

บริษัท บางกอกสหประกันภัย จำกัด (มหาชน)
BANGKOK UNION INSURANCE PUBLIC CO.,LTD.



รายงานประจำปี 2548
2005 Annual Report

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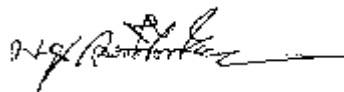
Report of the Board of Director

To: The shareholders

In 2005, Thai economy has slowed down from the last year. This can be seen from the information compiled by the Office of National Economy and Society Development Board indicating that the Gross Domestic Product (GDP) has expanded at 4.5 percent which is less than those of the last at 6.2 percent. The major factors has come from the domestic demands including: the slow down in the private consumption; the impact of the continuous increase of oil price; the concern on higher living cost and product price; and the slow down of government spending and capital investment. The net foreign demand has decreased as the export sector and the service sector declined. The agricultural sector has expanded lesser due to the impact from the drought catastrophe.

However, the insurance industry has maintained the growth rate continuously at 10.79 percent due to the tsunami tragedy, the crisis of avian influenza outbreak, and the floods. These disasters have driven people to pay more attention on insurances. Certainly, the company has also realized the importance of insurance for people. Therefore, the company has restlessly developed our products, our services, and our internal business process in order to meet our customer demand on purchasing the company insurance services; and to create the highest advantage to our customers. The company has not only set the standard to consider insurance discretely but the company also strengthen the company fund to remain in the high level of security that adequate to the risk of its business nature. Consequently, the company has increased our registered capital for 100 Million Baht in 2005 and project to put more 200 Million Baht in by the year 2006.

On behalf of the Board of Director, I would like to take this opportunity to thank you all the shareholders for all of your supports as well as our customers, representatives, agencies and partners for their trust on our company' products and services, and also our employees for their contribution on doing their job effectively. All of these support enable our company to grow and progress in a sustainable way therefore the company would like to take this opportunity to thank you all of you.



(Mr. Manu Leopaiprote)

Chairman of the Board of Director

Report from the Audit Committee

To: The shareholders

The Audit Committee is composed of four executive directors:

- | | |
|----------------------------------|---------------------------------|
| 1. Mr. Thavich Taechanavakul | Chairman of the Audit Committee |
| 2. Asso. Prof. Pramom Kowinwipat | Audit Committee |
| 3. Mr. Pichit Sinpatanasakul | Audit Committee |
| 4. Mr. Soontorn Konantakiat | Audit Committee |

The Audit Committee held 8 meetings during 2005 and the matters are summarized as follows:

1. Performance comply with the regulations of The Stock Exchange of Thailand

1.1 To discuss and meeting with company top management

Meeting are held to express an opinion between Audit Committee, company's executive management i.e. Managing Director, Certified Public Accountant and internal auditor under the subject of operating results, Investment Plan, Organization Structure and all projects arising to support company's growth. The Audit Committee has made further additional recommendations as follows:

- a. Marketing planning, Expanding good and quality clients.
- b. Considering Company Investment plan by follow up their competence under the company capacity
- c. Considering Company Public Relation budget and advertising evaluation.
- d. Considering depreciated adjustment of BUI 2's building and impact against annual budget of the year 2006
- e. Evaluating internal audit system subject to reasonable payment of vehicle's spare part.
- f. Clients' classification, to classify services and privileges to supreme clients who provide valuable premium per policy. In order to motivate and appreciated our clients.
- g. To advise how to increase additional investment in TPI before proposing to the Board of Directors for further approval.

1.2 During 2006, to review all financial statements presented quarterly, half yearly and annually as at December 31, 2005 by the auditors of Earnt & Young Co.,Ltd by ensuring that they are in accordance with all principal accounting standards and Stock Exchange of Thailand regulations including comply with disclosure requirements prescribed by relevant regulators before submitting them to the Board of Directors for approval. Furthermore, to discuss with Ms.Nongluck Phumnoi, the representative of Earn and Young Co., Ltd. relate to financial report, the appropriate of accounting, internal



audit and assure that this financial statements perform to obtain reasonable assurance that the annual accounts are free of material misstatement. The internal audit is ordered to comply with Department of insurance and Stock Exchange of Thailand regulations in order to meet the Thai and international standard as well as evidence supporting the amount and disclosures in the accounts.

1.3 During 2006, the audit committee has proposed and submitted to the Board of Directors to appoint Mr.Pichai Dachanapirom license NO.2421 or Mr.Pojana Asavasontichai license No.4891 or Ms.Chantra Wongsriudomporn license No.4996 of Dharmniti Auditing Company limited to be the Certified Public Accountant subject to audit fees baht 450,000 order to present to the next Board of meeting approval.

1.4 The Audit Committee has assigned as the auditor to evaluate the internal control system and the investment procedure in other business as required by the Department of Insurance. The Audit Committee has considered the assessing report of the internal audit practice and procedure of investment in other businesses as the fiscal year end of 31 December 2005 as required by the assessment principles of the Department of Insurance on the effectiveness of the internal audit system and investment activities. Moreover, the Audit Committee has already made adjustment on the two above-mentioned issues. Therefore, the company has agreed and approved the assessing report of the internal audit system and procedure of investment in other businesses as the year end of 31 December 2005. The Audit Committee will submit the report to the Department of Insurance with in 31 March 2006.

1.5 The Audit Committee has conducted the self-assessment. In this assessment, there are several key performance indexes where consideration and ethical concern have been applied to ensure the efficiency of the assessment and to achieve the established goals. The Audit Committee has conducted self-assessment twice a year based on rules of the Stock Exchange of Thailand. The result of the Audit Committee performance is in the range of good to excellence.

1.6 From the reports and progress monitoring, the Audit Committee found that the auditing process are in accordance with the procedures written in the handbook of the internal business process as well as the purposes and framework as scheduled in the annual audit plan. In addition, the department of the internal control has presented the overall performance. The Audit Committee has an opinion that the internal audit system as required by rules, regulations and procedures are complete to achieve the objectives of business operation and have potential to lead the company to conduct its business operation as required by the Good Corporate Governance more effectively.

2. Duties and Responsibilities are as follows:

2.1 To supervise the preparation of financial statement to ensure the sufficiency, reliability, and punctuality of the delivered financial information for supporting the company's business policy

2.2 To oversee the company to have the appropriate and effective internal audit system

2.3 To prevent the occurrences of the conflict of interest.

2.4 To prepare the report of the Audit Committee and disclose it in the company's annual report.

2.5 To recommend the internal control system and the investment activities of the company

2.6 To manage risks to remain in the certain level that does not impact the company's operation

The Audit Committee has recognized the significance of Good Corporate Governance as the Audit Committee realizes that the Good Corporate Governance is an imperative foundation for the sustainable growth of the company.



Mr. Tavich Taychanavakul
Chairman of the Audit Committee

General Information

Name	Bangkok Union Insurance Public Company Limited
Type of business	Non-Life Insurance
Head Office	175 - 177 Bangkok Union Insurance Building, Surawongse, Bangrak, Bangkok 10500 Tel : 0-2233-6920-9, 0-2238-4111 Fax : 0-2237-1856 Website http://www.bui.co.th/ E-mail : bui@bui.co.th
Branch Offices :	
1. <u>Nakornsawan Branch</u>	36/13-14 Kositai Road, Tumbol Paknampo Amphur Muang, Nakorsawan 60000 Tel : 0-5633-1885-7 Fax : 0-5622-7098
2. <u>Amphur Klongluang Branch</u>	25-27 Moo 12, Phaholyothin Road, Tumbol Kolngneung, Amphur Klongluang, Phatumthani 12120 Tel : 0-2529-0963, 0-2529-1615 Fax : 0-2529-3082
3. <u>Chonburi Branch</u>	192/3 Moo 1 Sukhumvit Road, Tumbol Klongtumru Amphur muang, Chonburi 20000 Tel : 0-3827-8440, 0-3827-8441 Fax : 0-3827-8441
4. <u>Suratthani Branch</u>	182/100 Moo 2 Surath-Punpin Road, Tumbol Makhamtia Amphur Muang, Suratthani 84000 Tel : 0-7722-0159, 0-7722-0149 Fax : 0-7722-0149
Paid Capital	Baht 100,000,000 (One hundred Million Baht)
Type of Shares	Common Shares : 10,000,000, Valued at Baht 10 per share
Ordinary Shares Registrar	Securities Depository (Thailand) Co.,Ltd. 62 Rachadapisek Road, Klongton, Klongtoey, Bangkok 10110 Tel : 0-2359-1200-01 Fax : 0-2359-1259
Auditor	Mr Sophon Permsirivallop 33 rd Floor, Lake Rajada Office Complex 193/136-137 Rajadapisek Road (Near Queen Sirikit National Convention Centre) Bangkok 10110 G.P.O.Box 1047 Bangkok 10501 Thailand Tel : (66) 0-2264-0777 (66) 0-2661-9190 Fax : 66) 0-2264-0789-90 (66) 0-2661-9192 E-mail : eybkk@mozart.inet.co.th



Risk factors

1. Risk from the liberalization of Insurance Industry

The objective of policy's WTO is negotiation complete in 2005, particularly in term of Agriculture Product, Industrial Product including Services Equivalent. Risks from the liberalization of Insurance Industry are following:

1. Due to high competition of foreign company, the Company takes advantages, which are capital source, technology and human capacity.
2. The change of number's insurance company is joining with the investor's group of Thai Insurance Company or joins with the Foreign Company, which can increase of the service with in the same network.
3. The change of government regulation is to confirm with the regulation of WTO.

Solution

1. The Company has taken various measures to handle situation by support the development of human capacity within organization, emphasize on create the high vision of official and practice the skill of official. Due to various situations, the company has analyses the market channel.
2. The Company emphasize on proficient, which are Underwriting Risk and Management Risk to keep the high retention risk in our company and to create the relationship with the reinsurance company. Moreover the company can serve diversification in investment to confirm the each of customer taste.

2. Underwriting Risk

1. Risk from alteration of peril affected to high damage, such as uncontrollable risk by human who is intentionally or not, including natural risk will be more and more strength follow to the situation of the earth.

2. Ever since the eruption currency crisis in Asia mid 1997, the insured consider about decreasing cost when they make decision to buy insurance. On the other hand the reinsure make limitation and option for changing power in high standard, such as increasing in rate of premium insurance, strict in term of payment, and strict in information of survey report.

Solution

1. Setting stricter underwriting criteria for high risks and increasing premium rate to confirm the premium rate of reinsurance
2. Maintaining a reinsurance alliance within our country.



3. Concentrate on minor client example: Motor Insurance, Health Insurance and Miscellaneous Insurance et
4. The company has prepared and developed personality of staffers, especially the middle management to practice the skill of underwriter, and practice the skill of surveyor.
5. The company has the principal of underwrite by capacity for control that not affect to the financial status.
6. The company has reinsured with foreign reinsure, which are well known and stable for high sum insured.

3. Risk from the situation of uncertainty in war.

The world has to face to the situation of uncertainty in middle EAST war. Although the war will be more strength or not, the company has not avoidable in affect of its.

4. Risk from the changing in technology.

At present, technology have important in every business which to go forward and change almost the time. The changing in technology may be affected to the cost of services of the company. The company must be follow the technology, and set up the direction for business to support that too. Training consistency in knowledge of insurance is the other way to bring up the staffers to know in business well.

5. Risk from the information.

It is well accepted that the information technology system has its own merit on enhancing efficiency and effectiveness for the operation to its highest level. Unavoidably, businesses have to adopt such system into their own business operation. However, this system also provides such risks as information damage or loss, make use of information by unauthorized person, and/or mishandle insider's information.

Solution

The company has realized that it is necessary to have controlling measurement in order to make the most of the information technology system. This measurement includes various activities that handling the information such as prevention, search, update, and adjustment. These efforts are to ensure that the company's information is reliable, and can be used when needed. Therefore the company has assigned a person to supervise the information security in particular. The company has also enhanced the importance of information back-up storage. The procurement and installation of both needed hardware and software is implemented in order to increase the security level for the information. Moreover, there are also clear policy and guidelines on handling and monitoring of insider information.

6. Credit risk

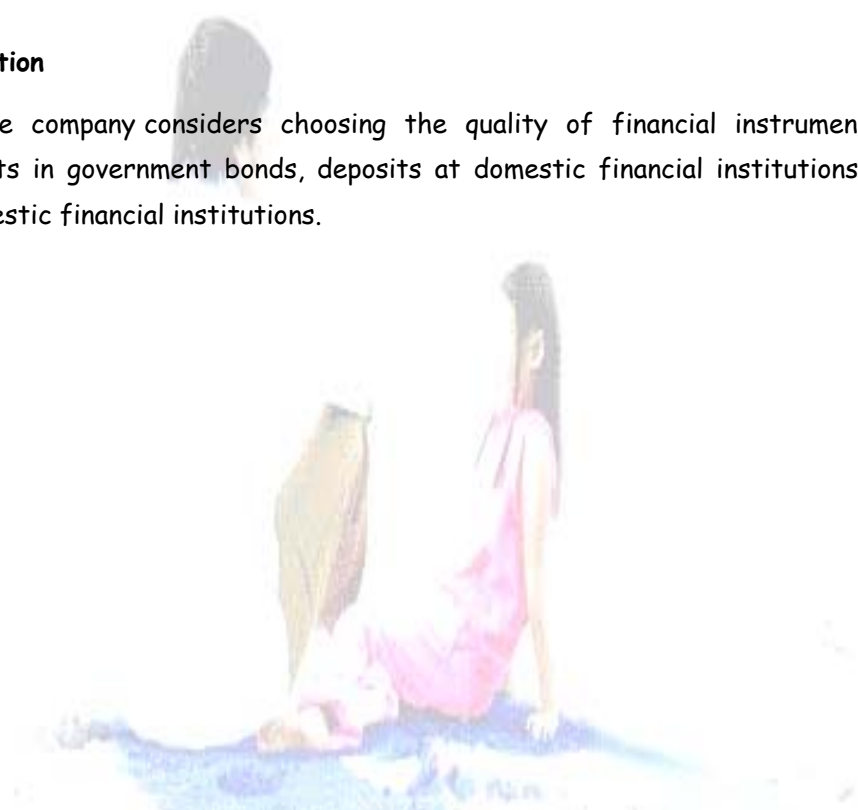
Concentrations of credit risk with respect to premiums due and uncollected are insignificant, due to the large number of customers comprising the customer base and their dispersion across different industries and geographic regions in Thailand. The maximum exposure to credit risk is the book value of assets after deduction of allowance for doubtful accounts as presented in the balance sheets.

7. Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate and the Company's cash flows will affect due to changes in market interest rates.

Solution

The company considers choosing the quality of financial instrument such as investments in government bonds, deposits at domestic financial institutions and loans from domestic financial institutions.



Related Party Transactions

1. Characteristic Transaction

During a year period, the company had related transaction in a form of shareholders and / or share member of board - that were consistent basis operation of which based on the highest benefit for the company itself and at the same time strictly comply with the regulation of the business supervised by the Department of Insurance. The related transaction incurred were insurance premium of the related companies which the insurance cover and premium rate are as follows:

Unit : Thousand Baht

Transaction	2005	2004
Premium written	108,290	109,093
Rental and service income	5,173	5,212
Professional expenses	6,000	6,000
Rental expenses	1,800	1,800
Interest expenses	456	244
Short-term loans	6,500	2,000

2. Necessity and Reason of Related Transaction

The related business transactions supported the operation of the company including keep and extend our customer groups. The insurance premiums provided to customers were approved and comply with the regulation and condition of Department of Insurance. Besides, the company also had internal control and supervision system to ensure to efficiency of the operation.

3. Standard of Approval Process of Related Transaction

In Term of limitation of coverage and insurance premium, the underwriter will carefully underwrite by considering on the particular risks including property survey, The approval of each steps were compliance with both company's regulation and Department of Insurance.

4. Related Transaction Policy in future

The company will operate business with related companies by necessity and reason explained as the above and would run the business with honesty to customers, business partners and shareholders and maintain every benefit of company as our priority.

Financial Information

Unit : million Baht

	2005	2004	2003	2002	2001
Operation Results					
Total Gross Premium	479.09	556.06	998.94	1,059.81	841.88
Net Premium Written	289.57	300.15	351.35	431.11	400.51
Underwriting Income	308.39	317.32	393.13	442.87	344.92
Loss Incurred and Loss adjustment expenses	99.26	136.57	189.68	215.75	142.84
Underwriting Expenses	114.56	134.17	236.68	260.00	168.16
Income on Underwriting	193.83	183.15	156.45	182.88	176.76
Income on Investments	9.54	9.21	15.09	10.13	14.92
Other Income	48.18	45.72	42.39	42.03	37.43
Gains (losses) on securities trading	(34.17)	0.46	6.37	(5.86)	1.54
Total Income	536.82	611.46	1,056.42	1,111.97	894.23
Operating expenses	174.43	195.56	204.01	210.48	220.81
Net Income	26.96	29.66	8.49	18.70	8.29
Financial Status					
Total Assets	1,181.62	1,090.22	1,490.06	1,569.36	1,266.52
Total Liabilities	648.24	761.54	1,082.45	1,355.97	1,091.86
Shareholder's Equity	533.38	325.68	407.61	213.39	174.66
Financial Ratio					
Ratio between Income on Underwriting to premium Written (%)	66.94	61.02	44.53	42.42	44.13
Ratio between Net Profit to Total Income (%)	5.02	4.85	0.80	1.68	0.93
Loss Ratio (%)	32.19	43.04	48.25	48.72	41.41
Return on Assets (%)	2.28	2.72	0.57	1.32	0.65
Return on Equity (%)	5.06	9.11	2.08	9.64	4.55
Pay-out Ratio (%)		94.42	47.11	21.39	-
Net Profit per share (Baht)	2.70	3.71	1.06	2.34	1.04
Book Value per share (Baht)	53.34	40.71	50.95	26.67	21.83
Dividends per share (Baht)		3.50	0.50	0.50	-



Nature of Business

Nature of Product or Service

Bangkok Union Insurance Public Company Limited has two businesses, first is non-life insurance business, and second is rental and services business in two Buildings (BUI 1 and BUI 2).

For insurance Business, the company providing to both Corporate and Consumer Clients through a diversified range of tailored products such as fire, marine, automobile, miscellaneous insurance and reinsurance etc. of which cover the specific requirements and economic background of each insured. The summaries of our basic insurance policies are as follows:

1. Fire Insurance

Provide cover for losses or damages to insured properties i.e. buildings, goods in stock, furniture etc. that caused by fire, lightning and explosion.

2. Marine Insurance

Provide cover for losses or damage to insured goods transported and delivered by sea, land and air, the storage of these goods and the means by which they moved. It covers the hulls of large cargo ships down to private pleasure, all classes of aviation insurance and cargo policies of various types.

3. Motor Insurance

Provide protection for loss or damage to the insured vehicles and its accessories resulting from fire, theft, malicious and accidental damage as well as cover for third party liability; body injury and / or property damage. The automobile insurance is divided to 2 types:

1. Compulsory: According to Act of Protection for Automobile Victims B. E. 2535
2. Voluntary: The insurance covers are varied from type 1, 2 and 3 depending on car owner decision.

4. Miscellaneous Insurance

Provide cover for other losses or damages excluded from the above lists such as personal Accident, Health, travel accident, liabilities to third parties, construction and installation, industrial all risks etc.

Industry environment trends and future competitive outlook

1. Industry competitive status

The current competition trend in insurance industry has fiercer. Each company has competed both in term of product development and services that meet customer's needs more perfectly. To attract customers, some companies has lowered the premium lower than those offered by their competitors. Moreover, there are some insurance companies have merged with the foreign insurance firms that have greater potential in term of technology, personnel, and capital fund. This is another force that intensifies the competition.

For Thai economy in 2005, it has slowed down from the last year. The information from the Office of National Economy and Society Development Board showed that the Gross Domestic Product (GDP) has expanded at 4.5 percent which is less than those of the last at 6.2 percent. The major factors has come from the domestic demands including: the slow down in the private consumption; the impact of the continuous increase of oil price; the concern on higher living cost and product price; and the slow down of government spending and capital investment. The net foreign demand has decreased as the export sector and the service sector declined. The agricultural sector has expanded lesser due to the impact from the drought catastrophe.

However, the growth rate of insurance industry, complied by the Sector of Insurance Promotion and Information, the Department of Insurance, showed that during the period of January - November 2005 the total sales of direct premium total income of Baht 79,393 million, increasing by 10.79 percent comparing to that of Baht 71,660 million in the last year. The compensation expense is of Baht 39,922 million or Loss Ratio is at 52.84 percent. The overall of insurance industry has tended to positively expand due to consumers pay more attention on insurance as a result of natural disasters both with in the country and aboard. Consumers has realizes advantages and importance of insurance; therefore, the expansion the premium has continued to grow.

2. Market Shares

The market shares of Bangkok Union Insurance Public Co., Ltd. in non-life insurance industry = 0.52 % and ranking: 47, that divided by type or core products were as follows

- | | |
|----------------------------|----------------------------------|
| 1. Marine Cargo Insurance | Ranking: 16, Market Share: 1.71% |
| 2. Fire Insurance | Ranking: 23, Market Share: 1.13% |
| 3. Miscellaneous Insurance | Ranking: 30, Market Share: 0.65% |
| 4. Motor Insurance | Ranking: 45, Market Share: 0.29% |

Source: Written Premium January - November 2005, Department of Insurance.



Income Structure

Unit : Baht

Table of Income	2005			2004			2003		
	Amount	Size	% Diff	Amount	Size	% Diff	Amount	Size	% Diff
Premium Written									
Fire	98,475,411	18.34	11.39	88,403,698	14.46	(13.90)	102,671,110	9.72	19.65
Marine	62,802,325	11.70	(57.44)	147,567,741	24.13	59.41	92,571,987	8.76	22.23
Motor	148,030,570	27.58	(15.83)	175,875,407	28.76	(13.68)	203,749,713	19.29	(34.45)
Miscellaneous	169,786,541	31.63	17.73	144,213,605	23.59	(75.96)	599,944,367	56.79	2.13
Total Premium Written	479,094,847	89.25	(13.84)	556,060,451	90.94	(44.33)	998,937,177	94.56	(5.74)
Other Income	57,723,969	10.75	4.21	55,393,759	9.06	(3.63)	57,479,857	5.44	24.13
Total Income	536,818,816	100.00	(12.21)	611,454,210	100.00	(42.12)	1,056,417,034	100.00	(4.49)



The Shareholders and Management

1. Shares holders

At the last of closing in the Shares Registrar Book, March 22, 2005, the top-ten major shareholders are as follow :-

No.	Name of Shareholders	Amount	Percentage
1	Liewpairat Enterprises Co., Ltd.	1,783,305	17.83
2	Hong Yiah Seng Real Estates and Investment Co., Ltd.	1,598,220	15.98
3	BUI Life Insurance Co., Ltd.	918,750	9.19
4	Mr. Prachai Leophairatana	405,000	4.05
5	Ms. Malinee Leopairat	311,637	3.12
6	Mr. Sukit Kmomsiriwat	270,050	2.70
7	Dr. Chavin Iamsopana	236,325	2.36
8	Bangkok Union Broker Co., Ltd.	198,354	1.98
9	Patjakit Paisarn Broker Co., Ltd.	187,367	1.87
10	Mr. Kitcha Konantakiat	150,000	1.50

2. Management

Management Structure

Board of Directors

1.	Mr. Manu	Leopairote	Chairman, Independent Director
2.	Mr. Chainarong	Taepaisitpong	First Vice Chairman
3.	Mr. Prateep	Leophairatana	Second Vice Chairman
4.	Mr. Prachai	Leophairatana	Chairman of Executive Board
5.	Mr. Tavich	Taychanavakul	Director
6.	Assoc. Prof. Pranom	Kowinwipat	Independent Director
7.	Mr. Soonthorn	Konuntakiet	Independent Director
8.	Mr. Pichit	Sinpatanasakul	Director
9.	Ms. Malinee	Leophairatana	Managing Director
10.	Mr. Kitcha	Leelavanichkul	Director
11.	Dr. Chavin	Iamsopana	Director
12.	Mr. Pong	Laowarawit	Director
13.	Mr. Suvit	Taepaisitpong	Director
14.	Mr. Saman	Opaswongse	Director
15.	Mr. Chakdej	Suthirak	Director

Executive Board

1.	Mr. Prachai	Leophairatana	Chairman
2.	Mr. Chainarong	Taepaisitpong	Executive Director



3. Mr. Prateep	Leophairatana	Executive Director
4. Ms. Malinee	Leophairatana	Executive Director
5. Mr. Kitcha	Leelavanichkul	Executive Director
6. Dr. Chavin	Iamsopana	Executive Director
7. Mr. Chakdej	Suthirak	Executive Director

Audit Committee

1. Mr. Tavich	Taychanavakul	Chairman
2. Assoc. Prof. Pranom	Kowinwipat	Audit Committee Member
3. Mr. Soonthorn	Konantakiat	Audit Committee Member
4. Mr. Pichit	Sonpatanasakul	Audit Committee Member

Leadership and Vision

The Board of Directors, consisting of directors who has expertise and strong experience in business operation, has participated in establishing policy, strategies, operating goals as a framework for the business operation. This is to ensure that management team can implement the company's policy effectively and efficiently to create the economic values for the company and its shareholders. As the Board of Directors has realized the importance of the Good Corporate Governance, then the internal control system are established for the internal audit supervised by the Audit Committee to ensure the appropriation and the effectiveness of the system. There is a continuous monitor on this issue in the Board of Directors' Meeting.

Board of Directors' Meeting

The Board of Directors must meet at least one time in three months period where its meeting dates must be on the first Thursday of the month. The ad-hoc meetings are call as necessary. Invitations to attend the Board of Directors' Meeting must be delivered at least seven day prior to the meeting date together with adequate supporting information for the meeting. Generally, the meeting is last for two hours. In addition, the minutes of the meeting with all significant information are prepared and the previous minutes of meeting, approved by all of the directors, are also kept systematically for reference.

Board of Directors' Reports

The Board of Director is responsible for the financial statement and financial information which published in the annual report. The company's financial report has been prepared in accordance with the standard of general accepted accounting principles in Thailand. The Board also considers the appropriation of accounting policy to apply and ensure the consistent implementation of that policy. Moreover, the Board also uses the thorough judgment and good estimation in preparing such financial statement. The Board also provides adequate notes to financial statement.

Balance of Power from Non-Management Directors

Board of Directors should consist of no fewer than 15 directors, of whom seven directors with management position and eight directors who are non-management directors. Among the eight non-management directors, there will be five independent directors (where their independence is based on the rules of the Stock Exchange of Thailand) or one-third of the directors. The four independent directors also perform as the Audit Committee.

Unification and Separation of the Significant Official Position

Chairman of the Board of Directors is the independent director. Duties of Chairman of the Board and Chief Executive Officer have been clearly separated where a policy is the two persons holding these two offices must not be the same. The recruitment and appointing persons to become the directors of the company do not go through the process of the recruit committee. However, the company has established the recruit guidelines for these positions in accordance with the rules and regulations of the company.

Management Team, as of December 31, 2005

1. Ms. Malinee	Leopairat	Managing Director
2. Mr. Chakdej	Suthirak	Senior Manager, Underwriting Department
3. Dr. Chavin	Iamsopana	Senior Manager, Claims Department
4. Ms. Tanyaratt	Iamsopana	Acting Manager, Marketing Department
5. Mr. Anan	Lua-Arunsawat	Manager, Claims Department
6. Ms. Sujintana	Champeesri	Manager, Finance & Accountancy Department
7. Mr. Mongkol	Chuapromma	Manager, IT Department
8. Ms. Supawadee	Vichitsoonthornkul	Manager, Office of the Managing Director
9. Mr. Pakdee	Kanchanaphairoj	Manager, Organization Development Department

Name - Surname	Mr. Manu Leopairote
Position	Chairman, Independent Director
Nationality	Thai
Age	62
Qualification	<ul style="list-style-type: none">● M.Sc. (Econ.) University of Kentucky, U.S.A.● B.S.C Economics (Honour) Thammasat University● Certificate, Industrial Development, "Nagoya, Japan"● National Defense College class 34● Certificate, Directors Certification Program - DCP Class 30, Thai Institute of Directors Association (IOD)

Working Profile

At past	
2003-2004	Director, Thammasat's Association
1999-2004	The Permanent Undersecretary, Ministry of Industry
2002-2003	Chairman, Organization of Addition Product Agricultural of Asia, Tokyo, Japan
1999-2003	Chairman, The Sugar Institute Co., Ltd.
1973-2001	Part-time Instructor, Assumption University (ABAC)
1994-1999	The Director General of a Government department, Department of Industrial Promotion
1992-1997	Director, Faculty of Economics, Thammasat University
1995-1996	Chairman, International Sugar Organization Council, England
1993-1994	Inspector Government, Ministry of Industry (Level 10)
1986-1993	Deputy Director General of a Government department, Department of Industrial Promotion
1987-1989	Part - time Instructor, Bangkok University (English)
1984-1986	Secretary-general, Office of the Cane and Sugar Board
1982-1982	Director, Office of the Cane and Sugar Board
1969-1974	Part - time Instructor, Faculty of Economics, Thammasat University
At present	
20 sep 2003-present	Legislative and Judicial Council, society 5 (Business and Industry Law)
present	Chairman, Small and Medium Enterprise Development Bank of Thailand
present	Director, PTT Exploration and Production Public Company Limited
present	Director, PTT Chemical Co., Ltd.
present	Chairman, Independent Director Bangkok Union Insurance Public Co., Ltd.
present	Chairman, Independent Director Bangkok Union Insurance Public Co., Ltd.
present	Chairman, Thai Oil Power Co., Ltd.
present	Director, Thai Oil Public Co., Ltd.
1994-Present	Chairman of Executive Director, Technonet Asia, Singapore
1986-Present	President, Thammasat's Economics Alumni 1994

2001-Present President, Thammasat's Economics Association

Name - Surname	Mr. Chainarong Taepaisitpong
Position	First Vice Chairman
Nationality	Thai
Age	63
Qualification	<ul style="list-style-type: none"> ● MBA Syracuse University, U.S.A. ● Bachelor of Economics Thammasat University
Working Profile	<p>1994-Present First Vice Director, Bangkok Union Insurance Public Co., Ltd.</p> <p>1973-1994 Director, Bangkok Union Insurance Public Co., Ltd.</p> <p>1994-Present Director, TPI Holding Co., Ltd.</p> <p>1990-Present Director, TPI Polene Public Co., Ltd.</p> <p>1986-Present Deputy Managing Director, Thanapornchai Co., Ltd.</p> <p>1980-Present Director, Thai Petrochemical Industry Public Co., Ltd.</p> <p>1974-Present Managing Director, Thai Patana Intertrade Co., Ltd.</p> <p>1967-Present Director, Betrargo Co., Ltd.</p>

Name - Surname	Mr. Prateep Leopairot
Position	Second Vice Chairman
Nationality	Thai
Age	59
Qualification	<ul style="list-style-type: none"> ● M.S. (Engineering), Stanford University, U.S.A. ● Bachelor of Engineering, Chulalongkorn University ● National Defense College Government and Private ● Certificate, Directors Accreditation Program - DAP Class 28, Thai Institute of Directors Association (IOD) ● Certificate, Directors Certification Program - DCP Class 53, Thai Institute of Directors Association (IOD)
Working Profile	<p>1994-Present Second Vice Chairman, Bangkok Union Insurance Public Co., Ltd.</p> <p>1987-1994 Director, Bangkok Union Insurance Public Co., Ltd.</p> <p>2001- Present Director, TPI Polene Public Co., Ltd.</p> <p>1994-Present President, TPI Holding Co., Ltd.</p> <p>1996-Present President, TPI Oil Refinery Co., Ltd.</p> <p>1995-Present President, TPI Electricity Co., Ltd.</p> <p>-Present Executive Director, Thai Special Steel Industry Public Co., Ltd.</p> <p>-Present President, TPI Oil Co., Ltd.</p> <p>1991-Present Director, TPI Concrete Co., Ltd.</p> <p>1990 - 2001 Executive Director, Thai Caprolactum Public Co., Ltd.</p> <p>1990 - 2000 Director, Udeh (Thailand) Co., Ltd.</p>



1988-Present President, Thai Polyurethane Industry Co., Ltd
 1986-Present Director, Thanapornchai Co., Ltd.
 1981-Present President, Plastics Intertrade Co., Ltd.
 1978-Present President, Thai Petrochemical Industry Public Co., Ltd.
 -Present Executive Director, Union Grains Woven Bag Industry Co., Ltd.
 -Present Executive Director, Rangsit Pratumporn Housing Co., Ltd

Name - Surname	Mr. Prachai Leophairatana
Position	Chairman of Executive Director
Nationality	Thai
Age	61
Qualification	<ul style="list-style-type: none"> ● Master of Engineering University of California (Berkeley), U.S.A. ● Bachelor of Engineering (First Honour) University of Canterbury, Newzealand. ● Certificate, Directors Accreditation Program - DAP Class 35, Thai Institute of Directors Association (IOD)
Working Profile	<p>2000-Present Chairman of Executive Board, Bangkok Union Insurance Public Co., Ltd.</p> <p>1987 - 2000 Chairman of Board of Director, Bangkok Union Insurance Public Co., Ltd.</p> <p>1970-Present Director, Bangkok Union Insurance Public Co., Ltd.</p> <p>1987-Present Chief Executive Officer, TPI Polene Public Co., Ltd.</p> <p>1996-Present Chairman, TPI Oil Refinery Co., Ltd. -Present Chairman, TPI Olyfill Co., Ltd. -Present Chairman, TPI EOG E Co., Ltd. -Present Chairman, TPI Tank Terminal Co., Ltd.</p> <p>1995-Present Chairman, TPI Technology Co., Ltd. -Present Chairman, TPI Electricity Co., Ltd. -Present Chairman, TPI Aromatic Co., Ltd -Present Chairman, Thai Special Steel Industry Public Co., Ltd. -Present Chairman, TPI Infrastructure Co., Ltd. -Present Chairman, Thai Propoxide Co., Ltd. -Present Chairman, TPI Commercial Co., Ltd.</p> <p>1994-Present Chairman, Rayong Tank Terminal Co., Ltd. -Present Chief Executive Officer, TPI Holding Co., Ltd. -Present Chief Executive Officer, TPI Polene Public Co., Ltd.</p> <p>1994 - 2000 Senator</p>

1991-Present Chief Executive Officer, Thai ABS Co., Ltd.
 -Present Chairman, TPI Concrete Co., Ltd
 -Present Chairman, TPI Polypower Co., Ltd
 -Present Director, Hi-Tech Nissu Co., Ltd.
 1990-Present Chief Executive Officer, Thai Nitrate Co., Ltd.
 1989-Present Chairman, TPI Oil Co., Ltd.
 -Present Chairman, Rayong TPI Services Co., Ltd.
 -Present Chairman, Union Grains Industry Co., Ltd.
 -Present Chairman, Thai Plastic Film Co., Ltd.
 1988-Present Chairman, Thai Plastic Product Co., Ltd.
 -Present Chief Executive Officer, Thai Polyurethane Industry Co., Ltd.
 1987-Present Chief Executive Officer, TPI Polyol Co., Ltd
 1986-Present Managing Director, Thanapornchai Co., Ltd.
 1981-Present Chief Executive Officer, Plastic Intertrade Co., Ltd.
 1978-Present Chief Executive Officer, Thai Petrochemical Industry Public Co., Ltd
 -Present Chief Executive Officer, Thai Polyurethane Industry Co., Ltd

Name - Surname	Mr. Tavich Taychanavakul
Position	Director, Chairman of the Audit Committee
Nationality	Thai
Age	56
Qualification	<ul style="list-style-type: none"> ● Bachelor of Business Administration Kinki University Osaka Japan ● National Defense College Government and Private Class 366 ● Certificate, Directors Accreditation Program - DAP Class 6, Thai Institute of Directors Association (IOD)
Working Profile	<p>1999-Present Chairman of the Audit Committee, Bangkok Union Insurance Public Co., Ltd.</p> <p>1997-Present Director, Bangkok Union Insurance Public Co., Ltd.</p> <p>1991-Present Chairman of Executive Board, Hi-Tech Nissu Co., Ltd -Present Chairman of Executive Board, Ayudhaya Technical Training Center -Present Secretary-General, Thai Industrial Estates Association</p> <p>1980-Present Managing Director, Thai Industrial Estates Co., Ltd.</p> <p>1988-Present Chairman of Executive Board, Royal Group of Companies Co., Ltd.</p>

Name - Surname	Assoc. Professor Pranom Kowinwipat	
Position	Independent Director, Audit Committee Member	
Nationality	Thai	
Age	63	
Qualification	<ul style="list-style-type: none"> ● Master of Business Administration (Accounting) Georgia State University, Atlanta, Georgia. U.S.A. ● Bachelor of Commercial and Accounting Thammasat University ● Certified Public Accountant ● Practice for value added acknowledge in an account at Texas University, Austin, U.S.A. ● Certificate, Directors Accreditation Program - DAP Class 6, Thai Institute of Directors Association (IOD) ● Certificate, Directors Certification Program - DCP, Thai Institute of Directors Association (IOD) ● Seminar "Audit Committee in a New Era of Governances" at Harvard Business School U.S.A. 	
Working Profile	Past	Associate Professor, Commercial and Accounting Faculty, Thammasat University
	Past	Deputy Dean of a University Faculty, Commercial and Accounting Faculty, Thammasat University
	Past	Committee of an interview scholarship, Office of the Civil Service Commission (OCSC), Accounting, Master's degree level and Doctor's degree level.
	Past	Director and Chairman of the Audit Committee, Metropolitan Electricity Authority
	Past	Committee of testing Tax Auditor, Revenue Department
	Present	Director and Audit Committee Member, Metropolitan Electricity
	Present	Director and Audit Committee Member, Thai Coating Industrial Public Co., Ltd.
	Present	Independent Director and Audit Committee Member, Bangkok Union Insurance Public Co., Ltd.
	Present	Director, B.K.T.Thanapatra Co., Ltd.
	Present	Part - time Instructor, Commercial and Accounting Faculty, Thammasat University
	Present	Professor, Faculty of Accountancy and Management, Mahasarakham University
	Present	Audit Committee Member, DASTA
	Present	Consultant Committee Member, Commercial and Accounting Faculty, Thammasat University
	Present	Consultant of President, Thammasat University

Name - Surname	Mr. Soonthon Konantakiat
Position	Independent Director, Audit Committee Member
Nationality	Thai
Age	48
Qualification	<ul style="list-style-type: none"> ● Business Administration University of Detroit, Michigan, U.S.A. ● Certificate, Finance for Non Finance Directors ● Certificate, Directors Accreditation Program - DAP Class 6, Thai Institute of Directors Association (IOD)
Working Profile	<p>1999-Present Audit Committee Member, Bangkok Union Insurance Public Co., Ltd.</p> <p>1994-Present Director and Independent Director, Bangkok Union Insurance Public Co., Ltd.</p> <p>1999-Present Assistant Manager, Marketing Executive Unicord Co., Ltd.</p> <p>1988-1997 Manager, IT Department Unicord Co., Ltd.</p>

Name - Surname	Mr. Pichit Sinpatanasakul
Position	Director, Audit committee Member
Nationality	Thai
Age	48
Qualification	<ul style="list-style-type: none"> ● Master of Business Administration "Sasin College, Chulalongkorn University" ● Bachelor of Business Administration "Boston University Massachusetts U.S.A." ● Certificate, Directors Certification Program - DCP Class 46 Thai Institute of Directors Association (IOD) ● Certificate, Directors Accreditation Program - DAP Class 6, Thai Institute of Directors Association (IOD)
Working Profile	<p>1999-Present Audit Committee Member, Bangkok Union Insurance Public Co., Ltd.</p> <p>1994-Present Director, Bangkok Union Insurance Public Co., Ltd.</p> <p>1999-Present Director, Bangkok Cotton Factory Co., Ltd.</p>

Name - Surname	Ms. Malinee Leopairat
Position	Managing Director, Executive Director
Nationality	Thai
Age	63
Qualification	<ul style="list-style-type: none"> ● Master Degree in Actuarial Science, "Georgia University, U.S.A." ● Bachelor of Commerce and Accounting Major in Statistics (Second Honour), Chulalongkorn University ● Certificate, Directors Certification Program - DCP Class 22 Thai Institute of Directors Association (IOD)

Working Profile	1973-Present	Managing Director, Bangkok Union Insurance Public Co., Ltd.
	-Present	Director, Liewpariat Enterprises Co., Ltd.
	1995-Present	Director, Thai Special Steel Industry Public Co., Ltd
	1994-Present	Director, Rayong Tank Terminal Co., Ltd.
	1991-Present	Director, TPI Polyacrilate Co., Ltd
	-Present	Director, Thai ABS Co., Ltd
	1987-Present	Director, TPI Polyol Co., Ltd.
	1986-Present	Director, TPI Petrochemical Industry Public Co., Ltd.
Name - Surname	Mr. Kitcha Leelavanichkul	
Position	Director, Executive Director	
Nationality	Thai	
Age	59	
Qualification	● Accounting, Bangkok Commercial College	
Working Profile	1984-Present	Director Bangkok Union Insurance Public Co., Ltd.
	1969-Presen	Manager, Toa saeng Ltd.
	1968-Present	Managing Director, Imperial Industry Co., Ltd.
Name - Surname	Dr. Chavin Iamsopana	
Position	Director, Executive Director	
Nationality	Thai	
Age	63	
Qualification	● Doctor of Engineering, OSAKA CITY University, Japan. ● Master of Engineering and Bachelor of Engineering, Doshesa University, Tokyo, Japan.	
Working Profile	2004-Present	Director, Bangkok Union Insurance Public Co., Ltd.
	1997-Present	Managing, Director BUI Life Co., Ltd
	1989-Present	Director, Union Grains Industry Co., Ltd.
	-Present	Chairman, Thai Plastic Film Co., Ltd.
	-Present	Chairman, Thai Plastic Product Co., Ltd.
Name - Surname	Mr. Pong Laowarawit	
Position	Director	
Nationality	Thai	
Age	72	
Qualification	● Bachelor of Engineering University of California (Dawis), U.S.A.	
Working Profile	1974-Present	Director Bangkok Union Insurance Public Co., Ltd
	-Present	Managing Director Central Food product Co., Ltd.
Name - Surname	Mr. Suvit Taepaisitpong	
Position	Director	
Nationality	Thai	



Age	69
Qualification	● Indrara Suksa School
Working Profile	1974-present Director, Bangkok Union Insurance Public Co., Ltd -Present Deputy Managing Director, Pornpan Panich Co., Ltd.

Name - Surname	Mr. Saman Opaswongse
Position	Director
Nationality	Thai
Age	84
Qualification	● Economics from Singapore (College Level)
Working Profile	1967-Present Director, Bangkok Union Insurance Public Co., Ltd - Present Chairman, Huan Xuan Rice Co., Ltd

Name - Surname	Mr. Chakdej Suthirak
Position	Executive Director
Nationality	Thai
Age	53
Qualification	● Master of Arts Political and Administration Pittsburgh State University, U.S.A. ● Bachelor of Arts (History) Kansas State College of Pittsburgh, U.S.A.
Working Profile	2000-Present Executive Director, Bangkok Union Insurance Public Co., Ltd. -Present Senior Manager, Underwriting Department Bangkok Union Insurance Public Co., Ltd 1994 - 2000 Director, Deputy Managing Director The Thai Commercial Insurance Public Co., Ltd.

Name - Surname	Ms. Tanyaratt Iamsopana
Position	Acting Manager, Marketing Department
Nationality	Thai
Age	28
Qualification	● Master of Engineering, Technical University Berlin, Germany. ● Bachelor of Engineering, Thammasat University
Working Profile	2004-Present Acting Manager, Marketing Department Bangkok Union Insurance Public Co., Ltd. 2000 - 2001 Staff, Marketing Department Bangkok Union Insurance Public Co., Ltd.

Name - Surname	Mr. Anan Lua-Arunsawat
Position	Manager, Claims Department
Nationality	Thai
Age	47
Qualification	● Certificate, M.S. 3
Working Profile	2001-Present Manager, Claims Department Bangkok Union Insurance Public Co., Ltd.

1994 - 2000 Senior Manager, Claims Department Thai Prasith Insurance Co., Ltd.

1978 - 1991 Supervisor, Claims Department Bangkok Union Insurance Public Co., Ltd Ltd.

Name - Surname	Ms. Sujintana Champeesri
Position	Manager, Finance & Accountancy Department
Nationality	Thai
Age	46
Qualification	<ul style="list-style-type: none">● Master of Arts (Business Economics), Thammasat University● Bachelor of Accounting, Ramkhamhang University
Working Profile	<p>2002-Present Manager, Finance & Accountancy Department Bangkok Union Insurance Public Co., Ltd</p> <p>2001-2002 Assistant Manager, Office of the Managing Director Bangkok Union Insurance Public Co., Ltd</p> <p>1999-2001 Internal Audit Manager, Bangkok Union Insurance Public Co., Ltd.</p> <p>1995-1999 Assistant Manager, Administration Department / Acting Manager Accountant Bangkok Union Insurance Public Co., Ltd.</p>

Name - Surname	Mr. Mongkol Chuapromma
Position	Manager, IT Department
Nationality	Thai
Age	40
Qualification	<ul style="list-style-type: none">● Bachelor of Science : Major Computer Science, Dhonburi Rajabhat University.
Working Profile	<p>2005-Present Manager, IT Department Bangkok Union Insurance Public Co., Ltd.</p> <p>2003-2004 Manager, IT Department C.B.Fine Jewelry Co.,Ltd</p> <p>2002-2003 Manager, Programmer Silver ice Co.,Ltd</p> <p>2001 Project Manager, Programmer Singapore Company : Standford global link corporation (Thailand)</p> <p>2000 Manager, IT Department TA Orange co.,ltd. Mobile 1800.MHz</p>

Name - Surname	Ms. Supawadee Vichitsoonthornkul
Position	Manager, Office of the Managing Director
Nationality	Thai
Age	47
Qualification	<ul style="list-style-type: none">● Mini MBA, Chulalongkorn University● Bachelor of Law, Ramkhamhang University
Working Profile	<p>2000-Present Manager, Office of the Managing Director Bangkok Union Insurance Public Co., Ltd.</p> <p>1994-2000 Manager, General Affairs Personnel Department Bangkok Union Insurance Public Co., Ltd.</p>



Name - Surname	Mr. Pakdee Kanchanaphairoj
Position	Manager, Organization Development Department
Nationality	Thai
Age	43
Qualification	<ul style="list-style-type: none"> ● Master of Science (Administration Technology), Major: Applied Management, the National Institute of Development Administration (NIDA). ● Bachelor of Arts (Political Science), Ramkhamhang University
Working Profile	<p>2004-Present Manager, Organization Development Department Bangkok Union Insurance Public Co., Ltd.</p> <p>2003-2004 Manager, IT Department Bangkok Union Insurance Public Co., Ltd.</p> <p>1990-1999 Assistant Manager, General Affairs Personnel Department Bangkok Union Insurance Public Co., Ltd.</p>

Explanation and Analysis of Financial Status and Performance

Operating performance for 2005

In 2005 The Company had total premiums written of Baht 479.09 million which decreased of Baht 76.97 million from the previous year or 13.84% and other income of Baht 57.72 million increased by Baht 2.79 million from the previous year or 5.08%, which came from rental and services of building, net investment and investment in the securities.

Expenses of the company comprised underwriting expense and operating expense. During 2005, underwriting expense had Baht 114.56 million, which decreased of Baht 19.62 million from the previous year or 14.62%. Operating expense during 2005 amounted to Baht 174.43 million decreased of Baht 21.13 million from the previous year or 10.81 %

In 2005, the company had a profit before tax of Baht 42.95 million which decreased of Baht 0.03 million from the previous year or 0.07%, and tax of Baht 15.99 million. During 2005, the Company recalculated the corporate income tax for the year 2004 in compliance with the guidelines on non-life insurance loss recognition under the Revenue Code amounting to Baht 15.99 million. The company's net income therefore amounted to Baht 26.96 million decreased of Baht 2.69 million from the previous year. This resulted in an earning per share of Baht 2.70.

Overall underwriting

In 2005, the company had an income on underwriting of Baht 193.83 million increased of Baht 10.68 million from the previous year or 5.83%. The company had a basic profit rate of 66.94 of net premiums written. This was a result from the company had a total premiums written of Baht 479.09 million a decreased of Baht 76.97 million or 13.84% from 2004. The company's reinsurance premiums and premiums ceded amounted to Baht 189.53 million or 39.56% of total premium written. The company had a net premium written of Baht 289.57 million. The total underwriting expenses was Baht 114.56 million or 23.91% of premium written. The decrease in premiums written was marine insurance because the company loses the big customer during the year and motor insurance because of high competitive in industry, but fire insurances and miscellaneous insurances still increase.

The total underwriting expenses of Baht 114.56 million comprised losses incurred, loss adjustment expenses, commissions and brokerages and other underwriting expenses. This was a decrease of Baht 19.62 million or 14.62% of losses incurred and loss adjustment expenses of Baht 37.30 million or losses incurred rate (Loss ratio) of 32.19% of earned underwriting income, a decrease from 43.04% in 2004.

Fire underwriting

The company's fire premiums written were Baht 98.48 million in 2005 or 20.55% of the total premiums written, an increase of 11.39% from 2004. The company's reinsurance premiums and premiums ceded amounted to Baht 29.74 million or 30.20% of fire premiums written. The company had net fire premiums written of Baht 68.74 million.

The company's fire underwriting expenses were Baht 34.55 million or 35.09% of fire premiums written. The losses incurred and loss adjustment expenses amounted to Baht 20.61 million or losses incurred rate (Loss ratio) of 27.28% of earned underwriting income.

Marine underwriting

In 2005, the company's marine premiums written were Baht 62.80 million or 13.11% of total premiums written, a decrease of 57.44% from 2004. The company's reinsurance premiums and premiums ceded amounted to Baht 46.09 million or 73.39% of marine premiums written. The company had net marine premiums written of Baht 16.71 million.

The company's marine underwriting expenses were Baht 8.04 million in received because of commission received from reinsurance over than paid to direct broker amount Baht to 10.56 million. The losses incurred and loss adjustment expenses amounted to Baht 2.52 million or losses incurred rate (Loss ratio) of 13.82% of earned underwriting income.

Motor insurance

The company had a total income of Baht 148.03 million from motor premiums written or 30.90% of the total premiums written, a decrease of 15.83% from 2004. The premiums ceded amounted to Baht 2.54 million or 1.72% of motor premiums written, with a net motor premiums written of Baht 145.49 million.

The company's motor insurance underwriting expense amounted to Baht 53.60 million or 36.21% of motor premiums written. The company has insurance claim expense during the period and insurance claim administrative expense of Baht 36.08 million or losses incurred rate (Loss ratio) of 36.08% of earned underwriting income.

Miscellaneous insurance

In 2005, the company had miscellaneous premiums written of Baht 169.79 million or 35.44% of the total premiums written, an increase of 17.73% from 2004. The Company's reinsurance premiums and premiums ceded amounted to Baht 111.15 million or 65.47% of miscellaneous premiums written, with a net miscellaneous premiums written of 58.63 million.

The company's miscellaneous underwriting expense amounted to Baht 34.44 million or 20.29% of miscellaneous premiums written. The company has insurance claims expense

during the period and insurance claims administrative expense of Baht 40.06 million or losses incurred rate (Loss ratio) of 81.04% of earned underwriting income.

Investment

As of 31 December 2005, the company has a total investment asset of Baht 412.51 million, an increase of Baht 138.53 million or 50.56% from 2004, from increasing of investments in securities of stock exchange market. The company's income on investment in 2005 amounted to Baht 9.54 million, an increased of 3.54% from 2004 and loss on investments in securities amounted to Baht 34.17 million.

Other income

The company had income from rental and services of 20-stroey Bangkok Union Insurance Building 2 amounting to Baht 46.97 million, an increase of Baht 2.39 million from 2004 or 5.36%.

Financial status

Assets

(1) **Contents of assets** as of 31 December 2005 comprised of investment in securities 34.91%, cash and deposits at financial institutions 12.64%, premises and equipment 40.87%, uncollected premiums 9.22% and other assets 2.36%.

As of 31 December 2005, the company's total assets amounted Baht 1,181.62 million, an increased from 2004 of Baht 91.40 million or 8.38%. Investment in securities decreased of Baht 138.53 million. Cash and deposits at financial institutions increased of Baht 23.20 million. Premises and equipment decreased by Baht 30.54 million. Uncollected premiums decreased 37.01 million. Other assets (deposit in reinsurance treaties, due from reinsurers, accrued income on investment and other assets) decreased by Baht 2.77 million.

(2) **Quality of assets**

Investment in securities as of 31 December 2005, the company has invested in securities, such as bonds, bill, common stocks, unit trusts, and warrants amounting to Baht 412.51 million, which was the fair value. The company recorded unrealized gain from change in investment values in shareholders' equity amounting to Baht 183.59 million due to increased in common stock values. The company also recorded the adjustment in investment values of Baht 0.28 million in the Statement of Income for 2005. The company pledged bonds with a face value of Baht 14 million as collateral with the Registrar in accordance with Non-life Insurance Act of 1992.

Cash and deposits at financial institutions as of 31 December 2005, the company had Baht 149.36 million in cash and deposits at financial institutions, an increase of Baht 23.20 million or 18.74%. Restricted cash of Baht 46.11 million were a fixed



deposit, which have been pledged with a bank as collateral for issuing letters of guarantee in favours of certain government agencies and collateral for overdraft lines.

Premises and equipment as of 31 December 2005, the company had a net value on premises and equipment of Baht 482.5 million and some of premises and equipment amount of baht 478.17 million being land and buildings, which the company mortgaged with a commercial bank as collateral against bank overdraft and loans from financial institution.

Premiums due and uncollected as of 31 December 2005, the company had a total of Baht 108.90 million in net uncollected premiums, a decrease of Baht 37.01 million of 25.56%. Some, which could be estimated, accounted for 50.31 million. Some, which could not be estimated, (uncollected premiums over 3 months, under the Department of Insurance's Registrar Notice regarding the valuation of assets and liabilities of non-life insurance company) counted for Baht 87.23 million. The company has set aside an allowance for doubtful accounts of 28.64 million, which was an estimate of doubtful accounts as at the end of the year and overdue receivables of more than 12 months.

Liquidity

Cash flow Cash flow from the operation of the company has always been positive. However, cash flow from fund-raising activities was negative over the past 3 years, which resulted from repayment of principals of loans from financial institutions.

Liquidity ratio as of 31 December 2005, the company had sufficient liquidity and acceptable debt payment ability. The company had assets in terms of cash and deposits at bank totaling Baht 149.36 million or 11.57% of the company's total assets.

Sources of funds

The company's sources of funds were underwriting income, provident fund and loans, which the company used these funds for investment for increase returns.

Main factors and influences effecting future operation and financial status.

Considered from risk factors of the company

Maintaining various ratios according to the regulations of the relevant agencies and other important ratios specific to the industry.

The company has allocated Baht 4.20 million as reserve fund or 4.20% of the company's registered capital in accordance with the Public Company Limited Act of 1992, which the company was required to appropriate at least 5% of net income after deduction of the deficit brought forward (if any) until this reserve reaches at least 10% of the registered capital.

The company has allocated reserve fund according the Ministry of Commerce's Notice regarding. Reserve funds for Unearned Premiums Income and for Insurance



Claims for Non-life Insurance Companies. As of 31 December 2005, the company has reserved funds of Baht 112.56 million for unearned premiums income reserve and Baht 90.21 million for insurance claims reserve, included in the insurance claims and insurance claim payable reserve-account.

The company maintained a reserve fund under Section 27 of the Non-life Insurance Act of 1992, which stipulated that the company must maintain a reserve fund of at least 10% of the net underwriting income for the previous calendar year but not less than Baht 30 million as of 31 December 2005. The company had a provident fund of Baht 532.08 million increase of Baht 203.40 million or 61.88% from 2004, from increasing of shareholders' capital amounting to Baht 20 million, surplus on revaluation of investment amounting to Baht 185.74 million and net profit for the year 2005.



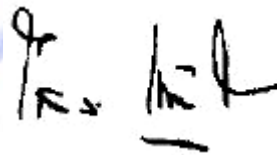
Report of Independent Auditor

To the Board of Directors and Shareholders of
Bangkok Union Insurance Public Company Limited

I have audited the accompanying balance sheets of Bangkok Union Insurance Public Company Limited as at 31 December 2005 and 2004, and the related statements of earnings, 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 the 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 statement 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 Bangkok Union Insurance Public Company Limited as at 31 December 2005 and 2004 and the results of its operations and its cash flows for the years then ended in accordance with generally accepted accounting principles.



Sophon Permsirivallop

Certified Public Accountant (Thailand) No. 3182

Ernst & Young Office Limited
Bangkok: 23 February 2006



Financial Statements

BANGKOK UNION INSURANCE PUBLIC COMPANY LIMITED

BALANCE SHEETS

AS AT 31 DECEMBER 2005 AND 2004

(Unit: Baht)

	<u>Note</u>	<u>2005</u>	<u>2004</u>
Assets			
Investments in securities	3		
Bonds		19,997,792	24,643,414
Stocks - net		391,406,541	247,970,232
Other securities - net		1,108,666	1,371,159
Total investments in securities		412,512,999	273,984,805
Cash and deposits at financial institutions	4	149,357,142	126,158,689
Premises and equipment - net	5	482,950,608	513,494,187
Amounts deposit on reinsurance treaties		2,950,872	1,578,829
Due from reinsurers - net		10,830,170	3,120,537
Premium due and uncollected - net	6, 8	108,897,091	145,909,641
Accrued income on investments		1,313,914	1,403,714
Other assets - net			
Withholding tax deducted at source - net		5,567,031	14,554,064
Value added tax refundable		2,934,362	4,492,570
Prepaid expenses		1,226,739	1,749,142
Deferred computer software expenses - net	7	1,275,444	1,596,687
Others		1,805,300	2,176,941
Total other assets - net		12,808,876	24,569,404
Total assets		1,181,621,672	1,090,219,806

The accompanying notes are an integral part of the financial statements.

BANGKOK UNION INSURANCE PUBLIC COMPANY LIMITED

BALANCE SHEETS (Continued)

AS AT 31 DECEMBER 2005 AND 2004

(Unit: Baht)

	<u>Note</u>	<u>2005</u>	<u>2004</u>
Liabilities and shareholders' equity			
Unearned premium reserve		112,563,881	131,386,024
Loss reserve and outstanding claims		90,209,054	111,029,180
Amounts withheld on reinsurance treaties		21,400,995	15,077,039
Due to reinsurers		11,721,870	53,130,193
Bank overdrafts and loans from a financial institution	<i>9, 10</i>	321,041,704	338,291,843
Accrued commission		19,692,784	35,665,304
Other liabilities			
Accrued expenses		21,983,145	35,628,879
Deposit		13,301,714	11,613,054
Premium receipt in advance		15,845,050	15,052,025
Others	<i>6</i>	20,478,533	14,663,456
Total other liabilities		71,608,442	76,957,414
Total liabilities		648,238,730	761,536,997
Shareholders' equity			
Share capital	<i>14</i>		
Registered			
10,000,000 ordinary shares of Baht 10 each			
(2004:8,000,000 ordinary shares of Baht 10 each)		100,000,000	80,000,000
Issued and paid-up			
10,000,000 ordinary shares of Baht 10 each			
(2004:8,000,000 ordinary shares of Baht 10 each)		100,000,000	80,000,000
Premium on share capital		86,593,183	86,593,183
Revaluation increment in land		113,842,000	113,842,000
Surplus (deficit) on revaluation of investments		183,593,784	(2,142,441)
Retained earnings			
Appropriated			
Statutory reserve	<i>13</i>	4,265,803	2,917,608
Unappropriated		45,088,172	47,472,459
Total shareholders' equity		533,382,942	328,682,809
Total liabilities and shareholders' equity		1,181,621,672	1,090,219,806

The accompanying notes are an integral part of the financial statements.



BANGKOK UNION INSURANCE PUBLIC COMPANY LIMITED
STATEMENTS OF EARNINGS
FOR THE YEARS ENDED 31 DECEMBER 2005 AND 2004

(Unit: Baht)

	Note	2005					2004
		Fire	Marine and transportation	Motor	Miscellaneous	Total	Total
Underwriting income							
Gross premium written	6	98,475,411	62,802,325	148,030,570	169,786,541	479,094,847	556,060,451
Less: Premium ceded		(29,738,885)	(46,091,668)	(2,544,763)	(111,154,333)	(189,529,649)	(255,910,734)
Net premium written		68,736,526	16,710,657	145,485,807	58,632,208	289,565,198	300,149,717
Unearned premium reserves decrease (increase) from previous year		6,808,382	1,527,450	19,693,884	(9,207,573)	18,822,143	17,171,685
Earned premium written		75,544,908	18,238,107	165,179,691	49,424,635	308,387,341	317,321,402
Underwriting expenses							
Losses incurred during the year - net		20,076,878	2,038,234	33,764,109	34,402,093	90,281,314	131,414,778
Loss adjustment expenses - net		529,465	482,767	2,315,495	5,653,013	8,980,740	5,150,346
Commissions and brokerages - net		13,927,560	(10,558,858)	16,482,919	(5,673,305)	14,178,316	(4,118,641)
Other underwriting expenses		18,908	42	1,039,121	59,690	1,117,761	1,727,840
Total underwriting expenses (income)- net		34,552,811	(8,037,815)	53,601,644	34,441,491	114,558,131	134,174,323
Earnings on underwriting		40,992,097	26,275,922	111,578,047	14,983,144	193,829,210	183,147,079
Net investment income						9,539,241	9,213,159
Gains (loss) on investments in securities						(34,174,852)	462,423
Other income							
Rental income	6					46,971,632	44,581,393
Others						1,213,096	1,136,784
						217,378,327	238,540,838
Operating expenses							
Personnel expenses						61,111,382	67,751,654
Premises and equipment expenses						70,407,502	67,054,996
Taxes and duties						140,732	154,860
Bad debt and allowance for doubtful accounts (Reversal)						(2,605,052)	(1,339,603)
Directors' remuneration	16					1,460,000	1,460,000
Other operating expenses							
Promotion expenses						11,491,897	19,099,728
Interest expenses						17,983,657	20,172,517
Donation for Tsunami Victims						-	500,000
Others	6					14,437,508	20,704,819
Total operating expenses						174,427,626	195,558,971
Earnings before income tax						42,950,701	42,981,867
Corporate income tax for the year 2004	12					(15,986,793)	-
Corporate income tax for the years	12					-	(13,326,016)
Net earnings for the years						26,963,908	29,655,851
Basic earnings per share							
Net earnings						2.70	2.97

The accompanying notes are an integral part of the financial statements.



BANGKOK UNION INSURANCE PUBLIC COMPANY LIMITED
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEARS ENDED 31 DECEMBER 2005 AND 2004

(Unit: Baht)

	Issued and paid-up share capital	Premium on share capital	Revaluation increment in land	Surplus (deficit) on revaluation of investments	Retained earnings		Total
					Appro- priated - statutory reserve	Unappro- priated	
Balance as at 31 December 2003	80,000,000	86,593,183	114,022,000	102,263,697	1,434,815	23,299,401	407,613,096
Surplus on revaluation of investments	-	-	-	(104,406,138)	-	-	(104,406,138)
Reversal of revaluation increment in land	-	-	(180,000)	-	-	-	(180,000)
Unrealised transactions in statement of earnings	-	-	(180,000)	(104,406,138)	-	-	(104,586,138)
Dividend paid (Note 15)	-	-	-	-	-	(4,000,000)	(4,000,000)
Net earnings	-	-	-	-	-	29,655,851	29,655,851
Statutory reserve (Note 13)	-	-	-	-	1,482,793	(1,482,793)	-
Balance as at 31 December 2004	80,000,000	86,593,183	113,842,000	(2,142,441)	2,917,608	47,472,459	328,682,809
Deficit on revaluation of investments	-	-	-	185,736,225	-	-	185,736,225
Unrealised transactions in statement of earnings	-	-	-	185,736,225	-	-	185,736,225
Dividend paid (Note 14, 15)	-	-	-	-	-	(8,000,000)	(8,000,000)
Dividend paid through ordinary shares (Note 14)	20,000,000	-	-	-	-	(20,000,000)	-
Net earnings	-	-	-	-	-	26,963,908	26,963,908
Statutory reserve (Note 13)	-	-	-	-	1,348,195	(1,348,195)	-
Balance as at 31 December 2005	100,000,000	86,593,183	113,842,000	183,593,784	4,265,803	45,088,172	533,382,942

The accompanying notes are an integral part of the financial statements.



BANGKOK UNION INSURANCE PUBLIC COMPANY LIMITED
STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED 31 DECEMBER 2005 AND 2004

(Unit: Baht)

	<u>2005</u>	<u>2004</u>
Cash flows from (used in) operating activities		
Net direct premium written	494,368,740	759,997,466
Reinsurance paid	(141,575,601)	(331,120,703)
Losses incurred of direct insurance	(147,021,282)	(221,701,592)
Loss adjustment expenses of direct insurance	(9,913,568)	(12,880,831)
Commissions and brokerages of direct insurance	(59,695,163)	(59,204,482)
Other underwriting expenses of direct insurance	1,739,942	1,882,190
Net investment income	9,903,639	9,505,247
Other income	49,884,425	45,505,121
Operating expenses	(136,287,560)	(137,241,206)
Corporate income tax	(13,340,103)	(2,014,723)
Net cash flows from operating activities	<u>48,063,469</u>	<u>52,726,487</u>
Cash flows from (used in) investing activities		
Cash flows from		
Investments in government bonds	4,371,024	-
Investments in securities	120,817,960	4,959,021
Other investments	-	15,000,000
Premises and equipment	12,580	228,038
Net cash flows from investing activities	<u>125,201,564</u>	<u>20,187,059</u>
Cash flows used in		
Investments in securities	(112,430,403)	(3,725,955)
Cash and deposits at financial institution	(24,000,000)	-
Premises and equipment	(1,159,109)	(2,134,250)
Net cash flows used in investing activities	<u>(137,589,512)</u>	<u>(5,860,205)</u>
Net cash flows from (used in) investing activities	<u>(12,387,948)</u>	<u>14,326,854</u>
Cash flows from (used in) financing activities		
Cash flows from		
Loan from promissory notes	6,800,000	3,100,000
Bank overdraft	25,949,861	6,592,372
Net cash flows from financing activities	<u>32,749,861</u>	<u>9,692,372</u>
Cash flows used in		
Repayment of bank loans	(43,200,000)	(52,406,778)
Payment of interest expenses	(18,026,929)	(20,129,245)
Payment of dividend	(8,000,000)	(4,000,000)
Net cash flows used in financing activities	<u>(69,226,929)</u>	<u>(76,536,023)</u>
Net cash flows used in financing activities	<u>(36,477,068)</u>	<u>(66,843,651)</u>
Net increase (decrease) in cash and cash equivalents	<u>(801,547)</u>	<u>209,690</u>
Cash and cash equivalents at the beginning of years	<u>4,053,689</u>	<u>3,843,999</u>
Cash and cash equivalents at end of years (Note 17)	<u><u>3,252,142</u></u>	<u><u>4,053,689</u></u>

The accompanying notes are an integral part of the financial statements.



BANGKOK UNION INSURANCE PUBLIC COMPANY LIMITED
NOTES TO FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2005 AND 2004

1. GENERAL INFORMATION

The Bangkok Union Insurance Public Company Limited was incorporated as a public limited company under Thai laws. The Company operates its business in Thailand and its principal activities are non-life insurance and rental of office space.

The registered office address of the Company is 175-177 Surawong Road, Bangrak, Bangkok. The number of employees at the end of the years 2005 and 2004 are 178 and 191 persons, respectively.

On 26 December 2004, an earthquake resulted in a massive Tsunami, which caused severe damage in 6 provinces in the south of Thailand. The preliminary estimate of losses as a result of the Tsunami received by the Company is Baht 9 million. The Company has recorded a claim reserve, with the Company responsible for losses of Baht 4.5 million for this event in the financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with accounting standards enunciated under the Accounting Profession Act B.E. 2547, Thai Accounting practices related to insurance and the accounting and reporting guidelines prescribed by the regulatory authority of insurance business.

Significant accounting policies adopted by the Company are summarised below:

2.1 Revenue recognition

(a) Premium

For insurance policies with coverage periods of up to 1 year, premium income is recognised on the date the insurance policy is issued, 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) Revenue from rental and services

Rental income is recognized over the lease period and the related service income is recognized when services are rendered.

(e) Gains (losses) on securities trading

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

2.2 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 and loss reserves of non-life insurance companies.

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

2.3 Claims

Claims are recognized 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 sum insured 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.

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.

2.4 Commissions and brokerages

Commissions and brokerages are paid when they occur.

2.5 Investments in securities

Investments in available-for-sale securities are determined at fair value. The changes in the value of securities are recorded as a separate item in shareholders' equity until securities are sold, the change shall be included in determining earnings.

Investments in held-to-maturity debt securities are determined at amortised cost with premium or discount on straight line basis.

Investments in non-marketable equity securities, which the Company holds as other investment, are valued at cost.

The fair value of marketable securities is based on the latest bid price of the last working day of the year quoted on the Stock Exchange of Thailand. The fair value of debt securities is based on the lowest price quoted by the Thai Bond Market Association or discounted cash flow with appropriate risk. The fair value of unit trust is valued at net assets value.

Losses on impairment of investments in available-for-sale securities, held-to-maturity debt securities, and other investments are included in determining earnings when the carrying amount exceeds its recoverable amount.

Weighted average method is used for the computation of cost of investments.

2.6 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 from restrictions.

2.7 Premises and equipment and depreciation

Land is presented at its reappraised value based on valuation by Department of Land. The increase is credited directly to equity under the heading of "Revaluation increment in land". The Company's policy is the revaluation will be performed every four years.

Premises and equipment are stated at cost less accumulated depreciation.

Depreciation of premises and equipment are calculated by reference to their costs, on a straight-line method over the following estimated useful lives:

Building and building improvements	20, 27 years
Furniture, fixtures and office equipment	5 - 10 years
Motor vehicles	5 years

No depreciation is provided for land.

2.8 Premium due and uncollected and allowance for doubtful accounts

Premium due and uncollected is carried at its net realisable value. The Company sets up an allowance for doubtful accounts based on the estimated loss that may be incurred in the collection of the premium due, on the basis of collection experience and a review of current status of the premium due as at the balance sheet date.

2.9 Intangible asset and amortisation

Intangible asset represents computer software, stated at cost less accumulated amortisation. The amortised expense of intangible asset is calculated by reference to its cost on a straight-line basis over the estimate useful life of 5 years.



2.10 Finance lease contracts

The Company regards a lease that transfers substantially all the risks and rewards of ownership as a finance lease whereby the fair value of the leased properties is recorded as assets and future rental commitments (minus the interest portion) as liabilities.

Interest expenses or finance charges are included in determining earnings in proportion to the remaining balance of the liabilities.

2.11 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 on the balance sheet date are translated into Baht at the rates applied on the balance sheet date.

Exchange gains and losses are included in determining earnings.

2.12 Financial instruments

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

Financial instruments carried in the balance sheet include deposits at financial institutions, investments in securities, premium due and uncollected, bank overdrafts, loan from a financial institution and short-term loans. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

2.13 Provident fund

The Company and its employees jointly established a provident fund under the Provident Fund Act B.E. 2530. The fund is contributed to on a monthly basis by the employees at the rates ranging from 3 to 5 percent, and by the Company at rates ranging from 3 to 5 of the basic salaries, based on the length of employment and will be paid to the employees upon termination in accordance with the rules of the fund.

2.14 Basic earnings per share

Basic earnings per share are calculated by dividing the net earnings for the year by the weighted average number of ordinary shares in issued during the year.

2.15 Use of accounting estimates

Preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates for certain accounting transactions, affecting amounts reported in the financial statements and the notes related thereto. Subsequent actual results may differ from these estimates.

3. INVESTMENTS IN SECURITIES

(Unit: Baht)

	2005		2004	
	Cost/ <u>Amortised cost</u>	<u>Fair value</u>	Cost/ <u>Amortised cost</u>	<u>Fair value</u>
Available-for-sale securities				
Equity securities				
Ordinary shares	160,385,194	343,861,328	203,226,753	200,704,169
Warrants	7,555	226,650	7,555	528,850
Units trust	983,461	882,016	983,461	842,309
Surplus (deficit) on revaluation of investments	183,593,784	-	(2,142,441)	-
Total available-for-sale securities	<u>344,969,994</u>	<u>344,969,994</u>	<u>202,075,328</u>	<u>202,075,328</u>
Held-to-maturity debt securities				
Bonds	19,997,792		24,643,414	
Total held-to-maturity debt securities	<u>19,997,792</u>		<u>24,643,414</u>	
Other investments				
Ordinary shares	76,887,806		76,887,806	
Less: Allowance for loss on impairment	(29,342,593)		(29,621,743)	
Total other investments - net	<u>47,545,213</u>		<u>47,266,063</u>	
Total investments in securities	<u>412,512,999</u>		<u>273,984,805</u>	

Investments in held-to-maturity debt securities as at 31 December 2005 will be due as follows: -

(Unit: Baht)

	Due within			<u>Total</u>
	<u>Within 1 year</u>	<u>2 - 5 years</u>	<u>6 - 10 years</u>	
Held-to-maturity debt securities				
Bonds	-	10,359,023	9,638,769	19,997,792
Total	<u>-</u>	<u>10,359,023</u>	<u>9,638,769</u>	<u>19,997,792</u>

The following assets have been placed as insurance policy reserve with the registrar in accordance with Section 19 of the Non-Life Insurance Act B.E. 2535.

(Unit: Baht)

	<u>2005</u>	<u>2004</u>
Government bonds	14,000,000	14,000,000
	<u>14,000,000</u>	<u>14,000,000</u>

As at 31 December 2005, the Company has pledged bonds with the book value of Baht 3.8 million (2004: Baht 4.6 million) with certain government agencies.



4. CASH AND DEPOSITS AT FINANCIAL INSTITUTIONS

	(Unit: Baht)	
	<u>2005</u>	<u>2004</u>
Cash on hand	408,463	137,361
Post-dated cheques	1,798,888	2,092,226
Saving deposits with no maturity date	1,044,791	1,824,102
Time deposits	100,000,000	100,000,000
Restricted time deposits	<u>46,105,000</u>	<u>22,105,000</u>
Total	<u><u>149,357,142</u></u>	<u><u>126,158,689</u></u>

Restricted time deposits have been pledged with financial institutions as collateral for overdraft facilities and collateral for issuing letters of guarantee in favour of certain government agencies as discussed in Note 9 and 18.

5. PREMISES AND EQUIPMENT

	(Unit: Baht)				
	Land	Building and improvement	Office furniture and fixture	Vehicle	Total
Cost/reappraised value:					
31 December 2004	124,940,000	574,992,896	116,206,433	7,729,135	823,868,468
Acquisition	-	-	1,159,109	-	1,159,109
Disposal	-	-	(2,689,599)	-	(2,689,599)
31 December 2005	<u>124,940,000</u>	<u>574,992,896</u>	<u>114,675,943</u>	<u>7,729,135</u>	<u>822,337,978</u>
Accumulated depreciation					
31 December 2004	-	198,822,939	105,877,280	5,674,062	310,374,281
Depreciation for the year	-	22,943,418	8,351,727	400,395	31,695,544
Depreciation on disposal	-	-	(2,682,455)	-	(2,682,455)
31 December 2005	<u>-</u>	<u>221,766,357</u>	<u>111,546,552</u>	<u>6,074,467</u>	<u>339,387,370</u>
Net book value					
31 December 2004	<u>124,940,000</u>	<u>376,169,957</u>	<u>10,329,153</u>	<u>2,055,073</u>	<u>513,494,187</u>
31 December 2005	<u>124,940,000</u>	<u>353,226,539</u>	<u>3,129,391</u>	<u>1,654,678</u>	<u>482,950,608</u>
Depreciation charged to statements of earnings					
2004					<u>32,993,956</u>
2005					<u>31,695,544</u>

As at 31 December 2005, certain equipment items have been fully depreciated but are still in use. The original cost, before deducting accumulated depreciation, of those assets amounted to Baht 44.5 million (2004: Baht 20.9 million).

Some of land and buildings which amount as at 31 December 2005 and 2004 are Baht 474.2 million and Baht 496.3 million respectively have been pledged with bank as a guarantee bank overdraft and loan from financial institution (Note 9 and 10).

6. RELATED PARTY TRANSACTIONS

The relationship between the Company and the related parties are summarized below: -

<i>Company's name</i>	<u>Relationship</u>
Bangkok Union Life Insurance Co., Ltd.	Partial directors and 9.60% of shares held in that company and that company held shares in the Company at 9.19%
Thai Petrochemical Industry Plc. group	Partial directors and 0.24% of shares held in that company and that company held shares in the Company at 0.50%
Jaturat Co., Ltd.	Partial common director
Bangkok Union Broker Co., Ltd.	Held shares in the Company at 3.82%

During the years, the Company has business transactions with its related parties can be collateral below:

	<u>2005</u>	<u>2004</u>	<u>Pricing policies</u>
Transactions with related parties			(Unit: Baht)
Premium written	108,290,017	109,093,245	Premium rates for general customers
Rental and service income	5,173,469	5,212,026	Stated in the agreement
Professional expenses	6,000,000	6,000,000	Stated in the agreement
Rental expenses	1,800,000	1,800,000	Stated in the agreement
Interest expenses	455,671	243,725	8% per annum
Short-term loans	6,500,000	2,000,000	8% per annum

During the fourth quarter of 2005 the Company received 646,050 shares of a listed company, which is a related company, from Jaturat Co., Ltd., another related company. The shares were consigned to the Company for sale. Subsequently, the Company sold the shares and transferred funds totalling Baht 4.6 million back to Jaturat Co., Ltd.

The movement of short-term loan from related party during the year ended 31 December 2005 is as follows:

	(Unit: Baht)
	<u>The Company Only</u>
Balance as at 31 December 2004	4,000,000
Loan during year	6,500,000
Balance as at 31 December 2005	<u>10,500,000</u>



Short-term loan is unsecured loan from Bangkok Union Broker Co., Ltd. and carries interest at a rate of 8.0 percent per annum.

As at 31 December 2005 and 2004, the Company had the following significant balances with related parties:

	<u>2005</u>	<u>2004</u>
		(Unit: Baht)
Premium due and uncollected		
TPI Polene Plc.	26,144,858	28,554,649
Other liabilities - Short-term loans		
Bangkok Union Broker Co., Ltd.	10,500,000	4,000,000
Other liabilities - Deposit		
Bangkok Union Life Insurance Co., Ltd.	1,503,894	1,503,894

7. DEFERRED COMPUTER SOFTWARE EXPENSES

	<u>2005</u>	<u>2004</u>
		(Unit: Baht)
Computer software expense at cost	2,699,723	2,124,623
Add: Purchase	246,050	575,100
Less: Accumulated amortisation	(1,670,329)	(1,103,036)
Computer software expense - net	<u>1,275,444</u>	<u>1,596,687</u>
Amortisation for the year	<u>567,293</u>	<u>463,903</u>

8. PREMIUM DUE AND UNCOLLECTED

	<u>2005</u>	<u>2004</u>
		(Unit: Baht)
Assessable portion	50,309,747	58,051,814
Non-assessable portion	87,226,219	117,700,727
Total premium due and uncollected	137,535,966	175,752,541
Less: Allowance for doubtful accounts	(28,638,875)	(29,842,900)
Premium due and uncollected - net	<u>108,897,091</u>	<u>145,909,641</u>

The balance of premium due and uncollected is classified by aging as follows:

	<u>2005</u>	<u>2004</u>
		(Unit: Baht)
<u>Overdue</u>		
Not over 3 months	90,022,705	129,870,523
Over 3 months - 6 months	13,716,200	14,799,633
Over 6 months - 12 months	2,292,558	2,503,099
Over 12 months	31,504,503	28,579,286
Total	137,535,966	175,752,541
Less: Allowance for doubtful accounts	(28,638,875)	(29,842,900)
Premium due and uncollected - net	<u>108,897,091</u>	<u>145,909,641</u>

9. BANK OVERDRAFTS

The Company has overdraft facilities with 4 local banks totally Baht 84 million, which were guaranteed by the directors, certain land of the Company and related company, buildings, and fixed deposits as discussed in Notes 4 and 5.

10. LONG-TERM LOANS / CURRENT PORTION OF LONG-TERM LOANS DUE WITHIN ONE YEAR

Loans from bank represented long-term loans from a local bank, which bear interest at MLR. The loans are payable in installments up to 2007. As at 31 December 2005, the portion due in 1 year is Baht 43.2 million (2004: Baht 43.2 million). The loans were collateralized by the director guarantees and by mortgage certain land of the Company and the related company and buildings.

Movement during the years of those long-term loans was as follows: -

	<u>2005</u>	<u>2004</u>
Balance - beginning of year	286,100,000	338,506,778
Repayment during 1st Quarter	(10,800,000)	(13,302,000)
Repayment during 2nd Quarter	(10,800,000)	(13,302,000)
Repayment during 3rd Quarter	(21,600,000)	(13,302,000)
Repayment during 4th Quarter	-	(12,500,778)
Balance - end of year	<u>242,900,000</u>	<u>286,100,000</u>

11. PROVIDENT FUND

Provident fund managed by Thai Asset Management Public Company Limited. During the year, the Company contributed approximately Baht 1.6 million (2004: Baht 1.7 million) to the fund.

12. CORPORATE INCOME TAX

Corporate income tax for the years has been calculated at the rate of 25 percent of earnings before tax for the years after adding back certain provisions and expenses which are disallowable for tax computation purposes and deducting dividend income which is exempted from tax. The tax rate applied is in compliance with the provisions of Royal Decree 387 (B.E. 2544) dated 28 August 2001, issued under the Revenue Code, regarding the reduction of income tax rates.

During 2005, the Company recalculated the corporate income tax for the year 2004 in compliance with the guidelines on non-life insurance loss recognition under the Revenue Code amounting to Baht 16 million, recognising such expense in the statement of earnings for the current year.



13. STATUTORY RESERVE

Pursuant to the Public Limited Companies Act B.E. 2535 the Company is required to set aside at least 5% of its net profit as a statutory reserve until such reserve reaches 10% of the registered share capital. The statutory reserve is not available for dividend distribution.

14. SHARE CAPITAL / DIVIDEND PAID

On 8 April 2005, the Annual General Meeting of the shareholders resolved the appropriation of earnings as follows:

- Paid dividend from earnings for the year ended 31 December 2004 to the Company's shareholders of Baht 1 per share, or a total of Baht 8 million.
- Payment of stock dividend to the shareholder at rate of 1 dividend share with a par value of 10 Baht for every 4 existing shares held, equivalent to a dividend of Baht 2.50 or a total of Baht 20 million (2 million shares).
- Increase in the registered capital from Baht 80 million to Baht 100 million in order to support the payment of stock dividend, via issuance of Baht 20 million of new ordinary shares.

However, basic earnings per share of year ended 31 December 2004, was restated as if the dividend payment was made on the beginnings of the first period of the report.

15. DIVIDEND PAID

Dividends declared in 2005 and 2004 consist of the following:

		Total	(Unit: Baht) Dividend
	<u>Approved by</u>	<u>dividends</u>	<u>per share</u>
Final dividends on 2003 earnings	Annual General Meeting of the shareholders on 7 May 2004	<u>4,000,000</u>	<u>0.50</u>
Total for 2004		<u>4,000,000</u>	<u>0.50</u>
Final dividends on 2004 earnings	Annual General Meeting of the shareholders on 8 April 2005	<u>28,000,000</u>	<u>3.50</u>
Total for 2005		<u>28,000,000</u>	<u>3.50</u>

16. DIRECTORS' REMUNERATION

Directors' remuneration represents the benefits paid to the Company's directors in accordance with Section 90 of the Public Limited Companies Act, exclusive of salaries and related benefits payable to executive directors.

17. STATEMENTS OF CASH FLOWS

Cash and cash equivalents as reflected in the statements of cash flows consist of: -

	(Unit: Baht)	
	<u>2005</u>	<u>2004</u>
Cash and deposits at financial institutions	149,357,142	126,158,689
Less: Amounts with maturity of more than 3 months and subject to restriction	<u>(146,105,000)</u>	<u>(122,105,000)</u>
Cash and cash equivalents	<u><u>3,252,142</u></u>	<u><u>4,053,689</u></u>

18. BANK GUARANTEES

As at 31 December 2005 and 2004, there were outstanding bank guarantees of Baht 1.6 million issued by banks on behalf of the Company in respect of certain performance bonds as required in the normal course of its business.

19. COMMITMENTS

19.1 The Company has entered into a land rental agreement with Bangkok Union Broker Company Limited, which held shares in the Company at 3.82%, for a period of 30 years, commencing on 6 July 1992 to 6 July 2022. The Company is committed to pay annual rental of Baht 1.8 million.

19.2 As at 31 December 2005, the Company has outstanding commitments in respect of lease of the building and equipment of Baht 1.6 million and commitments in respect of services of Baht 2.1 million.

20. FINANCIAL INFORMATION BY SEGMENT

The Company mainly operates in two main industrial segments, insurance and rental space of offices. These businesses are mainly carried on in Thailand.

The operating results for the years ended 31 December 2005 and 2004 and assets as at 31 December 2005 and 2004 as reflected in the financial statements of the Company are as follows: -

	(Unit: Baht)					
	For the years ended 31 December					
	Insurance		Rental space of offices		Total	
	2005	2004	2005	2004	2005	2004
Income	308,387,341	317,321,402	46,971,632	44,581,393	355,358,973	361,902,795
Other income	10,752,337	10,349,943	-	-	10,752,337	10,349,943
Gains (losses) on investment in securities	(34,174,852)	462,423	-	-	(34,174,852)	462,423
Total revenues	<u>284,964,826</u>	<u>328,133,768</u>	<u>46,971,632</u>	<u>44,581,393</u>	<u>331,936,458</u>	<u>372,715,161</u>
Operating profit	<u>170,406,695</u>	<u>193,959,445</u>	<u>21,134,295</u>	<u>18,825,272</u>	<u>191,540,990</u>	<u>212,784,717</u>
Operating expenses					(131,906,632)	(149,630,333)

	For the years ended 31 December					
	Insurance		Rental space of offices		Total	
	2005	2004	2005	2004	2005	2004
Interest expenses					(17,983,657)	(20,172,517)
Corporate income tax					(15,986,793)	(13,326,016)
Net earnings for the year					25,663,908	29,655,851
Premises and equipment						
- net	167,753,504	182,479,903	315,197,104	331,014,284	482,950,608	513,494,187
Other assets					698,671,064	576,725,619
Total assets					1,181,621,672	1,090,219,806

21. DISCLOSURE OF FINANCIAL INSTRUMENTS

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

21.1 Credit risk

Concentrations of credit risk with respect to premiums due and uncollected are insignificant, due to the large number of customers comprising the customer base and their dispersion across different industries and geographic regions in Thailand. The maximum exposure to credit risk is the book value of assets after deduction of allowance for doubtful accounts as presented in the balance sheets.

21.2 Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate and the Company's cash flows will affect due to changes in market interest rates.

(Unit: Baht)

	Net book value as at 31 December 2005			
	<u>Floating interest rate</u>	<u>Fixed interest rate</u>	<u>Interest - free</u>	<u>Total</u>
<u>Financial assets</u>				
Cash and deposits at financial institutions	605,940	146,105,000	2,646,202	149,357,142
Investments in bonds	-	19,997,792	-	19,997,792
<u>Financial liabilities</u>				
Bank overdrafts	78,141,704	-	-	78,141,704
Loans from financial institution	242,900,000	-	-	242,900,000
Short-term loans	-	15,080,000	-	15,080,000

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

	(Unit: Baht)					
	<u>At call</u>	<u>Within 1</u>	<u>2 - 5 years</u>	<u>6 - 10 years</u>	<u>Total</u>	<u>Average</u>
		<u>year</u>				<u>interest</u>
<u>Financial assets</u>						<u>rate</u>
						Percent
Deposits at financial institutions	-	146,105,000	-	-	146,105,000	1.41
Investments in bonds	-	-	10,359,023	9,638,769	19,997,792	5.58
<u>Financial liability</u>						
Short-term loans	15,080,000	-	-	-	15,080,000	7.09

21.3 Fair value

The following methods and assumptions were used by the Company in estimating the fair values of financial instruments:

Investment in securities

The fair value of listed securities is based on their quoted market prices.

The fair value of other investments cannot be properly calculated, and therefore no disclosure is made.

The fair value of deposits at financial institution and notes with maturity periods of less than 90 days is based on their carrying value. For those with maturity periods longer than 90 days, fair value is estimated using a discounted cash flow analysis based on the current interest rate and the remaining period to maturity.

The fair value of bonds are based on quoted market prices or lowest quoted prices by Thai Bond Market Association.

As at 31 December 2005, the aggregate carrying values of the Company's financial instruments are insignificantly different from their aggregate fair value.

22. PRESENTATION

The presentation of the financial statements has been made in compliance with the order of the Registrar dated 6 March 2002, as empowered under the Accounting Act B.E. 2543.

23. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were authorised for issue by the Board of Directors on 23 February 2006.

