

BANGKOK LIFE ASSURANCE LIMITED
REPORT AND FINANCIAL STATEMENTS
31 DECEMBER 2005 AND 2004

Report of Independent Auditor

To The Board of Directors and Shareholders of
Bangkok Life Assurance Limited

I have audited the balance sheets of Bangkok Life Assurance Limited as at 31 December 2005 and 2004, and the related statements of earnings, changes in shareholders' equity and cash flows for the years then ended. 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 express an opinion on these financial statements based on my audits.

I conducted my audits in accordance with generally accepted auditing standards. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audits provide a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Bangkok Life Assurance Limited as at 31 December 2005 and 2004 and the results of its operations and its cash flows for the years then ended in accordance with generally accepted accounting principles.

Sophon Permsirivallop

Certified Public Accountant (Thailand) No. 3182

Ernst & Young Office Limited

Bangkok: 22 March 2006

BANGKOK LIFE ASSURANCE LIMITED
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED 31 DECEMBER 2005 AND 2004

1. GENERAL INFORMATION

Bangkok Life Assurance Limited was incorporated as a limited company under Thai laws as at 23 March 1951. The Company operates its business in Thailand and its principal activity is life insurance business. The Company had 63 branches (2004: 59 branches) and its registered office is located at 23/115-121, Royal City Avenue, Rama 9 Road, Bangkok, Huaykwang, Bangkok 10320.

As at 31 December 2005 and 2004, the Company had 827 employees and 797 employees, respectively.

These financial statements were authorized for issue by the Authorised Director on 22 March 2006.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with accounting standards enunciated under the Accounting Profession Act B.E. 2547, except for the investments in securities (see Note 2.5) are accounted for based on the relevant International Financial Reporting Standards since the related Thai Accounting Standards do not address the life insurance business, and where applicable Thai Accounting practices related to life insurance and the accounting and reporting guidelines prescribed by the regulatory authority of life insurance business. Nevertheless, as permitted relevant regulation, the Company has elected not to adopt the following the accounting standards at this time:

Accounting Standard No. 24	Segment Reporting
Accounting Standard No. 47	Related Party Disclosures

Significant accounting policies adopted by the Company are summarised below: -

2.1 Revenue recognition

(a) Premium income

Premium income is recognised as income when underwriting of the insurance is approved. Premium due and uncollected at the end of year is recognised as revenue only if the policy is still in force.

(b) Interest, discount and dividends income on investments

Interest is recognised as income on a time proportion basis, taking into account the effective yield rate. Dividends are recognised as income on the dividend declaration date.

Discounts included in the face value of the notes receivable are deferred and taken up as income evenly throughout the term of the notes, while discounts on debentures are deferred using the effective rate method.

(c) Interest incomes on loans

Interest is recognised over the term of the loans based on the amount of principal outstanding. However, the Company stops accruing interest income from loans overdue more than six months.

2.2 Benefit payments to life policies

Benefit payments to life policies are recorded when notices of the claims are received or when policies reach maturity.

2.3 Commissions and brokerages

Commission and brokerage fees are expended when incurred.

2.4 Life premium reserve

- (a) Life insurance policy reserves represent the accumulated total liability for policies in force on the balance sheet date. Life assurance policy reserve is calculated according to the procedures prescribed by the Regulation on Life Assurance Policy Reserve as promulgated by the Commerce Ministry on 23 November 2001.
- (b) For other insurance and group insurance, unearned premium reserve is set aside at the rate of 40 percent of net premium written for the year.

2.5 Investments in securities

Investments in securities held for trading are determined at fair value. Gains or losses arising from changes in the value of securities are included in determining earnings.

Investments in available-for-sale securities are determined at fair value. Unrealised gains or losses arising from changes in the value of securities are recorded as a separate item in shareholders' equity under the caption of "Surplus on revaluation of investments". When the securities are sold the realised gains or losses are recognised in the earnings statement.

Investments in held-to-maturity debt securities are determined at their amortised cost. Premiums or discounts on the par value of the securities are taken into account using the effective yield rate.

Other investments are valued at cost.

The fair value of marketable securities is based on the latest bid price of the year quoted on the Stock Exchange of Thailand. The fair value of unit trusts is determined based on their net asset value as at the last business day of the period, as announced by the fund management company overseeing the fund.

Loss on impairment (if any) of investments in available-for-sale securities, held-to-maturity debt securities, and other investments is included in determining earnings.

The weighted average method is used for computation of the cost of investments.

2.6 Loans and allowance for doubtful accounts

Loans are presented at their realisable value. The Company provides allowance for doubtful accounts on the basis of collection experience, a review of current status of the loan receivables and the appraisal value of the collateral of each debt.

2.7 Premises and equipment and depreciation

Land is stated at cost. Premises and equipment are stated at cost less accumulated depreciation. Depreciation of premises and equipment are calculated by reference to their costs on a straight-line basis over the following estimated useful lives, or the period of the lease: -

Building	- 20	years
Building improvements	-	Period of lease
Furniture and fixtures and office equipment	- 5	years
Motor vehicles	- 5	years

No depreciation is provided for land.

2.8 Intangible assets and amortisation

Computer software is stated at cost less accumulated amortisation. Amortisation of computer software is calculated by reference to its cost on a straight-line basis over its estimated useful life of 10 years

No amortisation is provided for system development in progress.

2.9 Employee benefits

The Company and its employees jointly established a provident fund in accordance with the Provident Fund Act. B.E. 2530. Such fund is monthly contributed to both by the employees at rates ranging from 5 percent to 8 percent of their basic salaries and the Company at rates ranging from 5 to 8 percent of the employees' basic salaries, based on length of service. The fund will be paid to the employees upon termination in accordance with the rules of fund. In February 2005, the Company changed the fund manager from BFIT Securities Company Limited to Bualuang Securities Public Company Limited. During the year 2005, a total of Baht 11.29 million (2004: Baht 10.09 million) has been contributed to the fund and recorded as expenses by the Company.

2.10 Foreign currencies

Transactions in foreign currency during the year are translated into Baht at the rates ruling on the transaction dates. Monetary assets and liabilities in foreign currency outstanding on the balance sheet date are translated into Baht at the rates ruling on the balance sheet date. Exchange gains and losses are included in determining earnings.

2.11 Cash and cash equivalents

Cash and cash equivalents include cash on hand and deposits with financial institutions with an original maturity of 3 months or less and not subject to restriction.

2.12 Financial instruments

The Company has no policy to speculate in or engage in the trading of any financial derivative instruments.

Financial instruments carried in the balance sheet include cash and deposits at financial institutions, investments in securities, loans, premiums due and uncollected, accrued investment income, unpaid policy benefit, amounts due to reinsurers, other assets and other liabilities. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

2.13 Use of accounting estimates

Preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates for certain accounting transactions, affecting amounts reported in the financial statements and notes related thereto. Subsequent actual results may differ from these estimates.

2.14 Basic earnings per share

Basic earnings per share is calculated by dividing the net earnings for the year by the weighted average number of ordinary shares in issue during the year.

3. INVESTMENTS IN SECURITIES

(Unit: Baht)

	As at 31 December			
	2005		2004	
	Cost/ <u>Amortised cost</u>	<u>Fair value</u>	Cost/ <u>Amortised cost</u>	<u>Fair value</u>
Trading securities				
<i>Equity securities</i>				
Common stock	171,077,363	170,324,275	123,414,448	116,835,000
Less: Loss from changes in value of investments	(753,088)	-	(6,579,448)	-
Total trading securities	<u>170,324,275</u>	<u>170,324,275</u>	<u>116,835,000</u>	<u>116,835,000</u>
Available-for-sale securities				
<i>Equity securities</i>				
Common stock	1,520,129,725	2,184,773,161	1,285,503,333	1,946,812,536
Unit trusts	2,628,915,008	2,687,573,324	754,619,483	760,806,618
Add: Unrealised gain from change in value of investments	723,301,752	-	667,496,338	-
	<u>4,872,346,485</u>	<u>4,872,346,485</u>	<u>2,707,619,154</u>	<u>2,707,619,154</u>
<i>Debt securities</i>				
Debentures	<u>150,011,080</u>	<u>150,011,080</u>	-	-
Total available-for-sale securities	<u>5,022,357,565</u>	<u>5,022,357,565</u>	<u>2,707,619,154</u>	<u>2,707,619,154</u>
Held-to-maturity debt securities				
Government and state enterprise bonds - net	17,226,869,919		14,555,820,196	
Notes - net	2,246,972,457		2,154,816,630	
Debentures - net	2,457,051,112		2,758,070,606	
Less: Allowance for impairment	(10,600,000)		(10,600,000)	
Total held-to-maturity debt securities	<u>21,920,293,488</u>		<u>19,458,107,432</u>	
Other investments				
Ordinary shares	<u>11,882,700</u>		<u>19,882,700</u>	
Total other investments	<u>11,882,700</u>		<u>19,882,700</u>	
Total investments in securities	<u><u>27,124,858,028</u></u>		<u><u>22,302,444,286</u></u>	

Investments in debt securities as at 31 December 2005 and 2004 will be due as follows: -

(Unit: Baht)

	2005			
	Due within			
	<u>1 year</u>	<u>2 - 5 years</u>	<u>Over 5 years</u>	<u>Total</u>
Available-for-sale securities				
Debentures	-	100,010,109	50,000,971	150,011,080
Held-to-maturity debt securities				
Government and state enterprise				
bonds - net	30,008,670	1,431,321,677	15,765,539,572	17,226,869,919
Notes - net	623,131,440	328,841,017	1,295,000,000	2,246,972,457
Debentures - net	135,455,977	144,437,546	2,166,557,589	2,446,451,112
	<u>788,596,087</u>	<u>1,904,600,240</u>	<u>19,227,097,161</u>	<u>21,920,293,488</u>
Total	<u>788,596,087</u>	<u>2,004,610,349</u>	<u>19,277,098,132</u>	<u>22,070,304,568</u>

(Unit: Baht)

	2004			
	Due within			
	<u>1 year</u>	<u>2 - 5 years</u>	<u>Over 5 years</u>	<u>Total</u>
Held-to-maturity debt securities				
Government and state enterprise				
bonds - net	23,022,282	523,976,330	14,008,821,584	14,555,820,196
Notes - net	1,462,188,494	692,628,136	-	2,154,816,630
Debentures - net	14,344,716	778,854,003	1,954,271,887	2,747,470,606
	<u>1,499,555,492</u>	<u>1,995,458,469</u>	<u>15,963,093,471</u>	<u>19,458,107,432</u>

The Company has pledged government and state enterprise bonds of Baht 4,516.60 million (2004: Baht 3,345.9 million) as life assurance policy reserve and assets pledged with the Life Assurance Registrar in accordance with the Life Assurance Act. B.E. 2535 as mentioned in Notes 11 and 12.

4. LOANS AND ACCRUED INTEREST

As at 31 December 2005 and 2004, the balances of loans and accrued interest are aged by principal and accrued interest as follows: -

(Unit: Baht)

Outstanding period	2005								
	Policy loans		Mortgage loans		Other loans		Total		
	Accrued		Accrued		Accrued		Accrued		
	Principal	interest	Principal	interest	Principal	interest	Principal	interest	Total
Current	479,221,577	34,495,513	442,140,901	2,348,702	3,576,727	-	924,939,205	36,844,215	961,783,420
Overdue:									
Less than 6 months	-	-	-	-	40,229	582	40,229	582	40,811
Over 12 months	-	-	7,849,268	446,156	233,913	11,116	8,083,181	457,272	8,540,453
Total	479,221,577	34,495,513	449,990,169	2,794,858	3,850,869	11,698	933,062,615	37,302,069	970,364,684
Less: Allowance for doubtful accounts	-	-	(3,029,718)	(299,335)	-	-	(3,029,718)	(299,335)	(3,329,053)
Loans and accrued interest - net	479,221,577	34,495,513	446,960,451	2,495,523	3,850,869	11,698	930,032,897	37,002,734	967,035,631

(Unit: Baht)

Outstanding period	2004								
	Policy loans		Mortgage loans		Other loans		Total		
	Accrued		Accrued		Accrued		Accrued		
	Principal	interest	Principal	interest	Principal	interest	Principal	interest	Total
Current	343,765,342	24,350,286	28,062,058	74,246	5,096,491	11,539	376,923,891	24,436,071	401,359,962
Overdue:									
Less than 6 months	-	-	2,156,970	76,115	42,951	-	2,199,921	76,115	2,276,036
6 - 12 months	-	-	1,039,920	30,489	233,913	-	1,273,833	30,489	1,304,322
Over 12 months	-	-	11,726,601	698,606	4,310,753	73,963	16,037,354	772,569	16,809,923
Total	343,765,342	24,350,286	42,985,549	879,456	9,684,108	85,502	396,434,999	25,315,244	421,750,243
Less: Allowance for doubtful accounts	-	-	(4,856,032)	(513,019)	(3,017,527)	-	(7,873,559)	(513,019)	(8,386,578)
Loans and accrued interest - net	343,765,342	24,350,286	38,129,517	366,437	6,666,581	85,502	388,561,440	24,802,225	413,363,665

Loans are provided to employees 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 rate for the loans to employees is 6 percent per annum. As at 31 December 2005, loans to employees and representatives totaled Baht 3.85 million (2004: Baht 5.4 million).

5. CASH AND CASH EQUIVALENTS

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

(Unit: Baht)

	As at 31 December	
	2005	2004
Cash	2,032,570	1,329,341
Deposits at banks with no fixed maturity date	230,910,993	162,939,714
Deposits at banks with fixed maturity date and negotiable certificates of deposits	302,000,000	-
Cash and cash equivalents	<u>534,943,563</u>	<u>164,269,055</u>

6. PREMISES AND EQUIPMENT

(Unit: Baht)

	Land	Building and building improvements	Furniture and fixtures and office equipment	Vehicles	Total
Cost:					
31 December 2004	66,010,602	284,758,694	237,317,890	36,445,340	624,532,526
Purchases/transfers in	-	8,265,919	25,764,725	2,676,000	36,706,644
Disposals/write-offs/transfers out	-	-	(16,013,604)	(1,676,000)	(17,689,604)
31 December 2005	<u>66,010,602</u>	<u>293,024,613</u>	<u>247,069,011</u>	<u>37,445,340</u>	<u>643,549,566</u>
Accumulated depreciation:					
31 December 2004	-	115,617,184	197,715,690	16,211,176	329,544,050
Depreciation for the year	-	16,647,256	15,558,415	5,839,258	38,044,929
Depreciation - disposals/write-offs	-	-	(15,961,317)	(1,675,980)	(17,637,297)
31 December 2005	<u>-</u>	<u>132,264,440</u>	<u>197,312,788</u>	<u>20,374,454</u>	<u>349,951,682</u>
Net book value:					
31 December 2004	<u>66,010,602</u>	<u>169,141,510</u>	<u>39,602,200</u>	<u>20,234,164</u>	<u>294,988,476</u>
31 December 2005	<u>66,010,602</u>	<u>160,760,173</u>	<u>49,756,223</u>	<u>17,070,886</u>	<u>293,597,884</u>
Depreciation charged in statements of earnings for the years					
2004					<u>33,700,307</u>
2005					<u>38,044,929</u>

In 2004, the Company has pledged part of land and office building with a carrying net book value of Baht 20.0 million as life assurance policy reserve with the Life Assurance Registrar in accordance with Life Assurance Act. B.E. 2535 as mentioned in Note 12.

7. PREMIUM DUE AND UNCOLLECTED

As at 31 December 2005 and 2004, 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)	
	<u>2005</u>	<u>2004</u>
Grace period not exceeded	891,974,597	763,038,749
Total premium due and uncollected	<u>891,974,597</u>	<u>763,038,749</u>

8. INTANGIBLE ASSETS

	(Unit: Baht)		
	Software	System development in progress	Total
Cost:			
31 December 2004	22,445,192	1,304,996	23,750,188
Increase	1,889,808	2,486,450	4,376,258
Transfer in (out)	3,491,094	(3,491,094)	-
31 December 2005	<u>27,826,094</u>	<u>300,352</u>	<u>28,126,446</u>
Accumulated amortisation:			
31 December 2004	6,242,768	-	6,242,768
Amortisation charged for the year	2,460,852	-	2,460,852
31 December 2005	<u>8,703,620</u>	<u>-</u>	<u>8,703,620</u>
Net book value:			
31 December 2004	<u>16,202,424</u>	<u>1,304,996</u>	<u>17,507,420</u>
31 December 2005	<u>19,122,474</u>	<u>300,352</u>	<u>19,422,826</u>
Amortisation charged in statements of earnings for the years			
2004			<u>1,980,690</u>
2005			<u>2,460,852</u>

9. OTHER ASSETS

	(Unit: Baht)	
	<u>2005</u>	<u>2004</u>
Prepaid rental expenses	176,028,327	187,821,708
Accounts receivable from sales of investments	13,076,810	56,014,436
Prepaid expenses	16,928,271	12,339,139
Deposits	14,255,897	11,046,739
Others	8,900,168	7,653,371
Total	<u>229,189,473</u>	<u>274,875,393</u>

10. OTHER LIABILITIES

	(Unit: Baht)	
	<u>2005</u>	<u>2004</u>
Accrued commission expenses	352,434,345	318,890,181
Accrued expenses	71,285,616	61,676,323
Withholding tax payable	20,829,390	17,842,797
Amounts received awaiting transfer	130,887,467	61,074,905
Unpaid benefits to life policies exempted premium	58,354,477	49,863,908
Accounts payable from purchase of investments	202,941,129	-
Others	39,864,706	17,378,220
Total	<u>876,597,130</u>	<u>526,726,334</u>

11. ASSETS PLEDGED WITH REGISTRAR

As at 31 December 2005 and 2004, the following assets have been pledged with the Life Assurance Registrar in accordance with Section 20 of the Life Assurance Act B.E. 2535.

	(Unit: Baht)	
	<u>2005</u>	<u>2004</u>
Government bonds	20,000,000	20,000,000
Total	<u>20,000,000</u>	<u>20,000,000</u>

12. ASSETS RESERVE WITH REGISTRAR

As at 31 December 2005 and 2004, the following assets have been pledged as life assurance policy reserve with the Life Assurance Registrar in accordance with Section 24 of the Life Assurance Act. B.E. 2535.

	(Unit: Baht)	
	<u>2005</u>	<u>2004</u>
Government bonds	2,329,066,915	2,334,109,768
State enterprise bonds	2,167,531,020	991,773,653
Land and office buildings	-	20,093,310
Total	<u>4,496,597,935</u>	<u>3,345,976,731</u>

13. STATUTORY RESERVE

Under the Section 1202 of the Civil and Commercial Code of Thailand, the Company is required to set aside a statutory reserve at least 5 percent of its net profit each time a dividend is declared until the reserve reaches 10 percent of registered capital. The statutory reserve is not available for dividend distribution.

In 2005 and 2004, the Company did not set aside additional retained earnings to the statutory reserve because the Company had premium on share capital in excess of 10 percent of registered capital.

14. DIRECTORS' REMUNERATION

Directors' remuneration represents the benefits paid to the Company's directors exclusive of salaries and related benefits payable to executive directors.

15. CORPORATE INCOME TAX

Corporate income tax has been calculated at the rate of 30 percent on net earnings of the Company after adding back certain provisions and expenses which are disallowable for the tax computation purposes and deducting dividends received which are exempted from tax.

16. COMMITMENTS

As at 31 December 2005 and 2004, the Company has outstanding commitments under operating lease and services agreement as follows: -

	(Unit: Million Baht)	
	<u>2005</u>	<u>2004</u>
Within 1 year	48.6	33.9
In 1 - 5 years	65.3	38.6
Over 5 years	39.8	43.8

17. DIVIDENDS PAID

Dividends declared in 2005 and 2004 consist of the following: -

	Approved by	Total dividends	Dividend per share
Dividends on 2004 earnings	Annual General Meeting of the shareholders on 28 April 2005	150,000,000	1.5
Dividends on 2003 earnings	Annual General Meeting of the shareholders on 29 April 2004	150,000,000	1.5

18. FINANCIAL INSTRUMENTS

18.1 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.

18.2 Interest rate risk

The risk that the value of a financial instrument will fluctuate and the Company's cash flows will affect due to changes in market interest rates.

(Unit: Baht)

	Balance as at 31 December 2005		
	No interest	Floating interest rate	Fixed interest rate
Deposits at financial institutions	67,727,188	163,183,805	302,000,000
Investments in securities-net			
Government and state			
enterprise bonds	-	-	17,226,869,919
Notes	-	240,000,000	2,006,972,457
Debentures	1,900,000	122,195,591	2,472,366,601
Loans - net	-	11,434,755	918,598,142
Total	69,627,188	536,814,151	22,926,807,119

The financial instruments carrying interest at fixed rates, according to the period from the balance sheet to contractual repricing dates or the maturity date (whichever dates are earlier) are classified below: -

(Unit: Baht)

	Within 1 year	2 - 5 years	Over 5 years	Total	Average
					interest rate
					(% p.a.)
Deposits at financial institutions	302,000,000	-	-	302,000,000	2.5, 5.35
Investments in securities - net					
Government and state enterprise					
bonds	30,008,670	1,431,321,677	15,765,539,572	17,226,869,919	5.50
Notes	383,131,440	328,841,017	1,295,000,000	2,006,972,457	4.42
Debentures	13,260,386	242,547,655	2,216,558,560	2,472,366,601	5.85
Loans - net	651,042	7,649,530	910,297,570	918,598,142	6.00, 8.00
Total	729,051,538	2,010,359,879	20,187,395,702	222,926,807,119	

18.3 Fair value

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

Investment 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.

Policy loans

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

As at 31 December 2005, the aggregate carrying values of the Company's financial instruments are significantly different from their aggregate fair values:

	<u>Carrying value</u>	<u>Fair value</u>
Government and state enterprise bonds	17,226,869,919	16,920,396,690
Debentures	2,596,462,192	2,652,852,111

(Unit: Baht)

19. PRESENTATION

The presentation of the financial statements has been made in compliance with the order of the Registrar dated 6 March 2002, as empowered under the Accounting Act B.E. 2543.

BANGKOK LIFE ASSURANCE LIMITED

BALANCE SHEETS

AS AT 31 DECEMBER 2005 AND 2004

(Unit: Baht)

	<u>Note</u>	<u>2005</u>	<u>2004</u>
ASSETS			
INVESTMENTS IN SECURITIES			
Bonds		17,226,869,919	14,555,820,196
Notes		2,246,972,457	2,154,816,630
Stocks		2,366,980,136	2,083,530,236
Debentures		2,596,462,192	2,747,470,606
Unit trusts		2,687,573,324	760,806,618
Total investments in securities	3	<u>27,124,858,028</u>	<u>22,302,444,286</u>
LOANS			
Policy loans		479,221,577	343,765,342
Mortgage loans		449,990,169	42,985,549
Other loans		3,850,869	9,684,108
Total loans		933,062,615	396,434,999
Less: Allowance for doubtful accounts		<u>-3,029,718</u>	<u>-7,873,559</u>
Loans - net	4	930,032,897	388,561,440
CASH AND DEPOSITS AT FINANCIAL INSTITUTIONS			
	5	534,943,563	164,269,055
PREMISES AND EQUIPMENT - NET	6	293,597,884	294,988,476
DUE FROM REINSURERS		36,705,853	32,391,606
PREMIUMS DUE AND UNCOLLECTED	7	891,974,597	763,038,749
ACCRUED INVESTMENT INCOME - NET		358,238,719	296,304,865
OTHER ASSETS			
Intangible assets	8	19,422,826	17,507,420
Others	9	229,189,473	274,875,393
TOTAL ASSETS		<u><u>30,418,963,840</u></u>	<u><u>24,534,381,290</u></u>

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

BANGKOK LIFE ASSURANCE LIMITED

BALANCE SHEETS (Continued)

AS AT 31 DECEMBER 2005 AND 2004

		(Unit: Baht)
	<u>Note</u>	<u>2005</u>
		<u>2004</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
LIFE POLICY RESERVE		22,741,322,689
UNPAID POLICY BENEFITS		18,023,631,015
DUE TO REINSURERS		1,958,372,995
ADVANCE PREMIUM RECEIPTS		74,695,816
OTHER LIABILITIES		34,303,665
Corporate income tax payable		1,995,744,400
Others	10	70,503,008
		49,583,356
		876,597,130
		526,726,334
TOTAL LIABILITIES		<u>27,717,236,038</u>
SHAREHOLDERS' EQUITY		<u>22,131,386,592</u>
Share capital		
Registered, issued and fully paid		
100,000,000 ordinary shares of Baht 10 each		1,000,000,000
Premium on share capital		1,000,000,000
Surplus on revaluation of investments		275,000,000
Retained earnings		723,301,752
Appropriated - statutory reserve	13	1,000,000
Unappropriated		1,000,000
		702,426,050
		459,498,360
TOTAL SHAREHOLDERS' EQUITY		<u>2,701,727,802</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		<u>30,418,963,840</u>
		0
		0

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

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DIRECTORS

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BANGKOK LIFE ASSURANCE LIMITED
STATEMENTS OF EARNINGS
FOR THE YEARS ENDED 31 DECEMBER 2005 AND 2004

	Note	2005	2004
(Unit: Baht)			
REVENUES			
Net premiums written		9,241,708,592	8,798,329,414
Net investments income		1,202,198,135	930,675,171
Gain on investment in securities		105,227,850	49,869,355
Other income			
Gain on sales of fixed assets		569,843	2,694,813
Others		14,106,033	14,927,888
TOTAL REVENUES		<u>10,563,810,453</u>	<u>9,796,496,641</u>
EXPENSES			
Underwriting expenses			
Life policy reserve increase from the previous year		4,717,691,674	4,629,656,760
Benefit payments to life policies during the year		2,933,274,683	2,674,528,596
Dividends to policyholders		210,000	-
Commissions and brokerages		1,655,680,668	1,469,128,388
Sales promotion expenses		127,184,695	113,387,569
Other underwriting expenses		11,470,170	9,875,210
Total underwriting expenses		<u>9,445,511,890</u>	<u>8,896,576,523</u>
Operating expenses			
Personnel expenses		296,688,699	263,817,121
Premises and equipment expenses		95,767,449	89,839,724
Taxes and duties		35,439,679	26,959,239
Bad debt and doubtful accounts		23,564	1,126,067
Directors' remuneration	14	8,980,000	8,730,000
Operating expenses - branches		38,617,350	32,799,360
Other operating expenses		114,134,844	106,104,610
Total operating expenses		<u>589,651,585</u>	<u>529,376,121</u>
TOTAL EXPENSES		<u>10,035,163,475</u>	<u>9,425,952,644</u>
EARNINGS BEFORE INCOME TAX		528,646,978	370,543,997
CORPORATE INCOME TAX	15	-135,719,288	-95,576,097
NET EARNINGS FOR THE YEAR		<u>392,927,690</u>	<u>274,967,900</u>
 BASIC EARNINGS PER SHARE			
Net earnings		<u>3.93</u>	<u>2.75</u>

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

BANGKOK LIFE ASSURANCE LIMITED
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED 31 DECEMBER 2005 AND 2004

	<u>2005</u>	<u>2004</u>
		(Unit: Baht)
Cash flows from (used in) operating activities		
Net premiums written	8,889,172,470	8,400,504,764
Net investment income	1,351,730,802	994,900,222
Other income	9,262,192	16,502,861
Benefits payment to life policies during the year	-2,377,605,935	-2,067,093,842
Dividends to policyholders	-210,000	-
Commissions and brokerages	-1,622,136,504	-1,446,949,549
Other underwriting expenses	-121,826,185	-111,081,810
Operating expenses	-366,485,906	-536,721,785
Income tax	-114,799,635	-84,186,120
Net cash from operating activities	<u>5,647,101,299</u>	<u>5,165,874,741</u>
Cash flows from (used in) investing activities		
<u>Cash flows from</u>		
Investments in securities	27,792,706,903	18,336,577,403
Loans	5,833,239	80,000,000
Premises and equipment	622,150	3,103,892
Net cash from investing activities	<u>27,799,162,292</u>	<u>18,419,681,295</u>
<u>Cash flows used in</u>		
Investments in securities	-32,403,477,792	-23,345,062,307
Loans	-485,404,648	-40,555,292
Premises and equipment	-36,706,643	-30,405,707
Net cash used in investing activities	<u>-32,925,589,083</u>	<u>-23,416,023,306</u>
Net cash used in investing activities	<u>-5,126,426,791</u>	<u>-4,996,342,011</u>
Cash flows from (used in) financing activities		
Dividend paid	-150,000,000	-150,000,000
Net cash used in financing activities	<u>-150,000,000</u>	<u>-150,000,000</u>
Net decrease in cash and cash equivalents	370,674,508	19,532,730
Cash and cash equivalents at beginning of year	164,269,055	144,736,325
Cash and cash equivalents at end of year (Note 5)	<u><u>534,943,563</u></u>	<u><u>164,269,055</u></u>

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

BANGKOK LIFE ASSURANCE LIMITED
 STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
 FOR THE YEARS ENDED 31 DECEMBER 2005 AND 2004

(Unit: Baht)

	Issued and paid-up share capital	Premium on shares capital	Surplus on revaluation of investments	Retained earnings		Total
				Appropriated statutory reserve	Unappropriated	
Balance as at 1 January 2004	1,000,000,000	275,000,000	901,215,093	1,000,000	334,530,460	2,511,745,553
Unrealised loss from change in value of investments	-	-	-233,718,755	-	-	-233,718,755
Net earnings for the year	-	-	-	-	274,967,900	274,967,900
Dividend paid (Note 17)	-	-	-	-	-150,000,000	-150,000,000
Balance as at 31 December 2004	1,000,000,000	275,000,000	667,496,338	1,000,000	459,498,360	2,402,994,698
Unrealised gain from change in value of investments	-	-	55,805,414	-	-	55,805,414
Net earnings for the year	-	-	-	-	392,927,690	392,927,690
Dividend paid (Note 17)	-	-	-	-	-150,000,000	-150,000,000
Balance as at 31 December 2005	1,000,000,000	275,000,000	723,301,752	1,000,000	702,426,050	2,701,727,802

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