

Bangkok Life Assurance Public Company Limited
Review report and interim financial statements
For the three-month and six-month periods ended
30 June 2016

Independent Auditor's Report on Review of Interim Financial Information

To the shareholders of Bangkok Life Assurance Public Company Limited

I have reviewed the accompanying consolidated statement of financial position of Bangkok Life Assurance Public Company Limited as at 30 June 2016, the consolidated statements of income and comprehensive income for the three-month and six-month periods ended 30 June 2016, and the statements of changes in owners' equity, and cash flows for the six-month period then ended, as well as the condensed notes to the consolidated financial statements, and have also reviewed the separated financial information of Bangkok Life Assurance Public Company Limited for the same periods. Management is responsible for the preparation and presentation of this interim financial information in accordance with Thai Accounting Standard 34: Interim Financial Reporting. My responsibility is to express a conclusion on this interim financial information based on my review.

Scope of Review

I conducted my review in accordance with Thai Standard on Review Engagements 2410: Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Thai Standards on Auditing and consequently does not enable me to obtain assurance that I would become aware of all significant matters that might be identified in an audit. Accordingly, I do not express an audit opinion.

Conclusion

Based on my review, nothing has come to my attention that causes me to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with Thai Accounting Standard 34: Interim Financial Reporting.

Emphasis of Matters

I draw attention to Note 2 and Note 3 to the interim financial statements. During the current period, the Company reclassified transactions in accordance with the new format of financial statements as specified in the Notification of the Office of Insurance Commission dated 4 March 2016 which effective on 1 January 2016 onward. The Company adopted these revised and new financial reporting standards issued by the Federation of Accounting professions. My opinion is not qualified in respect of this matter.

Nonglak Pumnoi
Certified Public Accountant (Thailand) No. 4172

EY Office Limited

Bangkok: 9 August 2015

Bangkok Life Assurance Public Company Limited
Statements of financial position
As at 30 June 2016 31 December 2015 and 1 January 2015

(Unit: Thousand Baht)

| | Note | Consolidated financial statements | | | Separate financial statements | | |
|---------------------------------|------------|-----------------------------------|-------------------------|--------------------|-------------------------------|-------------------------|--------------------|
| | | 30 June 2016 | 31 December 2015 | 1 January 2015 | 30 June 2016 | 31 December 2015 | 1 January 2015 |
| | | (Unaudited but reviewed) | (Audited) (Restated) | | (Unaudited but reviewed) | (Audited) (Restated) | |
| Assets | | | | | | | |
| Cash and cash equivalents | 5, 27 | 8,893,896 | 7,101,758 | 5,707,564 | 8,779,975 | 7,087,584 | 5,703,472 |
| Premium receivables | 6 | 2,099,361 | 1,717,113 | 1,725,233 | 2,099,361 | 1,717,113 | 1,725,233 |
| Accrued investment income - net | | 2,317,689 | 2,627,978 | 2,344,008 | 2,317,689 | 2,627,978 | 2,344,008 |
| Reinsurance assets | 7 | 522,114 | 372,054 | 318,471 | 522,114 | 372,054 | 318,471 |
| Reinsurance receivables | 8 | 549,814 | 527,122 | 445,314 | 549,814 | 527,122 | 445,314 |
| Derivative assets | 9 | 14,973 | 231 | 24,963 | 14,973 | 231 | 24,963 |
| Investment assets | 27 | | | | | | |
| Investments in securities | | | | | | | |
| Trading investments | 10 | 219,648 | 116,220 | 17,070 | 219,648 | 116,220 | 17,070 |
| Available-for-sale investments | 10 | 58,143,979 | 25,988,922 | 22,012,881 | 58,143,979 | 25,988,922 | 22,012,881 |
| Held-to-maturity investments | 10, 28, 29 | 184,437,366 | 201,411,262 | 176,161,023 | 184,437,366 | 201,411,262 | 176,161,023 |
| General investments | 10 | 29,588 | 46,662 | 46,662 | 29,588 | 46,662 | 46,662 |
| Investments in subsidiaries | 11 | - | - | - | 132,530 | 23,760 | 3,960 |
| Loans - net | 12, 27 | 6,673,693 | 6,138,902 | 4,735,057 | 6,673,693 | 6,138,902 | 4,735,057 |
| Investment property | 13 | 20,415 | 20,947 | - | 20,415 | 20,947 | - |
| Premises and equipment - net | 14 | 1,107,370 | 547,210 | 389,243 | 1,102,911 | 546,986 | 389,200 |
| Goodwill | | 4,955 | 4,955 | 4,955 | - | - | - |
| Intangible assets | | 22,755 | 24,113 | 12,819 | 22,179 | 24,037 | 12,819 |
| Deferred tax assets | 15 | 2,539,315 | 2,382,919 | 1,482,422 | 2,539,315 | 2,382,919 | 1,482,422 |
| Other assets | 16 | 598,953 | 547,241 | 161,905 | 588,775 | 544,567 | 165,539 |
| Total assets | | 268,195,884 | 249,575,609 | 215,589,590 | 268,194,325 | 249,577,266 | 215,588,094 |

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 2016 31 December 2015 and 1 January 2015

(Unit: Thousand Baht)

| | Note | Consolidated financial statements | | | Separate financial statements | | |
|--|------|---|---|--------------------|---|---|--------------------|
| | | 30 June 2016 (Unaudited but reviewed) | 31 December 2015 (Audited) (Restated) | 1 January 2015 | 30 June 2016 (Unaudited but reviewed) | 31 December 2015 (Audited) (Restated) | 1 January 2015 |
| Liabilities and owners' equity | | | | | | | |
| Liabilities | | | | | | | |
| Insurance contract liabilities | 17 | 228,747,841 | 216,851,032 | 186,659,641 | 228,747,841 | 216,851,032 | 186,659,641 |
| Reinsurance payables | 18 | 681,530 | 459,315 | 379,722 | 681,530 | 459,315 | 379,722 |
| Derivative liabilities | 9 | 2,386,600 | 2,912,292 | 1,024,799 | 2,386,600 | 2,912,292 | 1,024,799 |
| Income tax payable | | 1,463,504 | 542,471 | 499,592 | 1,463,504 | 542,471 | 499,592 |
| Employee benefit obligations | 19 | 196,504 | 179,646 | 168,620 | 194,622 | 178,550 | 167,734 |
| Other liabilities | 20 | 2,228,734 | 1,640,484 | 1,280,941 | 2,224,252 | 1,635,286 | 1,277,378 |
| Total liabilities | | 235,704,713 | 222,585,240 | 190,013,315 | 235,698,349 | 222,578,946 | 190,008,866 |
| Owners' equity | | | | | | | |
| Share capital | | | | | | | |
| Registered | | | | | | | |
| 1,708,000,000 ordinary shares of Baht 1 each | | 1,708,000 | 1,708,000 | 1,708,000 | 1,708,000 | 1,708,000 | 1,708,000 |
| Issued and fully paid-up | | | | | | | |
| 1,705,079,460 ordinary shares of Baht 1 each (31 December 2015: 1,703,810,780 ordinary shares of Baht 1 each and 1 January 2015: 1,697,850,000 ordinary shares of Baht 1 each) | 21 | 1,705,079 | 1,703,811 | 1,697,850 | 1,705,079 | 1,703,811 | 1,697,850 |
| Premium on share capital | | 3,269,245 | 3,219,926 | 2,987,540 | 3,269,245 | 3,219,926 | 2,987,540 |
| Capital reserve on share-based payments | 21 | 27,024 | 38,834 | 103,822 | 27,024 | 38,834 | 103,822 |
| Subscriptions received in advance from exercise of warrants | 21 | 10,483 | 10,626 | - | 10,483 | 10,626 | - |
| Retained earnings | | | | | | | |
| Appropriated | | | | | | | |
| Statutory reserve | | 170,800 | 170,800 | 170,800 | 170,800 | 170,800 | 170,800 |
| General reserve | | 400,000 | 400,000 | 400,000 | 400,000 | 400,000 | 400,000 |
| Unappropriated | | 19,419,797 | 17,460,248 | 14,677,675 | 19,435,096 | 17,468,357 | 14,680,638 |
| Other component of owners' equity | | | | | | | |
| Revaluation surplus on available-for-sale investments - net of income taxes | | 7,478,249 | 3,985,966 | 5,538,578 | 7,478,249 | 3,985,966 | 5,538,578 |
| Exchange differences on translation of financial statements in foreign currency | | (632) | - | - | - | - | - |
| Equity attributable to equity holders of the Company | | 32,480,045 | 26,990,211 | 25,576,265 | 32,495,976 | 26,998,320 | 25,579,228 |
| Non-controlling interests of the subsidiary | | 11,126 | 158 | 10 | - | - | - |
| Total owners' equity | | 32,491,171 | 26,990,369 | 25,576,275 | 32,495,976 | 26,998,320 | 25,579,228 |
| Total liabilities and owners' equity | | 268,195,884 | 249,575,609 | 215,589,590 | 268,194,325 | 249,577,266 | 215,588,094 |
| | | - | - | - | - | - | - |

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

Directors

(Unaudited but reviewed)

Bangkok Life Assurance Public Company Limited**Statements of income****For the three-month periods ended 30 June 2016 and 2015**

(Unit: Thousand Baht)

| | Note | Consolidated financial statements | | Separate financial statements | |
|---|--------|-----------------------------------|--------------------|-------------------------------|--------------------|
| | | 2016 | 2015 (Restated) | 2016 | 2015 (Restated) |
| Revenue | | | | | |
| Gross premium written | 23, 27 | 7,629,941 | 7,394,573 | 7,629,941 | 7,394,573 |
| Less: Premium ceded to reinsurers | 23 | (206,098) | (178,297) | (206,098) | (178,297) |
| Net premium written | 23 | 7,423,843 | 7,216,276 | 7,423,843 | 7,216,276 |
| Add (less): Unearned premium reserves decreased (increased) form prior period | 23 | 9,409 | (21,668) | 9,409 | (21,668) |
| Net earned premium | 23 | 7,433,252 | 7,194,608 | 7,433,252 | 7,194,608 |
| Fee and commission income | | 47,241 | 57,484 | 47,241 | 57,484 |
| Net investment income | 27 | 2,721,479 | 2,466,203 | 2,721,479 | 2,466,203 |
| Gain on investment | 10 | 1,249,517 | 79,900 | 1,249,517 | 79,900 |
| Loss on revaluation | 25 | (42,604) | 33,227 | (42,604) | 33,227 |
| Other income | 27 | 15,670 | 18,033 | 13,629 | 16,343 |
| Total income | | 11,424,555 | 9,849,455 | 11,422,514 | 9,847,765 |
| Expenses | | | | | |
| Life policy reserves increased (decreased) from prior periods | 23 | (6,036,558) | 2,906,077 | (6,036,558) | 2,906,077 |
| Benefit payments under life policies and claims | 23, 27 | 4,590,915 | 3,531,260 | 4,590,915 | 3,531,260 |
| Less: Benefit payments under life policies and claims refundable from reinsurance | 23 | (178,958) | (136,384) | (178,958) | (136,384) |
| Commissions and brokerages expenses | 23, 27 | 694,696 | 627,665 | 693,267 | 626,462 |
| Other underwriting expenses | 23 | 143,620 | 124,885 | 143,222 | 124,882 |
| Operating expenses | 24, 27 | 539,353 | 551,297 | 526,028 | 549,780 |
| Total expenses | | (246,932) | 7,604,800 | (262,084) | 7,602,077 |
| Profits before income tax expense | | 11,671,487 | 2,244,655 | 11,684,598 | 2,245,688 |
| Income tax expense | 15 | (2,284,992) | (400,186) | (2,284,992) | (400,186) |
| Profits for the periods | | 9,386,495 | 1,844,469 | 9,399,606 | 1,845,502 |
| Profits for the periods attributable to: | | | | | |
| Equity holders of the Company | | 9,392,242 | 1,844,479 | 9,399,606 | 1,845,502 |
| Non-controlling interests of the subsidiary | | (5,747) | (10) | | |
| | | 9,386,495 | 1,844,469 | | |

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 2016 and 2015**

(Unit: Thousand Baht)

| Note | Consolidated financial statements | | Separate financial statements | |
|--|-----------------------------------|--------------------|-------------------------------|--------------------|
| | 2016 | 2015 (Restated) | 2016 | 2015 (Restated) |
| Profits for the periods | 9,386,495 | 1,844,469 | 9,399,606 | 1,845,502 |
| Other comprehensive income | | | | |
| Other comprehensive income to reclassified to profit or loss in subsequent periods | | | | |
| Gains (losses) on valuation of available-for-sale investments | (787,826) | 670,319 | (787,826) | 670,319 |
| Exchange differences on translation of financial statements in foreign currency | (1,216) | - | - | - |
| Add (less): Income taxes | 155,604 | (134,064) | 155,604 | (134,064) |
| Total other comprehensive income to reclassified to profit or loss in subsequent periods | (633,438) | 536,255 | (632,222) | 536,255 |
| Other comprehensive income (loss) for the periods - net of income taxes | (633,438) | 536,255 | (632,222) | 536,255 |
| Total comprehensive income for the periods | 8,753,057 | 2,380,724 | 8,767,384 | 2,381,757 |
| Total comprehensive income for the periods attributable to: | | | | |
| Equity holders of the Company | 8,760,020 | 2,380,734 | 8,767,384 | 2,381,757 |
| Non-controlling interests of the subsidiary | (5,747) | (10) | | |
| | 8,754,273 | 2,380,724 | | |

(Unit: Baht)

Earnings per share

| | | | | | |
|----------------------------|----|------|------|------|------|
| Basic earnings per share | 30 | | | | |
| Profits for the periods | | 5.51 | 1.08 | 5.51 | 1.08 |
| Diluted earnings per share | | | | | |
| Profits for the periods | | 5.51 | 1.08 | 5.51 | 1.08 |

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

(Unaudited but reviewed)

Bangkok Life Assurance Public Company Limited**Statements of income****For the six-month periods ended 30 June 2016 and 2015**

(Unit: Thousand Baht)

| | Note | Consolidated financial statements | | Separate financial statements | |
|--|--------|-----------------------------------|--------------------|-------------------------------|--------------------|
| | | 2016 | 2015 (Restated) | 2016 | 2015 (Restated) |
| Revenue | | | | | |
| Gross premium written | 23, 27 | 21,042,235 | 23,416,180 | 21,042,297 | 23,416,180 |
| Less: Premium ceded to reinsurers | 23 | (658,347) | (531,523) | (658,347) | (531,523) |
| Net premium written | 23 | 20,383,888 | 22,884,657 | 20,383,950 | 22,884,657 |
| Less: Unearned premium reserves increased form prior period | 23 | (94,802) | (73,223) | (94,802) | (73,223) |
| Net earned premium | 23 | 20,289,086 | 22,811,434 | 20,289,148 | 22,811,434 |
| Fee and commission income | | 167,265 | 151,638 | 167,265 | 151,638 |
| Net investment income | 27 | 5,437,077 | 4,977,636 | 5,437,077 | 4,977,636 |
| Gain on investment | 10 | 1,873,604 | 1,095,437 | 1,873,604 | 1,095,437 |
| Gain (loss) on revaluation | 25 | (111,890) | 28,081 | (111,890) | 28,081 |
| Other income | 27 | 33,600 | 33,401 | 28,002 | 30,276 |
| Total income | | 27,688,742 | 29,097,627 | 27,683,206 | 29,094,502 |
| Expenses | | | | | |
| Life policy reserves increased from prior periods | 23 | 11,811,890 | 15,010,478 | 11,811,890 | 15,010,478 |
| Benefit payments under life policies and claims | 23, 27 | 10,241,609 | 8,432,572 | 10,241,609 | 8,432,572 |
| Less: Benefit payments under life policies and claims refundable from reinsurance | 23 | (377,085) | (265,239) | (377,085) | (265,239) |
| Commissions and brokerages expenses | 23, 27 | 1,622,205 | 1,469,152 | 1,619,112 | 1,466,575 |
| Other underwriting expenses | 23 | 327,492 | 299,321 | 327,009 | 299,316 |
| Operating expenses | 24, 27 | 1,080,036 | 1,006,731 | 1,065,141 | 1,003,885 |
| Total expenses | | 24,706,147 | 25,953,015 | 24,687,676 | 25,947,587 |
| Profits before income tax expense | | 2,982,595 | 3,144,612 | 2,995,530 | 3,146,915 |
| Income tax expense | 15 | (484,336) | (534,874) | (484,336) | (534,874) |
| Profits for the periods | | 2,498,259 | 2,609,738 | 2,511,194 | 2,612,041 |
| Profits for the periods attributable to: | | | | | |
| Equity holders of the Company | | 2,504,004 | 2,609,761 | 2,511,194 | 2,612,041 |
| Non-controlling interests of the subsidiary | | (5,745) | (23) | | |
| | | 2,498,259 | 2,609,738 | | |

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 six-month periods ended 30 June 2016 and 2015**

(Unit: Thousand Baht)

| Note | Consolidated financial statements | | Separate financial statements | |
|--|-----------------------------------|--------------------|-------------------------------|--------------------|
| | 2016 | 2015 (Restated) | 2016 | 2015 (Restated) |
| Profits for the periods | 2,498,259 | 2,609,738 | 2,511,194 | 2,612,041 |
| Other comprehensive income | | | | |
| Other comprehensive income to reclassified to profit or loss in subsequent periods | | | | |
| Gains (losses) on valuation of available-for-sale investments | 4,367,805 | (190,059) | 4,367,805 | (190,059) |
| Exchange differences on translation of financial statements in foreign currency | (1,216) | - | - | - |
| Add (less): Income taxes | (875,522) | 38,011 | (875,522) | 38,011 |
| Total other comprehensive income to reclassified to profit or loss in subsequent periods | 3,491,067 | (152,048) | 3,492,283 | (152,048) |
| Other comprehensive gain (loss) for the periods - net of income taxes | 3,491,067 | (152,048) | 3,492,283 | (152,048) |
| Total comprehensive income for the periods | 5,989,326 | 2,457,690 | 6,003,477 | 2,459,993 |
| Total comprehensive income for the periods attributable to: | | | | |
| Equity holders of the Company | 5,995,655 | 2,457,713 | 6,003,477 | 2,459,993 |
| Non-controlling interests of the subsidiary | (6,329) | (23) | | |
| | 5,989,326 | 2,457,690 | | |

(Unit: Baht)

Earnings per share

| | | | | | |
|----------------------------|----|------|------|------|------|
| Basic earnings per share | 30 | | | | |
| Profits for the periods | | 1.47 | 1.53 | 1.47 | 1.54 |
| Diluted earnings per share | | | | | |
| Profits for the periods | | 1.47 | 1.53 | 1.47 | 1.53 |

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 2016 and 2015**

(Unit: Thousand Baht)

| | Consolidated financial statements | | Separate financial statements | |
|---|-----------------------------------|--------------------|-------------------------------|--------------------|
| | 2016 | 2015 (Restated) | 2016 | 2015 (Restated) |
| Cash flows from operating activities | | | | |
| Gross premium | 21,272,755 | 22,948,728 | 21,272,755 | 22,948,728 |
| Cash payments from reinsurance | (246,221) | (178,513) | (246,221) | (178,513) |
| Interest income | 4,986,648 | 4,266,270 | 4,986,648 | 4,266,270 |
| Dividend income | 760,718 | 542,812 | 760,718 | 542,812 |
| Other investment income | 1,303,012 | 1,601,688 | 1,303,012 | 1,601,688 |
| Other income | 26,476 | 27,471 | 26,476 | 27,471 |
| Benefit payments under life policies and loss incurred on direct insurance | (10,045,604) | (8,002,400) | (10,045,604) | (8,002,400) |
| Commissions and brokerages on direct insurance | (1,582,306) | (1,512,936) | (1,582,306) | (1,512,936) |
| Other underwriting expenses | (310,416) | (239,694) | (310,416) | (239,694) |
| Operating expenses | (1,057,113) | (1,139,473) | (1,156,860) | (1,139,137) |
| Corporate income taxes | (595,222) | (542,410) | (595,222) | (542,410) |
| Investments in securities | (8,495,883) | (9,326,703) | (8,387,113) | (9,326,703) |
| Loans | (440,265) | (461,476) | (440,265) | (461,476) |
| Other investments | (2,685,455) | (16,988,949) | (2,685,455) | (16,988,949) |
| Net cash provided by (used in) operating activities | 2,891,124 | (9,005,585) | 2,900,147 | (9,005,249) |
| Cash flows from investing activities | | | | |
| Net cash flow for purchase and disposal premises and equipment | (593,164) | (103,402) | (593,164) | (103,402) |
| Cash paid for purchase of investment in subsidiary | - | - | (108,770) | - |
| Net cash used in investing activities | (593,164) | (103,402) | (701,934) | (103,402) |
| Cash flows from financing activities | | | | |
| Proceeds from share capital increase as a result of warrant exercise | 7,060 | 105,266 | 7,060 | 105,266 |
| Subscriptions received from exercise of warrants | 31,574 | 21,259 | 31,574 | 21,259 |
| Proceeds (payment) from securities sold (bought) under repurchase agreements | - | 4,620,000 | - | 4,620,000 |
| Dividend paid | (544,456) | (781,070) | (544,456) | (781,070) |
| Net cash provided by (used in) financing activities | (505,822) | 3,965,455 | (505,822) | 3,965,455 |
| Net increased (decrease) in cash and cash equivalents | 1,792,138 | (5,143,532) | 1,692,391 | (5,143,196) |
| Cash and cash equivalents at beginning of periods | 7,101,758 | 5,707,564 | 7,087,584 | 5,703,472 |
| Cash and cash equivalents at end of periods | 8,893,896 | 564,032 | 8,779,975 | 560,276 |

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

(Unaudited but reviewed)

Bangkok Life Assurance Public Company Limited**Statements of changes in owners' equity****For the six-month period ended 30 June 2016 and 2015**

(Unit: Thousand Baht)

| Consolidated financial statement | | | | | | | | | | | | |
|--|--------|--|--------------------------|--|---|-------------------|-----------------|---|-----------------------|--|--|-------------------|
| Equity attributable to equity holders of the Company | | | | | | | | | | | | |
| | Note | Equity attributable to equity holders of the Company | | | | | | Other component of owners' equity - revaluation surplus on available-for-sale investments - net of income taxes | | Total equity attributable to equity holders of the Company | Equity attributable to non-controlling interests of the subsidiary | Total |
| | | Issued and paid-up share capital | Premium on share capital | Capital reserve for share-based payment transactions | Subscriptions received in advance from exercise of warrants | Retained earnings | | Unappropriated | - net of income taxes | the Company | the subsidiary | |
| | | | | | | Statutory reserve | General reserve | | | | | |
| Balance as at 1 January 2015 | | 1,697,850 | 2,987,540 | 103,822 | - | 170,800 | 400,000 | 14,677,675 | 5,538,578 | 25,576,265 | 10 | 25,576,275 |
| Share-based payments | 21, 22 | - | - | 14,914 | - | - | - | - | - | 14,914 | - | 14,914 |
| Increase in share capital as a result of warrant exercise | 21 | 4,211 | 101,055 | - | - | - | - | - | - | 105,266 | - | 105,266 |
| Transfer capital reserve for share-based payment transactions to premium on share capital as a result of warrant No.2 exercise | 21 | - | 69,533 | (69,533) | - | - | - | - | - | - | - | - |
| Subscriptions received in advance from exercises of warrants | 22 | - | - | - | 21,259 | - | - | - | - | 21,259 | - | 21,259 |
| Dividend paid | 31 | - | - | - | - | - | - | (781,070) | - | (781,070) | - | (781,070) |
| Profits (losses) for the period | | - | - | - | - | - | - | 2,609,738 | - | 2,609,738 | (23) | 2,609,715 |
| Other comprehensive income | | | | | | | | | | | | |
| Losses on valuation of available-for-sale investments - net of income taxes | | - | - | - | - | - | - | - | (152,048) | (152,048) | - | (152,048) |
| Total comprehensive income (loss) for the period | | - | - | - | - | - | - | 2,609,738 | (152,048) | 2,457,690 | (23) | 2,457,667 |
| Balance as at 30 June 2016 | | 1,702,061 | 3,158,128 | 49,203 | 21,259 | 170,800 | 400,000 | 16,506,343 | 5,386,530 | 27,394,324 | (13) | 27,394,311 |

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

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Bangkok Life Assurance Public Company Limited

Statements of changes in owners' equity (Continued)

For the six-month period ended 30 June 2016 and 2015

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Consolidated financial statement

Equity attributable to equity holders of the Company

| | Note | Equity attributable to equity holders of the Company | | | | | | | Other component of owners' equity | | Total equity attributable to equity holders of the Company | Equity attributable to non-controlling interests of the subsidiary |
|--|--------|--|--------------------------|--|---|-------------------|-----------------|-------------------|---|---|--|--|
| | | Issued and paid-up share capital | Premium on share capital | Capital reserve for share-based payment transactions | Subscriptions received in advance from exercise of warrants | Retained earnings | | | Revaluation surplus on available-for-sale investments - net of income taxes | Exchange differences on translation of financial statements in foreign currency | | |
| | | | | | | Appropriated | | Unappropriated | | | | |
| | | | | | | Statutory reserve | General reserve | | | | | |
| Balance as at 1 January 2016 | | 1,703,811 | 3,219,926 | 38,834 | 10,626 | 170,800 | 400,000 | 17,460,248 | 3,985,966 | - | 26,990,211 | 158 |
| Share-based payments | 21, 22 | - | - | 7,060 | - | - | - | - | - | - | 7,060 | - |
| Increase in share capital as a result of warrant exercise | 21 | 1,268 | 30,449 | - | (10,626) | - | - | - | - | - | 21,091 | - |
| Transfer capital reserve for share-based payment transactions to premium on share capital as a result of warrant No.2 exercise | 21 | - | 18,870 | (18,870) | - | - | - | - | - | - | - | - |
| Subscriptions received in advance from exercises of warrants | 22 | - | - | - | 10,483 | - | - | - | - | - | 10,483 | - |
| Dividend paid | 31 | - | - | - | - | - | - | (544,455) | - | - | (544,455) | - |
| Acquisition of non-controlling interests without a change in control | | - | - | - | - | - | - | - | - | - | - | 17,297 |
| Profits (loss) for the period | | - | - | - | - | - | - | 2,504,004 | - | - | 2,504,004 | (5,745) |
| Other comprehensive income | | | | | | | | | | | | |
| Gains on valuation of available-for-sale investments - net of income taxes | | - | - | - | - | - | - | - | 3,492,283 | - | 3,492,283 | - |
| Exchange differences on translation of financial statements in foreign currency | | - | - | - | - | - | - | - | - | (632) | (632) | (584) |
| Total comprehensive income for the period | | - | - | - | - | - | - | 2,504,004 | 3,492,283 | (632) | 5,995,655 | (6,329) |
| Balance as at 30 June 2016 | | <u>1,705,079</u> | <u>3,269,245</u> | <u>27,024</u> | <u>10,483</u> | <u>170,800</u> | <u>400,000</u> | <u>19,419,797</u> | <u>7,478,249</u> | <u>(632)</u> | <u>32,480,045</u> | <u>11,126</u> |
| | | - | - | - | - | - | - | - | - | - | - | - |

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

dated but reviewed)

Unit: Thousand Baht)

Total

26,990,369

7,060

21,091

-

10,483

(544,455)

17,297

2,498,259

3,492,283

(1,216)

5,989,326

32,491,171

-

(Unaudited but reviewed)

Bangkok Life Assurance Public Company Limited
Statements of changes in owners' equity (Continued)
For the six-month period ended 30 June 2016 and 2015

(Unit: Thousand Baht)

Separate financial statements

| | Note | Retained earnings | | | | | | Other component of owners' equity - revaluation surplus on | | Total |
|--|------|----------------------------------|--------------------------|--|---|-------------------|-----------------|--|---|-------------------|
| | | Issued and paid-up share capital | Premium on share capital | Capital reserve for share-based payment transactions | Subscriptions received in advance from exercise of warrants | Retained earnings | | | of available-for-sale investments - net of income taxes | |
| | | | | | | Appropriated | | | | |
| | | | | | | Statutory reserve | General reserve | Unappropriated | | |
| Balance as at 1 January 2015 | | 1,697,850 | 2,987,540 | 103,822 | - | 170,800 | 400,000 | 14,680,638 | 5,538,578 | 25,579,228 |
| Share-based payments | 22 | - | - | 14,914 | - | - | - | - | - | 14,914 |
| Increase in share capital as a result of warrant exercise | 21 | 4,211 | 101,055 | - | - | - | - | - | - | 105,266 |
| Transfer capital reserve for share-based payment transactions to premium on share capital as a result of warrant No.2 exercise | 21 | - | 69,533 | (69,533) | - | - | - | - | - | - |
| Subscriptions received in advance from exercises of warrants | 22 | - | - | - | 21,259 | - | - | - | - | 21,259 |
| Dividend paid | 31 | - | - | - | - | - | - | (781,070) | - | (781,070) |
| Profits for the period | | - | - | - | - | - | - | 2,612,041 | - | 2,612,041 |
| Other comprehensive income | | | | | | | | | | |
| Losses on valuation of available-for-sale investments - net of income taxes | | - | - | - | - | - | - | - | (152,048) | (152,048) |
| Total comprehensive income (loss) for the period | | - | - | - | - | - | - | 2,612,041 | (152,048) | 2,459,993 |
| Balance as at 30 June 2015 | | 1,702,061 | 3,158,128 | 49,203 | 21,259 | 170,800 | 400,000 | 16,511,609 | 5,386,530 | 27,399,590 |

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

(Unaudited but reviewed)

Bangkok Life Assurance Public Company Limited
Statements of changes in owners' equity (Continued)
For the six-month period ended 30 June 2016 and 2015

(Unit: Thousand Baht)

Separate financial statements

| | Note | Retained earnings | | | | | | Other component of owners' equity - revaluation surplus on | | Total |
|--|------|----------------------------------|--------------------------|--|---|-------------------|-----------------|--|---|-------------------|
| | | Issued and paid-up share capital | Premium on share capital | Capital reserve for share-based payment transactions | Subscriptions received in advance from exercise of warrants | Retained earnings | | | of available-for-sale investments - net of income taxes | |
| | | | | | | Appropriated | | | | |
| | | | | | | Statutory reserve | General reserve | Unappropriated | | |
| Balance as at 1 January 2016 | | 1,703,811 | 3,219,926 | 38,834 | 10,626 | 170,800 | 400,000 | 17,468,357 | 3,985,966 | 26,998,320 |
| Share-based payments | 21 | - | - | 7,060 | - | - | - | - | - | 7,060 |
| Increase in share capital as a result of warrant exercise | 21 | 1,268 | 30,449 | - | (10,626) | - | - | - | - | 21,091 |
| Transfer capital reserve for share-based payment transactions to premium on share capital as a result of warrant No.2 exercise | 21 | - | 18,870 | (18,870) | - | - | - | - | - | - |
| Subscriptions received in advance from exercises of warrants | 22 | - | - | - | 10,483 | - | - | - | - | 10,483 |
| Dividend paid | 31 | - | - | - | - | - | - | (544,455) | - | (544,455) |
| Profits for the period | | - | - | - | - | - | - | 2,511,194 | - | 2,511,194 |
| Other comprehensive income | | | | | | | | | | |
| Gains on valuation of available-for-sale investments - net of income taxes | | - | - | - | - | - | - | - | 3,492,283 | 3,492,283 |
| Total comprehensive income for the period | | - | - | - | - | - | - | 2,511,194 | 3,492,283 | 6,003,477 |
| Balance as at 30 June 2016 | | <u>1,705,079</u> | <u>3,269,245</u> | <u>27,024</u> | <u>10,483</u> | <u>170,800</u> | <u>400,000</u> | <u>19,435,096</u> | <u>7,478,249</u> | <u>32,495,976</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 2016

1. Corporate 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 provision of life insurance services. The registered office of the Company is at No. 23/115-121, Royal City Avenue, Rama 9 Road, Bangkapi Sub-district, Huaykwang District, Bangkok.

2. Basis of preparation of financial statements

2.1 Basis of preparation of interim financial statements

These interim financial statements are prepared in accordance with Thai Accounting Standard No. 34 (revised 2015) “Interim Financial Reporting”, with the Company choosing to present condensed interim financial statements. However, the Company has presented line items in the statements of financial position, income, comprehensive income, changes in owners’ equity and cash flows in the same format as that used in its preparation of the annual financial statements and in accordance with the format of financial statements specified in the Notification of the Office of Insurance Commission (“OIC”) regarding criteria, procedures, terms and conditions for preparation and submission of financial statements and operating performance reports of life insurance companies dated 4 March 2016, which has been effective since 1 January 2016. The format of the above financial statements has been changed and as a result items in the statements of financial position, income, comprehensive income, and cash flows of the prior year, presented as comparative information, have needed to be reclassified to be consistent with the current period’s classifications. In addition the statement of financial position as at 1 January 2015 has been presented as comparative information.

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 financial statements in Thai language.

2.2 Basis for consolidation

These interim consolidated financial statements have been prepared on the same basis as that applied for the consolidated financial statements for the year ended 31 December 2015, with no changes in the structure of shareholding in subsidiaries occurring during the period, except for the establishment of Bangkok Life Assurance (Cambodia) Public Limited Company as described in Note 11 to the interim financial statements.

2.3 Separate financial statements

The separate financial statements, which present investments in subsidiaries under the cost method, have been prepared solely for the benefit of the public.

3. New financial reporting standards

During the period, the Company has adopted the revised and new financial reporting standards and accounting treatment guidance issued by the Federation of Accounting Professions, which became effective for fiscal years beginning on or after 1 January 2016. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards. The adoption of these financial reporting standards does not have any significant impact on the Company's financial statements. Financial reporting standards with significant changes that are directly relevant to the Company are as follows:

TFRS 4 (revised 2015) Insurance Contracts

The objective of Thai Financial Reporting Standard No. 4 (TFRS 4) is to specify the financial reporting for insurance contracts issued by any entity (including reinsurance contracts) and the reinsurance contracts held by an entity, and to make limited improvements to accounting for insurance contracts until the second phase of the project on insurance contracts is completed. In particular, this standard requires disclosure that identifies and explains the amounts in an insurer's financial statements arising from insurance contracts and prohibits provisions for possible claims under contracts that are not in existence at the end of the reporting period. In addition, it requires insurers to test for the adequacy of recognised insurance liabilities and perform an impairment test for reinsurance assets, keep insurance liabilities in the statement of financial position until they are discharged or cancelled, or expire, and to present insurance liabilities without offsetting them against related reinsurance assets. This standard temporarily exempts insurers from some requirements of other standards, including the requirement to consider the framework in selecting accounting policies for insurance contracts.

In addition to stipulating the treatment of insurance contracts, this financial reporting standard also deals with the nature of insurance contracts. It states that an insurance contract is a contract under which the insurer accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event adversely affects the policyholder. Determination of whether a significant insurance risk has been accepted is based on comparison of the amount of benefit payable under the contract if an insured event occurs with the payment obligation if the insured event does not occur.

Initial adoption of this standard has had no significant impact on the Company's financial statements, since the Company's management has already considered and reviewed the classification of insurance contracts (including reinsurance contracts) and reinsurance contracts held by the Company and concluded that all of its insurance contracts meet the definition of insurance contracts under this standard. Furthermore, the stipulations on recording of claim reserves, liability adequacy testing for recognised insurance liabilities, impairment testing for reinsurance assets and recording insurance contract liabilities have no impact on the Company since it had already implemented these before this standard became effective. However, the financial reporting standard requires the disclosure of additional information for insurance contracts related to the assets, liabilities, revenue and expenses recognised in the financial statements and the nature and scope of the insurance risk arising from insurance contracts in the financial statements for the year. The Company will present this additional information in its annual financial statements.

4. Significant accounting policies

These interim financial statements are prepared using the same accounting policies and methods of computation as those were used for the financial statements for the year ended 31 December 2015, except for the adoption of IFRS 4 as described in Note 3 to the interim financial statements. The Company's significant accounting policy on long-term insurance policy reserves is summarised below.

IFRS 4 Insurance Contracts (phase 1) required that testing of the adequacy of liabilities be carried out at the end of the reporting period, but did not stipulate the discount rate to be used in the tests. The practice accepted for use in the industry in the past has been to use the risk-free interest rate under the risk-based capital framework as the discount rate for calculating the liabilities. The Company used this method in the first quarter of 2016. However, because interest rates have dropped significantly, The Office of Insurance Commission (“OIC”) established a working group to consider the discount rate issue, consisting of representatives from the OIC, the “big four” auditing firms (Big 4), the Federation of Accounting Professions, the Securities and Exchange Commission, the Bank of Thailand, the Fiscal Policy Office, the Department of Business Development and the Life Insurance Association of Thailand. Their study found that practical implementation of IFRS 4 varied from country to country because there was no clear guidance in IFRS 4 Insurance Contracts (phase 1), which is the current effective reporting standard. The working committee therefore set the criteria for the discount rate on the basis of IFRS 4 Insurance Contracts (phase 1), under the Bottom - up approach, of which the principles are as follows:

Discount rate under bottom-up approach = Risk-free rate + illiquidity premium

- 1) The risk-free rate is determined in accordance with the criteria for the calculation of liabilities under insurance contracts under the risk-based capital framework, whereby it is calculated based on the weighted average yield of risk-free government bonds over the preceding eight quarters, weighting the yield rate of the latest quarter at 51 percent, and the rates of the other seven quarters at 7 percent each.
- 2) The illiquidity premium is a rate added to the risk-free rate to reflect the nature of liabilities under insurance contracts that have low liquidity. It is calculated at 40 percent of the spread of corporate bonds with a credit rating of A.

The Company uses the above criteria as the discount rate for calculating the liability under the policy to test the adequacy of liabilities from the second quarter of 2016 onwards.

(Unaudited but reviewed)

5. Cash and cash equivalents

As at 30 June 2016 and 31 December 2015, the Company and its subsidiaries have cash and cash equivalent as follows:

(Unit: Thousand Baht)

| | Consolidated | | Separate | |
|--|----------------------|------------------|----------------------|------------------|
| | financial statements | | financial statements | |
| | 30 June | 31 December | 30 June | 31 December |
| | 2016 | 2015 | 2016 | 2015 |
| Cash on hand | 3,891 | 6,007 | 3,890 | 6,006 |
| Deposits at banks with no fixed maturity date | 943,066 | 953,358 | 829,146 | 939,185 |
| Deposits at banks with fixed maturity date and certificate of deposits | - | 200,000 | - | 200,000 |
| Short-term investments | 7,946,939 | 5,942,393 | 7,946,939 | 5,942,393 |
| Cash and cash equivalents | <u>8,893,896</u> | <u>7,101,758</u> | <u>8,779,975</u> | <u>7,087,584</u> |

As at 30 June 2016, interest rates on saving accounts, fixed deposits and promissory notes are in the range of 0.38% - 1.75% per annum (31 December 2015: 0.38% - 1.75% per annum).

6. Premium receivables

As at 30 June 2016 and 31 December 2015, the outstanding balances of premium receivables, classified by overdue period, counted from the due dates under the stipulated credit terms, are as follows:

(Unit: Thousand Baht)

| | Consolidated and separate financial statements | |
|---------------------------|--|------------------|
| | Due from direct insurance | |
| | 30 June 2016 | 31 December 2015 |
| Not yet due | 1,982,767 | 1,675,683 |
| Not over 30 days | 74,612 | 9,132 |
| Over 30 days to 60 days | 18,805 | 18,356 |
| Over 60 days to 90 days | 19,767 | 6,083 |
| Over 90 days | 3,410 | 7,859 |
| Total premium receivables | <u>2,099,361</u> | <u>1,717,113</u> |

(Unaudited but reviewed)

For premium receivables due from agents and brokers, the Company has determined criteria in collections from those debtors in order to be in compliance with the stipulated credit terms. For overdue premium receivables, the Company has taken legal process with agents and brokers on a case by case basis.

For individual policies which have cash value and premium receivables over the grace period, the premium receivables will be settled by granting an automatic premium loan where the policy has a cash surrender value.

7. Reinsurance assets

As at 30 June 2016 and 31 December 2015, reinsurance assets consisted of the following:

| | (Unit: Thousand Baht) | |
|---------------------------|---|------------------|
| | Consolidated and separate financial statements | |
| | 30 June 2016 | 31 December 2015 |
| | | (Restated) |
| Reinsurance recoverable | | |
| Loss reserves | 96,375 | 99,422 |
| Premium reserves | | |
| Unearned premium reserves | 425,739 | 272,632 |
| Total reinsurance assets | 522,114 | 372,054 |

8. Reinsurance receivables

As at 30 June 2016 and 31 December 2015, reinsurance receivables consisted of the following:

| | (Unit: Thousand Baht) | |
|-------------------------------|---|------------------|
| | Consolidated and separate financial statements | |
| | 30 June 2016 | 31 December 2015 |
| | | (Restated) |
| Amounts due from reinsurers | 549,814 | 527,122 |
| Total reinsurance receivables | 549,814 | 527,122 |

(Unaudited but reviewed)

9. Derivative

| Contract type | Consolidated and separate financial statements | | |
|-------------------------------|--|-----------------|------------------|
| | 30 June 2016 | | |
| | Notional amount | Assets | Liabilities |
| | (Thousand units) | (Thousand Baht) | (Thousand Baht) |
| Cross currency swap contracts | | | |
| US dollar | 698,490 | 14,178 | 2,338,587 |
| Forward exchange contracts | | | |
| Yen | 849,910 | - | 40,247 |
| US dollar | 5,910 | 604 | 647 |
| Singapore dollar | 7,721 | - | 5,207 |
| Euro | 6,330 | 191 | 1,912 |
| Total derivative | 1,568,361 | 14,973 | 2,386,600 |

| Contract type | Consolidated and separate financial statements | | |
|-------------------------------|--|-----------------|------------------|
| | 31 December 2015 | | |
| | Notional amount | Assets | Liabilities |
| | (Thousand units) | (Thousand Baht) | (Thousand Baht) |
| Cross currency swap contracts | | | |
| US dollar | 617,790 | 231 | 2,901,914 |
| Forward exchange contracts | | | |
| Yen | 999,910 | - | 4,483 |
| US dollar | 4,730 | - | 2,676 |
| Euro | 1,600 | - | 3,219 |
| Total derivative | 1,624,030 | 231 | 2,912,292 |

10. Investments in securities**10.1 Trading investments**

(Unite: Thousand Baht)

| | Consolidated and separate financial statements | | | |
|--|--|----------------|------------------|----------------|
| | 30 June 2016 | | 31 December 2015 | |
| | Cost | Fair value | Cost | Fair value |
| Trading investments | | | | |
| Government and state enterprise securities | 57,438 | 58,112 | - | - |
| Equity securities | 124,440 | 161,536 | 99,771 | 116,220 |
| Total | 181,878 | 219,648 | 99,771 | 116,220 |
| Add: Unrealised gains | 37,770 | - | 16,449 | - |
| Total trading investments | 219,648 | 219,648 | 116,220 | 116,220 |

10.2 Available-for-sale investments

(Unite: Thousand Baht)

| | Consolidated and separate financial statements | | | |
|---|--|-------------------|-------------------------|-------------------|
| | 30 June 2016 | | 31 December 2015 | |
| | Cost/ Amortised cost | Fair value | Cost/ Amortised cost | Fair value |
| Available-for-sale investments | | | | |
| Government and state enterprise securities | 4,481,559 | 5,424,505 | 933,810 | 1,226,530 |
| Private enterprises debt securities | 19,176,180 | 21,314,357 | - | - |
| Equity securities | 20,374,478 | 26,490,950 | 17,917,595 | 22,271,842 |
| Foreign debt securities | 1,707,601 | 1,713,381 | - | - |
| Foreign equity securities | 2,931,359 | 3,200,786 | 1,911,660 | 2,490,550 |
| Total | 48,671,177 | 58,143,979 | 20,763,065 | 25,988,922 |
| Add: Unrealised gains | 9,472,802 | - | 5,225,857 | - |
| Total available-for-sale investments | 58,143,979 | 58,143,979 | 25,988,922 | 25,988,922 |

As at 30 June 2016 and 31 December 2015, the Company has investments in foreign securities as follows:

| Foreign currency | Consolidated and separate financial statements | | | |
|------------------|--|---|------------------|---|
| | 30 June 2016 | | 31 December 2015 | |
| | (Million units) | Equivalent to Baht (Million Baht) | (Million units) | Equivalent to Baht (Million Baht) |
| Yen | 849.9 | 258 | 999.9 | 302 |
| US dollar | 704.4 | 22,560 | 622.5 | 19,664 |
| Singapore dollar | 7.7 | 199 | - | - |
| Euro | 6.3 | 251 | 1.6 | 61 |

The Company has entered into cross currency swap contracts and forward contracts in order to protect against fluctuations in currency risks in respect of these investments.

During the first quarter of 2016, the Company reclassified the held-to-maturity debt securities to available for sale securities. The amortised cost of the securities is Baht 21,452 million with fair value of Baht 24,885 million at the date of reclassification for the purpose of supporting the interest rate fluctuation.

(Unaudited but reviewed)

10.3 Held-to-maturity investments

(Unite: Thousand Baht)

| | Consolidated and separate financial statements | |
|---|--|---------------------|
| | 30 June 2016 | 31 December 2015 |
| | Cost/Amortised cost | Cost/Amortised cost |
| Held-to-maturity investments | | |
| Government and state enterprise securities | 119,210,940 | 124,053,286 |
| Private enterprises debt securities | 36,818,323 | 54,026,210 |
| Foreign debt securities | 7,438,103 | 7,051,766 |
| Deposits at financial institutions with an original maturity of longer than 3 months | 20,970,000 | 16,280,000 |
| Total held-to-maturity investments | 184,437,366 | 201,411,262 |

10.4 General investments

(Unite: Thousand Baht)

| | Consolidated and separate financial statements | |
|----------------------------------|--|------------------|
| | 30 June 2016 | 31 December 2015 |
| | Cost | Cost |
| General investments | | |
| Equity securities | 29,588 | 29,588 |
| Foreign equity securities | - | 17,074 |
| Total general investments | 29,588 | 46,662 |

10.5 Investments in structured notes

Investments in structured notes, which are classified as held-to-maturity investments, consisted of the following.

- (a) As at 30 June 2016 and 31 December 2015, the Company has investments of Baht 600 million and Baht 600 million, respectively, in promissory notes and bills of exchange, which were issued by local banks and branches of foreign commercial banks, have remaining lives of 3 - 12 years and 4 - 13 years, respectively, and contain conditions whereby the issuer has call option or has rights to call for additional deposits.

- (b) As at 30 June 2016 and 31 December 2015, the Company has investments of Baht 1,200 million and Baht 2,290 million, respectively, in promissory notes and bills of exchange, which were issued by branches of foreign commercial banks, have remaining lives of 1 year and 1 year, respectively, and contain conditions whereby the issuer has a call option and additional amounts can be deposited on a monthly basis and settlement of principal and interest is to be received on the maturity date per the agreement.
- (c) As at 30 June 2016 and 31 December 2015, the Company has investments of Baht 2,600 million and Baht 3,600 million, respectively, in promissory notes and bills of exchange, which were issued by branches of foreign commercial banks, have remaining lives of 3 - 6 years and 4 - 7 years, respectively, and bear interest that is reference to the yield rate on government bond (CMT Index).
- (d) As at 30 June 2016 and 31 December 2015, the Company has investments of Baht 3,317 million and Baht 2,879 million, respectively, in promissory notes and bills of exchange, which were issued by branches of foreign commercial banks, have remaining lives of 4 - 12 years and 4 - 13 years, respectively, and contain conditions whereby settlement of principal is based on the credit event of the reference assets.
- (e) As at 30 June 2016 and 31 December 2015, the Company has investments of Baht 819 million and Baht 798 million, respectively, in promissory notes and bills of exchange, which were issued by branches of foreign commercial banks, have remaining maturity periods of 18 years and 18 years, respectively. The bank has placed government bonds equivalent to 70% - 80% of the face values of the issued promissory notes and bills of exchange as collateral and such issues contain conditions whereby the redemption of the notes and bills is based on the credit event of the reference assets.
- (f) As at 30 June 2016, the Company has investments of Baht 405 million in bills of exchange, which were issued by branches of foreign commercial banks, have remaining maturity periods of 15 years. The issues contain conditions whereby the redemption of the bills is based on the credit event of the reference assets.

10.6 Investments subject to restriction

As at 30 June 2016 and 31 December 2015, the Company has placed government and state enterprise bonds with cost or amortised cost of Baht 49,074 million and Baht 48,190 million, respectively, with the Registrar as securities and reserves as described in Notes 28 and 29 to the interim financial statements.

10.7 Gains on investments

Gains on investments for the three-month and six-month periods ended 30 June 2016 and 2015 consisted of:

(Unit: Thousand Baht)

| | Consolidated and separate financial statements | | | |
|--|--|---------------|---|------------------|
| | For the three-month periods ended 30 June | | For the six-month periods ended 30 June | |
| | 2016 | 2015 | 2016 | 2015 |
| | | | | |
| Gains on sales of trading investments | 546 | - | 1,721 | - |
| Gains on sales of available-for-sale investments | 1,248,971 | 79,900 | 1,662,989 | 1,008,593 |
| Gains on sales of held-to-maturity investments | - | - | 208,894 | 86,844 |
| Total gains on investments | <u>1,249,517</u> | <u>79,900</u> | <u>1,873,604</u> | <u>1,095,437</u> |

11. Investments in subsidiaries

As at 30 June 2016 and 31 December 2015, detail of investments in subsidiaries, as presented in the separate financial statements, is as follows:

(Unit: Thousand Baht)

| Company's name | Type of business | Country of incorporation | Issued and paid-up capital | | Shareholding percentage | | Cost | |
|--|------------------|--------------------------|----------------------------|---------------|-------------------------|----------|----------------|---------------|
| | | | 31 | | 31 | | 31 | |
| | | | 30 June | December | 30 June | December | 30 June | December |
| | | | 2016 | 2015 | 2016 | 2015 | 2016 | 2015 |
| | | | | | % | | | |
| BLA Insurance Broker Company Limited | Insurance broker | Thailand | 24,000 | 24,000 | 99 | 99 | 23,760 | 23,760 |
| Bangkok Life Assurance (Cambodia) Public Limited Company | Life insurance | Cambodia | 124,950 | - | 52 | - | 108,770 | - |
| Total investments in subsidiaries | | | <u>148,950</u> | <u>24,000</u> | | | <u>132,530</u> | <u>23,760</u> |

12. Loans and accrued interest receivables

As at 30 June 2016 and 31 December 2015, the balances of loans and accrued interest receivables, classified by overdue periods, are as follows:

(Unit: Thousand Baht)

| Consolidated and separate financial statements | | | | | | | | | |
|--|--------------|---------------------------------|----------------|---------------------------------|-------------|---------------------------------|-----------|---------------------------------|-----------|
| 30 June 2016 | | | | | | | | | |
| Loans | | | | | | | | | |
| Overdue periods | Policy loans | | Mortgage loans | | Other loans | | Total | | Total |
| | Principal | Accrued Interest ⁽¹⁾ | Principal | Accrued Interest ⁽¹⁾ | Principal | Accrued Interest ⁽¹⁾ | Principal | Accrued Interest ⁽¹⁾ | |
| Not yet due | 5,794,678 | 486,831 | 755,045 | 663 | 16,542 | - | 6,566,265 | 487,494 | 7,053,759 |
| Overdue: | | | | | | | | | |
| Less than 3 months | - | - | 94,365 | 632 | - | - | 94,365 | 632 | 94,997 |
| 6 - 12 months | - | - | 8,770 | 62 | - | - | 8,770 | 62 | 8,832 |
| Over 12 months | - | - | 4,723 | 195 | 130 | 2 | 4,853 | 197 | 5,050 |
| Total | 5,794,678 | 486,831 | 862,903 | 1,552 | 16,672 | 2 | 6,674,253 | 488,385 | 7,162,638 |
| Less: Allowance for doubtful accounts | - | - | (560) | (80) | - | - | (560) | (80) | (640) |
| Loans and accrued interest receivables - net | 5,794,678 | 486,831 | 862,343 | 1,472 | 16,672 | 2 | 6,673,693 | 488,305 | 7,161,998 |

⁽¹⁾ This amount included as a part of "Accrued investment income - net" in statements of financial position.

(Unit: Thousand Baht)

| Consolidated and separate financial statements | | | | | | | | | |
|--|--------------|---------------------------------|----------------|---------------------------------|-------------|---------------------------------|-----------|---------------------------------|-----------|
| 31 December 2015 | | | | | | | | | |
| Loans | | | | | | | | | |
| Overdue periods | Policy loans | | Mortgage loans | | Other loans | | Total | | Total |
| | Principal | Accrued Interest ⁽¹⁾ | Principal | Accrued Interest ⁽¹⁾ | Principal | Accrued Interest ⁽¹⁾ | Principal | Accrued Interest ⁽¹⁾ | |
| Not yet due | 5,480,866 | 424,031 | 618,924 | 945 | 16,044 | - | 6,115,834 | 424,976 | 6,540,810 |
| Overdue: | | | | | | | | | |
| 3 - 6 months | - | - | 22,336 | 107 | 61 | - | 22,397 | 107 | 22,504 |
| Over 12 months | - | - | 1,101 | 79 | 130 | 2 | 1,231 | 81 | 1,312 |
| Total | 5,480,866 | 424,031 | 642,361 | 1,131 | 16,235 | 2 | 6,139,462 | 425,164 | 6,564,626 |
| Less: Allowance for doubtful accounts | - | - | (560) | (79) | - | - | (560) | (79) | (639) |
| Loans and accrued interest receivables - net | 5,480,866 | 424,031 | 641,801 | 1,052 | 16,235 | 2 | 6,138,902 | 425,085 | 6,563,987 |

⁽¹⁾ This amount included as a part of "Accrued investment income - net" in statements of financial position.

Policy loans represent loans granted to the policyholders in an amount not exceeding the cash value of the policy. The loans carry interest at not more than 4.00% - 8.00% per annum, as approved by the Office of Insurance Commission.

Loans to employees under the employee welfare scheme are set for credit limit of Baht 0.1 million for personal guarantee loans. The interest rates charged are at the rates of 6.00% per annum. As at 30 June 2016 and 31 December 2015, loans to employees amounted to Baht 17 million and Baht 16 million, respectively.

Loans to employees under the mortgage loans are not to exceed 50 times the employee's monthly salary to each employee for secured loans. The loans carry interest of 5.00% - 6.00% per annum. As at 30 June 2016 and 31 December 2015, loans to employees under the mortgage loans amounted to Baht 54 million and Baht 54 million, respectively.

13. Investment property

As at 30 June 2016 and 31 December 2015, the Company has movement in the investment property as follows:

(Unit: Thousand Baht)

| | Consolidated and separate financial statements | |
|--|--|--------------------|
| | For the six-month period | For the year ended |
| | ended 30 June 2016 | 31 December 2015 |
| Net book value - beginning of the period/year | 20,947 | - |
| Acquisitions during period/year - at cost | - | 21,303 |
| Depreciation for period/year | (532) | (356) |
| Net book value - end of the period/year | <u>20,415</u> | <u>20,947</u> |

14. Premises and equipment

(Unit: Thousand Baht)

Consolidated financial statements

| | Buildings and buildings | | Office furniture, fixture and equipment | | Construction in progress | | Total |
|-------------------------------------|-------------------------|----------------|---|----------------|--------------------------|---------------|------------------|
| | Land | improvements | Condominium | Motor vehicles | Motor vehicles | progress | |
| Net book value as at | | | | | | | |
| 1 January 2016 | 250,227 | 138,777 | 14,347 | 99,242 | 11,448 | 33,169 | 547,210 |
| Additions - at cost | 544,016 | 4,715 | - | 28,603 | - | 21,815 | 599,149 |
| Disposals - net book value | - | - | - | (176) | - | - | (176) |
| Transfer in (out) | - | 2,522 | - | 1,759 | - | (4,281) | - |
| Depreciation charges for the period | - | (14,635) | (916) | (21,357) | (1,905) | - | (38,813) |
| Net book value as at | | | | | | | |
| 30 June 2016 | <u>794,243</u> | <u>131,379</u> | <u>13,431</u> | <u>108,071</u> | <u>9,543</u> | <u>50,703</u> | <u>1,107,370</u> |

(Unit: Thousand Baht)

Separate financial statements

| | Buildings and buildings | | Office furniture, fixture and equipment | | Construction in progress | | Total |
|-------------------------------------|-------------------------|----------------|---|----------------|--------------------------|---------------|------------------|
| | Land | improvements | Condominium | Motor vehicles | Motor vehicles | progress | |
| Net book value as at | | | | | | | |
| 1 January 2016 | 250,227 | 138,646 | 14,347 | 99,149 | 11,448 | 33,169 | 546,986 |
| Additions - at cost | 544,016 | 3,932 | - | 27,959 | - | 18,960 | 594,867 |
| Disposals - net book value | - | - | - | (176) | - | - | (176) |
| Transfer in (out) | - | 2,522 | - | 1,759 | - | (4,281) | - |
| Depreciation charges for the period | - | (14,612) | (916) | (21,333) | (1,905) | - | (38,766) |
| Net book value as at | | | | | | | |
| 30 June 2016 | <u>794,243</u> | <u>130,488</u> | <u>13,431</u> | <u>107,358</u> | <u>9,543</u> | <u>47,846</u> | <u>1,102,911</u> |

15. Deferred tax assets/liabilities and income tax expense**15.1 Deferred tax assets/liabilities**

Deferred tax assets and liabilities consisted of tax effects as shown below.

(Unit: Thousand Baht)

| | Consolidated and separate financial statements | | | | | |
|--|--|------------------|--|------------------|--|-----------------|
| | | | Change in deferred tax assets/liabilities reported in the statements of comprehensive income for the three-month periods ended 30 June | | Change in deferred tax assets/liabilities reported in the statements of comprehensive income for the six-month periods ended 30 June | |
| | 30 June | 31 December | | | | |
| | 2016 | 2015 | 2016 | 2015 | 2016 | 2015 |
| Deferred tax assets | | | | | | |
| Life policy reserves | 3,196,185 | 3,333,531 | (2,111,238) | (290,774) | (137,346) | 170,849 |
| Loss reserves and outstanding claims | 11,741 | 13,335 | (2,804) | (2,286) | (1,594) | (109) |
| Provisions for long-term employee benefits | 38,958 | 35,710 | 2,118 | 1,171 | 3,248 | 2,650 |
| Others | 384 | 353 | 384 | 99 | 30 | 99 |
| Total deferred tax assets | 3,247,268 | 3,382,929 | (2,111,540) | (291,790) | (135,662) | 173,489 |
| Deferred tax liabilities | | | | | | |
| Available-for-sale investments | 700,125 | 996,491 | 119,067 | (38,013) | (296,366) | (38,013) |
| Others | 7,828 | 3,519 | 1,394 | 246 | 4,308 | 240 |
| Total deferred tax liabilities | 707,953 | 1,000,010 | 120,461 | (37,767) | (292,058) | (37,773) |
| Deferred tax assets/liabilities - net | 2,539,315 | 2,382,919 | (2,232,001) | (254,023) | 156,396 | 211,262 |

15.2 Income tax expenses

Income tax expenses for the three-month and six-month periods ended 30 June 2016 and 2015 are made up as follows:

(Unit: Thousand Baht)

| | Consolidated and separate financial statements | | | |
|--|--|----------------|---------------------------|----------------|
| | For the three-month periods | | For the six-month periods | |
| | ended 30 June | | ended 30 June | |
| | 2016 | 2015 | 2016 | 2015 |
| Current income tax: | | | | |
| Interim corporate income tax charge | (109,720) | 103,675 | 1,508,917 | 703,648 |
| Adjustment in respect of income tax of previous year | 7,335 | 4,475 | 7,335 | 4,475 |
| Deferred tax: | | | | |
| Relating to origination and reversal of temporary differences | 2,387,377 | 292,036 | (1,031,916) | (173,249) |
| Income tax income (expense) reported in profits or losses | <u>2,284,992</u> | <u>400,186</u> | <u>484,336</u> | <u>534,874</u> |

Reconciliation between accounting profits and income tax expense for the three-month and six-month periods ended 30 June 2016 and 2015 are as follows:

(Unit: Thousand Baht)

| | Consolidated financial statements | | | |
|--|-----------------------------------|------------------|-----------------------|------------------|
| | For the three-month | | For the six-month | |
| | periods ended 30 June | | periods ended 30 June | |
| | 2016 | 2015 | 2016 | 2015 |
| Accounting profit before income tax expenses | <u>11,671,580</u> | <u>2,244,655</u> | <u>2,982,688</u> | <u>3,144,612</u> |
| Applicable corporate income tax rates | 15%, 20% | 20% | 15%, 20% | 20% |
| Income tax expenses at the applicable tax rates | 2,334,316 | 448,931 | 596,538 | 628,922 |
| Adjustment in respect of income tax of previous year | 7,335 | 4,475 | 7,335 | 4,475 |
| Net tax effect on income or expenses that are not taxable or not deductible in determining taxable profits | <u>(56,659)</u> | <u>(53,220)</u> | <u>(119,537)</u> | <u>(94,048)</u> |
| Income tax expenses (revenues) recognised in profits or losses | <u>2,284,992</u> | <u>400,186</u> | <u>484,336</u> | <u>534,874</u> |

(Unaudited but reviewed)

(Unit: Thousand Baht)

| | Separate financial statements | | | |
|--|---|-----------|---|-----------|
| | For the three-month periods ended 30 June | | For the six-month periods ended 30 June | |
| | 2016 | 2015 | 2016 | 2015 |
| | | | | |
| Accounting profit before income tax expenses | 11,684,598 | 2,245,688 | 2,995,530 | 3,146,915 |
| Applicable corporate income tax rates | 20% | 20% | 20% | 20% |
| Income tax expenses at the applicable tax rates | 2,336,920 | 449,138 | 599,106 | 629,383 |
| Adjustment in respect of income tax of previous year | 7,335 | 4,475 | 7,335 | 4,475 |
| Net tax effect on income or expenses that are not taxable or not deductible in determining taxable profits | (59,263) | (53,427) | (122,105) | (94,509) |
| Income tax expenses (revenues) recognised in profits or losses | 2,284,992 | 400,186 | 484,336 | 534,874 |

16. Other assets

(Unit: Thousand Baht)

| | Consolidated financial statements | | Separate financial statements | |
|--------------------------------------|-----------------------------------|-------------|-------------------------------|-------------|
| | 30 June | 31 December | 30 June | 31 December |
| | 2016 | 2015 | 2016 | 2015 |
| | | | | |
| Deposit from derivative | 299,500 | 336,000 | 299,500 | 336,000 |
| Prepaid rental expenses | 52,117 | 58,030 | 52,117 | 58,030 |
| Deposits | 45,998 | 48,138 | 20,684 | 48,072 |
| Receivable from sales of investments | 142,748 | 69,705 | 142,748 | 69,705 |
| Prepaid expenses | 23,690 | 12,567 | 23,690 | 12,567 |
| Others | 34,900 | 22,801 | 50,036 | 20,193 |
| Total other assets | 598,953 | 547,241 | 588,775 | 544,567 |

(Unaudited but reviewed)

17. Insurance contract liabilities

(Unit: Thousand Baht)

| | Consolidated and separate financial statements | | | | | |
|---|--|----------------------------|--------------------|--------------------------------|----------------------------|--------------------|
| | 30 June 2016 | | | 31 December 2015 | | |
| | Insurance contract liabilities | Reinsurance of liabilities | Net | Insurance contract liabilities | Reinsurance of liabilities | Net |
| Reserves for long-term insurance contracts | 219,120,098 | - | 219,120,098 | 207,308,208 | - | 207,308,208 |
| Loss reserves | | | | | | |
| Reserves for reported losses | 169,316 | (96,375) | 72,941 | 253,681 | (99,422) | 154,259 |
| Reserves for losses incurred but not yet reported | 58,704 | - | 58,704 | 66,675 | - | 66,675 |
| Premium reserves | | | | | | |
| Unearned premium reserves | 1,322,762 | (425,739) | 897,023 | 1,074,854 | (272,632) | 802,222 |
| Unpaid policy benefits | 137,501 | - | 137,501 | 154,767 | - | 154,767 |
| Other insurance liabilities | 7,939,460 | - | 7,939,460 | 7,992,847 | - | 7,992,847 |
| Total insurance contract liabilities | <u>228,747,841</u> | <u>(522,114)</u> | <u>228,225,727</u> | <u>216,851,032</u> | <u>(372,054)</u> | <u>216,478,978</u> |

17.1 Reserves for long-term insurance contracts

(Unit: Thousand Baht)

| | Consolidated and separate financial statements | |
|--|--|--------------------|
| | For the six-month period ended | For the year ended |
| | 30 June 2016 | 31 December 2015 |
| Balances - beginning of the period/year | 207,308,208 | 177,434,671 |
| Reserved increased for new businesses and inforce policies | 21,210,085 | 43,689,750 |
| Reserves decreased for death, maturities, benefits, claims, lapses and surrender | (9,398,195) | (13,816,213) |
| Balances - end of the period/year | <u>219,120,098</u> | <u>207,308,208</u> |

(Unaudited but reviewed)

17.2 Loss reserves

(Unit: Thousand Baht)

Consolidated and separate
financial statements

| | For the six-month period ended 30 June 2016 | For the year ended 31 December 2015 |
|--|---|---|
| Balances - beginning of the period/year | 320,356 | 315,052 |
| Claims incurred in the current period/year | 898,019 | 1,734,751 |
| Claims paid during the period/year | (990,355) | (1,729,447) |
| Balances - end of the period/year | 228,020 | 320,356 |

17.3 Unearned premium reserves

(Unit: Thousand Baht)

Consolidated and separate
financial statements

| | For the six-month period ended 30 June 2016 | For the year ended 31 December 2015 |
|---|---|---|
| Balances - beginning of the period/year | 1,074,854 | 1,056,888 |
| Premium written for the period/year | 1,771,864 | 2,954,373 |
| Premium earned for the period/year | (1,523,956) | (2,936,407) |
| Balances - end of the period/year | 1,322,762 | 1,074,854 |

17.4 Unpaid policy benefits

(Unit: Thousand Baht)

Consolidated and separate
financial statements

| | 30 June 2016 | 31 December 2015 |
|--------------------------------|--------------|------------------|
| Death benefit | 96,099 | 103,180 |
| Maturity payment | 33,199 | 43,085 |
| Benefit payment under policies | 4,712 | 4,678 |
| Surrender | 3,491 | 3,824 |
| Total unpaid policy benefits | 137,501 | 154,767 |

(Unaudited but reviewed)

17.5 Other insurance liabilities

(Unit: Thousand Baht)

| | Consolidated and separate financial statements | |
|---|---|------------------|
| | 30 June 2016 | 31 December 2015 |
| Deposit from insurance contracts | 7,267,503 | 7,296,689 |
| Premiums received in advance | 577,527 | 603,111 |
| Payable to policyholders on exempted premiums | 94,430 | 93,047 |
| Total other insurance liabilities | <u>7,939,460</u> | <u>7,992,847</u> |

18. Reinsurance payables

(Unit: Thousand Baht)

| | Consolidated and separate financial statements | |
|----------------------------|---|------------------|
| | 30 June 2016 | 31 December 2015 |
| Amount due to reinsurances | 681,530 | 495,315 |
| Total reinsurance payables | <u>681,530</u> | <u>495,315</u> |

19. Employee benefit obligations

(Unit: Thousand Baht)

| | Consolidated financial statements | | Separate financial statements | |
|---|-----------------------------------|---------------------|-------------------------------|---------------------|
| | 30 June 2016 | 31 December 2015 | 30 June 2016 | 31 December 2015 |
| Provisions for long-term employee benefits | <u>196,504</u> | <u>179,646</u> | <u>194,622</u> | <u>178,550</u> |
| Total employee benefit obligations | <u>196,504</u> | <u>179,646</u> | <u>194,622</u> | <u>178,550</u> |

(Unaudited but reviewed)

20. Other liabilities

(Unit: Thousand Baht)

| | Consolidated financial statements | | Separate financial statements | |
|---|-----------------------------------|------------------|-------------------------------|------------------|
| | 30 June | 31 December | 30 June | 31 December |
| | 2016 | 2015 | 2016 | 2015 |
| Accrued commission expenses | 505,804 | 468,619 | 505,004 | 468,199 |
| Accrued expenses | 310,213 | 387,177 | 311,302 | 386,076 |
| Premium received for policies not yet approved | 870,100 | 301,943 | 870,100 | 301,943 |
| Amounts received awaiting transfer | 227,912 | 64,634 | 227,912 | 64,634 |
| Specific Business Tax payable | 134,064 | 135,416 | 134,064 | 135,416 |
| Payable from purchases of investments | 15,964 | 51,123 | 15,964 | 51,123 |
| Withholding tax payable | 25,186 | 30,248 | 25,186 | 30,248 |
| Short-term employee benefit payables | 103,764 | 176,971 | 103,083 | 175,957 |
| Others | 35,727 | 24,353 | 31,637 | 21,690 |
| Total other liabilities | 2,228,734 | 1,640,484 | 2,224,252 | 1,635,286 |

21. Issued and paid-up share capital/share premium

Reconciliation for the six-month period ended 30 June 2016 is as follows:

| | Consolidated and separate financial statements | | | |
|--|--|------------------|------------------|---|
| | Issued and paid-up share capital | | Share premium | Capital reserve on share-based payments |
| | Number of shares (Thousand shares) | Thousand Baht | Thousand Baht | Thousand Baht |
| Balances - beginning of the period | 1,703,811 | 1,703,811 | 3,219,926 | 38,834 |
| Expenses in respect of share-based payments (Note 22) | 1,268 | 1,268 | 30,449 | 7,060 |
| Transfer capital reserve for share-based payment transactions to premium on share capital as a result of warrant No. 2 exercise | - | - | 18,870 | (18,870) |
| Balances - end of the period | 1,705,079 | 1,705,079 | 3,269,245 | 27,024 |

22. Share-based payments - warrants

On 23 November 2007, the Extraordinary General Meeting No. 2 of the Company's shareholders passed a resolution approving the issuance of 20 million units of registered and non-transferrable warrants (Warrant No. 1) to be allotted to employees. The Company already allocated 12.85 million units of Warrant No. 1 to employees, leaving 7.15 million units unallocated. On 26 April 2011, the Annual General Meeting of shareholders of the Company passed a resolution approving the cancellation of the unallocated 7.15 million units of Warrant No. 1 and the issuance of 7.15 million units of registered and non-transferrable warrants (Warrant No. 2) in place of the cancelled Warrant No. 1, which were already allocated to employee and the grant date is stipulated to be 1 April 2012.

The allocations of warrants to employees can be summarised as follows:

(Unit: Thousand units)

| Approved by the Executive Board of Directors of the Company | Number of units of warrants | | |
|--|-----------------------------|---------------|--------|
| | Warrant No. 1 | Warrant No. 2 | Total |
| on 29 May 2008 | 11,500 | - | 11,500 |
| on 11 August 2009 | 1,350 | - | 1,350 |
| on 22 February 2012 | - | 7,150 | 7,150 |
| Total | 12,850 | 7,150 | 20,000 |

These warrants expire the earlier of 5 years from the issue date and the termination date of employment. The exercise ratio is 1 unit of warrant to 1 new ordinary share and the exercise price is equal to Baht 13.50 per share for Warrant No. 1 and Baht 35.00 per share for Warrant No. 2. The first exercise date is 3 years from the grant date.

The Company's Board of Director's meeting No. 5/2014, held on 8 August 2014, passed a resolution to revise the exercise ratios of the warrants allotted to employees, as a result of the grant of a stock dividend. The exercise ratios were revised from 1 unit of warrant to 1 new ordinary share to 1 unit of warrant to 1.40 new ordinary shares and the exercise prices were adjusted from Baht 13.50 per share and Baht 35.00 per share to Baht 9.6429 per share and Baht 25.00 per share, for Warrant No. 1 and Warrant No. 2, respectively.

The issue of Warrant No. 2 was approved by the Annual General Meeting of shareholders held after 1 January 2011, during which Thai Financial Reporting Standard No. 2 "Share-Based Payment" (TFRS 2) became effective. The Company therefore calculated the average fair value of the warrants at the grant date, which is Baht 20.45 per unit, in order to record expenses in respect of share-based payments in accordance with such accounting standard.

(Unaudited but reviewed)

The following information is used to determine fair value of the warrants.

| | |
|---------------------------------|--|
| Expected dividend yield | - 1.5% |
| Expected stock price volatility | - 39.9% (estimated with reference to historical price information of the Company) |
| Risk-free interest rate | - 3.51% - 3.64% |
| Expected life of warrants | - Not more than 5 years from the date of issuance or upon termination of an employee |
| Model used | - Black Schole - continuous model |

Employee expenses in respect of share-based payments (Warrant No. 2) recognised for the three-month and six-month periods ended 30 June 2016 amounting to Baht 2.0 million and Baht 7.1 million, respectively. (30 June 2015: Baht 5.5 million and Baht 14.9 million, respectively)

Movements of warrants during the six-month period ended 30 June 2016 are summarised below.

| | |
|---|--------------------------|
| | (Unit: Thousand units) |
| | For the six-month period |
| | ended 30 June 2016 |
| | <hr/> |
| | Warrant No. 2 |
| | <hr/> |
| Number of unexercised warrants as at 1 January 2016 | 2,419 |
| Exercised during the period | (903) |
| | <hr/> |
| Number of unexercised warrants as at 30 June 2016 | 1,516 |
| | <hr/> |

During the year ended 31 December 2015, the Warrant No. 2 holders exercised 4.6 million warrants at an exercise price of Baht 25.00 each, totally Baht 160 million.

During the three-month and six-month periods ended 30 June 2016, the Warrant No.2 holders exercised rights 0.3 million units and 0.9 million units, respectively of warrants at an exercise price of Baht 25.00 each, or for a total of Baht 10.48 Million and Baht 31.57 Million, respectively. The Company recorded such amount received from the exercise of warrants under the caption of "Subscriptions received in advance from exercise of warrants", in the owners' equity. The details are summarised as below.

(Unaudited but reviewed)

(Unit: Thousand Baht)

For the six-month period ended 30 June 2016

| Exercise | Units of warrants (Thousand units) | Exercise price per share (Baht) | Proceeds from exercise | Issued and paid up share capital | Share Premium | Subscriptions received in advance from exercises of warrants | Share capital registration date | Listing date |
|--------------------|---------------------------------------|------------------------------------|------------------------|----------------------------------|---------------|--|---------------------------------|---------------|
| Warrant No. 2 | | | | | | | | |
| The fifth exercise | 603 | 25.00 | 21,091 | - | - | - | 27 April 2016 | 9 May 2016 |
| The sixth exercise | 300 | 25.00 | - | - | - | 10,483 | 27 July 2016 | 3 August 2016 |
| Total | 903 | | 21,091 | - | - | 10,483 | | |

23. Operating segment

The Company presented operating segment information in the same manner as that reported to the Office of Insurance Commission (“OIC”) on the report of underwriting information reported by insurance categories since the management considered that the Company is operating its core business in a single segment (i.e. life insurance business) and in a single geographic area (i.e. Thailand) and has measured segment performance based on operating profit or loss on a basis consistent with that is used to prepare the report of underwriting information reported by insurance categories as reported to the OIC. Hence, all items as presented in this segment information are consistent to the Company’s internal reports that are regularly reviewed by the chief operating decision maker in order to make decision about allocation of resources to the segment and evaluate its performance. The chief operating decision maker has been identified as the Chief Executive Officer.

(Unaudited but reviewed)

Underwriting information classified by insurance categories for the three-month periods ended 30 June 2016 and 2015 is as follows:

(Unit: Thousand Baht)

| | Consolidated financial statement | | | | |
|--|--|---|-------------------|--------------|------------------|
| | For the three-month period ended 30 June 2016 | | | | |
| | Traditional products - no participating dividend | Life annuity products - no participating dividend | Personal accident | Others | Total |
| Underwriting income | | | | | |
| Premium written | 7,541,794 | 79,022 | 9,125 | - | 7,629,941 |
| Less: Premium ceded | (158,857) | - | - | - | (158,857) |
| Net premium written | 7,382,937 | 79,022 | 9,125 | - | 7,471,084 |
| Add (less): Unearned premium reserve decreased (increased) from prior period | 9,439 | - | (30) | - | 9,409 |
| Total underwriting income | 7,392,376 | 79,022 | 9,095 | - | 7,480,493 |
| Underwriting expenses | | | | | |
| Life policy reserves increased (decreased) from prior period | (6,121,732) | 85,174 | - | - | (6,036,558) |
| Benefit payments under life policies and benefit adjustment expenses | 4,176,109 | 7,414 | - | - | 4,183,523 |
| Losses and losses adjustment expenses | 225,642 | - | 2,793 | - | 228,435 |
| Commissions and brokerage expenses | 680,641 | 12,414 | 213 | 1,428 | 694,696 |
| Sales promotional expenses | 112,010 | 1,174 | 128 | 398 | 113,710 |
| Contribution to the Office of Insurance | | | | | |
| Commission | 13,284 | 142 | 16 | - | 13,442 |
| Contribution to the Life Insurance Fund | 7,540 | 80 | 10 | - | 7,630 |
| Other underwriting expenses | 8,738 | 90 | 10 | - | 8,838 |
| Total underwriting expenses | (897,768) | 106,488 | 3,170 | 1,826 | (786,284) |

(Unaudited but reviewed)

(Unit: Thousand Baht)

| | Consolidated financial statement | | | | |
|--|--|---|-------------------|--------------|------------------|
| | For the three-month period ended 30 June 2015 | | | | |
| | Traditional products - no participating dividend | Life annuity products - no participating dividend | Personal accident | Others | Total |
| Underwriting income | | | | | |
| Premium written | 7,320,691 | 64,726 | 9,156 | - | 7,394,573 |
| Less: Premium ceded | (120,813) | - | - | - | (120,813) |
| Net premium written | 7,199,878 | 64,726 | 9,156 | - | 7,273,760 |
| Add (less): Unearned premium reserve decreased (increased) from prior period | (22,008) | - | 340 | - | (21,668) |
| Total underwriting income | 7,177,870 | 64,726 | 9,496 | - | 7,252,092 |
| Underwriting expenses | | | | | |
| Life policy reserves increased from prior period | 2,842,764 | 63,313 | - | - | 2,906,077 |
| Benefit payments under life policies and benefit adjustment expenses | 3,091,675 | 284 | - | - | 3,091,959 |
| Losses and losses adjustment expenses | 300,592 | - | 2,325 | - | 302,917 |
| Commissions and brokerage expenses | 621,385 | 4,847 | 230 | 1,203 | 627,665 |
| Sales promotional expenses | 96,152 | 748 | 109 | 3 | 97,012 |
| Contribution to the Office of Insurance | | | | | |
| Commission | 12,540 | 113 | 17 | - | 12,670 |
| Contribution to the Life Insurance Fund | 7,319 | 66 | 10 | - | 7,395 |
| Other underwriting expenses | 7,743 | 56 | 9 | - | 7,808 |
| Total underwriting expenses | 6,980,170 | 69,427 | 2,700 | 1,206 | 7,053,503 |

(Unaudited but reviewed)

Underwriting information classified by insurance categories for the six-month periods ended 30 June 2016 and 2015 is as follows:

| | Consolidated financial statement | | | | |
|---|---|--|----------------------|--------------|-------------------|
| | For the six-month period ended 30 June 2016 | | | | |
| | Traditional products - no participating dividend | Life annuity products - no participating dividend | Personal accident | Others | Total |
| Underwriting income | | | | | |
| Premium written | 20,822,616 | 201,508 | 18,111 | - | 21,042,235 |
| Less: Premium ceded | (491,082) | - | - | - | (491,082) |
| Net premium written | 20,331,534 | 201,508 | 18,111 | - | 20,551,153 |
| Add (less): Unearned premium reserve decreased (increased) from prior period | (94,920) | - | 118 | - | (94,802) |
| Total underwriting income | 20,236,614 | 201,508 | 18,229 | - | 20,456,351 |
| Underwriting expenses | | | | | |
| Life policy reserves increased from prior period | 11,611,512 | 200,378 | - | - | 11,811,890 |
| Benefit payments under life policies and benefit adjustment expenses | 9,275,775 | 11,884 | - | - | 9,287,659 |
| Losses and losses adjustment expenses | 573,000 | - | 3,865 | - | 576,865 |
| Commissions and brokerage expenses | 1,586,447 | 32,225 | 440 | 3,093 | 1,622,205 |
| Sales promotional expenses | 250,559 | 2,495 | 226 | 483 | 253,763 |
| Contribution to the Office of Insurance Commission | 35,879 | 357 | 32 | - | 36,268 |
| Contribution to the Life Insurance Fund | 20,816 | 207 | 19 | - | 21,042 |
| Other underwriting expenses | 16,242 | 162 | 15 | - | 16,419 |
| Total underwriting expenses | 23,370,230 | 247,708 | 4,597 | 3,576 | 23,626,111 |

(Unaudited but reviewed)

| Consolidated financial statement | | | | | |
|--|--|---|-------------------|--------------|-------------------|
| For the six-month period ended 30 June 2015 | | | | | |
| | Traditional products - no participating dividend | Life annuity products - no participating dividend | Personal accident | Others | Total |
| Underwriting income | | | | | |
| Premium written | 23,261,189 | 136,543 | 18,448 | - | 23,416,180 |
| Less: Premium ceded | (379,885) | - | - | - | (379,885) |
| Net premium written | 22,881,304 | 136,543 | 18,448 | - | 23,036,295 |
| Add (less): Unearned premium reserve decreased (increased) from prior period | (73,925) | - | 702 | - | (73,223) |
| Total underwriting income | 22,807,379 | 136,543 | 19,150 | - | 22,963,072 |
| Underwriting expenses | | | | | |
| Life policy reserves increased from prior period | 14,884,454 | 126,024 | - | - | 15,010,478 |
| Benefit payments under life policies and benefit adjustment expenses | 7,530,693 | 1,717 | - | - | 7,532,410 |
| Losses and losses adjustment expenses | 631,817 | - | 3,106 | - | 634,923 |
| Commissions and brokerage expenses | 1,453,551 | 12,498 | 526 | 2,577 | 1,469,152 |
| Sales promotional expenses | 220,038 | 1,317 | 185 | 5 | 221,545 |
| Contribution to the Office of Insurance Commission | 38,945 | 233 | 33 | - | 39,211 |
| Contribution to the Life Insurance Fund | 23,257 | 139 | 20 | - | 23,416 |
| Other underwriting expenses | 15,046 | 90 | 13 | - | 15,149 |
| Total underwriting expenses | 24,797,801 | 142,018 | 3,883 | 2,582 | 24,964,284 |

24. Operating expenses

(Unit: Thousand Baht)

| Consolidated financial statements | | | | |
|-----------------------------------|---|----------------|---|------------------|
| | For the three-month periods ended 30 June | | For the six-month periods ended 30 June | |
| | 2016 | 2015 | 2016 | 2015 |
| Personnel expenses | 247,550 | 237,246 | 457,202 | 455,828 |
| Premises and equipment expenses | 45,347 | 39,624 | 89,888 | 78,360 |
| Taxes and duties | 68,103 | 66,715 | 224,894 | 130,424 |
| Other operating expenses | 178,353 | 207,712 | 308,052 | 342,119 |
| Total operating expenses | 539,353 | 551,297 | 1,080,036 | 1,006,731 |

(Unaudited but reviewed)

(Unit: Thousand Baht)

| | Separate financial statements | | | |
|---------------------------------|-------------------------------|---------|---------------------------|-----------|
| | For the three-month periods | | For the six-month periods | |
| | ended 30 June | | ended 30 June | |
| | 2016 | 2015 | 2016 | 2015 |
| Personnel expenses | 246,032 | 237,179 | 454,233 | 454,581 |
| Premises and equipment expenses | 45,164 | 39,622 | 89,576 | 78,253 |
| Taxes and duties | 68,103 | 66,715 | 224,894 | 130,424 |
| Other operating expenses | 166,729 | 206,264 | 296,438 | 340,627 |
| Total operating expenses | 526,028 | 549,780 | 1,065,141 | 1,003,885 |

25. Gains (losses) on revaluation

(Unit: Thousand Baht)

| | Consolidated and separate financial statements | | | |
|---|--|----------|---------------------------|----------|
| | For the three-month periods | | For the six-month periods | |
| | ended 30 June | | ended 30 June | |
| | 2016 | 2015 | 2016 | 2015 |
| Unrealised gains (losses) from trading securities | 5,001 | (350) | 22,787 | (520) |
| Unrealised losses on foreign exchange contracts | (33,010) | (43,577) | (41,538) | (19,593) |
| Gains (losses) on exchange rate | (14,595) | 77,154 | (93,139) | 48,194 |
| Total gains (losses) on revaluation | (42,604) | 33,227 | (111,890) | 28,081 |

26. Fair value of financial instruments

The Company and its subsidiaries use the market approach to measure their assets that are required to be measured at fair value by relevant financial reporting standards, except that the cost approach or income approach is used when there is no active market or when a quoted market price is not available.

Fair value hierarchy

In applying the above-mentioned valuation techniques, the Company and its subsidiaries endeavor to use relevant observable inputs as much as possible. TFRS 13 "Fair Value Measurement" establishes a fair value hierarchy categorising such inputs into three levels as follows:

(Unaudited but reviewed)

Level 1 - Use of quoted market prices in an observable active market for such assets

Level 2 - Use of other observable inputs for such assets whether directly or indirectly

Level 3 - Use of unobservable inputs such as estimates of future cash flows

As at 30 June 2016 and 31 December 2015, the Company and its subsidiaries had the following assets that were measured at fair value using different levels of inputs as follows:

(Unit: Thousand Baht)

| | Consolidated and separate financial statements | | |
|--|--|------------|------------|
| | As at 30 June 2016 | | |
| | Level 1 | Level 2 | Total |
| Financial assets measured at fair value | | | |
| Trading investments | | | |
| Equity instruments | 161,534 | - | 161,535 |
| Debt instruments | - | 58,112 | 58,112 |
| Available-for-sale investments | | | |
| Equity instruments | 27,586,772 | 2,893,389 | 31,026,538 |
| Debt instruments | - | 26,738,862 | 26,738,862 |

(Unit: Thousand Baht)

| | Consolidated and separate financial statements | | |
|--|--|------------|------------|
| | As at 31 December 2015 | | |
| | Level 1 | Level 2 | Total |
| Financial assets measured at fair value | | | |
| Trading investments | | | |
| Equity instruments | 97,233 | 18,987 | 116,220 |
| Available-for-sale investments | | | |
| Equity instruments | 12,428,719 | 13,043,937 | 25,472,656 |
| Debt instruments | - | 516,266 | 516,266 |

Valuation techniques and inputs to Level 2 valuations

- The fair value of investments in debt instruments has been determined by using the yield curve as announced by the Thai Bond Market Association or by other relevant bodies.
- The fair value of investments in equity securities are determined using the net asset value per unit as announced by the fund managers.

During the current period, there were no transfers within the fair value hierarchy.

27. 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 |
| 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 |
| 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 |
| Tris Corporation Ltd. | Services | Related by way of common directors and shareholders |
| 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 |
| Ek-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 |
| Asia Insurance Company Limited | Insurance | Related by way of common directors |
| BLA Insurance Broker Co., Ltd | Insurance broker | Subsidiary |
| Bangpain Golf Co., Ltd | Services | Related by way of common directors |
| Bangkok Mitsubishi UFJ Lease Co., Ltd. | Services | Related by way of common directors |
| Samitivij Pcl. | Health care service | Related by way of common directors |
| TM Design Co., Ltd. | Services | Holding by an individual related to the major shareholder of the Company |
| Bangkok Life Assurance (Cambodia) Public Limited Company | Life insurance | Subsidiary |

(Unaudited but reviewed)

During the three-month and six-month periods ended 30 June 2016 and 2015, the Company and its subsidiaries 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: Thousand Baht)

| | Consolidated financial statements | | | | Pricing policy |
|--|-----------------------------------|---------|---------------------------|-----------|--|
| | For the three-month periods | | For the six-month periods | | |
| | ended 30 June | | ended 30 June | | |
| | 2016 | 2015 | 2016 | 2015 | |
| Related parties | | | | | |
| Premium written | 2,702 | 2,708 | 4,578 | 4,662 | Normal commercial terms for underwriting |
| Interest income - deposits at banks, promissory notes and debentures | 124,661 | 166,764 | 271,522 | 333,242 | Same rates as those offered by financial institutions and related companies to general customers |
| Interest income - mortgage loans | 1,813 | 2,159 | 3,715 | 4,374 | Same rates as the Company charged to general borrowers who mortgage assets as collateral |
| Dividend income | 114,929 | 65,037 | 227,550 | 144,799 | The declared amount |
| Rental and service income | 1,872 | 1,387 | 5,548 | 2,933 | Rate on agreements those charged by rental and service fees per square meter per month |
| Brokerage income from securities trading | 8,319 | 7,916 | 15,850 | 15,136 | Normal commercial terms for securities brokerage |
| Gain (loss) on forward and swap foreign exchange contracts | 40,959 | 47,298 | 127,472 | (101,874) | Normal commercial terms on contracts |
| Commission and brokerage | 304,990 | 257,621 | 750,968 | 672,179 | At a mutually agreed percentage of premium written |
| Claim payment and diagnose charge | 12,098 | 225 | 18,814 | 24,856 | Normal commercial terms for underwriting |
| Bank charges | 23,434 | 20,960 | 53,236 | 48,018 | Same rates as those charged by financial institutions and related companies to general customers |
| Insurance premium | 379 | 1,117 | 1,410 | 1,213 | Normal commercial terms for underwriting |

(Unaudited but reviewed)

(Unit: Thousand Baht)

| Consolidated financial statements | | | | | |
|------------------------------------|--|--------|--|--------|--|
| | For the three-month periods ended 30 June | | For the six-month periods ended 30 June | | Pricing policy |
| | 2016 | 2015 | 2016 | 2015 | |
| Building space rental and services | 17,422 | 17,930 | 34,631 | 36,036 | 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 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. |
| Other services | 234 | 134 | 1,310 | 256 | Normal commercial terms for services |

(Unaudited but reviewed)

(Unit: Thousand Baht)

| | Separate financial statements | | | | Pricing policy |
|--|-------------------------------|---------|---------------------------|---------|--|
| | For the three-month periods | | For the six-month periods | | |
| | ended 30 June | | ended 30 June | | |
| | 2016 | 2015 | 2016 | 2015 | |
| Transactions with related companies | | | | | |
| Subsidiaries | | | | | |
| Rental and service income | 117 | 1 | 299 | 113 | Rate on agreements as those charged by rental and service fees per square meter per month |
| Related parties | | | | | |
| Premium written | 2,702 | 2,708 | 4,578 | 4,662 | Normal commercial terms for underwriting |
| Interest income - deposits at banks, promissory notes and debentures | 124,639 | 166,760 | 271,500 | 333,238 | Same rates as those offered by financial institutions and related companies to general customers |
| Interest income - mortgage loans | 1,813 | 2,159 | 3,715 | 4,374 | Same rates as the Company charged to general borrowers who mortgage assets as collateral |
| Dividend income | 114,929 | 65,037 | 227,550 | 144,799 | The declared amount |
| Brokerage income from securities trading | 8,319 | 72,953 | 15,850 | 15,136 | Normal commercial terms for securities brokerage |
| Gain on forward and swap foreign exchange contracts | 40,959 | 47,298 | 127,472 | 101,874 | Normal commercial terms on contracts |
| Commission and brokerage | 304,990 | 257,621 | 750,968 | 672,179 | At a mutually agreed percentage of premium written |
| Claim payment and diagnose charge | 12,098 | 225 | 18,814 | 24,856 | Normal commercial terms for underwriting |
| Bank charges | 23,410 | 20,947 | 53,190 | 47,986 | Same rates as those charged by financial institutions and related companies to general customers |
| Insurance premium | 378 | 1,117 | 1,408 | 1,213 | Normal commercial terms for underwriting |

(Unaudited but reviewed)

(Unit: Thousand Baht)

| | Separate financial statements | | | | Pricing policy |
|------------------------------------|-------------------------------|--------|---------------------------|--------|--|
| | For the three-month periods | | For the six-month periods | | |
| | ended 30 June | | ended 30 June | | |
| | 2016 | 2015 | 2016 | 2015 | |
| Related parties | | | | | |
| (continued) | | | | | |
| Building space rental and services | 17,422 | 17,930 | 34,631 | 36,036 | 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 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. |
| Other services | 234 | 134 | 1,310 | 256 | Normal commercial terms for services |

For the three-month and six-month periods ended 30 June 2016, the premium generated from the Bancassurance distribution channel represented approximately 65.50% and 70.25% of total net premium written, respectively. (30 June 2015: approximately 70.25% and 79.73% of total net premium written, respectively)

(Unaudited but reviewed)

As at 30 June 2016 and 31 December 2015, the balance of the accounts between the Company and those related companies are as follows:

| | (Unit: Thousand Baht) | | | |
|---|-----------------------|-------------|----------------------|-------------|
| | Consolidated | | Separate | |
| | financial statements | | financial statements | |
| | 30 June | 31 December | 30 June | 31 December |
| | 2016 | 2015 | 2016 | 2015 |
| Subsidiaries | | | | |
| Other assets | | | | |
| Advance | - | - | 17,427 | - |
| Total other assets | - | - | 17,427 | - |
| Other liabilities | | | | |
| Accrued expense | - | - | 1,380 | 846 |
| Others | - | - | 66 | 66 |
| Total other liabilities | - | - | 1,446 | 912 |
| Related parties | | | | |
| Deposit at financial institution | | | | |
| (included in cash and cash equivalents) | 3,702,842 | 4,127,677 | 3,689,854 | 4,113,889 |
| Premium receivables | 25 | - | 25 | - |
| Investments in securities | | | | |
| Trading investments - cost | | | | |
| Domestic investment units | 17,001 | 17,016 | 17,001 | 17,016 |
| Total trading investment - cost | 17,001 | 17,016 | 17,001 | 17,016 |
| Add: Unrealised gains | 8,559 | 1,971 | 8,559 | 1,971 |
| Total trading investments - fair value | 25,560 | 18,987 | 25,560 | 18,987 |
| Available-for-sale investments - cost | | | | |
| Domestic equity securities | 1,983,366 | 2,102,720 | 1,983,366 | 2,102,720 |
| Domestic investment unit | 3,397,170 | 3,159,930 | 3,397,170 | 3,159,930 |
| Total available-for-sale investment - cost | 5,380,536 | 5,262,650 | 5,380,536 | 5,262,650 |
| Add: Unrealised gains | 1,933,256 | 2,216,690 | 1,933,256 | 2,216,690 |
| Total available-for-sale investments - fair value | 7,313,792 | 7,479,340 | 7,313,792 | 7,479,340 |
| Held-to-maturity investments - cost/amortised cost | | | | |
| Private enterprise debt securities | 4,105,000 | 4,105,000 | 4,105,000 | 4,105,000 |
| Foreign debt securities | 6,333,198 | 5,898,909 | 6,333,198 | 5,898,909 |
| Total held-to-maturity investment - cost/amortised cost | 10,438,198 | 10,003,909 | 10,438,198 | 10,003,909 |

(Unaudited but reviewed)

(Unit: Thousand Baht)

| | Consolidated | | Separate | |
|--|----------------------|---------------------|----------------------|---------------------|
| | financial statements | | financial statements | |
| | 30 June 2016 | 31 December 2015 | 30 June 2016 | 31 December 2015 |
| General investments - foreign equity securities | 11,167 | 11,167 | 11,167 | 11,167 |
| Total investments in securities | 17,788,717 | 17,513,403 | 17,788,717 | 17,513,403 |
| Loans | 108,177 | 119,162 | 108,177 | 119,162 |
| Forward and swap foreign exchange contract receivable | 4,246,124 | 3,329,930 | 4,246,124 | 3,329,930 |
| Other assets | | | | |
| Accrued income | 818 | - | - | - |
| Prepaid expense | 52,438 | 58,471 | 52,438 | 58,471 |
| Total other assets | 53,256 | 58,471 | 52,438 | 58,471 |
| Outstanding claims | 3,541 | 6,837 | 3,541 | 6,837 |
| Forward and swap foreign exchange contract payable | 4,602,613 | 3,732,423 | 4,602,613 | 3,732,423 |
| Other liabilities | | | | |
| Accrued commission | 236,322 | 191,756 | 236,322 | 191,756 |
| Accrued rental and service expense | 5,401 | 4,725 | 260 | 234 |
| Total other liabilities | 241,723 | 196,481 | 236,582 | 191,990 |

Directors and management's benefits

During the three-month and six-month periods ended 30 June 2016 and 2015, the Company and its subsidiaries had employee benefit expenses payable to their directors and management as below.

(Unit: Million Baht)

| | Consolidated financial statements | | | |
|--|--|------|--|------|
| | For the three-month periods ended 30 June | | For the six-month periods ended 30 June | |
| | 2016 | 2015 | 2016 | 2015 |
| Short-term employee benefits | 9.3 | 9.0 | 18.6 | 17.8 |
| Long-term employee benefits | 0.5 | 0.6 | 1.0 | 1.1 |
| Share-based payment transactions (Note 22) | 0.2 | 2.5 | 2.0 | 4.9 |
| Total directors and management's benefits | 10.0 | 12.1 | 21.6 | 23.8 |

(Unaudited but reviewed)

(Unit: Million Baht)

| | Separate financial statements | | | |
|--|-------------------------------|------|---------------------------|------|
| | For the three-month periods | | For the six-month periods | |
| | ended 30 June | | ended 30 June | |
| | 2016 | 2015 | 2016 | 2015 |
| Short-term employee benefits | 9.3 | 9.0 | 18.6 | 17.8 |
| Long-term employee benefits | 0.5 | 0.5 | 1.0 | 0.9 |
| Share-based payment transactions (Note 22) | 0.2 | 2.5 | 2.0 | 4.9 |
| Total directors and management's benefits | 10.0 | 12.0 | 21.6 | 23.6 |

The details of the warrants which allocated to the Company's employees are presented in Note 22 to the interim financial statements.

28. Assets placed with the Registrar

As at 30 June 2016 and 31 December 2015, the following assets have been placed as securities with the Registrar in accordance with the Life Insurance Act.

(Unit: Thousand Baht)

| | Consolidated and separate financial statements | | | |
|------------------------|--|------------|------------------|------------|
| | 30 June 2016 | | 31 December 2015 | |
| | Cost/ | | Cost/ | |
| | Amortised cost | Fair value | Amortised cost | Fair value |
| State enterprise bonds | 20,000 | 27,675 | 20,000 | 23,928 |

29. Assets reserved with the Registrar

As at 30 June 2016 and 31 December 2015, the following assets have been placed as reserves with the Registrar in accordance with the Life Insurance Act.

(Unit: Thousand Baht)

| | Consolidated and separate financial statements | | | |
|------------------------|--|------------|------------------|------------|
| | 30 June 2016 | | 31 December 2015 | |
| | Cost/ | | Cost/ | |
| | Amortised cost | Fair value | Amortised cost | Fair value |
| Government bonds | 42,854,034 | 53,050,032 | 41,970,820 | 46,960,565 |
| State enterprise bonds | 6,199,557 | 7,155,471 | 6,199,413 | 7,053,062 |
| Total | 49,053,591 | 60,205,503 | 48,170,233 | 54,013,627 |

30. Earnings per share

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

Diluted earnings per share is calculated by dividing profit for the period attributable to equity holders of the Company (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.

Basic and diluted earnings per share for the three-month periods ended 30 June 2016 and 2015 are as follows:

| Consolidated financial statements | | | | | | | |
|--|-----------|---|-----------|------------------------------|------|------------|------|
| Gains for the period (Thousand Baht) | | Weighted average number of shares (Thousand shares) | | Earnings per share (Baht) | | | |
| | | 2016 | 2015 | 2016 | 2015 | 2016 | 2015 |
| | | | | (Restated) | | (Restated) | |
| Basic earnings per share | | | | | | | |
| Gains attributable to ordinary shareholders of the Company | | | | | | | |
| 9,392,242 | 1,844,469 | 1,705,060 | 1,702,061 | 5.51 | 1.08 | | |
| Effect of dilutive potential ordinary shares | | | | | | | |
| Warrant No. 2 | | | | | | | |
| - | - | 722 | 4,193 | | | | |
| Diluted earnings per share | | | | | | | |
| Gains of ordinary shareholders assuming the conversion of warrants to ordinary shares | | | | | | | |
| 9,392,242 | 1,844,469 | 1,705,782 | 1,706,254 | 5.51 | 1.08 | | |

(Unaudited but reviewed)

| Separate financial statements | | | | | | | |
|---|-----------|---|-----------|------------------------------|------|------------|------|
| Gains for the period (Thousand Baht) | | Weighted average number of shares (Thousand shares) | | Earnings per share (Baht) | | | |
| | | 2016 | 2015 | 2016 | 2015 | 2016 | 2015 |
| | | | | (Restated) | | (Restated) | |
| Basic earnings per share | | | | | | | |
| Gains attributable to ordinary shareholders of the Company | | | | | | | |
| 9,399,606 | 1,845,502 | 1,705,060 | 1,702,061 | 5.51 | 1.08 | | |
| Effect of dilutive potential ordinary shares | | | | | | | |
| Warrant No. 2 | | | | | | | |
| - | - | 722 | 4,193 | | | | |
| Diluted earnings per share | | | | | | | |
| Gains of ordinary shareholders assuming the conversion of warrants to ordinary shares | | | | | | | |
| 9,399,606 | 1,845,502 | 1,705,782 | 1,706,254 | 5.51 | 1.08 | | |

Basic and diluted earnings per share for the six-month periods ended 30 June 2016 and 2015 are as follows:

| Consolidated financial statements | | | | | | | |
|---|-----------|---|-----------|------------------------------|------|------------|------|
| Gains for the period (Thousand Baht) | | Weighted average number of shares (Thousand shares) | | Earnings per share (Baht) | | | |
| | | 2016 | 2015 | 2016 | 2015 | 2016 | 2015 |
| | | | | (Restated) | | (Restated) | |
| Basic earnings per share | | | | | | | |
| Gains attributable to ordinary shareholders of the Company | | | | | | | |
| 2,504,004 | 2,609,738 | 1,704,667 | 1,699,967 | 1.47 | 1.53 | | |
| Effect of dilutive potential ordinary shares | | | | | | | |
| Warrant No. 2 | | | | | | | |
| - | - | 896 | 4,162 | | | | |
| Diluted earnings per share | | | | | | | |
| Gains of ordinary shareholders assuming the conversion of warrants to ordinary shares | | | | | | | |
| 2,504,004 | 2,609,738 | 1,705,653 | 1,704,129 | 1.47 | 1.53 | | |

(Unaudited but reviewed)

| | Separate financial statements | | | | | |
|---|-------------------------------|------------|-------------------|------------|--------------------|------|
| | Gains for the period | | Weighted average | | Earnings per share | |
| | (Thousand Baht) | | (Thousand shares) | | (Baht) | |
| | 2016 | 2015 | 2016 | 2015 | 2016 | 2015 |
| | | (Restated) | | (Restated) | | |
| Basic earnings per share | | | | | | |
| Gains attributable to ordinary shareholders of the Company | 2,511,194 | 2,612,041 | 1,704,667 | 1,699,967 | 1.47 | 1.54 |
| Effect of dilutive potential ordinary shares | | | | | | |
| Warrant No. 2 | - | - | 896 | 4,162 | | |
| Diluted earnings per share | | | | | | |
| Gains of ordinary shareholders assuming the conversion of warrants to ordinary shares | 2,511,194 | 2,612,041 | 1,705,563 | 1,704,129 | 1.47 | 1.53 |

31. Dividends paid

Dividends declared during the six-month periods ended 30 June 2016 and 2015 consisted of the following:

| | Approved by | Total dividend | Dividend per share |
|---|--|----------------|--------------------|
| | | (Million Baht) | (Baht) |
| Final dividend for 2015 | Annual General Meeting of the Shareholders on 26 April 2015 and the OIC on 29 April 2015 | 544 | 0.32 |
| Total dividend for the period 2016 | | 544 | 0.32 |
| Final dividend for 2014 | Annual General Meeting of the Shareholders on 29 April 2015 and the OIC on 24 April 2015 | 781 | 0.46 |
| Total dividend for the period 2015 | | 781 | 0.46 |

32. Commitments

32.1 The Company and its subsidiaries have 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 25 years for leases of building space and are generally between 1 and 5 years for leases of motor vehicles and equipment. Such agreements are non-cancellable.

As at 30 June 2016 and 31 December 2015, future minimum lease payments required under these non-cancellable operating lease contracts were as follows:

(Unit: Million Baht)

| | Consolidated financial statement | | |
|----------------------------|----------------------------------|-------------|--------------|
| | 30 June 2016 | | |
| | Pay within | | |
| | 1 year | 1 - 5 years | Total |
| Operating lease agreements | 68.5 | 53.1 | 121.6 |
| Service agreements | 6.9 | - | 6.9 |
| Total | 75.4 | 53.1 | 128.5 |

(Unit: Million Baht)

| | Consolidated financial statement | | |
|----------------------------|----------------------------------|-------------|--------------|
| | 31 December 2015 | | |
| | Pay within | | |
| | 1 year | 1 - 5 years | Total |
| Operating lease agreements | 88.2 | 72.0 | 160.2 |
| Service agreements | 13.5 | - | 13.5 |
| Total | 101.7 | 72.0 | 173.7 |

(Unit: Million Baht)

| | Separate financial statement | | |
|----------------------------|------------------------------|-------------|--------------|
| | 30 June 2016 | | |
| | Pay within | | |
| | 1 year | 1 - 5 years | Total |
| Operating lease agreements | 68.3 | 52.5 | 120.8 |
| Service agreements | 6.9 | - | 6.9 |
| Total | 75.2 | 52.5 | 127.7 |

(Unaudited but reviewed)

(Unit: Million Baht)

| | Separate financial statement | | |
|----------------------------|------------------------------|-------------|-------|
| | 31 December 2015 | | |
| | Pay within | | |
| | 1 year | 1 - 5 years | Total |
| Operating lease agreements | 88.6 | 71.5 | 160.1 |
| Service agreements | 13.5 | - | 13.5 |
| Total | 102.1 | 71.5 | 173.6 |

32.2 As at 30 June 2016 and 31 December 2015, the Company may need to deposit additional amounts in the future under the investment conditions as described in Note 10.5 (a) and Note 10.5 (b) to the interim financial statements, as summarised below.

(Unit: Thousand Baht)

| Payable within | Consolidated and separate financial statements | |
|----------------|--|------------------|
| | 30 June 2016 | 31 December 2015 |
| 1 year | 1,200,000 | 1,010,000 |
| 2 - 5 years | 600,000 | 900,000 |

33. Litigation

As at 30 June 2016 and 31 December 2015, the Company has been sued in litigation cases of compensation of claims totaling approximately Baht 48 million and Baht 48 million, respectively, for being the insurer and the cases have yet been finalised. The Company has yet provided for any provision for loss on such cases since there are still uncertainty with respect to the outcome of the cases.

34. Event after the reporting period

At the Company's Board of Directors' meeting held on 9 August 2016, the Board of Directors passed a resolution to approve a dividend payment of Baht 0.32 per share. However, the payment of dividend must be approved by the Office of Insurance Commission.

35. Reclassification

The Company reclassified following transactions in order to conform with current period's classifications, which are in accordance with the Notification of the Insurance Commission dated 4 March 2016 which effective on 1 January 2016 onward. The reclassification does not have any impact on previously reported profit or equity, which are summarised below.

(Unaudited but reviewed)

(Unit: Thousand Baht)

31 December 2015

| | Consolidated financial statements | | Separate financial statements | |
|---|-----------------------------------|----------------------|-------------------------------|----------------------|
| | As reclassified | As previously | As reclassified | As previously |
| | | reported | | reported |
| Statements of financial position | | | | |
| Assets: | | | | |
| Reinsurance assets | 372,054 | 899,176 | 372,054 | 899,176 |
| Reinsurance receivables | 527,122 | - | 527,122 | - |
| Derivative assets | 231 | - | 231 | - |
| Other assets | 547,241 | 547,472 | 544,567 | 544,798 |
| Total | 1,446,648 | 1,446,648 | 1,443,974 | 1,443,974 |
| Liabilities: | | | | |
| Insurance contract liabilities | 216,851,032 | - | 216,851,032 | - |
| Life policy reserves | - | 207,308,208 | - | 207,308,208 |
| Unpaid policy benefits | - | 150,089 | - | 150,089 |
| Loss reserves and outstanding | | | | |
| claims | - | 320,356 | - | 320,356 |
| Premium reserves | - | 1,074,854 | - | 1,074,854 |
| Other insurance liabilities | - | 7,904,478 | - | 7,904,478 |
| Derivative liabilities | 2,912,292 | - | 2,912,292 | - |
| Employee benefit payables | - | 356,617 | - | 354,507 |
| Employee benefit obligations | 179,646 | - | 178,550 | - |
| Other liabilities | 1,640,484 | 4,468,852 | 1,635,286 | 4,464,668 |
| Total | 221,583,454 | 221,583,454 | 221,577,160 | 221,577,160 |
| Net | (220,136,806) | (220,136,806) | (220,133,186) | (220,133,186) |

(Unaudited but reviewed)

(Unit: Thousand Baht)

| | 1 January 2015 | | | |
|---|-----------------------------------|----------------------|-------------------------------|----------------------|
| | Consolidated financial statements | | Separate financial statements | |
| | As reclassified | As previously | As reclassified | As previously |
| | | reported | | reported |
| Statements of financial position | | | | |
| Assets: | | | | |
| Reinsurance assets | 318,471 | 763,785 | 318,471 | 763,785 |
| Reinsurance receivables | 445,314 | - | 445,314 | - |
| Derivative assets | 24,963 | - | 24,963 | - |
| Other assets | 161,905 | 186,867 | 165,539 | 190,502 |
| Total | 950,653 | 950,652 | 954,287 | 954,287 |
| Liabilities: | | | | |
| Insurance contract liabilities | 186,659,641 | - | 186,659,641 | - |
| Life policy reserves | - | 177,434,671 | - | 177,434,671 |
| Unpaid policy benefits | - | 117,067 | - | 117,067 |
| Loss reserves and outstanding | | | | |
| claims | - | 315,052 | - | 315,052 |
| Premium reserves | - | 1,056,888 | - | 1,056,888 |
| Other insurance liabilities | - | 7,642,206 | - | 7,642,206 |
| Derivative liabilities | 1,024,799 | - | 1,024,799 | - |
| Employee benefit payables | - | 329,414 | - | 327,718 |
| Employee benefit obligations | 168,620 | - | 167,734 | - |
| Other liabilities | 1,280,941 | 2,238,702 | 1,277,378 | 2,235,949 |
| Total | 189,134,001 | 189,134,000 | 189,129,552 | 189,129,551 |
| Net | (188,183,348) | (183,183,348) | (188,175,265) | (188,175,264) |

(Unaudited but reviewed)

(Unit: Baht)

For the three-month period ended 30 June 2015

| | Consolidated financial statements | | Separate financial statements | |
|---|-----------------------------------|---------------|-------------------------------|---------------|
| | As reclassified | As previously | As reclassified | As previously |
| | | reported | | reported |
| Statements of comprehensive income | | | | |
| Profit or loss: | | | | |
| Revenue | | | | |
| Premium written | 7,394,573 | - | 7,394,573 | - |
| Less: Premium ceded | (120,813) | - | (120,813) | - |
| Net premium written | 7,273,760 | - | 7,273,760 | - |
| Less: Unearned premium reserve increased from prior period | (79,152) | - | (79,152) | - |
| Net earned premium | 7,194,608 | 7,252,092 | 7,194,608 | 7,252,092 |
| Fee and commission income | 57,484 | - | 57,484 | - |
| Total | 7,252,092 | 7,252,092 | 7,252,092 | 7,252,092 |
| Expenses | | | | |
| Benefit payments under life policies and benefit adjustment expenses | - | 3,091,959 | - | 3,091,959 |
| Claim and losses adjustment expenses | - | 302,917 | - | 302,917 |
| Benefit payments under life policies and claims | 3,531,260 | - | 3,531,260 | - |
| Less: Benefit payments under life policies and claims refundable from reinsurance | (136,384) | - | (136,384) | - |
| Sales promotional expenses | - | 97,012 | - | 97,009 |
| Other underwriting expenses | 124,885 | 7,808 | 124,882 | 7,808 |
| Contribution to the Office of Insurance Commission | - | 12,670 | - | 12,670 |
| Contribution to the Life Insurance Fund | - | 7,395 | - | 7,395 |
| Total | 3,519,761 | 3,519,761 | 3,519,758 | 3,519,758 |
| Net | 3,732,331 | 3,732,331 | 3,732,334 | 3,732,334 |

(Unaudited but reviewed)

(Unit: Baht)

For the six-month period ended 30 June 2015

| | Consolidated financial statements | | Separate financial statements | |
|---|-----------------------------------|------------------------|-------------------------------|------------------------|
| | As reclassified | As previously reported | As reclassified | As previously reported |
| | | | | |
| Statements of comprehensive income | | | | |
| Profit or loss: | | | | |
| Revenue | | | | |
| Premium written | 23,416,180 | - | 23,416,180 | - |
| Less: Premium ceded | (379,885) | - | (379,885) | - |
| Net premium written | 23,036,295 | - | 23,036,295 | - |
| Less: Unearned premium reserve increased from prior period | (224,861) | - | (224,861) | - |
| Net earned premium | 22,811,434 | 22,963,072 | 22,811,434 | 22,963,072 |
| Fee and commission income | 151,638 | - | 151,638 | - |
| Total | 22,963,072 | 22,963,072 | 22,963,072 | 22,963,072 |
| Expenses | | | | |
| Benefit payments under life policies and benefit adjustment expenses | - | 7,532,410 | - | 7,532,410 |
| Claim and losses adjustment expenses | - | 634,923 | - | 634,923 |
| Benefit payments under life policies and claims | 8,432,572 | - | 8,432,572 | - |
| Less: Benefit payments under life policies and claims refundable from reinsurance | (265,239) | - | (265,239) | - |
| Sales promotional expenses | - | 221,545 | - | 221,540 |
| Other underwriting expenses | 299,321 | 15,149 | 299,316 | 15,149 |
| Contribution to the Office of Insurance Commission | - | 39,211 | - | 39,211 |
| Contribution to the Life Insurance Fund | - | 23,416 | - | 23,416 |
| Total | 8,466,654 | 8,466,654 | 8,466,649 | 8,466,649 |
| Net | 14,496,418 | 14,496,418 | 14,496,423 | 14,496,423 |

36. Approval of interim financial statements

These interim financial statements were authorised for issue by the Board of Directors on 9 August 2016.