- Translation -

Opinions of the Business Regarding Impacts of the Change in Accounting Method on the Tender Offer

Sor Bor 296/2006

September 25, 2006

To: Shareholders
Deves Insurance Public Company Limited

Subject: Explanation on impacts of the change in accounting method for unearned premium reserves

According to the letter of the Office of the Securities and Exchange Commission ("the SEC") no. KorLorTor. Kor 2036/2006 dated September 15, 2006 regarding impacts of the change in accounting method on the tender offer for the securities of Deves Insurance Public Company Limited ("the Company"), the Company was instructed to review its opinions regarding the tender offer (Form 250-2), taking into account effects of the change in accounting method for unearned premium reserves according to the guidelines on accounting method in the circular letter of the Department of Insurance ("DoI") no. PhorNor 0505/WorNgor 957 regarding accounting method for unearned premium reserves ("DoI's circular letter") dated September 7, 2006.

The Board of Directors' meeting of the Company no. 7/2006 on September 25, 2006 considered the impacts of the change in the accounting method for unearned premium reserves on the Company. There were 9 directors attending the meeting out of a total of 12 directors, of whom 2 directors with conflict of interest abstained from voting, namely:

Name	Position
1. Mr. Montri Mongkolswat	Director
2. Mr. Aviruth Wongbuddhapitak	Director

The Board of Directors, excluding the above directors with conflict of interest, considered such impacts and had the same opinion as Advisory Plus Company Limited, the financial advisor of the Company's small shareholders ("the Financial Advisor"), that such change will have positive effect on the Company's financial statements. The Company is not required to record reinsurance premium reserves as expenses and liabilities in case it reinsures with a non-life insurance company overseas. The recorded reserves will be written back as underwriting income, leading to the increase in the Company's net profit and shareholders' equity.

However, such impact will not level up the Company's cash flows. It is merely an accounting change that will have effect on the Company's financial statements for the third quarter ended September 30, 2006. The tender offeror submitted the tender offer on August 21, 2006, thereby the DoI had not yet announced the guidelines on accounting method as per its circular letter dated September 7, 2006.

The shareholders may consider the details of the impacts of the change in accounting method from the opinion of the Financial Advisor.

We hereby certify that the above statements are true and complete, and contain no materially misleading information, and that no concealment is made of any essential information that should have been disclosed.

Deves Insurance Public Company Limited

- Anant Keskasemsook -

(Mr. Anant Keskasemsook)

Opinion of the Financial Advisor

According to the opinion of Advisory Plus Co., Ltd., the independent financial advisor for small shareholders of the Company ("the Financial Advisor"), on the tender offer as detailed in the opinions of the business regarding the tender offer (Form 250-2) dated September 5, 2006, the tender offer and the offering price are considered reasonable as the offering price is higher than the reference price valuated by the adjusted book value approach. The tender offer also accords with the criteria of the making of tender offer for the delisting of securities pursuant to the Office of the Securities and Exchange Commission ("the SEC") notification regarding rules, conditions and procedures for the acquisition of securities for business takeovers dated November 18, 2002.

On September 15, 2006, the SEC issued a letter no. KorLorTor. Kor. 2037/2006 regarding impacts of the change in accounting method on the tender offer for the securities of Deves Insurance Public Company Limited ("the Company") to the Financial Advisor, for a review of its opinion given in Form 250-2 taking into account the impacts of the change in accounting method for unearned premium reserves in accordance with the guidelines on accounting method provided in the circular letter of the Department of Insurance ("DoI") dated September 7, 2006, thereby the accounting method for the unearned premium reserves is changed.

Non-life insurance companies were earlier required to record reinsurance premium reserves increase from the amount duly allocated in accordance with the stipulation of the Ministry of Commerce ("the MoC") regarding the allocation of unearned premium reserves and allowance for loss of non-life insurance companies ("criteria of reserve allocation") as expenses and liabilities in case they reinsured with non-life insurance companies overseas. Based on the DoI's circular letter, this item is no longer be required to be recorded as expenses and liabilities, but mentioned in the notes to financial statements, as all the underwriting risk would be transferred to the reinsurers, hence no direct debt obligation. However, provided that contingent liabilities are incurred as a result of the reinsurers' failure to comply with the agreements, it would then be deemed proper to follow the Accounting Standard no. 53 regarding projected liabilities, contingent liabilities and contingent assets.

The non-life insurance companies are required only to record reinsurance premium reserves to fulfill the shortfall amount in accordance with the criteria of reserve allocation. The amount shall be presented in the valuation price column of the financial report form to be specifically submitted to the DoI by non-life insurance companies.

After consideration of the above change in the accounting method for unearned premium reserves of non-life insurance companies, we are of the opinion that the change may have effects on the financial position and operations of the Company as detailed below:

According to the previous accounting criteria for unearned premium reserves, the Company was required to allocate reinsurance premium reserves in case it reinsured with a non-life insurance company overseas, with the amount to be recorded being no less than that calculated by the monthly average method ($1/24^{th}$ system) in line with the criteria of reserve allocation. If the amount duly allocated is not less than the amount calculated by the above criteria of reserve allocation, the Company was not required to set aside additional reinsurance premium reserves as the amount duly allocated was adequate. On the contrary, if the amount allocated was less than that required by the criteria of reserve allocation, additional reinsurance premium reserves were required.

Therefore, the change in the accounting method for unearned premium reserves will have positive impacts on the financial statements of the Company. Based on the financial statements as of June 30, 2006, the Company's liabilities would be reduced by approximately Bt. 292 million, the amount of decline in the reinsurance premium reserves. Its underwriting income (from write-back of reserve to income) and retained earning would increase in the same amount as the decline in the liabilities. Hence, the Company would record increase in net profit and shareholders' equity. Meanwhile, considering the effect on the reference share price valuated by us using the adjusted book value approach, the valuated share price may rise from Bt. 132.26 per share to Bt. 156.59 per share.

The above calculation of impacts is based on the information obtained from the Company which is not yet audited or reviewed by its auditor. We have also not examined the completeness and correctness of such information.

Furthermore, the change in the accounting method for unearned premium reserves will not level up the Company's cash flows. It is merely an accounting change that will have positive effect on the Company's financial statements for the third quarter ended September 30, 2006. The Company is still required to comply with the criteria of reserve allocation and maintaining of capital funds as required by the MoC which are not consistent with the changed accounting method. Thus, the effects of the difference between the two standards may lead to the understanding that the Company records higher retained earning and can make higher dividend payment, but as a matter of fact, it is still required to maintain the capital funds as required by the MoC and may not be able to pay a higher rate of dividend.

However, the tender offeror submitted the tender offer on August 21, 2006, thereby the DoI had not yet announced the guidelines on accounting method as per its circular letter dated September 7, 2006.

Based on the above reasons, we are of the opinion that the impacts of the change in the accounting method should not be taken into account in the share valuation. As the actual effect will be stated on the Company's financial statements for the third quarter ended September 30, 2006 reviewed by the auditor. The offering price of Bt. 138 per share is considered reasonable and accords with the SEC criteria regarding the making of tender offer for the delisting of securities.

We hereby certify that we have given our opinions on the above matter 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)
President