

## REVIEW REPORT OF THE INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

### TO THE BOARD OF DIRECTORS THE AYUDHYA INSURANCE PUBLIC COMPANY LIMITED

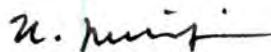
We have reviewed the balance sheet of The Ayudhya Insurance Public Company Limited as at September 30, 2010 and the related statements of income for the quarters and nine-month periods ended September 30, 2010 and 2009, and the related statements of changes in shareholders' equity and cash flows for the nine-month periods ended September 30, 2010 and 2009 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.

Without being a qualification, as discussed in Note 3 to the interim financial statements, the Company has changed its accounting policy regarding employee benefits by an adoption of International Accounting Standard No. 19 "Employee benefits". Thus, the related statements of income for the quarter and nine-month period ended September 30, 2009 and changes in shareholders' equity for the nine-month period ended September 30, 2009 and the balance sheet as at December 31, 2009, presented herein for comparison, have been retroactively restated for the effect of such change.

We have previously audited the financial statements, prior to the restatement of The Ayudhya Insurance Public Company Limited for the year ended December 31, 2009, in accordance with generally accepted auditing standards, and expressed an unqualified opinion in our report dated February 15, 2010. We have not performed any other auditing procedures subsequent to such report date except that we have audited the adjustments arising from the change in accounting policy as described in the fourth paragraph to the interim financial statements which have been applied to restate the balance sheet as at December 31, 2009. In our opinion, such adjustments are appropriate and have been properly applied. The balance sheet as at December 31, 2009 after the restatement, presented herein for comparison, has been derived from such restated financial statements.



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

**BANGKOK**  
November 8, 2010

**DELOITTE TOUCHE TOHMATSU JAIYOS AUDIT CO., LTD.**

**THE AYUDHYA INSURANCE PUBLIC COMPANY LIMITED**  
**BALANCE SHEETS**  
**AS AT SEPTEMBER 30, 2010 AND DECEMBER 31, 2009**

Baht : '000

	Notes	"Unaudited"	
		As at September 30, 2010	As at December 31, 2009 "As restated"
<b>ASSETS</b>			
INVESTMENT IN SECURITIES	5		
Bonds		1,507,713	1,510,840
Treasury bills		79,980	339,764
Notes		80,000	109,563
Stocks		1,239,539	1,221,698
Debentures		772,581	663,106
Other securities			
Unit trusts		1,908,203	1,860,404
Warrants		-	75
Total investment in securities		<u>5,588,016</u>	<u>5,705,450</u>
LOANS	6	2,965	2,966
CASH AND DEPOSITS AT FINANCIAL INSTITUTIONS	7	953,902	562,052
PREMISES AND EQUIPMENT - NET		45,602	44,161
AMOUNT DEPOSIT ON REINSURANCE TREATIES		514	2,780
DUE FROM REINSURERS		32,578	21,870
PREMIUMS DUE AND UNCOLLECTED - NET	8	161,599	174,794
ACCRUED INCOME ON INVESTMENT		24,869	20,400
OTHER ASSETS			
Deferred tax assets	13	142,080	113,663
Intangible assets - net		33,227	25,535
Others		79,808	61,871
<b>TOTAL ASSETS</b>		<u><u>7,065,160</u></u>	<u><u>6,735,542</u></u>

See notes to the interim financial statements

**THE AYUDHYA INSURANCE PUBLIC COMPANY LIMITED**  
**BALANCE SHEETS (CONTINUED)**  
**AS AT SEPTEMBER 30, 2010 AND DECEMBER 31, 2009**

**Baht : '000**

	Notes	"Unaudited" As at September 30, 2010	As at December 31, 2009 "As restated"
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
UNEARNED PREMIUM RESERVE	9	643,616	543,432
LOSS RESERVES AND OUTSTANDING CLAIMS	10	277,047	222,747
AMOUNT WITHHELD ON REINSURANCE TREATIES DUE TO REINSURERS		132,000	128,350
BANK OVERDRAFTS	11	99,233	75,375
OTHER LIABILITIES		5	451
Premium written received in advance		128,413	120,437
Accrued income tax	21	15,236	26,643
Accrued commissions		32,093	34,729
Post-employment benefits obligation	3 and 12	39,951	35,769
Accrued withholding tax	21	14,159	3,499
Deferred tax liabilities	13	77,563	42,254
Others		48,318	57,010
<b>TOTAL LIABILITIES</b>		<u>1,507,634</u>	<u>1,290,696</u>
<b>SHAREHOLDERS' EQUITY</b>			
<b>SHARE CAPITAL</b>			
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		250,000	250,000
PREMIUM ON SHARE CAPITAL		3,512,184	3,512,184
SURPLUS ON REVALUATION OF INVESTMENTS	4.1	232,689	126,762
<b>RETAINED EARNINGS</b>			
Appropriated			
Statutory reserve		50,000	50,000
Other reserves		900,000	900,000
Unappropriated		612,653	605,900
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<u>5,557,526</u>	<u>5,444,846</u>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<u>7,065,160</u>	<u>6,735,542</u>

See notes to the interim financial statements

THE AYUDHYA INSURANCE PUBLIC COMPANY LIMITED

STATEMENTS OF INCOME

FOR THE QUARTERS ENDED SEPTEMBER 30, 2010 AND 2009

"UNAUDITED"

Baht : '000

	2010					2009	
	Fire	Marine		Motor	Miscellaneous	Total	Total
		Hull	Cargo				"As restated"
Underwriting income							
Premiums written	123,873	18,156	48,775	149,246	130,273	470,323	471,516
<u>Less</u> Premium ceded	<u>25,256</u>	<u>15,874</u>	<u>33,644</u>	<u>9,143</u>	<u>62,759</u>	<u>146,676</u>	<u>224,612</u>
Net premium written	98,617	2,282	15,131	140,103	67,514	323,647	246,904
<u>Less</u> Unearned premium reserve increase (decrease) from previous period	<u>12,543</u>	<u>514</u>	<u>37</u>	<u>(3,641)</u>	<u>838</u>	<u>10,291</u>	<u>(10,025)</u>
Earned premium	<u>86,074</u>	<u>1,768</u>	<u>15,094</u>	<u>143,744</u>	<u>66,676</u>	<u>313,356</u>	<u>256,929</u>
Underwriting expenses							
Losses incurred	9,171	315	2,732	79,484	39,476	131,178	110,930
Loss adjustment expenses	467	37	1,210	1,549	1,119	4,382	2,673
Commissions and brokerages	16,831	(1,623)	(3,684)	22,159	2,401	36,084	16,378
Other underwriting expenses	16,223	964	3,636	6,634	14,257	41,714	36,811
Total underwriting expenses	<u>42,692</u>	<u>(307)</u>	<u>3,894</u>	<u>109,826</u>	<u>57,253</u>	<u>213,358</u>	<u>166,792</u>
Profit on underwriting	<u>43,382</u>	<u>2,075</u>	<u>11,200</u>	<u>33,918</u>	<u>9,423</u>	<u>99,998</u>	<u>90,137</u>
Net investment income						72,873	62,673
Gain on investment in securities						27,167	40,423
Reversal of loss on impairment of investment in notes						-	1,754
Other income							
Gain on sale of assets						1,240	-
Others						342	674
Total other income						<u>1,582</u>	<u>674</u>

**THE AYUDHYA INSURANCE PUBLIC COMPANY LIMITED**  
**STATEMENTS OF INCOME (CONTINUED)**  
**FOR THE QUARTERS ENDED SEPTEMBER 30, 2010 AND 2009**  
**"UNAUDITED"**

		<b>Baht : '000</b>	
	<b>Notes</b>	<b>2010</b>	<b>2009</b>
		<b>"As restated"</b>	
Operating expenses			
Personnel expenses		44,426	48,331
Premises and equipment expenses		19,659	18,159
Taxes and duties		168	131
Directors' remuneration		2,163	2,268
Other operating expenses			
Consulting and other fees	21	544	36
Travelling expenses		1,341	1,540
Others		4,922	4,539
Total operating expenses		<u>73,223</u>	<u>75,004</u>
PROFIT BEFORE INCOME TAXES		128,397	120,657
INCOME TAXES	13	<u>19,904</u>	<u>20,371</u>
<b>NET PROFIT</b>		<u><u>108,493</u></u>	<u><u>100,286</u></u>
<b>BASIC EARNINGS PER SHARE</b>		<b>BAHT</b> 0.43	0.40
<b>WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES</b>		<b>SHARES</b> 250,000,000	250,000,000

See notes to the interim financial statements

**THE AYUDHYA INSURANCE PUBLIC COMPANY LIMITED**  
**STATEMENTS OF INCOME**  
**FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2010 AND 2009**  
**"UNAUDITED"**

Baht : '000

	2010					2009	
	Fire	Marine		Motor	Miscellaneous	Total	Total
		Hull	Cargo				"As restated"
Underwriting income							
Premiums written	362,616	50,291	155,695	455,894	481,677	1,506,173	1,357,239
Less Premium ceded	78,007	45,495	112,032	24,779	257,050	517,363	578,410
Net premium written	284,609	4,796	43,663	431,115	224,627	988,810	778,829
Less Unearned premium reserve increase (decrease) from previous period	40,672	(7)	3,890	12,126	43,503	100,184	25,816
Earned premium	243,937	4,803	39,773	418,989	181,124	888,626	753,013
Underwriting expenses							
Losses incurred	30,086	1,008	6,135	247,791	94,439	379,459	312,169
Loss adjustment expenses	1,245	178	2,264	4,647	3,077	11,411	7,563
Commissions and brokerages	48,679	(6,620)	(17,392)	67,458	2,145	94,270	55,566
Other underwriting expenses	42,997	1,832	10,357	18,824	36,619	110,629	86,873
Total underwriting expenses	123,007	(3,602)	1,364	338,720	136,280	595,769	462,171
Profit on underwriting	120,930	8,405	38,409	80,269	44,844	292,857	290,842
Net investment income						187,421	156,353
Gain on investment in securities						50,455	42,631
Reversal of loss on impairment of investment in notes						-	2,188
Other income							
Gain on sale of assets						1,240	67
Others						1,243	1,188
Total other income						2,483	1,255

THE AYUDHYA INSURANCE PUBLIC COMPANY LIMITED

STATEMENTS OF INCOME (CONTINUED)

FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2010 AND 2009

"UNAUDITED"

		Baht : '000	
	Notes	2010	2009
			"As restated"
Operating expenses			
Personnel expenses		136,643	139,641
Premises and equipment expenses		59,549	55,205
Taxes and duties		829	620
Bad debt and doubtful accounts		-	389
Directors' remuneration		6,454	6,734
Other operating expenses			
Consulting and other fees	21	5,748	403
Travelling expenses		4,360	5,229
Others		16,303	12,042
Total operating expenses		<u>229,886</u>	<u>220,263</u>
PROFIT BEFORE INCOME TAXES		303,330	273,006
INCOME TAXES	13	<u>46,577</u>	<u>45,113</u>
<b>NET PROFIT</b>		<u><u>256,753</u></u>	<u><u>227,893</u></u>
<b>BASIC EARNINGS PER SHARE</b>		<b>BAHT</b> 1.03	0.91
<b>WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES</b>		<b>SHARES</b> 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 NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2010 AND 2009**  
**"UNAUDITED"**

**Baht : '000**

	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>"As restated"</b>								
Beginning balance as at January 1, 2009								
as previously reported		250,000	3,512,184	(30,950)	50,000	900,000	570,147	5,251,381
Cumulative effect of the change in accounting policy for employee benefits	3	-	-	-	-	-	(24,101)	(24,101)
Beginning balance as at January 1, 2009								
as restated		250,000	3,512,184	(30,950)	50,000	900,000	546,046	5,227,280
Changes during the period								
Increase in the deficit on revaluation of investments	4.1	-	-	148,977	-	-	-	148,977
Net profit for the period		-	-	-	-	-	227,893	227,893
Dividend paid	17.1	-	-	-	-	-	(87,500)	(87,500)
Interim dividend	17.2	-	-	-	-	-	(125,000)	(125,000)
<b>Ending balance as at September 30, 2009</b>		<b>250,000</b>	<b>3,512,184</b>	<b>118,027</b>	<b>50,000</b>	<b>900,000</b>	<b>561,439</b>	<b>5,391,650</b>
Beginning balance as at January 1, 2010								
as previously reported		250,000	3,512,184	126,762	50,000	900,000	631,806	5,470,752
Cumulative effect of the change in accounting policy for employee benefits	3	-	-	-	-	-	(25,906)	(25,906)
Beginning balance as at January 1, 2010								
as restated		250,000	3,512,184	126,762	50,000	900,000	605,900	5,444,846
Changes during the period								
Increase in the surplus on revaluation of investments	4.1	-	-	105,927	-	-	-	105,927
Net profit for the period		-	-	-	-	-	256,753	256,753
Dividend paid	17.2	-	-	-	-	-	(125,000)	(125,000)
Interim dividend	17.3	-	-	-	-	-	(125,000)	(125,000)
<b>Ending balance as at September 30, 2010</b>		<b>250,000</b>	<b>3,512,184</b>	<b>232,689</b>	<b>50,000</b>	<b>900,000</b>	<b>612,653</b>	<b>5,557,526</b>

See notes to the interim financial statements



**THE AYUDHYA INSURANCE PUBLIC COMPANY LIMITED**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2010 AND 2009**  
**"UNAUDITED"**

	Notes	2010	2009
<b>Baht : '000</b>			
<b>CASH FLOWS PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>			
Direct premium received		1,448,919	1,373,302
Cash paid from reinsurance		(159,595)	(178,085)
Losses incurred from direct insurance		(459,790)	(395,505)
Loss adjustment expenses from direct insurance		(11,411)	(7,563)
Commissions and brokerages from direct insurance		(224,749)	(205,449)
Other underwriting expenses		(114,407)	(84,096)
Net investment income		188,268	164,200
Other income		1,243	1,188
Operating expenses		(211,277)	(187,153)
Income taxes		(86,401)	(67,549)
Other		700	-
Net cash provided by operating activities	4.3	<u>371,500</u>	<u>413,290</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		-	100,000
Redemption of investment in held-to-maturity securities - notes with maturity over 3 months		159,563	416,535
Redemption of investment in available-for-sale securities - bonds		45,000	20,000
Sales of investment in available-for-sale securities - ordinary shares		189,350	189,143
Sales of investment in available-for-sale securities - debentures		-	30,122
Sales of investment in available-for-sale securities - other securities		22,663	248,341
Sales of investment in available-for-sale securities - warrants		830	-

**THE AYUDHYA INSURANCE PUBLIC COMPANY LIMITED**  
**STATEMENTS OF CASH FLOWS (CONTINUED)**  
**FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2010 AND 2009**

**"UNAUDITED"**

	<b>Baht : '000</b>	
	<b>2010</b>	<b>2009</b>
<b>CASH FLOWS PROVIDED BY (USED IN) INVESTING ACTIVITIES</b>		
(CONTINUED)		
Redemption of investment in available-for-sale securities - debentures	-	330,000
Capital decrease of investment in available-for-sale securities		
- other securities	1,134	-
Capital decrease of general investment - ordinary shares	-	365
Loans	1,286	1,011
Premises and equipment	3,431	88
Deposits at financial institutions with maturity over 3 months	50,000	637,202
Cash provided by investing activities	473,257	1,972,807
<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)	(150,000)
Purchase of investment in available-for-sale securities - bonds	-	(475,334)
Purchase of investment in available-for-sale securities - ordinary shares	(134,364)	(34,758)
Purchase of investment in available-for-sale securities - debentures	(100,000)	(800,000)
Purchase of investment in available-for-sale securities - other securities	(14,821)	(274,778)
Purchase of investment in available-for-sale securities - warrants	(724)	-
Purchase of general investment - ordinary shares	-	(11)
Loans	(1,287)	(1,100)
Deposits at financial institutions with maturity over 3 months		
and deposits used as collateral	(60,233)	(55,810)
Premises and equipment	(19,283)	(5,719)
Intangible assets	(11,767)	(12,735)
Cash used in investing activities	(472,479)	(1,810,245)
Net cash provided by investing activities	778	162,562

**THE AYUDHYA INSURANCE PUBLIC COMPANY LIMITED**  
**STATEMENTS OF CASH FLOWS (CONTINUED)**  
**FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2010 AND 2009**  
**"UNAUDITED"**

	<b>Baht : '000</b>		
	<b>Notes</b>	<b>2010</b>	<b>2009</b>
<b>CASH FLOWS PROVIDED BY (USED IN) FINANCING ACTIVITIES</b>			
Bank overdrafts		(446)	(93)
Dividend paid		(250,000)	(212,500)
Net cash used in financing activities		(250,446)	(212,593)
Net increase in cash and cash equivalents		121,832	363,259
Cash and cash equivalents as at January 1,		574,244	291,735
<b>Cash and cash equivalents as at September 30,</b>	4.2	696,076	654,994

See notes to the interim financial statements

**THE AYUDHYA INSURANCE PUBLIC COMPANY LIMITED**  
**NOTES TO THE INTERIM FINANCIAL STATEMENTS**  
**FOR THE QUARTERS AND NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2010 AND 2009**  
**“UNAUDITED”**

**1. OPERATION OF THE COMPANY**

The Company was registered in Thailand on October 7, 1950. 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, 7<sup>th</sup> 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.

On July 21, 2010, the Company was sent the letter seeking an approval for acquisition or business transfer of Non-life Company to the Office of the Insurance Commission regarding the business integration plan. On September 17, 2010, the Company has 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 Share Purchase Agreement 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. At the present the valuation of net book value of BTI is in the process and will be paid for the adjusted amount after the valuation is complete (see Note 22).

On November 4, 2010, the Company has received the BTI shares and paid such amount (see Note 22).

## 2. BASIS FOR PREPARATION OF THE INTERIM FINANCIAL STATEMENTS

- 2.1 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 and the interim 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 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 restated Company's balance sheet as at December 31, 2009, presented for comparison, has been derived from the audited Company's financial statements for the year then ended. In addition, the statements of income for the quarter and nine-month period ended September 30, 2009, changes in shareholders' equity and cash flows for the nine-month period ended September 30, 2009, presented for comparison, have been restated and reviewed.
- 2.3 The Federation of Accounting Professions issued the Notification of Federation of Accounting Professions No. 17/2553 dated April 9, 2010 regarding the following new and revised Thai Accounting Standards (TASs) and Thai Financial Reporting Standards (TFRSs) that have been announced in the Royal Gazette dated May 26, 2010.

<b>TAS/TFRS</b>		<b>Effective date</b>
Accounting Framework (Revised 2009)		Immediately
<b>Thai Accounting Standards (TASs)</b>		
TAS 1 (Revised 2009)	Presentation of Financial Statements	January 1, 2011
TAS 2 (Revised 2009)	Inventories	January 1, 2011
TAS 7 (Revised 2009)	Statement of Cash Flows	January 1, 2011
TAS 8 (Revised 2009)	Accounting Policies, Changes in Accounting Estimates and Errors	January 1, 2011
TAS 10 (Revised 2009)	Events after the Reporting Period	January 1, 2011
TAS 11 (Revised 2009)	Construction Contracts	January 1, 2011
TAS 12	Income Taxes	January 1, 2013
TAS 17 (Revised 2009)	Leases	January 1, 2011
TAS 20 (Revised 2009)	Accounting for Government Grants and Disclosure of Government Assistance	January 1, 2013
TAS 23 (Revised 2009)	Borrowing Costs	January 1, 2011
TAS 24 (Revised 2009)	Related Party Disclosures	January 1, 2011
TAS 27 (Revised 2009)	Consolidated and Separate Financial Statements	January 1, 2011
TAS 28 (Revised 2009)	Investments in Associates	January 1, 2011
TAS 29	Financial Reporting in Hyperinflationary Economies	January 1, 2011
TAS 31 (Revised 2009)	Interests in Joint Ventures	January 1, 2011
TAS 33 (Revised 2009)	Earnings Per Share	January 1, 2011
TAS 34 (Revised 2009)	Interim Financial Reporting	January 1, 2011
TAS 36 (Revised 2009)	Impairment of Assets	January 1, 2011
TAS 37 (Revised 2009)	Provisions, Contingent Liabilities and Contingent Assets	January 1, 2011
TAS 38 (Revised 2009)	Intangible Assets	January 1, 2011
TAS 40 (Revised 2009)	Investment Property	January 1, 2011

	TAS/TFRS	Effective date
<b>Thai Financial Reporting Standards (TFRSs)</b>		
TFRS 5 (Revised 2009)	Non-current Assets Held for Sale and Discontinued Operations	January 1, 2011
TFRS 6	Exploration for and Evaluation of Mineral Resources	January 1, 2011

In addition, the Federation of Accounting Professions has issued the Notification No. 34/2553 dated July 28, 2010 regarding TFRS 3 (Revised 2009) regarding "Business Combinations" that has been announced in the Royal Gazette on August 30, 2010, which effective for business combinations occurring in accounting period beginning on or after January 1, 2011.

The Company's management anticipates that all of the above accounting standards and financial reporting standards will be adopted in the Company's financial statements when they become effective and the adoption of those accounting standards will have no material impact on the financial statements of the Company in the period of initial application.

- 2.4 Certain financial information which is normally included in financial statements prepared in accordance with generally accepted accounting principles, but which is not required for interim reporting purposes, has been omitted. In addition, the interim financial statements 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, 2009.
- 2.5 The preparation of financial statements in conformity with generally accepted accounting principles also requires the Company's management to exercise judgments in order to determine the accounting policies, estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expense during the reporting period. Although these estimates are based on management's reasonable consideration of current events, actual results may differ from these estimates.

### 3. ACCOUNTING POLICIES AND CHANGE IN ACCOUNTING POLICY

The Company applies accounting and calculation method in the financial statements consistent with the financial statements for the year ended December 31, 2009 except for the change in accounting policy regarding employee benefits.

In 2010, the Company has changed the accounting policy regarding employee benefits to an adoption of International Accounting Standard (IAS) No.19 "Employee benefits". As a result, the Company has retrospectively adjusted the related statements of income for the quarter and nine-month period ended September 30, 2009 and changes in shareholders' equity for the nine-month period ended September 30, 2009 and the balance sheet as at December 31, 2009, presented for comparison, as if the new policy on employee benefits had always been in use.

The Company provides 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 by independent appraiser. 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 statements of income in the period to which they are related. The costs associated with providing these benefits are charged to the statements of income so as to spread the cost over the employment period during which the entitlement to benefits is earned (see Note 12).

The Company restated the related statements of income for the quarter and nine-month period ended September 30, 2009 and changes in shareholders' equity for the nine-month period ended September 30, 2009 and the 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:

	Baht : '000	
	For the quarters ended September 30, 2009	For the nine-month periods ended September 30, 2009
Personnel expense increase	909	2,726
Income taxes decrease	(228)	(682)
Net profit for the period decrease	681	2,044
Basic earnings per share decrease (Baht)	0.003	0.008

	Baht : '000	
	As at September 30, 2009	As at December 31, 2009
Brought forward retained earnings decrease	(24,101)	(24,101)
Deferred tax assets increase	682	8,635
Post-employment benefit obligation increase	2,726	34,541
Carried forward retained earnings decrease	(26,145)	(25,906)

#### 4. ADDITIONAL INFORMATION FOR CASH FLOWS

##### 4.1 Non-cash items

As at September 30, 2010 and December 31, 2009, the surplus on revaluation of investments were shown net of deferred tax as follows:

	Baht : '000	
	As at September 30, 2010	As at December 31, 2009
Unrealized gain on investment in available-for-sale securities	285,557	144,321
Unrealized gain of general investment	24,695	24,695
Total unrealized gain	310,252	169,016
Less Deferred tax liabilities	(77,563)	(42,254)
Surplus on revaluation of investments - net	<u>232,689</u>	<u>126,762</u>

For the nine-month periods ended September 30, 2010 and 2009, changes in surplus on revaluation of investments were shown net of deferred tax as follows:

	Baht : '000	
	For the nine-month periods ended September 30, 2010                      2009	
Increase of unrealized gain on investment in available-for-sale securities	141,236	198,636
Less Deferred tax liabilities	(35,309)	(49,659)
Increase in the surplus on revaluation of investments - net	<u>105,927</u>	<u>148,977</u>

4.2 Cash and cash equivalents consist of the following:

	<b>Baht : '000</b>	
	<b>As at September 30,</b>	
	<b>2010</b>	<b>2009</b>
Cash and deposits at financial institutions	953,902	675,276
Investment in securities - treasury bills	79,980	359,952
Investment in securities - notes	80,000	121,256
	<u>1,113,882</u>	<u>1,156,484</u>
<u>Less</u> Deposits at bank with maturity over 3 months	(293,806)	(276,248)
Deposits at bank used as collateral	(44,000)	(44,000)
Treasury bills with maturity over 3 months	-	(59,986)
Notes with maturity over 3 months	<u>(80,000)</u>	<u>(121,256)</u>
Cash and cash equivalents	<u>696,076</u>	<u>654,994</u>

4.3 Net cash flow provided by operating activities

Items to reconcile net profit to net cash flows provided by operating activities for the nine-month periods ended September 30, 2010 and 2009 are as follows:

	<b>Baht : '000</b>	
	<b>For the nine-month periods</b>	
	<b>ended September 30,</b>	
	<b>2010</b>	<b>2009</b>
		<b>“As restated”</b>
<b>CASH FLOWS PROVIDED BY OPERATING ACTIVITIES</b>		
Net profit	256,753	227,893
Items to reconcile net profit to net cash flows:		
Depreciation	15,651	15,571
Amortization of intangible assets	4,075	1,225
Gain on sale of assets	(1,240)	(67)
Post-employment benefits expense	4,182	2,726
Unearned premium reserve increase from previous period	100,184	25,816
Amortization of bonds premium	5,745	4,822
Amortization of bonds discount	(21)	(20)
Amortization of treasury bills discount	-	(2,045)
Amortization of debentures discount	(408)	(385)
Gain on sale of investment in available-for-sale securities - ordinary shares	(48,391)	(53,965)
(Gain) loss on sale of investment in available-for-sale securities - other securities	(1,959)	11,456
Gain on sale of investment in available-for-sale securities - debentures	-	(122)
Gain on sale of investment in available-for-sale securities - warrants	(105)	-
Reversal of loss on impairment of investment in notes	-	(2,188)
Interest received from investment in held-to-maturity securities - notes	-	(1,017)
Deferred tax	<u>(28,417)</u>	<u>(11,477)</u>
Profit from operations before changes in operating assets and liabilities	<u>306,049</u>	<u>218,223</u>



Baht : '000  
For the nine-month periods  
ended September 30,  
2010      2009

		"As restated"
Operating assets (increase) decrease		
Amount deposit on reinsurance treaties	2,266	3,871
Due from reinsurers	(10,708)	2,598
Premium due and uncollected	13,195	96,894
Accrued income on investment	(4,469)	6,491
Other assets	(11,548)	(4,747)
Operating liabilities increase (decrease)		
Loss reserves and outstanding claims	54,300	41,490
Amount withheld on reinsurance treaties	3,650	3,628
Due to reinsurers	23,858	34,664
Premium written received in advance	7,976	15,797
Accrued income tax	(11,407)	(10,969)
Accrued commissions	(2,636)	(12,846)
Accrued withholding tax	10,660	8,981
Other liabilities	(9,686)	9,215
Net cash provided by operating activities	371,500	413,290

## 5. INVESTMENT IN SECURITIES

Investment in securities as at September 30, 2010 consists of the following:

	Cost/Amortized Cost	Unrealized Gains	Unrealized Losses	Baht : '000 Fair Value
<b>Available-for-sale securities</b>				
Equity securities				
Investment in listed securities				
Ordinary shares	278,880	199,083	(7,409)	470,554
Other securities				
Unit trusts	1,871,546	58,797	(22,179)	1,908,164
Debt securities				
Bonds	1,475,363	33,137	(787)	1,507,713
Treasury bills	79,980	-	-	79,980
Debentures	747,666	24,915	-	772,581
<b>Total</b>	4,453,435	315,932	(30,375)	4,738,992

	Baht : '000 Cost/ Book Value
<b>Securities for general investment</b>	
Equity securities	
Ordinary shares	744,290
Add Unrealized gain on transfer of investment	24,695
	768,985
Other securities : Unit trust	
Cost	2,700
Less Allowance for impairment	(2,661)
<b>Total</b>	39
	769,024

	Maturity within		Baht : '000
	1 year	2-5 years	Amortized Cost
<b>Held-to-maturity securities</b>			
Debt securities			
Notes	50,000	30,000	80,000
<b>Total</b>	<u>50,000</u>	<u>30,000</u>	<u>80,000</u>
<b>Total value of investment in securities</b>			<u>5,588,016</u>

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

	Amortized Cost	Unrealized Gains	Unrealized Losses	Baht : '000 Fair Value
<b>Held-to-maturity securities</b>				
Debt securities				
Notes	80,000	345	-	80,345
<b>Total</b>	<u>80,000</u>	<u>345</u>	<u>-</u>	<u>80,345</u>

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

	Cost/Amortized Cost	Unrealized Gains	Unrealized Losses	Baht : '000 Fair Value
<b>Available-for-sale securities</b>				
Equity securities				
Investment in listed securities				
Ordinary shares	290,807	175,735	(13,829)	452,713
Warrants	63	12	-	75
Other securities				
Unit trusts	1,878,563	15,877	(34,075)	1,860,365
Debt securities				
Bonds	1,526,087	4,205	(19,452)	1,510,840
Treasury bills	339,764	-	-	339,764
Debentures	647,258	15,848	-	663,106
<b>Total</b>	<u>4,682,542</u>	<u>211,677</u>	<u>(67,356)</u>	<u>4,826,863</u>

	Baht : '000 Cost/ Book Value
<b>General investments</b>	
Equity securities	
Ordinary shares	744,290
Add Unrealized gain on transfer of investment	<u>24,695</u>
	768,985
Other securities : Unit trusts	
Cost	2,700
Less Allowance for impairment	<u>(2,661)</u>
<b>Total</b>	<u>39</u>
	769,024

	Maturity within		Baht : '000
	1 year	2-5 years	Amortized Cost
<b>Held-to-maturity securities</b>			
Debt securities			
Notes	109,563	-	109,563
<b>Total</b>	<u>109,563</u>	<u>-</u>	<u>109,563</u>
<b>Total value of investment in securities</b>			<u>5,705,450</u>

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

	Amortized Cost	Unrealized Gains	Unrealized Losses	Baht : '000
				Fair Value
<b>Held-to-maturity securities</b>				
Debt securities				
Notes	109,563	-	-	109,563
<b>Total</b>	<u>109,563</u>	<u>-</u>	<u>-</u>	<u>109,563</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 September 30, 2010, certain bonds of Baht 115.33 million are deposited as collateral with the Registrar (see Note 14).

As at September 30, 2010 and December 31, 2009, certain bonds and debentures are deposited with a related bank as the Company's backup assets (see Note 15).

## 6. LOANS

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

## 7. CASH AND DEPOSITS AT FINANCIAL INSTITUTIONS

	As at	Baht : '000
	September 30, 2010	As at December 31, 2009
Cash	220	225
Cash at banks - call deposits	468,080	87,598
Cash at banks - time deposits	485,602	474,229
<b>Total cash and deposits at financial institutions</b>	<u>953,902</u>	<u>562,052</u>

As at September 30, 2010 and December 31, 2009, 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 11 and 14).

**8. PREMIUMS DUE AND UNCOLLECTED - NET**

Premiums due and uncollected - net consist of the following:

	As at September 30, 2010	Baht : '000 As at December 31, 2009
Not over 60 days	114,733	132,387
Over 60 days up to 90 days	22,854	29,319
More than 90 days	<u>30,345</u>	<u>18,828</u>
Total premiums due and uncollected	167,932	180,534
<u>Less</u> Allowance for doubtful accounts	<u>(6,333)</u>	<u>(5,740)</u>
Total premiums due and uncollected - net	<u><u>161,599</u></u>	<u><u>174,794</u></u>

The balances as at September 30, 2010 and December 31, 2009 of premiums due and uncollected are classified by aging as follows:

	As at September 30, 2010	Baht : '000 As at December 31, 2009
Not over 3 months	137,587	161,706
Over 3 months up to 6 months	20,365	14,376
Over 6 months up to 12 months	9,980	3,772
More than 12 months	-	680
Total	<u><u>167,932</u></u>	<u><u>180,534</u></u>

**9. UNEARNED PREMIUM RESERVES**

Unearned premium reserves presented in the balance sheets as at September 30, 2010 and December 31, 2009 did not include additional unearned premium reserve of ceded premium to foreign reinsurers of Baht 48.59 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.

**10. LOSS RESERVES AND OUTSTANDING CLAIMS**

As at September 30, 2010 and December 31, 2009, the loss reserves and outstanding claims account included outstanding claims and accrued interest of Baht 81.60 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. 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.

## 11. BANK OVERDRAFTS

As at September 30, 2010 and December 31, 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 the fixed deposit of Baht 30 million. The interest rate was the fixed deposit rate plus 2 % (see Note 7).

## 12. POST-EMPLOYMENT BENEFITS OBLIGATION

The Company calculated post-employment benefits obligation by using actuarial technique. The assumptions are included discount rate at 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.

As at September 30, 2010 and December 31, 2009, the Company had post-employment benefits obligation as liabilities in the balance sheet of Baht 39.95 million and Baht 35.77 million, respectively, and recognized post-employment benefits expense as expenses in statements of income for the quarters and nine-month periods ended September 30, 2010 and 2009 as follows:

	Baht : '000			
	For the quarters ended September 30,		For the nine-month periods ended September 30,	
	2010	2009	2010	2009
Post - employment benefits expense	1,394	909	4,182	2,726

## 13. INCOME TAX EXPENSE

For the quarters and nine-month periods ended September 30, 2010 and 2009, income tax expense consisted of the following:

	Baht : '000			
	For the quarters ended September 30,		For the nine-month periods ended September 30,	
	2010	2009 "As restated"	2010	2009 "As restated"
Income tax expense - current tax	17,798	14,655	74,994	56,590
<u>Add (Less) Tax effect from deferred income tax</u>				
Allowance for doubtful accounts of premium due and uncollected	-	-	(148)	-
Unearned premium reserve	5,102	4,933	(14,840)	(3,788)
Loss reserve - net	(2,167)	369	(12,021)	(9,490)
Incurred but not reported claims	(480)	(176)	(1,313)	(427)
Post-employment benefits obligation	(349)	(228)	(1,046)	(682)
Allowance for impairment of notes	-	804	-	912
Others	-	14	951	1,998
Income tax expense	<u>19,904</u>	<u>20,371</u>	<u>46,577</u>	<u>45,113</u>

According to the Royal Decree No. 475 B.E. 2551 issued under the Revenue Code regarding the corporate income tax rate reduction 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 nine-month periods ended September 30, 2010 and 2009 to conform to such tax rate change.

As at September 30, 2010 and December 31, 2009, 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:

	As at September 30, 2010	Baht : '000 As at December 31, 2009 "As restated"
Deferred tax assets resulting from:		
Allowance for doubtful accounts of premium due and uncollected	1,583	1,435
Unearned premium reserve	58,249	43,409
Loss reserve - net	63,360	51,339
Incurred but not reported claims	8,029	6,716
Post-employee benefits obligation	9,988	8,942
Allowance for impairment of general investment	665	665
Others	206	1,157
Total deferred tax assets	<u>142,080</u>	<u>113,663</u>
Deferred tax liabilities resulting from:		
Unrealized gain on the change in value of investment - available-for-sale securities	71,389	36,080
Unrealized gain on transfer of investment - general investment	6,174	6,174
Total deferred tax liabilities	<u>77,563</u>	<u>42,254</u>

#### 14. DEPOSITS WITH THE REGISTRAR

As at September 30, 2010 and December 31, 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 5 and 7) as follows:

	As at September 30, 2010	Baht : '000 As at December 31, 2009
Fixed deposits	14,000	14,000
Bonds	<u>115,332</u>	<u>-</u>
	<u>129,332</u>	<u>14,000</u>

#### 15. BACKUP ASSETS

The Company has deposited certain investments with a related bank used for the Company'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" (see Note 5) as follows:

	As at September 30, 2010	Baht : '000 As at December 31, 2009
Bonds	432,371	460,891
Debentures	<u>465,618</u>	<u>358,740</u>
	<u>897,989</u>	<u>819,631</u>

**16. LONG-TERM LEASES AND SERVICE AGREEMENTS**

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

Type of lease	Rental payments for the remaining periods		Baht : '000
	Within 1 year	More than 1 year But not over 5 years	Total
<b>September 30, 2010</b>			
Building	3,750	-	3,750
Service	3,750	-	3,750
Equipment	5,000	-	5,000
	<u>12,500</u>	<u>-</u>	<u>12,500</u>
<b>December 31, 2009</b>			
Building	4,371	2,658	7,029
Service	4,371	2,658	7,029
Equipment	5,828	3,543	9,371
	<u>14,570</u>	<u>8,859</u>	<u>23,429</u>

**17. DIVIDENDS**

- 17.1 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.
- 17.2 On April 20, 2010, the ordinary shareholders' meeting passed a resolution to pay an annual dividend for the year 2009 of Baht 1.00 per share. The Company had paid an interim dividend for the operation result from January 1, to June 30, 2009 for 250 million shares at Baht 0.50 per share, totaling Baht 125 million, which was paid on September 18, 2009. The remaining portion of the annual dividend of Baht 0.50 per share, which was paid from the second half of year 2009 operation result for 250 million shares, totaling Baht 125 million, was paid on April 28, 2010.
- 17.3 On August 20, 2010, the Board of Directors' meeting passed a resolution to pay an interim dividend for the operation result from January 1, to June 30, 2010 for 250 million shares at Baht 0.50 per share, totaling Baht 125 million. Such dividend was paid on September 17, 2010.

**18. 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:

## 18.1 Investments

As at September 30, 2010

Companies	Type of Business	Relationship	Paid-up share capital	Share holding %	Baht : '000	
					Investments	Dividend
<b>Investments - ordinary shares</b>						
Bank of Ayudhya Plc.	Finance	Some common shareholders and directors	60,741,437	0.01	7,060	113
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	54,614
Siam City Cement Plc.	Manufacturing	Some common shareholders and directors	2,300,000	0.25	138,620	8,990
Ayudhya Allianz C.P. Life Plc.	Life Insurance	Some common shareholders and directors	2,950,000	5.82	217,144	-
					<u>912,128</u>	<u>63,717</u>

Companies	Type of Business	Relationship	Baht : '000	
			Investments	Dividend
<b>Investments - unit trusts</b>				
Unit trusts managed by				
Ayudhya Fund Management Co., Ltd.	Fund Management	Some common shareholders		
- AYF Medium Term Fixed Income Dividend Fund			441,968	4,619
- AYF Medium Term Fixed Income Fund			141,343	-
- AYF Cash Plus Fund			75,603	-
- AYF Dividend Stock Fund			29,333	2,600
- KRUNGSRI Dynamic Dividend Fund			12,290	2,400
- KRUNGSRI Flexible Dividend Fund			112,222	9,201
- KRUNGSRI Financial Focus Dividend Fund			7,437	1,073
- KRUNGSRI Money Fund			133,764	-
- KRUNGSRI-AllianzGI Oriental Flexible Fund			26,246	-
- KRUNGSRI-AllianzGI Global High Payout Fund			14,939	-
			<u>995,145</u>	<u>19,893</u>

Companies	Type of Business	Relationship	Baht : '000
			Investments
<b>Investment - debentures</b>			
Bank of Ayudhya Plc.	Finance	Some common shareholders and directors	255,893
Siam City Cement Plc.	Manufacturing	Some common shareholders and directors	104,119
Ayudhya Capital Auto Lease Plc.	Leasing	Some common shareholders	276,236
			<u>636,248</u>



As at December 31, 2009

Companies	Type of Business	Relationship	Paid-up share capital	Share holding %	Baht : '000	
					Investments	Dividend
<b>Investment - ordinary shares</b>						
Bank of Ayudhya Plc.	Finance	Some common shareholders and directors	60,741,438	0.01	6,326	85
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	47,514
Siam City Cement Plc.	Manufacturing	Some common shareholders and directors	2,375,000	0.36	198,900	15,562
Thai Reinsurance Plc.	Reinsurance	Some common shareholders and directors	1,187,355	1.77	109,215	7,561
Ayudhya Allianz C.P. Life Plc.	Life Insurance	Some common shareholders and directors	2,950,000	5.82	217,144	-
					<u>1,080,889</u>	<u>70,722</u>

Companies	Type of Business	Relationship	Baht : '000	
			Investments	Dividend
<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	16,277
- AYF Cash Plus Fund			44,864	-
- AYF Medium Term Fixed Income Fund			139,732	-
- AYF Dividend Stock Fund			20,719	1,000
- KRUNGSRI Korean Government Bond 6M2 Fund			30,366	-
- KRUNGSRI Dynamic Dividend Fund (formerly Krungsri-PrimaVest Equity Fund)			10,586	-
- KRUNGSRI Dynamic Dividend Fund 2 (formerly PrimaVest Equity Dividend Fund)			6,164	429
- KRUNGSRI Flexible Dividend Fund (formerly PrimaVest Flexible Fund)			95,099	-
- KRUNGSRI Money Fund (formerly Krungsri-PrimaVest Money Fund)			152,921	-
- KRUNGSRI-AllianzGI Oriental Flexible Fund (formerly PrimaVest-AllianzGI Oriental Income Fund)			28,489	-
- KRUNGSRI-AllianzGI Global High Payout Fund (formerly PrimaVest-AllianzGI Global High Payout Fund)			15,656	-
			<u>986,903</u>	<u>17,706</u>

Companies	Type of Business	Relationship	Baht : '000
			Investments
<b>Investment - debentures</b>			
Bank of Ayudhya Plc.	Finance	Some common shareholders and directors	258,703
Siam City Cement Plc.	Manufacturing	Some common shareholders and directors	102,451
Ayudhya Capital Auto Lease Plc.	Leasing	Some common shareholders	201,914
			<u>563,068</u>

18.2 Significant balances and transactions are as follows:

	Relationship	Baht : '000	
		September 30, 2010	December 31, 2009
Bank deposits			
Bank of Ayudhya Plc.	Some common shareholders and directors	224,800	147,670
Premium due and uncollected			
Ayudhya Securities Plc.	Some common shareholders and directors	-	12
Bank of Ayudhya Plc.	Some common shareholders and directors	3,865	203
Bangkok Broadcasting & T.V. Co., Ltd.	Some common shareholders and directors	-	135
BBTV Equity Co., Ltd.	Some common shareholders	1,047	-
Siam City Cement Plc.	Some common shareholders and directors	1,578	127
Ayudhya Allianz C.P. Life Plc.	Some common shareholders and directors	-	111
Ayudhya Asset Management Co., Ltd.	Some common shareholders	691	648
Siam Realty and Services Co., Ltd.	Some common shareholders	5	68
Ayudhya Capital Auto Lease Plc.	Some common shareholders	-	235
		<u>7,186</u>	<u>1,539</u>
Accrued interest income			
Bank of Ayudhya Plc.	Some common shareholders and directors	1,707	1,793
Siam City Cement Plc.	Some common shareholders and directors	1,319	197
Ayudhya Capital Auto Lease Plc.	Some common shareholders	3,898	1,618
		<u>6,924</u>	<u>3,608</u>
Rental and facilities deposits			
BBTV Equity Co., Ltd.	Some common shareholders	4,589	4,574
Siam City Cement Plc.	Some common shareholders and directors	36	36
		<u>4,625</u>	<u>4,610</u>
Due to reinsurers			
Thai Reinsurance Plc.	Some common shareholders and directors	-	26,964
Bank overdrafts			
Bank of Ayudhya Plc.	Some common shareholders and directors	5	451
Financial lease liabilities			
Ayudhya Capital Auto Lease Plc.	Some common shareholders	1,315	4,217
Accrued interest of financial lease			
Ayudhya Capital Auto Lease Plc.	Some common shareholders	5	17
Accrued expense - management fee			
Ayudhya Securities Plc.	Some common shareholders and directors	39	32
Accrued expense - custodian fee			
Bank of Ayudhya Plc.	Some common shareholders and directors	13	13
Accrued expense - commissions and brokerages			
Bank of Ayudhya Plc.	Some common shareholders and directors	13,157	11,996
Accrued expense - other underwriting expenses			
Bank of Ayudhya Plc.	Some common shareholders and directors	6,710	9,521

		Baht : '000					
		Relationship		For the quarters		For the nine-month periods	
				ended September 30,		ended September 30,	
				2010	2009	2010	2009
Premium written							
Ayudhya Development Leasing Co., Ltd.	Some common shareholders	-	-	37	75		
Ayudhya Auto Lease Plc.	Some common shareholders	-	-	5	6		
Ayudhya Securities Plc.	Some common shareholders and directors	-	-	116	114		
Bank of Ayudhya Plc.	Some common shareholders and directors	3,652	6,052	20,554	27,967		
Ayudhya Fund Management Co., Ltd.	Some common shareholders	31	37	1,388	1,314		
Bangkok Broadcasting & T.V. Co., Ltd.	Some common shareholders and directors	1,987	1,885	5,857	5,488		
Super Assets Co., Ltd.	Some common shareholders	50	52	47	54		
BBTV Equity Co., Ltd.	Some common shareholders	997	-	1,014	21		
Siam City Cement Plc.	Some common shareholders and directors	2,717	59,743	63,128	71,553		
CKS Holding Co., Ltd.	Some common shareholders	33	34	33	34		
Great Luck Equity Co., Ltd.	Some common shareholders	-	24	40	71		
Thai Reinsurance Plc.	Some common shareholders and directors	-	5,407	5,668	15,914		
PrimaVest Asset Management Co., Ltd.	Some common shareholders and directors	-	251	(2)	264		
Ayudhya Allianz C.P. Life Plc.	Some common shareholders and directors	(17)	(15)	946	506		
Hyla (Thailand) Co., Ltd.	Some common shareholders and directors	-	-	-	(2)		
Media of medias Plc.	Some common shareholders and directors	-	53	-	310		
Ayudhya Asset Management Co., Ltd.	Some common shareholders	1,301	1,594	3,239	3,542		
Siam Realty and Services Co., Ltd.	Some common shareholders	594	556	993	922		
Krungsriayudhya Card Co., Ltd.	Some common shareholders	-	-	3,692	2,983		
Ayudhya Factoring Co., Ltd.	Some common shareholders and directors	-	-	4	4		
Ayudhya Capital Auto Lease Plc.	Some common shareholders	35	-	38	54		
		<u>11,380</u>	<u>75,673</u>	<u>106,797</u>	<u>131,194</u>		
Premium ceded							
Thai Reinsurance Plc.	Some common shareholders and directors	-	49,356	52,098	140,230		

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 nine-month periods	
				ended September 30,		ended September 30,	
				2010	2009	2010	2009
Commissions and brokerages							
Bank of Ayudhya Plc.	Some common shareholders and directors	31,979	25,328	88,728	68,519		
Other underwriting expenses							
Bank of Ayudhya Plc.	Some common shareholders and directors	17,711	13,205	50,397	33,004		

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 nine-month periods	
		ended September 30,		ended September 30,	
		2010	2009	2010	2009
Interest income					
Bank of Ayudhya Plc.	Some common shareholders and directors	3,285	3,209	9,893	12,461
Siam City Cement Plc.	Some common shareholders and directors	1,134	1,134	3,366	1,319
Ayudhya Capital Auto Lease Plc.	Some common shareholders	2,654	-	7,525	-
		<u>7,073</u>	<u>4,343</u>	<u>20,784</u>	<u>13,780</u>

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 nine-month periods	
		ended September 30,		ended September 30,	
		2010	2009	2010	2009
Commission expense					
Ayudhya Securities Plc.	Some common shareholders and directors	355	350	646	573
Management fee					
Ayudhya Securities Plc.	Some common shareholders and directors	111	89	310	228
Custodian fee					
Bank of Ayudhya Plc.	Some common shareholders and directors	41	39	117	82

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

		Average rate of		Baht : '000			
Relationship		rental and service		For the quarters		For the nine-month	
		expenses per month		ended		periods ended	
		2010	2009	September 30,		September 30,	
				2010	2009	2010	2009
Rental and service expenses							
BBTV Equity Co., Ltd.	Some common shareholders	1,214	1,214	3,643	3,643	10,928	10,928
Siam City Cement Plc.	Some common shareholders and directors	12	12	36	36	108	108

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.

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.

## 19. DISCLOSURE OF FINANCIAL INSTRUMENTS

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

### 19.1 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.

### 19.2 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 September 30, 2010 and December 31, 2009, significant financial assets classified by type of interest rate are as follows:

	Baht : '000			
	Balance as at			
	September 30, 2010		December 31, 2009	
	Variable interest rate	Fixed interest rate	Variable interest rate	Fixed interest rate
Investment in securities-net				
Bonds	-	1,507,713	-	1,510,840
Treasury bills	-	79,980	-	339,764
Notes	-	80,000	-	109,563
Debentures	-	772,581	-	663,106
Cash and deposits at financial institutions	601,078	346,761	213,309	344,007
Total	<u>601,078</u>	<u>2,787,035</u>	<u>213,309</u>	<u>2,967,280</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 September 30, 2010**

	Period specified for fixing new interest rate			Baht : '000
	Within 1 year	Over 1 year	Total	Average interest rate %
	Investment in securities - net			
Bonds	271,180	1,236,533	1,507,713	3.36
Treasury bills	79,980	-	79,980	1.55
Notes	50,000	30,000	80,000	1.91
Debentures	50,083	722,498	772,581	4.51
Cash and deposits at financial institutions	346,761	-	346,761	1.36
Total	<u>798,004</u>	<u>1,989,031</u>	<u>2,787,035</u>	

**As at December 31, 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	45,777	1,465,063	1,510,840	3.36
Treasury bills	339,764	-	339,764	1.00
Notes	109,563	-	109,563	1.36
Debentures	51,000	612,106	663,106	4.68
Cash and deposits at financial institutions	344,007	-	344,007	1.26
Total	<u>890,111</u>	<u>2,077,169</u>	<u>2,967,280</u>	

19.3 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 September 30, 2010 and December 31, 2009, the carrying amounts of financial assets and financial liabilities, which were different from the estimated fair value, were as follows:

	September 30, 2010		December 31, 2009	
	Carrying Value	Fair Value	Carrying Value	Fair Value
	Financial assets:			
Cash and deposits at financial institutions	953,902	953,821	562,052	561,995
Stocks	1,239,539	1,321,682	1,221,698	1,300,112
Other securities - unit trusts	1,908,203	1,909,342	1,860,404	1,860,398

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 discounted cash flow analysis based on current interest rates for the remaining years to maturity.

## **20. COMMITMENT**

As at September 30, 2010 and December 31, 2009, the Company had a capital commitment to pay computer program development expenses in the amount of approximately Baht 29.17 million and Baht 11.01 million, respectively.

## **21. RECLASSIFICATION**

A reclassification has been made to the balance sheet as at December 31, 2009 to conform to the presentation of the balance sheet as at September 30, 2010 by separately presented accrued income tax of Baht 26.64 million and accrued withholding tax of Baht 3.50 million which was previously included in other liabilities - others.

A reclassification has been made to the statements of income for the quarter and nine-month period ended September 30, 2009 to conform to the presentation of the statements of income for the quarter and nine-month period ended September 30, 2010 by separately presented consulting and other fees of Baht 0.04 million and Baht 0.40 million, respectively, which were previously included in other operating expenses.

## **22. SUBSEQUENT EVENTS**

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 has received the BTI shares and paid of Baht 392 million to CIMBT (see Note 1).

## **23. APPROVAL OF INTERIM FINANCIAL STATEMENTS**

These interim financial statements have been approved for issuing by the Company’s authorized executive directors on November 8, 2010.