This English Translation has been prepared solely for the convenience of foreign shareholders of The Deves Insurance Public Company Limited and should not be relied upon as the definitive and official opinions of the Company and of the Independent Financial Advisor on the Tender Offer. The Thai language version of the opinions of the Company and of the Independent Financial Advisor is the definitive and official document of the Company and of the Independent Financial Advisor and shall prevail in all respects in the event of any inconsistency with this English translation.

[Translation]

Opinions of the Business Regarding the Tender Offer

September 5, 2006

To Securities Holders:

On August 21, 2006, Deves Insurance Public Company Limited (hereinafter called “the Company”) received from the Crown Property Bureau (hereinafter called “the Tender Offeror”) a copy of the tender offer to purchase the Company’s securities, details of which are as follows:

Type of securities	Amount of securities [1/]		Percentage of securities tendered		Offering price per unit (Bt.) [1/]	Offering value (Bt.)
	Shares/Units	Voting rights (shares)	To the total issued securities	To the total voting rights		
Ordinary shares	1,596,194	1,596,194	13.3016	13.3016	133.00	212,293,802
Preferred shares						
Warrants						
Convertible debentures						
Other securities (if any)						
			Total	13.3016	Total	212,293,802

[1/] *The price includes the right to receive dividend and/or purchase newly issued securities Since the Offerees are obliged to pay a selling fee of 0.25% of the offering price and the value-added tax of 7% of the said selling fee, the net price to be received by the Offerees is Bt. 132.644225 per share.*

The tender offer period covers 45 business days, from August 22 to October 24, 2006 during working hours of 9.00 - 16.00 hrs.

After considering the tender offer by paying regard for the benefits of the securities holders, we would like to express opinions for your consideration as follows:

1. The status of the Company in respect of its past and future operating results together with assumptions

Past performance

The Company was established by the Crown Property Bureau. It commenced operations on January 17, 1947 and was listed on the Stock Exchange of Thailand (SET) in November 1990. In August 1994, the Company was registered under the Public Limited Companies Act. Currently, the Company's paid-up registered capital is Bt. 120 million. It is engaged in non-life insurance business which covers fire, marine, motor and miscellaneous insurance. The Company's headquarter is located in Bangkok. It has 13 branch offices in major provinces. The main source of income is insurance premiums which are further invested in various types of investment assets to further generate income, in accordance with the Non-Life Insurance Act B.E. 2535 (1992), such as lendings and investment in securities, promissory notes, bonds, debentures, and bank deposits.

Income structure during 2003-2005 and Jan – Jun 2006

Type	2003		2004		2005		2006 (Jan-Jun)	
	Bt.'000	%	Bt.'000	%	Bt.'000	%	Bt.'000	%
Premium	2,658,335	93.78	3,143,812	97.61	3,269,969	97.53	1,314,151	101.43
Investment income	176,431	6.22	76,854	2.39	82,796	2.47	(18,526)	(1.43)
- Net investment income (Interest and dividend)	84,619	2.98	77,990	2.43	79,857	2.38	45,965	3.55
- Gain (loss) on investments in securities	91,812	3.24	(1,136)	(0.04)	2,939	0.09	(64,491)	(4.98)
Total	**2,834,766**	**100.00**	**3,220,666**	**100.00**	**3,352,765**	**100.00**	**1,295,625**	**100.00**

Underwriting income from four types of insurance during 2003-2005 and Jan-Jun 2006:

Unit: Bt. '000

Type	2003		2004		2005		2006 (Jan-Jun)	
	Premium	%	Premium	%	Premium	%	Premium	%
Fire	283,168	10.65	246,733	7.85	251,020	7.68	117,369	8.93
Marine	81,848	3.08	99,514	3.16	115,246	3.52	60,362	4.60
Motor	423,992	15.95	679,106	21.60	903,703	27.64	281,016	21.38
Miscellaneous	1,869,327	70.32	2,118,459	67.39	2,000,000	61.16	855,404	65.09
Total underwriting income	**2,658,335**	**100.00**	**3,143,812**	**100.00**	**3,269,969**	**100.00**	**1,314,151**	**100.00**

Summary of financial position and operational performance during 2003-2005 and Jan-Jun 2006:

(Unit: Bt. '000)

	2003 (audited)	2004 (audited)	2005 (audited)	Jan-Jun 2006 (reviewed)
Total assets	3,307,457	3,943,859	4,462,759	4,004,871
Total liabilities	1,692,571	2,280,853	2,775,365	2,429,036
Registered capital	120,000	120,000	120,000	120,000
Paid-up registered capital	120,000	120,000	120,000	120,000
Shareholders' equity	1,614,886	1,663,006	1,687,394	1,575,835
Gross premium written	2,658,335	3,143,812	3,269,970	1,314,151
Less: Premium ceded	1,966,446	2,109,791	2,077,578	886,797
Net premium written	691,890	1,034,021	1,192,392	427,354
Unearned premium reserves (increase)	(187,324)	(117,780)	(29,715)	3,164
Earned premium written	504,565	916,242	1,162,677	430,518
Underwriting expenses	238,998	513,258	724,776	351,981
Underwriting profit	265,568	402,984	437,901	78,537
Investment income	176,431	76,854	82,796	(18,526)
Other income	22,682	8,061	4,519	31,093
Operating expenses	217,108	260,530	317,074	168,930
Net profit	167,737	172,128	157,187	(58,740)
Net profit per share (Bt.)	13.98	14.34	13.10	(4.90)
Dividend per share (Bt.)	9	9	7	-
Book value per share (Bt.)	134.57	138.58	140.62	131.32

Source: The audited or reviewed of the financial statements of the Company which are available on the website of the Office of the Securities and Exchange Commission (SEC) (www.sec.or.th) or the SET (www.set.or.th).

Note : [1/] Earned premium written is (gross premium written - premium ceded) added/(deducted) by unearned premium reserve decrease (increase) from previous year.

Financial position and operation performance for the year 2003-2005

During 2003-2005, the Company recorded total premium written of Bt. 2,658.34 million, Bt. 3,143.81 million and Bt. 3,269.97 million respectively, an increase by 18.26% in 2004 and 4.01% in 2005. Such increase resulted from the growth of premium income from motor insurance at the rate of 60.17% and 33.07% in 2004 and 2005 respectively. The Company during the said period had a policy to focus on small customers and expand its customer base of motor insurance to support the business expansion. Meanwhile, it adjusted its policy to maintaining higher retention (no cession). During 2003-2005, the retention rate was 26.03%, 32.89% and 36.46% respectively, leading to a growth of net premium income (premium income - premium ceded) from Bt. 691.89 million in 2003 to Bt. 1,034.02 million and Bt. 1,192.39 million or by 49.45% and 15.32% in 2004 and 2005 respectively.

During 2003-2005, the Company registered increase in unearned premium reserve of Bt. 187.32 million, Bt. 117.78 million and Bt. 29.71 million respectively in line with the growth of premium income. Underwriting expenses amounted to Bt. 239.00 million, Bt. 513.26 million and Bt.724.78 million respectively. The Company therefore had earning on underwriting of Bt. 265.57 million in 2003 which hiked up to Bt. 402.98 million and Bt. 437.90 million in 2004 and 2005 respectively.

During the same period, the investment income accounted for Bt. 176.43 million, Bt.76.85 million and Bt. 82.80 million respectively. The investment income in 2004 dropped by 56.44% from 2003 as the slow-down in domestic capital market had caused deficit on revaluation of securities. The investment income; however, slightly increased in 2005.

Net profit was recorded at Bt. 167.74 million, Bt. 172.13 million and Bt. 157.19 million during 2003-2005 respectively. The decrease in net profit in 2005 was caused mainly by increase in operating expenses on improvement of information technology system and public relations under the re-branding project to accommodate future business growth, as well as increase in underwriting expenses as resulted from increasing loss (from claims) incurred during the year in line with the underwriting expansion. This also resulted from higher loss ratio (the ratio of loss incurred during the year to the earned premium written) from 43.16% in 2004 to 48.12% in 2005. However, compared with listed non-life insurance companies of which the loss rate was averaged at 50.04% and 46.96% during 2004-2005 respectively, the Company’s loss ratio was lower in 2004 and slightly higher in 2005 due to increase in loss incurred during the year at a higher rate than the increase in gross premium written.

In 2005, the Company recorded underwriting income compared with net premium written or gross profit margin of 36.72% which dropped from 38.97% in 2004 due to increase in loss (from claims) particularly on motor insurance which expanded in response to motor insurance expansion. Nonetheless, compared with the average underwriting income and premium written ratio of the listed non-life insurance companies of 30.36% and 33.29% during 2004-2005 respectively, the Company’s gross profit margin was placed at a relatively higher level than the industrial average.

Moreover, in 2005, the Company recorded net profit/net premium written ratio or net profit margin of 13.18%, falling from 16.65% in 2004 due to the decline in net profit due to the above factors. Meanwhile, net premium written increased in line with the Company’s policy to increase retention rate. Compared with the average net profit rate of the listed non-life insurance companies of 13.76% and 13.25% during 2004-2005 respectively, the Company’s net profit margin was higher in 2004 and slightly lower in 2005 than the industrial average due to increase in operating expenses.

During 2003-2005, total assets amounted to Bt. 3,307.46 million, Bt. 3,943.86 million and Bt. 4,462.76 million respectively. Most of the assets are investment in securities, and premium due which in 2005 represented 51.06% and 27.57% of total assets respectively.

Total assets in 2004 increased by Bt. 636.40 million or 19.24% as a result of increase in financial institution debtors which are itemized as account receivables, due to 3-day securities trading (t+3) settlement, from Bt. 2.65 million in 2003 to Bt. 322.73 million, and increase in premium due and uncollected from Bt. 717.06 million in 2003 to Bt. 986.88 million in 2004 or by 37.63%. In addition, the advance payment of premium ceded for policies with over 1-year term surged from Bt. 14.10 million in 2003 to Bt. 142.92 million in

2004, which was recognized as expenses according to the insurance coverage period on a yearly basis.

Total assets in 2005 increased by Bt. 518.90 million from 2004 or by 13.16% due mainly to increase in investment in securities i.e. government bonds, treasury bills, notes and debentures from Bt. 1,873.37 million in 2004 to Bt. 2,278.67 million in 2005 in line with the upward trend of interest rates. Most of the Company's securities investment was made on debt instruments, representing 72.12% in 2005, while the remaining was made on equity shares and unit trusts.

Total liabilities during 2003-2005 were recorded at Bt. 1,692.57 million, Bt. 2,280.85 million and Bt. 2,775.36 million, up by 34.76% and 21.68% in 2004 and 2005 respectively due to increase in advance premium written from Bt. 95.30 million in 2003 to Bt. 267.94 million in 2004 and Bt. 413.86 million in 2005 in accordance with the growth of premium income. The Company has to gradually recognize such premium income according to the insurance coverage period on a yearly basis. The Company also incurred an increase of outstanding amount on ceded premium to be recognized as expense according to the period of cession contract from Bt. 509.48 million in 2003 to Bt. 676.45 million in 2004 and Bt. 843.73 million in 2005. The debt to equity ratio during 2003-2005 was 1.05 times, 1.37 times and 1.64 times respectively.

Financial position and operation performance for January-June 2006

In the first half of 2006, the Company recorded total premium written of Bt. 1,314.15 million, lower than the same period in the previous year by 12.09%, which came from the drop in premium income for all types of insurance except marine insurance which expanded following its portfolio restructure with focus on quality insurance and stable growth. The retention rate for this half year was 32.52%, a decrease from that of 40.27% a year earlier, as a result of the change in retention policy with focus on quality insurance and reduction of high potential risk insurance. With such policy, the Company's net premium income has decreased to Bt. 427.35 million, down 29.01% from Bt. 602.02 million in the same period of the foregoing year.

Over the same period, the Company registered a decrease in unearned premium reserve of Bt. 3.16 million and net underwriting expenses of Bt. 351.98 million, down by 2.72% from the same period a year earlier, resulting from the decrease in commission and brokerages payable of Bt. 30.88 million or 66.67% in line with the declining premium written. Its expenses on claims during the period increased from the same period in the foregoing year by Bt. 30.64 million or 11.05%, attributable mainly to motor insurance. The Company recorded earnings on underwriting of Bt. 78.53 million, which went down from the same period in the previous year by Bt. 117.86 million, or 60.01%.

Moreover, the Company posted interest and dividend income of Bt. 45.97 million, picking up from the same period of the previous year by Bt. 5.82 million and a loss from investment in securities of Bt. 64.49 million, compared with gains from investment of Bt. 18.29 million a year earlier. This was because the Company divested its investment in certain tradable securities in a bid to restructure its investment portfolio to suit the money and capital market conditions, which would boost its investment returns in the long run. The Company's other income accounted for Bt. 31.09 million.

In the first six months of 2006, the Company recorded net loss of Bt. 58.74 million, compared with net profit of Bt. 75.91 million in last year's corresponding period. The Company posted underwriting income against net premium written or gross profit margin of 18.38%, down from that of 32.62% a year earlier, as a result of its portfolio restructure with focus on lowering high risk insurance, hence a decline in net premium written. Its underwriting expenses decreased slightly against the premium written. The Company's net profit margin, compared with net premium written, was -13.75%, a decline from last year's same period which saw net profit margin of 12.61%.

As of the end of the first half of 2006, the Company's total assets accounted for Bt. 4,004.87 million, down from 2005 year-end by Bt. 457.89 million or 10.26%, due to the decrease in due and uncollected premium by Bt. 461.38 million and investment in securities by Bt. 445.6 million. This resulted from partial sales of investment in securities in line with the change in investment policy and to suit the money and capital market conditions, hence pulling up cash and deposit in financial institutions to Bt. 318.96 million.

Total liabilities were recorded at Bt. 2,429.04 million, a decrease from 2005 year-end by Bt.346.33 million or 12.48%, resulting from the decrease in the dues to reinsurance. Shareholders' equity was posted at Bt. 1,575.84 million, decreasing from 2005 year-end by Bt. 111.56 million or 6.61%, following the 2005 dividend payment and the operating loss for the first six months of the year.

Future prospects

The shareholders' meeting of the Company on June 30, 2006 resolved for the delisting of its securities from the SET. After the tender offer and the securities delisting, the Company will still retain its public company status and the Tender Offeror has no intention to cease the Company's business operations. The Tender Offeror has stated in the tender offer that the Tender Offeror has no intention to make material changes to the Company's business policy or company management plan or disposition of the core assets as well as its change in main objective in the next 12 months from the end of the tender offer period. However, the Tender Offeror may undertake restructure of the Company's organization, management, finance, investment plan and dividend payment policy to boost its operational efficiency and strengthen its financial position, without any material impact on the normal business operations.

Therefore, the policy and operation plans of the Company will continue as at present. The Company will continue operating its non-life insurance business with focus more on qualitative management policy which may necessitate reduction of high risk insurance and increase in retention ratio. The Company has formed working groups classified by types of insurance to determine work plans and marketing strategies. Marketing team of each line is assigned to prepare "Retention Strategies" classified by type of insurance and customer groups. Moreover, the IT development plan is in place to better accommodate the operations and long-term human resources development is also available. In the short run, the Company may be affected by the said underwriting policy. However, the improved service quality will benefit the operations in the long run.

2. Opinions about the accuracy of the Company's information stated in the tender offer

The Company's Board of Directors views that all information relevant to the Company as shown in the tender offer statement is accurate.

3. Relationship or any agreements between the Company's director/s, either on his/their own behalf or in his/their capacity as the Company's director/s or as representative/s of the Tender Offeror, and the Tender Offeror, including the shareholding by the director/s in the Tender Offeror's juristic person and any contracts or agreements made or to be made between them (in such matters as administration, etc.)

3.1 Relationship of the Company's directors with the Tender Offeror

Common Directors

As of August 31, 2006, five directors of the Company are directors/executives of the Tender Offeror and the persons under Section 258 of the Tender Offeror as shown below:

	Name	Position in the Company	Position in the Tender Offeror and Persons under Section 258			
			Tender Offeror	Persons under Section 258		
				Ladawal Palace Co., Ltd.	CPB Equity Co., Ltd.	Saensurattana Co., Ltd.
1.	Dr. Chirayu Isarangkun Na Ayuthaya	Chairman	Director and General Director	-	Chairman	-
2.	Mr. Yongsawasdi Kridakon	Director	Deputy General Director	-	Director	-
3.	Mr. Montri Mongkolswat	Director	-	Chairman	-	Chairman
4.	Mr. Aviruth Wongbuddhapitak	Director and Chairman Of Executive Committee	Assistant General Director	-	Director	-
5.	Mr. Arrak Soontaros	Director	-	-	-	Director

3.2 Shareholding by the Company's directors in the Tender Offeror and persons under Section 258 of the Tender Offeror

	Name	SCC[1/]		Ladawal Palace Co., Ltd.		Saensurattana Co., Ltd.	
		No. of Shares	%	No. of Shares	%	No. of Shares	%
1.	Dr. Chirayu Isarangkun Na Ayuthaya	-	-	1	0.0004	-	-
2.	Mr. Yongsawasdi Kridakon	-	-	1	0.0004	-	-
3.	Mr. Montri Mongkolswat	-	-	1	0.0004	650	6.50
4.	Mr. Virasak Tokakuna	6,000	0.00	1	0.0004	-	-

[1/] Siam Cement Public Company Limited

Note: The Tender Offeror is a juristic person established by a special law and having no shareholders.

3.3 Joint or mutual business transaction/s

The Company had mutual transactions with the Tender Offeror and persons under Section 258 of the Tender Offeror as follows:

(1) The Company made an agreement on head office building rent with the Tender Offeror. In 2005 and the first half of 2006, the Company paid to the Tender Offeror the rental of Bt. 1.56 million and Bt. 0.78 million respectively. As of June 30, 2006, there was no outstanding amount on rental payment.

(2) The Tender Offeror has taken out insurance of assets with the Company. In 2005 and the first half of 2006, the Company recorded premium written from the Tender Offeror of Bt. 2.17 million and Bt. 2.17 million respectively, with outstanding amount as of June 30, 2006 of Bt. 2.17 million.

(3) Persons under Section 258 of the Tender Offeror, namely Siam Cement Public Company Limited and Saensurattana Co., Ltd. insured their assets with the Company. In 2005, premium written from these companies amounted to Bt. 0.55

million and Bt. 0.117 million, with outstanding amount as of December 31, 2005 of Bt. 23,441.94 million and Bt. 1,504.42 million respectively. For the first half of 2006, premium written was recorded at Bt. 0.47 million from Siam Cement Public Company Limited, with outstanding amount of Bt. 0.12 million as of June 30, 2006.

3.4 Other mutual agreements or contracts

-None-

3.5 Management structure after the tender offer

The Tender Offeror has stated in the tender offer that the qualifications and number of members of the Board of Directors after the tender offer will be reviewed at the discretion of the shareholders and in accordance with the Articles of Association of the Company and regulations under the Public Limited Companies Act B.E. 2535 (1992) and the amendments.

4. Opinions of the Company's Board of Directors to the securities holders

The Company held a meeting of the Board of Directors No. 6th/2006 on September 5, 2006 to consider the tender offer. There were ten directors attending the meeting from total of 12 directors, of whom four directors who have conflict of interest abstained from voting, namely:

	Name	Position
1.	Dr. Chirayu Isarangkun Na Ayuthaya	Chairman
2.	Mr. Yongsawasdi Kridakon	Director
3.	Mr. Montri Mongkolswat	Director
4.	Mr. Aviruth Wongbuddhapitak	Director

The Company's Board of Directors, exclusive of the directors who have conflict of interest, unanimously resolved to recommend to the shareholders the acceptance of the tender offer. The reasons are as follows:

4.1 Reasons to accept/reject the tender offer

The Board of Directors, after consideration of the tender offer and the opinion of the independent financial advisor, resolved unanimously recommending that the shareholders accept the tender offer based on the following reasons:

- The tender offer price of Bt. 133 per share is considered reasonable as it is comparable to the price at the latest tender offer of Bt. 140 per share from February 23, 2006 to March 29, 2006 after adjustment by dividend payment of Bt. 7 per share. It is also the price at which the Tender Offeror acquired the shares 90 days before filing to the Office of the Securities and Exchange Commission (the SEC). Moreover, the price is considered fair by the independent financial advisor.
- The Tender Offeror is currently the holder of over three-fourths of the total issued and paid-up shares of the Company, hence having nearly full controlling power in the Company's decision making and management. Other shareholders will not be able to secure sufficient votes against what the major shareholder proposes.
- This tender offer is the final stage of the Company's securities delisting procedure. After the delisting, the shareholders will be impacted by the lack of liquidity in the trading of the Company's securities as there will be no secondary market to support them. Moreover, capital gains will no longer be tax exempted for the shareholders and their access to information about the Company will be limited.

However, the shareholders may consider accepting or rejecting the tender offer based on the opinions given by the financial advisor and make the final decision at their own discretion.

4.2 Opinions and reasons of each director and the number of shares held by each director (only in case that the opinion of the Board of Directors in 4.1 is not unanimous)

-None-

4.3 Benefits or impacts from the plans and policies indicated in the tender offer and viability of such plans and policies

The Board of Directors is of the opinion that the Company will not be impacted by the future policy and plan of the Tender Offeror as the Tender Offeror has stated in the tender offer that the Tender Offeror has no intention to make material changes to the Company's business policy or management plan or disposition of the core assets as well as the changes in its main objective in the next 12 months from the end of the tender offer period. However, the Tender Offeror may make adjustments of the organization structure, management, financial structure, investment plan and dividend payment policy for appropriateness and improvement of operational efficiency and future financial position, which will have no significant impacts on the normal business operations of the Company.

However, the Tender Offeror has stated in the tender offer that it may sell or transfer the Company's shares it holds before and after the tender offer to any party in a significant amount within 12 months from the end of the tender offer period.

4.4 Additional opinion of the Company's Board of Directors (only in case the tender offer is for delisting of securities from the SET)

(a) Benefits to the shareholders and impacts on them in case they reject the tender offer

The shareholders who reject the tender offer and continue holding the Company's shares will still retain their right, pursuant to the Company's Articles of Association and the Public Limited Companies Act B.E. 2535 (1992), to the dividend payment, attendance of the shareholders' meeting, election of directors and access to information, etc.

However, the dissenting shareholders will be impacted by the Company's delisting from the SET. There will no longer be benefits earlier obtained from the listing status of the Company, e.g. lack of trading liquidity and chance of capital gains as there will be no secondary market for the shares, no more tax benefits for the capital gains, and limited access to information on the Company.

(b) Appropriateness of the tender offer price

The Board of Directors view that the tender offer price of Bt. 133 per share is reasonable, as it is in line with the criteria in clause 58 of the SEC notification regarding the rules, conditions and procedure of acquisition of securities for business takeovers, thereby the tender offer price must not be lower than the highest price derived from the following:

	Securities	Price (Bt./share)
1	The highest price of the shares acquired by the Tender Offeror or the persons under Section 258 of the Tender Offeror during the 90 days before filing to the SEC (May 23-August 20, 2006)	133.00
2	Weighted average market price of the Company's shares during the five business days before the date on which the Board of Directors resolved for requesting the shareholders' consideration of the share delisting (May 4-11, 2006)	130.00
3	Net asset value of the Company calculated by the adjusted book value to reflect the latest market price of the assets and liabilities of the Company	132.26
4	Fair value of the shares assessed by the financial advisor	132.26

We hereby certify that the above statements are accurate and complete and no concealment has been made on any material information which may affect the decision of the shareholders.

Deves Insurance Public Company Limited

- Aviruth Wongbuddhapitak- *- Anant Keskasemsook-*

(Mr. Aviruth Wongbuddhapitak) (Mr. Anant Keskasemsook)

5. Opinions of the shareholders' advisor

The Crown Property Bureau ("Tender Offeror") has prepared the tender offer to purchase ordinary shares of Deves Insurance Public Company Limited ("the Company") according to the copy of the tender offer statement dated August 21, 2006. We, Advisory Plus Co., Ltd. ("the Financial Advisor"), as the independent financial advisor approved by the Office of the Securities and Exchange Commission (the SEC), are appointed by the Company to provide opinions for minor shareholders regarding the tender offer.

We have studied, as a basis for our analysis and provision of opinions, the information in the tender offer (Form 247-4) of the Tender Offeror, information of the Company including the Annual Registration Statement (Form 56-1), the auditor's report, financial statements, assumptions for the preparation of the financial statements, statistical data of listed non-life insurance companies and other documents obtained from the Company and from interview with its executives, as well as the information disclosed to the public. Our opinions expressed herein have been based on the assumptions that the information in the tender offer and all the information and documents obtained from the Company and from the interview with its executives are true and correct and that our consideration is made based on the economic condition and information known at present. Any future changes in the said information or any future event may have material impacts on the Company's operations and financial projection as well as the shareholders' decision-making on such tender offer. Our opinions on the tender offer can be concluded as follows:

5.1 Appropriateness of the offering price

The Tender Offeror has made a tender offer to purchase the Company's shares at the price of Bt. 133 per share. We have carried out share valuation through various approaches and have the opinions about the offering price as follows:

5.1.1 Book value approach

By this method, the share price is valuated based on the book value. According to the review financial statements as of June 30, 2006, the Company's book value is as follows:

Items	Million Baht
Share capital - issued and paid-up	120.00
Premium on share capital	620.00
Deficit on revaluation of investments – net of income tax	(9.63)
Retained earnings	
Appropriated	
- Statutory reserve	12.00
- General reserve	770.00
- Expansion reserve	90.26
Unappropriated	(26.80)
Total shareholders' equity	1,575.84
Total issued and paid-up capital (million shares)	12
Book value per share	131.32

Therefore, the share price obtained by this method may not reflect the present market value of the assets as well as the Company's profitability in the future.

By this method, the share price of the Company is appraised at Bt. 131.32 per share, which is Bt. 1.68 or 1.26% lower than the offering price.

5.1.2 Adjusted book value approach

By this method, the shareholders' equity according to the financial statements as of June 30, 2006 is adjusted. The adjusted items are:

- *Investment in securities*: The book value of investment in securities as of June 30, 2006 was adjusted to the fair value as of July 31, 2006. Investment in securities in form of equity instruments was adjusted by the bidding price as of July 31, 2006, and that in debt instruments adjusted by the last yield price or the amortized cost, while investment in unit trust was adjusted by the net asset value as of July 31, 2006.
- *Land and buildings of branch office*s: The adjustment was made by the increase or decrease according to the revaluation report dated February 28, 2006 of Thai Property Appraisal Lyenn Phillips Company Limited, an independent appraiser approved by the SEC, which evaluated the price of land and building of six branch offices using the market approach. As of the evaluation date, total value of the assets was higher than the book value by a net amount of Bt. 5.66 million.

However, the Company has not arranged to have the valuation of the leasehold right of its head office building located on Ratchdamnern Klang Avenue in the area under the development project according to the development master plan. Such plan focuses on developing both sides of Ratchdamnern Klang Avenue covering the area of 1.5 km. each to become a unique road with Thai and international cultural mix. The development plan also aims at creating a pleasant city and community to bring about sustainable tourism benefits. Consequently, it is likely that the landlord i.e. the Tender Offeror or the Crown Property Bureau, which takes part in the project, may not allow the Company to sub-lease or assign the leasehold right on the building to any outside parties.

Details of adjustments under the adjusted book value approach

	Unit: Bt. million
Shareholders' equity as of June 30, 2006	1,575.84
Adjusted items	
Add Increase in investment value (net from tax)	1.40
Profit on securities sales	4.23
Increase in fixed assets valuation	5.66
Net book value after adjustment	1,587.13
Total issued and paid-up capital (million shares)	12
Share price by the adjusted book value approach (Bt. per share)	132.26

The above method better reflects the current net asset value than the book value approach. It can also reflect the value according to the target price and the capability to create value to the existing assets. However, this method does not take into account the operational performance, competitiveness in the future and the economic and industrial trends.

By this method, the share price is Bt. 132.26 per share, which is lower than the offering price by Bt. 0.74 per share or by 0.56%.

5.1.3 Price to book value approach (P/BV)

By this method, the share price is figured out by multiplying the Company's book value by the average P/BV ratio of 15 listed non-life insurance companies (excluding three companies namely Indara Insurance Plc., Nam Seng Insurance Plc. and Thaivivat Insurance Plc. due to the significant deviations from the average at the analysis period). The average P/BV ratios of this sector over the retroactive 3 months, 6 months, 9 months and 12 months counted until August 18, 2006 which is the last business day before the Tender Offeror's filing of the tender offer, were as follows:

Calculation period	Average P/BV ratio of non-life insurance sector*	Share price (Bt. per share)
Average of retroactive 3 months	1.03	135.26
Average of retroactive 6 months	1.08	141.83
Average of retroactive9 months	1.05	137.89
Average of retroactive 12 months	1.02	133.95

Note : *Data from www.setsmart.com

The share price derived by this method is between Bt. 133.95 - Bt. 141.83 per share, which is higher than the offering price by Bt. 0.95 - Bt. 8.83 per share or by 0.71% - 6.64%.

5.1.4 Price to earning ratio Approach (P/E)

By this method, the share price is derived by multiplying the Company's net earnings per share as per the financial projection for 2006 of which the assumptions are shown in 5.1.6 by the average P/E ratios of non-life insurance companies (as detailed in 5.1.3) over the retroactive 3 months, 6 months, 9 months and 12 months counted until August 18, 2006 which is the last business day before the Tender Offeror's filing of the tender offer, were as follows:

Calculation period	P/E of non-life insurance companies*	Share price (Bt. per share)
Average of retroactive 3 months	12.19	111.29
Average of retroactive 6 months	13.16	120.15
Average of retroactive 9 months	12.5	114.13
Average of retroactive 12 months	12.42	113.39

Source : * Information from www.setsmart.com

The share price derived by this approach is between Bt. 111.29 - Bt. 120.15, which is lower than the offering price by Bt. 12.85 - Bt. 21.71 per share or by 9.66% - 16.32%.

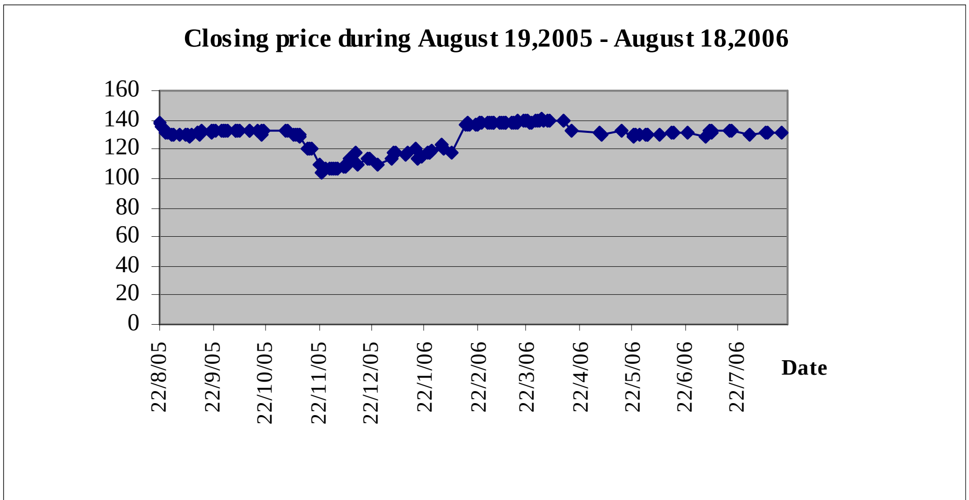
5.1.5 Market value approach

The share price by this method is worked out based on the weighted average market prices of the Company's shares traded on the SET over the retroactive period. The financial advisor considered the weighted average market prices (trading value/trading volume) of the Company's shares over the retroactive one year counted until August 18, 2006 which is the last business day before the Tender Offeror's filing of the tender offer. The results are shown below:

Calculation period	Weighted average market price* (Bt. per share)
Average of retroactive 3 months	130.79
Average of retroactive months	135.30
Average of retroactive ๙ months	127.56
Average of retroactive / months	128.67

Note : * Data from www.setsmart.com

By this method, the Company's share price is in a range of Bt. 127.56 - Bt. 135.30 per share, which is lower than the offering price by Bt. 5.44 per share or by 4.09% and higher than the offering price by Bt.2.30 per share or by 1.73%.



However, taking into account trading volume over the retroactive 1 year counted until August 18, 2006 which is the last business day before the Tender Offeror's filing of the tender offer, it can be seen that the Company has tight liquidity with the turnover rate of 6.41%.

5.1.6 Discounted cash flow approach

This method mainly takes into account the profitability of the Company in the future. The share price is figured out from the present value of operating cash flow expected over the projected financial statements of five years (2006-2010) under the assumption that the Company runs on a going concern basis and there are no material changes. Most of the assumptions are based on the actual information or financial ratios in the future including the information on business operation policies obtained from the management of the Company.

The said financial projection is exclusively prepared for the purpose of figuring out a fair price of the Company's shares under the current economic condition and circumstances and for use in price comparison with the offering price of this tender offer. The derived share price may be changed had there been any material change in the economic condition and other factors which affect the Company's operations as well as the circumstances surrounding the Company. The said share price may not be used as a reference price for any purpose other than those stated above.

The assumptions used in the financial projection are as follows:

- **Gross premium**

  Fire insurance
  Gross premium written from fire insurance is projected to drop by 6% in 2006, increase by 8% and 6% in 2007 and 2008 respectively, and increase by 5% during 2009-2010.
  Marine insurance
  Gross premium written from marine insurance is projected to fall by 5% in 2006, grow by 8% and 6% in 2007 and 2008 respectively, and grow by 5% during 2009-2010.
  Motor insurance
  Gross premium written from motor insurance is projected to decline by 38% in 2006, increase by 10% and 6% in 2007 and 2008 respectively, and increase by 5% during 2009-2010.
  Miscellaneous insurance
  Gross premium written from miscellaneous insurance is projected to drop by 11% in 2006, increase by 10% and 6% in 2007 and 2008 respectively, and increase by 5% during 2009-2010.

  All types of insurance gross premium of the Company in 2006 are projected to decrease in 2006 due to its policy to lower risk and focus more on underwriting quality. High risk insurance is thus projected to be reduced.

- **Reinsurance premium**

  Fire reinsurance
  Fire reinsurance premium is projected to be 26% in 2006 and 24% during 2007-2010 of premium written from fire insurance.
  Marine reinsurance
  Marine reinsurance premium is projected to be 70% in 2006 and 64% during 2007-2010 of premium written from marine insurance.
  Motor reinsurance
  Motor reinsurance premium is projected to be 4% of premium written from motor insurance during 2006-2010.
  Miscellaneous reinsurance
  Miscellaneous reinsurance premium is projected to be 92% in 2006 and 90% during 2007-2010 of premium written from miscellaneous insurance.

- **Unearned premium reserve**

  Unearned premium reserve is projected to be 40% of net premium written during 2006-2010.

- **Loss incurred during the year**

  Loss incurred during the year - Fire insurance

  Loss incurred during the year from fire insurance is projected to be 6% in 2006 and 5% during 2007-2010 of net premium written from fire insurance.

Loss incurred during the year - Marine insurance

Loss incurred during the year from marine insurance is projected to be 25% in 2006 and 22% during 2007-2010 of net premium written from marine insurance.

Loss incurred during the year - Motor insurance

Loss incurred during the year from motor insurance is projected to be 70% in 2006 and 62% during 2007-2010 of net premium written from motor insurance.

Loss incurred during the year - Miscellaneous insurance

Loss incurred during the year from miscellaneous insurance is projected to be 31% in 2006 and 30% during 2007-2010 of net premium written from miscellaneous insurance.

- **Loss adjustment expense**

  Loss adjustment expense during 2006-2010 is 1.4% of net premium written.

- **Commissions and brokerages**

  Commission and brokerages during 2006-2010 is projected at 0.2% - 2.7% of net premium written.

- **Other expenses**

  Other expenses during 2006-2010 are projected at 11% of net premium written.

- **Operating expenses**

  Operating expenses in 2006 are projected at 39% of net premium written, which will drop to 37% of net premium written in 2010.

- **Capital expenditure**

  Capital expenditure in 2006 is projected at Bt. 39 million, consisting of building decoration of both head office and branches of approximately Bt. 16 million, computer and peripherals, license fees and computer software of approximately Bt. 16 million, vehicles of approximately Bt. 5 million, and office equipment and others of approximately Bt. 2 million. During 2007-2010, the capital expenditure in each year is projected to be approximately Bt. 15 million including investment in computer and peripherals, license fees, computer software and office equipment and tools.

- **Return on investment**

  The average returns on investment during 2006-2007 are projected at 1.5% and 5.0% respectively which will move up by 0.3% in 2008 and by 0.2% per year during 2009-2010.

  The return on investment in 2006 is low as, in the first half of 2006, the Company realizes loss from divestment of investment in tradable securities, following its policy to adjust its portfolio to suit the money and capital market conditions, which will boost its return in the future.

- **Liquidity rate**

Premium due	around 380 days
Allowance for loss and loss payables	around 100 days
Reinsurance held	around 35 days

- **Terminal growth rate**

  Terminal growth rate of the Company is projected to be 2% per year from 2011 onwards.

- **Discount rate**

  The discount rate used in the calculation of the expected cash flow is based on the rate of return on equity (Ke) which is equivalent to 9.65%. Variables used in calculation of return on equity are as follows:

$$Ke = Rf + \beta\,(Rm - Rf)$$

Where	Risk free rate (Rf)	=	5.64% based on 14-year government bond yield as of August 18, 2006
	Beta (β)	=	0.63 based on the average Beta for 1-year period of the Company (information from BloomBerg)
	Rm	=	12% average rate of return and dividend yield of the SET (Geometric Mean) over 1975-2005

According to the assumptions of the calculation of expected cash flows and the use of return on equity (Ke) of 9.65% as discount rate and terminal growth rate of 2%, the share price calculated by the discounted cash flow approach is Bt. 110.81 per share.

Besides, we have conducted a sensitivity analysis of the share valuation by this approach, using a discount rate between 8.65% and 10.65% and the terminal growth rate between 1% and 3%, the outcome of which is as follows:

Share price (Bt.)	Terminal growth rate		
	1 %	2 %	3 %
Discount rate			
8.65 %	113.76	123.91	137.65
9.65 %	103.29	110.81	120.60
10.65 %	94.99	100.74	107.99

The Company's share price will range between Bt. 94.99 and Bt. 137.65 per share, which is Bt. 38.01 per share or 28.58% lower than the offering price and Bt. 4.65 per share or 3.50% higher than the offering price.

5.1.7 Dividend discounted model approach

The share valuation by the dividend discounted model approach uses the current value of dividend payment based on the net profit in the 5-year financial projection (2006-2010) under the assumption that the Company's dividend payment rate projected based on the past dividend payment is 60% of the net profit. The projected net profit during 2006-2010 and the discount rate are based on the assumptions in 5.1.6.

We have worked out a sensitivity analysis of the share valuation, using a discount rate of between 8.65% - 10.65% and the terminal growth rate between 1% - 3%, the outcome of which is as follows:

Share price (Bt.)	Terminal growth rate 1 %	2 %	3 %
Discount rate			
8.65 %	92.52	103.26	117.80
9.65 %	81.50	89.47	99.82
10.65 %	72.78	78.87	86.55

The Company's share price will range between Bt. 72.78 - Bt. 117.80 per share, which is Bt. 15.20 - Bt. 60.22 per share or 11.43% - 45.28% lower than the offering price.

Conclusion of the Financial Advisor's opinions on the offer price

The table below illustrates the comparison of the Company's share price calculated by the above methods with the offering price:

Share valuation method		Valuation price (Bt. per share)	Offering price (Bt. per share)	Above (Below) offering price	
				Bt.	%
1.	Book value	131.32	133	(1.68)	(1.26)
2.	Adjusted book value	132.26	133	(0.74)	(0.56)
3.	Price to book value approach	133.95 - 141.83	133	0.95 - 8.83	0.71 - 6.64
4.	Price to earning ratio approach	111.29 - 120.15	133	(21.71) - (12.85)	(16.32) - (9.66)
5	Market value approach	127.56 - 135.30	133	(5.44) - 2.30	(4.09) - 1.73
6.	Discounted cash flow approach	94.99 - 137.65	133	(38.01) - 4.65	(28.58) - 3.50
7.	Dividend discounted model approach	72.78 - 117.80	133	(60.22) - (15.20)	(45.28) - (11.43)

The above table reveals that, the prices calculated by the book value, adjusted book value, price to earning and dividend discounted model approaches are lower than the offering price. The prices derived by the market value and discounted cash flow approaches are both higher and lower than the offering price. Only the price calculated by the price to book value approach is higher than the offering price.

The book value, the price to book value, and the market value approaches reflect the operational performance and position of the Company at a certain period of time, regardless of the actual asset value and future profitability of the Company, as well as the overall economic and industrial condition in the future. Hence, these methods cannot reflect the real value of the Company.

The price to earning ratio approach takes into account the Company's short-term profitability and thus does not reflect its real value and future profitability.

Meanwhile, the discounted cash flow approach takes into account the Company's future prospects and profitability calculated based on the overall current and future operating cash flow as well as the economic and industrial condition. Nonetheless, the Company's quality-focus policy in 2006 has caused a decline in the premium written which will gradually move up in the following years, hence impact on the future profitability. Therefore, the share price derived by this method is underestimated. In addition, the share valuation by this method depends on several variable factors. If there are material changes in the economic condition and the Company's situation from the assumptions used herein, the share price valuation by this method will change accordingly.

The dividend discounted model approach takes into account the Company's future prospects and profitability but may not reflect the actual share value because the Company usually makes dividend payment using part of its net profit while the remaining will be used for further investments, and used as working capital and cash reserve. The share price by this method takes into account only the cash dividend payment.

Considering the above-mentioned factors, we are of the opinion that the adjusted book value method is the most appropriate for share price valuation as this method, compared with other methods, can best reflect the value according to the target price and the capability to create value to the existing assets. The share price derived thereby is Bt. 132.26 per share, which is lower than the offering price of Bt. 133 per share by Bt. 0.74 per share.

We accordingly view that the offering price of Bt. 133 per share is reasonable.

5.2 Reasons for acceptance of the tender offer

(1) Reasonableness of the offering price

The offering price of Bt. 133 per share is reasonable as it is higher than the valued price calculated by the adjusted book value method of Bt. 132.26 per share.

(2) Balance of power and business control

As of the date of the tender offer filing, the Tender Offeror and the persons under Section 258 of the Tender Offeror together hold an aggregate amount of 10,410,606 shares or 86.76% of the Company's total issued and paid-up shares. This represents over three-fourths of its total issued shares. There may thus be a risk for the minor shareholders to gather the votes to examine or balance the power on the issues proposed by the Tender Offeror at the shareholders' meeting.

(3) Delisting of securities from the SET

The shareholders' meeting at the No. 1st/2006 meeting on June 30, 2006 resolved for voluntary delisting of the Company's shares from the SET and on July 17, 2006 the SET approved the delisting on condition that the Company shall arrange to have the Crown Property Bureau make a tender offer to purchase shares from general shareholders pursuant to the SEC criteria before the delisting of the Company's shares. Thus, the shareholders who still retain their shareholding after the Company's delisting from the SET shall be affected as follows:

1) Lack of trading liquidity

Without the listing status, the Company's shares will not be traded on the SET nor any other recognized secondary markets. As such, there will be no reference price for trading, hence a lack of trading liquidity.

2) *Change of return on investment*

Without the listing status, most of the return on investment will be limited to dividend only. There will be less opportunity for the shareholders to receive capital gains as there is no secondary market.

3) *Less tax privileges*

The shareholders who are natural persons will not be exempted from capital gain tax. In addition, in case Thailand Securities Depository Co., Ltd. does not act as the Company's registrar, the share transfer of both natural and juristic person shareholders will not be exempted from stamp duty which is calculated at 0.1% of the paid-up share price or the face value, whichever is higher.

4) *Less access to the Company's information*

The small shareholders will not timely receive news or information to be disclosed by the Company under the SET's regulation. Moreover, the Company is not required to disclose the information on its financial status and operating results as required by the Notification of the SEC No. Gor. Jor. 40/2540 regarding rules, conditions and procedures governing the disclosure of information on financial position and operating results of a listed company. The duties of the management and the auditor of the Company in the preparation and disclosure of report on securities holding in accordance with the SEC's Notification No. Sor. Jor. 14/2540 regarding preparation and disclosure of report on securities holding are also terminated.

However, the Company will retain its status as a public company so that the shareholders will be able to access information and news of the Company in compliance with the Public Companies Act B.E. 2535, such as disclosure at the shareholders' meeting and annual report that the Company will submit to the shareholders on a yearly basis. Nonetheless, the shareholders may make a copy of the legislation documents at the Ministry of Commerce, for example, the Memorandum of Association, the shareholders' list and financial statements.

(4) Offering price being in line with the SEC criteria

The tender offer price of Bt. 133 per share accords with the criteria in clause 58 of the SEC notification no. Gor. Jor. 53/2545 regarding the rules, conditions and procedure of acquisition of securities for business takeovers, thereby the tender offer price must not be lower than the highest price derived from the following:

	Securities	Price (Bt./share)
1	The highest price of the shares acquired by the Tender Offeror or the persons under Section 258 of the Tender Offeror during the 90 days before filing to the SEC (May 23-August 20, 2006)	133.00
2	Weighted average market price of the Company's shares during the five business days before the date on which the Board of Directors resolved for requesting the shareholders' consideration of the share delisting (May 4-11, 2006)	130.00
3	Net asset value of the Company calculated by the adjusted book value to reflect the latest market price of the assets and liabilities of the Company	132.26
5	Fair value of the shares assessed by the financial advisor	132.26

5.3 Benefits or impacts from the plans and policies indicated in the tender offer and viability of such plans and policies

We are of the opinion that after this tender offer, the Company will continue operating on a going concern basis. The supporting reasons are as follows:

5.3.1 Future policies and plans

The Tender Offeror is the founder and major shareholder of the Company. Before this tender offer, the Tender Offeror and persons under Section 258 of the Tender Offeror own 86.70% and 0.06% of total issued and paid-up shares of the Company respectively. They have five representatives appointed as the Company's directors, out of the total number of 12 directors. In addition, the Tender Offeror has stated in the tender offer that the Tender Offeror has no intention to make material changes to the Company's business policy or management plan or disposition of the key assets as well as the change in its main objective in the next 12 months from the end of the tender offer period. However, the Tender Offeror may make adjustments of the organization structure, management, financial structure, investment plan and dividend payment policy for appropriateness and improvement of operational efficiency and future financial position, which will have no significant impacts on the normal business operations of the Company.

5.3.2 Share offering plan

The Tender Offeror has stated in the tender offer that it may sell or transfer the Company's shares it holds before and after the tender offer to any party in a significant amount within 12 months from the end of the tender offer period.

5.4 Benefits to and impacts on the shareholders in case they reject the tender offer (only in case of the tender offer for the purpose of securities delisting from the SET)

The dissenting shareholders will still retain their shareholder status with entitlement, pursuant to the Company's Articles of Association and the Public Limited Companies Act B.E. 2535 (1992), to the dividend payment, attendance of the shareholders' meeting, election of directors and access to information, etc.

The shareholders have the right to receipt of dividend payment if the Company records profit and has no retained deficit. As of June 30, 2006, the Company posted retained earnings of Bt. 845.46 million. It has allocated altogether Bt. 872.26 million to such reserves as legal reserve Bt. 12 million, general reserve Bt. 770 million and reserve for business expansion Bt. 90.26 million. The unallocated earnings are Bt. 26.8 million negative. The shareholders are entitled to sell the shares to other parties but they will be subject to income tax on the gains thereof (if any). They will also be impacted by consequences of the Company's delisting from the SET, and also the balance of power and controlling power over the Company's business operations by the major shareholder, as stated in 5.2.

Conclusion of the Financial Advisor's opinions

From the above information and reasons, we are of the opinion that the tender offer and the offering price are reasonable, and the shareholders should accept the tender offer. However, in deciding as to whether to accept or reject the tender offer, the shareholders should take into consideration the reasons and comments given herein and make the final decision at their own discretion.

We hereby certify that we have given opinions on the tender offer prudently in line with professional practices and with due regard for the interest of the shareholders.

Yours sincerely,
Advisory Plus Co., Ltd.

- Prasert Patradhilok-

(Prasert Patradhilok)
Director