

Bangkok Life Assurance Public Company Limited  
Review report and interim financial statements  
For the three-month and six-month periods ended  
30 June 2011 and 2010

## **Review Report of Independent Auditor**

To the Shareholders of Bangkok Life Assurance Public Company Limited

I have reviewed the accompanying statement of financial position of Bangkok Life Assurance Public Company Limited as at 30 June 2011, the statements of income and comprehensive income for the three-month and six-month periods ended 30 June 2011 and 2010, and the statements of changes in equity, and cash flows for the six-month periods ended 30 June 2011 and 2010. 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 issue a report on these financial statements based on my reviews.

I conducted my reviews in accordance with the auditing standard applicable to review engagements. This standard requires that I plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. I have not performed an audit and, accordingly, I do not express an audit opinion.

Based on my reviews, nothing has come to my attention that causes me to believe that the accompanying financial statements are not presented fairly, in all material respects, in accordance with generally accepted accounting principles.

I have previously audited the financial statements of Bangkok Life Assurance Public Company Limited for the year ended 31 December 2010, in accordance with generally accepted auditing standards and expressed an unqualified opinion on those statements under my report dated 23 February 2011, The statement of financial position as at 31 December 2010, as presented herein for comparative purposes, formed an integral part of the financial statements which I audited and reported on. I have not performed any other audit procedures subsequent to the date of that report.

I draw attention that as described in Notes 1.3 to the financial statements, during the current period, the Company adopted the revised and new accounting standards issued by the Federation of Accounting Professions, and as described in Note 1.2 to the financial statements, the Company has presented the financial statements in compliance with the Notification of the Office of Insurance Commission. The Company applied them in its preparation and presentation of the interim financial statements.

Nonglak Pumnoi  
Certified Public Accountant (Thailand) No. 4172

Ernst & Young Office Limited  
Bangkok: 10 August 2011

**Bangkok Life Assurance Public Company Limited****Statements of financial position****As at 30 June 2011 and 31 December 2010**

		(Unit: Baht)	
	<u>Note</u>	<u>30 June 2011</u>	<u>31 December 2010</u>
		(Unaudited but reviewed)	(Audited)
<b>Assets</b>			
Cash and cash equivalent	3, 18	7,694,924,923	3,579,532,959
Accrued investment income		1,060,067,401	987,293,818
Premium receivables, net	4	1,797,018,564	1,310,540,738
Reinsurance assets	5	236,942,744	239,172,543
Investment assets			
Investments in securities	18		
Trading investments	6	651,802,135	391,114,010
Available-for-sale investments	6	13,009,102,600	12,916,792,267
Held-to-maturity investments	6, 19, 20	73,433,981,997	66,789,113,478
Other investments	6	29,587,830	29,587,830
Loans, net	7	2,240,946,987	2,158,045,731
Property and equipment, net		324,885,345	339,047,772
Intangible assets, net		15,470,427	18,788,531
Other assets	9, 18	287,026,055	183,846,058
<b>Total assets</b>		<u>100,781,757,008</u>	<u>88,942,875,735</u>

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

**Bangkok Life Assurance Public Company Limited**  
**Statements of financial position (Continued)**  
**As at 30 June 2011 and 31 December 2010**

		(Unit: Baht)	
	<u>Note</u>	<u>30 June 2011</u>	<u>31 December 2010</u>
		(Unaudited but reviewed)	(Audited)
<b>Liabilities and equity</b>			
<b>Liabilities</b>			
Income tax payable		643,932,481	501,204,734
Due to reinsurers	<i>10, 18</i>	268,427,235	237,341,227
Insurance contract liabilities			
Life policy reserve	<i>11</i>	77,665,257,649	68,189,797,590
Unpaid policy benefits	<i>12</i>	62,485,405	77,579,880
Loss reserves and outstanding claims	<i>13, 18</i>	333,182,690	320,619,427
Premium reserve	<i>14</i>	1,066,719,808	1,013,363,551
Other insurance liabilities		6,578,685,820	6,343,444,654
Employee benefit obligations		180,468,348	108,392,538
Other liabilities	<i>15, 18</i>	1,331,465,727	1,234,428,064
<b>Total liabilities</b>		<u>88,130,625,163</u>	<u>78,026,171,665</u>

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

**Bangkok Life Assurance Public Company Limited**  
**Statements of financial position (Continued)**  
**As at 30 June 2011 and 31 December 2010**

	(Unit: Baht)	
	<u>30 June 2011</u>	<u>31 December 2010</u>
	(Unaudited but reviewed)	(Audited)
<b>Equity</b>		
Share capital		
Registered		
1,220,000,000 ordinary shares of Baht 1 each	<u>1,220,000,000</u>	<u>1,220,000,000</u>
Issued and fully paid up		
1,200,000,000 ordinary shares of Baht 1 each	1,200,000,000	1,200,000,000
Premium on share capital	2,699,821,268	2,699,821,268
Retained earnings		
Appropriated		
Legal reserve	122,000,000	122,000,000
General reserve	400,000,000	400,000,000
Unappropriated	5,847,046,151	4,154,178,577
Other components of equity	<u>2,382,264,426</u>	<u>2,340,704,225</u>
<b>Total equity</b>	<u>12,651,131,845</u>	<u>10,916,704,070</u>
<b>Total liabilities and equity</b>	<u>100,781,757,008</u>	<u>88,942,875,735</u>
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The accompanying notes are an integral part of the financial statements.

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Directors  
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(Unaudited but reviewed)

**Bangkok Life Assurance Public Company Limited****Statements of income****For the three-month periods ended 30 June 2011 and 2010**

		(Unit: Baht)	
	<u>Note</u>	<u>2011</u>	<u>2010</u>
<b>Income</b>			
Net earned premium	16, 18	7,958,826,389	5,460,571,683
Net investment income	18	1,114,066,463	846,794,684
<b>Total income</b>		<u>9,072,892,852</u>	<u>6,307,366,367</u>
<b>Expenses</b>			
Underwriting			
Life policy reserve increase from previous period	16	4,732,208,588	3,179,455,253
Benefit payments to life policies and benefit adjustment expenses	16	1,217,854,441	1,119,481,073
Claims and losses adjustment expenses	16, 18	384,244,048	361,564,949
Commissions and brokerages expenses	16, 18	680,743,136	619,375,022
Sales promotion expenses	16	145,489,393	90,352,032
Other underwriting expenses	16, 18	5,099,694	8,145,582
Operating expenses	17, 18	312,035,997	280,349,359
<b>Total underwriting expenses</b>		<u>7,477,675,297</u>	<u>5,658,723,270</u>
<b>Profit from underwriting</b>		1,595,217,555	648,643,097
Profit from investments	6	123,547,517	190,079,272
Fair value losses on trading investments		(18,036,622)	(52,932,897)
Other income		3,296,042	2,786,133
Gains (losses) on exchange		(112,134)	2,026,604
<b>Profit from operations</b>		<u>1,703,912,358</u>	<u>790,602,209</u>
Contribution to the Office of Insurance Commission		16,474,966	10,205,602
Contribution to Life Guarantee Fund		8,075,865	5,533,387
<b>Profit before corporate income tax</b>		1,679,361,527	774,863,220
Corporate income tax		387,451,188	172,208,091
<b>Profit for the period</b>		<u>1,291,910,339</u>	<u>602,655,129</u>
<b>Earnings per share</b>			
22			
Basic earnings per share			
Profit for the period		<u>1.077</u>	<u>0.502</u>
Diluted earnings per share			
Profit for the period		<u>1.069</u>	<u>0.500</u>

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

(Unaudited but reviewed)

**Bangkok Life Assurance Public Company Limited**

**Statements of comprehensive income**

**For the three-month periods ended 30 June 2011 and 2010**

	<u>2011</u>	<u>2010</u>
		(Unit: Baht)
<b>Profit for the period</b>	<u>1,291,910,339</u>	<u>602,655,129</u>
<b>Other comprehensive income:</b>		
Gains (losses) on changes in values of available-for-sale investments	<u>23,528,128</u>	<u>(24,229,303)</u>
Other comprehensive income for the period	<u>23,528,128</u>	<u>(24,229,303)</u>
<b>Total comprehensive income for the period</b>	<u><u>1,315,438,467</u></u>	<u><u>578,425,826</u></u>

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



(Unaudited but reviewed)

**Bangkok Life Assurance Public Company Limited****Statements of income (continued)****For the six-month periods ended 30 June 2011 and 2010**

		(Unit: Baht)	
	<u>Note</u>	<u>2011</u>	<u>2010</u>
<b>Income</b>			
Net earned premium	16, 18	15,820,003,658	12,278,139,002
Net investment income	18	2,178,605,781	1,620,074,125
<b>Total income</b>		<u>17,998,609,439</u>	<u>13,898,213,127</u>
<b>Expenses</b>			
Underwriting			
Life policy reserve increase from previous period	16	9,475,460,059	7,435,553,133
Benefit payments to life policies and benefit adjustment expenses	16	2,672,663,183	2,352,224,382
Claims and losses adjustment expenses	16, 18	747,963,015	704,918,081
Commissions and brokerages expenses	16, 18	1,417,228,725	1,517,549,154
Sales promotion expenses	16	230,463,610	205,387,280
Other underwriting expenses	16, 18	9,650,495	11,832,832
Operating expenses	17, 18	604,924,081	544,213,931
<b>Total underwriting expenses</b>		<u>15,158,353,168</u>	<u>12,771,678,793</u>
<b>Profit from underwriting</b>		2,840,256,271	1,126,534,334
Profit from investments	6	158,709,923	224,787,004
Fair value losses on trading investments		(16,417,863)	(668,046)
Other income		6,200,977	9,355,503
Gains (losses) on exchange		2,250,642	(3,537,265)
<b>Profit from operations</b>		<u>2,990,999,950</u>	<u>1,356,471,530</u>
Contribution to the Office of Insurance Commission		30,465,699	24,054,418
Contribution to Life Guarantee Fund		16,095,428	12,516,430
<b>Profit before corporate income tax</b>		2,944,438,823	1,319,900,682
Corporate income tax		665,296,337	276,502,921
<b>Profit for the period</b>		<u>2,279,142,486</u>	<u>1,043,397,761</u>
<b>Earnings per share</b>			
22			
Basic earnings per share			
Profit for the period		<u>1.899</u>	<u>0.869</u>
Diluted earnings per share			
Profit for the period		<u>1.887</u>	<u>0.866</u>

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

(Unaudited but reviewed)

**Bangkok Life Assurance Public Company Limited**  
**Statements of comprehensive income (continued)**  
**For the six-month periods ended 30 June 2011 and 2010**

	(Unit: Baht)	
	<u>2011</u>	<u>2010</u>
<b>Profit for the period</b>	<u>2,279,142,486</u>	<u>1,043,397,761</u>
<b>Other comprehensive income:</b>		
Gains on changes in values of available-for-sale investments	<u>41,560,201</u>	<u>265,844,532</u>
Other comprehensive income for the period	<u>41,560,201</u>	<u>265,844,532</u>
<b>Total comprehensive income for the period</b>	<u><u>2,320,702,687</u></u>	<u><u>1,309,242,293</u></u>

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

(Unaudited but reviewed)

**Bangkok Life Assurance Public Company Limited****Statements of cash flows****For the six-month periods ended 30 June 2011 and 2010**

	(Unit: Baht)	
	<u>2011</u>	<u>2010</u>
<b>Cash flows from operating activities</b>		
Direct premium written	15,343,649,794	11,835,176,142
Interest income	1,789,261,048	1,152,726,485
Dividend income	316,571,151	260,692,646
Other investment income	185,773,372	459,283,042
Other income	6,194,685	5,714,646
Benefit payments to life policies during the period	(3,155,751,945)	(2,723,391,572)
Dividends to policyholders	(20,889,600)	(16,236,000)
Commissions and brokerages	(1,446,163,417)	(1,488,371,675)
Other underwriting expenses	(246,190,075)	(198,427,358)
Operating expenses	(584,383,575)	(394,392,543)
Other expenses	(45,406,650)	(33,624,730)
Corporate income tax	(522,568,590)	(237,031,467)
<b>Net cash from operating activities</b>	<u>11,620,096,198</u>	<u>8,622,117,616</u>
<b>Cash flows from investing activities</b>		
Cash flows from		
Investments in securities	64,775,857,332	80,243,436,155
Loans	270,220,981	209,271,075
Deposits at financial institutions	-	405,000,000
Property and equipment	56,223	4,016,150
<b>Net cash from investing activities</b>	<u>65,046,134,536</u>	<u>80,861,723,380</u>
Cash flows used in		
Investments in securities	(71,740,275,630)	(89,058,580,385)
Loans	(307,907,959)	(249,656,919)
Property and equipment	(24,568,414)	(35,830,230)
<b>Net cash used in investing activities</b>	<u>(72,072,752,003)</u>	<u>(89,344,067,534)</u>
<b>Net cash used in investing activities</b>	<u>(7,026,617,467)</u>	<u>(8,482,344,154)</u>
<b>Cash flows used in financing activities</b>		
Dividends paid	-478,086,767	(179,481,180)
<b>Net cash used in financing activities</b>	<u>-478,086,767</u>	<u>(179,481,180)</u>
<b>Net decrease in cash and cash equivalents</b>	4,115,391,964	(39,707,718)
Cash and cash equivalents at beginning of period	3,579,532,959	3,668,064,852
<b>Cash and cash equivalents at end of period (Note 3)</b>	<u><u>7,694,924,923</u></u>	<u><u>3,628,357,134</u></u>
<b>Supplemental cash flows information</b>		
Non-cash item		
Surplus on changes in values of available-for-sale investments	41,560,201	265,844,532

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

(Unaudited but reviewed)

## Bangkok Life Assurance Public Company Limited

## Statements of changes in equity

For the six-month periods ended 30 June 2011 and 2010

(Unit: Baht)

	Note	Issued and paid-up share capital	Premium on share capital	Retained earnings			Other components of equity		Total
				Appropriated		Unappropriated	Other comprehensive income		
				Legal reserve	General reserve		Surplus on changes in value of available- for-sale investments	Total other components of equity	
<b>Balance as at 31 December 2009</b>		1,200,000,000	2,699,821,268	122,000,000	400,000,000	1,776,360,403	1,033,412,251	1,033,412,251	7,231,593,922
Dividend paid	23	-	-	-	-	(179,481,180)	-	-	(179,481,180)
Total comprehensive income for the period		-	-	-	-	1,043,397,761	265,844,532	265,844,532	1,309,242,293
<b>Balance as at 30 June 2010</b>		<u>1,200,000,000</u>	<u>2,699,821,268</u>	<u>122,000,000</u>	<u>400,000,000</u>	<u>2,640,276,984</u>	<u>1,299,256,783</u>	<u>1,299,256,783</u>	<u>8,361,355,035</u>
<b>Balance as at 31 December 2010</b>		1,200,000,000	2,699,821,268	122,000,000	400,000,000	4,154,178,577	2,340,704,225	2,340,704,225	10,916,704,070
Cumulative effect of change in accounting policy									
for employee benefits		-	-	-	-	(108,188,146)	-	-	(108,188,146)
Dividend paid	23	-	-	-	-	(478,086,766)	-	-	(478,086,766)
Total comprehensive income for the period		-	-	-	-	2,279,142,486	41,560,201	41,560,201	2,320,702,687
<b>Balance as at 30 June 2011</b>		<u>1,200,000,000</u>	<u>2,699,821,268</u>	<u>122,000,000</u>	<u>400,000,000</u>	<u>5,847,046,151</u>	<u>2,382,264,426</u>	<u>2,382,264,426</u>	<u>12,651,131,845</u>
		-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-

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

**Bangkok Life Assurance Public Company Limited**

**Notes to interim financial statements**

**For the three-month and six-month periods ended 30 June 2011 and 2010**

**1. General information**

**1.1 Corporate information**

Bangkok Life Assurance Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. The Company is principally engaged in the provision of life insurance business. Its major shareholder is Nippon Life Insurance Company, which was incorporated in Japan. Its registered office is located at 23/115-121, Royal City Avenue, Rama 9 Road, Bangkapi, Huaykwang, Bangkok. As at 30 June 2011, the Company has 74 branches (31 December 2010: 74 branches).

**1.2 Basis for the preparation of interim financial statements**

These interim financial statements are prepared in accordance with Thai Accounting Standard No. 34 (revised 2009) “Interim Financial Reporting”, with the Company choosing to present condensed interim financial statements. As from the Office of Insurance Commission (“OIC”) issued the Notification dated 27 May 2010, the Company has presented the statements of financial position, income, comprehensive income, changes in equity and cash flows for the current period and reclassified the 2010 financial statements in accordance with the Notification without the effect to the Company’s equity.

These interim financial statements are intended to provide information additional to that included in the latest annual financial statements. Accordingly, they focus on new activities, events and circumstances so as not to duplicate information previously reported. These interim financial statements should therefore be read in conjunction with the latest annual financial statements.

The interim financial statements in Thai language are the official statutory financial statements of the Company. The interim financial statements in English language have been translated from the Thai language financial statements.

### 1.3 Application of new accounting standards during the period

During the current period, the Company adopted a number of revised and new accounting standards, issued by the Federation of Accounting Professions, as listed below.

#### Accounting standards:

TAS 1 (revised 2009)	Presentation of Financial Statements
TAS 2 (revised 2009)	Inventories
TAS 7 (revised 2009)	Statement of Cash Flows
TAS 8 (revised 2009)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (revised 2009)	Events after the Reporting Period
TAS 11 (revised 2009)	Construction Contracts
TAS 16 (revised 2009)	Property, Plant and Equipment
TAS 17 (revised 2009)	Leases
TAS 18 (revised 2009)	Revenue
TAS 19	Employee Benefits
TAS 23 (revised 2009)	Borrowing Costs
TAS 24 (revised 2009)	Related Party Disclosures
TAS 26	Accounting and Reporting by Retirement Benefit Plans
TAS 27 (revised 2009)	Consolidated and Separate Financial Statements
TAS 28 (revised 2009)	Investments in Associates
TAS 29	Financial Reporting in Hyperinflationary Economies
TAS 31 (revised 2009)	Interests in Joint Ventures
TAS 33 (revised 2009)	Earnings per Share
TAS 34 (revised 2009)	Interim Financial Reporting
TAS 36 (revised 2009)	Impairment of Assets
TAS 37 (revised 2009)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (revised 2009)	Intangible Assets
TAS 40 (revised 2009)	Investment Property

#### Financial reporting standards:

TFRS 2	Share-Based Payment
TFRS 3 (revised 2009)	Business Combinations
TFRS 5 (revised 2009)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 6	Exploration for and Evaluation of Mineral Resources

Financial Reporting Interpretations Committee:

TFRIC 15                      Agreements for the Construction of Real Estate

Standing Interpretations Committee:

SIC 31                      Revenue-Barter Transactions Involving Advertising Services

These accounting standards do not have any significant impact on the financial statements for the current period, except for the following accounting standard.

**TAS 19 Employee Benefits**

This accounting standard requires employee benefits to be recognised as expense in the period in which the service is performed by the employee. In particular, an entity has to evaluate and make a provision for post-employment benefits using actuarial techniques. The Company previously accounted for such employee benefits when they were incurred.

The Company has changed this accounting policy in the current period and recognised the liability in the transition period through an adjustment to the beginning balance of retained earnings in the current period.

The amounts of adjustments affecting the statement of financial position as at 30 June 2011 are summarised below.

(Unit: Million Baht)

Increase in reserve for long-term employee benefits	116.92
Decrease in unappropriated retained earnings	108.19

The amounts of adjustments affecting the statement of comprehensive income for the three-month and six-month periods ended 30 June 2011 are summarised below.

	For the three-month period ended 30 June 2011	For the six-month period ended 30 June 2011
Increase in personal expenses (Million Baht)	4.29	8.73
Decrease in basic earnings per share (Baht per share)	0.003	0.007
Decrease in diluted earnings per share (Baht per share)	0.003	0.007

#### **1.4 Significant accounting policies**

The interim financial statements are prepared using the same accounting policies and methods of computation as were used for the financial statements for the year ended 31 December 2010, except for the change in the following accounting policy due to the adoption of new accounting standard.

##### **Employee benefits**

##### **Post-employment benefits (Defined contribution plans)**

The Company and its employees have jointly established a provident fund. The fund is monthly contributed by employees and by the Company. The fund's assets are held in a separate trust fund and the Company's contributions are recognised as expenses when incurred.

##### **Post-employment benefits (Defined benefit plans) and other long-term employee benefits**

The Company has obligations in respect of the severance payments it must make to employees upon retirement under labor law and other employee benefit plans. The Company treats these severance payment obligations as a defined benefit plan. In addition, the Company provides other long-term employee benefit plan, namely long service awards.

The obligation under the defined benefit plan and other long-term employee benefit plans is determined based on actuarial techniques, using the projected unit credit method. Such determination is made based on various assumptions, including discount rate, future salary increase rate, staff turnover rate, mortality rate, and inflation rates.

Actuarial gains and losses arising from post-employment benefits and other long-term benefits are recognised immediately in profit or loss.

For the first-time adoption of TAS 19 Employee Benefits, the Company elected to recognise the transitional liability, through an adjustment to the beginning balance of retained earnings in the current period.



**2. New accounting standards issued during the period not yet effective**

During the current period, the Federation of Accounting Professions issued the below listed new accounting standards that are effective for fiscal years beginning on or after 1 January 2013.

Standing Interpretations Committee:

SIC 10 Government Assistance - No Specific Relation to Operating Activities

SIC 21 Income Taxes - Recovery of Revalued Non-Depreciable Assets

SIC 25 Income Taxes - Changes in the Tax Status of an Entity or its Shareholders

**3. Cash and cash equivalents**

	(Unit: Baht)	
	30 June 2011	31 December 2010
Cash on hand	3,152,708	4,934,607
Deposits at banks with no fixed maturity date	566,772,215	554,598,352
Deposits at banks with fixed maturity date	305,000,000	300,000,000
Total	874,924,923	859,532,959
Short-term Investment which amounts maturing within 3 months	7,120,000,000	3,020,000,000
Less: Deposits at banks which amounts maturing in over 3 months	(300,000,000)	(300,000,000)
Cash and cash equivalents	<u>7,694,924,923</u>	<u>3,579,532,959</u>

At 30 June 2011, Interest rate of saving account, fixed account and promissory note are 0.75% - 6.10% per annum (31 December 2010: 0.25% - 6.10% per annum).

#### 4. Premium receivables

The balances as at 30 June 2011 and 31 December 2010 of premium receivables are classified by aging from the maturity date under the stipulated credit terms as follows:

(Unit: Baht)

	30 June 2011		
	Due from agents		
	Due from insured	and brokers	Total
Not yet due	1,658,245,892	41,224,937	1,699,470,829
Not over 30 days	3,418,088	27,648,299	31,066,387
Over 30 days to 60 days	19,758,318	17,816,083	37,574,401
Over 60 days to 90 days	1,023,912	13,083,982	14,107,894
Over 90 days to 1 year	303,404	14,063,443	14,366,847
Over 1 year	30,151	402,055	432,206
Total premium receivables	<u>1,682,779,765</u>	<u>114,238,799</u>	<u>1,797,018,564</u>

(Unit: Baht)

	31 December 2010		
	Due from agents		
	Due from insured	and brokers	Total
Not yet due	1,227,106,501	-	1,227,106,501
Not over 30 days	6,037,540	24,053,591	30,091,131
Over 30 days to 60 days	418,283	7,754,414	8,172,697
Over 60 days to 90 days	885,201	18,523,585	19,408,786
Over 90 days to 1 year	3,656,206	21,949,049	25,605,255
Over 1 year	19,837	136,531	156,368
Total premium receivables	<u>1,238,123,568</u>	<u>72,417,170</u>	<u>1,310,540,738</u>

For premium receivables due from agents and brokers, the Company has stipulated credit term. For overdue premium receivables, the Company has the legal process with such agents and brokers.

(Unaudited but reviewed)

## 5. Reinsurance assets

	(Unit: Baht)	
	30 June 2011	31 December 2010
Amounts due from reinsurers	236,942,744	239,172,543
Reinsurance assets, net	236,942,744	239,172,543

The balances as at 30 June 2011 and 31 December 2010 of amounts due from reinsurers are classified by aging as follows:

	(Unit: Baht)	
	30 June 2011	31 December 2010
Not yet due	26,025,912	34,186,315
Not over 12 months	208,549,338	202,372,689
Over 2 years	2,367,494	2,613,539
Total amounts due from reinsurers	236,942,744	239,172,543

## 6. Investments in securities

	(Unit: Baht)			
	30 June 2011		31 December 2010	
	Cost/ Amortised cost	Fair value	Cost/ Amortised cost	Fair value
<b>Trading investments</b>				
Equity securities	668,143,442	651,802,135	388,975,003	391,114,010
Add: Unrealised gains (losses)	(16,341,307)	-	2,139,007	-
<b>Total trading investments</b>	651,802,135	651,802,135	391,114,010	391,114,010
<b>Available-for-sale investments</b>				
Government and state enterprise securities	2,966,379,428	2,945,198,406	2,974,326,525	2,999,568,272
Private enterprises debt securities	50,000,237	51,725,033	50,000,316	53,043,785
Equity securities	5,449,948,658	7,617,250,537	5,327,590,054	7,442,273,588
Unit trusts	1,849,555,242	2,073,694,337	2,071,935,329	2,271,430,639
Foreign unit trusts	323,350,000	321,234,287	170,000,000	150,475,983
Total	10,639,233,565	13,009,102,600	10,593,852,224	12,916,792,267
Add: Unrealised gains	2,369,869,035	-	2,322,940,043	-
<b>Total available-for-sale investments</b>	13,009,102,600	13,009,102,600	12,916,792,267	12,916,792,267

## (Unaudited but reviewed)

(Unit: Baht)

	30 June 2011		31 December 2010	
	Cost/		Cost/	
	Amortised cost	Fair value	Amortised cost	Fair value
<b>Held-to-maturity investments</b>				
Government and state enterprise securities	59,955,530,287		54,671,423,121	
Private enterprises debt securities	9,267,597,695		8,215,330,659	
Foreign debt securities	4,213,354,015		3,909,859,698	
Total	73,436,481,997		66,796,613,478	
Less: Allowance for impairment	(2,500,000)		(7,500,000)	
<b>Total held-to-maturity investments</b>	<b>73,433,981,997</b>		<b>66,789,113,478</b>	
<b>Other investments</b>				
Equity securities	29,587,830		29,587,830	
<b>Total other investments</b>	<b>29,587,830</b>		<b>29,587,830</b>	

Investments in debt securities as at 30 June 2011 and 31 December 2010 will be matured redemption as follows:

(Unit: Baht)

	30 June 2011			
	Period to maturity			
	Within 1 year	1 - 5 years	Over 5 years	Total
<b>Available-for-sale investments</b>				
Government and state enterprise securities	-	712,544,117	2,253,835,311	2,966,379,428
Private enterprises debt securities	-	50,000,237	-	50,000,237
Total	-	762,544,354	2,253,835,311	3,016,379,665
Less: Unrealised (losses)	-	(12,579,443)	(6,876,783)	(19,456,226)
<b>Total available-for-sale debt investments, net</b>	<b>-</b>	<b>749,964,911</b>	<b>2,246,958,528</b>	<b>2,996,923,439</b>
<b>Held-to-maturity investments</b>				
Government and state enterprise securities	2,649,009,498	7,973,554,039	49,332,966,750	59,955,530,287
Private enterprises debt securities	191,638,418	2,795,000,000	6,280,959,277	9,267,597,695
Foreign debt securities	-	2,019,392,852	2,193,961,163	4,213,354,015
Total	2,840,647,916	12,787,946,891	57,807,887,190	73,436,481,997
Less: Allowance for impairment	(2,500,000)	-	-	(2,500,000)
<b>Total held-to-maturity debt investments, net</b>	<b>2,838,147,916</b>	<b>12,787,946,891</b>	<b>57,807,887,190</b>	<b>73,433,981,997</b>

## (Unaudited but reviewed)

(Unit: Baht)

	31 December 2010			
	Period to maturity			
	Within			
	1 year	1 - 5 years	Over 5 years	Total
<b>Available-for-sale investments</b>				
Government and state enterprise securities	-	714,049,337	2,260,277,188	2,974,326,525
Private enterprises debt securities	-	50,000,316	-	50,000,316
Total	-	764,049,653	2,260,277,188	3,024,326,841
Add: Unrealised gains	-	849,941	27,435,275	28,285,216
<b>Total available-for-sale debt investments, net</b>	-	764,899,594	2,287,712,463	3,052,612,057
<b>Held-to-maturity debt investments</b>				
Government and state enterprise securities	2,678,476,712	8,889,411,503	43,103,534,906	54,671,423,121
Private enterprises debt securities	268,055,726	1,415,000,000	6,532,274,933	8,215,330,659
Foreign debt securities	-	1,811,583,667	2,098,276,031	3,909,859,698
Total	2,946,532,438	12,115,995,170	51,734,085,870	66,796,613,478
Less: Allowance for impairment	(7,500,000)	-	-	(7,500,000)
<b>Total held-to-maturity debt investments, net</b>	2,939,032,438	12,115,995,170	51,734,085,870	66,789,113,478

The Company has pledged government and state enterprise bonds of Baht 17,244.66 million (31 December 2010: Baht 13,146.02 million) as life assurance policy reserve and assets pledged with the Registrar in accordance with the Life Assurance Act as mentioned in Notes 19 and 20.

- (a) As at 30 June 2011, the Company has investments of Baht 1,800 million (31 December 2010: Baht 1,700 million) in promissory notes and bills of exchange, which have been classified as held-to-maturity investments and are presented at amortised cost. Such notes were issued by local banks and branches of foreign commercial banks, have remaining lives of 9 - 11 years, and contain conditions related to early redemption rights or put options obliging the Company to purchase additional notes released by issuers.
- (b) As at 30 June 2011, the Company has investments of Baht 1,210 million (31 December 2010: Baht 1,090 million) in promissory notes and bills of exchange, which have been classified as held-to-maturity investments and are presented at amortised cost. Such notes were issued by branches of foreign commercial banks, have remaining lives of 5 years, and contain conditions whereby settlement of principal and interest is to be received on the maturity date per the agreement.

(Unaudited but reviewed)

- (c) As at 30 June 2011, the Company has investments of Baht 600 million (31 December 2010: Baht 600 million) in promissory notes and bills of exchange, which have been classified as held-to-maturity investments and are presented at amortised cost. Such notes were issued by branches of foreign commercial banks, have remaining lives of 9 years, and contain conditions whereby settlement of principal and interest is to be received based on the rate of return of government bond (CMT Index).
- (d) As at 30 June 2011, the Company has investments of Baht 600 million (31 December 2010: Baht 400 million) in promissory notes and bills of exchange, which have been classified as held-to-maturity investments and are presented at amortised cost. Such notes were issued by branches of foreign commercial banks, have remaining lives of 10 years, and contain conditions whereby settlement of principal is based on the credit event.

The promissory notes and bills of exchange contain embedded derivatives that are not closely related to the host contract instruments, except for one structured note as described in (b).

The Company recorded gains from investments in securities during the period ended 30 June 2011 and 2010 by included the following.

(Unit: Baht)

	For the three-month periods		For the six-month periods ended	
	ended 30 June		30 June	
	2011	2010	2011	2010
Gains from sales of trading investments	9,406,924	130,355,335	24,009,688	162,811,312
Gains from sales of available-for-sale investments	118,440,593	60,023,938	139,050,235	57,225,692
Unrealised gains (losses) on foreign exchange contracts	(4,300,000)	(300,000)	(4,350,000)	4,750,000
Total	123,547,517	190,079,272	158,709,923	224,787,004

## 7. Loans and accrued interest

As at 30 June 2011 and 31 December 2010, the balances of loans and accrued interest are aged by principal and accrued interest as follows:

		30 June 2011								
Outstanding period	Policy loans		Mortgage loans		Other loans		Total			
	Accrued		Accrued		Accrued		Accrued		Total	
	Principal	interest	Principal	interest	Principal	interest	Principal	interest		
Current	1,632,758,606	123,014,695	591,704,133	2,400,021	14,170,776	-	2,238,633,515	125,414,716	2,364,048,231	
Overdue:										
Less than 6 months	-	-	995,889	-	-	-	995,889	-	995,889	
Over 12 months	-	-	1,271,366	79,478	112,625	3,353	1,383,991	82,831	1,466,822	
<b>Total</b>	<b>1,632,758,606</b>	<b>123,014,695</b>	<b>593,971,388</b>	<b>2,479,499</b>	<b>14,283,401</b>	<b>3,353</b>	<b>2,241,013,395</b>	<b>125,497,547</b>	<b>2,366,510,942</b>	
Less: Allowance for doubtful accounts	-	-	(66,408)	(79,478)	-	-	(66,408)	(79,478)	(145,886)	
<b>Loans and accrued interest - net</b>	<b>1,632,758,606</b>	<b>123,014,695</b>	<b>593,904,980</b>	<b>2,400,021</b>	<b>14,283,401</b>	<b>3,353</b>	<b>2,240,946,987</b>	<b>125,418,069</b>	<b>2,366,365,056</b>	

(Unit: Baht)

  

		31 December 2010								
Outstanding period	Policy loans		Mortgage loans		Other loans		Total			
	Accrued		Accrued		Accrued		Accrued		Total	
	Principal	interest	Principal	interest	Principal	interest	Principal	interest		
Current	1,517,437,651	108,983,658	623,913,961	2,691,501	14,090,179	-	2,155,441,791	111,675,159	2,267,116,950	
Overdue:										
Less than 6 months	-	-	1,270,928	-	-	-	1,270,928	-	1,270,928	
Over 12 months	-	-	1,286,677	79,478	112,743	3,353	1,399,420	82,831	1,482,251	
<b>Total</b>	<b>1,517,437,651</b>	<b>108,983,658</b>	<b>626,471,566</b>	<b>2,770,979</b>	<b>14,202,922</b>	<b>3,353</b>	<b>2,158,112,139</b>	<b>111,757,990</b>	<b>2,269,870,129</b>	
Less: Allowance for doubtful accounts	-	-	(66,408)	(79,478)	-	-	(66,408)	(79,478)	(145,886)	
<b>Loans and accrued interest - net</b>	<b>1,517,437,651</b>	<b>108,983,658</b>	<b>626,405,158</b>	<b>2,691,501</b>	<b>14,202,922</b>	<b>3,353</b>	<b>2,158,045,731</b>	<b>111,678,512</b>	<b>2,269,724,243</b>	

(Unit: Baht)

Loans provided to employees are in accordance with employee's benefits plan under a credit line of Baht 100,000 or less for personal guarantee loans. In case of secured loans, the credit line is not to exceed 50 times the employee's salary. The interest rates for the loans charge at the rates of 6% and 5% per annum, respectively. As at 30 June 2011, loans to employees and agents totaled Baht 56.62 million (31 December 2010: Baht 55.91 million).

(Unaudited but reviewed)

**8. Property and equipment**

(Unit: Baht)

	Land	Buildings and buildings improvements	Condominium	Office furniture, fixture and equipment	Motor vehicles	Properties foreclosed	Construction in progress	Total
Net book value as								
at 31 December 2010	72,476,800	114,549,911	23,505,313	113,937,180	8,528,541	5,225,027	825,000	339,047,772
Additions - at cost	-	2,405,609	-	22,162,805	-	-	-	24,568,414
Disposals - net book value	-	-	-	(49,931)	-	-	-	(49,931)
Transfer in (out)	-	825,000	-	-	-	-	(825,000)	-
Depreciation charges	-	(11,363,887)	(915,824)	(24,541,835)	(1,779,364)	(80,000)	-	(38,680,910)
Net book value as								
at 30 June 2011	<u>72,476,800</u>	<u>106,416,633</u>	<u>22,589,489</u>	<u>111,508,219</u>	<u>6,749,177</u>	<u>5,145,027</u>	<u>-</u>	<u>324,885,345</u>

**9. Other assets**

(Unit: Baht)

	30 June 2011	31 December 2010
Prepaid rental expenses	111,132,421	117,029,111
Accounts receivable from sales of investments	105,820,223	8,258,080
Prepaid expenses	43,839,932	24,960,298
Deposits	18,951,514	22,503,180
Others	7,281,965	11,095,389
Total	<u>287,026,055</u>	<u>183,846,058</u>

**10. Due to reinsurers**

(Unit: Baht)

	30 June 2011	31 December 2010
Outward premium payable	268,427,235	237,341,227
Total due to reinsurers	<u>268,427,235</u>	<u>237,341,227</u>

**11. Life policy reserve**

(Unit: Baht)

	30 June 2011	31 December 2010
Beginning balance	68,189,797,590	52,653,892,155
Life policy reserve for premium received during the period and reserve for enforced policy benefit and other claims	11,961,686,480	19,770,082,865
Benefit paid for death, maturity, surrender and other claims	(2,486,226,421)	(4,234,177,430)
Ending balance	<u>77,665,257,649</u>	<u>68,189,797,590</u>



(Unaudited but reviewed)

## 12. Unpaid policy benefits

	(Unit: Baht)	
	30 June 2011	31 December 2010
Death benefit	61,668,979	76,645,330
Maturity payment	816,426	934,550
Total	<u>62,485,405</u>	<u>77,579,880</u>

## 13. Loss reserves and outstanding claims

	(Unit: Baht)	
	30 June 2011	31 December 2010
Beginning balance	320,619,427	261,543,874
Claims and claims handling expenses for the period	836,738,665	1,734,049,035
Claims and claims handling expenses paid during the period	<u>(824,175,402)</u>	<u>(1,674,973,482)</u>
Ending balance	<u>333,182,690</u>	<u>320,619,427</u>

## 14. Premium reserve

### 14.1 Unearned premium reserve

	(Unit: Baht)	
	30 June 2011	31 December 2010
Beginning balance	1,013,363,551	904,043,211
Premium written for the period	1,443,025,893	2,533,408,881
Premium earned for the current period	<u>(1,389,669,636)</u>	<u>(2,424,088,541)</u>
Ending balance	<u>1,066,719,808</u>	<u>1,013,363,551</u>

### 14.2 Unexpired risk reserve

	(Unit: Baht)	
	30 June 2011	31 December 2010
Beginning balance	780,289,934	723,234,569
Increase (decrease) during the period	<u>(33,586,069)</u>	<u>57,055,365</u>
Ending balance	<u>746,703,865</u>	<u>780,289,934</u>

**15. Other liabilities**

	(Unit: Baht)	
	30 June 2011	31 December 2010
Accrued commission expenses	575,817,071	604,751,763
Accrued expenses	216,045,461	223,127,921
Withholding tax payable	13,366,159	19,716,519
Premium received for policies not yet approved	167,685,852	76,962,715
Amounts received awaiting transfer	161,652,416	125,158,636
Unpaid benefits to life policies exempted premium	92,301,253	89,503,128
Forward contracts payables	40,243,600	39,487,950
Others	64,353,915	55,719,432
<b>Total</b>	<b>1,331,465,727</b>	<b>1,234,428,064</b>

**16. Underwriting information reported by insurance categories**

Underwriting information classified by insurance categories for the three-month period ended 30 June 2011 is as follows:

	(Unit: Baht)		
	Traditional products - no participating dividend	Personal accident	Total
<b>Underwriting income</b>			
Premium written	8,063,981,469	11,884,322	8,075,865,791
Less: Premium ceded	(83,431,602)	(364,836)	(83,796,438)
Net premium written	7,980,549,867	11,519,486	7,992,069,353
Less: Unearned premium reserve	(33,698,898)	455,934	(33,242,964)
<b>Total underwriting income</b>	<b>7,946,850,969</b>	<b>11,975,420</b>	<b>7,958,826,389</b>
<b>Underwriting expenses</b>			
Life policy reserve increase from prior period	4,732,208,588	-	4,732,208,588
Benefit payments to life policies and benefit adjustment expenses	1,217,854,441	-	1,217,854,441
Losses and losses adjustment expenses	381,807,181	2,436,867	384,244,048
Commissions and brokerage expenses	680,585,536	157,600	680,743,136
Sales promotion expenses	145,270,500	218,893	145,489,393
Other underwriting expenses	5,092,020	7,674	5,099,694
<b>Total underwriting expenses</b>	<b>7,162,818,266</b>	<b>2,821,034</b>	<b>7,165,639,300</b>

(Unaudited but reviewed)

Underwriting information classified by insurance categories for the three-month period ended 30 June 2010 is as follows:

(Unit: Baht)

	Traditional products - no participating dividend	Personal accident	Total
<b>Underwriting income</b>			
Premium written	5,520,362,611	13,024,156	5,530,386,767
Less: Premium ceded	(60,332,854)	(379,451)	(60,712,305)
Net premium written	5,460,029,757	12,644,705	5,472,674,462
Less: Unearned premium reserve	(12,666,033)	563,254	(12,102,779)
<b>Total underwriting income</b>	<b>5,447,363,724</b>	<b>13,207,959</b>	<b>5,460,571,683</b>
<b>Underwriting expenses</b>			
Life policy reserve increase from prior period	3,179,455,253	-	3,179,455,253
Benefit payments to life policies and benefit adjustment expenses	1,119,481,073	-	1,119,481,073
Losses and losses adjustment expenses	359,203,988	2,360,961	361,564,949
Commissions and brokerages expenses	619,218,857	156,165	619,375,022
Sales promotion expenses	90,133,033	218,999	90,352,032
Other underwriting expenses	8,127,206	18,376	8,145,582
<b>Total underwriting expenses</b>	<b>5,375,619,410</b>	<b>2,754,501</b>	<b>5,378,373,911</b>

Underwriting information classified by insurance categories for the six-month period ended 30 June 2011 is as follows:

(Unit: Baht)

	Traditional products - no participating dividend	Personal accident	Total
<b>Underwriting income</b>			
Premium written	16,071,837,377	23,591,082	16,095,428,459
Less: Premium ceded	(221,260,524)	(808,020)	(222,068,544)
Net premium written	15,850,576,853	22,783,062	15,873,359,915
Less: Unearned premium reserve	(54,371,880)	1,015,623	(53,356,257)
<b>Total underwriting income</b>	<b>15,796,204,973</b>	<b>23,798,685</b>	<b>15,820,003,658</b>
<b>Underwriting expenses</b>			
Life policy reserve increase from prior period	9,475,460,059		9,475,460,059
Benefit payments to life policies and benefit adjustment expenses	2,672,663,183	-	2,672,663,183
Losses and losses adjustment expenses	745,027,154	2,935,861	747,963,015
Commissions and brokerage expenses	1,416,909,025	319,700	1,417,228,725
Sales promotion expenses	230,116,915	346,695	230,463,610
Other underwriting expenses	9,635,977	14,518	9,650,495
<b>Total underwriting expenses</b>	<b>14,549,812,313</b>	<b>3,616,774</b>	<b>14,553,429,087</b>

(Unaudited but reviewed)

Underwriting information classified by insurance categories for the six-month period ended 30 June 2010 is as follows:

(Unit: Baht)

	Traditional products - no participating dividend		Total
		Personal accident	
<b>Underwriting income</b>			
Premium written	12,490,299,972	26,130,140	12,516,430,112
Less: Premium ceded	(193,945,538)	(893,033)	(194,838,571)
Net premium written	12,296,354,434	25,237,107	12,321,591,541
Less: Unearned premium reserve	(44,777,664)	1,325,125	(43,452,539)
<b>Total underwriting income</b>	<b>12,251,576,770</b>	<b>26,562,232</b>	<b>12,278,139,002</b>
<b>Underwriting expenses</b>			
Life policy reserve increase from prior period	7,435,553,133	-	7,435,553,133
Benefit payments to life policies and benefit adjustment expenses	2,352,224,382	-	2,352,224,382
Losses and losses adjustment expenses	701,851,346	3,066,735	704,918,081
Commissions and brokerages expenses	1,517,249,789	299,365	1,517,549,154
Sales promotion expenses	204,942,950	444,330	205,387,280
Other underwriting expenses	11,807,233	25,599	11,832,832
<b>Total underwriting expenses</b>	<b>12,223,628,833</b>	<b>3,836,029</b>	<b>12,227,464,862</b>

## 17. Operating expenses

(Unit: Baht)

	For the three-month periods ended 30 June		For the six-month periods ended 30 June	
	2011	2010	2011	2010
	Personal expenses which is not expenses for underwriting and claims	153,943,832	144,141,633	306,742,040
Premises and equipment expenses which is not expenses for underwriting	37,498,134	34,240,891	74,432,378	66,514,938
Taxes and duties	30,737,796	23,839,313	57,600,147	44,154,459
Other operating expenses	89,856,235	78,127,522	166,149,516	151,735,320
<b>Total operating expenses</b>	<b>312,035,997</b>	<b>280,349,359</b>	<b>604,924,081</b>	<b>544,213,931</b>

## 18. Related party transactions

In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

The relationship between the Company and its related parties are summarised below.

Name of related parties	Type of business	Relationship with the Company
Bangkok Bank Pcl.	Banking	Shareholding and related by way of common directors
Bangkok Insurance Pcl.	Insurance	Shareholding and related by way of common directors
Thai Reinsurance Pcl.	Insurance	Related by way of common directors
Thaire Life Assurance Co., Ltd.	Life assurance	Subsidiary of Thai Reinsurance Pcl.
Sorachai Vivatn Co., Ltd.	Property development	Related by way of common directors
Bumrungrad Hospital Pcl.	Health care services	Related by way of common directors and shareholders
The Phyathai 1 Hospital Co., Ltd.	Health care services	Related by way of common directors
The Phyathai 2 Hospital Co., Ltd.	Health care services	Related by way of common directors
The Phyathai 3 Hospital Co., Ltd.	Health care services	Related by way of common directors
Rajburi Sugar Co., Ltd.	Industry	Related by way of common directors
Narai Ruamphiphat Co., Ltd.	Property development	Holding by an individual related to the major shareholder of the Company
Bangkok Business Building (1987) Co., Ltd.	Rental of assets	Related by way of common directors and shareholders
Royal Cliff Beach Hotel Co., Ltd.	Tourism & Leisure	Holding by an individual related to a director of the Company
Tris Corporation Ltd.	Services	Shareholding and related by way of common directors
Union Textile Industries Pcl.	Industry	Related by way of common shareholders
Charoen Pokphand Foods Pcl.	Agriculture	Related by way of common directors
TICON Industrial Connection Pcl.	Property development	Holding by an individual related to the major shareholder of the Company
Indorama Polymers Pcl.	Petrochemical	Related by way of common directors
Asia warehouse Co., Ltd.	Rental of assets	Holding by the major shareholder of the Company
Ex-chai Distribution System Co., Ltd.	Commercial	Related by way of common directors
BBL Asset Management Co., Ltd.	Asset management	Related by way of common directors and shareholders
Bualuang Securities Pcl.	Securities	Subsidiary of the major shareholder of the Company

(Unaudited but reviewed)

During the six-month periods ended 30 June 2011 and 2010, the Company had significant business transactions with its related parties. Such transactions, which have been concluded on commercial terms and bases agreed upon in the ordinary course business between the Company and those parties are as follows:

(Unit: Baht)

	For the three-month periods		For the six-month periods		Pricing policy
	ended 30 June		ended 30 June		
	2011	2010	2011	2010	
Premium written	1,626,124	1,597,753	1,968,129	3,180,566	Normal commercial terms for underwriting
Premium ceded	2,245,038	1,478,000	9,387,734	2,245,060	Normal commercial terms for reinsurance depending on type of insurance and reinsurance contract
Commission and brokerages	350,595,369	280,173,943	725,011,760	792,672,772	At a mutually agreed percentage of premium written
Claim payment and diagnose charge	20,565,611	19,541,904	38,202,433	34,961,683	Normal commercial terms for underwriting
Claim recovery from reinsurance	7,853,853	1,502,034	8,464,557	1,561,044	At a mutually agreed percentage of reinsurance premium
Interest income - deposits at banks, promissory notes and debentures	14,783,699	1,834,454	28,038,450	3,846,318	Same rates as those offered by financial institutions and related companies to general customers
Interest income - mortgage loans	1,412,258	2,124,816	2,867,563	4,315,699	Same rates as the Company charged to general borrowers who mortgage assets as collateral
Dividend income	40,398,945	40,971,926	73,823,282	47,971,926	The declared amount
Bank charges	18,383,857	13,548,629	34,197,121	27,014,983	Same rates as those charged by financial institutions and related companies to general customers
Insurance premium	209,974	253,915	513,252	593,541	Normal commercial terms for underwriting
Building space rental and services	15,658,458	14,566,365	30,467,300	28,883,772	Head office building: Rental fee of approximately Baht 90 per square meter per month and service fee of Baht 29 per square meter per month since 1 August 2010 (before 1 August 2010: fee of Baht 20 per square meter) for long-term agreement and approximately Baht 44, Baht 138 per square meter per month and service fees approximately Baht 91, Baht 307 per square meter per month. Branch office buildings: Rental fees of approximately Baht 100, Baht 150, Baht 188 and Baht 315 per square meter per month and service fees of approximately Baht 342 and Baht 200 per square meter per month.

For the three-month and six-month periods ended 30 June 2011, the premium generated from the Bancassurance distribution channel represented approximately

(Unaudited but reviewed)

66.52 % and 64.40% of total net premium written (2010: 55.00 % and 57.63% respectively).

The Company had the following significant balances of assets and liabilities with its related parties:

(Unit: Baht)

	30 June 2011		31 December 2010	
	Cost	Fair value	Cost	Fair value
<b>Investments in listed stocks</b>				
Bangkok Bank Pcl.	594,191,939	874,125,000	384,338,080	624,750,000
Bangkok Insurance Pcl.	54,448,087	171,810,000	52,135,522	167,452,200
Thai Reinsurance Pcl.	37,667,275	111,990,232	37,667,275	105,304,248
Bumrungrad Hospital Pcl.	334,539,179	419,967,125	22,197,195	78,908,275
TICON Industrial Connection Pcl.	118,949,857	111,981,240	113,994,710	114,581,115
	<u>1,139,796,337</u>	<u>1,689,873,597</u>	<u>610,332,782</u>	<u>1,090,995,838</u>
<b>Investments in non-listed stocks</b>				
Tris Corporation Ltd.	1,000,000		1,000,000	
Union Textile Industries Pcl.	166,700		166,700	
BBL Asset Management Co., Ltd.	10,000,000		10,000,000	
	<u>11,166,700</u>		<u>11,166,700</u>	
<b>Investments in securities - unit trusts</b>				
Bualuang Thanasanplus Fund	637,518,080	711,910,065	842,860,038	927,596,110
TICON Property Fund	625,643,395	715,725,317	625,643,394	697,373,385
	<u>1,263,161,475</u>	<u>1,427,635,382</u>	<u>1,468,503,432</u>	<u>1,624,969,495</u>
<b>Investments in securities - debenture</b>				
Charoen Pokphand Foods Pcl.	<u>100,000,000</u>		<u>100,000,000</u>	
<b>Investments in securities - foreign debenture</b>				
Bangkok Bank Pcl.	<u>1,046,137,628</u>		<u>1,046,231,974</u>	

(Unaudited but reviewed)

(Unit: Baht)

	30 June 2011	31 December 2010
<b>Investment in securities - Promissory Note</b>		
Bangkok Bank Pcl.	500,000,000	-
<b>Deposits at financial institution</b>		
Bangkok Bank Pcl.	533,877,085	519,816,930
<b>Mortgaged loan</b>		
Sorachai Vivatn Co., Ltd.	91,746,397	99,678,834
<b>Prepaid office rental (including in other assets)</b>		
Narai Ruamphiphat Co., Ltd.	111,132,421	117,029,112
<b>Claim payables (including in unpaid policy benefits)</b>		
Bumrungrad Hospital Pcl.	4,883,722	4,350,683
The Phyathai 1 Hospital Co., Ltd.	2,186,656	2,044,893
The Phyathai 2 Hospital Co., Ltd.	5,345,203	4,349,956
The Phyathai 3 Hospital Co., Ltd.	4,306,856	3,128,216
	16,722,437	13,873,748
<b>Due to reinsurer - net</b>		
Thaire Life Assurance Co., Ltd.	(1,154,567)	1,265,420
<b>Accrued commission and brokerage expenses (including in other liabilities)</b>		
Bangkok Bank Pcl.	334,954,648	282,449,788
<b>Accrued office rental and services charge (including in other liabilities)</b>		
Bangkok Insurance Pcl.	77,772	67,083
Sorachai Vivatn Co., Ltd.	171	9,210
Rajburi Sugar Co., Ltd.	54,730	63,788
Narai Ruamphiphat Co., Ltd.	223,040	77,139
Bangkok Business Building (1987) Co., Ltd.	85,646	66,780
	441,359	284,000

#### **Directors and key management personnel's remuneration**

During the six-month periods ended 30 June 2011 and 2010, the Company had salaries, bonuses, meeting allowances and post-employment benefit of its directors and management as expenses totaling Baht 20.56 million and Baht 22.11 million, respectively.

In addition, the Company has allocated 20 warrants to its employees without charge. The details of the warrants are presented in Note 21.



**19. Assets pledged with registrar**

As at 30 June 2011 and 31 December 2010, the following assets have been pledged with the Registrar of the Office of Insurance Commission in accordance with the Life Assurance Act.

	(Unit: Baht)	
	30 June 2011	31 December 2010
State enterprise securities	20,000,000	20,000,000

**20. Assets reserve with registrar**

As at 30 June 2011 and 31 December 2010, the following assets have been pledged as life assurance policy reserve with the Registrar of the Office of Insurance Commission in accordance with the Life Assurance Act.

	(Unit: Baht)	
	30 June 2011	31 December 2010
Government securities	8,881,316,884	4,780,291,574
State enterprise securities	8,343,347,133	8,345,723,786
Total	17,224,664,017	13,126,015,360

**21. Warrants**

On 23 November 2007, Extraordinary General Meeting No. 2 of the Company's shareholders passed a resolution approving the issuance of 20 million registered and non-transferrable warrants to subscribe to the Company's ordinary shares, to be allotted to employees as follow:

Approved by	Allocated warrants
The Executive Board of Directors of the Company, on 29 May 2008	11.50 million units
The Board of Directors of the Company, on 14 August 2009	1.35 million units
Unallocated warrants	7.15 million units

These warrants expire 5 years from the issue date or on the termination date of employment, if earlier. The exercise ratio is 1 warrant to 1 new ordinary share and the exercise price is the public offering price.

Subsequently, on 26 April 2011, the Annual General Meeting of shareholders of the Company passed a resolution approving the cancelation of the 7.15 million unallocated warrants and the issuance of 7.15 million registered and non-transferrable units of Warrant No.2 to employees and/or management. The Company is still considering the allocation of Warrant No.2 and there has yet to be any allocation in the current period.

## 22. Earnings per share

Basic earnings per share is calculated by dividing profit for the period (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the year.

Diluted earnings per share is calculated by dividing profit for the period (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the period plus the weighted average number of ordinary shares which would need to be issued to convert all dilutive potential ordinary shares into ordinary shares. The calculation assumes that the conversion took place either at the beginning of the period or on the date the potential ordinary shares were issued.

The following table sets forth the computation of basic and diluted earnings per share for three-month periods ended 30 June 2011 and 2010:

	Profit		Weighted average number of		Earnings per	
	(Thousand Baht)		shares (Thousand shares)		share (Baht)	
	2011	2010	2011	2010	2011	2010
<b>Basic earnings per share</b>						
Profit	1,291,910	602,655	1,200,000	1,200,000	<u>1.077</u>	<u>0.502</u>
Dilutive effect of warrants	-	-	8,701	5,881		
<b>Diluted earnings per share</b>						
Profit of ordinary shareholder assuming the conversion of warrants to ordinary shares	<u>1,291,920</u>	<u>605,655</u>	<u>1,208,701</u>	<u>1,205,881</u>	<u>1.069</u>	<u>0.500</u>

(Unaudited but reviewed)

The following table sets forth the computation of basic and diluted earnings per share for six-month periods ended 30 June 2011 and 2010:

	Profit		Weighted average number of		Earnings per	
	(Thousand Baht)		shares (Thousand shares)		share (Baht)	
	2011	2010	2011	2010	2011	2010
<b>Basic earnings per share</b>						
Profit	2,279,143	1,043,398	1,200,000	1,200,000	<u>1.899</u>	<u>0.869</u>
Dilutive effect of warrants	-	-	8,125	5,881		
<b>Diluted earnings per share</b>						
Profit of ordinary shareholder assuming the conversion of warrants to ordinary shares	<u>2,279,143</u>	<u>1,043,398</u>	<u>1,208,125</u>	<u>1,205,881</u>	<u>1.887</u>	<u>0.866</u>

### 23. Dividend paid

Dividend declared during the periods 2011 and 2010 consist of the following:

	Approved by	Total dividend	Dividend per share
		(Million Baht)	(Baht)
Final dividend for 2010	Annual General Meeting of the Shareholders on 26 April 2011 and the OIC 20 April 2011	<u>480.0</u>	<u>0.40</u>
Total dividend for the period 2011		<u>480.0</u>	<u>0.40</u>
Final dividend for 2009	Annual General Meeting of the Shareholders on 27 April 2010 and the OIC 22 April 2010	<u>180.0</u>	<u>0.15</u>
Total dividend for the period 2010		<u>180.0</u>	<u>0.15</u>

### 24. Financial information by segment

The Company's operations involve a single industry segment in life insurance and are carried on in the single geographic area in Thailand. As a result, all of the revenues, operating profits and assets as reflected in these financial statements pertain to the aforementioned industry segment and geographic area.

**25. Commitments**

The Company has entered into several lease agreements in respect of the lease of office building space, motor vehicles and equipment. The terms of the agreements are generally between 3 and 24 years for lease of building space and are generally between 1 and 5 years for lease of motor vehicles and equipments. Operating lease agreements can not be cancelled.

As at 30 June 2011, the Company has outstanding commitments as follows:

(Unit: Million Baht)

	Pay within			Total
	1 year	1 - 5 years	Over 5 years	
Operating lease agreements	23.90	24.50	4.23	52.63
Services agreements	26.95	45.62	20.15	92.72
<b>Total</b>	<b>50.85</b>	<b>70.12</b>	<b>24.38</b>	<b>145.35</b>

As at 31 December 2010, the Company has outstanding commitments as follows:

(Unit: Million Baht)

	Pay within			Total
	1 year	1 - 5 years	Over 5 years	
Operating lease agreements	22.59	14.53	4.70	41.82
Services agreements	23.82	32.20	22.10	78.12
<b>Total</b>	<b>46.41</b>	<b>46.73</b>	<b>26.80</b>	<b>119.94</b>

**26. Contingent liabilities**

As at 30 June 2011, the Company has been sued for damaged totaling approximately Baht 33.98 million (31 December 2010: Baht 33.78 million) as insurer. The outcomes of these causes have not yet been finalised. The Company did not set up for the above liabilities due to the uncertainty of the outcome.

## 27. Financial instruments

### 27.1 Financial risk management

#### Credit risk

Concentrations of the credit risk with respect to loans and premium receivables 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 as presented in statement of financial position.

There is insignificant risk from policy loans since the sum that the Company has lent to insured parties is less than cash value of their policies with the Company. The maximum value of the risk arising from secured loans is the amount of the loan less the value which the Company is able to derive from the assets placed as collateral.

#### Interest rate risk

The Company's exposure to interest rate risk relates primarily to its deposits at financial institutions, investments in securities and loans.

As at 30 June 2011, financial assets classified by type of interest rate are summarised in the table below.

	(Unit: Baht)		
	Balance as at 30 June 2011		
	No interest	Floating interest rate	Fixed interest rate
Cash equivalent	265,203,202	304,721,721	7,125,000,000
Investments in securities - net			
Government and state enterprise securities	-	-	62,900,728,693
Private enterprises debt securities	-	-	9,316,822,728
Foreign debt securities	-	-	4,213,354,015
Loans - net	-	43,540,853	2,197,406,134
Total	265,203,202	348,262,574	85,753,311,570

(Unaudited but reviewed)

As at 30 June 2011, the financial assets that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date as follows:

	Within				(Unit: Baht)
	1 year	1 - 5 years	Over 5 years	Total	Average
					interest rate
					(% p.a.)
Cash equivalent	7,125,000,000	-	-	7,125,000,000	2.92
Investments in securities - net					
Government and state enterprise securities	2,649,009,498	8,671,793,917	51,579,925,278	62,900,728,693	4.62
Private enterprises debt securities	189,138,418	2,846,725,033	6,280,959,277	9,316,822,728	5.50
Foreign debt securities	-	2,019,392,853	2,193,961,162	4,213,354,015	5.28
Loans - net	1,118,685	15,083,202	2,181,204,247	2,197,406,134	6.52-8.00
Total	<u>9,964,266,601</u>	<u>13,552,995,005</u>	<u>62,236,049,964</u>	<u>85,753,311,570</u>	

### Foreign currency risk

The Company's significant exposure to foreign currency risk is in respect of its investments in bonds and unit trusts which are denominated in foreign currencies and reinsurance with foreign reinsurers. The Company utilises forward exchange contracts to manage the risk.

As at 30 June 2011, the balances of financial assets denominated in foreign currencies are summarised below.

Foreign currency	Financial assets	Average exchange rate
	(Million)	as at 30 June 2011
		(Baht per 1 foreign currency unit)
US dollar	114.50	30.70

Foreign exchange contracts outstanding at 30 June 2011 are summarized below.

Foreign currency	Bought amount	Contractual exchange rate bought
	(Million)	(Baht per 1 foreign currency unit)
US dollar	114.50	29.80 - 41.00

## **27.2 Fair value**

A fair value is the amount for which an asset can be exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction. The fair value is determined by depending on the nature of the instrument.

The fair value is determined by reference to the market price of the financial instrument or by using an appropriate valuation technique, depending on the nature of the instrument.

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

### **Investments in securities**

The fair values of listed securities are based on their quoted market prices.

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

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

The fair value of debt securities in the form of embedded derivatives are based on the calculations made by the issuers.

### **Policy loans**

The fair value of policy loan is based on the amount presented in the balance sheet.

(Unaudited but reviewed)

As at 30 June 2011, the aggregate carrying values of the Company's financial instruments which are significantly different from their aggregate fair values can be defined as follows:

	Carrying value	Fair value
(Unit: Baht)		
<b>Held-to-maturity debt securities</b>		
Bonds - net	58,782,897,400	60,922,179,363
Debentures - net	9,246,084,597	9,738,047,311
Investments in notes in Note 6 (a) (exclusion of put option)	1,800,000,000	1,786,230,964
Investments in notes in Note 6 (b)	1,210,000,000	1,620,670,841
Investments in notes in Note 6 (c)	600,000,000	616,770,000
Investments in notes in Note 6 (d)	600,000,000	557,680,000

The Company has recorded the above bonds, debentures and notes at their book values because the Company intends to hold the investments to maturity.

#### **Investments in notes as Note 6 (a)**

As at 30 June 2011, the Company may need to deposit additional amounts in the future under the promissory notes and bills of exchange agreements, as summarised below.

<b>Within</b>	Unit: Million Baht
Within 1 year	1,300
1 - 3 years	300
Total	<u>1,600</u>

#### **28. Approval of interim financial statements**

These interim financial statements were authorised for issue by the Board of Directors on 10 August 2011.