

FN.A.016/2012

February 29, 2012

Subject: Explanation of changes in operating result

Dear Sirs,

As the Office of Insurance Commission has issued a new financial statement format for the insurance industry to the requirement of TAS 1 (Revised 2009) Presentation of Financial Statements. The preparation of the financial statement for the current period and reclassified for the fiscal 2553 to be in the form of this new requirement.

According to our financial statement in which the equity method is applied for the year ended December 31 2011, the company reported net loss of 197.16 million baht decreased by 369.61 million baht or 214.33% from the same period of previous year. We would like to clarify the main reasons of changes in operating result as follows;

1. The company's underwriting profit decreased 285.01 million baht or 370.96% from the previous year which mainly resulted from an increase in total revenues from the previous year by 233.93 million baht or 15.01% and an increase in total underwriting expenses from the previous year by 518.94 million baht or 31.73% . The increase of underwriting expenses was result from the loss of severe flooding in the fourth quarter of 2011.

2. Net investment income decreased 33.31 million baht or 18.25% from the same period of previous year due to a decrease in gain from sale of securities.

3. Share of income from investment in associated company decreased 13.24 million baht or 106.45%

Please be informed accordingly.

Yours faithfully,

The Navakij Insurance Public Company Limited

(Pitiphong Bisalputra)

President