

Bangkok Life Assurance Public Company Limited  
Review report and interim financial statements  
For the three-month period ended  
31 March 2008

## **Review report of independent auditor**

To the shareholders of Bangkok Life Assurance Public Company Limited

I have reviewed the accompanying balance sheet of Bangkok Life Assurance Public Company Limited as at 31 March 2008, the related statements of income, changes in shareholders' equity, and cash flows for the three-month period ended 31 March 2008. 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 review.

I conducted my review 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 review, 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.

The financial statements of Bangkok Life Assurance Public Company Limited for the year ended 31 December 2007 were audited in accordance with generally accepted auditing standards by another auditor of our firm who, under his report dated 20 March 2008, expressed an unqualified opinion on those statements. The balance sheet as at 31 December 2007, as presented herein for comparative purposes, formed an integral part of those financial statements which that auditor audited and reported on.

The statements of income, changes in shareholders' equity, and cash flows for the three-month period ended 31 March 2007 of Bangkok Life Assurance Public Company Limited, as presented herein for comparative purposes, formed an integral part of the interim financial statements which were prepared by the Company's management and were not audited or reviewed by auditor.

Nonglak Pumnoi  
Certified Public Accountant (Thailand) No. 4172

Ernst & Young Office Limited  
Bangkok: 20 May 2008

**Bangkok Life Assurance Public Company Limited**

**Balance sheets**

**As at 31 March 2008 and 31 December 2007**

(Unit: Baht)

	<u>Note</u>	<u>31 March 2008</u> (Unaudited but reviewed)	<u>31 December 2007</u> (Audited)
<b>Assets</b>			
Investments in securities			
Bonds	13, 14	24,519,325,167	24,166,672,624
Notes		5,261,994,225	3,667,983,072
Stocks		3,642,797,339	3,515,562,509
Debentures		7,289,911,107	7,421,758,768
Unit trusts		1,264,249,721	1,237,134,068
Total investments in securities	5, 7	41,978,277,559	40,009,111,041
Loans			
Policy loans		876,988,344	827,678,104
Mortgage loans		666,228,406	664,643,911
Other loans		10,472,862	9,242,920
Total loans		1,553,689,612	1,501,564,935
Less: Allowance for doubtful accounts		(2,539,314)	-2,539,314
Loans - net	6, 7	1,551,150,298	1,499,025,621
Cash and deposits at financial Institutions	7, 8	766,157,048	760,039,978
Premises and equipment - net	9	264,670,969	260,935,735
Due from reinsurers		-	491,443
Premium due and uncollected	10	1,064,841,624	1,042,299,591
Accrued investment income - net		538,546,422	623,731,810
Other assets			
Intangible assets - net		17,351,949	16,589,421
Others	7, 11	207,422,415	197,535,330
<b>Total assets</b>		<b>46,388,418,284</b>	<b>44,409,759,970</b>

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

**Bangkok Life Assurance Public Company Limited****Balance sheets (Continued)****As at 31 March 2008 and 31 December 2007**

		(Unit: Baht)	
	<u>Note</u>	<u>31 March 2008</u>	<u>31 December 2007</u>
		(Unaudited but reviewed)	(Audited)
<b>Liabilities and shareholders' equity</b>			
<b>Liabilities</b>			
Life policy reserve		35,705,608,827	34,221,696,714
Unpaid policy benefits	7	3,505,543,413	3,310,972,655
Due to reinsurers	7	110,257,138	85,100,694
Advance premium receipts		1,694,915,709	1,699,242,005
Other liabilities			
Accrued dividends	18	1,000,000,000	1,000,000,000
Corporate income tax payable		217,087,866	156,005,035
Others	7, 12	839,681,859	857,049,561
<b>Total liabilities</b>		<u>43,073,094,812</u>	<u>41,330,066,664</u>
<b>Shareholders' equity</b>			
Share capital			
Registered share capital			
1,220,000,000 ordinary shares of Baht 1 each		<u>1,220,000,000</u>	<u>1,220,000,000</u>
Issued and paid-up share capital			
1,000,000,000 ordinary shares of Baht 1 each		1,000,000,000	1,000,000,000
Premium on share capital		275,000,000	275,000,000
Surplus on revaluation of investments		1,159,588,967	1,128,945,591
Retained earnings			
Appropriated			
Statutory reserve		49,748,262	39,498,923
General reserve		400,000,000	400,000,000
Unappropriated		430,986,243	236,248,792
<b>Total shareholders' equity</b>		<u>3,315,323,472</u>	<u>3,079,693,306</u>
<b>Total liabilities and shareholders' equity</b>		<u>46,388,418,284</u>	<u>44,409,759,970</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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**Bangkok Life Assurance Public Company Limited****Income statements****For the three-month periods ended 31 March 2008 and 2007**

	(Unit: Baht)	
	<u>2008</u>	<u>2007</u>
	(Unaudited but reviewed)	(Unaudited and unreviewed)
<b>Revenues</b>		
Net premiums written	2,945,211,277	2,537,236,298
Net investments income	569,782,970	468,018,869
Gain on investment in securities	23,702,445	103,468,764
Other income		
Gain on sales of assets	22,195	214,815
Others	3,085,603	2,576,916
<b>Total revenues</b>	<u>3,541,804,490</u>	<u>3,111,515,662</u>
<b>Expenses</b>		
Underwriting expenses		
Life policy reserve increase from the previous period	1,483,912,113	1,136,189,487
Benefit payments to life policies during the period	1,083,198,059	971,470,384
Dividends to policyholders	90,000	30,000
Commissions and brokerages	433,209,336	374,938,684
Sales promotion expenses	44,399,884	24,776,291
Other underwriting expenses	2,447,673	1,787,571
Total underwriting expenses	<u>3,047,257,065</u>	<u>2,509,192,417</u>
Operating expenses		
Personnel expenses	117,964,455	98,922,044
Premises and equipment expenses	25,371,873	24,312,969
Taxes and duties	15,716,779	15,779,672
Directors' remuneration	1,170,000	1,070,000
Operating expenses - branches	12,966,372	11,338,125
Amount subsidised to insurance fund	5,581,793	-
Other operating expenses	39,454,122	60,560,715
Total operating expenses	<u>218,225,394</u>	<u>211,983,525</u>
Loss (gain) on exchange	<u>3,130,850</u>	<u>-655,200</u>
<b>Total expenses</b>	<u>3,268,613,309</u>	<u>2,720,520,742</u>
Income before income tax	273,191,181	390,994,920
Corporate income tax	68,204,391	100,330,759
<b>Net income for the period</b>	<u>204,986,790</u>	<u>290,664,161</u>
<b>Basic earnings per share</b>		
Net income	<u>0.20</u>	<u>0.29</u>
Weighted average number of ordinary shares (shares)	<u>1,000,000,000</u>	<u>1,000,000,000</u>

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

**Bangkok Life Assurance Public Company Limited****Statements of cash flows****For the three-month periods ended 31 March 2008 and 2007**

	(Unit: Baht)	
	<u>2008</u>	<u>2007</u>
	(Unaudited but reviewed)	(Unaudited and unreviewed)
<b>Cash flows from (used in) operating activities</b>		
Net premiums written	2,888,903,787	2,455,339,991
Net investments income	681,087,908	574,207,760
Other income	3,085,603	2,576,916
Benefit payments to life policies during the period	-888,964,244	(836,707,216)
Dividends to policyholders	-90,000	(30,000)
Commissions and brokerages	-521,737,516	(471,584,665)
Other underwriting expenses	-82,496,466	(38,727,103)
Operating expenses	-103,546,297	(210,838,610)
Income tax	-7,121,561	(5,557,727)
<b>Net cash from operating activities</b>	<u>1,969,121,214</u>	<u>1,468,679,346</u>
<b>Cash flows from (used in) investing activities</b>		
Cash flows from:		
Investments in securities	3,850,985,429	5,903,759,058
Loans	57,329,421	45,765,382
Deposits at financial institutions	178,162,500	-
Premises and equipment	151,304	216,889
Net cash from investing activities	<u>4,086,628,654</u>	<u>5,949,741,329</u>
Cash flows used in:		
Investments in securities	-5,781,148,562	(7,475,327,513)
Loans	-74,944,278	(74,379,781)
Deposits at financial institutions	-248,162,500	-
Premises and equipment	-15,377,458	(1,613,844)
Net cash used in investing activities	<u>(6,119,632,798)</u>	<u>(7,551,321,138)</u>
<b>Net cash used in investing activities</b>	<u>(2,033,004,144)</u>	<u>(1,601,579,809)</u>
<b>Net decrease in cash and cash equivalents</b>	<u>(63,882,930)</u>	<u>(132,900,463)</u>
Cash and cash equivalents at beginning of period	285,039,978	163,988,099
<b>Cash and cash equivalents at end of period (Note 8)</b>	<u><u>221,157,048</u></u>	<u><u>31,087,636</u></u>

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

**Bangkok Life Assurance Public Company Limited**

**Statements of changes in shareholders' equity**

**For the three-month periods ended 31 March 2008 and 2007**

(Unit: Baht)

	Issued and paid-up share capital	Premium on share capital	Surplus on revaluation of investments	Retained earnings			Total
				Appropriated		Unappropriated	
				Statutory reserve	General reserve		
<b>(Unaudited and unreviewed)</b>							
<b>Balance as at 1 January 2007</b>	1,000,000,000	275,000,000	861,743,275	1,000,000	400,000,000	754,769,265	3,292,512,540
Unrealised gain from change in value of investments	-	-	72,818,932	-	-	-	72,818,932
Net income for the period	-	-	-	-	-	290,664,161	290,664,161
<b>Balance as at 31 March 2007</b>	<u>1,000,000,000</u>	<u>275,000,000</u>	<u>934,562,207</u>	<u>1,000,000</u>	<u>400,000,000</u>	<u>1,045,433,426</u>	<u>3,655,995,633</u>
<b>(Unaudited but reviewed)</b>							
<b>Balance as at 1 January 2008</b>	1,000,000,000	275,000,000	1,128,945,591	39,498,923	400,000,000	236,248,792	3,079,693,306
Unrealised gain from change in value of investments	-	-	30,643,376	-	-	-	30,643,376
Transfer to statutory reserve	-	-	-	10,249,339	-	(10,249,339)	-
Net income for the period	-	-	-	-	-	204,986,790	204,986,790
<b>Balance as at 31 March 2008</b>	<u>1,000,000,000</u>	<u>275,000,000</u>	<u>1,159,588,967</u>	<u>49,748,262</u>	<u>400,000,000</u>	<u>430,986,243</u>	<u>3,315,323,472</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 periods ended 31 March 2008 and 2007**

**1. General information**

Bangkok Life Assurance Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. Its major shareholder is Nippon Life Insurance Company, which was incorporated in Japan. The Company is principally engaged in the provision of life insurance business. The Company has 65 branches (31 December 2007: 65 branches) and its registered office is located at 23/115-121, Royal City Avenue, Rama 9 Road, Bangkok, Huaykwang, Bangkok 10310.

**2. Basis for the preparation of interim financial statements**

These interim financial statements are prepared in accordance with Accounting Standards Pronouncement No. 41 (revised 2007) “Interim financial statements”, with the Company choosing to present condensed interim financial statements. However the Company has presented the balance sheets, and the statements of income, changes in shareholders’ equity and cash flows in the same format as that used for the annual financial statements.

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.

**3. Accounting Standards which are effective for the current year**

TAS 25 (revised 2007)	Cash Flow Statements
TAS 29 (revised 2007)	Leases
TAS 31 (revised 2007)	Inventories
TAS 33 (revised 2007)	Borrowing Costs
TAS 35 (revised 2007)	Presentation of Financial Statements
TAS 39 (revised 2007)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 41 (revised 2007)	Interim Financial Reporting
TAS 43 (revised 2007)	Business Combinations
TAS 49 (revised 2007)	Construction Contracts
TAS 51	Intangible Assets

These accounting standards become effective for the financial statements for fiscal years beginning on or after 1 January 2008. The management has assessed the effect of these accounting standards and believes that TAS 31 (revised 2007), TAS 33 (revised 2007), and TAS 49 (revised 2007) are not relevant to the business of the Company, whereas TAS 25 (revised 2007), TAS 29 (revised 2007), TAS 35 (revised 2007), TAS 39 (revised 2007), TAS 41 (revised 2007), TAS 43 (revised 2007) and TAS 51 do not have any significant impact on the financial statements for the current period.

**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 2007.

**5. Investments in securities**

	(Unit: Baht)			
	31 March 2008		31 December 2007	
	Cost/ <u>Amortised cost</u>	<u>Fair value</u>	Cost/ <u>Amortised cost</u>	<u>Fair value</u>
<b>Trading securities</b>				
Equity securities				
Common stock	204,797,521	198,820,000	209,292,030	193,350,000
Less: Loss from changes in value of investments	(5,977,521)	-	(15,942,030)	-
	<u>198,820,000</u>	<u>198,820,000</u>	<u>193,350,000</u>	<u>193,350,000</u>

## (Unaudited but reviewed)

(Unit: Baht)

	31 March 2008		31 December 2007	
	Cost/		Cost/	
	<u>Amortised cost</u>	<u>Fair value</u>	<u>Amortised cost</u>	<u>Fair value</u>
<b>Debt securities</b>				
Government bonds - net	-	-	344,988,316	339,258,485
Less: Loss from change in value of investments	-	-	(5,729,831)	-
	-	-	339,258,485	339,258,485
<b>Total trading securities</b>	<b>198,820,000</b>	<b>198,820,000</b>	<b>532,608,485</b>	<b>532,608,485</b>
<b>Available-for-sale securities</b>				
<b>Equity securities</b>				
Common stock	2,279,317,098	3,408,617,637	2,099,691,619	3,286,852,807
Unit trusts	1,235,884,596	1,264,249,721	1,217,175,096	1,237,134,068
Add: Unrealised gain from changes in value of investments	1,157,665,664	-	1,207,120,160	-
	4,672,867,358	4,672,867,358	4,523,986,875	4,523,986,875
<b>Debt securities</b>				
Government bonds - net	2,071,899,842	2,065,307,391	2,178,658,078	2,094,468,587
Debentures - net	100,001,312	108,517,065	100,001,396	106,016,319
Add/Less: Unrealised gain (loss) from changes in value of investments	1,923,302	-	(78,174,568)	-
	2,173,824,456	2,173,824,456	2,200,484,906	2,200,484,906
<b>Total available-for-sale securities</b>	<b>6,846,691,814</b>	<b>6,846,691,814</b>	<b>6,724,471,781</b>	<b>6,724,471,781</b>
<b>Held-to-maturity debt securities</b>				
Government and state enterprise bonds - net	22,454,017,776		21,732,945,552	
Notes - net	5,261,994,225		3,667,983,072	
Debentures - net	7,191,994,042		7,326,342,449	
Less: Allowance for impairment	(10,600,000)		(10,600,000)	
<b>Total held-to-maturity debt securities</b>	<b>34,897,406,043</b>		<b>32,716,671,073</b>	
<b>Other investments</b>				
Common stock	35,359,702		35,359,702	
<b>Total other investments</b>	<b>35,359,702</b>		<b>35,359,702</b>	
<b>Total investments in securities</b>	<b>41,978,277,559</b>		<b>40,009,111,041</b>	

(Unaudited but reviewed)

Investments in debt securities as at 31 March 2008 and 31 December 2007 will be due as follows:

(Unit: Baht)

	31 March 2008			
	Due within			
	<u>1 year</u>	<u>2 - 5 years</u>	<u>Over 5 years</u>	<u>Total</u>
<b>Available-for-sale securities</b>				
Government bonds	-	31,140,515	2,034,166,876	2,065,307,391
Debentures	-	108,517,065	-	108,517,065
	<u>-</u>	<u>139,657,580</u>	<u>2,034,166,876</u>	<u>2,173,824,456</u>
<b>Held-to-maturity debt securities</b>				
Government and state enterprise				
bonds - net	266,278,112	2,819,110,358	19,368,629,306	22,454,017,776
Notes - net	3,246,994,225	395,000,000	1,620,000,000	5,261,994,225
Debentures - net	161,544,176	1,401,660,740	5,618,189,126	7,181,394,042
	<u>3,674,816,513</u>	<u>4,615,771,098</u>	<u>26,606,818,432</u>	<u>34,897,406,043</u>
Total	<u>3,674,816,513</u>	<u>4,755,428,678</u>	<u>28,640,985,308</u>	<u>37,071,230,499</u>

(Unit: Baht)

	31 December 2007			
	Due within			
	<u>1 year</u>	<u>2 - 5 years</u>	<u>Over 5 years</u>	<u>Total</u>
<b>Trading securities</b>				
Government bonds	-	80,474,118	258,784,367	339,258,485
<b>Available-for-sale securities</b>				
Government bonds	-	30,000,016	2,064,468,571	2,094,468,587
Debentures	-	106,016,319	-	106,016,319
	<u>-</u>	<u>136,016,335</u>	<u>2,064,468,571</u>	<u>2,200,484,906</u>
<b>Held-to-maturity debt securities</b>				
Government and state enterprise				
bonds - net	377,524,535	2,820,339,953	18,535,081,064	21,732,945,552
Notes - net	1,482,983,072	395,000,000	1,790,000,000	3,667,983,072
Debentures - net	177,492,586	1,520,189,911	5,618,059,952	7,315,742,449
	<u>2,038,000,193</u>	<u>4,735,529,864</u>	<u>25,943,141,016</u>	<u>32,716,671,073</u>
Total	<u>2,038,000,193</u>	<u>4,952,020,317</u>	<u>28,266,393,954</u>	<u>35,256,414,464</u>

The Company has pledged government and state enterprise bonds of Baht 6,891.3 million (31 December 2007: Baht 6,891.3 million) as life assurance policy reserve and assets pledged with the Life Assurance Registrar in accordance with the Life Assurance Act (No. 2) B.E. 2551 as mentioned in Notes 13 and 14.

- (a) As at 31 March 2008, the Company has investments of Baht 1,000 million (31 December 2007: Baht 1,200 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 7-14 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 31 March 2008, the Company has investments of Baht 400 million (31 December 2007: 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 7 years, and contain conditions linking the interest to be received to financial indices.
- (c) As at 31 March 2008, the Company has investments of Baht 650 million (31 December 2007: Baht 560 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 8 years, and contain conditions whereby settlement of principal and interest is to be received on the maturity date per the agreement.

## 6. Loans and accrued interest

As at 31 March 2008 and 31 December 2007, the balances of loans and accrued interest are aged by principal and accrued interest as follows: -

(Unit: Baht)

31 March 2008									
Outstanding period	Policy loans		Mortgage loans		Other loans		Total		
	Accrued		Accrued		Accrued		Accrued		
	Principal	interest	Principal	interest	Principal	interest	Principal	interest	Total
Current	876,988,344	62,587,042	657,098,499	2,162,264	10,309,219	-	1,544,396,062	64,749,306	1,609,145,368
Overdue:									
Less than 6 months	-	-	2,570,013	44,852	-	-	2,570,013	44,852	2,614,865
Over 12 months	-	-	6,559,894	389,221	163,643	6,491	6,723,537	395,712	7,119,249
Total	876,988,344	62,587,042	666,228,406	2,596,337	10,472,862	6,491	1,553,689,612	65,189,870	1,618,879,482
Less: Allowance for doubtful accounts	-	-	(2,539,314)	(260,528)	-	-	(2,539,314)	(260,528)	(2,799,842)
Loans and accrued interest - net	876,988,344	62,587,042	663,689,092	2,335,809	10,472,862	6,491	1,551,150,298	64,929,342	1,616,079,640

(Unit: Baht)

31 December 2007									
Outstanding period	Policy loans		Mortgage loans		Other loans		Total		
	Accrued		Accrued		Accrued		Accrued		
	Principal	interest	Principal	interest	Principal	interest	Principal	interest	Total
Current	827,678,104	57,151,228	655,411,222	2,203,466	9,049,350	-	1,492,138,676	59,354,694	1,551,493,370
Overdue:									
Less than 6 months	-	-	2,643,309	31,131	121,942	-	2,765,251	31,131	2,796,382
Over 12 months	-	-	6,589,380	387,827	71,628	6,807	6,661,008	394,634	7,055,642
Total	827,678,104	57,151,228	664,643,911	2,622,424	9,242,920	6,807	1,501,564,935	59,780,459	1,561,345,394
Less: Allowance for doubtful accounts	-	-	(2,539,314)	(260,528)	-	-	(2,539,314)	(260,528)	(2,799,842)
Loans and accrued interest - net	827,678,104	57,151,228	662,104,597	2,361,896	9,242,920	6,807	1,499,025,621	59,519,931	1,558,545,552

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 percent per annum, respectively. As at 31 March 2008, loans to employees and agents totaled Baht 26.83 million (31 December 2007: Baht 18.26 million).

## 7. 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 summarized 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
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
Thai Rating and Information Services Co., Ltd.	Services	Shareholding and related by way of common directors
Union Textile Industries Pcl.	Industry	Related by way of common shareholders
Bangkok Mitsubishi UFJ Lease Co., Ltd.	Leasing	Related by way of common directors
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
BBL Asset Management Co., Ltd.	Asset management	Related by way of common directors and shareholders

(Unaudited but reviewed)

During the periods, 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 ended 31 March		Pricing policy
	2008	2007	
Premium written	2,006,271	742,098	Normal commercial terms for underwriting
Commission and brokerages	68,599,418	35,008,554	At a mutually agreed percentage of premium written
Claim payment	14,587,614	11,232,918	Normal commercial terms for underwriting
Premium ceded	1,039,754	1,247,740	Normal commercial terms for reinsurance depending on type of insurance and reinsurance contract
Interest income - deposits at banks, promissory notes and debentures	4,488,911	13,432,625	Same rates as those offered by financial institutions and related companies to general customers
Interest income - mortgage loans	3,283,321	4,387,611	Same rates as the Company charged to general borrowers who mortgage assets as collateral
Dividend income	16,818,642	8,080,929	The declared amount
Bank charges	10,455,088	9,235,378	Same rates as those charged by financial institutions and related companies to general customers
Insurance premium	247,014	265,973	Normal commercial terms for underwriting
Building space rental and services	13,427,036	13,114,756	Head office building: Rental fee of approximately Baht 259 per square meter per month and service fee of Baht 392 per square meter per month for 25 years. Branch office buildings: Rental fees of approximately Baht 100, Baht 150, Baht 188 and Baht 280 per square meter per month and service fees of Baht 342 and Baht 200 per square meter per month.

For the three-month period ended 31 March 2008, the premium generated from the Bancassurance distribution channel represented approximately 19.53% of total net premium written (2007: 9.86%).

(Unaudited but reviewed)

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

	(Unit: Baht)			
	31 March 2008		31 December 2007	
	Cost	Fair value	Cost	Fair value
<b>Investments in securities - stock</b>				
Bangkok Bank Pcl.	340,028,850	549,400,000	389,319,558	531,600,000
Bangkok Insurance Pcl.	43,562,868	116,565,400	43,562,868	114,888,200
Thai Reinsurance Pcl.	37,667,275	100,289,760	37,667,275	101,961,256
Bumrungrad Hospital Pcl.	10,000,000	67,500,000	10,000,000	80,500,000
Union Textile Industries Pcl.	166,700	166,700	166,700	166,700
Thai Rating and Information Services Co., Ltd.	1,000,000	1,000,000	1,000,000	1,000,000
Charoen Pokphand Foods Pcl.	13,245,296	13,680,000	33,125,296	34,500,000
TICON Industrial Connection Pcl.	54,953,956	62,659,460	11,954,092	20,500,000
BBL Asset Management Co., Ltd.	10,000,000	10,000,000	10,000,000	10,000,000
	<u>510,624,945</u>	<u>921,261,320</u>	<u>536,795,789</u>	<u>895,116,156</u>
<b>Investments in securities - unit trust</b>				
TICON Property Fund	<u>408,925,759</u>	<u>433,115,100</u>	<u>408,925,759</u>	<u>429,104,775</u>
<b>Investments in securities - debenture</b>				
Charoen Pokphand Foods Pcl.	<u>150,000,000</u>		<u>150,000,000</u>	
<b>Investments in securities - notes</b>				
Bangkok Mitsubishi UFJ Lease Co., Ltd.	<u>8,690,024</u>		<u>112,983,069</u>	

	(Unit: Baht)	
	31 March	31 December
	2008	2007
<b>Deposits at financial institution</b>		
Bangkok Bank Pcl.	<u>443,003,226</u>	<u>427,148,242</u>
<b>Mortgage loans</b>		
Sorachai Vivatn Co., Ltd.	<u>230,827,495</u>	<u>234,110,817</u>
<b>Accrued commission and brokerage expenses</b>		
Bangkok Bank Pcl.	<u>1,095,175</u>	<u>52,873,430</u>

(Unaudited but reviewed)

	(Unit: Baht)	
	31 March 2008	31 December 2007
<b>Claim payables</b>		
Bumrungrad Hospital Pcl.	3,879,953	3,641,989
The Phyathai 1 Hospital Co., Ltd.	2,055,191	1,586,645
The Phyathai 2 Hospital Co., Ltd.	4,506,424	2,937,103
The Phyathai 3 Hospital Co., Ltd.	3,234,256	1,641,557
	<u>13,675,824</u>	<u>9,807,294</u>
<b>Due to (from) reinsurer</b>		
Thai Reinsurance Pcl.	<u>1,909,987</u>	<u>3,084,970</u>
<b>Prepaid office rental</b>		
Narai Ruamphiphat Co., Ltd.	<u>149,485,142</u>	<u>152,441,565</u>
<b>Accrued office rental and services charge</b>		
Bangkok Insurance Pcl.	43,831	47,068
Sorachai Vivatn Co., Ltd.	6,830	16,554
Rajburi Sugar Co., Ltd.	61,317	-
Narai Ruamphiphat Co., Ltd.	17,853	164,864
Bangkok Business Building (1987) Co., Ltd.	9,972	63,023
	<u>139,803</u>	<u>291,509</u>

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

During the three-month period ended 31 March 2008, the Company paid salaries, meeting allowances, bonuses, contributions to the provident fund and others to their directors and management totaling Baht 2.32 million (2007: Baht 2.18 million).

(Unaudited but reviewed)

## 8. Cash and cash equivalents

Cash and cash equivalents as reflected in the statements of cash flows consist of the followings: -

	(Unit: Baht)	
	31 March 2008	31 March 2007
Cash	4,149,832	605,603
Deposits at banks with no fixed maturity date	207,007,216	30,482,033
Deposits at banks with fixed maturity date and negotiable certificates of deposits	555,000,000	470,000,000
Total cash and deposits at financial institutions	766,157,048	501,087,636
Less: Deposits at financial institutions with maturity of more than 3 months	(545,000,000)	(470,000,000)
Cash and cash equivalents	<u>221,157,048</u>	<u>31,087,636</u>

## 9. Property, plant and equipment

Movements of property, plant and equipment account during the three-month period ended 31 March 2008 are summarised below.

	(Unit: Baht)
	<u>2008</u>
Net book value as at 1 January 2008	260,935,735
Acquisitions during period-at cost	14,772,458
Disposals during period-net book value at disposal date	(1,272,392)
Depreciation for period	(9,764,832)
Net book value as at 31 March 2008	<u>264,670,969</u>

## 10. Premium due and uncollected

The balances of premium due and uncollected are classified in relation to the grace period granted on the condition of the policy, as follows: -

	(Unit: Baht)	
	31 March 2008	31 December 2007
Grace period not exceeded	1,062,888,303	1,029,425,604
Grace period exceeded	1,953,321	12,873,987
Total premium due and uncollected	<u>1,064,841,624</u>	<u>1,042,299,591</u>

(Unaudited but reviewed)

**11. Other assets**

	(Unit: Baht)	
	31 March 2008	31 December 2007
Prepaid rental expenses	149,485,142	152,441,565
Accounts receivable from sales of investments	4,763,500	4,843,500
Prepaid expenses	20,748,412	12,806,585
Deposits	15,867,794	15,436,401
Others	16,557,567	12,007,279
Total	<u>207,422,415</u>	<u>197,535,330</u>

**12. Other liabilities**

	(Unit: Baht)	
	31 March 2008	31 December 2007
Accrued commission expenses	297,909,489	386,437,669
Accrued expenses	114,081,824	125,210,803
Withholding tax payable	7,604,304	32,841,499
Premium received for policies not yet approved	176,889,555	124,490,043
Amounts received awaiting transfer	108,763,240	50,506,034
Unpaid benefits to life policies exempted from premium	76,381,477	75,215,584
Forward contracts payable	21,951,000	18,820,150
Others	36,100,970	43,527,779
Total	<u>839,681,859</u>	<u>857,049,561</u>

(Unaudited but reviewed)

### 13. Assets pledged with registrar

The following assets have been pledged with the Registrar of the Office of Insurance Commission in accordance with Section 20 of the Life Assurance Act (No. 2) B.E. 2551.

	(Unit: Baht)	
	31 March 2008	31 December 2007
Government bonds	20,000,000	20,000,000
Total	<u>20,000,000</u>	<u>20,000,000</u>

### 14. Assets reserve with registrar

The following assets have been pledged as life assurance policy reserve with the Registrar of the Office of Insurance Commission in accordance with Section 16 of the Life Assurance Act (No. 2) B.E. 2551.

	(Unit: Baht)	
	31 March 2008	31 December 2007
Government bonds	2,362,597,078	2,362,597,078
State enterprise bonds	4,508,698,307	4,508,698,307
Total	<u>6,871,295,385</u>	<u>6,871,295,385</u>

### 15. Commitments

As at 31 March 2008, the Company has outstanding commitments as follows:

	(Unit: Million Baht)		
	Pay within		
	<u>1 year</u>	<u>2 - 5 years</u>	<u>Total</u>
Operating lease agreements	23.9	30.5	54.4
Services agreements	13.9	41.9	55.8
Total	<u>37.8</u>	<u>72.4</u>	<u>110.2</u>

(Unaudited but reviewed)

As at 31 December 2007, the Company has outstanding commitments as follows:

(Unit: Million Baht)

	Pay within		
	<u>1 year</u>	<u>2 - 5 years</u>	<u>Total</u>
Operating lease agreements	17.9	19.8	37.7
Services agreements	20.2	46.5	66.7
Total	<u>38.1</u>	<u>66.3</u>	<u>104.4</u>

## 16. 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.

## 17. Financial instruments

### 17.1 Financial risk management

The Company's financial instruments principally comprise cash and deposits at financial institutions, investments in securities, loans, premium due and uncollected, accrued investment income, unpaid policy benefit, amounts due to reinsurers. The financial risks associated with these financial instruments and how they are managed is described below.

#### Credit risk

Concentrations of the credit risk with respect to loans and premiums due and uncollected 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 balance sheet.

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. However, since most of the Company's financial assets bear floating interest rates or fixed interest rates which are close to the market rate, the Company does not use derivatives to manage its interest rate risk.

Significant financial assets as at 31 March 2008 classified by type of interest rates are summarized in the table below.

(Unit: Baht)

	Balance as at 31 March 2008		
	No interest	Floating interest	
		rate	Fixed interest rate
Deposits at financial institutions	26,587,930	184,569,118	555,000,000
Investments in securities-net			
Government and state			
enterprise bonds	-	-	24,519,325,167
Notes	-	40,000,001	5,221,994,224
Debentures	1,900,000	250,132,503	7,037,878,604
Loans - net	-	21,190,046	1,529,960,252
Total	<u>28,487,930</u>	<u>495,891,668</u>	<u>38,864,158,247</u>

(Unaudited but reviewed)

Financial assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date.

(Unit: Baht)

	Within 1				Average
	year	2 - 5 years	Over 5 years	Total	interest rate
					(% p.a.)
Deposits at financial institutions	255,000,000	-	300,000,000	555,000,000	4.25
Investments in securities - net					
Government and state enterprise					
bonds	266,278,112	2,850,250,873	21,402,796,182	24,519,325,167	5.45
Notes	3,206,994,224	395,000,000	1,620,000,000	5,221,994,224	4.18
Debentures	159,644,176	1,260,045,302	5,618,189,126	7,037,878,604	5.86
Loans - net	116,555	13,047,534	1,516,796,163	1,529,960,252	6 - 8
Total	<u>3,888,033,067</u>	<u>4,518,343,709</u>	<u>30,457,781,471</u>	<u>38,864,158,247</u>	

### Foreign currency risk

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

As at 31 March 2008, the balances of financial assets denominated in foreign currencies are summarized below.

Foreign currency	Financial assets	Average exchange rate as at 31 March 2008 (Baht per 1 foreign currency unit)
	(Million)	
US dollar	67.50	31.46

Foreign exchange contracts outstanding at 31 March 2008 are summarized below.

Foreign currency	Bought amount (Million)	Contractual exchange rate Bought (Baht per 1 foreign currency unit)
US dollar	67.50	33.27 - 41.00

## 17.2 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 value of listed securities is based on their quoted market prices.

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

The fair value of deposits at financial institutions, bonds, debentures and notes with maturity periods of less than 90 days is based on their carrying value. For those with maturity periods longer than 90 days, fair value is 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 loans is based on the amount presented in the balance sheet.

(Unaudited but reviewed)

As at 31 March 2008, the aggregate carrying values of the Company's financial instruments which are significantly different from their aggregate fair values can be defined as follows:

(Unit: Baht)

	<u>Carrying value</u>	<u>Fair value</u>
<b>Held-to-maturity debt securities</b>		
Government and state enterprise		
bonds - net	22,454,017,776	23,620,608,374
Debentures - net	7,181,394,042	7,447,067,367
Investment in notes in Note 5 (a)		
(exclusion of put option)	1,000,000,000	1,012,637,274
Investment in notes in Note 5 (b)	400,000,000	411,789,331
Investment in notes in Note 5 (c)	650,000,000	830,796,458
Promissory notes	3,211,994,225	the proper value cannot be calculated

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

#### **Investments in notes as Note 5 (a)**

As at 31 March 2008, the Company may need to deposit additional amounts in the future under the promissory notes and bills of exchange agreements, as summarized below.

<u>Within</u>	<u>Unit: Million Baht</u>
1 year	100
1 - 3 years	400
4 - 6 years	300
Total	<u>800</u>

#### **18. Subsequent events**

The Company will pay an interim dividend of Baht 1,000 million to the shareholders on 3 April 2008. The interim dividend was approved by resolution of the meeting of the Board of Directors held on 18 December 2007.

**19. Reclassification**

Certain amounts in the financial statements for the year ended 31 December 2007 have been reclassified to conform to the current period's classifications, with no effect to previously reported net income or shareholders' equity.

**20. Approval of interim financial statements**

These interim financial statements were authorised for issue by the the Board of Directors of the Company on 20 May 2008.