancy.

## Company Signatories

The Articles of Association stipulates 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, PhD, and Mr. Virojn Srethapramotaya.

Report on Changes in Shareholding of Directors and Executives as of 31 December 2010 (Ordinary Shares) as per Shares Held by Members of the Board of Directors Page No.15.

## Charter of the Board of Directors

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### 1. Achieving the Vision

The Board of Directors (the “Board”) of The Ayudhya Insurance 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., insurance, 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**

An independent director is a Director who does not have any related business or work that may affect their independent decision-making (an "Independent Director"). A Director is not considered to be independent if such Director:

- 6.1.1 holds shares in excess of 0.5% of the issued shares of the Company or any of its subsidiaries, associated or related companies, including shares held by a related person;
- 6.1.2 takes part in the management of the Company or any of its subsidiaries, associated, or related companies or major shareholders of the Bank, or receives a salary from the Company or any of its subsidiaries, associated or related companies, or major shareholders;
- 6.1.3 is an advisor who receives a salary from the Company or any of its subsidiaries, associated or related companies, or major shareholders of the Company;
- 6.1.4 or derives any direct or indirect benefit from the financial and managerial affairs of the Company or any of its subsidiaries, associated or related companies, or major shareholders; or
- 6.1.5 is related to a senior executive or a major shareholder of the Company.

### **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 and the general insurance business.

## **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 2010, 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, Ph.D.	Member	11/11
3.	Mr. Chusak Salee	Member and Secretary	10/11

## 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 (One Million Five Hundred Thousand Baht) and overall expenses shall not exceed Baht 5 million (Five Million Baht) 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 (Five Hundred Thousand Baht) for each expense. Overall expenses shall not exceed Baht 2,000,000 (Two Million Baht) per annum; and
- 2.11 In cases 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

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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. 4/2008 held on 15 August 2008, 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	10/10
2.	Mr. Metha Suvanasarn	Member	10/10
3.	Mr. Savang Tongsmutr	Member	10/10
	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 Share holders' 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, the determinations of the Stock Exchange, 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 2010, 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
3.	*Mr. Chet Raktakanishta	Director	Non-Executive	0/6

Note : \* Mr. Chet Raktakanishta passed away on 31 January 2010.

## 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

- a. 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.
- b. 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.
- c. 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.
- d. 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.
- e. One member (or his/her nominee) shall act as Secretary to the Committee.
- f. 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**

- a. 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.
- b. 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

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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

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

As of 31 December 2010, 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	3/4
3.	*Mr. Nikhil Srinivasan	Consultant	3/4
4.	Mr. Chusak Salee	Member and Secretary	4/4

Note : \*Mr. Nikhil Srinivasan resigned, effective 1 January 2011

### 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 purpose of the Investment Committee (the "Committee") of the Board of Directors (the "Board") of The Ayudhya Insurance 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 advisor 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, Ph.D.	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
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Note : At the 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

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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 2010

No.	Name	Directors	Executive Committee	Investment Committee	Audit Committee	The Nomination and Remuneration Committee
1.	Mr. Veraphan Teepsuwan	7/7				
2.	Mr. Surachai Prukbamrong	7/7			10/10	
3.	Mr. Metha Suvanarn	7/7			10/10	6/6
4.	Mr. Savang Tongsmutra	7/7			10/10	
5.	Mr. Suwat Suksongkroh	7/7				
6.	Mr. Adisorn Tantianankul	7/7				
7.	*Mr. Chet Raktakanishta	0/7				0/6
8.	Mr. Virojn Srethapramotaya	6/7				
9.	Mr. Andreas Johann Wilhelm, Ph.D.	5/7		3/4		6/6
10.	Mr. Rowan D'Arcy	7/7	11/11	4/4		
11.	Mr. Chusak Salee	7/7	10/11	4/4		
12.	Mr. Laksna Thongthai	7/7	11/11			
	Mr. Nikhil Srinivasan (Consultant)			3/4		

Note: \*Mr. Chet Raktakanishta passed away on 31 January 2010.



# Remuneration for Directors and Executives Management

## Cash Remuneration

The remuneration paid to the Company's Board of Director 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.

Following the consideration of remuneration for the year 2009 and 2010 by the Nomination and Remuneration Committee, in 2009, Board Members received in total the sum of Baht 9,002,000 which included annual compensation and transportation, and in 2010, it was decided that Board Members would receive in total the sum of Baht 8,565,900 the details as per the following comparison schedule:

Comparison of Board Remuneration 2009/2010

NO	Name	2009			2010		
		Transportation	Remuneration	Total	Transportation	Remuneration	Total
1	Mr. Veraphan Teepsuwan	480,000	440,000	920,000	480,000	462,000	942,000
2	Mr. Surachai Prukbamroong	456,000	430,000	886,000	485,540	451,500	937,040
3	Mr. Savang Tongsmutra	420,000	390,000	810,000	447,000	409,500	856,500
4	Mr. Metha Suvanasarn	456,000	410,000	866,000	484,860	430,500	915,360
5	Mr. Adisorn Tantikankul	360,000	340,000	700,000	360,000	357,000	717,000
6	Mr. Chusak Salee	360,000	240,000	600,000	360,000	252,000	612,000
7	Mr. Laksna Thongthai, Ph.D.	360,000	220,000	580,000	360,000	231,000	591,000
8	*Mr. Chet Raktakanishta	420,000	360,000	780,000	35,000	35,000	70,000
9	Mr. Virojn Srethapromotaya	360,000	340,000	700,000	360,000	357,000	717,000
10	Mr. Andreas J. Wilhelm, Ph.D.	420,000	360,000	780,000	420,000	378,000	798,000
11	Mr. Suwat Suksongkroh	360,000	340,000	700,000	360,000	357,000	717,000
12	Mr. Rowan D'Arcy	420,000	260,000	680,000	420,000	273,000	693,000
	<b>Total</b>	<b>4,872,000</b>	<b>4,130,000</b>	<b>9,002,000</b>	<b>4,572,400</b>	<b>3,993,500</b>	<b>8,565,900</b>

In 2010, for top five executives, including the President & CEO, Managing Director, Director & Assistant Managing Director, Assistant Managing Directors and Senior Department Manager (excluding the Accounting Department Manager), the Company paid salaries and bonus of Baht 29,383,717.81

## 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 2010, the Company contributed approximately Baht 715,510.80 to the provident fund of the five top executives.

Note: \*Mr. Chet Raktakanishta passed away on 31 January 2010.



# 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 to 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

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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. 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](http://www.ayud.co.th).
2. 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. 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 2010 the Company has set the date for Shareholders' Meeting No. 61 for April 20, 2010 with the following proceedings:

- (1) To send notices calling the meeting, the Company has entrusted Thailand 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](http://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. 61, 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](http://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 other 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 2010, the Company set the Shareholders' Meeting No. 61 on 20 April 2010. All relevant documents were sent 14 days in advance to provide shareholders with support information on all items of the agenda for voting. Altogether, ten 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](http://www.ayud.co.th).

The Board of Directors also set the date for the next Shareholders' Meeting No. 62 for 20 April 2011 at 14.00 hrs at Centara Grand Hotel, Central World, Bangkok. The notice calling the meeting and relevant documents were disseminated through the Company's website, [www.ayud.co.th](http://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

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1. The Company organized its shareholders' meeting with equal treatment to all shareholders, whether Thai or expatriate. In cases of expatriates, 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. 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.
3. 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.

4. 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.
5. 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.
5. 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.
6. 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

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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.

*(Corporate Social Responsibility page 19)*

## Section 4: Disclosure and Transparency

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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 as per Section 10.

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, 2010.

Additionally, risk management - the assessment of major risk factors such as providing credit terms, investment risks, and major client risks - are detailed in Section Risk Factors page 118 A risk analysis has been undertaken of matters that might cause risk as well as measures to monitor the causes and reduce such risks.

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 not yet set up an Investor Relations Unit because of the lack of activities that bear communicating with shareholders, financial institutions, analysts and government offices. However, the Company is now conducting marketing and sales via its website at [www.ayud.co.th](http://www.ayud.co.th) and by telephone at (662) 263-0335.

## Section 5: Responsibilities of the Board of Directors

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### 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, with details in the Management Structure, No 9.a. 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 the 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 Association (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:

- Hold not more than 0.5 percent of the total number of voting shares of the Company or other juristic person that may be in conflict.
- Take no part in management, and not be an employee, advisor earning a regular salary, auditing, legal or other advisor, or have controlling power over the Company or be in conflict, and not have had such an interest for at least two years.
- Not be a close relative or related person who has influence over the independence of the Executive Director, a major shareholder or juristic person that might cause conflicts, including not being appointed to be a representative for the purpose of protecting the benefit of a direct and major shareholder.
- Not be a close relative or related person who has influence over the independence of the executive director, a major shareholder or juristic person that might have conflict including not being appointed to be a representative for the purpose of protecting the benefit of a direct and major shareholder.
- Be able to protect the interests of shareholders equally, and to attend Board Meetings to make independent decisions on various matters.
- Not be on the list of persons whom the Stock Exchange of Thailand considers unsuitable for management.

#### 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 Management Structure, page 22.

## 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, honesty 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 30 December 2009.

The Company has a Business Continuity Plan and conducts annual virtual tests with staff members to minimize any disruption to its operations. The success of these tests reassured stakeholders that the Company continued its operations uninterrupted during the political crisis of May 2010. In 2010, the Risk Management Committee held seven 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 as per the schedule on Page 36.

#### **5. Board Self-Assessment**

In 2010, 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. 61 held on April 20, 2010 approved remuneration that amounted to not more than Baht 4.2 million per annum. The remuneration is a Company asset and will be allocated appropriately.

*(Details are disclosed in Shareholding and Management Structure on Page 37)*

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 Institute of Director Association (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 Prukbamroong	x	x							x			x	
3	Mr. Savang Tongsmutra		x											
4	Mr. Metha Suvanasan			x		x								
5	Mr. Adisorn Tantianankul			x					x					
6	Mr. Chusak Salee			x										
7	Mr. Laksna Thongthai			x	x									
8	Mr. Chet Raktakanishta			x		x	x	x					x	
9	Mr. Virojn Srethapramotaya	x	x	x	x						x	x		
10	Mr. Andreas J. Wilhelm, Ph.D													
11	Mr. Suwat Suksongkroh			x									x	x
12	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 2010, the Company and its subsidiary had a total staff of 431 persons, which can be broken down as follows:

Underwriting, claims and marketing staff	215 persons
Support staff	124 persons
The Company's total staff	339 persons
Subsidiary's total staff	92 persons
Total	431 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 2010 can be broken down as follows:

Type of Payment	Baht Million
Salary	134.24
Bonus	21.01
Social Welfare	3.12
Provident Fund	5.96



# 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. 2/2011 dated 25 February 2011, which can be summarized as follows:

## 1. Organization and Environment

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- 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

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- A risk management team. 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

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- 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 Office of the Committee for Stocks and Securities 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

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- 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.
- 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 communication to keep staff members informed of administrative information and the duties of each person.

## 5. Monitoring System

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- 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 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 Choburi, 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 skits, 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.



# Review of Business Operation

The Ayudhya Insurance Public Company Limited engages in the following business activities:-

1. Non-Life insurance comprises four basic lines: fire, marine, motor and miscellaneous.
2. Investment under the insurance law, as supervised by the Office of Insurance Commission under Ministry of Commerce, the Company can invest its surplus income in the form of deposits with financial institutions, promissory notes and government bonds and in all kind of short and long-term securities.

**Fire Insurance** : Coverage is available the risk of loss or damage due to fire, lightning and explosions to such property as office buildings and factories, dwelling houses, residences, commercial buildings, industrial plants, property contained in buildings, goods in storage, as well as machinery and raw material at industrial plants within Thailand territory limit.

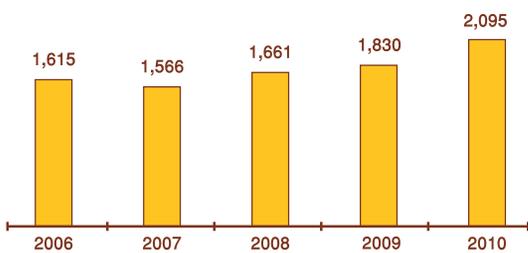
**Marine and Transportation Insurance** : The company offers coverage on goods transported by ship at sea and by river both internationally and within Thailand. Coverage is also provided on goods transported overland by truck or by train, as well as by air and parcel post as well as marine hull.

**Motor Insurance** : Covers the risk of losses due to automotive accidents and is divided into two categories:-

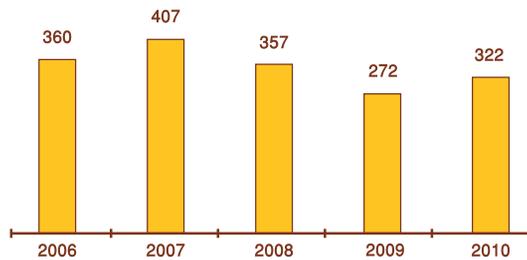
1. Compulsory insurance under the third-party insurance Act of 1992, applicable to vehicles and motorcycles from October 1992 by covering death or injuries due to motor accidents within the specified limits.
2. Voluntary insurance : including third-party, third-party/Theft and comprehensive or first-class coverage

**Miscellaneous Insurance** : Numerous types of insurance coverage are available, including Personal and Group Accident insurance, Travel insurance, Money insurance, Burglary insurance, Machinery insurance, Erection All Risks insurance, Contractor's All Risks insurance, Workmen's Compensation insurance, Electronic Equipment insurance, Public Liability insurance, All Risks insurance, Director and Officer insurance, Plate Glass insurance, Contractor's Plant and Machinery insurance and Leasehold insurance.

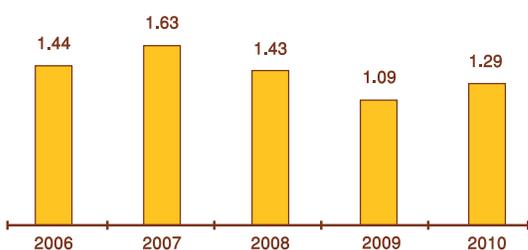
Gross Premium Written (Million Baht)



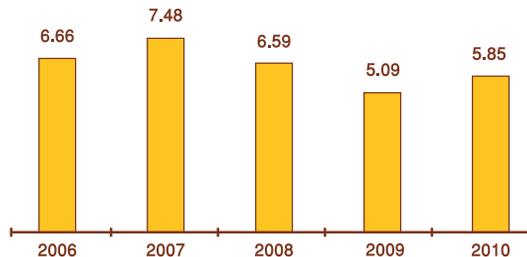
Net Profit (Million Baht)



Earnings Per share (Baht)



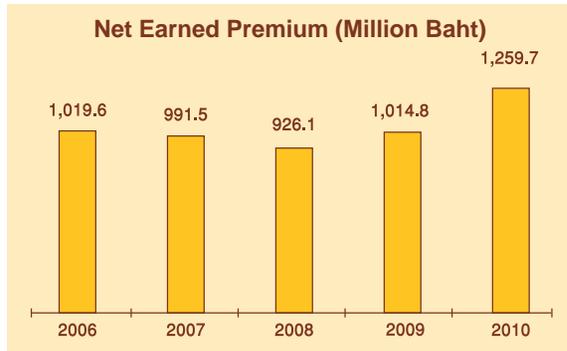
Return on Equity (%)





## Company and Its Subsidiary Revenue Structure

The Company and its subsidiary offer general non-life insurance coverage, including fire, marine, motor and miscellaneous. Premiums earned from the various categories are shown as follows:



The proportion of the Company and its subsidiary's income structure changed from the previous year i.e. underwriting income decreased from 81% of revenue in 2009 to 79.6% in 2010. However, in 2010 the Company continued to expand its distribution channels to up-country, through increased support from the Bancassurance contracts with Bank of Ayudhya Plc., and CIMB Bank Thai Plc., which lead to an increase in underwriting income

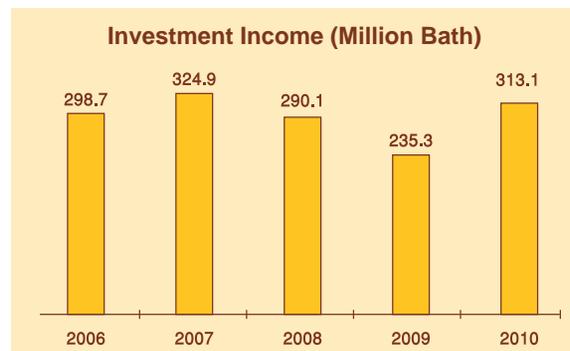
Underwriting Income: Comparison of Revenue Structure of the year ended 31<sup>st</sup> December 2010, 2009 and 2008 as aforementioned:-

(Units: Baht)

	2010		2009		2008	
	Amount	%	Amount	%	Amount	%
Underwriting Income						
Fire	339,930,727	27.0	308,440,278	30.4	300,510,505	32.5
Marine & Transport	61,538,936	4.9	43,018,617	4.2	43,666,757	4.7
Miscellaneous	268,221,740	21.3	160,864,172	15.9	155,587,597	16.8
Motor	590,000,063	46.8	502,507,012	49.5	426,362,495	46.0
<b>Total</b>	<b>1,259,691,466</b>	<b>100.0</b>	<b>1,014,830,079</b>	<b>100.0</b>	<b>926,127,354</b>	<b>100.0</b>

### Investment Income

Net investment income of the company and its subsidiary in 2010 showed an increase of 18.8% or equivalent to 19.8% of revenue over the same period in 2009. This was due to the increase in interest and dividend income of 21.3%. Whereas the gain on investment in securities for 2010 showed an increase of 83.85% .



Investment Income: Comparison of Revenue Structure of the year ended 31<sup>st</sup> December 2010, 2009 and 2008 as aforementioned:-

(Units: Baht)

	2010		2009		2008	
	Amount	%	Amount	%	Amount	%
1. Underwriting Income	1,259,691,466	79.6	1,014,830,079	81.0	926,127,354	75.8
2. Investment Income	313,058,858	19.8	235,281,574	18.8	290,089,990	23.8
3. Others	9,063,831	0.6	2,735,390	0.2	5,046,984	0.4
<b>Total Income</b>	<b>1,581,814,155</b>	<b>100.0</b>	<b>1,252,847,043</b>	<b>100.0</b>	<b>1,221,264,328</b>	<b>100.0</b>



## 2010 Operating Results

The Company and its subsidiary's business performance showed earned premiums of Baht 1,259.69 million, an increase of Baht 244.86 million, or 24.13%, over 2009. Net investment income from interest and dividends was Baht 226.01 million, an increase of Baht 39.64 million, or 21.27%, over the previous year. Gains on investments in securities totaled Baht 85.89 million, a Baht 39.17 million, or 83.85%, increase over last year's Baht 46.72 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 4.92 million, a rise of Baht 2.18 million, or 79.69%, over 2009. 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 comprised underwriting and operating expenses. In 2010, the Company had underwriting expenses of Baht 907.67 million, an increase of Baht 627.76 million, or 44.59%, over 2009. 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 policy holders during the year. In 2010, operating expenses totaled Baht 322.76 million, an increase of Baht 27.44 million, or 9.29%, over 2009's Baht 295.32 million. Personnel expenses increased by Baht 5.69 million, or 3.13%. Premises and equipment expenses were Baht 81.39 million versus Baht 74.94 million last year, an increase of Baht 6.45 million, or 8.61%, from 2009. This was due to the Company's investment in information technology to reduce redundancy, increase speed, efficiency and delivery of service; and to gear up for new innovative products to be launched in 2011. At the end of 2010, the Company has 12 branches and six sub-branches, all of them on-line with the Head Office providing customers with real-time quality service.

In 2010, the Company and its subsidiary showed pre-tax profits of Baht 351.39 million, an increase of Baht 21.62 million, or 6.56%, over the Baht 329.77 million in 2009. This was due to the rate of calculating deferred tax for corporate income tax which was adjusted to 30%. As a result, in 2010 corporate income tax was Baht 29.73 million, a decrease of Baht 27.69 million from 2009's Baht 57.42 million. Net after-tax profit was Baht 321.66 million, an increase of Baht 49.30 million, or 18.10%, over the previous year. Underwriting profit declined from the previous year by Baht 35.05 million, or 9.05%, whereas net investment income was up Baht 39.64 million, or 21.27%. Gains on investments in securities increased over last year by Baht 39.17 million, or 8.85%. The Company had Baht 1.15 million in income from the reversal of impairment losses on general investments. Other income was Baht 4.92 million, an increase over the previous year of Baht 2.18 million, or 79.69%. Additionally, the Company gained an excess of fair value on the acquisition of its subsidiary of Baht 4.15 million. Earnings per share were Baht 1.29, an increase over 2009 of Baht 0.20 per share, which recorded EPS of Baht 1.09. As a result, in 2010, the return on equity ratio was 5.85%, a 5.09% rise over 2009.

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

- (1) Stronger competition brought on by insurance companies with foreign interests. These companies are equipped with sophisticated information technology, and use tele-communications and direct marketing to attract more customers. They introduced innovative insurance products to meet customer requirements offering coverage for other risks, and services. To maintain our competitiveness, the Company invested more in technology and human resources, resulting in an increase in operating expenses.
- (2) The insurance business in 2010 earned total direct premiums of Baht 124,935 million, a 13.54% 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 increases in the prices of consumer products. In 2010, Thailand's economy expanded at the rate of 7.8%, whereas in 2009 it declined -2.3%, while the insurance business over the past five years has expanded steadily, and developed to its current strong position. Changes in social behavior, attitude and

values had direct impact on the growth of the insurance business. Families started to realize the value of insurance as a mechanism to relieve some of the burden resulting from the economic crisis 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, the insurance business will remain unaffected. With continued turmoil in the Thai economy, increases in crude oil prices, droughts, floods, earthquakes and the disturbances in the three southern provinces. Educational campaigns were done to raise the awareness of these risks and the importance of having insurance.

## Underwriting Results

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The Company and its subsidiary generated total premiums of Baht 2,095.10 million, in 2010, an increase over the previous year of Baht 265.25 million or 14.50%. The Company paid Baht 700.10 million in reinsurance premiums, or 33.42% of overall premiums. The Company's retention was Baht 1,395 million and the net written premium ratio per equity was 0.25 times, higher than previous year's 0.20. The profit on underwriting ratio was 25.23% of net written premiums, down 36.02% from last year. This was because profit on underwriting declined Baht 35.05 million, or 9.05% as losses in 2010 increased by Baht 148.51 million, or 35.23%, raising the underwriting expenses to Baht 907.67 million, a difference of Baht 279.91 million, 44.59%, over the Baht 627.76 million in 2009.

The increase in total written premiums for 2010 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.

In 2010, the Company incurred losses of Baht 570.10 million at the loss ratio of 45.26% of earned premiums, versus 41.54% 2009. Expenses incurred for claims settlement amounted to Baht 23.55 million, an increase over last year of Baht 10.44 million, by Baht 13.11 million, or 125.51%. Commission and brokerage expenses totaled Baht 145.38 million, an increase over the previous year of Baht 68.83 million by Baht 76.55 million, or 111.22%. At the same time, other underwriting expenses totaled Baht 168.64 million, an increase of Baht 41.74 million or 32.90%, versus Baht 126.90 million for the previous year. As a result, total underwriting expenses for all classes of business in 2010 increased over previous year by Baht 279.91 million, or 44.59%. Against 2009, 2010 profit on underwriting dropped to Baht 352.02 million, or down by 9.05% - a difference of Baht 35.05 million.

The retention rate in 2010 was 66.58%, against 58.73% last year due to an increase in premium income of Baht 265.25 million, or 14.50% while the cost of reinsurance was reduced from Baht 755.24 million to Baht 700.10 million, a difference of Baht 55.14 million, or 7.30%. As a result, net written premiums rose from Baht 1,074.61 million to Baht 1,395 million, an increase of Baht 320.39 million, or 29.81%.

The ratio of underwriting expenses for 2010 equaled 52.42% of earned premiums, an increase over last year of 49.18% due to the Company's underwriting expenses, and operating expenses that increased in the amount of Baht 161.24 million, or 32.31%, over 2009. That notwithstanding, earned premiums increased Baht 244.86 million, or 24.13%, over 2009.

## Fire Insurance

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The Company and its subsidiary generated gross premiums written in the amount of Baht 490.10 million, an increase of Baht 52.41 million, or 11.97%, over the previous year. The fire insurance business represented 23.39% of total premiums. The Company ceded reinsurance premiums in the amount of Baht 118.19 million, or 24.11% of total Fire premiums. The Company and its subsidiary retained Baht 371.91 million, or 75.89% of total Fire premiums. The unearned premium reserve for Fire insurance increased from last year by Baht 35.75 million, or 948.58% resulting in Baht 339.93 million in earned premiums, an increase over last year of Baht 31.49 million, or 10.21%.

In 2010, losses incurred from Fire totaled Baht 47.74 million, a Baht 5.66 million, or 13.44% increase over the previous year. The Fire loss ratio equaled 14.05% of earned premiums, a 13.65% increase over last year, whereas losses incurred increased Baht 3.71 million, or 273.71%, over the previous year. Commission and brokerage expenses increased Baht 31.94 million, or 85.01%, over last year, and other underwriting expenses amounted to Baht 58.74 million, an increase over last year of Baht 12.10 million, or 25.95%. Consequently, the profits from Fire amounted to Baht 158.87 million, reduced by Baht 18.49 or -11.39% from the previous year.

Written Fire premiums in 2010 increased from the previous year due to better support for the growing volume of our business and the Company's enhanced ability to promptly serve every customer, agent and broker, as well as every Bank of Ayudhya Pcl. customer that insures their residences and shops under a bank loan.

## Marine and Transportation Insurance

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Marine and Transportation gross premiums in 2010 totalled Baht 276.07 million, or an increase over last year of Baht 12.37 million, or 4.69%. This segment of business generated 13.18% of overall written premiums. The Company ceded reinsurance premiums in the amount of Baht 209.45 million, or 75.87%, of total Marine and Transport premiums. Net retention amounted to Baht 66.62 million, or 24.13% of total Marine and Transportation premiums. Earned premiums totaled Baht 61.54 million, an increase over last year of Baht 18.52 million, or 43.05%.

Losses incurred in 2010 totaled Baht 10.89 million, an increase over 2009 of Baht 0.63 million, or 6.12%; with the loss ratio equaled 17.70% of earned premiums. Total underwriting expenses increased from last year in the amount of Baht 2.74 million, or 549.30%. As a result, profit on underwriting rose to Baht 59.30 million for 2010, up by Baht 15.78 million, or 36.26% versus 2009.

In 2010, premiums for the Marine and Transportation sector grew 4.69%, and may be divided into Marine Cargo which decreased by 1.26%, whereas Marine Hull increased by 26.04%. The decline in written premiums for Marine Cargo segment was due to the reciprocities that adversely affected Marine and Transportation and global recession.

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

## Motor Insurance

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Gross premium written totaled Baht 655.20 million, an increase of Baht 99.97 million, or 18.01%, over 2009. This segment represented 31.27% of overall written premiums. Retention of motor premiums was Baht 620.98 million, or 94.78% of total Motor premiums. The Motor unearned premium reserve increased from the previous year by Baht 1.31 million, or 4.41%, which resulted in net earned premiums for Motor of Baht 590 million in 2010, an increase over last year of Baht 87.49 million, or 17.41%.

Motor claims in 2010 amounted to Baht 341.69 million represented an increase over the previous year of Baht 33.02 million, or 10.70%. The loss ratio was 57.91% of earned premiums. Underwriting expenses increased Baht 42.12 million, or 9.77%. The Company earned Baht 116.67 million in profit in 2010, an increase over last year of Baht 45.37 million, or 63.63%.

The Office of the 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 premium 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 2010, the growth of Motor premiums written rose to 18.01%, 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 the branches enhanced the ability of its customers to buy Motor insurance conveniently at Company branch offices.

## Miscellaneous Insurance

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Written Miscellaneous premiums totaled Baht 673.74 million in 2010, an increase over last year of Baht 100.50 million, or 17.53%. This segment represented 32.16% of the overall written premiums. Premiums ceded Baht 338.26 million, or 50.21%, of total Miscellaneous premiums. The Company retained Baht 335.48 million, or 49.79%, of total Miscellaneous premiums. The unearned premium reserve increased over the previous year by Baht 38.31 million, or 132.34%, resulting in the increase in earned Miscellaneous premiums of Baht 268.22 million in 2010, up Baht 107.36 million, or 66.74%, from last year.

Miscellaneous insurance incurred a loss of Baht 169.77 million, Baht 109.20 million, or 180.27%, versus last year. The loss ratio equaled 63.30% of earned premiums. Total Miscellaneous underwriting expenses increased over the previous year by Baht 181.64 million, or 261.72% due to the floods in Hadyai which occurred in the 4th quarter. As a result, profit for 2010 was Baht 17.18 million, down from 2009 by Baht 74.28 million, or 81.21%.

Strong partnership with BAY's (Bank of Ayudhya Plc) 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.

## Investments

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The SET index rose 40.60% in 2010 over the same period last year. The continued local recovery will depend on the government's fully implementing its fiscal stimulus packages, a revival in consumer spending, and an improvement in the export sector. While private investment is low, it appears to be continually improving. Major initiatives such as special lowest interest rates were undertaken to support liquidity, while disturbances from the political crisis could adversely affect overall economic expansion. That notwithstanding, the Thai economy continued to improve, despite high crude oil and consumer product prices, and exchange rates that strengthened the Thai baht.

In terms of financial investments, the Company and its subsidiary managed liquidity efficiently, achieving returns with good yields. In addition, there was an adjustment in management policy focusing on investments with high returns and low risk. This applies in all cases, and requires cautious consideration of liquidity and prudence for the benefit of shareholders.

As at December 31, 2010, the Company and its subsidiary had investment assets totaling Baht 6,659.03 million, an increase of Baht 388.56 million, or 6.20%, over last year. Net investment income comprised of interest and dividends totaled Baht 226.01 million, a Baht 39.64 million, or 21.27%, increase over last year, which was due to the rate increase for short-term money market deposits. The Company sold some listed stocks and unit trusts during 2010. As a result, profit on investment in securities was Baht 85.89 million, an increase of Baht 39.17 million, or 83.85%, over last year's Baht 46.72 million. Additionally, the Company gained Baht 1.15 million on reversal of loss on impairment of general investments. Reflecting the upward trend, the Company and its subsidiary gained Baht 313.06 million on investments in securities, an increase over the previous year's Baht 235.28 million of Baht 77.78 million, or 33.06%, in 2010. Thus the rate of return on investment in 2010 increased from 2009's 3.97% to 4.70%.

## Financial Status

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### 1. Assets

#### 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, outstanding premiums and other assets.

As at December 31, 2010, the Company and its subsidiary had total assets of Baht 7,547.13 million, an increase over last year of Baht 811.59 million, or 12.05%, and total investments in securities of Baht 5,825.45 million, an increase of Baht 120 million over last year's Baht 5,705.45 million. The Company and its subsidiary had investments in

government and foreign bonds totaling Baht 1,765.70 million, up Baht 254.86 million from last year; investments in promissory notes of Baht 142 million, Baht 32.44 million more than last year's Baht 109.56 million; and investments in debentures of Baht 760.85 million, up Baht 97.74 million over last year's Baht 663.11 million.

Investments in mutual funds totaled Baht 1,978.29 million, an increase of Baht 117.99 million over last year's Baht 1,860.40 million. Investments in the securities of listed and non-listed companies totaled Baht 1,178.47 million, an increase of Baht 43.23 million over last year's Baht 1,221.70 million. As at year-end of 2010, the Company and its subsidiary had unrealized gains on investments in securities of Baht 246.27 million, an increase over last year of Baht 77.25 million, or 45.71%. This was due to the 40.60% rise in the SET index compared to the same period the previous year.

To comply with the Company's Staff Welfare Policy, the Company made loans to employees with guarantors totaling Baht 3.38 million as at year-end 2010, a Baht 0.41 million increase over the previous year's Baht 2.97 million.

Cash and deposits at financial institutions at year-end 2010 totaled Baht 830.20 million, up Baht 268.15 million from previous year's Baht 562.05 million. This increase was due to the maturity of short-term bonds placed as fixed deposits.

Land, premises and equipment as at December 31, 2010 totaled Baht 221.14 million, a Baht 48.39 million increase over last year's Baht 172.75 million. This was due to the Company and its subsidiary investing Baht 39.15 million 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 16.48 million. Company assets of its subsidiary totaled Baht 25.73 million.

Outstanding premiums as at December 31, 2010 were Baht 229.77 million, a Baht 49.24 million, or 27.27%, increase over last year's Baht 180.53 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 such 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 (OIC) stipulated that motor premium payments must be in compliance with the universal practice of 'Cash-before-Cover' in which the insured has to pay their 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, 2010, the Company and its subsidiary's investments in securities, including bonds, treasury bills, notes, stocks, debentures, unit trusts and warrants, totaled Baht 5,825.45 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 170.76 million in shareholders' equity.

(b) Debtors

In 2010, the Company and its subsidiary's turnover rate of outstanding premiums was 37 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 their premium prior to effective date of policy.

As at December 31, 2010, the allowance for doubtful accounts totaled Baht 7.60 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%

### 3. 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 2010, net cash provided by investment activities totaled Baht 660.70 million. Cash received in the form of investments of Baht 989.05 million was net on investments of Baht 328.29 million, received and used for major investments in debt and equity securities and cash deposits in financial institutions. In 2010, 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 and its subsidiary have 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 379.79 million at December 31, 2010, lower than the previous year's Baht 574.24 million. This was due to an increase in deposits with original maturities of over three months.

(2) Liquidity Ratio

As at December 31, 2010, the Company and its subsidiary recognized an outstanding liquidity ratio of 2.52 times, indicating that the Company and its subsidiary's backup assets were sufficient to pay its current liabilities.

In 2009, 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 2010, the Company and its subsidiary recorded 90.92%.

### 4. 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, 2010, the Company's debt-to-equity ratio was 0.34 times, up from last year's 0.22 times. Debt-to-equity ratio was very low because the Company and its subsidiary's source of funds did not come from borrowing; the Company's liabilities came from its business operations.

(2) Shareholders' Equity

The Company's shareholders' equity as at December 31, 2010 was Baht 5,560.50 million, an increase of Baht 115.65 million over last year's Baht 5,444.85 million. This was due to the Company's unrealized gains of Baht 170.76 million from the change in the value of its investments, an increase of Baht 44 million over last year's Baht 126.76 million. Unappropriated retained earnings totaled Baht 677.56 million, up Baht 71.66 million from the previous year's Baht 605.90 million.

(3) Liabilities

The Company and its subsidiary had liabilities as at December 31, 2010 totaling Baht 1,986.63 million, an increase of Baht 695.93 million over the previous year's Baht 1,290.70 million. 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, bank overdrafts, premiums received in advance, accrued commissions, deferred tax liabilities, accrued operations expenses, and accrued corporate income tax.



## Goals

The objective of the operating performance aimed to maintain maximize profit, emphasizing the growth of the underwriting premium managing invest assets to gain high return, efficiency performance and controlling of operating expenses.

The company and its subsidiary's operating results are still remain satisfactory target which showed the premium written of Baht 2,095.10 million in 2010, increased from previous year of Baht 1,829.85 million, by 14.50%. The profit on underwriting decreased from the previous year by Baht 35.05 million or equivalent to 9.05%. This was due to loss claim incurred of Baht 148.51 million or equivalent to 35.23% over the same period of 2009. Loss Ratio equal to 45.26% represented an increase from the same previous of last year of 41.54%. This was due to an increase of loss incurred for Miscellaneous and Motor as the flood sustained the damages in the southern areas. Furthermore, total underwriting expenses increased by Baht 131.40 million or equivalent to 63.73% due to volume of business increased accordingly.

In 2010, net investment income increased from last year Baht 39.64 million or equivalent to 21.27%. This was due to the interest rate being increased from the previous year. Notwithstanding, gain on investment in securities increased from last year Baht 39.17 million or 83.85%. Furthermore, as of 2010 the company recorded unrealized gain from investment in securities of Baht 246.27 million, increased from previous year of Baht 77.25 million or 45.71%. This was due to the stock market in 2010 substantially increased by 40.60% when compared with the SET index by end of 2009. The major factors supported the liquidity, which adversely reflect the global economy was in tier since the government offices in many countries strongly subsidize their finance institutes to relief the economic crisis. However, the amount of money flows to properties risks and in the meanwhile the domestic political sign is unravel especially, the government tried to issue the measure to motivate the current economic. Notwithstanding, the Company has always invested for additional revenues in various forms which are considered in the long term, to be financially secure and yielding good returns to enhance the security and efficiency of risk-taking based on sustainability of essential investment with prudent and caution. As a result, from the aforementioned reason, the Company received net profit in 2010 of Baht 321.66 million, increased from previous year of Baht 272.35 million or 18.10%.



# Human Resources Development

The Management and Board of Directors of The Ayudhya Insurance Plc 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 2010, the Company made a total disbursement Baht 1,152,009.00 on staff training and 218 employees participated in these development programs as follows:

In-house	5	courses
External	63	courses
Overseas	3	courses





## Information Technology and Tele-Communications Development



The design and development of information technology master plan is critical to the success of our insurance business which requires speedy response to effectively serve our customers. The development challenges include maintaining our competitiveness in this fiercely competitive market as well as responding to crisis such as the emergency closing of our head office due to unrest. The successful use of information technology helps to reduce operating costs, increase performance efficiency, and result in more profit for the Company and shareholders.

### Successful implementations in 2010

- **The readiness of the IT system during crisis** — The many Rajprasong and Ploenchit unrest events which occurred last year forced the Company to move our head office to designated emergency sites. Within three hours, the Company's IT system was fully functioning nationwide enabling the Company to operate and service customers promptly.
- **The development of I-Insurance**, a web-base application via the internet was launched to help agents and brokers to access customer and sales information in real time so that they could service customers without delay. In addition, the Call Center Service or CCS was developed to support direct customer service linking it with packaged insurance products sold via bancassurance customers.
- **Staying ahead of time** by continuously updating and developing the current system to support future growth. By leveraging the available technology, we were able to increase efficiency by downsizing servers while increasing the capability to provide for availability and mobility of the system usage so that customers and partners could access the information system without interruption.
- **The development of the Company database** covered the operation and service aspects of BT Insurance, a wholly-owned subsidiary of AYUD, now renamed **SRI AYUDHYA GENERAL INSURANCE COMPANY LIMITED (SAGI)**. The implementation of the system integration and of the businesses followed the regulations and procedures approved by the Office of the Insurance Commission (OIC). The process went as planned and without interruption, and created goodwill and confidence among customers and partners.



# Business Environment and Competition

## Marketing and Competition

### (a) Policy and Types of Products

During the year 2010, the non-life insurance business had overall direct premium income of Baht 124,935 million, representing a 13.54% increase over the same period in 2009. Direct fire insurance premiums totaled Baht 7,839.26 million, a 0.68% increase over the previous year, whereas marine and transport premiums of Baht 4,324,091 million represented a 19% increase and miscellaneous insurance premiums of Baht 38,179,213 million represented a 15.03% increase. Motor premiums totaled Baht 74,593,072 million, a 14.01% increase over 2009.

Class	Overall Direct Premiums (Unit: Thousand Baht)		
	2010	2009	% Increase (Decrease)
Fire	7,839,260	7,786,536	0.68
Marine & Transportation	4,324,091	3,633,838	19.00
Miscellaneous	38,179,213	33,191,104	15.03
Motor	74,593,072	65,429,528	14.01
Total	124,935,636	110,041,006	13.54

(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. Use every means possible to realize 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 2010, 58.88% 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 (2008-2010)

Type of Distribution Channel	2010	2009	2008
1. Brokers and Agents	51.69%	55.03%	57.42%
2. Financial Institutions and Affiliated Companies	42.92%	39.43%	37.32%
3. Direct Sales	5.39%	5.54%	5.26%

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 2010 (January-December) is shown as follows:

Line of Business	Company Direct Premiums Written Unit: Thousand Baht	Overall Direct Premiums Written 69 Companies Unit: Thousand Baht	Market Share %	Ranking in the Market
Fire	451,404	7,839,260	5.76	6
Marine & Transport	256,425	4,324,091	5.93	5
Miscellaneous	577,755	38,179,213	1.51	17
Motor	621,923	74,593,072	0.83	28
Total	1,907,507	124,935,636	1.53	20

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

As at 31 December 2010, there are 69 insurance companies, 59 of which are general insurance companies, five branches of foreign insurance companies, and five group health insurance companies.

Thanks to our financial efficiency, the Company has had an advantage over its competitors in the insurance business for 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 2010, the Company has 12 branches and six 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 was 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.

Table 1: Comparison of Direct Premium for the Non-Life Insurance Industry over 12 Months (January — December): 2010 versus 2009

Unit : Thousand Baht

Lines of Business	Direct Premium for the Non-Life Insurance Industry			
	2010	2009	Increase (Decrease)	Percentage
Fire	7,839,260	7,786,536	52,724	0.68
Marine & Transportation	4,324,091	3,633,838	690,253	19.00
Hull	398,015	371,829	26,186	7.04
Cargo	3,926,076	3,262,009	664,067	20.36
Automobile	74,593,072	65,429,528	9,163,544	14.01
Compulsory	11,175,114	10,928,039	247,075	2.26
Voluntary	63,417,958	54,501,489	8,916,469	16.36
Miscellaneous	38,179,213	33,191,104	4,988,109	15.03
Industrial All Risks	10,424,723	7,650,404	2,774,318	36.26
Public Liability	1,112,933	891,246	221,687	24.87
Engineering Insurance	2,582,785	2,665,272	(82,487)	(3.09)
Aviation Insurance	1,481,595	512,052	969,543	189.34
Personal Accident	12,781,049	10,363,389	2,417,660	23.33
Health Insurance	4,201,701	3,518,889	682,811	19.40
Crop Insurance	2,699	393	2,307	587.57
Other Insurance	5,591,729	7,589,459	(1,997,729)	(26.32)
<b>Total</b>	<b>124,935,636</b>	<b>110,041,006</b>	<b>14,894,630</b>	<b>13.54</b>

Table 2: A Comparison of Losses from Direct Insurance for the Non-Life Insurance Business over 12 Months (January — December) 2010 Compared to 2009

Unit : Thousand Baht

Lines of Business	Losses Paid from Direct Insurance			
	2010	2009	Increase (Decrease)	Percentage
Fire	1,438,528	1,116,669	321,859	28.82
Marine	1,124,884	1,262,789	(137,905)	(10.92)
Hull	182,871	199,280	(16,409)	(8.23)
Cargo	942,014	1,063,510	(121,496)	(11.42)
Automobile	39,601,993	37,652,157	1,949,835	5.18
Compulsory	4,779,174	4,402,360	376,814	8.56
Voluntary	34,822,819	33,249,798	1,573,021	4.73
Miscellaneous	15,552,262	14,313,898	1,238,365	8.65
Industrial All Risks	4,761,398	3,367,560	1,393,838	41.39
Public Liability	217,029	156,588	60,441	38.60
Engineering Insurance	1,003,956	1,930,153	(926,197)	(47.99)
Aviation Insurance	454,472	690,477	(236,005)	(34.18)
Personal Accident	4,168,793	3,250,730	918,063	28.24
Health Insurance	2,215,559	1,914,964	300,595	15.70
Crop Insurance	958	170	787	462.96
Other Insurance	2,730,098	3,003,256	(273,157)	(9.10)
<b>Total</b>	<b>57,717,667</b>	<b>54,345,514</b>	<b>3,372,154</b>	<b>6.21</b>

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

Table 3: Market Share for Direct Premium of the Company over 12 Months (January – December) 2010

Unit : Thousand Baht

Lines of Business	Company's Direct Premium	Overall Direct Premium Totaling 69 companies	Market Share (%)
Fire	451,404	7,839,260	5.76
Marine & Transportation	256,425	4,324,091	5.93
Miscellaneous	577,755	38,179,213	1.51
Automobile	621,923	74,593,072	0.83
<b>Total</b>	<b>1,907,507</b>	<b>124,935,636</b>	<b>1.53</b>

Table 4: Market Share for Direct Premium of the Company over 12 Months (January – December) 2010 Compared to 2009

Lines of Business	Ranking (12 months)		Market Share (%) 12 months	
	2010	2009	2010	2009
Fire	6	6	5.76	5.18
Marine & Transportation	5	5	5.93	6.64
Automobile	28	30	0.83	0.85
Miscellaneous	17	18	1.51	1.56
Industrial All Risks	13	11	2.28	3.25
Public Liability	15	12	1.92	2.16
<b>Total</b>	<b>20</b>	<b>22</b>	<b>1.53</b>	<b>1.56</b>

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



## Report on the Board of Director's 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 2010.

**Mr. Veraphan Teepsuwan**  
Chairman

**Mr. Rowan D'Arcy**  
President & CEO



# 2010 Report of the Nomination and Remuneration Committee

Dear Shareholders,

The Nomination and Remuneration Committee currently composed of three non-executive directors namely, Mr. Metha Suvanasarn as Chairman of the Committee, \*Mr. Chet Raktakanishta as member and Mr. Andreas Johann Wilhelm, Ph.D. as member and secretary to Nomination & Remuneration Committee.

The Nomination and Remuneration Committee has performed its duties as assigned by the Board of Directors. In 2010, the Committee held altogether six meetings, with attendance by the members. Joint meeting were also held with the Company's President and the senior management to access information that will support the Committee in the consideration of the issues under its authority. The results of the Committee's meetings are reported regularly to the Board of Directors. The Committee's significant undertakings in 2010 are detailed as follows:

## Nomination

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Propose the renewal of Directors were required to retire in 2010 in term of the Articles of Association of the company and its subsidiary. The nomination of the renewal could be re-elected in term of qualified person to be director in compliance with the requirements of SEC and SET based on Annual Shareholders' resolution.

To nominate suitable candidates to become its subsidiary Directors  
Formulated and prepared the succession plan.

## Remuneration

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Considered and proposed to the Board of Directors concerning the President's target letter.

Considered and proposed to the Board of Directors remuneration for the President and Managing Director.

Considered and proposed to the Board of Directors remuneration for the Company and its subsidiary's Directors.

In 2010, 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

\* Mr. Chet Raktakanishta passed away on 31 January 2553.

The Nomination & Remuneration Committee is seeking a suitable candidate to fill the vacancy.



# Report of the Audit Committee

**To: The Shareholders of 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 2010, the Audit Committee held 10 meetings, two 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 and annual financial statements and 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 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 Independent Certified Public Accountants for the fiscal year ended December 31, 2009. The report of the Independent 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 2009.
5. To consider the Risk Management Guidance of Insurance Companies, and the appointment of additional Compliance Committee members.
6. To acknowledge the audit results from the official from the Office of Insurance Commission (OIC).
7. To acknowledge the operations pursuant to the Business Continuity Plan of the Company on April 28 - May 5, 2010.
8. To consider the audit results of the application security review of Ernst & Young Corporate Services Limited.
9. To consider the principles utilized in determining the price for acquiring BT Insurance Company Limited.
10. To consider the draft bancassurance agreement between The Ayudhya Insurance Public Company Limited, BT Insurance Company Limited, CIMB Thai Bank Public Company Limited, BT Leasing Company Limited and BT Worldlease Company Limited.
11. To review the audit results of BT Insurance Company Limited branches.
12. To discuss with the Auditor 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 Mrs. Nachalee Boonyakarnkul, and/or Mr. Permsak Jerajakwattana, as the Company's auditors for the fiscal year 2011.

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 25, 2011

February 25, 2011

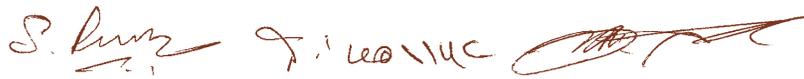
Subject: Opinion on Related Transactions

To: The Shareholders of The Ayudhya Insurance Public Company Limited

We, as a Member of The Audit Committee of The Ayudhya Insurance Public Company Limited has opinions on related transactions between The Ayudhya Insurance Public Company Limited and related companies for the fiscal year ended December 31, 2010 were conducted in the company's normal course of business.

For your acknowledgement

Respectfully,



(Mr. Surachai Prukbamroong) (Mr. Savang Tongsmutra) (Mr. Metha Suvanasarn)  
Member of the Audit Committee



# Report of the Independent Certified Public Accountants

TO THE SHAREHOLDERS AND THE BOARD OF DIRECTORS  
THE AYUDHYA INSURANCE PUBLIC COMPANY LIMITED

We have audited the consolidated balance sheet of The Ayudhya Insurance Public Company Limited and its subsidiary as at December 31, 2010 and the related consolidated statements of income, changes in shareholders' equity and cash flows for the year then ended and the separate balance sheets of The Ayudhya Insurance Public Company Limited as at December 31, 2010 and 2009, and the related separate statements of income, changes in shareholders' equity and cash flows for the years then ended. These financial statements are the responsibility of the Company's management as to the 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 financial statements present fairly, in all material respects, the financial position of The Ayudhya Insurance Public Company Limited and its subsidiary as at December 31, 2010 and the of its operations and cash flows for the year then ended, and the separate financial statements present fairly, in all material respects, the financial position of The Ayudhya Insurance Public Company Limited as at December 31, 2010 and 2009, and the results of its operations and its cash flows for the years then ended are in conformity with generally accepted accounting principles.

Without qualifying our opinion, as discussed in Note 3 to the financial statements, the Company has changed its accounting policy regarding employee benefits with the early adoption of Accounting Standard No. 19 "Employee benefits". The comparative financial statements for the year ended December 31, 2009 have been retrospectively restated in accordance with such new policy.

Niti Jungnitnirundr

Certified Public Accountant (Thailand)

Registration No. 3809

BANGKOK  
February 21, 2011

DELOITTE TOUCHE TOHMATSU JAIYOS AUDIT CO., LTD.



# Balance Sheets

THE AYUDHYA INSURANCE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY  
AS AT DECEMBER 31, 2010 AND 2009

		BAHT		
	Notes	CONSOLIDATED FINANCIAL STATEMENTS	SEPARATE FINANCIAL STATEMENTS	
		2010	2010	2009 "As restated"
<b>ASSETS</b>				
INVESTMENT IN SECURITIES	6			
Bonds		1,765,700,694	604,197,354	1,510,840,066
Treasury bills		-	-	339,764,080
Notes		142,000,000	80,000,000	109,562,518
Stocks		1,178,473,558	1,177,262,588	1,221,698,555
Debentures		760,851,902	714,299,479	663,105,619
Other securities				
Unit trusts		1,978,393,489	1,908,029,885	1,860,404,147
Transferable subscription rights		34,911	34,911	-
Warrants		-	-	75,048
Total investment in securities		<u>5,825,454,554</u>	<u>4,483,824,217</u>	<u>5,705,450,033</u>
LOANS	7	3,382,808	3,382,808	2,966,136
INVESTMENT IN SUBSIDIARY	8	-	331,316,041	-
RECEIVABLE FROM SUBSIDIARY - SHARE SUBSCRIPTION TO BE RETURNED	9	-	895,679,719	-
CASH AND DEPOSITS AT FINANCIAL INSTITUTIONS	10	830,195,708	657,081,009	562,052,243
PREMISES AND EQUIPMENT - NET	11	63,835,201	60,361,203	44,160,882
AMOUNT DEPOSIT ON REINSURANCE TREATIES DUE FROM REINSURERS		584,582	584,582	2,780,015
PREMIUM DUE AND UNCOLLECTED - NET	12	118,119,605	111,709,383	21,870,427
ACCRUED INCOME ON INVESTMENT		222,169,555	178,801,448	174,794,137
OTHER ASSETS				
Intangible assets - net	13	24,771,122	19,767,707	20,399,898
Deferred tax assets	14	133,381,482	132,751,603	25,534,527
Others		208,628,161	172,515,902	113,663,533
<b>TOTAL ASSETS</b>		<u><u>7,547,131,611</u></u>	<u><u>7,141,970,273</u></u>	<u><u>6,735,542,985</u></u>

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



## Balance Sheets (Continued)

THE AYUDHYA INSURANCE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY  
AS AT DECEMBER 31, 2010 AND 2009

		BAHT		
	Notes	CONSOLIDATED FINANCIAL STATEMENTS 2010	SEPARATE FINANCIAL STATEMENTS 2010	2009 "As restated"
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>				
UNEARNED PREMIUM RESERVE	15	862,974,131	658,181,780	543,431,620
LOSS RESERVES AND OUTSTANDING CLAIMS	16	326,826,237	277,854,721	222,747,079
AMOUNT WITHHELD ON REINSURANCE TREATIES		156,014,065	137,574,966	128,349,623
DUE TO REINSURERS		91,868,649	90,095,295	75,375,040
BANK OVERDRAFTS	17	-	-	451,234
OTHER LIABILITIES				
Premium written received in advance		222,438,149	133,818,948	120,437,051
Accrued commissions		40,495,333	34,530,417	34,729,338
Other payable	1	39,316,041	39,316,041	-
Post - employment benefits obligation	3 and 18	45,658,876	39,915,436	35,768,549
Deferred tax liabilities	14	73,881,035	73,380,579	42,253,920
Others		127,156,715	97,718,647	87,152,799
<b>TOTAL LIABILITIES</b>		<b>1,986,629,231</b>	<b>1,582,386,830</b>	<b>1,290,696,253</b>
<b>SHAREHOLDERS' EQUITY</b>				
<b>SHARE CAPITAL</b>				
Authorized share capital				
500,000,000 ordinary shares of Baht 1.00 each		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
PREMIUM ON SHARE CAPITAL		3,512,183,950	3,512,183,950	3,512,183,950
SURPLUS ON REVALUATION OF INVESTMENTS	5.1.1	170,759,865	171,221,352	126,761,760
<b>RETAINED EARNINGS</b>				
Appropriated				
Statutory reserve	19	50,000,000	50,000,000	50,000,000
Other reserves	20	900,000,000	900,000,000	900,000,000
Unappropriated		677,558,565	676,178,141	605,901,022
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>5,560,502,380</b>	<b>5,559,583,443</b>	<b>5,444,846,732</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>7,547,131,611</b>	<b>7,141,970,273</b>	<b>6,735,542,985</b>

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



# Consolidated Statement of Income

THE AYUDHYA INSURANCE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY  
FOR THE YEAR ENDED DECEMBER 31, 2010

BAHT

	Notes	2010					Total
		Fire	Marine		Motor	Miscellaneous	
			Hull	Cargo			
<b>Underwriting income</b>							
Gross premium written		490,099,475	72,426,765	203,639,259	655,196,188	673,735,942	2,095,097,629
<b>Less</b> Premium ceded		118,185,615	65,592,974	143,851,958	34,212,094	338,259,730	700,102,371
Net premium written		371,913,860	6,833,791	59,787,301	620,984,094	335,476,212	1,394,995,258
<b>Less</b> Unearned premium reserve							
increase from previous year		31,983,133	196,906	4,885,250	30,984,031	67,254,472	135,303,792
Earned premium		339,930,727	6,636,885	54,902,051	590,000,063	268,221,740	1,259,691,466
<b>Underwriting expenses</b>							
Losses incurred		47,744,548	1,499,608	9,392,622	341,690,199	169,771,665	570,098,642
Loss adjustment expenses		5,059,654	282,457	2,776,911	6,844,068	8,587,448	23,550,538
Commissions and brokerages		69,519,108	(8,356,483)	(20,598,459)	94,192,445	10,618,784	145,375,395
Other underwriting expenses		58,735,252	2,717,153	14,528,221	30,601,324	62,060,325	168,642,275
Total underwriting expenses		181,058,562	(3,857,265)	6,099,295	473,328,036	251,038,222	907,666,850
Profit on underwriting		158,872,165	10,494,150	48,802,756	116,672,027	17,183,518	352,024,616
<b>Net investment income</b>							
Net investment income							226,010,027
Gain on investment in securities	25						85,894,910
Reversal of loss on impairment of general investment							1,153,921
Excess of net fair value over purchase cost	1						4,148,692
<b>Other income</b>							
Gain on sale of assets							2,427,331
Others							2,487,808
Total other income							4,915,139



## Consolidated Statement of Income (Continued)

THE AYUDHYA INSURANCE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY  
FOR THE YEAR ENDED DECEMBER 31, 2010

		BAHT
	Notes	2010
Operating expenses		
Personnel expenses		187,293,207
Premises and equipment expenses		81,391,830
Taxes and duties		1,148,650
Bad debt and doubtful accounts		1,327,272
Directors' remuneration		8,785,060
Other operating expenses		
Consulting and other fees		9,729,828
Travelling expenses		6,089,258
Others		<u>26,990,960</u>
Total operating expenses		<u>322,756,065</u>
PROFIT BEFORE INCOME TAXES		351,391,240
INCOME TAXES	14	<u>29,733,697</u>
NET PROFIT		<u>321,657,543</u>
BASIC EARNINGS PER SHARE	BAHT	1.29
WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES	SHARE	250,000,000

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



# Separate Statements of Income

THE AYUDHYA INSURANCE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY  
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

	Notes	2010					BAHT	
		Fire	Marine		Motor	Miscellaneous	Total	2009
			Hull	Cargo				Total "As restated"
<b>Underwriting income</b>								
Gross premium written		474,135,211	72,426,765	202,171,178	621,922,664	632,257,669	2,002,913,487	1,829,848,047
<b>Less</b> Premium ceded		107,361,419	65,592,974	143,039,869	34,148,429	337,308,839	687,451,530	755,240,190
Net premium written		366,773,792	6,833,791	59,131,309	587,774,235	294,948,830	1,315,461,957	1,074,607,857
<b>Less</b> Unearned premium reserve								
increase from previous year		32,819,853	196,906	4,750,527	23,597,515	53,385,359	114,750,160	59,777,778
Earned premium		333,953,939	6,636,885	54,380,782	564,176,720	241,563,471	1,200,711,797	1,014,830,079
<b>Underwriting expenses</b>								
Losses incurred		45,856,388	1,499,608	9,266,689	337,578,127	139,525,916	533,726,728	421,591,180
Loss adjustment expenses		3,173,621	282,457	2,759,511	6,263,007	8,555,105	21,033,701	10,443,277
Commissions and brokerages		69,995,340	(8,356,483)	(20,504,919)	92,516,590	6,992,196	140,642,724	68,827,468
Other underwriting expenses		56,959,237	2,717,153	14,344,119	25,559,426	57,031,809	156,611,744	126,897,996
Total underwriting expenses		175,984,586	(3,857,265)	5,865,400	461,917,150	212,105,026	852,014,897	627,759,921
Profit on underwriting		157,969,353	10,494,150	48,515,382	102,259,570	29,458,445	348,696,900	387,070,158
<b>Net investment income</b>								
Net investment income							223,062,498	186,372,746
Gain on investment in securities	25						86,598,431	46,720,561
Reversal of loss on impairment								
of investment in notes							-	2,188,267
Reversal of loss on impairment								
of general investment							1,153,921	-
<b>Other income</b>								
Gain on sale of assets							2,619,034	591,296
Others							1,592,837	2,144,094
Total other income							4,211,871	2,735,390



## Separate Statements of Income (Continued)

THE AYUDHYA INSURANCE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY  
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

		BAHT	
	Notes	2010	2009
			"As restated"
Operating expenses			
Personnel expenses		181,295,282	181,607,495
Premises and equipment expenses		78,802,673	74,938,850
Taxes and duties		1,134,161	1,191,133
Bad debt and doubtful accounts		52,107	474,846
Directors' remuneration		8,617,000	9,002,000
Other operating expenses			
Consulting and other fees	31	9,719,582	748,668
Travelling expenses		5,821,254	7,066,687
Others		25,803,973	20,287,432
Total operating expenses		<u>311,246,032</u>	<u>295,317,111</u>
PROFIT BEFORE INCOME TAXES		352,477,589	329,770,011
INCOME TAXES	14	<u>32,200,470</u>	<u>57,415,497</u>
NET PROFIT		<u>320,277,119</u>	<u>272,354,514</u>
BASIC EARNINGS PER SHARE		BAHT 1.28	1.09
WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES		SHARES 250,000,000	250,000,000

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



# Consolidated Statement of Changes in Shareholders' Equity

THE AYUDHYA INSURANCE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY  
FOR THE YEAR ENDED DECEMBER 31, 2010

	Notes	Issued and paid-up share capital	Premium on share capital	Surplus (deficit) on revaluation of investments	Retained earnings			BAHT
					Statutory reserve	Other reserves	Unappropriated	Total Shareholders' equity
<b>"As restated"</b>								
Beginning balance as at January 1, 2010		250,000,000	3,512,183,950	126,761,760	50,000,000	900,000,000	631,806,433	5,470,752,143
Cumulative effect of the change in accounting policy for employee benefits	3	-	-	-	-	-	(25,905,411)	(25,905,411)
Beginning balance as at January 1, 2010 as restated		250,000,000	3,512,183,950	126,761,760	50,000,000	900,000,000	605,901,022	5,444,846,732
Changes during the year								
Increase of the surplus on revaluation of investments	5.1.1	-	-	43,998,105	-	-	-	43,998,105
Net profit for the year		-	-	-	-	-	321,657,543	321,657,543
Dividend paid	26.3	-	-	-	-	-	(125,000,000)	(125,000,000)
Interim dividend	26.4	-	-	-	-	-	(125,000,000)	(125,000,000)
<b>Ending balance as at December 31, 2010</b>		<b>250,000,000</b>	<b>3,512,183,950</b>	<b>170,759,865</b>	<b>50,000,000</b>	<b>900,000,000</b>	<b>677,558,565</b>	<b>5,560,502,380</b>

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



## Separate Statements of Changes in Shareholders' Equity

THE AYUDHYA INSURANCE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY  
FOR THE YEAR ENDED DECEMBER 31, 2010 AND 2009

	Notes	Issued and paid-up share capital	Premium on share capital	Surplus (deficit) on revaluation of investments	Retained earnings			Total Shareholders' equity
					Statutory reserve	Other reserves	Unappropriated	
<b>BAHT</b>								
<b>"As restated"</b>								
Beginning balance as at January 1, 2009								
as previously reported		250,000,000	3,512,183,950	(30,950,527)	50,000,000	900,000,000	570,147,203	5,251,380,626
Cumulative effect of the change								
in accounting policy for								
employee benefits	3	-	-	-	-	-	(24,100,695)	(24,100,695)
Beginning balance as at January 1, 2009								
as restated		250,000,000	3,512,183,950	(30,950,527)	50,000,000	900,000,000	546,046,508	5,227,279,931
Changes during the year								
Increase of the surplus on revaluation								
of investments	5.1.1	-	-	157,712,287	-	-	-	157,712,287
Net profit for the year		-	-	-	-	-	272,354,514	272,354,514
Dividend paid	26.1	-	-	-	-	-	(87,500,000)	(87,500,000)
Interim dividend	26.2	-	-	-	-	-	(125,000,000)	(125,000,000)
<b>Ending balance as at December 31, 2009</b>		<b>250,000,000</b>	<b>3,512,183,950</b>	<b>126,761,760</b>	<b>50,000,000</b>	<b>900,000,000</b>	<b>605,901,022</b>	<b>5,444,846,732</b>
Beginning balance as at January 1, 2010								
as previously reported		250,000,000	3,512,183,950	126,761,760	50,000,000	900,000,000	631,806,433	5,470,752,143
Cumulative effect of the change								
in accounting policy for								
employee benefits	3	-	-	-	-	-	(25,905,411)	(25,905,411)
Beginning balance as at January 1, 2010								
as restated		250,000,000	3,512,183,950	126,761,760	50,000,000	900,000,000	605,901,022	5,444,846,732
Changes during the year								
Increase of the surplus on revaluation								
of investments	5.1.1	-	-	44,459,592	-	-	-	44,459,592
Net profit for the year		-	-	-	-	-	320,277,119	320,277,119
Dividend paid	26.3	-	-	-	-	-	(125,000,000)	(125,000,000)
Interim dividend	26.4	-	-	-	-	-	(125,000,000)	(125,000,000)
<b>Ending balance as at December 31, 2010</b>		<b>250,000,000</b>	<b>3,512,183,950</b>	<b>171,221,352</b>	<b>50,000,000</b>	<b>900,000,000</b>	<b>676,178,141</b>	<b>5,559,583,443</b>

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



# Statements of Cash Flows

THE AYUDHYA INSURANCE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY  
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

		BAHT		
	Notes	CONSOLIDATED FINANCIAL STATEMENTS	SEPARATE FINANCIAL STATEMENTS	
		2010	2010	2009
<b>CASH FLOWS PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>				
Direct premium received		1,994,698,431	1,916,881,583	1,819,612,554
Cash paid from reinsurance		(157,639,371)	(196,301,059)	(286,813,607)
Losses incurred from direct insurance		(885,938,412)	(779,648,420)	(543,380,308)
Loss adjustment expenses from direct insurance		(22,021,240)	(21,033,701)	(10,443,276)
Commissions and brokerages from direct insurance		(308,250,474)	(302,121,221)	(279,605,002)
Other underwriting expenses		(163,987,124)	(153,727,413)	(119,812,969)
Net investment income		216,626,916	215,506,204	194,118,185
Other income		2,487,809	1,592,837	2,144,094
Operating expenses		(285,285,654)	(275,532,719)	(259,999,644)
Income taxes		(89,020,391)	(88,448,616)	(69,661,816)
Others		7,763,414	(7,424,162)	-
Net cash provided by operating activities	5.3	<u>309,433,904</u>	<u>309,743,313</u>	<u>446,158,211</u>
<b>CASH FLOWS PROVIDED BY (USED IN) INVESTING ACTIVITIES</b>				
<b>CASH FLOWS PROVIDED BY</b>				
Investment in securities				
Redemption of investment in held-to-maturity securities - treasury bills with maturity over 3 months		-	-	160,000,000
Redemption of investment in held-to-maturity securities - notes with maturity over 3 months		163,562,517	159,562,517	428,228,757
Redemption of trading securities - bonds		1,860,000	-	-
Redemption of investment in available-for-sale securities - bonds		56,000,000	45,000,000	20,000,000
Sale of investment in available-for-sale securities - ordinary shares		306,490,936	306,490,936	218,248,272
Sale of investment in available-for-sale securities - debentures		-	-	30,122,188
Sale of investment in available-for-sale securities - other securities		23,253,293	23,091,993	281,272,763
Sale of investment in available-for-sale securities - warrants		829,723	829,723	-
Redemption of investment in available-for-sale securities - debentures		50,000,000	50,000,000	330,000,000
Capital decrease of general investments - ordinary shares		-	-	365,000
Capital decrease of available-for-sale securities - other securities		1,133,783	1,133,783	-
Refund from general investments - other securities		1,153,921	1,153,921	-
Loans		1,669,828	1,669,828	1,374,466
Premises and equipment		4,809,874	4,809,874	623,803
Deposits at financial institutions with maturity over 3 months		50,000,000	50,000,000	637,202,287
Net cash provided by investing activities		<u>660,763,875</u>	<u>643,742,575</u>	<u>2,107,437,536</u>



# Statements of Cash Flows (Continued)

THE AYUDHYA INSURANCE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY  
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

		BAHT		
	Notes	CONSOLIDATED FINANCIAL STATEMENTS	SEPARATE FINANCIAL STATEMENTS	
		2010	2010	2009
<b>CASH FLOWS USED IN</b>				
Investment in securities				
Purchase of investment in held-to-maturity securities - notes with maturity over 3 months		(130,000,000)	(130,000,000)	(150,000,000)
Purchase of investment in trading securities - bonds		(2,897,925)	-	-
Purchase of investment in available-for-sale securities - bonds		(22,966,690)	-	(1,175,334,154)
Purchase of investment in available-for-sale securities - ordinary shares		(204,839,968)	(204,839,968)	(71,795,036)
Purchase of investment in available-for-sale securities - debentures		(100,000,000)	(100,000,000)	(300,000,000)
Purchase of investment in available-for-sale securities - other securities		(14,821,391)	(14,821,391)	(274,778,099)
Purchase of investment in available-for-sale securities - warrants		(724,501)	(724,501)	(63,070)
Purchase of investment in available-for-sale securities - transferable subscription rights		(34,911)	(34,911)	-
Purchase of general investments - ordinary shares		-	-	(10,690)
Purchase of investments in subsidiary		(292,000,000)	(292,000,000)	-
Loans		(2,086,500)	(2,086,500)	(1,800,000)
Deposits at financial institutions with maturity over 3 months and deposits used as collateral		(65,345,167)	(60,642,532)	(63,134,132)
Premises and equipment		(39,148,349)	(39,079,176)	(8,997,529)
Intangible assets		(114,183,522)	(114,183,522)	(13,032,486)
Cash used in investing activities		<u>(989,048,924)</u>	<u>(958,412,501)</u>	<u>(2,058,945,196)</u>
Net cash provided by (used in) investing activities		<u>(328,285,049)</u>	<u>(314,669,926)</u>	<u>48,492,340</u>
<b>CASH FLOWS PROVIDED BY (USED IN) FINANCING ACTIVITIES</b>				
Bank overdrafts		(451,234)	(451,234)	358,298
Dividends paid		(250,000,000)	(250,000,000)	(212,500,000)
Net cash used in financing activities		<u>(250,451,234)</u>	<u>(250,451,234)</u>	<u>(212,141,702)</u>
Net increase (decrease) in cash and cash equivalents		(269,302,379)	(255,377,847)	282,508,849
Cash and cash equivalents of subsidiary as of acquired date		74,851,966	-	-
Cash and cash equivalents as at January 1,		<u>574,243,807</u>	<u>574,243,807</u>	<u>291,734,958</u>
<b>Cash and cash equivalents as at December 31,</b>	5.2	<u><u>379,793,394</u></u>	<u><u>318,865,960</u></u>	<u><u>574,243,807</u></u>

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



# Notes to the Consolidated and Separate Financial Statements

THE AYUDHYA INSURANCE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY  
NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

## 1. OPERATION OF THE COMPANY AND ITS SUBSIDIARY

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 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.

At present, the Company is in the negotiation process with CIMB for the additional amount to pay. However, the Company's management has estimate the value of BTI's shares approximately Baht 331.32 million as the following:

	Unit: Million Baht
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 which can be specified and related book values of each item are as follows;

	Fair value as at September 30, 2010	Unit : Million Baht Book value as at November 4, 2010
<b>Assets</b>		
Investment in securities	470.51	471.59
Cash and deposits at financial institutions	171.85	172.34
Equipment - net	4.20	3.99
Amount deposit on 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>
<b>Total Assets</b>	<u>723.09</u>	<u>752.44</u>
<b>Liabilities</b>		
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>
<b>Total liabilities</b>	<u>391.77</u>	<u>416.97</u>
<b>Net Asset Value</b>	<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.

## 2. BASIS FOR PREPARATION OF THE FINANCIAL STATEMENTS

2.1 The financial statements have been prepared in accordance with the regulations of the Stock Exchange of Thailand dated January 22, 2001, regarding the basis, conditions and procedures for the preparation and submission of financial statements and reports for the financial position and results of operations of listed companies B.E. 2544, and the Registrar's Notification of the Department of Insurance No. 10/2545 regarding the presentation of the financial statements of insurance companies dated March 6, 2002 and in accordance with generally accepted accounting standards in Thailand.

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

### 2.2 Basis of Consolidated financial statements

These Consolidated financial statements for the year ended December 31, 2010 include the financial statements of The Ayudhya Insurance Public Company Limited and BT Insurance Co., Ltd. ("subsidiary") which 99.99% owned by the Company. BT Insurance Co., Ltd. is a limited company incorporated in Thailand on September 21, 1982. The main business is non-life insurance and located at CIMB Tower, 16th floor, 44 Soi Langsuan, Ploenchit Road, Lumpini, Pathumwan, Bangkok.

Assets and revenue of subsidiary which include in consolidated financial statements for the year ended December 31, 2010 presented in percentage as 5.67 and 3.93 which included in total assets and total revenue, respectively.

The consolidated financial statements incorporate the accounts of The Ayudhya Insurance Public Company Limited and its subsidiary by eliminating significant related transactions of the subsidiary.

2.3 The Federation of Accounting Professions issued the Notification of Federation of Accounting Professions No. 12/2552 dated May 15, 2009 regarding the renumbering of Thai Accounting Standards (TASs) and Thai Financial Reporting Standards (TFRSs) to be equivalent to the International Accounting Standard and the International Financial Reporting Standard. Therefore, the disclosure of new number of TASs and TFRSs in the financial statements for the years ended December 31, 2010 and 2009 have been used in accordance with such Notification.

2.4 The Federation of Accounting Professions has issued the Notifications regarding the new and revised Thai Accounting Standards (TAS), Thai Financial Reporting Standards (TFRS) and Thai Financial Reporting Interpretation (TFRI), which are not yet effective for the current period as follows:

1) TAS, TFRS and TFRI which are effective on January 1, 2011:

#### TAS

TAS 1	(Revised 2009)	Presentation of Financial Statements
TAS 2	(Revised 2009)	Inventories
TAS 7	(Revised 2009)	Statement of Cash Flows
TAS 8	(Revised 2009)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10	(Revised 2009)	Events after the Reporting Period
TAS 11	(Revised 2009)	Construction Contracts
TAS 16	(Revised 2009)	Property, Plant and Equipment
TAS 17	(Revised 2009)	Leases
TAS 18	(Revised 2009)	Revenue
TAS 19		Employee Benefits
TAS 23	(Revised 2009)	Borrowing Costs
TAS 24	(Revised 2009)	Related Party Disclosures
TAS 26		Accounting and Reporting by Retirement Benefit Plans
TAS 27	(Revised 2009)	Consolidated and Separate Financial Statements
TAS 28	(Revised 2009)	Investments in Associates
TAS 29		Financial Reporting in Hyperinflationary Economies
TAS 31	(Revised 2009)	Interests in Joint Venture
TAS 33	(Revised 2009)	Earnings Per Share

TAS 34	(Revised 2009)	Interim Financial Reporting
TAS 36	(Revised 2009)	Impairment of Assets
TAS 37	(Revised 2009)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38	(Revised 2009)	Intangible Assets
TAS 40	(Revised 2009)	Investment Property
<b>TFRS</b>		
TFRS 2		Share-based Payment
TFRS 3	(Revised 2009)	Business Combinations
TFRS 5	(Revised 2009)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 6		Exploration for and Evaluation of Mineral Resources
<b>IFRI</b>		
TFRI 15		Agreements for the Construction of Real Estate

**2) TAS which are effective on January 1, 2013:**

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

The Company and its subsidiary's management will adopt the above TAS, TFRS and TFRI 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 has assessed the effects of these standards and believes that they will not have any significant impact on the financial statements for the period in which they are initially applied. However, the Company and its subsidiary has elected to early adopted TAS 12 "Income Tax" and TAS 19 "Employee Benefits".

In addition, the Federation of Accounting Professions has issued the Notification of Federation of Accounting Professions No. 49/2553 dated November 24, 2010 that have been announced in the Royal Gazette on December 15, 2010 regarding the renumbering of certain TAS. The numbers of TAS as referred to in these financial statements comply with such Notification.

### 3. CHANGE IN ACCOUNTING POLICY

In 2010, the Company has changed the accounting policy regarding employee benefits by early adopting an Accounting Standard No. 19 "Employee benefits". The Company restated the separate related statements of income and changes in shareholders' equity for the year ended December 31, 2009 and the separate balance sheet as at December 31, 2009 for comparison and the cumulative effect of the change in accounting policy to financial statements are summarized as follows:

	<b>As at December 31, 2009</b>
	<b>Baht</b>
Brought forward retained earnings decrease	(24,100,695)
Deferred tax assets increase	8,635,138
Post-employment benefit obligation increase	34,540,550
Carried forward retained earnings decrease	(25,905,411)
	<b>For the year ended</b>
	<b>December 31, 2009</b>
	<b>Baht</b>
Personnel expense increase	2,406,288
Income taxes decrease	601,572
Net profit for the period decrease	1,804,716
Basic earnings per share decrease	0.007

## 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 receives 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.

#### Interest and dividends

Interest is recognized as income on an accrual basis. Dividends are recognized as income on the closing date of shareholders' register or on the date on which the right to receive the dividend arises.

#### Commissions and brokerages

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

#### Expenses

Expenses are recognized 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 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 income.

Securities classified as available for sale are stated at fair value. Gain or loss on the change in fair value is recognized as a component of shareholders' 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 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.

#### 4.4 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).

#### 4.5 Allowance for doubtful accounts and bad debt

The allowance for doubtful accounts is provided at the estimated collection losses on receivables at the end of the year. Such estimated losses are based on the Company and its subsidiary's collection experience.

#### 4.6 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

#### 4.7 Intangible assets

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

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

Computer software	5 years
Bancassurance agreement	10 years

#### 4.8 Unearned premium reserve

Unearned premium reserve is set aside in compliance with the basis as specified in the Notification of the Ministry of Commerce 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

#### 4.9 Loss reserve and outstanding claims

Loss reserve and outstanding claims have been provided upon receipt of claim advices from the insured and recorded at the amount appraised by an independent appraiser or by the Company 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 Ministry of Commerce regarding "Allocation of Unearned Premium Reserve and Loss Reserve", dated September 30, 2005.

#### 4.10 Employee benefit

##### 4.10.1 Provident fund

The Company and its subsidiary has 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 is recorded as expense for the year.

##### 4.10.2 Post-employment benefits obligation

The Company and its subsidiary has early adopted Accounting Standard No.19 "Employee benefits".

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. Actuarial gains or losses will be recognized in the consolidated and separate statements of income in the period to which they are related. The costs associated with providing these benefits are charged to the consolidated and separate statements of income so as to spread the cost over the employment period during which the entitlement to benefits is earned.

#### 4.11 Income tax expenses

The Company and its subsidiary has early adopted Accounting Standard No.12 "Income Taxes".

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.

#### 4.12 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, 2010 and 2009, the Company and its subsidiary do not have any common share equivalents outstanding which would have had a dilutive effect on earnings per share.

#### 4.13 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 balance sheet 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.

#### 4.14 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, 2010 and 2009, the surplus on revaluation of investments were shown net of deferred tax liabilities as follows:

	Consolidated	Separate	
	financial statements	financial statements	
	2010	2010	2009
	Baht	Baht	Baht
Unrealized gain on investment in available-for-sale securities	217,319,477	215,651,291	144,320,561
Unrealized gain on bonds to be returned	4,255,521	4,255,521	-
Unrealized gain on general investment	24,695,119	24,695,119	24,695,119
Total unrealized gain	246,270,117	244,601,931	169,015,680
<u>Less</u> Beginning balance of surplus on revaluation of investments of subsidiary	(1,629,217)	-	-
Deferred tax liabilities (see Note 14)	(73,881,035)	(73,380,579)	(42,253,920)
Surplus on revaluation of investments - net	170,759,865	171,221,352	126,761,760

For the years ended December 31, 2010 and 2009, changes in deficit on revaluation of investments - net of deferred tax were as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	2010	2010	2010	2009
	Baht	Baht	Baht	Baht
Increase of unrealized gain on investment in available-for-sale securities	74,926,984	75,586,251	210,283,049	
Decrease of deferred tax assets	-	-	(16,490,622)	
Decrease of deferred tax liabilities	(30,928,879)	(31,126,659)	(36,080,140)	
Increase of surplus on revaluation of investments - net	<u>43,998,105</u>	<u>44,459,592</u>	<u>157,712,287</u>	

#### 5.1.2 Bonds use in increase shares capital in subsidiary company

On December 8, 2010, the Company transferred investment in available-for-sale - Bonds for increasing shares capital in subsidiary company (see Note 9) as follows:

	Baht
<b>As at transferred date</b>	
Cost of bonds	883,299,590
Unrealized gain on revaluation	<u>8,575,802</u>
Fair value of bonds as at transferred date	891,875,392
<b>Revaluation as at year end</b>	
Unrealized loss on revaluation	<u>(4,320,281)</u>
Fair value of bonds as at year end	<u>887,555,111</u>

#### 5.1.3 Investment in subsidiary

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 balance sheets (see Note 1).

#### 5.2 Cash and cash equivalents consist of the following:

	Consolidated		Separate	
	financial statements		financial statements	
	2010	2010	2010	2009
	Baht	Baht	Baht	Baht
Cash and deposits at financial institutions	830,195,708	657,081,009	562,052,243	
Investment in securities - treasury bills	-	-	339,764,080	
Investment in securities - notes	<u>142,000,000</u>	<u>80,000,000</u>	<u>109,562,518</u>	
	972,195,708	737,081,009	1,011,378,841	
<u>Less</u> Deposits at bank with maturity over 3 months	(369,004,907)	(294,215,049)	(283,572,516)	
Deposits at bank used as collateral	(86,397,407)	(44,000,000)	(44,000,000)	
Notes with maturity over 3 months	<u>(137,000,000)</u>	<u>(80,000,000)</u>	<u>(109,562,518)</u>	
Cash and cash equivalents	<u>379,793,394</u>	<u>318,865,960</u>	<u>574,243,807</u>	

### 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, 2010 and 2009 are as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	2010	2010	2009	“As restated”
	Baht	Baht	Baht	Baht
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Net profit	321,657,543	320,277,119	272,354,514	
Items to reconcile net profit to net cash flows:				
Depreciation	21,077,541	20,688,015	20,946,413	
Amortization of intangible assets	7,050,882	6,966,446	2,477,365	
Excess of net fair value over purchase cost	(4,148,692)	-	-	
Gain on sale of assets	(2,427,331)	(2,619,034)	(591,296)	
Post-employment benefits expense	4,324,473	4,146,887	3,634,288	
Unearned premium reserve increase				
from previous year	135,303,792	114,750,160	59,777,778	
Amortization of bonds premium	7,501,561	7,501,561	6,738,787	
Amortization of bonds discount	(58,514)	(28,934)	(27,512)	
Amortization of treasury bills discount	-	-	(2,082,749)	
Amortization of debentures premium	40,471	-	-	
Amortization of debentures discount	(549,605)	(549,605)	(519,002)	
Gain on sale of investment in available - for - sale securities				
- ordinary shares	(84,515,707)	(84,515,707)	(55,166,766)	
Gain on sale of available - for - sale securities - debentures	-	-	(122,189)	
(Gain) loss on sale of investment in available - for - sale securities - other securities	(1,853,681)	(1,977,502)	8,568,394	
Gain on sale of investment in available-for-sale securities - warrants	(105,222)	(105,222)	-	
Unrealized loss on trading securities - debentures	154,645	-	-	
Unrealized loss on trading securities - bonds	425,055	-	-	
Reversal of loss on impairment of investment in notes	-	-	(2,188,267)	
Reversal of loss on impairment of general investments	(1,153,921)	(1,153,921)	-	
Interest received from investment in held-to-maturity securities				
- notes	-	-	(1,017,260)	
Bad debt and doubtful accounts	1,327,272	-	-	
Deferred income tax	(58,021,861)	(58,852,368)	(16,099,538)	
Profit from operations before changes in operating assets and liabilities	346,028,701	324,527,895	296,682,960	
Operating assets (increase) decrease				
Amount deposit on reinsurance treaties	2,195,433	2,195,433	4,756,939	
Due from reinsurers	(95,827,412)	(89,838,956)	7,132,328	
Premium due and uncollected	(10,178,425)	(4,007,311)	76,942,649	
Accrued income on investment	(1,194,626)	632,191	4,653,175	
Other assets	(24,819,215)	(26,568,002)	(5,646,701)	
Operating liabilities increase (decrease)				
Loss reserves and outstanding claims	40,298,715	55,107,642	40,431,533	
Amount withheld on reinsurance treaties	9,462,923	9,225,343	12,226,182	
Due to reinsurers	10,480,177	14,720,255	(28,606,914)	
Premium written received in advance	7,511,685	13,381,897	29,282,681	
Accrued commissions	1,991,551	(198,921)	(11,233,668)	
Other liabilities	23,484,397	10,565,847	19,537,047	
Net cash provided by operating activities	309,433,904	309,743,313	446,158,211	

## 6. INVESTMENT IN SECURITIES

Investment in securities as at December 31, 2010 consists of the following:

	Consolidated financial statement			
	Cost/Amortized	Unrealized	Unrealized	Fair Value
	Cost	Gains	Losses	
	Baht	Baht	Baht	Baht
<b>Trading securities</b>				
Debt securities				
Bonds	107,580,141	9	(433,180)	107,146,970
Debentures	16,081,963	235,275	(1,378)	16,315,860
<b>Total</b>	<b>123,662,104</b>	<b>235,284</b>	<b>(434,558)</b>	<b>123,462,830</b>
<b>Available-for-sale securities</b>				
Equity securities				
Investment in listed securities				
Ordinary shares	244,744,033	171,483,758	(7,949,961)	408,277,830
TSRs	34,911	-	-	34,911
Other securities				
Unit trusts	1,940,170,553	58,341,616	(20,158,162)	1,978,354,007
Debt securities				
Bonds	1,660,007,905	3,565,157	(5,019,338)	1,658,553,724
Debentures	727,479,635	17,083,058	(26,651)	744,536,042
<b>Total</b>	<b>4,572,437,037</b>	<b>250,473,589</b>	<b>(33,154,112)</b>	<b>4,789,756,514</b>
				<b>Consolidated</b>
				<b>financial statement</b>
				<b>Cost/</b>
				<b>Book Value</b>
				<b>Baht</b>
<b>General investments</b>				
Equity securities				
Ordinary shares				745,500,609
<u>Add</u> Unrealized gain on transfer of investments				24,695,119
				770,195,728
Other securities : Unit trusts				
<u>Less</u> Allowance for impairment			1,546,601	
			(1,507,119)	39,482
<b>Total</b>				<b>770,235,210</b>
<b>Held-to-maturity securities</b>				
Debt securities				
Notes	86,500,000	55,500,000		142,000,000
<b>Total</b>	<b>86,500,000</b>	<b>55,500,000</b>		<b>142,000,000</b>
<b>Total value of investment in securities</b>				<b>5,825,454,554</b>

Other information related to held-to-maturity securities are as follows:

	Consolidated financial statement			
	Amortized Cost	Unrealized	Unrealized	Fair Value
		Gains	Losses	
	Baht	Baht	Baht	Baht
<b>Held-to-maturity securities</b>				
Debt securities				
Notes	142,000,000	102,381	-	142,102,381
<b>Total</b>	<b>142,000,000</b>	<b>102,381</b>	<b>-</b>	<b>142,102,381</b>
	Separate financial statement			
	Cost/Amortized	Unrealized	Unrealized	Fair Value
	Cost	Gains	Losses	
	Baht	Baht	Baht	Baht
<b>Available-for-sale securities</b>				
Equity securities				
Investment in listed securities				
Ordinary shares	244,744,033	171,483,758	(7,949,961)	408,277,830
TSRs	34,911	-	-	34,911
Other securities				
Unit trusts	1,871,135,976	56,402,389	(19,547,962)	1,907,990,403
Debt securities				
Bonds	605,426,230	3,251,368	(4,480,244)	604,197,354
Debentures	697,807,536	16,515,644	(23,701)	714,299,479
<b>Total</b>	<b>3,419,148,686</b>	<b>247,653,159</b>	<b>(32,001,868)</b>	<b>3,634,799,977</b>
				Separate financial statement
				Cost/
				Book Value
				Baht
<b>General investments</b>				
Equity securities				
Ordinary shares				744,289,639
<u>Add</u> Unrealized gain on transfer of investments				24,695,119
				768,984,758
Other securities : Unit trusts			1,546,601	
<u>Less</u> Allowance for impairment			(1,507,119)	39,482
<b>Total</b>				<b>769,024,240</b>
	Separate financial statement			
	Maturity within		Amortized	
	1 year	2-5 years	Cost	
	Baht	Baht	Baht	
<b>Held-to-maturity securities</b>				
Debt securities				
Notes	50,000,000	30,000,000		80,000,000
<b>Total</b>	<b>50,000,000</b>	<b>30,000,000</b>		<b>80,000,000</b>
<b>Total value of investment in securities</b>				<b>4,483,824,217</b>

Other information related to held-to-maturity securities are as follows:

	Separate financial statement			
	Amortized Cost	Unrealized	Unrealized	Fair Value
	Baht	Gains Baht	Losses Baht	Baht
<b>Held-to-maturity securities</b>				
Debt securities				
Notes	80,000,000	102,381	-	80,102,381
<b>Total</b>	<b>80,000,000</b>	<b>102,381</b>	<b>-</b>	<b>80,102,381</b>

Investment in securities as at December 31, 2009 consists of the following:

	Separate financial statement			
	Cost/Amortized	Unrealized	Unrealized	Fair Value
	Cost Baht	Gains Baht	Losses Baht	Baht
<b>Available-for-sale securities</b>				
Equity securities				
Investment in listed securities				
Ordinary shares	290,807,776	175,735,059	(13,829,038)	452,713,797
Warrants	63,069	11,979	-	75,048
Other securities				
Unit trusts	1,878,562,859	15,876,535	(34,074,729)	1,860,364,665
Debt securities				
Treasury bills	339,764,080	-	-	339,764,080
Bonds	1,526,087,000	4,205,515	(19,452,449)	1,510,840,066
Debentures	647,257,930	15,847,689	-	663,105,619
<b>Total</b>	<b>4,682,542,714</b>	<b>211,676,777</b>	<b>(67,356,216)</b>	<b>4,826,863,275</b>

	Separate
	financial statement
	Cost/ Book Value Baht
<b>General investments</b>	
Equity securities	
Ordinary shares	744,289,639
<u>Add</u> Unrealized gain on transfer of investments	24,695,119
	768,984,758
Other securities : Unit trusts	2,700,522
<u>Less</u> Allowance for impairment	(2,661,040)
<b>Total</b>	<b>769,024,240</b>

	Separate financial statement		
	Maturity within		Amortized
	1 year	2-5 years	Cost
	Baht	Baht	Baht
<b>Held-to-maturity securities</b>			
Debt securities			
Notes	109,562,518	-	109,562,518
<b>Total</b>	<b>109,562,518</b>	<b>-</b>	<b>109,562,518</b>
<b>Total value of investment in securities</b>			<b>5,705,450,033</b>

Other information related to held-to-maturity securities are as follows:

	Separate financial statement			
	Amortized Cost	Unrealized	Unrealized	Fair Value
	Baht	Gains	Losses	Baht
	Baht	Baht	Baht	Baht
<b>Held-to-maturity securities</b>				
Debt securities				
Notes	109,562,518	-	-	109,562,518
<b>Total</b>	<b>109,562,518</b>	<b>-</b>	<b>-</b>	<b>109,562,518</b>

In 2002, the Company transferred stock of a related company previously included in available-for-sale securities to general investment 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 154,700,428. The unrealized gain on the transfer of investment amounting to Baht 24,695,119 was deducted from unrealized loss on the change in value of investment under shareholders' equity.

As at December 31, 2010 and 2009, certain of investment in securities are deposited with banks as the Company and its subsidiary's backup assets (see Note 22) and as at December 31, 2010, another certain of investment in securities are deposited as collateral with the Registrar (see Note 21).

## 7. LOANS

Other loans of the Company are loans to employees in accordance with the welfare policy of the Company with interest rate of 2.75% per annum.

## 8. INVESTMENTS IN SUBSIDIARY

As at December 31, 2010, investment in subsidiary as the following;

Company name	Nature of Business	Country	Percentage of shareholding	Paid-up capital	UNIT : BAHT
					Separate financial statement Cost method
<b>Subsidiary</b>					
BT Insurance Co., Ltd	Non-life insurance	Thailand	99.99	300,000,000	331,316,041
<b>Total investment in subsidiary company</b>				<b>300,000,000</b>	<b>331,316,041</b>

## 9. 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 8.21 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 (see Note 5.1.2).

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	<u>(4,320,281)</u>
	887,555,111
<u>Add</u> Cash	<u>8,124,608</u>
	<u>895,679,719</u>

Subsequently, on January 20, 2011, such bonds and cash have been returned to the Company and it had paid Baht 900 million 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 32.1).

## 10. CASH AND DEPOSITS AT FINANCIAL INSTITUTIONS

	Consolidated	Separate	
	<u>financial statements</u>	<u>financial statements</u>	
	2010	2010	2009
	Baht	Baht	Baht
Cash	399,829	220,000	225,000
Cash at banks-call deposits	226,109,391	170,361,786	87,597,644
Cash at banks-time deposits	<u>603,686,488</u>	<u>486,499,223</u>	<u>474,229,599</u>
Total cash and deposits at financial institutions	<u>830,195,708</u>	<u>657,081,009</u>	<u>562,052,243</u>

As at December 31, 2010 and 2009, certain of fixed 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 of Baht 20 million, Baht 10 million and Baht 56.51 million (the Company of Baht 20 million, Baht 10 million and Baht 14 million), respectively (see Notes 17 and 21).

## 11. PREMISES AND EQUIPMENT - NET

Premises and equipment - net as at December 31, 2010 and 2009 consist of the following:

	Consolidated financial statements				
	2010				
	Balance as at December 31, 2009	Increase	Disposal	Assets of subsidiary	Balance as at December 31, 2010
	Baht	Baht	Baht	Baht	Baht
<b>Cost</b>					
Land	1,610,500	-	-	-	1,610,500
Buildings	773,500	-	-	-	773,500
Office equipment	84,726,766	11,535,708	(3,651,387)	15,086,300	107,697,387
Furniture and fixtures	25,721,699	2,395,489	(841,466)	5,091,893	32,367,615
Vehicles	59,912,812	25,217,152	(11,988,639)	5,547,863	78,689,188
Total premises and equipment	<u>172,745,277</u>	<u>39,148,349</u>	<u>(16,481,492)</u>	<u>25,726,056</u>	<u>221,138,190</u>
<b>Accumulated depreciation</b>					
Buildings	(664,882)	(29,331)	-	-	(694,213)
Office equipment	(64,007,639)	(9,630,697)	3,543,420	(13,238,762)	(83,333,678)
Furniture and fixtures	(20,977,883)	(3,165,087)	753,519	(4,530,881)	(27,920,332)
Vehicles	(42,933,991)	(8,252,426)	9,800,078	(3,968,427)	(45,354,766)
Total accumulated depreciation	<u>(128,584,395)</u>	<u>(21,077,541)</u>	<u>14,097,017</u>	<u>(21,738,070)</u>	<u>(157,302,989)</u>
<b>Premises and equipment - net</b>	<u>44,160,882</u>				<u>63,835,201</u>
<b>Depreciation for the year ended December 31, 2010</b>					<u>21,077,541</u>

As at December 31, 2010, certain fixed assets of the Company and its subsidiary at cost of Baht 91.68 million, were fully depreciated but still in use.

	Separate financial statements			
	2010			
	Balance as at December 31, 2009	Increase	Disposal	Balance as at December 31, 2010
	Baht	Baht	Baht	Baht
<b>Cost</b>				
Land	1,610,500	-	-	1,610,500
Buildings	773,500	-	-	773,500
Office equipment	84,726,766	11,466,535	(3,104,917)	93,088,384
Furniture and fixtures	25,721,699	2,395,489	(184,080)	27,933,108
Vehicles	59,912,812	25,217,152	(11,988,639)	73,141,325
Total premises and equipment	<u>172,745,277</u>	<u>39,079,176</u>	<u>(15,277,636)</u>	<u>196,546,817</u>
<b>Accumulated depreciation</b>				
Buildings	(664,882)	(29,331)	-	(694,213)
Office equipment	(64,007,639)	(9,478,042)	3,102,645	(70,383,036)
Furniture and fixtures	(20,977,883)	(3,113,145)	184,073	(23,906,955)
Vehicles	(42,933,991)	(8,067,497)	9,800,078	(41,201,410)
Total accumulated depreciation	<u>(128,584,395)</u>	<u>(20,688,015)</u>	<u>13,086,796</u>	<u>(136,185,614)</u>
<b>Premises and equipment - net</b>	<u>44,160,882</u>			<u>60,361,203</u>

	Separate financial statement			
	2009			
	Balance as at December 31, 2008	Increase	Disposal	Balance as at December 31, 2009
	Baht	Baht	Baht	Baht
<b>Cost</b>				
Land	1,610,500	-	-	1,610,500
Buildings	773,500	-	-	773,500
Office equipment	82,818,915	5,746,372	(3,838,521)	84,726,766
Furniture and fixtures	25,425,119	697,272	(400,692)	25,721,699
Vehicles	58,562,927	2,553,885	(1,204,000)	59,912,812
Total premises and equipment	<u>169,190,961</u>	<u>8,997,529</u>	<u>(5,443,213)</u>	<u>172,745,277</u>
<b>Accumulated depreciation</b>				
Buildings	(635,551)	(29,331)	-	(664,882)
Office equipment	(58,765,449)	(9,058,886)	3,816,696	(64,007,639)
Furniture and fixtures	(18,113,915)	(3,253,979)	390,011	(20,977,883)
Vehicles	(35,533,773)	(8,604,217)	1,203,999	(42,933,991)
Total accumulated depreciation	<u>(113,048,688)</u>	<u>(20,946,413)</u>	<u>5,410,706</u>	<u>(128,584,395)</u>
<b>Premises and equipment - net</b>	<u>56,142,273</u>			<u>44,160,882</u>
<b>Depreciation for the years ended December 31,</b>				
2010				<u>20,688,015</u>
2009				<u>20,946,413</u>

As at December 31, 2010 and 2009, certain fixed assets of the Company at cost of Baht 78.69 million and Baht 76.35 million, respectively, were fully depreciated but still in use.

## 12. PREMIUM DUE AND UNCOLLECTED - NET

Premium due and uncollected - net as at December 31, 2010 and 2009 consist of the following:

	Consolidated	Separate	
	financial statements	financial statements	
	2010	2010	2009
	Baht	Baht	Baht
Not over 60 days	176,066,977	139,141,751	132,387,282
Over 60 days up to 90 days	20,946,923	17,096,214	29,319,219
More than 90 days	<u>32,756,208</u>	<u>28,592,221</u>	<u>18,827,671</u>
Total premium due and uncollected	229,770,108	184,830,186	180,534,172
<u>Less</u> Allowance for doubtful accounts	<u>(7,600,553)</u>	<u>(6,028,738)</u>	<u>(5,740,035)</u>
Total premium due and uncollected - net	<u>222,169,555</u>	<u>178,801,448</u>	<u>174,794,137</u>

The balances as at December 31, 2010 and 2009 of premium due and uncollected are classified by aging as follows:

	Consolidated	Separate	
	financial statements	financial statements	
	2010	2010	2009
	Baht	Baht	Baht
Not over 3 months	197,013,900	156,237,965	161,706,501
Over 3 months up to 6 months	16,814,626	13,857,854	14,375,513
Over 6 months up to 12 months	14,397,095	13,309,978	3,771,731
More than 12 months	<u>1,544,487</u>	<u>1,424,389</u>	<u>680,427</u>
Total	<u>229,770,108</u>	<u>184,830,186</u>	<u>180,534,172</u>

### 13. INTANGIBLE ASSETS - NET

Intangible assets - net as at December 31, 2010 and 2009 consist of the following:

	Consolidated financial statements				Balance as at December 31, 2010 Baht
	2010				
	Balance as at December 31, 2009	Increase	Decrease	Transfer	
	Baht	Baht	Baht	Baht	
Computer software	45,391,067	14,183,522	-	12,423,973	71,998,562
Bancassurance agreement	-	100,000,000	-	-	100,000,000
Total intangible assets	45,391,067	114,183,522	-	12,423,973	171,998,562
<u>Less</u> Accumulated amortization	<u>(19,856,540)</u>	<u>(7,050,882)</u>	<u>-</u>	<u>(11,709,658)</u>	<u>(38,617,080)</u>
Total intangible assets - net	<u>25,534,527</u>				<u>133,381,482</u>
Amortization for the year ended December 31, 2010					<u>7,050,882</u>

	Separate financial statements			
	2010			
	Balance as at December 31, 2009	Increase	Decrease	Balance as at December 31, 2010
	Baht	Baht	Baht	Baht
Computer software	45,391,067	14,183,522	-	59,574,589
Bancassurance agreement	-	100,000,000	-	100,000,000
Total intangible assets	45,391,067	114,183,522	-	159,574,589
<u>Less</u> Accumulated amortization	<u>(19,856,540)</u>	<u>(6,966,446)</u>	<u>-</u>	<u>(26,822,986)</u>
Total intangible assets - net	<u>25,534,527</u>			<u>132,751,603</u>

	Separate financial statements			
	2009			
	Balance as at December 31, 2008	Increase	Decrease	Balance as at December 31, 2009
	Baht	Baht	Baht	Baht
Computer software	32,358,581	13,032,486	-	45,391,067
<u>Less</u> Accumulated amortization	<u>(17,379,175)</u>	<u>(2,447,365)</u>	<u>-</u>	<u>(19,856,540)</u>
Total intangible assets - net	<u>14,979,406</u>			<u>25,534,527</u>

Amortization for the years ended December 31,		
2010		<u>6,966,446</u>
2009		<u>2,447,365</u>

## 14. INCOME TAX EXPENSES

For the years ended December 31, 2010 and 2009, income tax expenses consisted of the following:

	Consolidated	Separate	
	financial statements	financial statements	
	2010	2010	2009
	Baht	Baht	Baht
Income tax expenses - current tax	87,755,558	91,052,838	73,515,035
<u>Add (Less)</u> Tax effect from deferred income tax			
Effect of change in the applicable tax rate used in tax calculation for the portion of net income up to Baht 300 million - from 25% to 30%	(19,544,925)	(19,544,925)	-
Allowance for doubtful accounts of premium due and uncollected	83,527	(86,611)	(177,478)
Unearned premium reserve	(21,019,565)	(18,473,157)	(7,940,493)
Loss reserve - net	(9,823,179)	(14,651,514)	(9,574,609)
Incurred but not reported claims	(2,384,075)	(1,806,406)	(674,510)
Post - employment benefits expense	(1,297,342)	(1,244,066)	(601,572)
Unrealized gain on the change in value of investment - trading securities	(173,910)	-	-
Allowance for impairment of investment in notes	-	-	912,500
Allowance for impairment of general investment	346,176	346,176	-
Others	(4,208,568)	(3,391,865)	1,956,624
	<u>(58,021,861)</u>	<u>(58,852,368)</u>	<u>(16,099,538)</u>
Income tax expenses	<u>29,733,697</u>	<u>32,200,470</u>	<u>57,415,497</u>

According to the Royal Decree No. 475 B.E. 2551 issued under the Revenue Code regarding the corporate income tax rate deduction effective on August 7, 2008, the 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 31 December 2010. Based on currently enacted rates, the corporate income tax rate will revert to 30% of taxable profit for periods beginning on or after 1 January 2011. Accordingly the rate of tax applied to deferred tax assets expected to be realised in such future periods has been adjusted to a rate of 30%.

As at December 31, 2010 and 2009, deferred tax assets and liabilities which resulted from the temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base are as follows:

	Consolidated	Separate	
	financial statements	financial statements	
	2010	2010	2009
	Baht	Baht	Baht
<b>Deferred tax assets resulted from:</b>			
Allowance for doubtful accounts of premium due and uncollected	2,280,167	1,808,622	1,435,009
Unearned premium reserve	86,902,922	70,564,026	43,409,058
Loss reserve - net	84,116,630	73,070,873	51,339,283
Incurring but not reported claims	13,031,131	9,865,965	6,716,299
Post-employee benefits obligation	13,697,663	11,974,631	8,942,137
Unrealized gain on the change in value of investments			
- trading securities	59,782	-	-
Allowance for impairment of general investments	452,136	452,136	665,260
Others	8,087,730	4,779,649	1,156,487
<b>Total deferred tax assets</b>	<b>208,628,161</b>	<b>172,515,902</b>	<b>113,663,533</b>
<b>Deferred tax liabilities resulted from :</b>			
Unrealized gain on the change in value of investments			
- available-for-sale securities	66,472,499	65,972,043	36,080,140
Unrealized gain on transfer of investment			
- general investments	7,408,536	7,408,536	6,173,780
<b>Total deferred tax liabilities (see Note 5.1)</b>	<b>73,881,035</b>	<b>73,380,579</b>	<b>42,253,920</b>

## 15. UNEARNED PREMIUM RESERVE

As at December 31, 2010 and 2009, the Company and its subsidiary did not include additional unearned premium reserve of ceded premium to foreign reinsurers in the consolidated balance sheet of Baht 48.16 million and Baht 50.41 million and in the separate balance sheet of Baht 34.21 million and Baht 48.86 million, respectively. Such unearned premium reserve was required to be recorded in the financial report to be submitted particularly to the Office of Insurance Commission under its relevant regulations.

## 16. LOSS RESERVES AND OUTSTANDING CLAIMS

As at December 31, 2010 and 2009, the loss reserves and outstanding claims account in the separate financial statements are included outstanding claims and accrued interest of Baht 82.38 million and Baht 79.29 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.

## 17. BANK OVERDRAFTS

As at December 31, 2010 and 2009, the Company had credit lines for bank overdrafts and loans in the form of promissory notes of Baht 20 million and Baht 10 million, respectively, which were guaranteed by a fixed deposit of Baht 30 million. The interest rate was the fixed deposit rate plus 2% (see Note 10).

## 18. POST-EMPLOYMENT BENEFITS OBLIGATION

The Company and its subsidiary calculated post-employment benefits obligation by using actuarial technique. The assumptions are included discount rate at 4.25% - 4.5%, turnover rate at 3%, 4% and 10% based on age group of employees, salary increase rate at 5% and retirement age at 60 years, respectively.

Post-employment benefits obligation for the years ended December 31, 2010 and 2009 as follows:

	Consolidated	Separate	
	financial statements	financial statements	
	2010	2010	2009
Current service cost	4,337,353	4,192,902	3,727,246
Interest cost	1,642,720	1,609,585	1,446,042
Reserve for retirement benefit expense	5,980,073	5,802,487	5,173,288

Movements in the present value of the post-employment benefits obligation as at December 31, 2010 and 2009 as follows:

	Consolidated	Separate	
	financial statements	financial statements	
	2010	2010	2009
Present value of obligation at the beginning of the year	41,334,403	35,768,549	32,134,261
Current service cost	4,337,353	4,192,902	3,727,246
Interest cost	1,642,720	1,609,585	1,446,042
Paid during the year	(1,655,600)	(1,655,600)	(1,539,000)
Present value of obligation at the ending of the year	45,658,876	39,915,436	35,768,549

## 19. 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.

Under the provision of the Civil and Commercial Code of Thailand, the subsidiary companies are 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.

## 20. OTHER RESERVES

As at December 31, 2010 and 2009, other reserves of the Company amounting to Baht 900 million were set without having a specific objective.

## 21. DEPOSITS WITH THE REGISTRAR

As at December 31, 2010 and 2009, certain fixed 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 Notes 6 and 10) as follows:

	Consolidated	Separate	
	financial statements	financial statements	
	2010	2010	2009
	Baht	Baht	Baht
Bonds	109,739,000	109,739,000	-
Fixed deposit	56,506,690	14,000,000	14,000,000
<b>Total</b>	166,245,690	123,739,000	14,000,000

## 22. BACKUP ASSETS

As at December 31, 2010 and 2009, the Company and its subsidiary has 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 6). The backup assets are as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	2010	2010	2010	2009
	Baht	Baht	Baht	Baht
Bonds	538,784,697	249,725,020	460,890,987	
Debentures	679,568,443	633,016,020	358,739,531	
Notes	52,000,000	-	-	
Unit trusts	30,227,348	-	-	
Fixed deposit	20,157,423	-	-	
<b>Total</b>	<b>1,320,737,911</b>	<b>882,741,040</b>	<b>819,630,518</b>	

## 23. LONG-TERM LEASES AND SERVICE AGREEMENTS

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

Type of lease	Consolidated financial statement		
	As at December 31, 2010		
	Remaining periods		Total rental
	Within 1 year	Over 1 year to 5 years	payments for the remaining periods
Building	8,295,368	2,791,205	11,086,573
Service	2,986,460	-	2,986,460
Equipment	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 statement		
	As at December 31, 2010		
	Remaining periods		Total rental
	Within 1 year	Over 1 year to 5 years	payments for the remaining periods
Building	7,151,538	2,745,705	9,897,243
Service	2,657,460	-	2,657,460
Equipment	3,543,280	-	3,543,280
	<u>13,352,278</u>	<u>2,745,705</u>	<u>16,097,983</u>
Type of lease	Separate financial statement		
	As at December 31, 2009		
	Remaining periods		Total rental
	Within 1 year	Over 1 year to 5 years	payments for the remaining periods
Building	4,371,120	2,657,460	7,028,580
Service	4,371,120	2,657,460	7,028,580
Equipment	5,828,160	3,543,280	9,371,440
	<u>14,570,400</u>	<u>8,858,200</u>	<u>23,428,600</u>

## 24. 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 Baht thirty million. As at December 31, 2010 and 2009, the Company and its 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.

## 25. GAIN ON INVESTMENT IN SECURITIES

Gain on investment in securities for the years ended December 31, 2010 and 2009 consist of the following:

	<b>Consolidated</b>	<b>Separate</b>	
	<b>financial statements</b>	<b>financial statements</b>	
	<b>2010</b>	<b>2010</b>	<b>2009</b>
	<b>Baht</b>	<b>Baht</b>	<b>Baht</b>
Gain on sale of available-for-sale securities - ordinary shares	84,515,707	84,515,707	55,166,766
Gain on sale of available-for-sale securities - debentures	-	-	122,189
Gain (loss) on sale of available-for-sale securities	1,853,681	1,977,502	(8,568,394)
Gain on sale of available-for-sale securities - warrants	105,222	105,222	-
Unrealized gain of trading securities - debentures	(154,645)	-	-
Unrealized gain of trading securities - bonds	(425,055)	-	-
Total gain on investment in securities	<u>85,894,910</u>	<u>86,598,431</u>	<u>46,720,561</u>

## 26. DIVIDENDS

26.1 On April 21, 2009, the ordinary shareholders' meeting of the Company passed a resolution to pay an annual dividend for the year 2008 of Baht 1.00 per share. The Company had paid an interim dividend for the operating result from January 1, to June 30, 2008 at Baht 0.65 per share, which was paid on September 12, 2008. The remaining portion of the annual dividend of Baht 0.35 per share paid from the second half of year 2008 operating result for 250 million shares, totaling Baht 87.5 million, was paid on April 28, 2009.

26.2 On August 21, 2009, the Board of Directors' meeting of the Company passed a resolution to pay an interim dividend for the operating result from January 1, to June 30, 2009 for 250 million shares, at Baht 0.50 per share, totaling Baht 125 million. The Company paid such dividend on September 18, 2009.

26.3 On April 20, 2010, the ordinary shareholders' meeting of the Company 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 operating 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 paid from the second half of year 2009 operating result for 250 million shares, totaling Baht 125 million, was paid on April 28, 2010.

26.4 On August 20, 2010, the Board of Directors' meeting of the Company passed a resolution to pay an interim dividend for the operating result from January 1, to June 30, 2010 for 250 million shares, at Baht 0.50 per share, totaling Baht 125 million. The Company paid such dividend on September 17, 2010.

## 27. TRANSACTIONS WITH RELATED PARTIES

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

27.1 Investments

As at December 31, 2010

Companies	Type of Business	Relationship	Consolidated and separate financial statements			
			Paid-up share capital	Share holding	Investment	Dividend
			Baht	%	Baht	Baht
<b>Investment - ordinary shares</b>						
Bank of Ayudhya Plc.	Finance	Some common shareholders and directors	60,741,437,740	0.01	7,201,200	112,960
Ayudhya Securities Plc.	Finance	Some common shareholders and directors	600,000,000	0.43	3,166,660	-
Sunrise Equity Co., Ltd.	Consulting	Some common shareholders	9,970,000,000	5.48	546,136,660	54,613,666
Siam City Cement Plc.	Manufacturing	Some common shareholders and directors	2,300,000,000	0.13	69,600,000	8,990,000
Ayudhya Allianz C.P. Life Plc.	Life Insurance	Some common shareholders and directors	2,950,000,000	5.82	217,144,558	-
					<u>843,249,078</u>	<u>63,716,626</u>

Companies	Type of Business	Relationship	Consolidated and separate financial statements	
			Investment	Dividend
			Baht	Baht
<b>Investment - unit trusts</b>				
Unit trusts managed by				
Ayudhya Fund Management Co., Ltd.	Fund Management	Some common shareholders		
- AYF Medium Term Fixed Income Dividend Fund			442,469,941	4,619,235
- AYF Medium Term Fixed Income Fund			141,472,980	-
- AYF Cash Plus Fund			75,849,153	-
- AYF 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>

Companies	Type of Business	Relationship	Investment	
			Consolidated financial statement	Separate financial statement
			Baht	Baht
<b>Investment - debentures</b>				
Bank of Ayudhya Plc.	Finance	Some common shareholders and directors	204,596,300	204,096,300
Siam City Cement Plc.	Manufacturing	Some common shareholders and directors	102,882,900	102,882,900
Ayudhya Capital Auto Lease Plc.	Leasing	Some common shareholders	<u>274,320,520</u>	<u>274,320,520</u>
			<u>581,799,720</u>	<u>581,299,720</u>
<b>Investment - Notes</b>				
Bank of Ayudhya Plc.	Finance	Some common shareholders and directors	<u>20,000,000</u>	<u>-</u>
			<u>20,000,000</u>	<u>-</u>

As at December 31, 2009

Companies	Type of Business	Relationship	Separate financial statements			
			Paid-up share capital	Share holding	Investment	Dividend
			Baht	%	Baht	Baht
<b>Investment - ordinary shares</b>						
Bank of Ayudhya Plc.	Finance	Some common shareholders and directors	60,741,437,740	0.01	6,325,760	84,720
Ayudhya Securities Plc.	Finance	Some common shareholders and directors	600,000,000	0.43	3,166,660	-
Sunrise Equity Co., Ltd.	Consulting	Some common shareholders	9,970,000,000	5.48	546,136,660	47,513,889
Siam City Cement Plc.	Manufacturing	Some common shareholders and directors	2,375,000,000	0.36	198,900,000	15,562,500
Thai Reinsurance Plc.	Reinsurance	Some common shareholders and directors	1,187,354,940	1.77	109,215,600	7,561,080
Ayudhya Allianz C.P. Life Plc.	Life Insurance	Some common shareholders and directors	2,950,000,000	5.82	217,144,558	-
					<u>1,080,889,238</u>	<u>70,722,189</u>

Companies	Type of Business	Relationship	Separate financial statements	
			Investment Baht	Dividend Baht
<b>Investment - unit trusts</b>				
Unit trusts managed by				
Ayudhya Fund Management Co., Ltd.	Fund Management	Some common shareholders		
- AYF Medium Term Fixed Income Dividend Fund			442,307,168	16,277,305
- AYF Cash Plus Fund			44,863,605	-
- AYF Medium Term Fixed Income Fund			139,731,902	-
- AYF Dividend Stock Fund			20,719,000	1,000,000
- KRUNGSRI Korean Government Bond 6M2 Fund			30,365,700	-
- KRUNGSRI Dynamic Dividend Fund (formerly Krungsri-PrimaVest Equity Fund)			10,586,160	-
- KRUNGSRI Dynamic Dividend Fund 2 (formerly PrimaVest Equity Dividend Fund)			6,164,217	429,353
- KRUNGSRI Flexible Dividend Fund (formerly PrimaVest Flexible Fund)			95,099,318	-
- KRUNGSRI Money Fund (formerly Krungsri-PrimaVest Money Fund)			152,920,860	-
- KRUNGSRI-AllianzGI Oriental Flexible Fund (formerly PrimaVest-AllianzGI Oriental Income Fund)			28,489,604	-
- KRUNGSRI-AllianzGI Global High Payout Fund (formerly PrimaVest-AllianzGI Global High Payout Fund)			15,655,961	-
			<u>986,903,495</u>	<u>17,706,658</u>

Companies	Type of Business	Relationship	Separate financial statements
			Investment Baht
<b>Investment - debentures</b>			
Bank of Ayudhya Plc.	Finance	Some common shareholders and directors	258,702,553
Siam City Cement Plc.	Manufacturing	Some common shareholders and directors	102,452,038
Ayudhya Capital Auto Lease Plc.	Leasing	Some common shareholders	<u>201,914,051</u>
			<u>563,068,642</u>

27.2 Significant balances and transactions are as follows:

	Relationship	Consolidated		Separate	
		financial statement		financial statement	
		As at December 31,		As at December 31,	
		2010	2010	2009	
		Baht	Baht	Baht	
<b>Bank deposits</b>					
Bank of Ayudhya Plc.	Some common shareholders and directors	162,187,918	152,808,552	147,670,191	
Premium due and uncollected					
Ayudhya Development Leasing Co., Ltd.	Some common shareholders	361,125	361,125	-	
Ayudhya Securities Plc.	Some common shareholders and directors	49,946	49,946	12,086	
Bank of Ayudhya Plc.	Some common shareholders and directors	601,313	601,313	203,002	
Ayudhya Fund Management Co., Ltd.	Some common shareholders	33,433	33,433	-	
Bangkok Broadcasting & T.V. Co., Ltd.	Some common shareholders and directors	108,441	108,441	134,735	
BBTV Equity Co., Ltd.	Some common shareholders	16,006	16,006	-	
Siam City Cement Plc.	Some common shareholders and directors	2,935,893	2,935,893	126,609	
Ayudhya Allianz C.P. Life Plc.	Some common shareholders and directors	958,940	958,940	110,655	
Ayudhya Asset Management Co., Ltd.	Some common shareholders	756,754	756,754	648,609	
Siam Realty and Services Co., Ltd.	Some common shareholders	76,533	76,533	68,375	
Krungsriayudhya Card Co., Ltd.	Some common shareholders	3,498,167	3,498,167	-	
Ayudhya Capital Auto Lease Plc.	Some common shareholders	238,799	238,799	235,403	
Grant Canal Land Plc.	Some common shareholders	357,198	357,198	-	
		<u>9,992,548</u>	<u>9,992,548</u>	<u>1,539,474</u>	
<b>Investment in subsidiary</b>					
BT Insurance Co., Ltd.	Subsidiary	-	331,316,041	-	
Due from subsidiary - bonds					
BT Insurance Co., Ltd.	Subsidiary	-	895,679,719	-	
Accrued interest income					
Bank of Ayudhya Plc.	Some common shareholders and directors	1,546,733	1,544,205	1,793,282	
Siam City Cement Plc.	Some common shareholders and directors	197,260	197,260	197,260	
Ayudhya Capital Auto Lease Plc.	Some common shareholders	2,441,367	2,441,367	1,617,534	
		<u>4,185,360</u>	<u>4,182,832</u>	<u>3,608,076</u>	
Rental and facilities deposits					
BBTV Equity Co., Ltd.	Some common shareholders	4,589,393	4,589,393	4,574,393	
Siam City Cement Plc.	Some common shareholders and directors	36,000	36,000	36,000	
		<u>4,625,393</u>	<u>4,625,393</u>	<u>4,610,393</u>	
Due to reinsurers					
Thai Reinsurance Plc.	Some common shareholders and directors	-	-	26,963,940	
Bank overdrafts					
Bank of Ayudhya Plc.	Some common shareholders and directors	-	-	451,234	
Financial lease liabilities					
Ayudhya Capital Auto Lease Plc.	Some common shareholders	1,190,150	1,190,150	4,217,422	
Accrued interest of financial lease					
Ayudhya Capital Auto Lease Plc.	Some common shareholders	4,951	4,951	17,349	
Accrued expense - management fee					
Ayudhya Securities Plc.	Some common shareholders and directors	42,571	42,571	32,353	
Accrued expense - custodian fee					
Bank of Ayudhya Plc.	Some common shareholders and directors	14,137	14,137	12,700	
Accrued expense - commissions and brokerages					
Bank of Ayudhya Plc.	Some common shareholders and directors	12,704,198	12,704,198	11,996,465	
Accrued expense - other underwriting expenses					
Bank of Ayudhya Plc.	Some common shareholders and directors	10,053,512	10,053,512	9,521,362	

	Relationship	Consolidated financial statement for the year ended December 31, 2010 Baht	Separate financial statement for the year ended December 31, 2010 Baht	2009 Baht
<b>Premium written</b>				
Ayudhya Development Leasing Co., Ltd.	Some common shareholders	486,509	486,509	75,393
Ayudhya Auto Lease Plc.	Some common shareholders	22,285	22,285	27,340
Ayudhya Securities Plc.	Some common shareholders and directors	174,285	174,285	124,918
Bank of Ayudhya Plc.	Some common shareholders and directors	21,028,673	21,028,673	28,148,442
Ayudhya Fund Management Co., Ltd.	Some common shareholders	1,640,508	1,640,508	1,412,085
Bangkok Broadcasting & T.V. Co., Ltd.	Some common shareholders and directors	7,977,423	7,977,423	7,319,922
Super Assets Co., Ltd.	Some common shareholders	73,903	73,903	81,122
BBTV Equity Co., Ltd.	Some common shareholders	1,029,055	1,029,055	1,017,951
Siam City Cement Plc.	Some common shareholders and directors	66,800,601	66,800,601	72,073,807
CKS Holding Co., Ltd.	Some common shareholders	33,198	33,198	34,144
Great Luck Equity Co., Ltd.	Some common shareholders	63,780	63,780	71,383
Thai Reinsurance Plc.	Some common shareholders and directors	5,667,630	5,667,630	21,638,142
PrimaVest Asset Management Co., Ltd.	Some common shareholders	(1,633)	(1,633)	454,436
Ayudhya Allianz C.P. Life Plc.	Some common shareholders and directors	1,835,417	1,835,417	617,886
Hyla (Thailand) Co., Ltd.	Some common shareholders and directors	-	-	(1,574)
Grand Canal Land Plc.	Some common shareholders	860,171	860,171	385,195
Ayudhya Asset Management Co., Ltd.	Some common shareholders	4,476,282	4,476,282	4,491,600
Siam Realty and Services Co., Ltd.	Some common shareholders	1,265,008	1,265,008	1,107,670
Ayudhya Factoring Co., Ltd.	Some common shareholders	4,300	4,300	4,300
Ayudhya Capital Auto Lease Plc.	Some common shareholders	260,589	260,589	272,932
Krungrsriayudhya Card Co., Ltd.	Some common shareholders	6,948,572	6,948,572	2,982,854
		<u>120,646,556</u>	<u>120,646,556</u>	<u>142,339,948</u>
<b>Premium ceded</b>				
Thai Reinsurance Plc.	Some common shareholders and directors	52,098,365	52,098,365	203,064,027

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.

	Relationship	Consolidated financial statement for the year ended December 31, 2010 Baht	Separate financial statement for the year ended December 31, 2010 Baht	2009 Baht
<b>Commissions and brokerages</b>				
Bank of Ayudhya Plc.	Some common shareholders and directors	121,507,923	121,507,923	98,217,913
<b>Other underwriting expenses</b>				
Bank of Ayudhya Plc.	Some common shareholders and directors	73,234,149	73,234,149	54,109,192

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.

	Relationship	Consolidated		Separate	
		financial statement for the year ended December 31, 2010 Baht		financial statement for the year ended December 31, 2010 Baht	
<b>Interest income</b>					
Bank of Ayudhya Plc.	Some common shareholders and directors	12,844,094	12,839,964	15,878,826	
Siam City Cement Plc.	Some common shareholders and directors	4,500,000	4,500,000	2,453,425	
Ayudhya Capital Auto Lease Plc.	Some common shareholders	10,179,753	10,179,753	1,617,534	
		<u>27,523,847</u>	<u>27,519,717</u>	<u>19,949,785</u>	
<b>Interest expense</b>					
Bank of Ayudhya Plc.	Some common shareholders and directors	789	789	339	
Ayudhya Capital Auto Lease Plc.	Some common shareholders	88,659	88,659	258,935	
		<u>89,448</u>	<u>89,448</u>	<u>259,274</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.

	Relationship	Consolidated		Separate	
		financial statement for the year ended December 31, 2010 Baht		financial statement for the year ended December 31, 2010 Baht	
<b>Commission paid</b>					
Ayudhya Securities Plc.	Some common shareholders and directors	825,531	825,531	955,677	
<b>Management fee</b>					
Ayudhya Securities Plc.	Some common shareholders and directors	435,621	435,621	324,383	
<b>Custodian fee</b>					
Bank of Ayudhya Plc.	Some common shareholders and directors	157,513	157,513	119,954	
<b>Purchase of office equipment</b>					
Nirvana Co., Ltd.	Some common shareholders and directors	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 the other customers.

	Relationship	Consolidate and separate financial statements			
		Rate of rental and service expenses per month		For the years ended December 31,	
		2010 Baht	2009 Baht	2010 Baht	2009 Baht
<b>Rental and service expenses</b>					
BBTV Equity Co., Ltd.	Some common shareholders	1,214,200	1,214,200	14,570,400	14,570,400
Siam City Cement Plc.	Some common shareholders and directors	12,000	12,000	144,000	144,000

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.

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.

## 28. DISCLOSURE OF FINANCIAL INSTRUMENTS

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

### 28.1 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.

### 28.2 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 balance sheet, the carrying amount of the assets recorded in the balance sheet represents the Company and its subsidiary maximum exposure to credit risk.

### 28.3 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, 2010 and 2009, significant financial assets classified by type of interest rate are as follows:

	Consolidated financial statements	
	Balance as at December 31, 2010	
	Variable interest rate Baht	Fixed interest rate Baht
Investment in securities - net		
Bonds	-	1,765,700,694
Notes	-	142,000,000
Debentures	-	760,851,902
Cash and deposits at financial institutions	357,283,559	464,436,218
Total	<u>357,283,559</u>	<u>3,132,988,814</u>

	Separate financial statements			
	Balance as at December 31,			
	2010		2009	
	Variable interest rate Baht	Fixed interest rate Baht	Variable interest rate Baht	Fixed interest rate Baht
Investment in securities - net				
Bonds	-	604,197,354	-	1,510,840,066
Treasury bills	-	-	-	339,764,080
Notes	-	80,000,000	-	109,562,518
Debentures	-	714,299,479	-	663,105,619
Cash and deposits at financial institutions	301,535,954	347,248,953	213,308,708	344,007,009
Total	301,535,954	1,745,745,786	213,308,708	2,967,279,292

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, 2010**

	Consolidated financial statements			
	Period specified for fixing new interest rate			Average
	Within 1 year	Over 1 year	Total	interest rate
	Baht	Baht	Baht	%
Investment in securities - net				
Bonds	414,880,496	1,350,820,198	1,765,700,694	3.28
Notes	86,500,000	55,500,000	142,000,000	2.05
Debentures	216,416,788	544,435,114	760,851,902	4.45
Cash and deposits at financial institutions	464,398,097	38,121	464,436,218	1.51
Total	1,182,195,381	1,950,793,433	3,132,988,814	

Separate financial statements

	Separate financial statements			
	Period specified for fixing new interest rate			Average
	Within 1 year	Over 1 year	Total	interest rate
	Baht	Baht	Baht	%
Investment in securities - net				
Bonds	189,633,034	414,564,320	604,197,354	2.74
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 and deposits at financial institutions	347,248,953	-	347,248,953	1.45
Total	790,978,287	954,767,499	1,745,745,786	

As at December 31, 2009

	Separate financial statements			
	Period specified for fixing new interest rate			Average
	Within 1 year	Over 1 year	Total	interest rate
	Baht	Baht	Baht	%
Investment in securities - net				
Bonds	45,776,661	1,465,063,405	1,510,840,066	3.36
Treasury bills	339,764,080	-	339,764,080	1.00
Notes	109,562,518	-	109,562,518	1.36
Debentures	51,000,058	612,105,561	663,105,619	4.68
Cash and deposits at financial institutions	344,007,009	-	344,007,009	1.26
Total	890,110,326	2,077,168,966	2,967,279,292	

#### 28.4 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, 2010 and 2009, the carrying amounts of financial assets and financial liabilities which were different from the estimated fair value were as follows:

	Consolidated			
	financial statements			
	2010			
	Carrying Value	Fair Value		
	Baht	Baht		
Financial assets				
Cash and deposits at financial institutions	830,195,708	829,989,178		
Stocks	1,178,473,558	1,262,384,088		
Other securities - unit trusts	1,978,393,489	1,978,377,589		
Notes	142,000,000	142,102,381		
	Separate financial statements			
	2010		2009	
	Carrying Value	Fair Value	Carrying Value	Fair Value
	Baht	Baht	Baht	Baht
Financial assets				
Cash and deposits at financial institutions	657,081,009	657,063,008	562,052,243	561,994,500
Stocks	1,177,262,588	1,259,405,952	1,221,698,555	1,300,111,710
Other securities - unit trusts	1,908,029,885	1,908,013,985	1,860,404,147	1,860,397,537

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.

## 29. 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.

## 30. COMMITMENT

As at December 31, 2010 and 2009, the Company had a capital commitment to pay computer program development expenses in the amount of approximately Baht 28.03 million and Baht 11.01 million, respectively.

## 31. RECLASSIFICATION

A reclassification has been made to the statements of income for the year ended December 31, 2009 to conform to the presentation of the separate statements of income for the year ended December 31, 2010 by separately consulting and other fees expenses of Baht 0.75 million, which was previously included in other operating expenses.

## 32. EVENT AFTER THE BALANCE SHEET DATE

32.1 On December 7, 2010, the extraordinary shareholders' meeting of the subsidiary passed the resolution to increase the share capital from Baht 300 million to Baht 1,200 million by issuing 90 million new ordinary shares with a par value of Baht 10.00 each to be offered to the existing shareholders, at par value of Baht 10.00 each per share. The subsidiary has called and received subscriptions of the increased share capital and registered with the Registrar of Partnerships and Companies on January 31, 2011.

32.2 On December 7, 2010, the extraordinary shareholders' meeting of the subsidiary passed a special resolution to change the Company's name from "BT Insurance Company Limited" to "Sri Ayudhya General Insurance Company Limited". The subsidiary registered the change in its name with the Department of Business Development on January 31, 2011.

## 33. AUTHORIZATION OF FINANCIAL STATEMENTS

These financial statements were approved for issuance by the Company's authorized executive director on February 21, 2011.



# Financial Statement

For the past three years, the auditor's opinion in the Report of the certified Public Accountant was an unqualified opinion.

## Auditor's Remuneration

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In 2010, the Company and its subsidiary paid Baht 2,950,000 in audit fees to the office where the auditor worked:

	AYUD	Its subsidiary
• The annual audit fee for the year 2010	1,145,000	600,000
• The annual audit fee for consolidated financial statements 2010	140,000	-
• Quarterly Fee for reviewing financial statements for 3 quarters	450,000	-
• The annual fee for assessment of general computer control	145,000	130,000
• Fees for the assessment and preparation of 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	190,000	150,000

## Major factors that may impact on opportunities or limit the operation of the company

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

## Legal Disputes

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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 Financial Statement	Separate Financial Statements		
		2010	2010	2009 "As restated"	2008
<b>Liquidity Ratio</b>					
Current Ratio	(Times)	2.52	3.06	4.04	4.85
Premium due and uncollected Turnover	(Days)	37	34	46	56
<b>Profitability Ratio</b>					
Retention Rate	(%)	66.58	65.68	58.73	57.49
Loss Incurred Per Earned Premium	(%)	45.26	44.45	41.54	36.79
Underwriting Profit Per Net Premium Received	(%)	25.23	26.51	36.02	44.64
Underwriting Expenses Per Earned Premium	(%)	52.42	52.43	49.18	47.65
Return on Investment	(%)	4.70	4.88	3.97	5.00
Net Premium Written Per Equity	(Times)	0.25	0.24	0.20	0.18
Net Profit Per Total Income	(%)	20.33	21.13	21.74	29.20
Return on Equity	(%)	5.85	5.82	5.09	6.59
<b>Efficiency Ratio</b>					
Return on Assets	(%)	4.50	4.62	4.16	5.46
Assets Turnover	(Times)	0.22	0.22	0.19	0.19
<b>Financial Ratio</b>					
Debt to Equity Ratio	(Times)	0.34	0.27	0.22	0.21
POLICY LIABILITY TO CAPITAL FUND	(Times)	0.21	0.16	0.14	0.12
Unearned Premium Reserve Per Equity	(Times)	0.16	0.12	0.10	0.09
Unearned Premium Reserve Per Total Assets	(%)	11.43	9.22	8.07	7.62
Payout Ratio	(%)	93.02	93.75	90.91	69.93
<b>Per Share</b>					
Par Value	BAHT	1.00	1.00	1.00	1.00
Book Value	BAHT	22.24	22.24	21.78	21.01
Earnings Per Share	BAHT	1.29	1.28	1.09	1.43
Dividend	BAHT		1.20*	1.00	1.00

\* Dividend for the year 2010 is waiting for approval from the General Shareholders' meeting



## Financial Records

Unit : Million Baht

Statement of Earnings	2010	2009 "As restated"	2008
Gross Premium Income	2,095.10	1,829.85	1,681.49
Premium ceded	700.10	755.24	714.80
Net Premium Written	1,395.00	1,074.61	966.69
Unearned premium reserve increase (decrease) from previous year	135.31	59.78	40.56
Earned Premium	1,259.69	1,014.83	926.13
Underwriting expenses	907.67	627.76	494.57
Underwriting Earnings	352.02	387.07	431.56
Earning on Investment	313.06	235.28	290.09
Excess of net fair value over purchase cost	4.15	-	-
Other Income	4.92	2.74	5.04
Underwriting and Investment Profit	665.08	622.35	721.65
Operating Expenses	322.76	295.32	287.51
Earning Before Income Tax	351.39	329.77	439.18
Corporate Income Tax	29.73	57.42	82.62
Net Earnings	321.66	272.35	356.56
Earnings Per Share (Baht)	1.29	1.09	1.43
<b>Balance Sheet</b>			
Total Assets	7,547.13	6,735.54	6,348.45
Current Assets	4,828.23	4,900.43	5,293.75
Premises and Equipment	63.84	44.16	56.14
Total Liabilities	1,986.63	1,290.69	1,097.07
Total Shareholders Equity	5,560.50	5,444.85	5,251.38
Book Value (Baht)	22.24	21.78	21.01
Dividend per share (Baht)	1.20	1.00	1.00
Return on Equity (%)	5.85	5.09	6.59



# Risk Factors

## 1 Insurance Risk

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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 2010, the Company had ceded premiums in the amount of Baht 700.10 million from its total written premiums of Baht 2,095.10 million, a proportion of 33.42% 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

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An insurance company may be susceptible to market risk from portfolio investments. Factors affecting portfolio investment include the fluctuation of interest rates and the stock index, which are affected largely by the local and international economic and political situation.

2010 was a satisfactory year for investors who planned for corporate diversification in risky assets, particularly those in the stock market. Thailand's stock market index in 2010 showed a substantial increase of more than 40%, due to the continuation of the fiscal policy begun in 2009 in Thailand, Europe, the USA and Japan to maintain significantly low interest rates. This contributed substantially to the recovery of Thailand's economy in 2010.

However, the Company has always invested in various ways to assure its long-term financial security, all of which are prudent, cautious and sustainable, yield good returns and minimize risk. The equity portfolio in which the Company has invested is a long-term investment that has not fluctuated a great deal with the SET index as it is comprised of sound fundamental stocks. At the end of 2010, the Company and its affiliates recorded unrealized gain from investment in securities of Baht 246.27 million, a net increase of Baht 77.25 million over the Baht 169.02 million of 2009.

## 3 Credit Risk

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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, 2010, the Company had a fund in the amount of Baht 3.38 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

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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

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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, 2010, the Company and its affiliates had assets in the form of cash and deposits with financial institutions amounting to Baht 830.20 million. Among the Company's investments, Baht 1,765.70 million was in bonds, Baht 142 million was in treasury bills, and Baht 760.85 million was in debentures. 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

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At present, the Company receives fire premiums from Bank of Ayudhya Public Company Limited and a large number of their debtors and depositors, amounting to 58.88% of the overall fire premiums of the Company in 2010. The Company has coordinated with the Bank of Ayudhya to set up a bancassurance project that allows the bank to act as an insurance broker. In 2010, the project proceeded and policies were sold through this channel in the amount of Baht 302.41 million, an increase of Baht 76.65 million, or 33.95%, over 2009, which recorded premiums from the same channel of Baht 225.76 million. 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

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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 2010, the ratio of the Company and its affiliates was 90.92% and 78.64%, respectively.



## 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 note.



## Major factors and influences that could affect the Company's operations and future financial situation

Considering from the risk factors of the Company per the details in the item of risk factors.

### 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, 2010, the Company and its subsidiary had an allocation of unearned premium reserves in the amount of Baht 862.97 million in accordance with the announcement of the Ministry of Commerce concerning the allocation of such reserves.  
Furthermore, the company recorded a provision for losses incurred but not report ( IBNR ) equal to 2.5% of Net Premium Written for last twelve month, which amount was higher than the IBNR certified by the actuary.
3. The loss ratio for 2010 equaled 45.26% of earned premiums, more than the previous year of 41.54% mainly as a result of the floods in Hadyai.



# General Information

## Head Office

Bangkok : 898 Ploenchit Tower 7th Fl., Ploenchit Road,  
Lumpini, Pathumwan, Bangkok 10330, Thailand.  
Tel. No. : 66-2263-0335  
Fax No. : 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 : General insurance company

### 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 Co., Ltd**  
(formerly BT Insurance Co., Ltd.)

Bangkok : 898 Ploenchit Tower 18th Fl., Zone A, Ploenchit Road,  
Lumpini, Pathumwan, Bangkok 10330, Thailand.  
Tel. No. : 66-2657-2555, 66-2657-2525  
Fax No. : 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  
Tel. No. : 66-2229-2800, 0-2654-5599  
Fax No. : 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  
Tel. No. : 66-2676-5700  
Fax No. : 66-2676-5757

## Financial Institutions

### Bank of Ayudhya Public Company Limited

#### Head Office

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

#### Ploenchit Branch

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

### The Thai Military Bank Public Company Limited

#### Phaholyothin Branch

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

### Kasikorn Bank Public Company Limited

#### Lang Suan Branch

99/8 Lang Suan Road, Lumpini, Pathumwan,  
Bangkok 10300  
Tel. : 66-2652-0240-2

#### Ratburana Branch

1 Ratburana Road, Ratburana, Bangkok 10140  
Tel. : 66-2871-3650-5

### The Government Housing Bank Public Company Limited

#### Head Office

63 Rama 9 Road, Huai Khwang, Bangkok 10320  
Tel. : 66-2645-9000

### Standard Chartered Bank (Thai) Public Company Limited

#### Sathorn Branch

90 North Sathon, Silom, Bangrak, Bangkok 10500  
Tel. : 66-2724-0388

### Thanachart Bank Public Company Limited

#### Tonson Branch

900 Tonson Tower, Ploenchit Road, Lumpini, Pathumwan,  
Bangkok 10330  
Tel. : 66-2655-9000

### ICBC (THAI)

#### Head Office

622 Sukhumvit Road 11th -13th Floor, Emporium Tower,  
Sukhumvit Road, Klongton, Klongtoey, Bangkok 10110  
Tel. : 66-2663-9999



## Branches

### Northern Region

#### Chiangmai Branch

Branch Manager : Chakkrit Utachee  
Address : 158/9 Chiangmai-Lampang Road, Tambol Paton,  
Amphur Muang, Chiangmai 50300  
Tel : 0-5321-0405-8  
Fax : 0-5321-0409  
Covered Areas : Chiangmai, Lampang, Lamphoon, Prae, Nan,  
and Maehongson  
อีเมล / Email : chakkrit@ayud.co.th

#### Chiangrai Sub-Branch

Branch Manager : Charnvit Pattananubharb  
Address : 261/8 Moo 19, Paholyothin Road, Tambol Robvieng,  
Amphur Muang, Chiangrai 57000  
Tel : 0-5374-8556-8  
Fax : 0-5374-8559  
Covered Areas : Chiangrai, and Phayao  
Email : charnvit@ayud.co.th

#### Nakhonsawan Branch

Branch Manager : Wisid Chantarapatch  
Address : 21/77 Moo 11, Nakhonsawan-Phitsanulok Road,  
Tambol Watsai, Amphur 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@ayud.co.th

#### Phitsanulok Branch

Branch Manager : Songphon Opasnipath  
Address : 459/1079-80 Moo 7, Tambol Samorkae,  
Amphur 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@ayud.co.th

#### Saraburi Sub-Branch

Branch Manager : Chirayut Tungcawuttivijit  
Address : 96/18 Sudbantad Road, Tambol Pakpreew,  
Amphur 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@ayud.co.th

### Northeast Region

#### Khon Kaen Branch

Branch Manager : Isra Prasert  
Address : 90 Moo 14, Mitraparp Road, Tambol Nai Muang,  
Amphur Muang, Khon Kaen 40000  
Tel : 0-4323-5280-2  
Fax : 0-4323-5283  
Covered Areas : Khon Kaen, Mahasarakham, Roi-et, and Kalasin  
Email : isra@ayud.co.th

#### Ubonratchathani Branch

Branch Manager : Pongphan Sujatanonda  
Address : 792/1-2 Chayangkool Road, Tambol Nai Muang,  
Amphur Muang, Ubonratchathani 34000  
Tel : 0-4528-4422-4  
Fax : 0-4528-4425  
Covered Areas : Ubonratchathani, Yasothon, Si Sa Ket,  
Amnatcharoen, and Mukdahan  
Email : pongphan@ayud.co.th

#### Nakhonratchasima Branch

Branch Manager : Peera Jaturanont  
Address : 1982/2-3 Mitraparp Road, Tambol Nai Muang,  
Amphur Muang, Nakhonratchasima 30000  
Tel : 0-4426-3540-2  
Fax : 0-4426-3543  
Covered Areas : Nakhonratchasima and Chaiyaphum  
Email : peera@ayud.co.th

#### Surin Sub-Branch

Branch Manager : Surak Ketprateep  
Address : 13/9 Lakmuang Road, Tambol Nai Muang,  
Amphur Muang, Surin 32000  
Tel : 0-4453-1673  
Fax : 0-4453-1674  
Covered Areas : Surin and Buri Ram  
Email : surak@ayud.co.th

#### Udonthani Sub-Branch

Branch Manager : Uthit Longkem  
Address : 233/19-20 Udomdusadee Road, Tambol Markhaeng,  
Amphur Muang, Udonthani 41000  
Tel : 0-4232-5118-9  
Fax : 0-4232-5120  
Covered Areas : Udonthani, Loei, Sakon Nakhon, Nong Khai,  
Nongbualamphu, and Nakhon Phanom  
Email : uthit@ayud.co.th



## Branches

### Southern Region

#### Hatyai Branch

Branch Manager : Sawadee Pattanasanti  
Address : 70, 72 Chotevidhyakul 3 Road, Tambol Hatyai,  
Amphur Hatyai, Songkhla 90110  
Tel : 0-7442-8746-9  
Fax : 0-7442-8750  
Covered Areas : Songkhla, Satun, Phatthalung, Trang, Yala,  
pattani, and Narathiwat  
Email : sawadee@ayud.co.th

#### Phuket Branch

Branch Manager : Jackkrawut Srikajang  
Address : 74/253-254 (Poonpol Night Plaza) Poonpol Road,  
Tambol Talard Nua, Amphur Muang, Phuket 83000  
Tel : 0-7621-6000, 0-7622-4999  
Fax : 0-7621-9383  
Covered Areas : Phuket, and Phang-nga  
Email : jackkrawut@ayud.co.th

#### Suratthani Branch

Branch Manager : Seri Chumsri  
Address : 210/9-10 Moo 4, Chonkasem Road, Tambol Makham  
Teea, Amphur Muang, Suratthani 84000  
Tel : 0-7721-8529-31  
Fax : 0-7721-8532  
Covered Areas : Suratthani, Chumphon, Nakhonsithammarat,  
and Ranong  
Email : seri@ayud.co.th

#### Krabi Sub-Branch

Branch Manager : Jackkrawut Srikajang  
Address : 434/21 U-tarakij Road, Tambol Krabiyai,  
Amphur Muang, Krabi 81000  
Tel : 0-7563-2871-2  
Fax : 0-7563-2873  
Covered Areas : Krabi  
Email : jackkrawut@ayud.co.th

### Eastern Region

#### Rayong Branch

Branch Manager : Kris Chamkrachang  
Address : 9/7 Bangna-Trad Road, Tambol Cherng-nern,  
Amphur Muang, Rayong 21000  
Tel : 0-3886-1326-8, 0-3861-4465  
Fax : 0-3862-0659  
Covered Areas : Rayong, Chanthaburi, and Trat  
Email : kris@ayud.co.th

#### Chonburi Branch

Branch Manager : Mana Ngarm-kiatsap  
Address : 208/12 Moo 3, Prayasajja Road, Tambol Samet,  
Amphur Muang, Chonburi 20000  
Tel : 0-3871-5877-8  
Fax : 0-3871-5879  
Covered Areas : Chonburi, Chaechoengsao, Prachinburi,  
and Sakaao  
Email : mana@ayud.co.th

#### Nakhonpathom Branch

Branch Manager : Nikom Srithongtae  
Address : 94 Ratchamakka Road, Tambol Prapathomjaydee,  
Amphur Muang, Nakhonpathom 73000  
Tel : 0-3428-0119-21  
Fax : 0-3428-0122  
Covered Areas : Nakhonpathom, Samut Sakhon, Suphanburi,  
Kanchanaburi, Ratchaburi, Samut Songkhram,  
Phetchaburi, and Prachuap Khiri Khan  
Email : nikom@ayud.co.th

#### Pattaya Sub-Branch

Branch Manager : Satthwut Pruksachart  
Address : 3/146 Moo 6, Chaloeam Phra Kiat Road,  
Tambol Na Klua, Amphur Banglamung,  
Chonburi 20150  
Tel : 0-3848-8379-80  
Fax : 0-3848-8381  
Covered Areas : Pattaya  
Email : satthawut@ayud.co.th



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**ศรียุรยาประกันภัย**  
**THE AYUDHYA INSURANCE**

**THE AYUDHYA INSURANCE PUBLIC COMPANY LIMITED**

898 Ploenchit Tower, 7<sup>th</sup> Floor, Ploenchit Rd., Lumpini, Pathumwan, Bangkok 10330  
Tel: 66 (0) 2263 0335 Fax: 66 (0) 2263 0589 Website: [www.ayud.co.th](http://www.ayud.co.th) Email: [info@ayud.co.th](mailto:info@ayud.co.th)



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