

NAM SENG INSURANCE PUBLIC COMPANY LIMITED

**REPORT AND FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010**

REPORT OF THE AUDITOR

To The Board of Directors and Shareholders of
Nam Seng Insurance Public Company Limited

I have audited the accompanying the statements of financial position of Nam Seng Insurance Public Company Limited as at December 31, 2011 and 2010, and the related statements of comprehensive income, changes in shareholders' equity and cash flows for the years then ended. These financial statements are the responsibility of the Company's management as to their correctness and completeness of the presentation. My responsibility is to express an opinion on these financial statements based on my audits.

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

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Nam Seng Insurance Public Company Limited as at December 31, 2011 and 2010, and the results of its operations, its changes in shareholders' equity and its cash flows for the years then ended in accordance with generally accepted accounting principles.

As described in the note to financial statement No.2.1, during the year 2011, the Company has adopted the revised and new issued financial reporting standard, which issued by Federation of Accounting Professions (FAP) and the preparation of financial statement according to the Instruction of the Notification of the Office of Insurance Commission. It requires compliance with the financial statement for the period beginning on or after January 1, 2011. In order to prepare and present the financial statements, the financial statements for the year ended December 31, 2010 have been presented in accordance with the new format in order to comply with the financial statements for the year ended December 31, 2011.

(Mr. Pojana Asavasontichai)
Certified Public Accountant
Registration No. 4891

Dharmniti Auditing Company Limited
Bangkok, Thailand
February 24, 2012
2012/135/0260

NAM SENG INSURANCE PUBLIC COMPANY LIMITED

STATEMENTS OF FINANCIAL POSITION

AS AT DECEMBER 31, 2011 AND 2010

	Note	Baht	
		2011	2010
Asset			
Cash and cash equivalents	3.5, 6	46,644,783.57	34,737,649.31
Accrued investment income, net		11,819,273.00	8,925,764.18
Premium receivable, net	3.7, 7	151,185,920.48	148,168,660.78
Reinsurance assets, net	8	667,263,904.65	84,010,483.55
Investment assets			
Investment in securities	3.6, 9		
Trading investment securities		49,996,691.95	-
Available for sale investment securities		362,796,915.71	461,476,861.57
Held to maturity investment securities		1,195,078,778.84	1,024,302,539.82
Non marketable equity securities		2,223,020.00	2,223,020.00
Loans, net	10	6,671,831.00	14,189,194.00
Properties foreclosed, net	3.8, 11	24,887,004.00	38,956,935.59
Property and equipment, net	3.9, 12	167,556,737.16	160,788,354.27
Claim receivable from litigants		2,694,283.62	3,627,952.12
Notes receivable	13	9,058,539.63	13,914,681.44
Other assets		32,952,262.45	16,838,930.07
Total assets		<u>2,730,829,946.06</u>	<u>2,012,161,026.70</u>

SOMBOON FUSRIBOON
DIRECTOR

SUMALEE JAROENCHAIPONG
DIRECTOR

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

NAM SENG INSURANCE PUBLIC COMPANY LIMITED
STATEMENTS OF FINANCIAL POSITION (CONT.)
AS AT DECEMBER 31, 2011 AND 2010

LIABILITIES AND SHAREHOLDERS' EQUITY

	Note	Baht	
		2011	2010
Liabilities			
Accrued income tax		-	5,079,017.12
Due to reinsurers	14	40,679,150.00	21,253,934.42
Insurance contract liabilities			
Loss reserves and outstanding claims	15	1,130,886,876.08	526,347,826.75
Premium reserve	16	525,952,546.80	523,274,851.62
Employee benefit obligations	17	24,022,597.00	-
Bank overdrafts	18	-	-
Commission and brokerages payable		33,075,070.07	30,335,974.54
Deposit from brokers		6,706,009.23	9,317,420.37
Premium received in advance		13,726,670.00	18,133,793.54
Other liabilities		56,204,340.64	58,571,839.90
Total liabilities		1,831,253,259.82	1,192,314,658.26
Shareholders' equity			
Share capital			
Authorized share capital			
20,000,000 common shares of 10 baht each		200,000,000.00	200,000,000.00
Issued and paid-up share capital			
13,900,000 common shares of 10 baht each		139,000,000.00	139,000,000.00
Premium on share capital		594,436,835.00	594,436,835.00
Gain (loss) from revaluation of investments	9	18,213,119.24	33,112,786.84
Retained earnings			
Appropriated			
Legal reserve	29	24,848,787.17	24,848,787.17
Others	29	6,163,850.00	6,163,850.00
Unappropriated		116,914,094.83	22,284,109.43
Total shareholders' equity		899,576,686.24	819,846,368.44
Total liabilities and shareholders' equity		2,730,829,946.06	2,012,161,026.70

SOMBOON FUSRIBOON
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NAM SENG INSURANCE PUBLIC COMPANY LIMITED

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

	Note	Baht	
		2011	2010
Revenues	19		
Net premium earned		1,096,028,032.79	1,107,855,525.22
Fee and commission income		22,178,837.54	26,879,995.64
Total revenues		<u>1,118,206,870.33</u>	<u>1,134,735,520.86</u>
Expenses			
Underwriting expenses	19		
Insurance claims			
Insurance claims and loss adjustment expenses			
- normal operation		660,477,196.76	670,317,979.29
Insurance claims and loss adjustment expenses			
- severe flooding in Thailand		31,355,838.81	-
Unexpired risk reserve increase (decrease)		-	-
Commissions and brokerages expenses		198,103,082.92	186,336,316.83
Other underwriting expenses		28,309,848.16	27,511,125.84
Contribution to Road Accident Victims Protection Co., Ltd.		15,675,613.78	25,744,915.57
Operating expenses	20	<u>205,666,902.82</u>	<u>208,680,681.61</u>
Total underwriting expenses		<u>1,139,588,483.25</u>	<u>1,118,591,019.14</u>
Profit (loss) from insurance		(21,381,612.92)	16,144,501.72
Net investments income		58,908,147.39	89,845,607.71
Gains (loss) on sale of investments		2,126,723.72	(2,005,004.22)
Gain (loss) from revaluation of investment		2,096,040.31	-
Other income		18,622,622.02	22,216,820.39
Gain (loss) on sale of assets	11	<u>120,243,342.69</u>	<u>(58,148.74)</u>
Profit from operations		180,615,263.21	126,143,776.86
Contribution to Office of Insurance Commission		3,388,745.94	3,315,229.12
Contribution to Non-life guarantee fund		2,579,618.17	1,952,025.88
Contribution to Road victims protection fund		<u>1,279,641.94</u>	<u>2,204,045.05</u>
Profit before income tax		173,367,257.16	118,672,476.81
Corporate income tax	30	<u>56,097,568.76</u>	<u>17,826,265.85</u>
Net profit		<u>117,269,688.40</u>	<u>100,846,210.96</u>

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NAM SENG INSURANCE PUBLIC COMPANY LIMITED
STATEMENTS OF COMPREHENSIVE INCOME (CONT.)
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

		Baht	
	Note	2011	2010
Other comprehensive income			
Gain (loss) on change in value of investments		(14,899,667.60)	27,932,460.75
Total other comprehensive income (loss) for the year		(14,899,667.60)	27,932,460.75
Total comprehensive income		<u>102,370,020.80</u>	<u>128,778,671.71</u>
Basic earnings per share (Baht)	22		
Net profit		<u>8.44</u>	<u>7.26</u>

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NAM SENG INSURANCE PUBLIC COMPANY LIMITED
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

		Baht						
		Issued and paid-up share capital	Premium on share capital	Gain (loss) from revaluation of investments	Retained earnings			Total
					Legal reserve	Ohters	Unappropriate	
	Note							
Balance as at January 1, 2010		139,000,000.00	594,436,835.00	5,180,326.09	24,848,787.17	6,163,850.00	(78,562,101.53)	691,067,696.73
Total comprehensive income		-	-	27,932,460.75	-	-	100,846,210.96	128,778,671.71
Balance as at December 31, 2010		139,000,000.00	594,436,835.00	33,112,786.84	24,848,787.17	6,163,850.00	22,284,109.43	819,846,368.44
Effect of change in accounting policy	4	-	-	-	-	-	(22,639,703.00)	(22,639,703.00)
Balance as at December 31, 2010 as restated		139,000,000.00	594,436,835.00	33,112,786.84	24,848,787.17	6,163,850.00	(355,593.57)	797,206,665.44
Total comprehensive income		-	-	(14,899,667.60)	-	-	117,269,688.40	102,370,020.80
Balance as at December 31, 2011		139,000,000.00	594,436,835.00	18,213,119.24	24,848,787.17	6,163,850.00	116,914,094.83	899,576,686.24

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NAM SENG INSURANCE PUBLIC COMPANY LIMITED
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

	Baht	
	2011	2010
Cash flows from operating activities :		
Direct premium written	1,152,481,121.61	1,161,265,719.38
Receipt (payment) from reinsurance	54,062,964.10	17,048,582.86
Loss incurred from direct insurance	(671,886,590.58)	(592,151,375.88)
Loss adjustment expenses from direct insurance	(73,474,337.66)	(74,547,496.92)
Commissions and brokerages from direct insurance	(188,868,362.31)	(182,438,558.71)
Other underwriting expenses from insurance	(43,985,461.94)	(53,256,041.41)
Interest income	41,740,265.18	31,502,975.60
Dividend income	18,497,137.42	54,459,846.37
Other investment income	(4,429,428.08)	1,896,344.16
Other income	138,865,964.71	22,158,671.65
Operating expenses	(204,291,767.93)	(194,643,906.61)
Income tax	(61,176,585.88)	(23,309,501.60)
Other expenses	201,329.88	(9,137,106.28)
Net cash flows from (used in) operating activities	157,736,248.52	158,848,152.61
Cash flows from investing activities :		
Cash flows from		
Investment in securities	863,824,687.87	782,414,543.77
Loans to	10,185,216.00	6,617,590.00
Property and equipment	35,681.51	376,038.05
Net cash flows from investing activities	874,045,585.38	789,408,171.82
Cash flows used in		
Investment in securities	(996,387,912.50)	(999,690,326.03)
Loans to	(2,667,853.00)	(6,301,322.00)
Property and equipment	(20,818,934.14)	(14,416,172.46)
Net cash flows used in investing activities	(1,019,874,699.64)	(1,020,407,820.49)
Net cash flows from (used in) investing activities	(145,829,114.26)	(230,999,648.67)

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

NAM SENG INSURANCE PUBLIC COMPANY LIMITED
STATEMENTS OF CASH FLOWS (CONT.)
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

	Baht	
	2011	2010
Cash flows from financing activities :		
Net cash flows from (used in) financing activities	-	-
Net increase (decrease) in cash and cash equivalents	11,907,134.26	(72,151,496.06)
Cash and cash equivalents at beginning of the period	34,737,649.31	106,889,145.37
Cash and cash equivalents at end of the period	<u>46,644,783.57</u>	<u>34,737,649.31</u>
Supplementary disclosures of cash flows information :		
1. Direct premium written		
Direct premium written at beginning of the year	148,168,660.78	183,342,737.60
<u>Add</u> Direct premium written occurred in the year	1,155,498,381.31	1,126,091,642.56
<u>Less</u> Direct premium written at end of the year	<u>(151,185,920.48)</u>	<u>(148,168,660.78)</u>
Cash received from direct premium written	<u>1,152,481,121.61</u>	<u>1,161,265,719.38</u>
2. Losses incurred from direct insurance		
Losses incurred from direct insurance at beginning of the year	(522,719,874.63)	(493,617,637.57)
<u>Add</u> Losses incurred from direct insurance in the year	(1,277,359,308.41)	(621,253,612.94)
<u>Less</u> Losses incurred from direct insurance at end of year	<u>1,128,192,592.46</u>	<u>522,719,874.63</u>
Cash payment from losses incurred from direct insurance	<u>(671,886,590.58)</u>	<u>(592,151,375.88)</u>

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NAM SENG INSURANCE PUBLIC COMPANY LIMITED

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2011 AND 2010

1. GENERAL INFORMATION

1.1 Legal status

The Company was incorporated as a public limited company under Thai laws and listed in the Stock Exchange of Thailand.

1.2 Address

Head office of the Company is located at 767 Krungthep - Nonthaburi Road, Bangsue, Bangkok, Thailand., and the Company has 27 branch offices all over the country.

1.3 Nature of the Company's business

The Company operates its business in Thailand and its principal activities are non-life insurance and investment under the Non-life Insurance Act, B.E.2535.

2. PRINCIPLES OF PREPARATION AND PRESENTATIONS OF FINANCIAL STATEMENTS

2.1 Basis for the preparation of financial statements

The financial statements have been prepared in accordance with the accounting standards prescribed by Thai Accounts Act enunciated under the Accounting Profession Act B.E.2547 by complying with the financial reporting standards for Publicly Accountable Entities and presented accordingly to the Instruction of the Notification of the Office of Insurance Commission regarding the presentation of the financial statements of non-life insurance companies No. 2 B.E.2553 date 27 May 2010.

The financial statements have been prepared on a historical cost basis except where other wise disclosed in the accounting policies.

The financial statements in Thai language are the official statutory financial statements of the Company. The financial statements in English language have been translated from such financial statements in Thai language.

2.2 New accounting standards and financial reporting standards effective for using in this year.

During the years 2010 and 2011, the Federation of Accounting Professions (FAP) has issued Notifications to mandate the use of the revised 2009, new issued of accounting standards, financial reporting standards and the interpretations of which they are effective for using in the periods beginning on or after January 1, 2011, as follows.

Framework for the Preparation and Presentation of Financial Statements (revised 2009)

TAS 1 (revised 2009) Presentation of Financial Statements

TAS 2 (revised 2009) Inventories

TAS 7 (revised 2009) Statement of Cash Flows

SOMBOON FUSRIBOON

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DIRECTOR

TAS 8 (revised 2009) Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (revised 2009) Events after the Reporting Period
TAS 11 (revised 2009) Construction Contracts
TAS 16 (revised 2009) Property, Plant and Equipment
TAS 17 (revised 2009) Leases
TAS 18 (revised 2009) Revenue
TAS 19 Employee Benefits
TAS 23 (revised 2009) Borrowing Costs
TAS 24 (revised 2009) Related Party Disclosures
TAS 26 Accounting and Reporting by Retirement Benefit Plans
TAS 27 (revised 2009) Consolidated and Separate Financial Statements
TAS 28 (revised 2009) Investments in Associates
TAS 29 Financial Reporting in Hyperinflationary Economies
TAS 31 (revised 2009) Interests in Joint Ventures
TAS 33 (revised 2009) Earnings per Share
TAS 34 (revised 2009) Interim Financial Reporting
TAS 36 (revised 2009) Impairment of Assets
TAS 37 (revised 2009) Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (revised 2009) Intangible Assets
TAS 40 (revised 2009) Investment Property
TFRS 2 Share-based Payment
TFRS 3 (revised 2009) Business Combinations
TFRS 5 (revised 2009) Non-current Assets Held for sale and Discontinued Operations
TFRS 6 Exploration for and Evaluation of Mineral Resources
TFRIC 15 Agreements for the Construction of Real Estate
TSIC 31 Revenue - Barter Transactions Involving Advertising Services

The management of the Company has assessed the effect of these accounting standards and financial reporting standards and believes that they will not have any significant impact on the financial statements for this year. However, TAS 1 (revised 2009) Presentation of Financial Statements, TAS 16 (revised 2009) Property, Plant and Equipment and TAS 19 Employee Benefits of which the Company has adopted of using in this year, have the effects of changes in the Company's accounting policies as disclosed in Note 2.3. These changes of accountings policies mostly affect to the presentation of financial statements in new format and prospective adjustment, except for the accounting standards of Employee Benefits which the company has adopted by adjusting to the beginning retained earnings in full amount.

SOMBOON FUSRIBOON
DIRECTOR

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DIRECTOR

2.3 Changes in accounting policies

From 1 January 2011, consequent to the adoption of new and revised TFRS as set out in note 2.2, the Company has changed its accounting policies as follows :

TAS 1 (revised 2009) Presentation of Financial Statements

Under the revised TAS, a set of financial statements comprises :

- Statement of financial position;
- Statement of comprehensive income;
- Statement of changes in shareholders' equity;
- Statement of cash flows; and
- Notes to the financial statements.

TAS 16 (revised 2009) Property, Plant and Equipment

Under the revised TAS, there are the principal changes as follows:

1. Costs of asset dismantlement, removal and restoration have to be included as asset costs and subject to annual depreciation;
2. The depreciation charge has to be determined separately for each significant part of an asset;
3. In determining the depreciable amount, the residual value of an item of assets has to be measured at the amount estimated receivable currently for the asset if the asset were already of the age and in the condition expected at the end of its useful life. Furthermore, the residual value and useful life of an asset have to be reviewed at least at each financial year-end.

The changes have been applied prospectively in accordance with the transitional provisions of the revised TAS, except that consideration of the costs of asset dismantlement, removal and restoration, have been applied retrospectively.

TAS 19 Employee Benefits.

Under the new policy, the Company has the obligations in respect of the severance payments to employees upon retirement under the Company's article and labour law. The Company treats these severance payment obligation as a defined benefit plan. Previously, this obligation was recognized as occurred. The obligation under the defined benefit plan is determined by a professionally qualified independent actuary, using the projected unit credit method. Such determination is made based on various assumptions, including discount rate, future salary increase rate, staff turnover rate, mortality rate and inflation rates.

The Company has opted to record the entire amount of this liability as an adjustment to retained earning as at January 1, 2011, in accordance with the transitional provisions of TAS 19.

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3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Revenue recognition

(a) Premium

For insurance policies with coverage periods of up to 1 year, premium income is recognized on the date the insurance policy comes into effect, after deducting premium ceded and cancelled. For long-term insurance policies with coverage periods of longer than 1 year, related revenues and expenses are recorded as unearned and prepaid items, and amortised to income and expenses over the coverage period.

(b) Reinsurance premium income

Reinsurance premium income is recognised when the reinsurer places the reinsurance application or statement of accounts with the Company.

(c) Interest and dividends

Interest is recognised as income based on the principle of period of time, taking into accounts the effective yield rate. Dividends are recognised as income on the date the right to receive the dividend arises.

(d) Gains (losses) on securities trading

Gains (losses) on trading in securities are recognised as income or expenses on the transaction dates.

3.2 Unearned premium reserve

Unearned premium reserve is set aside in compliance with the Notification of the Ministry of Commerce governing the appropriation of unearned premium reserves of non-life insurance companies as follows:

Fire, motor, hull and miscellaneous	-	Monthly average basis (the one-twenty fourth basis)
Marine and transportation (cargo)	-	Net premium written for the last ninety days
Travelling accident	-	Net premium written for the last thirty days

SOMBOON FUSRIBOON
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3.3 Claims

Claims are recognised as expenses when notification of loss is received from the insureds. They are recorded at the value appraised by an independent appraiser, or by the Company's staff, as the case may be, net of the portion refundable through reinsurance agreements. The maximum value of claim estimated is not however, to exceed the suminsured under the relevant policy. In addition, the Company sets up provision for losses incurred but not yet reported (IBNR) at 2.5 percent of net premium written for the last 12 months in compliance with the Notification of the Ministry of Commerce governing the appropriation of loss reserves of non-life insurance companies. Since January 1, 2009, the Company shall allocate according to the past experience by chain ladder approach or other international approaches but not less than 2.5% of the total net written premium on all types of risk in the previous twelve months. The reserve calculation report has to be endorsed by an actuary of the Company.

Differences between the estimated costs of claims and the amount actually paid are included in the statements of earnings in the year they are expensed.

3.4 Commissions and brokerages

Commissions and brokerages are recorded as expenses when they occurred.

3.5 Cash and cash equivalents

Cash and cash equivalents include cash on hand and at financial institutions with an original maturity of 3 months or less, and free restrictions.

3.6 Investment in securities

Securities for trading - stated at fair value. Unrealized gain (loss) on change in value of investment is included as income or expenses in the statement of income.

Securities available for sale - stated at fair value. Unrealized gain (loss) on change in value of investment is recorded as other comprehensive income until securities are sold, the change shall be included in the statement of income.

Debt instruments to be held to maturity - stated at amortized cost adjusted by the investment impairment, decrease in that investment is charged as an expense to the statement of income.

Other securities - stated at cost adjusted by the investment impairment, decrease in that investment is charged as an expense to the statement of income.

Cost of the securities for trading and available for sale which are sold during the year are valued at the weighted - average method.

SOMBOON FUSRIBOON
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3.7 Allowance for doubtful accounts

The Company provides allowance for doubtful accounts for premium receivables, loans, advances and other receivables on the basis of debts collection experience, review of current status of debts and the appraised value of collateral securities of each account.

3.8 Assets foreclosed

Assets foreclosed are stated at the lower of net book value of loan or cost of acquisition of assets as following :

- Land and buildings from auction are stated at the bid prices plus cost of the acquisition of the assets.

- Land and buildings from debt compromise are stated at mutually agreed prices plus cost of the acquisition of the assets. The Company, in general, will rely on the price in consideration of the Department of Insurance. In case of loan amount, the Company's investment committee will consider the appropriate price by comparing to the appraised value of the Office of Insurance Commission before the assets transferation.

The Company holds the foreclosed assets for sale only and will hold the assets for the maximum as follows :-

Foreclosed assets for sale obtained before February 6, 2008, held for no longer than 9 years.

Foreclosed assets for sale obtained since February 6, 2008, held for no longer than 5 years.

3.9 Property and equipment

Land is stated at cost. Plant and equipment are stated at cost less accumulated depreciation and allowance on impairment (if any).

Cost is initially recognized upon acquisition of assets along with other direct costs attributing to acquiring such assets in the condition ready to serve the objectives, including the costs of asset demolition, removal and restoration of the asset location, which are the obligations of the company.

Depreciation of plant and equipment is calculated by cost less residual value on the straight-line basis over the following estimated useful lives:

Buildings and complements	20 years
Furniture and office equipment	5 years
Motor vehicles	5 years

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DIRECTOR

The Company has reviewed the residual value and useful life of the assets every year.

The depreciation for each asset component is calculated on the separate components when each component has significant cost compared to the total cost of that asset.

Depreciation is included in determining income.

No depreciation is provided on land, construction in progress and equipment under installation.

Property, plant and equipment are written off at disposal. Gains or losses arising from sale or write-off of assets are recognized in the statement of comprehensive income.

3.10 Impairment of assets

The Company will consider the impairment of assets when there are incidents or changes in the environment which indicate that the recoverable amount (the higher of net selling price of the particular assets or its value in use) is lower than the book value of the assets.

In the case that the book value of the asset is higher than its recoverable amount, the Company will recognise loss from the impairment of assets in the statement of profit and loss. The Company then will reverse the loss from impairment of assets previously recognised when there are indications that impairment will discontinue or will diminish by such recording in other income.

3.11 Operating lease

Lease of assets under which all the risks and rewards of ownership are effectively retained by the lessor are classified as operating lease. Lease payments under an operating lease are recognised as expense on a straight-line basis over the lease term.

3.12 Employee benefits

Short-term employment benefits

The Company recognizes salary, wage, bonus and contributions to social security fund and provident fund as expenses when incurred.

Post-employment benefits (Defined contribution plans)

The Company has established a contributory registered provident fund in accordance with the Provident Fund Act (B.E. 2530). The Ministry of Finance approved the registered provident fund plan on July 24, 1996. Under this plan, the Company shall contribute to the fund for 4% to 6% of its employees' salaries subject to the length of employment. The employee will receive the contribution fund from the Company which including the net average gain from the fund. The fund's assets are held in a separate trust fund and the Company's contributions are recognized as expenses when incurred.

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Post-employment benefits (Defined benefit plans)

The Company has obligations in respect of the severance payments that it must pay to the employees upon retirement under the labor law and the Company's article. The Company treats these severance payment obligations as a defined benefit plan.

The obligation under the defined benefit plan is calculated based on the actuarial principles by a qualified independent actuary using the projected unit credit method. Such estimates are made based on various assumptions, including discount rate, future salary increase rate, staff turnover rate, mortality rate, and inflation rate.

Actuarial gains and losses for post-employment benefits of the employees are recognized immediately in profit or loss.

The Company has opted to record the entire amount of this liability as an adjustment to retained earnings as at January 1, 2011, in accordance with the transitional provisions of TAS 19.

3.13 Income tax

The Company records income tax expense, based on the amount currently payable under the Revenue Code and at the rate specified by law.

Corporate income tax has been calculated on the profit before tax after adjusting of adding back certain provisions and expenses which are disallowable for tax computation purposes, deducting certain income which are exemption or allowable from income tax and loss brought forward from previous year (if any).

3.14 Basic earnings per share

Earnings per share as presented in the statement of income is the basic earnings per share which is calculated by dividing the net profit of the year by the weighted average number of ordinary shares that are issued and paid up during the year.

3.15 Financial instruments

The Company has no policy to speculate in or engage in the trading of any financial derivative instruments.

Financial instruments carried on the balance sheet include cash and deposits at financial institutions, investments, premium due and uncollected and borrowings. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

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3.16 Foreign currencies

Transactions in foreign currency during the year are translated into Baht at the rates applied on the transaction dates. Monetary assets and liabilities in foreign currency outstanding at the reporting date are translated into Baht at the exchange rates ruling at that date.

Exchange gains and losses are included in determining earnings.

3.17 Accounting estimation

Preparation of financial statements with in conformity with generally accepted accounting principles requires the management to make estimates and assumptions which may have an effect on the reported amounts of revenues, expenses, assets and liabilities and disclosures of commitment and contingent. Actual results may differ from these estimates.

4. EFFECT OF CHANGES IN ACCOUNTING POLICIES DUE TO ADOPTION OF NEW ACCOUNTING STANDARDS

From January 1, 2011, consequent to the adoption of new and revised TFRS, the Company has affected to the financial statements as follows:

Adjustment of financial statements

Statement of financial position as at December 31, 2011

	<u>Baht</u>
Unappropriated retained earnings at December 31, 2010 - as reported in the previous period	22,284,109.43
Increase in employee benefit obligations	<u>(22,639,703.00)</u>
Unappropriated retained earnings at January 1, 2011	<u><u>(355,593.57)</u></u>

Statement of comprehensive income for the year ended December 31, 2011

	<u>Baht</u>
Increase in employee expenses resulting in:	
Increase in operating expenses	1,449,669.00
Finance cost	<u>859,575.00</u>
Decrease in profit	<u><u>2,309,244.00</u></u>
Decrease in earnings per share;	
Basic earnings per share (in Baht)	<u><u>0.17</u></u>

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5. INTERPRETATION OF NEW ACCOUNTING STANDARDS PROMULGATED DURING THE YEAR

During the year 2011, the Federation of Accounting Professions (FAP) has issued Notifications to mandate the use of the new interpretations of accounting standards of which are effective for the fiscal year beginning on or after January 1, 2013, as follows.

TSIC 10 Government Assistance - No Specific Relation to Operating Activities

TSIC 21 Income Taxes - Recovery of Revalued Non - Depreciable Assets

TSIC 25 Income Taxes - Changes in the Tax Status of an Entity or its Shareholders

The management of the Company has assessed the effect of these new interpretations of accounting standards and believes that they will not have any significant impact on the financial statements for the year in which they are initially applied

6. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of :-

	Baht	
	2011	2010
Cash	178,637.09	146,586.16
Cash at bank - uncallable term	46,466,146.48	34,591,063.15
Cash at bank - callable term	372,000,000.00	103,100,000.00
Total cash and deposits at financial institutions	418,644,783.57	137,837,649.31
<u>Less</u> Cash at financial institutions and other financial institutions due over 3 months	<u>(372,000,000.00)</u>	<u>(103,100,000.00)</u>
Cash and cash equivalents	<u>46,644,783.57</u>	<u>34,737,649.31</u>

7. PREMIUM RECEIVABLE - NET

Aging analyze for premiums receivable as at December 31, 2011 and 2010 were as follows :

	Baht							
	2011				2010			
	From assured	From insurance agents and brokers	From reinsurance	Total	From assured	From insurance agents and brokers	From reinsurance	Total
Not due	-	116,191,813.57	-	116,191,813.57	-	113,159,909.38	-	113,159,909.38
Over due within 30 days	-	19,658,978.20	-	19,658,978.20	-	15,769,894.05	219,968.17	15,989,862.22
Over due 30 - 60 days	-	9,881,369.02	-	9,881,369.02	-	12,835,192.53	31,105.28	12,866,297.81
Over due 60 - 90 days	-	5,277,499.47	173,903.22	5,451,402.69	-	4,124,907.98	7,936.71	4,132,844.69
Overdue 90 day - 1 years	-	4,244,221.33	2,357.00	4,246,578.33	-	2,195,706.80	126.00	2,195,832.80
Overdue 1 years	-	16,035,586.04	-	16,035,586.04	-	20,808,671.07	7,207.00	20,815,878.07
Total Premium receivable	-	171,289,467.63	176,260.22	171,465,727.85	-	168,894,281.81	266,343.16	169,160,624.97
Less : Allowance for doubtful accounts	-	(20,279,807.37)	-	(20,279,807.37)	-	(20,991,964.19)	-	(20,991,964.19)
Premium receivable - net	-	151,009,660.26	176,260.22	151,185,920.48	-	147,902,317.62	266,343.16	148,168,660.78

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The accrued premium due and uncollected over 12 months are accrued premium from the Company's agents who consistently conduct business with the Company and the Company expects that it can collect those premiums. However, the Company has provided an allowance for doubtful debts for the said accrued premiums which were 12 months overdue and were expected to be uncollectable after deducting the assessed value of each agent's collateral assets.

From January 1, 2011 to October 31, 2011, the Company has set an allowance for doubtful accounts for accrued premium, which over 2 months in full amount without considering assessed value of security of each agent.

From November 1, 2011 onwards, the Company has set an allowance for doubtful accounts for accrued premium, which over 4 months in full amount without considering assessed value of security of each agent.

8. REINSURANCE ASSETS, NET

Reinsurance assets consist of :

	Baht	
	2011	2010
Amount deposit on reinsurance treaties	2,928.62	2,928.62
Amount receivable from reinsurers - net	-	-
Reinsurers' share of insurance contract liabilities	667,260,830.82	84,007,409.72
Premium reserve from reinsurance	145.21	145.21
Other receivable from reinsurance	-	-
Reinsurance asset, net	<u>667,263,904.65</u>	<u>84,010,483.55</u>

9. INVESTMENTS IN SECURITIES

The balance as at December 31, 2011 and 2010 of investments in securities were as follows :

9.1 Trading investment securities

	Baht				
	2011				
	Cost	Unrealized gain	Unrealized loss	Fair value	% of total asset
<u>Individual</u>					
Common stocks	10,385,350.28	1,198,262.38	(154,650.66)	11,428,962.00	0.42
Unit trust	38,515,301.36	52,428.59	-	38,567,729.95	1.41
Total	48,900,651.64	1,250,690.97	(154,650.66)	49,996,691.95	1.83
<u>Less</u> Allowance for impairment	-	-	-	-	-
Total trading investment securities	<u>48,900,651.64</u>	<u>1,250,690.97</u>	<u>(154,650.66)</u>	<u>49,996,691.95</u>	<u>1.83</u>

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9.2 Available for sale investment securities

	Baht				
	2011				
	Cost	Unrealized gain	Unrealized loss	Fair value	% of total asset
<u>Individual</u>					
Common stocks	33,052,256.58	13,277,323.03	(395,442.21)	45,934,137.40	1.68
Unit trust	311,531,539.89	10,488,412.35	(5,157,173.93)	316,862,778.31	11.60
Total	344,583,796.47	23,765,735.38	(5,552,616.14)	362,796,915.71	13.28
<u>Less</u> Allowance for impairment	-	-	-	-	-
Total available for sale	344,583,796.47	23,765,735.38	(5,552,616.14)	362,796,915.71	13.28
	Baht				
	2010				
	Cost	Unrealized gain	Unrealized loss	Fair value	% of total asset
<u>Individual</u>					
Common stocks	27,336,936.54	16,143,309.65	(82,074.69)	43,398,171.50	2.15
Unit trust	401,027,138.19	21,096,909.79	(4,045,357.91)	418,078,690.07	20.78
Total	428,364,074.73	37,240,219.44	(4,127,432.60)	461,476,861.57	22.93
<u>Less</u> Allowance for impairment	-	-	-	-	-
Total available for sale	428,364,074.73	37,240,219.44	(4,127,432.60)	461,476,861.57	22.93

9.3 Held to maturity investment securities

	Baht			
	2011		2010	
	Amortize Cost	% of total asset	Amortize Cost	% of total asset
<u>Government and State Enterprise</u>				
Government bond	167,031,717.06	6.12	208,748,524.43	10.37
State Enterprise bond	344,290,299.46	12.60	408,761,818.51	20.31
Saving Certificate	-	-	100,000.00	0.01
Total	511,322,016.52	18.72	617,610,342.94	30.69
<u>Less</u> Allowance for impairment	-	-	-	-
	511,322,016.52	18.72	617,610,342.94	30.69
<u>Individual</u>				
Debenture	298,756,762.32	10.94	301,650,135.42	14.99
<u>Less</u> Allowance for impairment	-	-	(1,000,000.00)	(0.05)
	298,756,762.32	10.94	300,650,135.42	14.94
<u>Foreign securities</u>				
Debenture	-	-	3,042,061.46	0.15
<u>Less</u> Allowance for impairment	-	-	-	-
Total	-	-	3,042,061.46	0.15
<u>Cash at financial institutions and other financial institutions due over 3 months</u>				
Cash at commercial bank	372,000,000.00	13.62	100,000,000.00	4.97
Certificate of Deposit	13,000,000.00	0.48	3,000,000.00	0.15
Total	385,000,000.00	14.10	103,000,000.00	5.12
<u>Less</u> Allowance for impairment	-	-	-	-
	385,000,000.00	14.10	103,000,000.00	5.12
Total held to maturity investment securities	1,195,078,778.84	43.76	1,024,302,539.82	50.90

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9.4 Non marketable equity securities

	Baht			
	2011		2010	
	Cost	% of total asset	Cost	% of total asset
Equity securities	2,223,020.00	0.08	2,223,020.00	0.11
<u>Less</u> Allowance for impairment	-	-	-	-
Total non marketable equity securities	<u>2,223,020.00</u>	<u>0.08</u>	<u>2,223,020.00</u>	<u>0.11</u>

9.5 This remaining term of financial instruments

	Baht							
	2011				2010			
	Due			Total	Due			Total
	1 year	1 - 5 year	over 5 year		1 year	1 - 5 year	over 5 year	
<u>Held to maturity investment securities</u>								
<u>Government and state Enterprise</u>								
Government bond	-	147,115,396.65	19,916,320.41	167,031,717.06	70,121,174.58	138,627,349.85	-	208,748,524.43
State Enterprise bond	216,500,840.83	127,789,458.63	-	344,290,299.46	222,624,085.39	186,137,733.12	-	408,761,818.51
Saving Certificate	-	-	-	-	100,000.00	-	-	100,000.00
Certificate of Deposits	-	13,000,000.00	-	13,000,000.00	3,000,000.00	-	-	3,000,000.00
Cash at commercial bank	70,000,000.00	10,000,000.00	-	80,000,000.00	-	80,000,000.00	-	80,000,000.00
Total	286,500,840.83	297,904,855.28	19,916,320.41	604,322,016.52	295,845,259.97	404,765,082.97	-	700,610,342.94
<u>Less</u> Allowance for impairment	-	-	-	-	-	-	-	-
	<u>286,500,840.83</u>	<u>297,904,855.28</u>	<u>19,916,320.41</u>	<u>604,322,016.52</u>	<u>295,845,259.97</u>	<u>404,765,082.97</u>	<u>-</u>	<u>700,610,342.94</u>
<u>Individual</u>								
Debenture	90,501,962.82	163,254,799.50	45,000,000.00	298,756,762.32	22,025,166.75	204,624,968.67	75,000,000.00	301,650,135.42
Cash at commercial bank	292,000,000.00	-	-	292,000,000.00	20,000,000.00	-	-	20,000,000.00
Total	382,501,962.82	163,254,799.50	45,000,000.00	590,756,762.32	42,025,166.75	204,624,968.67	75,000,000.00	321,650,135.42
<u>Less</u> Allowance for impairment	-	-	-	-	(1,000,000.00)	-	-	(1,000,000.00)
	<u>382,501,962.82</u>	<u>163,254,799.50</u>	<u>45,000,000.00</u>	<u>590,756,762.32</u>	<u>41,025,166.75</u>	<u>204,624,968.67</u>	<u>75,000,000.00</u>	<u>320,650,135.42</u>
<u>Foreign securities</u>								
Debenture	-	-	-	-	3,042,061.46	-	-	3,042,061.46
<u>Less</u> Allowance for impairment	-	-	-	-	-	-	-	-
Total	-	-	-	-	3,042,061.46	-	-	3,042,061.46
Total held to maturity investment securities	<u>669,002,803.65</u>	<u>461,159,654.78</u>	<u>64,916,320.41</u>	<u>1,195,078,778.84</u>	<u>339,912,488.18</u>	<u>609,390,051.64</u>	<u>75,000,000.00</u>	<u>1,024,302,539.82</u>

As at December 31, 2011 and 2010, security in type of bond and Government Savings Bank's Lottery Total amount Baht 170.07 million and 126.58 million, respectively have been used as security with registrar, for assets allocated as a reserve with the Registrar and assets that have restrictions and obligations, please see the note to financial statement item 25, 26 and 27.

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10. LOANS, NET

Investment in loans and accrued interest are classified by age of principal and accrued interest as follows :

As at December 31, 2011								
Loans (Baht)								
	Mortgage loans		Properties Guaranteed		Other		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
Not Due	5,819,819.00	8,986.00	-	-	843,026.00	-	6,662,845.00	8,986.00
Over Due								
Less than 3 months	-	-	-	-	-	-	-	-
3 - 6 months	-	-	-	-	-	-	-	-
6 - 12 months	-	-	-	-	-	-	-	-
More than 12 months	-	-	-	-	518,372.74	-	518,372.74	-
Total	5,819,819.00	8,986.00	-	-	1,361,398.74	-	7,181,217.74	8,986.00
Less : Allowance for doubtful accounts	-	-	-	-	(518,372.74)	-	(518,372.74)	-
Loans, net	<u>5,819,819.00</u>	<u>8,986.00</u>	<u>-</u>	<u>-</u>	<u>843,026.00</u>	<u>-</u>	<u>6,662,845.00</u>	<u>8,986.00</u>
As at December 31, 2010								
Loans (Baht)								
	Mortgage loans		Properties Guaranteed		Other		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
Not Due	7,319,913.00	4,103.00	-	-	2,565,144.00	34.00	9,885,057.00	4,137.00
Over Due								
Less than 3 months	-	-	-	-	-	-	-	-
3 - 6 months	-	-	-	-	-	-	-	-
6 - 12 months	-	-	-	-	-	-	-	-
More than 12 months	4,000,000.00	300,000.00	-	-	518,372.74	-	4,518,372.74	300,000.00
Total	11,319,913.00	304,103.00	-	-	3,083,516.74	34.00	14,403,429.74	304,137.00
Less : Allowance for doubtful accounts	-	-	-	-	(518,372.74)	-	(518,372.74)	-
Loans, net	<u>11,319,913.00</u>	<u>304,103.00</u>	<u>-</u>	<u>-</u>	<u>2,565,144.00</u>	<u>34.00</u>	<u>13,885,057.00</u>	<u>304,137.00</u>

As at December 31, 2011 and 2010, the loans amounting to 5.82 million baht and 11.32 million baht have been secured by properties in appraisal valued 17.99 million baht and 22.93 million baht, respectively.

The mentioned loans were guaranteed by person and charged interest at the rate of MLR of GHB.

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11. PROPERTIES FORECLOSED, NET

Properties foreclosed, net consist of:

	Baht			As at December 31, 2011
	As at December 31, 2010	During the period		
		Increase	Decrease	
Assets acquired for debt settlement				
Land	34,549,932.00	-	(8,781,394.00)	25,768,538.00
Building	6,947,466.59	-	(5,389,005.59)	1,558,461.00
Total	41,497,398.59	-	(14,170,399.59)	27,326,999.00
<u>Less allowance for impairment</u>				
of assets foreclosed	(2,540,463.00)	-	100,468.00	(2,439,995.00)
Properties foreclosed - net	<u>38,956,935.59</u>			<u>24,887,004.00</u>

During the year 2011, the Company has sale land and building in total value of 141.30 million Baht, (For the assets foreclosed in total book value of 14.07 million Baht). The Company has expense of sale in total amount of 6.99 million Baht and profit from sale net expense of sale in total amount of 120.24 million Baht.

12. PROPERTY AND EQUIPMENT - NET

Property and equipment - net consist of :

	Baht				Balance as at December 31, 2011
	Balance as at December 31, 2010	Transactions during the year			
		Increase	Decrease	Transfer	
<u>Cost</u>					
Land	103,472,866.10	-	-	-	103,472,866.10
Building	98,046,710.72	-	-	-	98,046,710.72
Vehicle	9,289,820.78	2,888,000.00	-	-	12,177,820.78
Office equipment	78,084,754.14	5,266,618.05	(1,410,568.62)	1,522,782.14	83,463,585.71
Work in progress	5,518,103.84	10,902,413.95	(577,345.00)	(1,522,782.14)	14,320,390.65
Total	294,412,255.58	19,057,032.00	(1,987,913.62)	-	311,481,373.96
<u>Accumulated depreciation</u>					
Building	62,226,269.55	4,813,078.06	-	-	67,039,347.61
Vehicle	6,515,263.82	1,097,002.17	-	-	7,612,265.99
Office equipment	64,882,367.94	5,773,923.65	(1,383,268.39)	-	69,273,023.20
Total	133,623,901.31	11,684,003.88	(1,383,268.39)	-	143,924,636.80
Property plant and equipment - net	<u>160,788,354.27</u>				<u>167,556,737.16</u>

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	Baht	
	2011	2010
Depreciation for the years	11,684,003.88	11,674,862.04

The aboved - mentioned land, property and building are not pledged as security for any liabilities.

As at December 31, 2011 and 2010, the Company had fully depreciated fixed assets but still in active use at the cost value totalling 60.23 million Baht and 53.74 million Baht, respectively.

13. NOTES RECEIVABLE

Notes receivable are cheques on hand and post dated cheques of premium due on 1 month to 3 months.

14. DUE TO REINSURERS

Due to reinsurers present by type of debt as follows :

	Baht	
	2011	2010
Reinsurance premium payable	-	-
Amount withheld on reinsurance treaties	20,351,981.08	17,295,956.94
Other due to reinsurers	20,327,168.92	3,957,977.48
Total due to reinsurers	<u>40,679,150.00</u>	<u>21,253,934.42</u>

15. LOSS RESERVES AND OUTSTANDING CLAIMS

Changing in the loss reserves and outstanding claims consist of :

	Baht	
	2011	2010
Beginning Balance	526,347,826.75	506,441,410.44
Loss incurred and loss adjustment expenses in this year		
- Incurred but not reported	12,455,858.43	(12,890,057.78)
- Incurred but not yet agreed/agreed and adjustment	1,195,733,319.48	625,481,550.67
Loss paid and loss adjustment paid in this year	<u>(603,650,128.58)</u>	<u>(592,685,076.58)</u>
Ending balance	<u>1,130,886,876.08</u>	<u>526,347,826.75</u>

As at December 31, 2011 and 2010, the out standing balance of compensation from reinsurance contracts in the amount of Baht 22,409,850.62 and Baht 3,107,390.20, respectively.

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16. PREMIUM RESERVE

16.1 Unearned premium reserves

	Baht	
	2011	2010
Beginning balance	523,274,851.62	557,248,346.84
Premium written in the year	1,098,705,727.97	1,073,882,030.00
Earned premium in the year	(1,096,028,032.79)	(1,107,855,525.22)
Ending balance	525,952,546.80	523,274,851.62

16.2 Unexpired risk reserves

The Company has not set unexpired risk reserves because the estimated unexpired risk reserves of the Company as at December 31, 2011 and 2010 has total amount of Baht 449,767,652.00 and Baht 399,412,928.00, respectively are lower than unearned premium reserves.

16.3 Unearned premium reserves for supplementary allocation

As at December 31, 2011, the Company's retained earnings did not include Baht 2,152,059.66 of unearned premium reserve (December 31, 2010: Baht 946,007.92) which the Company set aside for the premium ceded to a foreign reinsurer, in compliance with the regulations of the Office of Insurance Commission.

17. EMPLOYEE BENEFIT OBLIGATION

The Company adopted TAS 19 Employee Benefits which effective from January 1, 2011 and the effect on the financial statements is disclosed in note 4.

	Baht
	2011
<u>Expenses under the defined benefits plan</u>	
Current service cost	1,449,669.00
Past service cost	22,639,703.00
Interest cost	859,575.00
<u>Less</u> expected return on plan assets	-
	24,948,947.00

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	<u>Baht</u>
	<u>2011</u>
<u>Defined benefit obligations</u>	
Net present value of defined benefit obligations	24,022,597.00
<u>Less</u> fair value of plan assets	-
	<u>24,022,597.00</u>
Unrecognized actuarial (gains)/losses	-
Unrecognized past service cost	-
	<u><u>24,022,597.00</u></u>
 <u>Change in present value of defined benefit obligations</u>	
Beginning balance	-
Current service cost	1,449,669.00
Past service cost	22,639,703.00
Interest cost	859,575.00
Contribution from employee	-
<u>Less</u> benefits paid	(926,350.00)
Actuarial (gains)/losses	-
Ending balance	<u><u>24,022,597.00</u></u>

Principal actuarial assumptions at the reporting date

	<u>Percentage</u>
For the year ended December 31, 2011	
Discount rate	4.0
Salary increase rate	4.0 - 5.5
Employee turnover rate	7.0 - 10.0
Mortality rate	Thailand TMO97 tables
Long-term inflation rate	3.0

18. BANK OVERDRAFTS

As at December 31, 2011 and 2010, the Company has overdraft credit lines with 1 bank amounting to 10 million baht which have been secured by government bonds (See Note 27).

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DIRECTOR

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DIRECTOR

19. REPORTING BY INSURANCE TYPE

Underwriting income, claims expenses and underwriting expenses by type consist of:-

	Baht					
	2011					
	Fire	Marine	Motor	Personal accident	Miscellaneous	Total
Under writing income						
Premium written	35,907,105.97	17,578,886.55	1,007,207,427.00	59,590,994.74	50,048,078.07	1,170,332,492.33
Less reinsurance premium	(20,421,531.65)	(12,017,654.89)	(4,093,888.11)	(15,491,186.00)	(19,602,503.71)	(71,626,764.36)
Net premium written	15,485,574.32	5,561,231.66	1,003,113,538.89	44,099,808.74	30,445,574.36	1,098,705,727.97
Less unearned premium reserves	(678,970.55)	310,985.97	(8,660,120.87)	3,286,730.83	8,419,069.80	2,677,695.18
Premium income is recognized	16,164,544.87	5,250,245.69	1,011,773,659.76	40,813,077.91	22,026,504.56	1,096,028,032.79
Commission and brokerage income	8,784,553.58	4,479,500.06	-	4,313,044.86	4,601,739.04	22,178,837.54
Total underwriting income	<u>24,949,098.45</u>	<u>9,729,745.75</u>	<u>1,011,773,659.76</u>	<u>45,126,122.77</u>	<u>26,628,243.60</u>	<u>1,118,206,870.33</u>
Underwriting expense						
Insurance claims and loss adjustment expenses - normal operation	3,957,077.79	7,108,063.16	626,590,852.15	30,107,563.50	(7,286,359.84)	660,477,196.76
Insurance claims and loss adjustment expense - severe flooding in Thailand	1,783,514.49	-	6,000,000.00	-	23,572,324.32	31,355,838.81
Unexpired risk reserve increase (decrease)	-	-	-	-	-	-
Commission and brokerage	11,901,392.21	1,534,956.24	169,487,153.93	9,786,081.30	5,393,499.24	198,103,082.92
Other underwriting income	1,862,312.49	864,294.30	20,663,409.46	3,208,310.42	1,711,521.49	28,309,848.16
Contribution Road accident Victims protection Co., Ltd.	-	-	15,675,613.78	-	-	15,675,613.78
Operating expenses	(5,217.22)	266,367.94	205,376,862.35	29,103.32	(213.57)	205,666,902.82
Total underwriting expenses	<u>19,499,079.76</u>	<u>9,773,681.64</u>	<u>1,043,793,891.67</u>	<u>43,131,058.54</u>	<u>23,390,771.64</u>	<u>1,139,588,483.25</u>
Gain(loss)on underwriting						<u>(21,381,612.92)</u>

	Baht					
	2010					
	Fire	Marine	Motor	Personal accident	Miscellaneous	Total
Under writing income						
Premium written	40,928,258.64	14,535,843.99	1,001,788,544.00	52,849,288.14	30,084,329.21	1,140,186,263.98
Less reinsurance premium	(23,785,821.92)	(9,571,260.93)	(1,830,456.41)	(14,153,382.28)	(16,963,312.44)	(66,304,233.98)
Net premium written	17,142,436.72	4,964,583.06	999,958,087.59	38,695,905.86	13,121,016.77	1,073,882,030.00
Less unearned premium reserves	414,878.71	(501,274.47)	(23,835,672.47)	6,303,763.12	(16,355,190.11)	(33,973,495.22)
Premium income is recognized	16,727,558.01	5,465,857.53	1,023,793,760.06	32,392,142.74	29,476,206.88	1,107,855,525.22
Commission and brokerage income	13,817,980.19	3,411,399.32	-	5,341,501.56	4,309,114.57	26,879,995.64
Total underwriting income	<u>30,545,538.20</u>	<u>8,877,256.85</u>	<u>1,023,793,760.06</u>	<u>37,733,644.30</u>	<u>33,785,321.45</u>	<u>1,134,735,520.86</u>
Underwriting expense						
Insurance claims and loss adjustment expenses	2,787,177.52	868,332.61	640,865,252.31	15,004,019.65	10,793,197.20	670,317,979.29
Unexpired risk reserve increase (decrease)	-	-	-	-	-	-
Commission and brokerage	12,603,372.33	1,995,395.28	158,407,734.40	9,193,030.22	4,136,784.60	186,336,316.83
Other underwriting income	1,743,014.07	788,284.69	20,430,811.68	2,966,543.34	1,582,472.06	27,511,125.84
Contribution Road accident Victims protection Co., Ltd.	-	-	25,744,915.57	-	-	25,744,915.57
Operating expenses	408,743.54	2,345,614.41	200,882,682.38	71,137.48	4,972,503.80	208,680,681.61
Total underwriting expenses	<u>17,542,307.46</u>	<u>5,997,626.99</u>	<u>1,046,331,396.34</u>	<u>27,234,730.69</u>	<u>21,484,957.66</u>	<u>1,118,591,019.14</u>
Gain(loss)on underwriting						<u>16,144,501.72</u>

SOMBOON FUSRIBOON
DIRECTOR

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DIRECTOR

20. OPERATING EXPENSES

Operation expenses for the year ended December 31, 2011 and 2010 are summarized as follows :

	Baht	
	2011	2010
Staff cost	73,241,112.91	72,869,505.57
Expenditure on building and equipment	60,292,790.84	61,250,878.92
Bad debt and doubtful debts	3,958,529.33	14,981,936.77
Other operation expenses	68,174,469.74	59,578,360.35
Total operation expense	<u>205,666,902.82</u>	<u>208,680,681.61</u>

21. EMPLOYEES' EXPENSE

Employees' expenses for the year ended December 31, 2011 and 2010 are summarized as follows:

	Baht	
	2011	2010
Salary and wage	126,607,195.00	130,257,328.00
Social security	3,707,689.00	3,681,120.00
Contribution under the defined benefits plan	2,309,244.00	-
Other benefit	6,202,627.42	1,470,615.00
Total employees' expense	<u>138,826,755.42</u>	<u>135,409,063.00</u>

22. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the net profit for the period by the weighted average number of ordinary shares outstanding during the period.

	2011	2010
Net profit for the period (Baht)	117,269,688.40	100,846,210.96
Weighted average number of ordinary shares (shares)	13,900,000	13,900,000
Basic earnings per share (Baht/Share)	8.44	7.26

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DIRECTOR

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DIRECTOR

23. RELATED PARTY TRANSACTIONS

The business transactions with related parties occurred for the years ended December 31, 2011 and 2010 are summarized as follows :-

	Baht	
	2011	2010
Premium income net		
A combination of entities or business under common control:-		
- Dung Seng Insurance Broker Co.,Ltd.	877,364,486.20	931,642,126.37
Other related companies:-		
- Asia Hotel Plc.	400,633.00	649,820.00
- Asia Pattaya Hotel Co., Ltd.	284,786.00	268,679.00
- Zeer Property Plc.	1,035,328.00	844,697.00
- Asia Airport Hotel Co., Ltd.	325,388.00	157,543.00
- Thai Military Bank Plc.	1,846,437.00	9,459,029.00
Brokerage		
A combination of entities or business under common control:-		
- Dung Seng Insurance Broker Co.,Ltd.	159,316,946.81	145,461,162.72
Other related companies:-		
- Thai Military Bank Plc.	-	1,850,723.21
Office rental		
A combination of entities or business under common control:-		
- N.S.B. Co.,Ltd.	1,091,616.92	1,130,400.00
Service fee		
A combination of entities or business under common control:-		
- N.S.B. Co.,Ltd.	17,929,727.11	18,105,000.47

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DIRECTOR

SUMALEE JAROENCHAIPONG
DIRECTOR

The outstanding balances of related party transactions are as follows :-

	Baht	
	2011	2010
Cash at bank		
Other related companies:-		
- TMB Bank Plc.	182,440.81	459,983.36
Premium due (Net from Postdated cheques from agent)		
A combination of entities or business under common control:-		
- Dung Seng Insurance Broker Co.,Ltd.	140,522,464.09	125,040,293.12
Other related companies:-		
- TMB Bank Plc.	-	642,294.25
Prepaid office rental and service fee		
A combination of entities or business under common control:-		
- N.S.B. Co., Ltd.	7,996,828.39	-
Accrued commission and brokerage		
A combination of entities or business under common control:-		
- Dung Seng Insurance Broker Co.,Ltd.	23,606,655.49	22,313,729.56
Other related companies:-		
- TMB Bank Plc.	-	137,517.16

Dung Seng Insurance Broker Co., Ltd. is related to the Company by way of a subsidiary to N.S.B. Co., Ltd., which in turn is a subsidiary of N.S. Alliance Co., Ltd., a shareholder of more than 10% in Nam Seng Insurance Plc. in which Throng Seen Co., Ltd., is the main agent of the Company. The rate of the above - mentioned brokerage is consistent with those paid to other brokers and is not in excess of that stipulated by the Office of Insurance Commission.

N.S.B. Co., Ltd., is the Company's related party. N.S.B. is a major shareholders of the Company, with shareholding of more than 10%. Some directors of N.S.B. are the directors of the Company. N.S.B. rents office space to the Company with rental service fees at the market rate.

Asia Hotel Plc., Asia Pattaya Hotel Co., Ltd., Zeer Property Plc. and Asia Airport Hotel Co., Ltd. are the Company's related parties. One director of the Company is a shareholder and director of these companies. The Company is the insurer of these companies and charges the insurance premium at the market rate.

TMB Bank is the Company's related party. The Bank holds 9.97% of the Company's shares. The Company is the insurer of the Bank and charges the insurance premium at the market rate.

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DIRECTOR

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DIRECTOR

28. CAPITAL MANAGEMENT

The primary objectives of the Company's capital management are to maintain the Company's ability to continue as a going concern and to maintain net capital rule in accordance with Notifications of the Office of Insurance Commission.

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

29. LEGAL RESERVE AND OTHER RESERVE

The Company shall appropriate statutory reserve at the minimum rate of 5% of its net profit deducted by beginning deficit (if any) until the reserve reaches 10% of the registered share capital. Except for the reserve specified in the Company's Articles of Association, the board of directors may propose at the shareholder meeting to resolve to appropriate other reserve.

30. CORPORATE INCOME TAX

Corporate income tax for the year ended December 31, 2011 is calculated by multiplying earnings by the rate 30% of net profit after adding back certain expenses which are non-deductible for income tax computation purposes, and less certain transactions which are exemption or allowable from income tax and loss brought forward from previous year.

Corporate income tax for the year ended December 31, 2010 is calculated by multiplying earnings by the rate 25% of net profit not exceed Baht 300 million. Which the tax rates applied are in compliance with the provision of Royal Decree 475 (B.E. 2551) dated July 29, 2008, issued under the Revenue Code.

31. CONTINGENT LIABILITIES AND OTHER COMMITMENT

As at December 31, 2011, the Company had contingent liabilities and other commitments as follows : -

31.1 On April 15, 1994, the Company made a construction contract to hire N.S.B. Co., Ltd. to build an office building on the Company's land under the following significant conditions :

31.1.1 N.S.B. Co., Ltd. was granted the right to utilize and to lease out the office building spaces for a term of 20 years, commencing from December 1, 1994 to November 30, 2014. Upon termination of the contract, NSB shall return the property in a sound condition.

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DIRECTOR

31.1.2 The Company has obtained the right from N.S.B. Co., Ltd. to occupy and utilizes 5,058 square metres of the office space and 1,275 square metres of the parking building totalling 6,333 square metres for free of charges, excluding the building's common service fees for a term of 20 years, commencing from December 1, 1994 to November 30, 2014 and service fee at 1,340,370.00 baht per month. In addition, the Company has entered into several rental contracts as follows :-

- Rental contract for 628 square metres of office space at 85,722.- baht per month and service fee at 132,884.80 baht per month for a term of 3 years which is expired in 2009. The Company has extended the contract for another 3 years in the rental of 94,200.00 baht and service fee at 144,440.00 baht per month.

31.2 The Company has entered into rental agreements for 9 branch offices at the total rental of 119,630 baht per month. The term of the agreements is 3 years due in 2011 - 2014.

Rental to be paid in the subsequent year are summarized as follows :-

<u>Year</u>	<u>Baht</u>
2012	9,003,060.00
2013	1,033,560.00
2014	96,000.00

31.3 On June 28, 2010 the Company entered into a construction contract with a local company to construction of branch office amounting to Baht 14.20 million. As at December 31, 2011 the company paid the deposit of Baht 12.00 million in accordance with the terms of the contract. The Company has commitment to pay the outstanding balance of Baht 2.20 million.

32. LEGAL CASES

The Company has lawsuits for claims of damage from motor accidents by the insured parties as follows :

	<u>Baht</u>	
	<u>2011</u>	<u>2010</u>
The amounts in dispute	356,509,026.48	375,288,994.37
The amounts covered by insurance policies	52,833,703.35	53,041,934.45

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As at December 31, 2011 and 2010, the outcomes of these cases were not final which, in effect, the Company was not able to estimate the damages from the cases. Nevertheless, the Company believes that it shall partly be responsible for the amount in dispute. However, the Company recorded the loss reserve claims above in the amount of Baht 50.73 million and Baht 50.36 million, respectively.

33. FINANCIAL INFORMATION BY SEGMENT

The Company's operations involve a single industry segment in non-life insurance and are carried on in the single geographic area in Thailand. As a result, all of the revenues, operating profits and assets as reflected in these financial statements pertain to the aforementioned industry segment and geographic area.

34. DISCLOSURE OF FINANCIAL INSTRUMENTS

Subject to the Accounting Standard No. 107, "Presentation of transactions and disclosure of financial instruments", the Company has information in connection with financial instruments both in and off financial statement as follows :-

34.1 Accounting policies

Details of accounting policies are disclosed in Note 3.15.

The Company does not have any policies to engage in an off-financial statement financial instrument neither for speculation, trading nor risk prevention.

34.2 Credit risk

The Company's concentration of credit risk derived from premium due and uncollected is not significant as the Company's customers are in a wide range of industries and situated in different geographic areas of the country.

Credit risk derived from loan receivable and premium due are exposed from the concerned parties who do not follow the requirement in the contracts which can cause financial damages to the Company. The Company has a policy to protect this risk by requiring the contractors to pledge collateral to cover the loss from the loan receivable and premium due.

The loans receivable and premium due are presented at book value net from allowance for doubtful debts which are the highest value from risk breach of contracts.

34.3 Interest rate risk

Interest rate risk in the financial statement is derived from the change in interest rates which may cause damage to the Company in the current year and in the future period. The Company had assigned the Investment Board to overlook and consider the expected return on investment to be complied with the policy of the Board of Directors.

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DIRECTOR

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DIRECTOR

The financial instruments with interest and without interest are classified below :-

	Baht			
	Net book value as at December 31, 2011			
	Floating interest rate	Fixed interest rate	Interest - free	Total
<u>Financial assets</u>				
Deposits at financial institutions	37,625,754.67	-	8,840,391.81	46,466,146.48
Investments in securities				
- Fixed deposits and certificate of deposit	-	385,000,000.00	-	385,000,000.00
- Bonds	-	511,322,016.52	-	511,322,016.52
- Debentures - net	-	298,756,762.32	-	298,756,762.32
- Equity securities	-	-	59,586,119.40	59,586,119.40
- Unit trust	-	-	355,430,508.26	355,430,508.26
	<u>37,625,754.67</u>	<u>1,195,078,778.84</u>	<u>423,857,019.47</u>	<u>1,656,561,552.98</u>

The financial instruments carrying interest at fixed rates are classified below, according to the period from the financial statement date to the contractual reprising date, or the maturity date (whichever is earlier) :-

	Baht					Average
	At call	Within 1 year	2 - 5 years	6 - 10 years	Total	interest rate
						Percent
<u>Financial assets</u>						
Deposits at financial institutions	-	362,000,000.00	23,000,000.00	-	385,000,000.00	3.342%
Investments in securities						
- Bonds	-	216,500,840.83	274,904,855.28	19,916,320.41	511,322,016.52	3.193%
- Debentures - net	-	90,501,962.82	163,254,799.50	45,000,000.00	298,756,762.32	4.232%
	-	<u>669,002,803.65</u>	<u>461,159,654.78</u>	<u>64,916,320.41</u>	<u>1,195,078,778.84</u>	

34.4 Fair value of financial instruments

The Company uses the following procedure and assumption in estimating the fair value of financial instruments.

Cash at banks are presented at book value as the majority of the financial instruments are dependent upon floating interest rate or if they are fixed interest rate they have short-term duration.

Determination of the fair value of investment is as described in Note 3.6.

Premium due and uncollected are presented at book value as they have the collection period in short-term duration.

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DIRECTOR

35. IMPACT OF SEVERE FLOODING IN THAILAND

From the severe flooding in Thailand that occurred in the fourth quarter of 2011, The Company's management has estimated losses from the recent floods at Baht 671.49 million, of which approximately Baht 640.14 million is recoverable from reinsurers. The Company's management estimated that claims based on the preliminary claims by the surveyor as follows:

	Baht
Gross claims	671,493,627.94
<u>Less</u> Claim reserve refundable from reinsurers	<u>(594,779,139.34)</u>
Net claims	76,714,488.60
<u>Less</u> Claims reserve refundable under Excess of Loss contracts	<u>(45,358,649.79)</u>
Net claims expense in the statements of comprehensive income	<u>31,355,838.81</u>

36. RECLASSIFICATION OF ACCOUNTS

Some accounting transaction in financial statement for the ended December 31, 2010 had been reclassified in order to comply with transaction shown in financial statement for the year ended December 31, 2011.

	Baht	
	<u>As at December 31, 2010</u>	
	<u>As previously reported</u>	<u>Reclassified</u>
<u>Statement of financial position</u>		
Cash and deposits of financial institutions	137,837,649.31	-
Cash and cash equivalents	-	34,737,649.31
Premium receivable, net	147,902,317.62	148,168,660.78
Reinsurance assets, net	-	84,010,483.55
Amount deposit on reinsurance treaties	2,928.62	-
Due from reinsurers	266,488.37	-
Investment assets		
Investment in securities		
Available for sales investment securities	-	461,476,861.57
Held to maturity investment securities	-	1,024,302,539.82
Non marketable equity securities	-	2,223,020.00
Bonds	620,055,954.00	-
Stocks	29,559,956.54	-
Debentures	301,650,135.42	-
Unit trust	401,027,138.19	-
Allowance for change in value of investment	32,609,237.24	-

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DIRECTOR

	Baht	
	As at December 31, 2010	
	As previously reported	Reclassified
Outstanding claims from both sides	-	3,627,952.12
Other assets		
Advance	4,961,780.02	-
Other	11,877,150.05	16,838,930.07
Accrued income tax	-	5,079,017.12
Due to reinsurers	3,957,977.48	21,253,934.42
Insurance contract liabilities		
Loss reserves and outstanding claims	438,370,457.88	526,347,826.75
Amount withheld on reinsurance treaties	17,295,956.94	-
Other liabilities	63,992,864.05	58,571,839.90
<u>Statement of comprehensive income</u>		
Fee and commission income	-	26,879,995.64
Insurance claims and loss adjustment expenses	-	618,257,271.79
Losses incurred during the year	599,617,457.14	-
Losses adjustment expense	18,639,814.65	-
Commission and brokerages	159,456,321.19	186,336,316.83
Other underwriting expenses	35,763,046.96	27,511,125.84
Contribution to Road accident Victims Protection Co., Ltd.	-	25,744,915.57
Operating expenses	-	208,680,681.61
Personnel expenses	139,910,775.57	-
Premises and equipment expenses	61,250,878.92	-
Bad debt and doubtful accounts	14,981,936.77	-
Management benefit expenses	13,338,732.00	-
Other expenses	56,073,461.35	-
Net investment income	-	89,845,607.71
Invest and dividends	88,398,425.77	-
Gain (loss) on sales of investments	(1,896,344.16)	(2,005,004.22)
Other income	1,447,181.94	-
Investment expense	108,660.06	-
Other income	22,008,772.65	22,216,820.39
Gain (loss) on sales of fixed assets	-	(58,148.74)
Contribution to office of Insurance commission	-	3,315,229.12
Contribution to Non - life guarantee fund	-	1,952,025.88
Contribution to Road victims protection fund	-	2,204,045.05

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DIRECTOR

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DIRECTOR

	Baht	
	For the year ended December 30, 2010	
	As previously reported	Reclassified
<u>Statement of cash flows</u>		
Operating activities		
Direct premium written	1,161,274,629.08	1,161,265,719.38
Receipt (payment) from reinsurance	(5,622,426.87)	17,048,582.86
Loss incurred from direct insurance	(569,831,282.88)	(592,151,375.88)
Other underwriting expenses from insurance	(35,763,046.96)	(28,291,746.91)
Net investment income	87,859,166.13	1,896,344.16
Interest income	-	31,502,975.60
Dividend income	-	54,459,846.37
Other investment income	-	1,896,344.16
Other income	22,008,772.65	22,158,671.65
Operating expenses	(263,705,702.53)	(271,668,908.61)
Investment activities		
Cash flows from		
Investment in securities	637,414,543.77	782,414,543.77
Deposits at financial institutions - net	145,000,000.00	-
Cash flows used in		
Investment in securities	(999,590,326.03)	(999,690,326.03)

37. APPROVAL OF THE FINANCIAL STATEMENTS

These financial statements were authorized for issue by the Board of Directors on February 24, 2012.

SOMBOON FUSRIBOON
DIRECTOR

SUMALEE JAROENCHAIPONG
DIRECTOR