

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, 2010 and the related statements of income for the quarters and six-month periods ended June 30, 2010 and 2009, and the related statements of changes in shareholders' equity and cash flows for the six-month periods ended June 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 six-month period ended June 30, 2009 and changes in shareholders' equity for the six-month period ended June 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
August 9, 2010

DELOITTE TOUCHE TOHMATSU JAIYOS AUDIT CO., LTD.

THE AYUDHYA INSURANCE PUBLIC COMPANY LIMITED

BALANCE SHEETS

AS AT JUNE 30, 2010 AND DECEMBER 31, 2009

Baht : '000

	Notes	"Unaudited" As at June 30, 2010	As at December 31, 2009 "As restated"
ASSETS			
INVESTMENT IN SECURITIES	5		
Bonds		1,545,222	1,510,840
Treasury bills		299,953	339,764
Notes		80,000	109,563
Stocks		1,212,837	1,221,698
Debentures		776,447	663,106
Other securities			
Unit trusts		1,854,182	1,860,404
Warrants		182	75
Total investment in securities		<u>5,768,823</u>	<u>5,705,450</u>
LOANS	6	3,034	2,966
CASH AND DEPOSITS AT FINANCIAL INSTITUTIONS	7	712,016	562,052
PREMISES AND EQUIPMENT - NET		41,296	44,161
AMOUNT DEPOSIT ON REINSURANCE TREATIES		1,698	2,780
DUE FROM REINSURERS		25,943	21,870
PREMIUMS DUE AND UNCOLLECTED - NET	8	209,633	174,794
ACCRUED INCOME ON INVESTMENT		21,371	20,400
OTHER ASSETS			
Deferred tax assets	13	144,186	113,663
Intangible assets - net		33,886	25,535
Others		67,642	61,871
TOTAL ASSETS		<u><u>7,029,528</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 JUNE 30, 2010 AND DECEMBER 31, 2009

Baht : '000

	Notes	"Unaudited" As at June 30, 2010	As at December 31, 2009 "As restated"
LIABILITIES AND SHAREHOLDERS' EQUITY			
UNEARNED PREMIUM RESERVE	9	633,325	543,432
LOSS RESERVES AND OUTSTANDING CLAIMS	10	268,017	222,747
AMOUNT WITHHELD ON REINSURANCE TREATIES		149,932	128,350
DUE TO REINSURERS		109,413	75,375
BANK OVERDRAFTS	11	-	451
OTHER LIABILITIES			
Premium written received in advance		128,516	120,437
Accrued income tax	21	52,622	26,643
Accrued commissions		32,215	34,729
Post-employment benefits obligation	3 and 12	38,557	35,769
Deferred tax liabilities	13	55,284	42,254
Others		54,450	60,509
TOTAL LIABILITIES		<u>1,522,331</u>	<u>1,290,696</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		250,000	250,000
PREMIUM ON SHARE CAPITAL		3,512,184	3,512,184
SURPLUS ON REVALUATION OF INVESTMENTS	4.1	165,853	126,762
RETAINED EARNINGS			
Appropriated			
Statutory reserve		50,000	50,000
Other reserves		900,000	900,000
Unappropriated		629,160	605,900
TOTAL SHAREHOLDERS' EQUITY		<u>5,507,197</u>	<u>5,444,846</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		<u><u>7,029,528</u></u>	<u><u>6,735,542</u></u>

See notes to the interim financial statements

THE AYUDHYA INSURANCE PUBLIC COMPANY LIMITED

STATEMENTS OF INCOME

FOR THE QUARTERS ENDED JUNE 30, 2010 AND 2009

"UNAUDITED"

Baht : '000

	2010					2009	
	Fire	Marine		Motor	Miscellaneous	Total	Total
		Hull	Cargo				"As restated"
Underwriting income							
Premiums written	120,029	12,589	55,752	146,734	176,180	511,284	426,851
<u>Less</u> Premium ceded	19,653	11,394	42,074	6,587	105,414	185,122	155,194
Net premium written	100,376	1,195	13,678	140,147	70,766	326,162	271,657
<u>Less</u> Unearned premium reserve increase (decrease) from previous period	20,457	(302)	240	911	9,296	30,602	19,198
Earned premium	79,919	1,497	13,438	139,236	61,470	295,560	252,459
Underwriting expenses							
Losses incurred	14,999	482	3,247	77,479	33,776	129,983	105,865
Loss adjustment expenses	532	48	538	1,543	1,324	3,985	2,685
Commissions and brokerages	17,986	(1,189)	(4,490)	21,574	(303)	33,578	26,415
Other underwriting expenses	16,312	373	3,937	7,231	11,573	39,426	30,126
Total underwriting expenses	49,829	(286)	3,232	107,827	46,370	206,972	165,091
Profit on underwriting	30,090	1,783	10,206	31,409	15,100	88,588	87,368
Net investment income						58,899	43,392
Gain on investment in securities						4,148	17,072
Other income						503	107

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

		Baht : '000	
	Notes	2010	2009
			"As restated"
Operating expenses			
Personnel expenses		45,083	45,565
Premises and equipment expenses		19,088	18,372
Taxes and duties		255	84
Bad debt and doubtful accounts		-	197
Directors' remuneration		2,163	2,268
Other operating expenses			
Consulting and other fees	21	2,753	120
Travelling expenses		1,492	1,452
Others		5,059	3,457
Total operating expenses		<u>75,893</u>	<u>71,515</u>
PROFIT BEFORE INCOME TAXES		76,245	76,424
INCOME TAXES	13	9,994	12,681
NET PROFIT		<u>66,251</u>	<u>63,743</u>
BASIC EARNINGS PER SHARE		BAHT	
		0.27	0.25
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, 2010 AND 2009
"UNAUDITED"

Baht : '000

	2010					2009	
	Fire	Marine		Motor	Miscellaneous	Total	Total
		Hull	Cargo				"As restated"
Underwriting income							
Premiums written	238,743	32,135	106,920	306,648	351,404	1,035,850	885,723
<u>Less</u> Premium ceded	52,751	29,621	78,388	15,636	194,291	370,687	353,798
Net premium written	185,992	2,514	28,532	291,012	157,113	665,163	531,925
<u>Less</u> Unearned premium reserve increase (decrease) from previous period	28,129	(521)	3,853	15,767	42,665	89,893	35,841
Earned premium	157,863	3,035	24,679	275,245	114,448	575,270	496,084
Underwriting expenses							
Losses incurred	20,915	693	3,403	168,307	54,963	248,281	201,239
Loss adjustment expenses	778	141	1,054	3,098	1,958	7,029	4,890
Commissions and brokerages	31,848	(4,997)	(13,708)	45,299	(256)	58,186	39,188
Other underwriting expenses	26,774	868	6,721	12,190	22,362	68,915	50,062
Total underwriting expenses	80,315	(3,295)	(2,530)	228,894	79,027	382,411	295,379
Profit on underwriting	77,548	6,330	27,209	46,351	35,421	192,859	200,705
Net investment income						114,548	93,680
Gain on investment in securities						23,288	2,208
Reversal of loss on impairment of investment in notes						-	434
Other income							
Gain on sale of assets						-	67
Others						901	514
Total other income						901	581

THE AYUDHYA INSURANCE PUBLIC COMPANY LIMITED
STATEMENTS OF INCOME (CONTINUED)
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2010 AND 2009
"UNAUDITED"

		Baht : '000	
	Notes	2010	2009
			"As restated"
Operating expenses			
Personnel expenses		92,217	91,310
Premises and equipment expenses		39,890	37,046
Taxes and duties		661	489
Bad debt and doubtful accounts		-	389
Directors' remuneration		4,291	4,466
Other operating expenses			
Consulting and other fees	21	5,204	367
Travelling expenses		3,019	3,689
Others		11,381	7,503
Total operating expenses		156,663	145,259
PROFIT BEFORE INCOME TAXES		174,933	152,349
INCOME TAXES	13	26,673	24,742
NET PROFIT		148,260	127,607
BASIC EARNINGS PER SHARE		0.59	0.51
WEIGHTED AVERAGE NUMBER OF ORDINARY 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, 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	
"As restated"								
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	-	-	66,547	-	-	-	66,547
Net profit for the period								
		-	-	-	-	-	127,607	127,607
Dividend paid								
	17.1	-	-	-	-	-	(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>586,153</u>	<u>5,333,934</u>
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 deficit on revaluation of investments								
	4.1	-	-	39,091	-	-	-	39,091
Net profit for the period								
		-	-	-	-	-	148,260	148,260
Dividend paid								
	17.2	-	-	-	-	-	(125,000)	(125,000)
Ending balance as at June 30, 2010								
		<u>250,000</u>	<u>3,512,184</u>	<u>165,853</u>	<u>50,000</u>	<u>900,000</u>	<u>629,160</u>	<u>5,507,197</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, 2010 AND 2009
"UNAUDITED"

	Notes	Baht : '000	
		2010	2009
CASH FLOWS PROVIDED BY (USED IN) OPERATING ACTIVITIES			
Direct premium received		945,979	866,878
Cash paid from reinsurance		(85,750)	(138,694)
Losses incurred from direct insurance		(282,404)	(233,142)
Loss adjustment expenses from direct insurance		(7,028)	(4,890)
Commissions and brokerages from direct insurance		(151,452)	(138,628)
Other underwriting expenses		(71,044)	(47,924)
Net investment income		117,111	99,100
Other income		1,789	519
Operating expenses		(151,033)	(134,008)
Income taxes		(31,217)	(27,017)
Other		700	-
Net cash provided by operating activities	4.3	285,651	242,194
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
Redemption of investment in held-to-maturity securities - notes			
with maturity over 3 months		59,563	366,535
Redemption of investment in available-for-sale securities - bonds			
		-	20,000
Sales of investment in available-for-sale securities - ordinary shares			
		89,738	58,753
Sales of investment in available-for-sale securities - debentures			
		-	30,122
Sales of investment in available-for-sale securities - other securities			
		22,240	247,207
Sales of investment in available-for-sale securities - warrants			
		593	-

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

	Baht : '000	
	2010	2009
CASH FLOWS PROVIDED BY (USED IN) INVESTING ACTIVITIES (CONTINUED)		
Redemption of investment in available-for-sale securities - debentures	-	330,000
Capital decrease of investment in available-for-sale securities - other securities	1,033	-
Capital decrease of general investment - ordinary shares	-	365
Loans	702	632
Premises and equipment	1,300	86
Deposits at financial institutions with maturity over 3 months	50,000	633,592
Cash provided by investing activities	225,169	1,787,292
CASH FLOWS USED IN		
Investment in securities		
Purchase of investment in held-to-maturity securities - notes		
with maturity over 3 months	(30,000)	(50,000)
Purchase of investment in available-for-sale securities - bonds	-	(475,334)
Purchase of investment in available-for-sale securities - ordinary shares	(62,440)	(12,481)
Purchase of investment in available-for-sale securities - debentures	(100,000)	(800,000)
Purchase of investment in available-for-sale securities - other securities	(11,584)	(213,640)
Purchase of investment in available-for-sale securities - warrants	(724)	-
Loans	(770)	(400)
Deposits at financial institutions with maturity over 3 months		
and deposits used as collateral	(4,378)	(2,681)
Premises and equipment	(8,655)	(3,426)
Intangible assets	(11,043)	(8,461)
Cash used in investing activities	(229,594)	(1,566,423)
Net cash provided by (used in) investing activities	(4,425)	220,869

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

		Baht : '000	
	Notes	2010	2009
CASH FLOWS PROVIDED BY (USED IN) FINANCING ACTIVITIES			
Bank overdrafts		(451)	(93)
Dividend paid		(125,000)	(87,500)
Net cash used in financing activities		(125,451)	(87,593)
Net increase in cash and cash equivalents		155,775	375,470
Cash and cash equivalents as at January 1,		574,244	291,735
Cash and cash equivalents as at June 30,	4.2	730,019	667,205

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, 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, 7th floor, 898 Ploenchit Road, Lumpini, Pathumwan, Bangkok.

On March 12, 2010, the Company’s Board of Directors passed a resolution for acquisition of shares in BT Insurance Co., Ltd. (“BTI”), a non-life insurance company, from CIMB Thai Bank Public Company Limited (“CIMBT”) which owned 99.99% of the total issued share capital of BTI. In support of the Company’s business expansion plan, the Board of Directors foresaw an opportunity for greater distribution of the Company’s products through bancassurance arrangement via the distribution channels of CIMBT and thus approved the Company to enter into the Bancassurance Agreement with CIMBT, as part of the acquisition of BTI shares. The purchase price in respect of the BTI acquisition was Baht 392 million, comprising Baht 292 million for the value of BTI shares and Baht 100 million for the Bancassurance Agreement. The 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 to be held on April 20, 2010. 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.

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 six-month period ended June 30, 2009, changes in shareholders' equity and cash flows for the six-month period ended June 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.

	TAS/TFRS	Effective date
	Accounting Framework (Revised 2009)	Immediately
Thai Accounting Standards (TASs)		
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
Thai Financial Reporting Standards (TFRSs)		
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

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 six-month period ended June 30, 2009 and changes in shareholders' equity for the six-month period ended June 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 six-month period ended June 30, 2009 and changes in shareholders' equity for the six-month period ended June 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:

	For the quarters ended June 30, 2009	Baht : '000 For the six-month periods ended June 30, 2009
Personnel expense increase	908	1,817
Income taxes decrease	(227)	(454)
Net profit for the period decrease	681	1,363
Basic earnings per share decrease (Baht)	0.003	0.005

	As at June 30, 2009	Baht : '000 As at December 31, 2009
Brought forward retained earnings decrease	(24,101)	(24,101)
Deferred tax assets increase	454	8,635
Post-employment benefit obligation increase	1,817	34,541
Carried forward retained earnings decrease	(25,464)	(25,906)

4. ADDITIONAL INFORMATION FOR CASH FLOWS

4.1 Non-cash items

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

	As at June 30, 2010	Baht : '000 As at December 31, 2009
Unrealized gain on investment in available-for-sale securities	196,442	144,321
Unrealized gain of general investment	24,695	24,695
Total unrealized gain	221,137	169,016
<u>Less</u> Deferred tax liabilities	(55,284)	(42,254)
Surplus on revaluation of investments - net	<u>165,853</u>	<u>126,762</u>

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

	For the six-month periods ended June 30, 2010	Baht : '000 For the six-month periods ended June 30, 2009
Increase of unrealized gain on investment in available-for-sale securities	52,121	88,730
<u>Less</u> Deferred tax liabilities	(13,030)	(22,183)
Increase in surplus on revaluation of investments - net	<u>39,091</u>	<u>66,547</u>

4.2 Cash and cash equivalents consist of the following:

	Baht : '000	
	As at June 30,	
	2010	2009
Cash and deposits at financial institutions	712,016	558,062
Investment in securities - treasury bills	299,953	439,334
Investment in securities - notes	80,000	71,256
	<u>1,091,969</u>	<u>1,068,652</u>
<u>Less</u> Deposits at bank with maturity over 3 months	(237,950)	(226,730)
Deposits at bank used as collateral	(44,000)	(44,000)
Treasury bills with maturity over 3 months	-	(59,461)
Notes with maturity over 3 months	<u>(80,000)</u>	<u>(71,256)</u>
Cash and cash equivalents	<u>730,019</u>	<u>667,205</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 six-month periods ended June 30, 2010 and 2009 are as follows:

	Baht : '000	
	For the six-month periods	
	ended June 30,	
	2010	2009
		“As restated”
CASH FLOWS PROVIDED BY OPERATING ACTIVITIES		
Net profit	148,260	127,607
Items to reconcile net profit to net cash flows:		
Depreciation	10,347	10,309
Amortization of intangible assets	2,692	802
(Gain) loss on sales of assets	888	(67)
Post-employment benefits expense	2,788	1,817
Unearned premium reserve increase from previous period	89,893	35,841
Amortization of bonds premium	3,816	2,923
Amortization of bonds discount	(14)	(13)
Amortization of treasury bills discount	-	(1,544)
Amortization of debentures discount	(269)	(253)
Gain on sale of investment in available-for-sale securities - ordinary shares	(21,294)	(14,880)
(Gain) loss on sale of investment in available-for-sale securities - other securities	(1,945)	12,794
Gain on sale of investment in available-for-sale securities - debentures	-	(122)
Gain on sale of investment in available-for-sale securities - warrants	(49)	-
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>(30,523)</u>	<u>(17,193)</u>
Profit from operations before changes in operating assets and liabilities	<u>204,590</u>	<u>156,570</u>

Baht : '000
For the six-month periods
ended June 30,
2010 2009
"As restated"

Operating assets (increase) decrease		
Amount deposit on reinsurance treaties	1,082	1,119
Due from reinsurers	(4,073)	(3,553)
Premium due and uncollected	(34,839)	44,854
Accrued income on investment	(971)	5,326
Other assets	(5,497)	(3,350)
Operating liabilities increase (decrease)		
Loss reserves and outstanding claims	45,270	39,582
Amount withheld on reinsurance treaties	21,582	3,107
Due to reinsurers	34,038	(17,080)
Premium written received in advance	8,079	8,296
Accrued income tax	25,979	14,917
Accrued commissions	(2,514)	(9,820)
Other liabilities	(7,075)	2,226
Net cash provided by operating activities	<u>285,651</u>	<u>242,194</u>

5. INVESTMENT IN SECURITIES

Investment in securities as at June 30, 2010 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	284,593	173,363	(14,104)	443,852
Warrants	180	2	-	182
Other securities				
Unit trusts	1,868,819	26,623	(41,299)	1,854,143
Debt securities				
Bonds	1,522,285	23,930	(993)	1,545,222
Treasury bills	299,953	-	-	299,953
Debentures	<u>747,527</u>	<u>28,920</u>	<u>-</u>	<u>776,447</u>
Total	<u>4,723,357</u>	<u>252,838</u>	<u>(56,396)</u>	<u>4,919,799</u>

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

	Maturity within		Baht : '000
	1 year	2-5 years	Amortized Cost
Held-to-maturity securities			
Debt securities			
Notes	50,000	30,000	80,000
Total	<u>50,000</u>	<u>30,000</u>	<u>80,000</u>
Total value of investment in securities			<u>5,768,823</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	80,000	-	-	80,000
Total	<u>80,000</u>	<u>-</u>	<u>-</u>	<u>80,000</u>

Investment in securities as at December 31, 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	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
Total	<u>4,682,542</u>	<u>211,677</u>	<u>(67,356)</u>	<u>4,826,863</u>

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

	Maturity within		Baht : '000
	1 year	2-5 years	Amortized Cost
Held-to-maturity securities			
Debt securities			
Notes	109,563	-	109,563
Total	<u>109,563</u>	<u>-</u>	<u>109,563</u>
Total value of investment in securities			<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
Held-to-maturity securities				
Debt securities				
Notes	109,563	-	-	109,563
Total	<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 June 30, 2010, certain bonds of Baht 113.39 million are deposited as collateral with the Registrar (see Note 14).

As at June 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 June 30, 2010	Baht : '000 As at December 31, 2009
Cash	225	225
Cash at banks - call deposits	232,456	87,598
Cash at banks - time deposits	<u>479,335</u>	<u>474,229</u>
Total cash and deposits at financial institutions	<u>712,016</u>	<u>562,052</u>

As at June 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 June 30, 2010	Baht : '000 As at December 31, 2009
Not over 60 days	157,455	132,387
Over 60 days up to 90 days	24,206	29,319
More than 90 days	<u>34,305</u>	<u>18,828</u>
Total premiums due and uncollected	215,966	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>209,633</u></u>	<u><u>174,794</u></u>

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

	As at June 30, 2010	Baht : '000 As at December 31, 2009
Not over 3 months	181,661	161,706
Over 3 months up to 6 months	27,489	14,376
Over 6 months up to 12 months	6,816	3,772
More than 12 months	-	680
Total	<u><u>215,966</u></u>	<u><u>180,534</u></u>

9. UNEARNED PREMIUM RESERVES

Unearned premium reserves presented in the balance sheets as at June 30, 2010 and December 31, 2009 did not include additional unearned premium reserve of ceded premium to foreign reinsurers of Baht 42.11 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 June 30, 2010 and December 31, 2009, the loss reserves and outstanding claims account included outstanding claims and accrued interest of Baht 80.82 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 June 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 June 30, 2010 and December 31, 2009, the Company had post-employment benefits obligation as liabilities in the balance sheet of Baht 38.56 million and Baht 35.77 million, respectively, and recognized post-employment benefits expense as expenses in statements of income for the quarters and six-month periods ended June 30, 2010 and 2009 as follows:

	Baht : '000			
	For the quarters ended June 30,		For the six-month periods ended June 30,	
	2010	2009	2010	2009
Personnel expense	1,394	908	2,788	1,817

13. INCOME TAX EXPENSE

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

	Baht : '000			
	For the quarters ended June 30,		For the six-month periods ended June 30,	
	2010	2009	2010	2009
	"As restated"		"As restated"	
Income tax expense - current tax	17,575	16,655	57,196	41,935
<u>Add (Less) Tax effect from deferred income tax</u>				
Allowance for doubtful accounts of premium due and uncollected	-	-	(148)	-
Unearned premium reserve	(2,200)	(2,291)	(19,942)	(8,721)
Loss reserve - net	(5,495)	(3,205)	(9,854)	(9,859)
Incurred but not reported claims	(341)	(156)	(833)	(251)
Post-employment benefits obligation	(348)	(227)	(697)	(454)
Allowance for impairment of notes	-	-	-	108
Others	803	1,905	951	1,984
Income tax expense	<u>9,994</u>	<u>12,681</u>	<u>26,673</u>	<u>24,742</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, 2010 and 2009 to conform to such tax rate change.

As at June 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 June 30, 2010	Baht : '000 As at December 31, 2009
Deferred tax assets resulting from :		
Allowance for doubtful accounts of premium due and uncollected	1,583	1,435
Unearned premium reserve	63,351	43,409
Loss reserve - net	61,193	51,339
Incurred but not reported claims	7,549	6,716
Post-employee benefits obligation	9,639	8,942
Allowance for impairment of general investment	665	665
Others	206	1,157
Total deferred tax assets	<u>144,186</u>	<u>113,663</u>
Deferred tax liabilities resulting from :		
Unrealized gain on the change in value of investment		
- available-for-sale securities	49,110	36,080
Unrealized gain on transfer of investment - general investment	6,174	6,174
Total deferred tax liabilities	<u>55,284</u>	<u>42,254</u>

14. DEPOSITS WITH THE REGISTRAR

As at June 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 June 30, 2010	Baht : '000 As at December 31, 2009
Fixed deposits	14,000	14,000
Bonds	<u>113,389</u>	<u>-</u>
	<u>127,389</u>	<u>14,000</u>

15. BACKUP ASSETS

The Company have 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 June 30, 2010	Baht : '000 As at December 31, 2009
Bonds	474,297	460,891
Debentures	<u>467,392</u>	<u>358,740</u>
	<u>941,689</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
June 30, 2010			
Building	4,371	472	4,843
Service	4,371	472	4,843
Equipment	5,828	629	6,457
	<u>14,570</u>	<u>1,573</u>	<u>16,143</u>
December 31, 2009			
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 at Baht 0.50 per share, which was paid on September 18, 2009. The remaining portion of the annual dividend of Baht 0.50 per share, which was paid from the second half of year 2009 operation result for 250 million shares, totaling Baht 125 million, was paid on April 28, 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 June 30, 2010

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	5,535	51
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	30,037
Siam City Cement Plc.	Manufacturing	Some common shareholders and directors	2,300,000	0.34	169,060	4,250
Ayudhya Allianz C.P. Life Plc.	Life Insurance	Some common shareholders and directors	2,950,000	5.82	217,144	-
					941,043	34,338

Companies	Type of Business	Relationship	Baht : '000	
			Investments	Dividend
Investment - debentures				
Bank of Ayudhya Plc.	Finance	Some common shareholders and directors	258,359	-
Siam City Cement Plc.	Manufacturing	Some common shareholders and directors	104,621	-
Ayudhya Capital Auto Lease Plc.	Leasing	Some common shareholders	278,332	-
			641,312	

Companies	Type of Business	Relationship	Baht : '000	
			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			442,980	2,640
- AYF Medium Term Fixed Income Fund			140,970	-
- AYF Cash Plus Fund			75,414	-
- AYF Dividend Stock Fund			23,715	1,600
- KRUNGSRI Dynamic Dividend Fund			9,189	2,400
- KRUNGSRI Flexible Dividend Fund			91,043	9,201
- KRUNGSRI Financial Focus Dividend Fund			6,613	-
- KRUNGSRI Money Fund			133,456	-
- KRUNGSRI-AllianzGI Oriental Flexible Fund			25,626	-
- KRUNGSRI-AllianzGI Global High Payout Fund			14,158	-
			963,164	15,841

As at December 31, 2009

Companies	Type of Business	Relationship	Paid-up share capital	Share holding %	Baht : '000	
					Investments	Dividend
Investment - ordinary shares						
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
Investment - debentures				
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>	

Companies	Type of Business	Relationship	Baht : '000	
			Investments	Dividend
Investment - unit trusts				
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>

18.2 Significant balances and transactions are as follows:

	Relationship	Baht : '000	
		Balances as at	
		June 30, 2010	December 31, 2009
Bank deposits			
Bank of Ayudhya Plc.	Some common shareholders and directors	134,256	147,670
Premium due and uncollected			
Ayudhya Securities Plc.	Some common shareholders and directors	1	12
Bank of Ayudhya Plc.	Some common shareholders and directors	3,679	203
Bangkok Broadcasting & T.V. Co., Ltd.	Some common shareholders and directors	3	135
Siam City Cement Plc.	Some common shareholders and directors	59,770	127
Ayudhya Allianz C.P. Life Plc.	Some common shareholders and directors	1	111
Ayudhya Asset Management Co., Ltd.	Some common shareholders	1,086	648
Siam Realty and Services Co., Ltd.	Some common shareholders	36	68
Ayudhya Capital Auto Lease Plc.	Some common shareholders	-	235
		<u>64,576</u>	<u>1,539</u>
Accrued interest income			
Bank of Ayudhya Plc.	Some common shareholders and directors	1,652	1,793
Siam City Cement Plc.	Some common shareholders and directors	185	197
Ayudhya Capital Auto Lease Plc.	Some common shareholders	2,400	1,618
		<u>4,237</u>	<u>3,608</u>
Rental and facilities deposits			
BBTV Equity Co., Ltd.	Some common shareholders	4,584	4,574
Siam City Cement Plc.	Some common shareholders and directors	36	36
		<u>4,620</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	-	451
Financial lease liabilities			
Ayudhya Capital Auto Lease Plc.	Some common shareholders	1,438	4,217
Accrued interest of financial lease			
Ayudhya Capital Auto Lease Plc.	Some common shareholders	6	17
Accrued expense - management fee			
Ayudhya Securities Plc.	Some common shareholders and directors	34	32
Accrued expense - custodian fee			
Bank of Ayudhya Plc.	Some common shareholders and directors	14	13
Accrued expense - commissions and brokerages			
Bank of Ayudhya Plc.	Some common shareholders and directors	12,577	11,996
Accrued expense - other underwriting expenses			
Bank of Ayudhya Plc.	Some common shareholders and directors	6,151	9,521

		Baht : '000					
		Relationship		For the quarters ended June 30,		For the six-month periods ended June 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	1	-	116	114		
Bank of Ayudhya Plc.	Some common shareholders and directors	3,813	365	16,902	21,915		
Ayudhya Fund Management Co., Ltd.	Some common shareholders	-	-	1,357	1,277		
Bangkok Broadcasting & T.V. Co., Ltd.	Some common shareholders and directors	2,774	2,811	3,870	3,603		
Super Assets Co., Ltd.	Some common shareholders	-	2	(3)	2		
BBTV Equity Co., Ltd.	Some common shareholders	-	-	17	21		
Siam City Cement Plc.	Some common shareholders and directors	55,983	547	60,411	11,810		
Great Luck Equity Co., Ltd.	Some common shareholders	40	47	40	47		
Thai Reinsurance Plc.	Some common shareholders and directors	-	4,474	5,668	10,507		
PrimaVest Asset Management Co., Ltd.	Some common shareholders and directors	-	-	(2)	13		
Ayudhya Allianz C.P. Life Plc.	Some common shareholders and directors	(10)	(9)	963	521		
Hyla (Thailand) Co., Ltd.	Some common shareholders and directors	-	-	-	(2)		
Media of medias Plc.	Some common shareholders and directors	-	25	-	257		
Ayudhya Asset Management Co., Ltd.	Some common shareholders	1,054	954	1,938	1,948		
Siam Realty and Services Co., Ltd.	Some common shareholders	225	161	399	366		
Krungsriayudhya Card Co., Ltd.	Some common shareholders	-	-	3,692	2,983		
Ayudhya Factoring Co., Ltd.	Some common shareholders and directors	4	4	4	4		
Ayudhya Capital Auto Lease Plc.	Some common shareholders	1	5	3	54		
		<u>63,885</u>	<u>9,386</u>	<u>95,417</u>	<u>55,521</u>		
Premium ceded							
Thai Reinsurance Plc.	Some common shareholders and directors	-	41,843	52,098	90,874		

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 ended June 30,		For the six-month periods ended June 30,	
		2010	2009	2010	2009		
Commissions and brokerages							
Bank of Ayudhya Plc.	Some common shareholders and directors	27,973	21,990	56,749	43,191		
Other underwriting expenses							
Bank of Ayudhya Plc.	Some common shareholders and directors	16,387	9,917	32,686	17,950		

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 ended June 30,		For the six-month periods ended June 30,	
		2010	2009	2010	2009
Interest income					
Bank of Ayudhya Plc.	Some common shareholders and directors	3,358	3,564	6,608	9,252
Siam City Cement Plc.	Some common shareholders and directors	1,122	185	2,232	185
Ayudhya Capital Auto Lease Plc.	Some common shareholders	2,626	-	4,871	-
		<u>7,106</u>	<u>3,749</u>	<u>13,711</u>	<u>9,437</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 ended June 30,		For the six-month periods ended June 30,	
		2010	2009	2010	2009
Commission expense					
Ayudhya Securities Plc.	Some common shareholders and directors	115	223	291	223
Management fee					
Ayudhya Securities Plc.	Some common shareholders and directors	103	76	199	139
Custodian fee					
Bank of Ayudhya Plc.	Some common shareholders and directors	39	39	76	43

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

		Average rate of rental and service expenses per month		For the quarters ended June 30,		For the six-month periods ended June 30,	
Relationship		2010	2009	2010	2009	2010	2009
Rental and service expenses							
BTV Equity Co., Ltd.	Some common shareholders	1,214	1,214	3,643	3,643	7,285	7,285
Siam City Cement Plc.	Some common shareholders and directors	12	12	36	36	72	72

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. which was related to the Company by virtue of having a common director, were shown by end of March 31, 2010. This was due to since April 2010, the Company had no longer related company as there was no any common director with such 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 June 30, 2010 and December 31, 2009, significant financial assets classified by type of interest rate are as follows:

	Baht : '000			
	Balance as at			
	June 30, 2010		December 31, 2009	
	Variable interest rate	Fixed interest rate	Variable interest rate	Fixed interest rate
Investment in securities-net				
Bonds	-	1,545,222	-	1,510,840
Treasury bills	-	299,953	-	339,764
Notes	-	80,000	-	109,563
Debentures	-	776,447	-	663,106
Cash and deposits at financial institutions	342,292	345,218	213,309	344,007
Total	<u>342,292</u>	<u>3,046,840</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 June 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	45,182	1,500,040	1,545,222	3.36
Treasury bills	299,953	-	299,953	1.13
Notes	50,000	30,000	80,000	1.75
Debentures	50,452	725,995	776,447	4.51
Cash and deposits at financial institutions	345,218	-	345,218	1.25
Total	<u>790,805</u>	<u>2,256,035</u>	<u>3,046,840</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 June 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:

	Baht : '000			
	June 30, 2010		December 31, 2009	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial assets:				
Cash and deposits at financial institutions	712,016	712,041	562,052	561,995
Stocks	1,212,837	1,294,980	1,221,698	1,300,112
Other securities - unit trusts	1,854,182	1,855,320	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 June 30, 2010 and December 31, 2009, the Company had a capital commitment to pay computer program development expenses in the amount of approximately Baht 29.51 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 June 30, 2010 by separately presented accrued income tax of Baht 26.64 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, 2009 to conform to the presentation of the statements of income for the quarter and six-month period ended June 30, 2010 by separately presented consulting and other fees of Baht 0.12 million and Baht 0.37 million, respectively, which were previously included in other operating expenses.

22. APPROVAL OF INTERIM FINANCIAL STATEMENTS

These interim financial statements have been approved for issuing by the Company's authorized executive directors on August 9, 2010.