

FN.A.038/2011

August 11, 2011

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 three-month periods ended June 30 2011, the company reported net profit of 36.01 million baht decreased by 13.70 million baht or 27.55% 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 9.52 million baht or 70.27% from the previous year which mainly resulted from an increase in total revenues from the previous year by 77.68 million baht or 20.50% and an increase in total underwriting expenses from the previous year by 87.20 million baht or 23.86% .
2. Net investment income decreased 1.07 million baht or 2.31% 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 1.70 million baht or 127.72%

Please be informed accordingly.

Yours faithfully,

The Navakij Insurance Public Company Limited

(Pitiphong Bisalputra)

President