

REVIEW REPORT OF THE INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

TO THE BOARD OF DIRECTORS THE AYUDHYA INSURANCE PUBLIC COMPANY LIMITED

We have reviewed the balance sheet of The Ayudhya Insurance Public Company Limited as at June 30, 2009 and the related statements of income for the quarters and six-month periods ended June 30, 2009 and 2008, and the related statements of changes in shareholders' equity and cash flows for the six-month periods ended June 30, 2009 and 2008 of the Ayudhya Insurance Public Company Limited. These financial statements are the responsibility of the Company's management as to their correctness and completeness of the presentation. Our responsibility is to report on these financial statements based on our reviews.

We conducted our reviews in accordance with the Standard on Auditing applicable to review engagements. The Standard requires that we plan and perform our review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of Company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit in accordance with generally accepted auditing standards, and accordingly, we do not express an opinion.

Based on our reviews, nothing has come to our attention that causes us to believe that the financial statements are not presented fairly, in all material respects, in accordance with generally accepted accounting principles.

We have previously audited, in accordance with generally accepted auditing standards, the financial statements of The Ayudhya Insurance Public Company Limited for the year ended December 31, 2008, and expressed an unqualified opinion in our report dated February 16, 2009. The Company's balance sheet as at December 31, 2008, presented herein for comparison, has been derived from the financial statements which have been audited and reported on. We have not performed any other audit procedures subsequent to such report date.



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

BANGKOK
August 10, 2009

DELOITTE TOUCHE TOHMATSU JAIYOS AUDIT CO., LTD.

THE AYUDHYA INSURANCE PUBLIC COMPANY LIMITED

BALANCE SHEETS

AS AT JUNE 30, 2009 AND DECEMBER 31, 2008

Baht : '000

	"Unaudited"	
	As at June 30, 2009	As at December 31, 2008
ASSETS		
INVESTMENT IN SECURITIES (Note 4)		
Bonds	826,328	401,298
Treasury bills	439,334	157,917
Notes	71,256	386,350
Stocks	1,194,243	1,177,738
Debentures	1,152,176	707,777
Other securities		
Unit trusts	1,781,105	1,775,473
Total investment in securities	<u>5,464,442</u>	<u>4,606,553</u>
LOANS (Note 5)	2,309	2,541
CASH AND DEPOSITS AT FINANCIAL INSTITUTIONS (Note 6)	558,062	1,193,376
PREMISES AND EQUIPMENT - NET	49,240	56,142
AMOUNT DEPOSIT ON REINSURANCE TREATIES	6,418	7,537
DUE FROM REINSURERS	32,556	29,003
PREMIUMS DUE AND UNCOLLECTED - NET (Note 7)	206,883	251,737
ACCRUED INCOME ON INVESTMENT	19,727	25,053
OTHER ASSETS		
Deferred tax assets (Note 14)	106,269	106,021
Intangible assets - net	22,638	14,979
Others	70,588	55,513
TOTAL ASSETS	<u><u>6,539,132</u></u>	<u><u>6,348,455</u></u>

See notes to the interim financial statements

THE AYUDHYA INSURANCE PUBLIC COMPANY LIMITED

BALANCE SHEETS (CONTINUED)

AS AT JUNE 30, 2009 AND DECEMBER 31, 2008

Baht : '000

	"Unaudited"	
	As at June 30, 2009	As at December 31, 2008
LIABILITIES AND SHAREHOLDERS' EQUITY		
UNEARNED PREMIUM RESERVE (Note 8)	519,495	483,654
LOSS RESERVES AND OUTSTANDING CLAIMS (Note 9)	221,898	182,316
AMOUNT WITHHELD ON REINSURANCE TREATIES	119,230	116,123
DUE TO REINSURERS	86,902	103,982
BANK OVERDRAFTS (Note 10)	-	93
OTHER LIABILITIES		
Premium written received in advance	99,450	91,154
Accrued income tax (Note 19)	37,707	22,800
Accrued commissions	36,143	45,963
Deferred tax liabilities (Note 14)	11,866	6,174
Others	47,043	44,815
TOTAL LIABILITIES	<u>1,179,734</u>	<u>1,097,074</u>
SHAREHOLDERS' EQUITY		
SHARE CAPITAL		
Authorized share capital		
500,000,000 ordinary shares of Baht 1.00 each	<u>500,000</u>	<u>500,000</u>
Issued and paid-up share capital		
250,000,000 ordinary shares of Baht 1.00 each, fully paid	250,000	250,000
PREMIUM ON SHARE CAPITAL	3,512,184	3,512,184
SURPLUS (DEFICIT) ON REVALUATION OF INVESTMENTS (Note 3.1)	35,597	(30,950)
RETAINED EARNINGS		
Appropriated		
Statutory reserve	50,000	50,000
Other reserves	900,000	900,000
Unappropriated	<u>611,617</u>	<u>570,147</u>
TOTAL SHAREHOLDERS' EQUITY	<u>5,359,398</u>	<u>5,251,381</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	<u><u>6,539,132</u></u>	<u><u>6,348,455</u></u>

See notes to the interim financial statements

THE AYUDHYA INSURANCE PUBLIC COMPANY LIMITED

STATEMENTS OF INCOME

FOR THE QUARTERS ENDED JUNE 30, 2009 AND 2008

"UNAUDITED"

Baht : '000

	2009					2008	
	Fire	Marine		Motor	Miscellaneous	Total	Total
		Hull	Cargo				
Underwriting income							
Premiums written	114,166	6,862	53,493	130,541	121,789	426,851	384,388
<u>Less</u> Premium ceded	24,580	5,320	43,582	3,137	78,575	155,194	137,814
Net premium written	89,586	1,542	9,911	127,404	43,214	271,657	246,574
<u>Less</u> Unearned premium reserve increase from previous period	10,117	102	855	3,990	4,134	19,198	15,073
Earned premium	79,469	1,440	9,056	123,414	39,080	252,459	231,501
Underwriting expenses							
Losses incurred	9,859	62	2,896	76,070	16,978	105,865	104,722
Loss adjustment expenses	370	1	475	1,282	557	2,685	2,858
Commissions and brokerages	15,234	(832)	(5,162)	20,125	(2,950)	26,415	24,296
Other underwriting expenses	10,622	108	3,333	9,462	6,601	30,126	20,503
Total underwriting expenses	36,085	(661)	1,542	106,939	21,186	165,091	152,379
Profit on underwriting	43,384	2,101	7,514	16,475	17,894	87,368	79,122
Net investment income						43,392	70,119
Gain on investment in securities						17,072	6,299
Other income							
Gain on sale of assets						-	1,959
Others						107	418
Total other income						107	2,377

THE AYUDHYA INSURANCE PUBLIC COMPANY LIMITED

STATEMENTS OF INCOME (CONTINUED)

FOR THE QUARTERS ENDED JUNE 30, 2009 AND 2008

"UNAUDITED"

	Baht : '000	
	2009	2008
Operating expenses		
Personnel expenses	44,657	40,528
Premises and equipment expenses	18,372	17,529
Taxes and duties	84	211
Bad debt and doubtful accounts	197	92
Directors' remuneration	2,268	2,268
Other operating expenses		
Travelling expenses (Note 19)	1,452	1,587
Others	3,577	4,088
Total operating expenses	<u>70,607</u>	<u>66,303</u>
PROFIT BEFORE INCOME TAXES	77,332	91,614
INCOME TAXES (Note 13)	<u>12,908</u>	<u>21,960</u>
NET PROFIT	<u><u>64,424</u></u>	<u><u>69,654</u></u>
BASIC EARNINGS PER SHARE	BAHT	0.26
		0.28
WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES	SHARES	250,000,000
		250,000,000

See notes to the interim financial statements

THE AYUDHYA INSURANCE PUBLIC COMPANY LIMITED
STATEMENTS OF INCOME
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2009 AND 2008
"UNAUDITED"

Baht : '000

	2009					2008	
	Fire	Marine		Motor	Miscellaneous	Total	Total
		Hull	Cargo				
Underwriting income							
Premiums written	228,778	25,790	94,934	262,685	273,536	885,723	812,073
<u>Less</u> Premium ceded	65,625	22,920	75,228	5,966	184,059	353,798	320,416
Net premium written	163,153	2,870	19,706	256,719	89,477	531,925	491,657
<u>Less</u> Unearned premium reserve increase from previous period	6,389	707	1,715	15,178	11,852	35,841	26,738
Earned premium	156,764	2,163	17,991	241,541	77,625	496,084	464,919
Underwriting expenses							
Losses incurred	17,817	233	4,073	153,001	26,115	201,239	193,445
Loss adjustment expenses	531	(16)	888	2,577	910	4,890	4,422
Commissions and brokerages	24,390	(2,909)	(9,782)	40,683	(13,194)	39,188	29,126
Other underwriting expenses	18,361	183	5,907	13,552	12,059	50,062	35,286
Total underwriting expenses	61,099	(2,509)	1,086	209,813	25,890	295,379	262,279
Profit on underwriting	95,665	4,672	16,905	31,728	51,735	200,705	202,640
Net investment income						93,680	134,065
Gain on investment in securities						2,208	19,214
Reversal of loss on impairment of investment in notes						434	-
Other income							
Gain on sale of assets						67	2,275
Others						514	890
Total other income						581	3,165

THE AYUDHYA INSURANCE PUBLIC COMPANY LIMITED
STATEMENTS OF INCOME (CONTINUED)
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2009 AND 2008
"UNAUDITED"

	Baht : '000	
	2009	2008
Operating expenses		
Personnel expenses	89,493	82,678
Premises and equipment expenses	37,046	35,805
Taxes and duties	489	626
Bad debt and doubtful accounts	389	92
Directors' remuneration	4,466	4,536
Other operating expenses		
Travelling expenses (Note 19)	3,689	3,164
Others	7,870	8,809
Total operating expenses	143,442	135,710
PROFIT BEFORE INCOME TAXES	154,166	223,374
INCOME TAXES (Note 14)	25,196	48,086
NET PROFIT	128,970	175,288
BASIC EARNINGS PER SHARE	BAHT	0.52 0.70
WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES	SHARES	250,000,000 250,000,000

See notes to the interim financial statements

THE AYUDHYA INSURANCE PUBLIC COMPANY LIMITED
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2009 AND 2008
"UNAUDITED"

Baht : '000

	Issued and paid-up share capital	Premium on share capital	Surplus (deficit) on revaluation of investments	Retained earnings			Total
				Statutory reserve	Other reserves	Unappropriated	
Beginning balance as at January 1, 2008	250,000	3,512,184	288,128	50,000	900,000	563,584	5,563,896
Changes during the year							
Decrease in the surplus on revaluation of investments (Note 3.1)	-	-	(119,943)	-	-	-	(119,943)
Net profit for the period						175,288	175,288
Dividend paid (Note 15.1)	-	-	-	-	-	(187,500)	(187,500)
Ending balance as at June 30, 2008	<u>250,000</u>	<u>3,512,184</u>	<u>168,185</u>	<u>50,000</u>	<u>900,000</u>	<u>551,372</u>	<u>5,431,741</u>
Beginning balance as at January 1, 2009	250,000	3,512,184	(30,950)	50,000	900,000	570,147	5,251,381
Changes during the year							
Increase in the deficit on revaluation of investments (Note 3.1)	-	-	66,547	-	-	-	66,547
Net profit for the period	-	-	-	-	-	128,970	128,970
Dividend paid (Note 15.2)	-	-	-	-	-	(87,500)	(87,500)
Ending balance as at June 30, 2009	<u>250,000</u>	<u>3,512,184</u>	<u>35,597</u>	<u>50,000</u>	<u>900,000</u>	<u>611,617</u>	<u>5,359,398</u>

See notes to the interim financial statements

THE AYUDHYA INSURANCE PUBLIC COMPANY LIMITED
STATEMENTS OF CASH FLOWS
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2009 AND 2008
"UNAUDITED"

	Baht : '000	
	2009	2008
CASH FLOWS PROVIDED BY (USED IN) OPERATING ACTIVITIES		
Direct premium received	866,878	738,132
Cash paid from reinsurance	(138,694)	(128,640)
Losses incurred from direct insurance	(233,142)	(231,533)
Loss adjustment expenses from direct insurance	(4,890)	(4,422)
Commissions and brokerages from direct insurance	(138,628)	(119,305)
Other underwriting expenses	(47,924)	(34,216)
Net investment income	99,100	127,249
Other income	519	890
Operating expenses	(134,008)	(121,583)
Income taxes	(27,017)	(4,615)
Other	-	(962)
Net cash provided by operating activities (Note 3.3)	242,194	220,995
CASH FLOWS PROVIDED BY (USED IN) INVESTING ACTIVITIES		
CASH FLOWS PROVIDED BY		
Investment in securities		
Redemption of investment in held-to-maturity securities - treasury bills		
with maturity over 3 months	100,000	170,000
Redemption of investment in held-to-maturity securities - notes		
with maturity over 3 months	340,000	-
Restructuring of investment in held-to-maturity securities - notes		
with maturity over 3 months	26,535	-
Redemption of investment in available-for-sale securities - bonds		
	20,000	360,000
Sales of investment in available-for-sale securities - ordinary shares		
	58,753	387,757
Sales of investment in available-for-sale securities - debentures		
	30,122	-
Sales of investment in available-for-sale securities - other securities		
	247,207	3,362

THE AYUDHYA INSURANCE PUBLIC COMPANY LIMITED
STATEMENTS OF CASH FLOWS (CONTINUED)
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2009 AND 2008

"UNAUDITED"

	Baht : '000	
	2009	2008
Sales of investment in available-for-sale securities - warrants	-	141
Redemption of investment in available-for-sale securities - debentures	330,000	-
Sales of general investment - ordinary shares	-	62,413
Capital decrease of general investment - ordinary shares	365	-
Loans	632	632
Premises and equipment	86	2,364
Deposits at financial institutions with maturity over 3 months	633,592	22,699
Cash provided by investing activities	1,787,292	1,009,368
 CASH FLOWS USED IN		
Investment in securities		
Purchase of investment in held-to-maturity securities - notes with maturity over 3 months	(50,000)	-
Purchase of investment in available-for-sale securities - bonds	(475,334)	(250,962)
Purchase of investment in available-for-sale securities - ordinary shares	(12,481)	(98,786)
Purchase of investment in available-for-sale securities - debentures	(800,000)	(96,424)
Purchase of investment in available-for-sale securities - other securities	(213,640)	-
Purchase of investment in available-for-sale securities - warrants	-	(113)
Loans	(400)	(100)
Deposits at financial institutions with maturity over 3 months and deposits used as collateral	(2,681)	(107,227)
Premises and equipment	(3,426)	(12,881)
Intangible assets	(8,461)	(619)
Cash used in investing activities	(1,566,423)	(567,112)
Net cash provided by investing activities	220,869	442,256

THE AYUDHYA INSURANCE PUBLIC COMPANY LIMITED
 STATEMENTS OF CASH FLOWS (CONTINUED)
 FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2009 AND 2008
 "UNAUDITED"

	Baht : '000	
	2009	2008
CASH FLOWS PROVIDED BY (USED IN) FINANCING ACTIVITIES		
Bank overdrafts	(93)	(5,043)
Dividend paid	(87,500)	(187,500)
Net cash used in financing activities	(87,593)	(192,543)
Net increase in cash and cash equivalents	375,470	470,708
Cash and cash equivalents as at January 1,	291,735	1,227,022
Cash and cash equivalents as at June 30, (Note 3.2)	667,205	1,697,730

See notes to the interim financial statements

THE AYUDHYA INSURANCE PUBLIC COMPANY LIMITED
NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE QUARTERS AND SIX-MONTH PERIODS ENDED JUNE 30, 2009 AND 2008
“UNAUDITED”

1. GLOBAL ECONOMIC TURMOIL

At present, many countries around the world are facing financial crisis and business crisis, which has impacted the Company's business. The financial statements reflect management's current assessment of the possible impact of the economic conditions on the financial position of the Company. The ultimate effect of such uncertainties on the financial position of the Company cannot be presently determined.

2. BASIS FOR PREPARATION OF THE INTERIM FINANCIAL STATEMENTS

2.1 The Company's interim financial statements for the quarter and six-month period ended June 30, 2009 and the financial statements for the year 2008 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 in accordance with 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.

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) to be the same as International Accounting Standard. Therefore, the reference TASs in these interim financial statements have been used the new numbers in accordance with the Notification.

The Company prepares its interim financial statements in conformity with the Accounting Standard No. 34 (Revised 2007) "Interim Financial Reporting" (previously TAS 41) and practices generally accepted in Thailand. During the year 2007, Thai Accounting Standard No. 7 (Revised 2007) "Cash Flows Statements" (previously TAS 25) and Thai Accounting Standard No. 1 (Revised 2007) "Presentation of Financial Statements" (previously TAS 35) were revised and announced by the Federation of Accounting Professions and are effective for the financial statements with fiscal periods beginning on or after January 1, 2008. The revised accounting standard has no material impact on the financial statements of the Company. However, the financial statements for the quarters and six-month periods ended June 30, 2009 and 2008 are still presented in accordance with 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.

2.2 The Company's balance sheet as at December 31, 2008, presented herein, has been derived from the Company's financial statements for the year then ended, which have been audited. In addition, the statements of income for the quarter and six-month period ended June 30, 2008 and the related statements of changes in shareholders' equity and cash flows for the six-month period ended June 30, 2008, presented herein, have been reviewed.

2.3 Certain financial information which is normally included in financial statements prepared in accordance with generally accepted accounting principles, but which is not required for interim reporting purposes, has been omitted. In addition, the interim financial statements should be read in conjunction with the Company's financial statements and notes thereto included in the audited financial statements for the year ended December 31, 2008, which have been audited.

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

- 2.4 The interim financial statements for the quarter and six-month period ended June 30, 2009 have prepared based on the basis, accounting policies and method of computation consistent with those used in the annual financial statements for the year ended December 31, 2008.
- 2.5 The Federation of Accounting Professions issued the Notification of Federation of Accounting Professions No. 16/2552 dated May 21, 2009 regarding the following accounting standards that were announced in the Royal Gazette, but not yet in effect in 2009:

Thai Accounting Standard	Effective date
Framework (Revised 2007)	January 1, 2011
TAS 20 Accounting for Government Grants and Disclosure of Government Assistance	January 1, 2012
TAS 24 Related Party Disclosures (Revised 2007) (previously TAS 47)	January 1, 2011
TAS 40 Investment Property	January 1, 2011

These accounting standards will supersede previously issued accounting standards when they become effective. The Company's management has assessed the impact of these accounting standards, when they are effective for financial periods beginning on or after the TASs' effective date, and does not expect them to have a material effect on the Company's financial statements.

3. ADDITIONAL INFORMATION FOR CASH FLOWS

3.1 Non-cash items

As at June 30, 2009 and December 31, 2008, the surplus (deficit) on revaluation of investments were shown net of deferred tax assets as follows:

	Baht : '000	
	As at June 30, 2009	As at December 31, 2008
Unrealized gain (loss) on investment in available-for-sale securities	22,768	(65,962)
Unrealized gain of general investment	24,695	24,695
Total unrealized gain (loss)	47,463	(41,267)
<u>Add</u> Deferred tax assets	-	16,491
<u>Less</u> Deferred tax liabilities	(11,866)	(6,174)
Surplus (deficit) on revaluation of investments - net	<u>35,597</u>	<u>(30,950)</u>

For the six-month periods ended June 30, 2009 and 2008, changes in deficit on revaluation of investments - net of deferred tax were as follows:

	Baht : '000	
	For the six-month periods ended June 30, 2009	2008
Increase (decrease) of unrealized gain on investment in available-for-sale securities	88,730	(159,924)
<u>Add</u> Deferred tax assets	-	39,981
<u>Less</u> Deferred tax liabilities	(22,183)	-
Increase (decrease) in surplus (deficit) on revaluation of investments - net	<u>66,547</u>	<u>(119,943)</u>

3.2 Cash and cash equivalents consist of the following:

	Baht : '000	
	As at June 30,	
	2009	2008
Cash and deposits at financial institutions	558,062	622,390
Investment in securities - treasury bills	439,334	1,449,251
Investment in securities - notes	71,256	341,654
	<u>1,068,652</u>	<u>2,413,295</u>
<u>Less</u> Deposits at bank with maturity over 3 months	(226,730)	(292,911)
Deposits at bank used as collateral	(44,000)	(124,000)
Treasury bills with maturity over 3 months	(59,461)	-
Notes with maturity over 3 months	<u>(71,256)</u>	<u>(298,654)</u>
Cash and cash equivalents	<u>667,205</u>	<u>1,697,730</u>

3.3 Net cash flow provided by operating activities

Items to reconcile net profit to net cash flows provided by operating activities for the six-month periods ended June 30, 2009 and 2008 are as follows:

	Baht : '000	
	For the six-month periods ended June 30,	
	2009	2008
CASH FLOWS PROVIDED BY OPERATING ACTIVITIES		
Net profit	128,970	175,288
Items to reconcile net profit to net cash flows:		
Depreciation	10,309	10,283
Amortization of intangible assets	802	738
Gain on sales of assets	(67)	(2,275)
Uncamed premium reserve increase from previous period	35,841	26,738
Amortization of bonds premium	2,923	1,107
Amortization of bonds discount	(13)	(735)
Amortization of treasury bills discount	(1,544)	(1,009)
Amortization of notes discount	-	(5,930)
Amortization of debentures discount	(253)	(65)
Gain on sale of investment in available-for-sale securities - ordinary shares	(14,880)	(17,443)
(Gain) loss on sale of investment in available-for-sale securities - other securities	12,794	(1,533)
Gain on sale of investment in available-for-sale securities - debentures	(122)	-
Gain on sale of investment in available-for-sale securities - warrants	-	(28)
Gain on sale of general investment - ordinary shares	-	(210)
Reversal of loss on impairment of investment in notes	(434)	-
Interest received from investment in held-to-maturity securities - notes	(1,017)	-
Deferred tax	<u>(16,739)</u>	<u>12,122</u>
Profit from operations before changes in operating assets and liabilities	<u>156,570</u>	<u>197,048</u>

Baht : '000
For the six-month periods
ended June 30,

	2009	2008
Operating assets (increase) decrease		
Amount deposit on reinsurance treaties	1,119	(513)
Due from reinsurers	(3,553)	(15)
Premium due and uncollected	44,854	2,560
Accrued income on investment	5,326	(183)
Other assets	(3,350)	4,867
Operating liabilities increase (decrease)		
Loss reserves and outstanding claims	39,582	18,608
Amount withheld on reinsurance treaties	3,107	5,289
Due to reinsurers	(17,080)	(36,064)
Premium written received in advance	8,296	(955)
Accrued income tax	14,917	31,349
Accrued commissions	(9,820)	1,462
Other liabilities	2,226	(2,458)
Net cash provided by operating activities	<u>242,194</u>	<u>220,995</u>

4. INVESTMENT IN SECURITIES

Investment in securities as at June 30, 2009 consists of the following:

	Cost/Amortized Cost	Unrealized Gains	Unrealized Losses	Baht : '000 Fair Value
Available-for-sale securities				
Equity securities				
Investment in listed securities				
Ordinary shares	339,668	114,356	(27,012)	427,012
Other securities				
Unit trusts	1,847,264	11,227	(77,425)	1,781,066
Debt securities				
Bonds	829,889	6,881	(10,442)	826,328
Treasury bills	439,334	-	-	439,334
Debentures	1,146,993	5,183	-	1,152,176
Total	<u>4,603,148</u>	<u>137,647</u>	<u>(114,879)</u>	<u>4,625,916</u>

	Baht : '000 Cost/ Book Value
Securities for general investment	
Equity securities	
Ordinary shares	742,536
Add Unrealized gain on transfer of investment	<u>24,695</u>
	767,231
Other securities : Unit trust	
Cost	2,700
Less Allowance for impairment	<u>(2,661)</u>
Total	<u>767,270</u>

		Maturity within		Baht : '000
		1 year	2-5 years	Amortized Cost
Held-to-maturity securities				
Debt securities				
Notes	74,472			
<u>Less</u> Allowance for impairment	<u>(3,216)</u>	<u>71,256</u>	<u>-</u>	<u>71,256</u>
Total		<u>71,256</u>	<u>-</u>	<u>71,256</u>
Total value of investment in securities				<u><u>5,464,442</u></u>

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

	Amortized Cost	Unrealized Gains	Unrealized Losses	Baht : '000
				Fair Value
Held-to-maturity securities				
Debt securities				
Notes	<u>71,256</u>	<u>-</u>	<u>-</u>	<u>71,256</u>
Total	<u><u>71,256</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>71,256</u></u>

Investment in securities as at December 31, 2008 consists of the following:

	Cost/Amortized Cost	Unrealized Gains	Unrealized Losses	Baht : '000
				Fair Value
Available-for-sale securities				
Equity securities				
Investment in listed securities				
Ordinary shares	382,795	71,674	(44,316)	410,153
Other securities				
Unit trusts	1,893,626	12,275	(130,467)	1,775,434
Debt securities				
Bonds	377,464	23,834	-	401,298
Treasury bills	157,917	-	-	157,917
Debentures	<u>706,739</u>	<u>3,356</u>	<u>(2,318)</u>	<u>707,777</u>
Total	<u><u>3,518,541</u></u>	<u><u>111,139</u></u>	<u><u>(177,101)</u></u>	<u><u>3,452,579</u></u>

		Baht : '000
		Cost/ Book Value
Securities for general investment		
Equity securities		
Ordinary shares		742,890
<u>Add</u> Unrealized gain on transfer of investment		<u>24,695</u>
		<u>767,585</u>
Other securities : Unit trusts		
Cost		2,700
<u>Less</u> Allowance for impairment		<u>(2,661)</u>
Total		<u><u>39</u></u>
		<u>767,624</u>

	Maturity within		Baht : '000
	1 year	2-5 years	Amortized Cost
Held-to-maturity securities			
Debt securities			
Notes	390,000		
<u>Less</u> Allowance for impairment	<u>(3,650)</u>	<u>386,350</u>	<u>386,350</u>
Total		<u>386,350</u>	<u>386,350</u>
Total value of investment in securities			<u>4,606,553</u>

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

	Amortized Cost	Unrealized Gains	Unrealized Losses	Baht : '000
				Fair Value
Held-to-maturity securities				
Debt securities				
Notes	<u>386,350</u>	<u>1,311</u>	<u>-</u>	<u>387,661</u>
Total	<u>386,350</u>	<u>1,311</u>	<u>-</u>	<u>387,661</u>

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. Fair value of the stock at the transfer date amounted to Baht 154.70 million. Unrealized gain on the transfer of investment amounting to Baht 24.69 million was included in surplus on revaluation of investments under shareholders' equity.

As at June 30, 2009, certain bonds, treasury bills and debentures are deposited with a related bank as the Company's backup assets (see Note 12).

5. LOANS

Loans are loans to employees with personal guarantee in accordance with the welfare policy of employees' loans of the Company, with interest rates of 2.75 - 4.00 % per annum.

6. CASH AND DEPOSITS AT FINANCIAL INSTITUTIONS

	Baht : '000	
	As at June 30, 2009	As at December 31, 2008
Cash	215	215
Cash at banks - call deposits	119,069	124,477
Cash at banks - time deposits	<u>438,778</u>	<u>1,068,684</u>
Total cash and deposits at financial institutions	<u>558,062</u>	<u>1,193,376</u>

As at June 30, 2009 and December 31, 2008, fixed deposits amounting to Baht 44 million 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 14 million, respectively (see Notes 10 and 11).

7. PREMIUMS DUE AND UNCOLLECTED - NET

Premiums due and uncollected - net consist of the following:

	As at June 30, 2009	Baht : '000 As at December 31, 2008
Not over 60 days	126,283	171,315
Over 60 days up to 90 days	26,210	54,744
More than 90 days	<u>59,420</u>	<u>30,708</u>
Total premiums due and uncollected	211,913	256,767
<u>Less</u> Allowance for doubtful accounts	<u>(5,030)</u>	<u>(5,030)</u>
Total premiums due and uncollected - net	<u><u>206,883</u></u>	<u><u>251,737</u></u>

The balances as at June 30, 2009 and December 31, 2008 of premiums due and uncollected are classified by aging as follows:

	As at June 30, 2009	Baht : '000 As at December 31, 2008
Not over 3 months	152,493	226,059
Over 3 months up to 6 months	40,498	24,081
Over 6 months up to 12 months	18,568	4,459
More than 12 months	<u>354</u>	<u>2,168</u>
Total	<u><u>211,913</u></u>	<u><u>256,767</u></u>

8. UNEARNED PREMIUM RESERVES

Unearned premium reserves presented in the balance sheets as at June 30, 2009 and December 31, 2008 did not include additional unearned premium reserve of ceded premium to foreign reinsurers of Baht 42.30 million and Baht 51.19 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.

9. LOSS RESERVES AND OUTSTANDING CLAIMS

As at June 30, 2009 and December 31, 2008, the loss reserves and outstanding claims account included outstanding claims and accrued interest of Baht 77.73 million and Baht 76.19 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. However, the insured company submitted the case to the supreme court in December 2008. Currently, such case is still under consideration of the supreme court.

10. BANK OVERDRAFTS

As at June 30, 2009 and December 31, 2008, 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 the fixed deposit of Baht 30 million. The interest rate was the fixed deposit rate plus 2 % (see Note 6).

11. DEPOSITS WITH THE REGISTRAR

As at June 30, 2009 and December 31, 2008, fixed deposits amounting to Baht 14 million were deposited with the Registrar in accordance with the Insurance Act (see Note 6).

12. BACKUP ASSETS

The Company have deposited certain investments with a related bank used for the Company's backup assets with 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" (see Note 4) as follows:

	As at June 30, 2009	Baht : '000 As at December 31, 2008
Bonds	471,887	-
Treasury bills	59,461	-
Debentures	352,176	-
	<u>883,524</u>	<u>-</u>

13. LONG-TERM LEASES AND SERVICE AGREEMENTS

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

Type of lease	Remaining periods		Baht : '000 Rental payments for the remaining periods
	Within 1 year	More than 1 year But not over 5 years	
June 30, 2009			
Building	4,371	4,843	9,214
Service	4,371	4,843	9,214
Equipment	5,828	6,458	12,286
Total	<u>14,570</u>	<u>16,144</u>	<u>30,714</u>
December 31, 2008			
Building	4,371	7,029	11,400
Service	4,371	7,029	11,400
Equipment	5,828	9,371	15,199
Total	<u>14,570</u>	<u>23,429</u>	<u>37,999</u>

14. INCOME TAX EXPENSE

For the quarters and six-month periods ended June 30, 2009 and 2008, income tax expense consisted of the following:

	Baht : '000			
	For the quarters ended June 30,		For the six-month periods ended June 30,	
	2009	2008	2009	2008
Income tax expense - current tax	16,655	13,778	41,935	35,964
<u>Add (Less) Tax effect from deferred income tax</u>				
Effect of change in the applicable tax rate used in tax calculation from 30% to 25% for the portion of net income up to Baht 300 million	-	15,444	-	15,444
Unearned premium reserve	(2,291)	(3,185)	(8,721)	(6,684)
Loss reserve – net	(3,205)	(4,728)	(9,859)	(4,976)
Incurred but not reported claims	(156)	(48)	(251)	80
Allowance for impairment of notes	-	-	108	-
Allowance for impairment of general investment	-	(1,265)	-	6,324
Others	1,905	1,964	1,984	1,934
Income tax expense	<u>12,908</u>	<u>21,960</u>	<u>25,196</u>	<u>48,086</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. Therefore, the Company has used a tax rate of 25% for the corporate income tax and deferred income tax calculations for the quarters and six-month periods ended June 30, 2009 and 2008 to conform to such tax rate change.

As at June 30, 2009 and December 31, 2008, deferred tax assets and liabilities resulting from temporary differences between the carrying amount of asset or liability in the balance sheet and its tax base were as follows:

	Baht : '000	
	As at June 30, 2009	As at December 31, 2008
Deferred tax assets resulting from :		
Allowance for doubtful accounts of premium due and uncollected	1,258	1,258
Unearned premium reserve	44,190	35,469
Loss reserve – net	51,623	41,764
Incurred but not reported claims	6,293	6,042
Unrealized loss on the change in value of investment		
- available-for-sale securities	-	16,491
Allowance for impairment of notes	804	912
Allowance for impairment of general investment	665	665
Others	1,436	3,420
Total deferred tax assets	<u>106,269</u>	<u>106,021</u>
Deferred tax liabilities resulting from :		
Unrealized gain on the change in value of investment		
- available-for-sale securities	5,692	-
Unrealized gain on transfer of investment - general investment	6,174	6,174
Total deferred tax liabilities	<u>11,866</u>	<u>6,174</u>

15. DIVIDENDS

- 15.1 On April 22, 2008, the ordinary shareholders' meeting passed a resolution to pay an annual dividend for the year 2007 of Baht 1.40 per share. The Company had paid an interim dividend for the operation result from January 1, to June 30, 2007 at Baht 0.65 per share, which was paid on September 14, 2007. The remaining portion of the annual dividend of Baht 0.75 per share, which was paid from the second half of year 2007 operation result for 250 million shares, totaling Baht 187.5 million, was paid on April 28, 2008.
- 15.2 On April 21, 2009, the ordinary shareholders' meeting 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 operation 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, which was paid from the second half of year 2008 operation result for 250 million shares, totaling Baht 87.5 million, was paid on April 28, 2009.

16. TRANSACTIONS WITH RELATED PARTIES

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

16.1 Investments

As at June 30, 2009

Companies	Type of Business	Relationship	Paid-up share capital	Share holding %	Baht : '000	
					Investments	Dividend
Investments - ordinary shares						
Bank of Ayudhya Plc.	Finance	Some common shareholders and directors	60,741,437	0.01	4,095	42
Ayudhya Securities Plc.	Finance	Some common shareholders and directors	600,000	0.43	3,167	-
Sunrise Equity Co., Ltd.	Consulting	Some common shareholders	9,970,000	5.48	546,137	20,207
Siam City Cement Plc.	Manufacturing	Some common shareholders and directors	2,375,000	0.56	225,204	7,762
Thai Reinsurance Plc.	Reinsurance	Some common shareholders and directors	1,187,355	1.77	94,514	3,781
Ayudhya Allianz C.P. Life Plc.	Life Insurance	Some common shareholders and directors	2,950,000	5.82	217,144	-
					<u>1,090,261</u>	<u>31,792</u>

			Baht : '000	
Companies	Type of Business	Relationship	Investments	
Investments - debentures				
Bank of Ayudhya Plc.	Finance	Some common shareholders and directors	252,245	
Siam City Cement Plc.	Manufacturing	Some common shareholders and directors	100,000	
			<u>352,245</u>	

			Baht : '000	
Companies	Type of Business	Relationship	Investments	Dividend
Investments - unit trusts				
Unit trusts managed by				
Ayudhya Fund Management Co., Ltd.	Fund Management	Some common shareholders		
- AYF Medium Term Fixed Income Dividend Fund			440,055	16,277
- AYF Medium Term Fixed Income Fund			138,985	-
- AYF Cash Plus Fund			94,580	-
- AYF Dividend Stock Fund			17,883	-
			<u>691,503</u>	<u>16,277</u>
PrimaVest Asset Management Co., Ltd.	Fund Management	Some common shareholders and directors		
- PrimaVest Flexible Fund			81,326	-
- PrimaVest Equity Dividend Fund			5,772	-
- Krungsri - PrimaVest Equity Fund			9,001	-
- Krungsri - PrimaVest Money Fund			152,243	-
- PrimaVest - Allianz GI Oriental Income Fund			24,788	-
- PrimaVest - Allianz GI Global High Payout Fund			13,751	-
			<u>286,881</u>	<u>-</u>

As at December 31, 2008

			Baht : '000			
Companies	Type of Business	Relationship	Paid-up share capital	Share holding %	Investments	Dividend
Investments - ordinary shares						
Bank of Ayudhya Plc.	Finance	Some common shareholders and directors	60,741,438	0.01	2,612	42
Ayudhya Securities Plc.	Finance	Some common shareholders and directors	600,000	0.43	3,167	-
Sunrise Equity Co., Ltd.	Consulting	Some common shareholders	9,970,000	5.48	546,137	57,344
Siam City Cement Plc.	Manufacturing	Some common shareholders and directors	2,375,000	0.73	229,425	24,980
Thai Reinsurance Plc.	Reinsurance	Some common shareholders and directors	1,187,355	1.77	102,495	7,981
Ayudhya Allianz C.P. Life Plc.	Life Insurance	Some common shareholders and directors	2,950,000	5.82	217,144	8,753
					<u>1,100,980</u>	<u>99,100</u>

			Baht : '000	
Companies	Type of Business	Relationship	Investments	
Investments - debentures				
Bank of Ayudhya Plc.	Finance	Some common shareholders and directors	251,300	
			Baht : '000	
Companies	Type of Business	Relationship	Investments	Dividend
Investments - unit trusts				
Unit trusts managed by				
Ayudhya Fund Management Co., Ltd.	Fund Management	Some common shareholders		
- AYF Medium Term Fixed Income Dividend Fund			454,757	12,318
- AYF Medium Term Fixed Income Fund			138,552	-
- AYF Cash Management Fund			213,477	-
- AYF Dividend Stock Fund			14,028	800
			<u>820,814</u>	<u>13,118</u>
PrimaVest Asset Management Co., Ltd.	Fund Management	Some common shareholders and directors		
- PrimaVest Flexible Fund			61,918	4,000
- PrimaVest Equity Dividend Fund			4,398	1,181
- Krungsri - PrimaVest Equity Fund			6,852	1,500
- Krungsri - PrimaVest Money Fund			49,832	-
- PrimaVest - AllianzGI Oriental Income Fund			21,068	-
- PrimaVest - AllianzGI Global High Payout Fund			13,297	-
			<u>157,365</u>	<u>6,681</u>

16.2 Significant balances and transactions are as follows:

		Baht : '000	
		Balances as at	
		June 30,	December 31,
		2009	2008
Bank deposits			
Bank of Ayudhya Plc.	Some common shareholders and directors	107,565	358,885
Premium due and uncollected			
Ayudhya Auto Lease Plc.	Some common shareholders	-	19
Ayudhya Securities Plc.	Some common shareholders and directors	-	15
Bank of Ayudhya Plc.	Some common shareholders and directors	286	238
Ayudhya Fund Management Co., Ltd.	Some common shareholders	-	18
Bangkok Broadcasting & T.V. Co., Ltd.	Some common shareholders and directors	57	126
BBTV Equity Co., Ltd.	Some common shareholders	-	521
Super Assets Co., Ltd.	Some common shareholders	4	-
Siam City Cement Plc.	Some common shareholders and directors	5,941	639
Great Luck Equity Co., Ltd.	Some common shareholders	50	-
Ayudhya Allianz C.P. Life Plc.	Some common shareholders and directors	1	279
Media of Medias Plc.	Some common shareholders and directors	-	181
Ayudhya Asset Management Co., Ltd.	Some common shareholders	442	437
Siam Realty and Services Co., Ltd.	Some common shareholders	70	73
Krungsri Ayudhya Card Co., Ltd.	Some common shareholders	-	(110)
Ayudhya Capital Auto Lease Plc.	Some common shareholders	38	-
		<u>6,889</u>	<u>2,436</u>
Accrued interest income			
Bank of Ayudhya Plc.	Some common shareholders and directors	1,568	3,598
Siam City Cement Plc.	Some common shareholders and directors	185	-
		<u>1,753</u>	<u>3,598</u>
Rental and facilities deposits			
BBTV Equity Co., Ltd.	Some common shareholders	4,574	4,574
Siam City Cement Plc.	Some common shareholders and directors	36	30
		<u>4,610</u>	<u>4,604</u>

	Relationship	Baht : '000	
		Balances as at	
		June 30, 2009	December 31, 2008
Due to reinsurers			
Thai Reinsurance Plc.	Some common shareholders and directors	16,791	12,989
Bank overdrafts			
Bank of Ayudhya Plc.	Some common shareholders and directors	-	93
Financial lease liabilities			
Ayudhya Capital Auto Lease Plc.	Some common shareholders	4,807	5,383
Accrued interest of financial lease			
Ayudhya Capital Auto Lease Plc.	Some common shareholders	19	22
Accrued expense - management fee			
Ayudhya Securities Plc.	Some common shareholders and directors	28	22
Accrued expense - custodian fee			
Bank of Ayudhya Plc.	Some common shareholders and directors	13	1
Accrued expense - commissions and brokerages			
Bank of Ayudhya Plc.	Some common shareholders and directors	11,802	9,340
Accrued expense - other underwriting expenses			
Bank of Ayudhya Plc.	Some common shareholders and directors	5,286	3,443
Accrued operating expenses			
Siam City Cement Plc.	Some common shareholders and directors	-	24

	Relationship	Baht : '000			
		For the quarters ended June 30,		For the six-month periods ended June 30,	
		2009	2008	2009	2008
Premium written					
Ayudhya Development Leasing Co., Ltd.	Some common shareholders and directors	-	-	75	80
Ayudhya Auto Lease Plc.	Some common shareholders	-	7	6	(19)
Ayudhya Capital Lease Co., Ltd.	Some common shareholders	-	-	-	49
Ayudhya Securities Plc.	Some common shareholders and directors	-	-	114	-
Bank of Ayudhya Plc.	Some common shareholders and directors	365	10,234	21,915	20,673
Ayudhya Fund Management Co., Ltd.	Some common shareholders	-	28	1,277	1,339
Bangkok Broadcasting & T.V. Co., Ltd.	Some common shareholders and directors	2,811	2,907	3,603	2,941
Super Assets Co., Ltd.	Some common shareholders	2	-	2	-
BBTV Equity Co., Ltd.	Some common shareholders	-	-	21	25
Siam City Cement Plc.	Some common shareholders and directors	547	830	11,810	7,470
Great Luck Equity Co., Ltd.	Some common shareholders	47	42	47	42
Thai Reinsurance Plc.	Some common shareholders and directors	4,474	6,690	10,507	11,826
PrimaVest Asset Management Co., Ltd.	Some common shareholders and directors	-	-	13	13
Ayudhya Allianz C.P. Life Plc.	Some common shareholders and directors	(9)	(12)	521	503
Hyla (Thailand) Co., Ltd.	Some common shareholders and directors	-	1	(2)	1
Media of medias Plc.	Some common shareholders and directors	25	18	257	268
Ayudhya Asset Management Co., Ltd.	Some common shareholders	954	974	1,948	1,816
Siam Realty and Services Co., Ltd.	Some common shareholders	161	207	366	413
Krungsriayudhya Card Co., Ltd.	Some common shareholders	-	-	2,983	2,721
Ayudhya Factoring Co., Ltd.	Some common shareholders and directors	4	4	4	4
Ayudhya Capital Auto Lease Plc.	Some common shareholders	5	-	54	-
		<u>9,386</u>	<u>21,930</u>	<u>55,521</u>	<u>50,165</u>
Premium ceded					
Thai Reinsurance Plc.	Some common shareholders and directors	41,843	39,608	90,874	87,160

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

		Baht : '000			
Relationship		For the quarters		For the six-month periods	
		ended June 30,		ended June 30,	
		2009	2008	2009	2008
Commissions and brokerages					
Bank of Ayudhya Plc.	Some common shareholders and directors	21,990	19,233	43,191	40,733
Other underwriting expenses					
Bank of Ayudhya Plc.	Some common shareholders and directors	9,917	7,295	17,950	15,082

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

		Baht : '000			
Relationship		For the quarters		For the six-month periods	
		ended June 30,		ended June 30,	
		2009	2008	2009	2008
Interest income					
Ayudhya Development Leasing Co., Ltd.	Some common shareholders and directors	-	2,965	-	5,930
Bank of Ayudhya Plc.	Some common shareholders and directors	3,564	1,960	9,252	3,425
Siam City Cement Plc.	Some common shareholders and directors	185	-	185	-
		<u>3,749</u>	<u>4,925</u>	<u>9,437</u>	<u>9,355</u>
Interest expense					
Bank of Ayudhya Plc.	Some common shareholders and directors	-	-	-	2

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

		Baht : '000			
Relationship		For the quarters		For the six-month periods	
		ended June 30,		ended June 30,	
		2009	2008	2009	2008
Commission expense					
Ayudhya Securities Plc.	Some common shareholders and directors	223	220	223	1,115
Management fee					
Ayudhya Securities Plc.	Some common shareholders and directors	76	113	139	224
Custodian fee					
Bank of Ayudhya Plc.	Some common shareholders and directors	39	6	43	13

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

	Relationship	Baht : '000					
		Average rate of rental and service expenses per month		For the quarters ended June 30,		For the six-month periods ended June 30,	
		2009	2008	2009	2008	2009	2008
Rental and service expenses							
BBTV Equity Co., Ltd.	Some common shareholders	1,214	1,004	3,643	3,012	7,285	6,024
Siam City Cement Plc.	Some common shareholders and directors	12	10	36	30	72	60

The Company had office rental, equipment rental and service agreements with related companies for a term of 3 years. The rental rates and conditions were the same as the related parties offered to other companies.

17. DISCLOSURE OF FINANCIAL INSTRUMENTS

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

17.1 Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted the policy to protect against credit risk by having securities valuations strictly appraised by specialists and limiting lines of loans so as not to exceed the securities value, which is in accordance with the 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's maximum exposure to credit risk.

17.2 Interest rate risk

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

As at June 30, 2009 and December 31, 2008, significant financial assets classified by type of interest rate are as follows:

	Baht : '000			
	Balance as at June 30, 2009		Balance as at December 31, 2008	
	Variable interest rate	Fixed interest rate	Variable interest rate	Fixed interest rate
Investment in securities-net				
Bonds	-	826,328	-	401,298
Treasury bills	-	439,334	-	157,917
Notes	-	71,256	-	386,350
Debentures	-	1,152,176	-	707,777
Cash and deposits at financial institutions	222,902	316,794	241,571	948,311
Total	<u>222,902</u>	<u>2,805,888</u>	<u>241,571</u>	<u>2,601,653</u>

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 June 30, 2009

	Period specified for fixing new interest rate			Baht : '000
	Within 1 year	Over 1 year	Total	Average interest rate %
	Investment in securities - net			
Bonds	-	826,328	826,328	2.92
Treasury bills	439,334	-	439,334	1.34
Notes	71,256	-	71,256	2.20
Debentures	-	1,152,176	1,152,176	4.30
Cash and deposits at financial institutions	316,794	-	316,794	1.56
Total	<u>827,384</u>	<u>1,978,504</u>	<u>2,805,888</u>	

As at December 31, 2008

	Period specified for fixing new interest rate			Baht : '000
	Within 1 year	Over 1 year	Total	Average interest rate %
	Investment in securities - net			
Bonds	20,236	381,062	401,298	3.65
Treasury bills	157,917	-	157,917	3.33
Notes	386,350	-	386,350	3.92
Debentures	330,017	377,760	707,777	4.49
Cash and deposits at financial institutions	948,311	-	948,311	3.54
Total	<u>1,842,831</u>	<u>758,822</u>	<u>2,601,653</u>	

17.3 Estimated Fair Value of Financial Instruments

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

As at June 30, 2009 and December 31, 2008, the carrying amounts of financial assets and financial liabilities, which were different from the estimated fair value, were as follows:

	June 30, 2009		December 31, 2008	
	Carrying Value	Fair Value	Carrying Value	Fair Value
	Financial assets:			
Cash and deposits at financial institutions	558,062	558,062	1,193,376	1,194,242
Stocks	1,194,243	1,274,301	1,177,738	1,816,061
Other securities - unit trusts	1,781,105	1,781,088	1,775,473	1,775,457

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

Financial assets - The fair value of financial assets for which their remaining terms to maturity are within 90 days are based on carrying value. Financial assets 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-sale securities, which are based on the bidding prices at the Stock Exchange of Thailand on the last business day of the period. For non-listed securities, the fair values are estimated based on either net asset value or carrying value.

Financial liabilities - The fair values of financial liabilities for which their remaining terms to maturity are within 90 days are based on carrying value. Financial liabilities 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.

18. COMMITMENT

As at June 30, 2009 and 2008, the Company had a capital commitment to pay computer program development expenses in the amount of approximately Baht 14.49 million and Baht 6.89 million, respectively.

19. RECLASSIFICATION

A reclassification has been made to the balance sheet as at December 31, 2008 to conform to the presentation of the balance sheet as at June 30, 2009 by separately presented accrued income tax as at December 31, 2008 of Baht 22.80 million which was previously included in other liabilities - others.

A reclassification has been made to the statements of income for the quarter and six-month period ended June 30, 2008 to conform to the presentation of the statements of income for the quarter and six-month period ended June 30, 2009 by separately presented travelling expenses of Baht 1.59 million and Baht 3.16 million, respectively, which were previously included in other operating expenses.

20. APPROVAL OF INTERIM FINANCIAL STATEMENTS

These interim financial statements have been approved for issuing by the Company's authorized executive directors on August 10, 2009.