

Bangkok Life Assurance Public Company Limited
Report and financial statements
31 December 2013

Independent Auditor's Report

To the Shareholders of Bangkok Life Assurance Public Company Limited

I have audited the accompanying financial statements of Bangkok Life Assurance Public Company Limited, which comprise the statement of financial position as at 31 December 2013, and the related statements of income, comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Thai Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Thai Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Bangkok Life Assurance Public Company Limited as at 31 December 2013, and its financial performance and cash flows for the year then ended, in accordance with Thai Financial Reporting Standards.

Emphasis of Matter

I draw attention to the matter as discussed in Note 3.1 to the financial statements regarding to the change in accounting policy due to the adoption of Thai Accounting Standard 12 Income Taxes. The Company has restated the financial statements for the year ended 31 December 2012, presented as comparative information, to reflect the adjustment resulting from such change in accounting policy. The Company has also presented statement of financial position as at 1 January 2012 as comparative information, using the newly adopted accounting policy for income taxes. My opinion is not qualified in respect of this matter.



Rachada Yongsawadvanich
Certified Public Accountant (Thailand) No. 4951

Ernst & Young Office Limited
Bangkok: 19 February 2014

Bangkok Life Assurance Public Company Limited
Statements of financial position
As at 31 December 2013 and 2012 and 1 January 2012

(Unit: Baht)

	Note	31 December 2013	31 December 2012 (Restated)	1 January 2012 (Restated)
Assets				
Cash and cash equivalents	7, 32	1,331,190,953	865,845,947	2,736,720,476
Accrued investment income - net	11	1,862,525,767	1,500,076,847	1,375,597,931
Premium receivables	8	1,839,665,535	1,612,729,639	2,312,647,445
Reinsurance assets	9, 32	790,087,943	510,012,812	332,055,036
Investment assets				
Investments in securities - net	32			
Trading investments - net	10.1	100,057,865	477,236,368	299,019,595
Available-for-sale investments - net	10.2	20,187,669,759	18,395,331,360	13,358,947,452
Held-to-maturity investments	10.3, 33, 34	140,790,981,338	116,059,781,262	89,394,339,476
General investments	10.4	46,962,230	46,962,230	29,587,830
Loans - net	11, 32	3,525,693,845	2,649,100,421	2,113,082,452
Premises and equipment - net	12	326,614,377	304,954,930	306,415,271
Intangible assets - net	13	19,447,445	17,202,032	21,390,815
Deferred tax assets	3.1, 14.1	1,066,286,776	780,101,850	340,234,468
Other assets	15, 32	347,315,007	347,978,903	179,608,126
Total assets		172,234,498,840	143,567,314,601	112,799,646,373

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



(Mr. Chone Sophonpanich)
 Director

Bangkok Life Assurance Public Company Limited
Statements of financial position (Continued)
As at 31 December 2013 and 2012 and 1 January 2012

(Unit: Baht)

	Note	31 December 2013	31 December 2012 (Restated)	1 January 2012 (Restated)
Liabilities and owners' equity				
Liabilities				
Securities sold under repurchase agreements		950,000,000	200,000,000	-
Income tax payable		257,241,894	581,526,761	738,563,265
Amounts due to reinsurers	16, 32	450,008,758	400,098,875	266,778,378
Insurance contract liabilities				
Life policy reserves	17	136,616,421,004	111,259,206,400	88,386,403,850
Unpaid policy benefits	18	102,106,322	88,460,596	82,588,130
Loss reserves and outstanding claims	19, 32	297,503,638	340,909,580	333,830,276
Premium reserves	20	1,021,135,062	1,078,120,949	1,085,196,967
Other insurance liabilities		7,379,616,691	7,279,716,866	6,852,174,216
Employee benefit payables	21	299,382,694	266,958,660	233,793,703
Deferred tax liabilities	3.1, 14.1	1,098,048,029	1,288,404,931	494,917,951
Other liabilities	22, 32	1,499,378,109	1,319,141,914	1,048,861,404
Total liabilities		149,970,842,201	124,102,545,532	99,523,108,140

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



(Mr. Chone Sophonpanich)
 Director

Bangkok Life Assurance Public Company Limited
Statements of financial position (Continued)
As at 31 December 2013 and 2012 and 1 January 2012

(Unit: Baht)

	Note	31 December 2013	31 December 2012 (Restated)	1 January 2012 (Restated)
Owners' equity				
Share capital				
Registered				
1,220,000,000 ordinary shares of Baht 1 each		1,220,000,000	1,220,000,000	1,220,000,000
Issued and fully paid-up				
1,211,714,350 ordinary shares of Baht 1 each (31 December 2012: 1,204,771,855 ordinary shares of Baht 1 each, and 1 January 2012: 1,200,000,000 ordinary shares of Baht 1 each)	23	1,211,714,350	1,204,771,855	1,200,000,000
Share premium	23	2,846,250,643	2,759,469,456	2,699,821,268
Capital reserve on share-based payments	23, 24	66,068,779	28,315,191	-
Subscriptions received in advance from				
exercises of warrants	23	1,246,050	35,477,257	-
Retained earnings				
Appropriated				
Statutory reserve	26	122,000,000	122,000,000	122,000,000
General reserve		400,000,000	400,000,000	400,000,000
Unappropriated	3.1	13,225,119,255	9,761,362,477	6,872,550,441
Other component of owners' equity				
Revaluation surplus on available-for-sale				
investments - net of relevant income taxes	3.1, 10.9	4,391,257,562	5,153,372,833	1,982,166,524
Total owners' equity		22,263,656,639	19,464,769,069	13,276,538,233
Total liabilities and owners' equity		172,234,498,840	143,567,314,601	112,799,646,373

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



(Mr. Chone Sophonpanich)

Director


Bangkok Life Assurance Public Company Limited

Statements of income

For the years ended 31 December 2013 and 2012

		(Unit: Baht)	
	Note	2013	2012
			(Restated)
Revenues			
Net earned premium	27, 32	38,795,181,586	34,127,629,145
Net investment income	32	7,055,872,646	5,703,833,360
Total income		<u>45,851,054,232</u>	<u>39,831,462,505</u>
Expenses			
Underwriting			
Life policy reserves increased from prior year	27	25,357,214,604	22,872,802,550
Benefit payments under life policies and benefit adjustment expenses	27	9,599,304,983	6,542,697,588
Claims and losses adjustment expenses	27, 32	1,251,922,002	1,428,694,711
Commissions and brokerages expenses	27, 32	2,705,207,319	2,758,143,553
Sales promotional expenses	27	351,602,258	333,838,932
Other underwriting expenses	27, 32	31,013,149	30,223,750
Operating expenses	29, 32	1,720,361,682	1,488,023,132
Total underwriting expenses		<u>41,016,625,997</u>	<u>35,454,424,216</u>
Profits from underwriting		4,834,428,235	4,377,038,289
Gains on investments	10.8	592,982,350	480,098,923
Fair value losses	28	(47,808,690)	(18,832,374)
Other income		39,199,458	19,758,278
Profits from operations		<u>5,418,801,353</u>	<u>4,858,063,116</u>
Contribution to the Office of Insurance Commission		68,845,833	59,344,870
Contribution to the Life Insurance Fund		39,079,187	34,640,205
Profits before income tax expenses		<u>5,310,876,333</u>	<u>4,764,078,041</u>
Income tax expenses	3.1, 14.2	930,372,218	1,040,526,305
Profits for the years	3.1	<u>4,380,504,115</u>	<u>3,723,551,736</u>
Earnings per share			
3.1, 31			
Basic earnings per share			
Profits for the years		<u>3.62</u>	<u>3.10</u>
Diluted earnings per share			
Profits for the years		<u>3.61</u>	<u>3.08</u>

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


 (Mr. Chone Sophonpanich)
 Director

Bangkok Life Assurance Public Company Limited
Statements of comprehensive income
For the years ended 31 December 2013 and 2012

		(Unit: Baht)	
	Note	2013	2012
			(Restated)
Profits for the years		4,380,504,115	3,723,551,736
Other comprehensive income			
Gains (losses) on revaluation of available-for-sale investments		(583,550,040)	4,537,681,934
Gains on sales of available-for-sale investments			
transferred to be recognised in statements of income		(369,094,049)	(573,674,048)
Total other comprehensive income (loss) for the years		(952,644,089)	3,964,007,886
Add (less): Relevant income taxes	14.2	190,528,818	(792,801,577)
Other comprehensive income (loss) for the years - net			
of relevant income taxes	3.1	(762,115,271)	3,171,206,309
Total comprehensive income for the years		<u>3,618,388,844</u>	<u>6,894,758,045</u>

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




 (Mr. Chone Sophonpanich)
 Director

Bangkok Life Assurance Public Company Limited
 Statements of changes in owners' equity
 For the years ended 31 December 2013 and 2012

	Note	(Unit: Baht)											
		Issued and fully paid-up share capital			Capital reserve on share-based payment transactions		Subscriptions received in advance from exercises of warrants		Retained earnings		Other component of owners' equity - Revaluation surplus on available-for-sale investments - net of relevant income taxes		Total
		Issued and fully paid-up share capital	Share premium	Share-based payment transactions	Subscriptions received in advance from exercises of warrants	Retained earnings		Other component of owners' equity - Revaluation surplus on available-for-sale investments - net of relevant income taxes		Total			
						Statutory reserve	Appropriated General reserve	Unappropriated General reserve	Unappropriated				
Balance as at 31 December 2011 - as previously reported		1,200,000,000	2,699,821,268	-	-	-	122,000,000	400,000,000	6,531,692,293	2,477,708,155	13,431,221,716		
Adjustments of cumulative effect of the change in accounting policy regarding income taxes	3.1	-	-	-	-	-	-	-	340,858,148	(495,541,631)	(154,683,483)		
Balance as at 1 January 2012 - as restated		1,200,000,000	2,699,821,268	-	-	-	122,000,000	400,000,000	6,872,550,441	1,982,166,524	13,276,536,233		
Share-based payments	24	-	-	28,315,191	-	-	-	-	-	-	28,315,191		
Share capital increase as a result of warrant exercises	24	4,771,855	59,648,188	-	-	-	-	-	-	-	64,420,043		
Subscriptions received in advance from exercises of warrants	24	-	-	-	35,477,257	-	-	-	-	-	35,477,257		
Dividend paid	25	-	-	-	-	-	-	-	(834,739,700)	-	(834,739,700)		
Total comprehensive income for the year - as restated		-	-	-	-	-	-	-	3,723,551,736	3,171,206,309	6,894,758,045		
Balance as at 31 December 2012 - as restated		1,204,771,855	2,759,469,456	28,315,191	35,477,257	-	122,000,000	400,000,000	9,761,362,477	5,153,372,833	19,464,769,069		
Balance as at 31 December 201 - as previously reported		1,204,771,855	2,759,469,456	28,315,191	35,477,257	-	122,000,000	400,000,000	8,981,322,350	6,441,716,041	19,973,072,150		
Adjustments of cumulative effect of the change in accounting policy regarding income taxes	3.1	-	-	-	-	-	-	-	780,040,127	(1,288,343,208)	(508,303,081)		
Balance as at 31 December 2012 - as restated		1,204,771,855	2,759,469,456	28,315,191	35,477,257	-	122,000,000	400,000,000	9,761,362,477	5,153,372,833	19,464,769,069		
Share-based payments	24	-	-	37,753,588	-	-	-	-	-	-	37,753,588		
Share capital increase as a result of warrant exercises	24	6,942,495	86,781,187	-	(35,477,257)	-	-	-	-	-	58,246,425		
Subscriptions received in advance from exercises of warrants	24	-	-	-	1,246,050	-	-	-	-	-	1,246,050		
Dividend paid	25	-	-	-	-	-	-	-	(916,747,337)	-	(916,747,337)		
Total comprehensive income (loss) for the year		-	-	-	-	-	-	-	4,380,504,115	(762,115,271)	3,618,388,844		
Balance as at 31 December 2013		1,211,714,350	2,846,250,643	66,068,779	1,246,050	-	122,000,000	400,000,000	13,225,119,255	4,391,257,562	22,263,658,639		

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


 (Mr. Chone Sophonpanich)
 Director

Bangkok Life Assurance Public Company Limited**Statements of cash flows**

For the years ended 31 December 2013 and 2012

	(Unit: Baht)	
	2013	2012
Cash flows from operating activities		
Net premium written	37,811,475,731	34,535,018,568
Interest income	5,956,251,081	4,846,286,478
Dividend income	737,172,646	733,067,964
Other investment income	582,189,930	521,473,361
Other income	39,719,192	19,487,272
Benefit payments under life policies during the years	(10,497,388,119)	(7,381,664,053)
Dividends to policyholders	(166,893,000)	(74,423,900)
Commissions and brokerages	(2,708,306,946)	(2,703,652,234)
Other underwriting expenses	(364,815,276)	(299,344,075)
Operating expenses	(1,653,837,561)	(1,218,007,372)
Other expenses	(107,723,171)	(94,320,857)
Corporate income taxes	(1,540,670,095)	(1,636,744,788)
Net cash provided by operating activities	28,087,174,412	27,247,176,364
Cash flows from investing activities		
Cash flows from		
Investments in securities	29,649,954,369	68,607,678,655
Loans	726,549,806	733,715,091
Deposits at financial institutions	19,950,000,000	1,875,000,000
Premises and equipment	62,493	962,582
Cash from investing activities	50,326,566,668	71,217,356,328
Cash flows used in		
Investments in securities	(56,034,543,669)	(97,912,125,485)
Loans	(1,208,911,747)	(1,066,251,879)
Deposits at financial institutions	(20,510,000,000)	(750,000,000)
Premises and equipment	(87,685,796)	(72,187,457)
Cash used in investing activities	(77,841,141,212)	(99,800,564,821)
Net cash used in investing activities	(27,514,574,544)	(28,583,208,493)

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


.....
(Mr. Chone Sophonpanich)
Director

Bangkok Life Assurance Public Company Limited
Statements of cash flows (continued)
For the years ended 31 December 2013 and 2012

		(Unit: Baht)	
	Note	2013	2012
Cash flows from financing activities			
Proceeds from share capital increase as a result of warrant exercises	24	59,492,475	99,897,300
Proceeds from securities sold under repurchase agreements		750,000,000	200,000,000
Dividends paid	25	(916,747,337)	(834,739,700)
Net cash used in financing activities		<u>(107,254,862)</u>	<u>(534,842,400)</u>
Net increase (decrease) in cash and cash equivalents		465,345,006	(1,870,874,529)
Cash and cash equivalents at beginning of the years		865,845,947	2,736,720,476
Cash and cash equivalents at end of the years	7	<u>1,331,190,953</u>	<u>865,845,947</u>

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



 (Mr. Chone Sophonpanich)
 Director

Bangkok Life Assurance Public Company Limited
Table of contents for notes to financial statements
For the years ended 31 December 2013 and 2012

Note	Content	Page
1.	Corporate information.....	1
2.	Basis of preparation of financial statements	1
3.	New accounting standards	1
4.	Summary significant accounting policies	5
5.	Significant accounting judgments and estimates	14
6.	Change in accounting estimates.....	17
7.	Cash and cash equivalents.....	17
8.	Premium receivables	18
9.	Reinsurance assets	19
10.	Investments in securities	19
11.	Loans and accrued interest	24
12.	Premises and equipment.....	25
13.	Intangible assets	26
14.	Deferred tax assets/liabilities and income tax expenses	27
15.	Other assets	29
16.	Due to reinsurers	29
17.	Life policy reserve.....	30
18.	Unpaid policy benefits.....	30
19.	Loss reserves and outstanding claims	30
20.	Premium reserve	31
21.	Employee benefit payables.....	31
22.	Other liabilities	33
23.	Issued and paid-up share capital/Share premium/Capital reserve on share-based payments/Subscriptions received in advance from exercises of warrants.....	34
24.	Share-based payments - warrants.....	34
25.	Dividends paid	37
26.	Statutory reserve	37
27.	Operating segment.....	38
28.	Fair value losses.....	40
29.	Operating expenses	40
30.	Employee expenses	40
31.	Earnings per share	41
32.	Related party transactions	42

Bangkok Life Assurance Public Company Limited

Table of contents for notes to financial statements (continued)

For the years ended 31 December 2013 and 2012

Note	Content	Page
33.	Assets placed with the Registrar.....	45
34.	Assets reserved with the Registrar	45
35.	Commitments and contingent liabilities.....	46
36.	Financial instruments.....	47
37.	Contribution to Life Guarantee Fund.....	52
38.	Capital management	52
39.	Event after the reporting period	52
40.	Approval of financial statements.....	52

Bangkok Life Assurance Public Company Limited

Notes to financial statements

For the years ended 31 December 2013 and 2012

1. Corporate information

Bangkok Life Assurance Public Company Limited (“the Company”) is a publicly limited company incorporated and domiciled in Thailand. Its major shareholder is Nippon Life Insurance Company, which was incorporated in Japan. The Company is principally engaged in the provision of life insurance business. The 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

The financial statements have been prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Profession Act B.E. 2547, and in accordance with Thai accounting practices related to life insurance and the accounting and reporting guidelines prescribed by the Office of Insurance Commission (“OIC”). The presentation of the financial statements has been made in compliance with the Declaration of the Insurance Commission dated 27 May 2010.

The financial statements have been prepared on a historical cost basis except where otherwise disclosed in Note 4 to the financial statements regarding a summary of significant accounting policies.

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

3. New accounting standards

Below is a summary of accounting standards that became effective in the current accounting period and those that will become effective in the future.

3.1 Accounting standards that became effective in the current accounting period

Accounting standards:

TAS 12	Income Taxes
TAS 20 (revised 2009)	Accounting for Government Grants and Disclosure of Government Assistance
TAS 21 (revised 2009)	The Effects of Changes in Foreign Exchange Rates


.....
(Mr. Chone Sophonpanich)
Director

Financial Reporting Standard:

TFRS 8 Operating Segments

Accounting Standard Interpretations:

TSIC 10 Government Assistance - No Specific Relation to Operating Activities

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

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

Accounting Treatment Guidance for Transfers of Financial Assets

The above Thai accounting standards, Thai financial reporting standard, accounting standard interpretations and accounting treatment guidance do not have a significant impact on these financial statements, except for TAS 12 Income Taxes, the accounting policy of which can be summarised in Note 4 to the financial statements.

Hence, the Company recognised the effect as a result of such change in accounting policy by restating its prior years' financial statements, presented as comparative information, as if it had always adopted deferred tax accounting and presented it under the caption of "Adjustments of cumulative effect of the change in accounting policy regarding income taxes" in the statements of changes in owners' equity.

The amounts of adjustments to the statements of financial position, income and comprehensive income from the adoption of such accounting standard are summarised below.

	(Unit: Million Baht)		
	31 December 2013	31 December 2012	1 January 2012
Statements of financial position			
Deferred tax assets were increased by	1,066	780	340
Deferred tax liabilities were increased by	1,098	1,288	495
Unappropriated retained earnings were			
increased by	1,066	780	340
Other component of owners' equity was			
decreased by	1,098	1,288	495


.....
(Mr. Chone Sophonpanich)
Director

(Unit: Million Baht)

	For the years ended 31 December	
	2013	2012
Statements of income		
Income tax expenses were decreased by	286	439
Profits for the years were increased by	286	439
Basic earnings per share was increased by (Baht per share)	0.24	0.37
Diluted earnings per share was increased by (Baht per share)	0.24	0.36
Statements of comprehensive income		
Other comprehensive income (loss) was decreased by	(190)	793

3.2 Accounting standards that will become effective in the future

		<u>Effective date</u>
Accounting Standards:		
TAS 1 (revised 2012)	Presentation of Financial Statements	1 January 2014
TAS 7 (revised 2012)	Statement of Cash Flows	1 January 2014
TAS 12 (revised 2012)	Income Taxes	1 January 2014
TAS 17 (revised 2012)	Leases	1 January 2014
TAS 18 (revised 2012)	Revenue	1 January 2014
TAS 19 (revised 2012)	Employee Benefits	1 January 2014
TAS 21 (revised 2012)	The Effects of Changes in Foreign Exchange Rates	1 January 2014
TAS 24 (revised 2012)	Related Party Disclosures	1 January 2014
TAS 28 (revised 2012)	Investments in Associates	1 January 2014
TAS 31 (revised 2012)	Interests in Joint Ventures	1 January 2014
TAS 34 (revised 2012)	Interim Financial Reporting	1 January 2014
TAS 38 (revised 2012)	Intangible Assets	1 January 2014
Financial Reporting Standards:		
TFRS 2 (revised 2012)	Share-based Payment	1 January 2014
TFRS 3 (revised 2012)	Business Combinations	1 January 2014
TFRS 4	Insurance Contracts	1 January 2016
TFRS 5 (revised 2012)	Non-current Assets Held for Sale and Discontinued Operations	1 January 2014
TFRS 8 (revised 2012)	Operating Segments	1 January 2014


.....
(Mr. Chone Sophonpanich)
Director

Accounting Standard Interpretations:

TSIC 15	Operating Leases - Incentives	1 January 2014
TSIC 27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease	1 January 2014
TSIC 29	Service Concession Arrangements: Disclosures	1 January 2014
TSIC 32	Intangible Assets - Web Site Costs	1 January 2014

Financial Reporting Standard Interpretations:

TFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities	1 January 2014
TFRIC 4	Determining whether an Arrangement contains a Lease	1 January 2014
TFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds	1 January 2014
TFRIC 7	Applying the Restatement Approach under TAS 29 <i>Financial Reporting in Hyperinflationary Economies</i>	1 January 2014
TFRIC 10	Interim Financial Reporting and Impairment	1 January 2014
TFRIC 12	Service Concession Arrangements	1 January 2014
TFRIC 13	Customer Loyalty Programmes	1 January 2014
TFRIC 17	Distributions of Non-cash Assets to Owners	1 January 2014
TFRIC 18	Transfers of Assets from Customers	1 January 2014

The Company's management has assessed the effect of the above accounting standards, financial reporting standards, accounting standard interpretations and financial reporting standard interpretations and believes that they are not relevant to the business of the Company or have no significant impact on the financial statements when they are initially applied, except for TFRS 4, from which the Company's management is still evaluating the first-year impact to the financial statements and has yet to reach a conclusion.

4. Summary significant accounting policies

4.1 Revenue recognition

(a) Premium

For the first year policies, premium, net of premium ceded and refund, is recognised as revenue on the effective date of the insurance policies. For renewal policies, it is recognised as revenue when due and only on the policy that is still in force at the end of reporting period.

(b) Interest and dividend income on investments

Interest income is recognised as revenue on an accrual basis based on the effective interest rate. Dividends are recognised as revenue when the right to receive the dividend is established.

(c) Interest income on loans

Interest income is recognised as revenue over the term of the loans based on the amount of principal outstanding, except for interest income portion that has been past due over six months, it is recognised on a cash basis.

(d) Gains (losses) on investments

Gains (losses) on investments are recognised as revenues or expenses when incurred.

4.2 Expenses recognition

(a) Ceded premium

Ceded premium is recognised as expenses when the insurance risks are transferred to another reinsurer.

(b) Commissions and brokerages

Commission and brokerage fees are expensed when incurred.

(c) Claims and losses adjustment expenses

Claims and losses adjustment expenses consist of claims and losses adjustment expenses of insurance, and include the amounts of the claims, related expenses, and loss adjustments of the current and prior period incurred during the year, and less claims refundable from reinsurers.

Claims and losses adjustment expenses of insurance are recognised upon the receipt of the claims advice from the insured, based on the claims notified by the insured and estimates made by the Company's management. The maximum value of claims estimated is not however, to exceed the sum-insured under the relevant policy.

(d) Benefit payments under life policies

Benefit payments under life policies are recorded when notices of claims have been received or when conditions in policies are met.

4.3 Cash and cash equivalents

Cash and cash equivalents consist of cash in hand and at banks, and all highly liquid investments with an original maturity of three months or less and not subject to withdrawal restrictions.

4.4 Premium receivables and allowance for doubtful accounts

Premium receivable is stated at the net realisable value. The Company sets up allowance for doubtful accounts based on the estimated loss that may incur in collection of the premium due, on the basis of collection experiences, analysis of debt aging and a review of current status of the premium receivables as at the end of reporting period.

4.5 Reinsurance assets and due to reinsurers

(a) Reinsurance assets

Reinsurance assets are stated at the outstanding balance of amounts due from reinsurers and insurance reserves refundable from reinsurers.

Amounts due from reinsurers consist of accrued commission and brokerage income, claims and various other items receivable from reinsurers, excluding reinsurance premium receivables, less allowance for doubtful accounts. The Company records allowance for doubtful accounts for the estimated losses that may be incurred due to inability to make collection, taking into account collection experience and the status of receivables from reinsurers as at the end of the reporting period.

Insurance reserves refundable from reinsurers are estimated, based on the related reinsurance contracts, on loss reserve and outstanding claims in accordance with the law regarding insurance reserve calculation.

(b) Due to reinsurers

Due to reinsurers are stated at the amounts payable to reinsurers, which consist of reinsurance premiums and other items payable to reinsurers, excluding claims.

The Company presents net of reinsurance to the same entity (reinsurance assets or amounts due to reinsurers) when the following criteria for offsetting are met.

- (1) The Company has a legal right to offset amounts presented in the statements of financial position, and
- (2) The Company intends to receive or pay the net amount recognised in the statements of financial position, or to realise the asset at the same time as it pays the liability.

4.6 Investments in securities

The Company measures investments in securities according to classification of investments as follows:

- (a) Trading investments are stated at fair value. Changes in the fair value of these investments are recorded in statements of income.
- (b) Available-for-sale investments are stated at fair value. Changes in the fair value of these investments are recorded in statements of comprehensive income, and will be transferred to be recognised in statements of income when investments are disposed of.
- (c) Investments in held-to-maturity debt securities are recorded at amortised cost. The premium/discount on debt securities is amortised by the effective rate method with the amortised amount presented as an adjustment to the interest income. The investments in debt securities are classified as held-to-maturity debt securities when the Company has the positive intention and ability to hold them to maturity.
- (d) Investments in non-marketable equity securities are classified as general investments, and are stated at cost net of allowance for loss on impairment (if any).

The fair value of marketable securities is based on the latest bid price of the last working day of the year as quoted on the Stock Exchange of Thailand. The fair value of debt instruments is determined based on the curves or prices yield quoted by the Thai Bond Market Association. The fair value of investment units is determined from their net asset values.


.....
(Mr. Chone Sophonpanich)
Director

In the event the Company reclassifies investments from one type to another, such investments will be readjusted to their fair value as at the reclassification date. The differences between the carrying amount of the investments and their fair value on the date of reclassification is recorded in profit or loss from operation or recorded as revaluation surplus (deficit) on investments in equity, depending on the type of investment that is reclassified.

Purchases and sales of investments are recorded on the trading dates.

On disposal of an investment, the difference between net disposal proceeds and the cost of the investment is recognised as revenue or expense in statements of income. The weighted average method is used for computation of the cost of investments when sold.

4.7 Loans and allowance for doubtful accounts

Loans are stated at net realisable value. The Company sets up an allowance for doubtful accounts based on the estimated loss that may incur in collection of receivables, on the basis of collection experiences, analysis of debt aging and the appraisal value of the collateral of each debt.

4.8 Premises and equipment and depreciation

Land is stated at cost. Buildings and equipment are stated at cost less accumulated depreciation and allowance for loss on impairment (if any).

Depreciation of buildings and equipment are calculated by reference to their costs on a straight-line basis over the following estimated useful lives, or the period of the lease.

Buildings	- 20	years
Condominium units	- 20	years
Building improvements	- 5	years
Leasehold improvements	-	Period of lease
Furniture and fixtures and office equipment	- 3 years and 5	years
Motor vehicles	- 5	years

Depreciation is included in statements of income.

No depreciation is provided for land and construction in progress.

An item of property, buildings and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on disposal of an asset is included in profit or loss when the asset is derecognised.

4.9 Intangible assets and amortisation

Intangible assets are carried at cost less any accumulated amortisation and allowance loss on impairment (if any).

Intangible assets with finite lives are amortised on a systematic basis over their economic useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method of such intangible assets are reviewed at least at each financial year end. The amortisation amount is charged as expenses to in statements of income.

The useful lives of intangible assets with finite useful lives which are computer softwares are expected to generate economic benefit within 3 years, 5 years and 10 years.

4.10 Impairment of assets

At the end of each reporting period, the Company performs impairment reviews in respect of property, buildings and equipment and intangible assets whenever events or changes in circumstances indicate that an asset may be impaired. An impairment loss is recognised in statements of income when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount.

In the assessment of asset impairment if there is any indication that previously recognised impairment losses may no longer exist or may have decreased, the Company estimates the asset's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The increased carrying amount of the asset attributable to a reversal of an impairment loss shall not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss in which case the reversal.

4.11 Life policy reserves

Life policy reserves represent the accumulated total liabilities for policies in force as at the end of the reporting period. Such reserves are set aside for estimated future claims under all life policies in force. The Company calculates reserve under long-term policies with reference to net level premium reserve ("NPV"), which is an actuarial method, and assumptions as to mortality rate, morbidity rate, longevity and discount rates.



(Mr. Chone Sophonpanich)
Director

4.12 Loss reserves and outstanding claims

Outstanding claims are recorded at the amount to be actually paid. Loss reserves are provided upon receipt of claim advices from the insured based on the claims notified by the insured, and estimates made by the Company's management. The Company also sets up the reserve for loss that already incurred but not reported (IBNR), which is calculated by the actuarial method. The maximum value of claims estimate is not, however, to exceed the sum-insured under the relevant policy.

4.13 Premium reserves

Premium reserves consist of unearned premium reserves and unexpired risks reserves.

(a) Unearned premium reserves

At the end of year 2013, the Company records unearned premium reserves for insurance and group insurance, based on the amount calculated on net premium written for the year averaged monthly, using the one-twenty fourth basis, which has been changed from the basis previously determined based on 40% of net premium written for the year.

(b) Unexpired risk reserves

Unexpired risk reserves are the amounts set aside for claims, which may occur in the future, of the in-force policies. Unexpired risk reserves are determined using an actuarial method. The reserves are determined using the best estimates of the claims, which are expected to occur during the remaining coverage period, with reference to its historical claim data.

As at the end of reporting period, the Company compares the amounts of unexpired risk reserves with unearned premium reserves, and if unexpired risk reserves are higher than unearned premium reserves, the difference is recognised as unexpired risk reserves in the financial statements.

4.14 Employee benefits

Short-term employee benefits

Salaries, wages, bonuses and contributions to the social security fund are recognised as expenses when incurred.

Post-employment benefits and other long-term employee benefits

Defined contribution plans

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

Defined benefit plans and other long-term employee benefits

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

The obligations under the defined benefit plan and other long-term employee benefit plan are determined based on actuarial techniques, using the projected unit credit method.

Actuarial gains and losses arising from post-employment benefits and other long-term employee benefit plan are recognised immediately in statements of income.

The liabilities under the defined benefit plan and other long-term employee benefit plan comprise the present value of the defined benefit obligations less unrecognised past service cost and unrecognised actuarial gains or losses.

4.15 Provisions

Provisions are recognised when the Company has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

4.16 Share-based payment transactions

The scheme to issue warrants to employee of the Company will be recognised since the grant date based on the fair value of the issued securities as at the grant date. The Company will recognise them as expenses over the vesting period with a corresponding increase in “Capital reserve on share-based payments” in owners’ equity. The Company will transfer “Capital reserve on share-based payments” to be recognised as “Share premium” proportionately based on the number of warrants exercised when there is an exercise of warrant.

4.17 Long-term leases

Leases of property, buildings or equipment, which transfer substantially all the risks and rewards of ownership to the Company as being the lessee, are classified as finance leases. Finance leases are capitalised at the lower of the fair value of the leased assets and the present value of the minimum lease payments. The outstanding rental obligations, net of finance charges, are included in other long-term payables, while the interest element is charged to statements of income over the lease period. The asset acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease period.

Operating lease payments are recognised as an expense in statements of income on a straight line basis over the lease term.

4.18 Foreign currencies

The financial statements are presented in Baht, which is also the Company’s functional currency.

Transactions in foreign currencies are translated into Baht at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Baht at the exchange rate ruling at the end of reporting period. Gains and losses on exchange are included in determining income.

4.19 Income tax

Income tax expenses

Income tax expenses represent the sum of corporate income taxes currently payable and deferred income taxes.

Current income taxes

Current income taxes are provided in the accounts at the amount expected to be paid to the taxation authorities, based on taxable profits determined in accordance with tax legislation.

Deferred income taxes

Deferred income taxes are provided on temporary differences between the tax bases of assets and liabilities and their carrying amounts at the end of each reporting period, using the tax rates enacted at the end of the reporting periods.

The Company recognises deferred tax liabilities for all taxable temporary differences while it recognises deferred tax assets for all deductible temporary differences to the extent that it is probable that future taxable profit will be available against which such deductible temporary differences can be utilised.

At each reporting date, the Company reviews and reduces the carrying amount of deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

The Company records deferred income taxes directly to owners' equity if the taxes relate to items that are recorded directly to owners' equity.

4.20 Derivatives

Forward exchange contracts

Receivables and payables arising from forward exchange contracts are translated into Baht at the rates of exchange ruling at the end of reporting period. Unrecognised gains and losses from the translation are included in statements of income. Premium or discounts on forward exchange contracts are amortised on a straight-line basis over the contract periods.

Cross currency swap contracts

Payables and receivables arising from cross currency swap contracts are translated into Baht at the rates of exchange ruling at the end of reporting period. Unrecognised gains and losses from the translation are recognised in statements of income.

4.21 Related party transactions

Related parties comprise enterprises and individuals that control, or are controlled by, the Company, whether directly or indirectly, or which are under common control with the Company.

They also include individuals which directly or indirectly own a voting interest in the Company that gives them significant influence over the Company, key management personnel, directors and officers with authority in the planning and direction of the Company's operations.

5. Significant accounting judgments and estimates

The preparation of financial statements in conformity with financial reporting standards at times requires management to make subjective judgments and estimates regarding matters that are inherently uncertain. These judgments and estimates affect reported amounts and disclosures; and actual results could differ from these estimates. Significant judgments and estimates are as follows:

5.1 Leases

In determining whether a lease is to be classified as an operating lease or finance lease, the management is required to use judgment regarding whether significant risk and rewards of ownership of the leased asset has been transferred, taking into consideration terms and conditions of the arrangement.

5.2 Allowance for doubtful accounts on receivables/loans/premium receivables

In determining an allowance for doubtful accounts, loans and premium receivables the management needs to make judgment and estimates based upon, among other things, past collection history, aging profile of outstanding debts and the prevailing economic condition.

5.3 Impairment of investments in equity securities

The Company treats available-for-sale investments and general investments as impaired when impaired when the management judges that there has been a significant or prolonged decline in the fair value below their cost or where other objective evidence of impairment exists. The determination of what is "significant" or "prolonged" requires judgment of the management.

5.4 Premises and equipment/Depreciation

In determining depreciation of buildings and equipment, the management is required to make estimates of the useful lives and residual values of the Company's, buildings and equipment and to reviews estimated useful lives and residual values when there are any changes.

In addition, the management is required to review property, buildings and equipment for impairment on a periodical basis and record impairment losses when it is determined that their recoverable amount is lower than the carrying amount. This requires judgements regarding forecast of future revenues and expenses relating to the assets subject to the review.

5.5 Intangible assets

The initial recognition and measurement of intangible assets, and subsequent impairment testing, require management to make estimates of cash flows to be generated by the asset and to choose a suitable discount rate in order to calculate the present value of those cash flows.

5.6 Deferred tax assets

Deferred tax assets are recognised for deductible temporary differences to the extent that it is probable that taxable profit will be available against which the temporary differences can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of estimate future taxable profits.

5.7 Life policy reserves

Life policy reserves are calculated using the actuarial method, based on the current assumptions or on assumptions established at inception of the contract which reflect the best estimate at the time increased with a margin for risk and adverse deviation. The main assumptions used relate to mortality, morbidity, longevity, and discount rates.

5.8 Loss reserves and outstanding claims

At each reporting period, the Company has to estimate loss reserves and outstanding claims taking into account two parts. These are the claims incurred and reported at the reporting date, and the claims incurred but not yet reported (IBNR) at the reporting date. The key assumptions underlying these actuarial techniques relate to historical experiences, including the development of claims estimates, paid and incurred losses, average costs per claim and claim numbers, etc. Nevertheless, such estimates are forecasts of future outcomes, and therefore actual results could differ.

5.9 Unexpired risk reserves

Unexpired risk reserves are calculated using an actuarial method, based on a best estimate of the claims expected to be paid over the remaining term of the insurance. Estimating the reserve requires the management to exercise judgment, with reference to historical data and the best estimates available at the time.

5.10 Post-employment benefits and other long-term employee benefits

The obligations under the defined benefit plan and other long-term employee benefit plan are determined based on actuarial techniques. Such determination is made based on various assumptions, including discount rate, future salary increase rate, mortality rate and staff turnover rate.

5.11 Litigation

The Company has contingent liabilities as a result of litigation. The Company's management has used judgment to assess of the results of the litigation and believes that no loss will result. Therefore no contingent liabilities are recorded as at the end of reporting period.



5.12 Cost of share-based payment transactions

Estimating the cost of share-based payment transactions requires the determination of the fair value of the options granted under the transactions which involves appropriate assumptions, including but not limited to the expected life of the share options, share price volatility and dividend yield.

6. Change in accounting estimates

At the end of 2013, the Company changed the calculation of unearned premium reserves for insurance and group insurance from 40 % of net premium written for the year to a monthly average basis (the one-twenty fourth basis) of net premium written for the year. This change in accounting estimates has the effect of decreasing unearned premium reserves of Baht 255 million (net of relevant income taxes) and at the same time increasing profit for the year 2013 by Baht 255 million (increasing basic earning per share and diluted earnings per share of Baht 0.21 per share).

7. Cash and cash equivalents

	(Unit: Baht)	
	31 December	
	2013	2012
Cash on hand	10,817,997	6,438,416
Deposits at banks with no fixed maturity date	1,320,372,956	859,407,531
Deposits at banks with fixed maturity date	1,310,000,000	750,000,000
Total cash and deposits at financial institutions	2,641,190,953	1,615,845,947
Less: Deposits at banks and financial institutions with an original maturity period of longer than 3 months	(1,310,000,000)	(750,000,000)
Cash and cash equivalents - net	<u>1,331,190,953</u>	<u>865,845,947</u>

As at 31 December 2013, interest rates on saving accounts, fixed deposits and notes are in the range of 0.50 % - 6.10% per annum (31 December 2012: 0.063% - 6.10% per annum).

8. Premium receivables

As at 31 December 2013 and 2012, the outstanding balances of premium receivables, classified by overdue period, counted from the due dates under the stipulated credit terms, are as follows:

(Unit: Baht)

	31 December 2013		
	Due from the insured	Due from agents and brokers	Total
Not yet due	1,779,023,030	28,355,479	1,807,378,509
Overdue			
Not over 30 days	960	13,276,200	13,277,160
Over 30 days to 60 days	14,696,244	2,066,872	16,763,116
Over 60 days to 90 days	-	1,028,793	1,028,793
Over 90 days to 1 year	135,190	364,961	500,151
Over 1 year	325,595	392,211	717,806
Total premium receivables	<u>1,794,181,019</u>	<u>45,484,516</u>	<u>1,839,665,535</u>

(Unit: Baht)

	31 December 2012		
	Due from insured	Due from agents and brokers	Total
Not yet due	1,561,794,383	27,009,885	1,588,804,268
Overdue			
Not over 30 days	192,880	7,344,220	7,537,100
Over 30 days to 60 days	970,342	5,327,853	6,298,195
Over 60 days to 90 days	1,208,521	3,986,228	5,194,749
Over 90 days to 1 year	1,655,794	2,828,770	4,484,564
Over 1 year	10,315	400,448	410,763
Total premium receivables	<u>1,565,832,235</u>	<u>46,897,404</u>	<u>1,612,729,639</u>

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.


 (Mr. Chone Sophonpanich)
 Director

9. Reinsurance assets

(Unit: Baht)

	31 December	
	2013	2012
Insurance reserve refundable from reinsurers	290,901,155	66,994,992
Amounts due from reinsurers	499,186,788	443,017,820
Reinsurance assets	<u>790,087,943</u>	<u>510,012,812</u>

As at 31 December 2013 and 2012, the outstanding balances of amounts due from reinsurers, classified by overdue period, are as follows:

(Unit: Baht)

	31 December	
	2013	2012
Not yet due	499,186,788	443,017,820
Total amounts due from reinsurers	<u>499,186,788</u>	<u>443,017,820</u>

10. Investments in securities

10.1 Trading investments

(Unit: Baht)

	31 December 2013					31 December 2012				
	Cost	Unrealised gains	Unrealised losses	Fair Value	Percentage of total assets	Cost	Unrealised gains	Unrealised losses	Fair Value	Percentage of total assets
Government and state enterprise securities										
Thai government bonds	100,056,691	19,769	(18,595)	100,057,865	0.06	476,046,230	3,261,599	(2,071,461)	477,236,368	0.33
Trading investments - net	<u>100,056,691</u>	<u>19,769</u>	<u>(18,595)</u>	<u>100,057,865</u>	<u>0.06</u>	<u>476,046,230</u>	<u>3,261,599</u>	<u>(2,071,461)</u>	<u>477,236,368</u>	<u>0.33</u>


 (Mr. Chone Sophonpanich)
 Director

10.2 Available-for-sale investments

(Unit: Baht)

	31 December 2013					31 December 2012				
	Cost	Unrealised gains	Unrealised losses	Fair Value	Percentage of total assets	Cost	Unrealised gains	Unrealised losses	Fair Value	Percentage of total assets
Government and state enterprise securities										
Thai government bonds	1,789,646,285	37,802,418	(5,912,168)	1,821,536,535	1.06	3,098,389,385	71,168,953	-	3,169,558,338	2.21
Equity securities	-	-	-	-	-	235,579,111	254,012,239	-	489,591,350	0.34
Total	1,789,646,285	37,802,418	(5,912,168)	1,821,536,535	1.06	3,333,968,496	325,181,192	-	3,659,149,688	2.55
Private enterprise debt securities										
Equity securities	7,609,880,478	5,371,622,115	(90,083,330)	12,891,419,263	7.48	6,400,851,827	5,796,101,012	(16,458,349)	12,180,494,490	8.48
Investment units	4,009,662,591	122,781,439	(325,050,589)	3,807,393,441	2.21	1,327,416,487	204,808,780	(12,137,654)	1,520,087,613	1.06
Total	11,619,543,069	5,494,403,554	(415,133,919)	16,698,812,704	9.69	7,728,268,314	6,000,909,792	(28,596,003)	13,700,582,103	9.54
Foreign securities										
Investment units	1,213,438,000	453,882,520	-	1,667,320,520	0.97	921,608,000	141,581,775	(27,590,206)	1,035,599,569	0.72
Total	1,213,438,000	453,882,520	-	1,667,320,520	0.97	921,608,000	141,581,775	(27,590,206)	1,035,599,569	0.72
Available- for-sale investments - net	14,622,627,354	5,986,088,492	(421,046,087)	20,187,669,759	11.72	11,983,844,810	6,467,672,759	(56,186,209)	18,395,331,360	12.81

10.3 Held-to-maturity investments

(Unit: Baht)

	31 December 2013		31 December 2012	
	Cost/ Amortised cost	Percentage of total assets	Cost/ Amortised cost	Percentage of total assets
Government and state enterprise securities				
Thai government bonds	83,649,675,007	48.57	70,965,540,915	49.43
State enterprise bonds	16,601,881,828	9.64	14,266,402,411	9.94
Debentures	2,794,134,742	1.62	2,595,140,818	1.81
Promissory notes	2,500,000,000	1.45	2,500,000,000	1.74
Total	105,545,691,577	61.28	90,327,084,144	62.92
Private enterprise debt securities				
Promissory notes/bills of exchange	10,169,376,537	5.90	9,072,307,669	6.32
Debentures	10,915,244,966	6.34	9,739,819,027	6.78
Total	21,084,621,503	12.24	18,812,126,696	13.10
Foreign debt securities				
Bonds	2,684,276,790	1.56	2,370,936,657	1.65
Debentures	10,166,391,468	5.90	3,799,633,765	2.65
Total	12,850,668,258	7.46	6,170,570,422	4.30
Deposits at financial institutions with maturity period of longer than 3 months				
Deposit at banks	1,010,000,000	0.59	450,000,000	0.31
Certificates of deposit	300,000,000	0.17	300,000,000	0.21
Total	1,310,000,000	0.76	750,000,000	0.52
Total held-to-maturity investments	140,790,981,338	81.74	116,059,781,262	80.84

(Mr. Chone Sophonpanich)
Director

10.4 General investments

(Unit: Baht)

	31 December 2013		31 December 2012	
	Cost	Percentage of	Cost	Percentage of
		total asset		total asset
Investments in non-marketable securities				
Domestic	29,887,830	0.02	29,887,830	0.02
Overseas	17,074,400	0.01	17,074,400	0.01
Total general investments	46,962,230	0.03	46,962,230	0.03

10.5 Remaining periods to maturity of debt securities

(Unit: Baht)

	31 December 2013				31 December 2012			
	Period to maturity			Total	Period to maturity			Total
	Within 1 year	1 – 5 years	Over 5 years		Within 1 year	1 – 5 years	Over 5 years	
Trading investment								
Government and state enterprise securities								
Thai government bonds	-	-	100,056,691	100,056,691	-	-	476,046,230	476,046,230
Add: Unrealised gains	-	-	1,174	1,174	-	-	1,190,138	1,190,138
Total trade investments	-	-	100,057,865	100,057,865	-	-	477,236,368	477,236,368
Available-for-sale investment								
Government and state enterprise securities								
Thai government bonds	-	491,341,635	1,298,304,650	1,789,646,285	-	1,718,370,905	1,380,018,480	3,098,389,385
Add: Unrealised gains	-	9,458,903	22,431,347	31,890,250	-	23,446,166	47,722,787	71,168,953
Total	-	500,800,538	1,320,735,997	1,821,536,535	-	1,741,817,071	1,427,741,267	3,169,558,338
Total available-for-sale investments	-	500,800,538	1,320,735,997	1,821,536,535	-	1,741,817,071	1,427,741,267	3,169,558,338
Held-to-maturity investment								
Government and state enterprise securities								
Thai government bonds	18,016,178	3,736,390,095	79,895,268,734	83,649,675,007	995,364,662	3,986,825,845	65,983,350,408	70,965,540,915
State enterprise bonds	613,983,486	3,818,034,110	12,169,864,232	16,601,881,828	949,912,063	3,216,799,996	10,099,690,352	14,266,402,411
Debentures	300,679,242	1,109,374,236	1,384,081,264	2,794,134,742	-	820,422,922	1,774,717,896	2,595,140,818
Promissory notes	-	-	2,500,000,000	2,500,000,000	-	-	2,500,000,000	2,500,000,000
Total	932,678,906	8,663,798,441	95,949,214,230	105,545,691,577	1,945,276,725	8,024,048,763	80,357,758,656	90,327,084,144
Private enterprises securities								
Promissory notes/bills of exchange	800,000,000	1,810,000,000	7,559,376,537	10,169,376,537	-	2,370,000,000	6,702,307,669	9,072,307,669
Debentures	535,000,000	2,165,000,000	8,215,244,966	10,915,244,966	560,000,000	1,758,000,000	7,421,819,027	9,739,819,027
Total	1,335,000,000	3,975,000,000	15,774,621,503	21,084,621,503	560,000,000	4,128,000,000	14,124,126,696	18,812,126,696
Foreign investments								
Bonds	580,332,690	1,133,944,100	970,000,000	2,684,276,790	380,704,403	1,590,232,254	400,000,000	2,370,936,657
Debentures	-	2,163,926,309	8,002,465,159	10,166,391,468	-	2,161,628,698	1,638,005,067	3,799,633,765
Total	580,332,690	3,297,870,409	8,972,465,159	12,850,668,258	380,704,403	3,751,860,952	2,038,005,067	6,170,570,422

	31 December 2013				31 December 2012			
	Period to maturity			Total	Period to maturity			Total
	Within 1 year	1 – 5 years	Over 5 years		Within 1 year	1 – 5 years	Over 5 years	
Deposit at financial institutions with maturity period of longer than 3 months								
Deposit at banks	1,010,000,000	-	-	1,010,000,000	50,000,000	400,000,000	-	450,000,000
Certificates of deposit	-	300,000,000	-	300,000,000	-	300,000,000	-	300,000,000
Total	1,010,000,000	300,000,000	-	1,310,000,000	50,000,000	700,000,000	-	750,000,000
Total held-to-maturity investments	3,858,011,596	16,236,668,850	120,696,300,892	140,790,981,338	2,935,981,128	16,603,909,715	96,519,890,419	116,059,781,262

10.6 Investments in structured notes

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

- (a) As at 31 December 2013 and 2012, the Company has investments of Baht 900 million and Baht 1,400 million, respectively, in promissory notes and bills of exchange, which were issued by local banks and branches of foreign commercial banks, have remaining maturity periods of 6 - 15 years, and contain conditions whereby the issuer has call option or has rights to call for additional deposits.
- (b) As at 31 December 2013 and 2012, the Company has investments of Baht 1,810 million and Baht 1,570 million, respectively, in promissory notes and bills of exchange, which were issued by branches of foreign commercial banks, have remaining maturity period of 3 years, 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 31 December 2013 and 2012, the Company has investments of Baht 3,600 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 maturity periods of 6 - 9 years, and bear interest that is reference to the yield rate on government bond (CMT Index).
- (d) As at 31 December 2013 and 2012, the Company has investments of Baht 2,340 million and Baht 1,702 million, respectively, in promissory notes and bills of exchange, which were issued by branches of foreign commercial banks, have remaining maturity periods of 6 - 15 years, and contain conditions whereby redemption of the notes and bills is based on the credit event of the reference assets.

- (e) As at 31 December 2013, the Company has investments of Baht 720 million, in promissory notes and bills of exchange, which were issued by branches of foreign commercial banks, have remaining lives of 20 years, 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.

The above promissory notes and bills of exchange contain embedded derivatives that are not closely related to the host contracts, except for investments in (b) above.

10.7 Investments subject to restriction

As at 31 December 2013 and 2012, the Company has placed government and state enterprise bonds of Baht 28,253 million and Baht 20,836 million, respectively with the Registrar as securities and reserves as described in Notes 33 and 34 to the financial statements.

10.8 Gains on investments

Gains on investments for the years ended 31 December 2013 and 2012 consisted of:

	(Unit: Baht)	
	For the years ended 31 December	
	2013	2012
Gains on sales of investments		
Trading investments	28,287,811	132,351,464
Available-for-sale investments	509,424,337	347,747,459
Held-to-maturity investments	55,270,202	-
Total	<u>592,982,350</u>	<u>480,098,923</u>

10.9 Revaluation surplus on available-for-sale investments

	(Unit: Baht)	
	For the years ended 31 December	
	2013	2012
Revaluation surplus on available-for-sale investments - beginning of the years	6,441,716,041	2,477,708,155
Gains (losses) on revaluation during the years	(583,550,040)	4,537,681,934
Gains on sales of available-for-sale investments during the years transferred to be recognised in statements of income	(369,094,049)	(573,674,048)
Revaluation surplus on available-for-sale investments - end of the years	5,489,071,952	6,441,716,041
Less: Relevant income taxes	(1,097,814,390)	(1,288,343,208)
Revaluation surplus on available-for-sale investments - net of relevant income taxes	<u>4,391,257,562</u>	<u>5,153,372,833</u>

11. Loans and accrued interest

As at 31 December 2013 and 2012, the balances of loans and accrued interest receivables, classified by overdue periods, are as follows:

(Unit: Baht)

Overdue periods	31 December 2013								
	Policy loans		Mortgage loans		Other loans		Total		
	Principal	Accrued interest	Principal	Accrued interest	Principal	Accrued interest	Principal	Accrued interest	Total
Current	3,163,865,787	225,983,821	344,315,743	229,620	15,968,553	-	3,524,150,083	226,213,441	3,750,363,524
Overdue:									
6 - 12 months	-	-	303,142	2,913	-	-	303,142	2,913	306,055
Over 12 months	-	-	1,187,069	79,478	119,959	1,583	1,307,028	81,061	1,388,089
Total	3,163,865,787	225,983,821	345,805,954	312,011	16,088,512	1,583	3,525,760,253	226,297,415	3,752,057,668
Less: Allowance for doubtful accounts	-	-	(66,408)	(79,478)	-	-	(66,408)	(79,478)	(145,886)
Loans and accrued interest receivables									
- net	3,163,865,787	225,983,821	345,739,546	232,533	16,088,512	1,583	3,525,693,845	226,217,937 ⁽¹⁾	3,751,911,782

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

(Unit: Baht)

Overdue periods	31 December 2012								
	Policy loans		Mortgage loans		Other loans		Total		
	Principal	Accrued interest	Principal	Accrued interest	Principal	Accrued interest	Principal	Accrued interest	Total
Current	2,379,924,493	177,370,233	250,004,809	27,795	17,274,290	-	2,647,203,592	177,398,028	2,824,601,620
Overdue:									
Less than 6 months	-	-	639,699	3,143	-	-	639,699	3,143	642,842
6 - 12 months	-	-	-	-	16,188	-	16,188	-	16,188
Over 12 months	-	-	1,222,637	79,478	84,713	1,583	1,307,350	81,061	1,388,411
Total	2,379,924,493	177,370,233	251,867,145	110,416	17,375,191	1,583	2,649,166,829	177,482,232	2,826,649,061
Less: Allowance for doubtful accounts	-	-	(66,408)	(79,478)	-	-	(66,408)	(79,478)	(145,886)
Loans and accrued interest receivables									
- net	2,379,924,493	177,370,233	251,800,737	30,938	17,375,191	1,583	2,649,100,421	177,402,754 ⁽¹⁾	2,826,503,175

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

Loans to employees under the employee welfare scheme are set for a credit limit of Baht 100,000 to each employee for personal guarantee loans and of not to exceed 50 times the employee's salary to each employee for secured loans. The interest rates charged are at the rates of 6 percent and 5 percent per annum, respectively. As at 31 December 2013 and 2012, loans to employees and agents totalled Baht 73 million and Baht 69 million, respectively.

12. Premises and equipment

(Unit: Baht)

	Land	Buildings and buildings improvements	Condominium	Office furniture, fixture and equipment	Motor vehicles	Properties foreclosed	Construction In progress	Total
Cost:								
1 January 2012	72,476,800	326,798,314	36,632,960	425,316,595	23,206,322	6,685,000	-	891,115,991
Additions	24,764,090	3,067,796	-	36,288,991	1,626,580	-	6,440,000	72,187,457
Disposals	-	-	-	(11,619,125)	(4,123,000)	-	-	(15,742,125)
31 December 2012	97,240,890	329,866,110	36,632,960	449,986,461	20,709,902	6,685,000	6,440,000	947,561,323
Additions	21,370,978	10,787,772	-	35,214,180	10,356,680	-	9,956,185	87,685,795
Disposals	-	(1,272,004)	-	(8,936,297)	-	-	-	(10,208,301)
Transfer in (out)	-	4,877,250	-	-	-	-	(4,877,250)	-
31 December 2013	118,611,868	344,259,128	36,632,960	476,264,344	31,066,582	6,685,000	11,518,935	1,025,038,817
Accumulated depreciation:								
1 January 2012	-	229,644,384	14,959,295	321,567,247	16,944,821	1,584,973	-	584,700,720
Depreciation on disposals	-	-	-	(11,287,020)	(4,122,980)	-	-	(15,410,000)
Depreciation for the year	-	17,099,902	1,831,648	50,828,346	3,465,777	90,000	-	73,315,673
31 December 2012	-	246,744,286	16,790,943	361,108,573	16,287,618	1,674,973	-	642,606,393
Depreciation on disposals	-	(1,272,004)	-	(8,914,030)	-	-	-	(10,186,034)
Depreciation for the year	-	14,588,137	1,831,648	46,495,759	2,998,537	90,000	-	66,004,081
31 December 2013	-	260,060,419	18,622,591	398,690,302	19,286,155	1,764,973	-	698,424,440
Net book value:								
31 December 2012	97,240,890	83,121,824	19,842,017	88,877,888	4,422,284	5,010,027	6,440,000	304,954,930
31 December 2013	118,611,868	84,198,709	18,010,369	77,574,042	11,780,427	4,920,027	11,518,935	326,614,377
Depreciation for the year								
2012								73,315,673
2013								66,004,081

As at 31 December 2013 and 2012, certain items of buildings and equipment of the Company have been fully depreciated but are still in use. The cost before deducting accumulated depreciation of those assets amounted to Baht 432 million and Baht 343 million, respectively.


 (Mr. Chone Sophonpanich)
 Director

13. Intangible assets

(Unit: Baht)

	Computer softwares	Computer Softwares under development	Total
Cost:			
1 January 2012	60,593,797	160,500	60,754,297
Increase	5,753,500	-	5,753,500
31 December 2012	66,347,297	160,500	66,507,797
Increase	9,550,647	2,675,000	12,225,647
Transfer in (out)	2,557,300	(2,557,300)	-
31 December 2013	78,455,244	278,200	78,733,444
Accumulated amortisation:			
1 January 2012	39,363,482	-	39,363,482
Amortisation for the year	9,942,283	-	9,942,283
31 December 2012	49,305,765	-	49,305,765
Amortisation for the year	9,980,234	-	9,980,234
31 December 2013	59,285,999	-	59,285,999
Net book value			
31 December 2012	17,041,532	160,500	17,202,032
31 December 2013	19,169,245	278,200	19,447,445
Amortisation for the year			
2012			9,942,283
2013			9,980,234

14. Deferred tax assets/liabilities and income tax expenses

14.1 Deferred tax assets/liabilities

Deferred tax assets and deferred tax liabilities consisted of tax effects on temporary differences as shown below.

	(Unit: Baht)							
	Changes in deferred tax assets/liabilities reported in the statements of income and comprehensive income							
	31 December		31 December		1 January		For the years ended 31 December	
	2013	2012	2012	2012	2013	2012	2013	2012
		(Restated)			(Restated)			(Restated)
Deferred tax assets								
Life policy reserves	1,019,004,493	732,914,999	304,326,534	(286,089,494)	(428,588,465) ⁽¹⁾			
Loss reserves and outstanding claims	15,484,627	16,106,215	11,657,911	621,588 ⁽¹⁾	(4,448,304) ⁽¹⁾			
Provisions for long-term employee benefits	31,542,177	31,051,459	24,224,229	(490,718) ⁽¹⁾	(6,827,230) ⁽¹⁾			
Others	255,479	29,177	25,794	(226,302) ⁽¹⁾	(3,383) ⁽¹⁾			
Total deferred tax assets	<u>1,066,286,776</u>	<u>780,101,850</u>	<u>340,234,468</u>					
Deferred tax liabilities								
Investments								
Trading investments	233,639	61,723	(623,680)	(171,916) ⁽¹⁾	(685,403) ⁽¹⁾			
Available-for-sale investments	1,097,814,390	1,288,343,208	495,541,631	(190,528,818) ⁽²⁾	792,801,577 ⁽²⁾			
Total deferred tax liabilities	<u>1,098,048,029</u>	<u>1,288,404,931</u>	<u>494,917,951</u>					
Total amount that decreased income tax expenses in statements of income				<u>(286,013,010)</u>	<u>(439,181,979)</u>			
Total amount recognised as income tax (revenue) expenses in statements of comprehensive income⁽²⁾				<u>(190,528,818)</u>	<u>792,801,577</u>			

14.2 Income tax expenses

Income tax expenses for the years ended 31 December 2013 and 2012 are made up as follows:

	(Unit: Baht)	
	For the years ended 31 December	
	2013	2012
		(Restated)
Current income taxes:		
Corporate income tax charge	1,216,385,228	1,479,708,284
Deferred income taxes:		
Relating to origination and reversal of temporary differences	(286,013,010)	(439,181,979)
Income tax expenses recognised in statements of income	<u>930,372,218</u>	<u>1,040,526,305</u>

Reconciliations between income tax expenses and the product of accounting profits for the years ended 31 December 2013 and 2012 and the applicable corporate income tax rates are as follows:

	(Unit: Baht)	
	For the years ended 31 December	
	2013	2012
		(Restated)
Accounting profits before income tax expenses	<u>5,310,876,333</u>	<u>4,764,078,041</u>
Applicable corporate income tax rates	20%	23%
Income taxes at the applicable corporate income tax rates	1,062,175,266	1,095,737,949
Net tax effect on income or expenses that are not taxable or not deductible in determining taxable profits	(131,803,048)	(121,088,940)
Effects of changes in the applicable corporate income tax rates	-	65,877,296
Income tax expenses recognised in statements of income	<u>930,372,218</u>	<u>1,040,526,305</u>

The amounts of income taxes relating to each component of other comprehensive income (loss) for the years ended 31 December 2013 and 2012 are as follows:

	(Unit: Baht)	
	For the years ended 31 December	
	2013	2012
		(Restated)
Income taxes relating to:		
Gains (loss) on revaluation of available-for-sale investments	(116,710,008)	907,536,387
Gains (loss) on sales of available-for-sale investment transferred to be recognised in statements of income	(73,818,810)	(114,734,810)
Income taxes (revenues) expenses as reported in statements of comprehensive income	<u>(190,528,818)</u>	<u>792,801,577</u>

15. Other assets

	(Unit: Baht)	
	31 December	
	2013	2012
Prepaid rental expenses	81,616,658	93,410,039
Receivable from sales of investments	138,612,018	193,287,500
Prepaid expenses	91,970,496	24,459,693
Deposits	23,403,954	19,160,406
Others	11,711,881	17,661,265
Total	<u>347,315,007</u>	<u>347,978,903</u>

16. Due to reinsurers

	(Unit: Baht)	
	31 December	
	2013	2012
Outward premium payable	450,008,758	400,098,875
Total due to reinsurers	<u>450,008,758</u>	<u>400,098,875</u>



 (Mr. Chone Sophonpanich)
 Director

17. Life policy reserve

(Unit: Baht)

For the years ended 31 December

	2013	2012
Balances - beginning of the years	111,259,206,400	88,386,403,850
Life policy reserve for premium received during the years and increase reserves for enforced policies benefit and other claims	34,778,277,097	28,891,861,757
Benefit paid for death, maturity, surrender and other claims	(9,421,062,493)	(6,019,059,207)
Balances - end of the years	<u>136,616,421,004</u>	<u>111,259,206,400</u>

18. Unpaid policy benefits

(Unit: Baht)

31 December

	2013	2012
Death benefits	92,452,035	87,751,151
Maturity payments	9,654,287	709,445
Total	<u>102,106,322</u>	<u>88,460,596</u>

19. Loss reserves and outstanding claims

(Unit: Baht)

For the years ended 31 December

	2013	2012
Balances - beginning of the years	340,909,580	333,830,276
Claims and losses adjustment expenses for the years	1,659,761,235	2,033,661,404
Claims and losses adjustment expenses paid during the years	(1,703,167,177)	(2,026,582,100)
Balances - end of the years	<u>297,503,638</u>	<u>340,909,580</u>


.....
(Mr. Chone Sophonpanich)
Director

20. Premium reserve

20.1 Unearned premium reserve

(Unit: Baht)

For the years ended 31 December

	2013	2012
Balances - beginning of the years	1,078,120,949	1,085,196,967
Premium written for the years	2,786,817,442	2,695,302,374
Premium earned for the years	(2,843,803,329)	(2,702,378,392)
Balances - end of the years	<u>1,021,135,062</u>	<u>1,078,120,949</u>

20.2 Unexpired risk reserve

(Unit: Baht)

For the years ended 31 December

	2013	2012
Balances - beginning of the years	743,903,455	759,637,877
Decrease during the years	(103,196,092)	(15,734,422)
Balances - end of the years	<u>640,707,363</u>	<u>743,903,455</u>

21. Employee benefit payables

(Unit: Baht)

31 December

	2013	2012
Short-term employee benefits payables	141,671,811	111,701,364
Provisions for long-term employee benefits	157,710,883	155,257,296
Total employee benefit payables	<u>299,382,694</u>	<u>266,958,660</u>

As at 31 December 2013 and 2012, provision for long-term employee benefits in relation to compensations on employee retirement and other long-term employee benefits were as follows:

	(Unit: Baht)	
	For the years ended 31 December	
	2013	2012
Defined benefit obligation at beginning of years	155,257,296	121,121,145
Current service cost	18,822,578	13,448,999
Interest cost	6,416,267	5,645,145
Benefit paid during the years	(10,025,200)	(5,925,800)
Actuarial (gains) losses	(12,760,058)	20,967,807
Defined benefit obligation at end of years	<u>157,710,883</u>	<u>155,257,296</u>

Long-term employee benefit expenses included in the statements of income for the years ended 31 December 2013 and 2012 were as follows:

	(Unit: Baht)	
	For the years ended 31 December	
	2013	2012
Current service cost	18,822,578	13,448,999
Interest cost	6,416,267	5,645,145
Actuarial (gains) losses recognised during the years	(12,760,058)	20,967,807
Total expenses recognised in statements of income	<u>12,478,787</u>	<u>40,061,951</u>

Principal assumptions at the valuation dates were as follows:

	2013	2012
	(% per annum)	(% per annum)
Discount rates	4.25%, 3.75%	4.25%, 3.75%
Future salary incremental rates	5.75%	5.75%
Staff turnover rates (depending on age of employee)	Monthly 1% - 8%	Monthly 1% - 5%
	Daily 3% - 9%	Daily 3% - 9%
Gold per weight of 1 Baht (Baht)	20,000	25,400


 (Mr. Chone Sophonpanich)
 Director

Amounts of defined benefit obligation for the current and previous three years are as follows:

	(Unit: Thousand Baht)	
	Defined benefit obligation	Experience adjustments on obligation
Year 2013	157,710	(3,020)
Year 2012	155,257	-
Year 2011	121,121	-
Year 2010	108,188	-

22. Other liabilities

	(Unit: Baht)	
	31 December	
	2013	2012
Accrued commission expenses	471,892,044	474,991,671
Accrued expenses	310,852,412	279,245,304
Withholding tax payable	25,541,703	57,780,393
Premium received for policies not yet approved	161,132,685	102,988,520
Amounts received awaiting transfer	136,671,098	127,189,555
Payable to policyholders on exempted premiums	93,382,166	95,833,722
Forward exchange contracts payables	171,871,613	54,357,000
Payable on purchases of investments	25,572,799	43,882,562
Others	102,461,589	82,873,187
Total	<u>1,499,378,109</u>	<u>1,319,141,914</u>

23. Issued and paid-up share capital/Share premium/Capital reserve on share-based payments/Subscriptions received in advance from exercises of warrants

Reconciliations for the years ended 31 December 2013 are as follows:

	Issued and fully paid-up share capital		Share premium	Capital reserve on share- based payments	Subscriptions received in advance from exercises of warrants
	Number of shares	Baht	Baht	Baht	Baht
Balances - beginning of the year	1,204,771,855	1,204,771,855	2,759,469,456	28,315,191	35,477,257
Issuance of ordinary shares as a result of exercise of Warrant No. 1	6,942,495	6,942,495	86,781,187	-	(35,477,257)
Proceeds from exercises of warrants (Note 24)	-	-	-	-	1,246,050
Expenses in respect of share-based payments - Warrant No. 2 (Note 24)	-	-	-	37,753,588	-
Balances - end of the year	<u>1,211,714,350</u>	<u>1,211,714,350</u>	<u>2,846,250,643</u>	<u>66,068,779</u>	<u>1,246,050</u>

24. 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 allocated 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. Warrant No. 2 was already allocated to employee and the grant date is stipulated to be 1 April 2012.

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

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

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 per share for Warrant No.2. The first exercise date is 3 years from the grant date.

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.

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 years 31 December 2013 and 2012 amounting to Baht 38 million and Baht 28 million, respectively.



 (Mr. Chone Sophonpanich)
 Director

Movements of units of warrants during the years ended 31 December 2013 and 2012 are summarised below.

	(Units)		
	For the year ended 31 December 2013		
	Number of warrants		
	Warrants No.1	Warrants No.2	Total
Number of unexercised warrants at beginning of the year	5,350,200	7,150,000	12,500,200
Exercised during the year	(4,406,850)	-	(4,406,850)
Number of unexercised warrants at end of the year	<u>943,350</u>	<u>7,150,000</u>	<u>8,093,350</u>

	(Units)		
	For the year ended 31 December 2012		
	Number of warrants		
	Warrants No.1	Warrants No.2	Total
Number of unexercised warrants at beginning of the year	12,850,000	7,150,000	20,000,000
Exercised during the year	(7,399,800)	-	(7,399,800)
Warrants of holders who resigned during the year	(100,000)	-	(100,000)
Number of unexercised warrants at end of the year	<u>5,350,200</u>	<u>7,150,000</u>	<u>12,500,200</u>

During the years ended 31 December 2013 and 2012, the Warrant No. 1 holders exercised 4,406,850 units and 7,399,800 units of warrants, respectively at an exercise price of Baht 13.50 each. Details are summarised below.

	Units of warrants	Exercise price per share Baht	Proceeds from exercises Baht	Issued and paid up share capital Baht	Share Premium Baht	Subscriptions received in advance from exercises of warrants Baht	Share capital registration date	Listing date
The third exercise	3,401,500	13.50	45,920,250	3,401,500	42,518,750	-	25 April 2013	26 April 2013
The fourth exercise	799,050	13.50	10,787,175	799,050	9,988,125	-	16 July 2013	17 July 2013
The fifth exercise	114,000	13.50	1,539,000	114,000	1,425,000	-	18 October 2013	22 October 2013
The sixth exercise	92,300	13.50	1,246,050	-	-	1,246,050	20 January 2014	21 January 2014
Total 2013	<u>4,406,850</u>		<u>59,492,475</u>	<u>4,314,550</u>	<u>53,931,875</u>	<u>1,246,050</u>		
The first exercise	4,771,855	13.50	64,420,043	4,771,855	59,648,188	-	16 October 2012	19 October 2012
The second exercise	2,627,945	13.50	35,477,257	-	-	35,477,257	14 January 2013	18 January 2013
Total 2012	<u>7,399,800</u>		<u>99,897,300</u>	<u>4,771,855</u>	<u>59,648,188</u>	<u>35,477,257</u>		

(Mr. Chone Sophonpanich)
Director

25. Dividends paid

Dividends declared during the years ended 31 December 2013 and 2012 consisted of the following:

	Approved by	Total dividend (Million Baht)	Dividend per share (Baht)
Final dividend for 2012	Annual General Meeting of the Shareholders on 26 April 2013 and the OIC on 26 April 2013	433.65	0.36
Interim dividend from retained earnings	Meeting of Board of Directors on 9 August 2013 and the OIC on 29 August 2013	483.10	0.40
Total dividends paid in 2013		<u>916.75</u>	<u>0.76</u>
Final dividend for 2011	Annual General Meeting of the Shareholders on 27 April 2012 and the OIC on 23 April 2012	408.0	0.34
Interim dividend from operations for six-month period ended 30 June 2012	Meeting of Board of Directors on 8 August 2012 and the OIC on 14 September 2012	432.0	0.36
Total dividends paid in 2012		<u>840.0</u>	<u>0.70</u>

26. Statutory reserve

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside to a statutory reserve at least 5 percent of its net profit after deducting accumulated deficit brought forward (if any), until the reserve reaches 10 percent of the registered capital. The statutory reserve is not available for dividend distribution.

27. Operating segment

The Company presented operating segment information in the same manner as that reported to the Office of the 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.

The Company is operated in Thailand only. As a result, all of the revenues and assets as reflected in these financial statements pertain to the aforementioned geographical reportable. In 2013 and 2012, the Company has no major customer with revenue of 10 percent or more of an entity’s revenues.

Underwriting information classified by insurance categories for the years ended 31 December 2013 and 2012 is as follows:

(Unit: Baht)

	For the year ended 31 December 2013			
	Traditional products - no participating dividend	Life annuity products - no participating dividend	Personal accident	Total
Underwriting income				
Premium written	38,856,577,872	181,703,248	40,905,836	39,079,186,956
Less: Premium ceded	(565,700,706)	-	-	(565,700,706)
Net premium written	38,290,877,166	181,703,248	40,905,836	38,513,486,250
Add (less): Unearned premium reserve	284,410,770	-	(2,715,434)	281,695,336
Total underwriting income	38,575,287,936	181,703,248	38,190,402	38,795,181,586
Underwriting expenses				
Life policy reserves increased from prior year	25,190,777,075	166,437,529	-	25,357,214,604
Benefit payments under life policies and benefit adjustment expenses	9,596,511,803	2,793,180	-	9,599,304,983
Losses and losses adjustment expenses	1,243,615,495	-	8,306,507	1,251,922,002
Commissions and brokerage expenses	2,685,276,409	18,960,367	970,543	2,705,207,319
Sales promotional expenses	349,609,354	1,646,784	346,120	351,602,258
Other underwriting expenses	30,837,364	145,255	30,530	31,013,149
Total underwriting expenses	39,096,627,500	189,983,115	9,653,700	39,296,264,315


 (Mr. Chone Sophonpanich)
 Director

(Unit: Baht)

	For the year ended 31 December 2012			Total
	Traditional products - no participating dividend	Life annuity products - no participating dividend	Personal accident	
Underwriting income				
Premium written	34,475,471,069	120,734,107	43,999,672	34,640,204,848
Add (less): Premium ceded	(519,688,742)	-	37,021	(519,651,721)
Net premium written	33,955,782,327	120,734,107	44,036,693	34,120,553,127
Add (less): Unearned premium reserve	6,090,089	-	985,929	7,076,018
Total underwriting income	33,961,872,416	120,734,107	45,022,622	34,127,629,145
Underwriting expenses				
Life policy reserves increased from prior year	22,769,710,081	103,092,469	-	22,872,802,550
Benefit payments under life policies and benefit adjustment expenses	6,540,716,322	1,981,266	-	6,542,697,588
Losses and losses adjustment expenses	1,422,536,306	103,374	6,055,031	1,428,694,711
Commissions and brokerage expenses	2,741,087,402	16,114,431	941,720	2,758,143,553
Sales promotional expenses	332,217,487	1,181,030	440,415	333,838,932
Other underwriting expenses	30,076,955	106,923	39,872	30,223,750
Total underwriting expenses	33,836,344,553	122,579,493	7,477,038	33,966,401,084

The following table presents segment assets of the Company's operating segments as at 31 December 2013 and 2012.

	Traditional products - no participating dividend			Life annuity products - no participating dividend		Unallocated assets	Total
	Personal accident	Total segments	Personal accident	Total segments			
Assets							
As at 31 December 2013	2,622,646,259	6,682,739	424,480	2,629,753,478	169,604,745,362	172,234,498,840	
As at 31 December 2012	2,118,789,860	3,495,131	457,460	2,122,742,451	141,444,572,150	143,567,314,601	
Liabilities							
As at 31 December 2013	137,717,609,009	349,640,512	20,315,303	138,087,564,824	11,883,277,377	149,970,842,201	
As at 31 December 2012	112,536,623,372	183,202,983	17,599,869	112,737,426,224	11,365,119,308	124,102,545,532	


 (Mr. Chone Sophonpanich)
 Director

28. Fair value losses

	(Unit: Baht)	
	For the years ended 31 December	
	2013	2012
Unrealised gains (losses) from trading investments	(1,167,020)	1,190,138
Unrealised gains (losses) on foreign exchange contracts	(75,822,635)	29,373,948
Gains (losses) on exchange	29,180,965	(49,396,460)
Total fair value losses	<u>(47,808,690)</u>	<u>(18,832,374)</u>

29. Operating expenses

	(Unit: Baht)	
	For the years ended 31 December	
	2013	2012
Personal expenses, which are not expenses for underwriting and claims	808,539,361	717,002,425
Premises and equipment expenses, which are not expenses for underwriting	150,446,314	152,432,153
Taxes and duties	183,177,828	141,673,476
Other operating expenses	578,198,179	476,915,078
Total operating expenses	<u>1,720,361,682</u>	<u>1,488,023,132</u>

30. Employee expenses

	(Unit: Baht)	
	For the years ended 31 December	
	2013	2012
Salary and wages	733,387,129	628,873,396
Social security fund	10,022,867	8,193,805
Contribution to defined employee benefit	28,420,746	25,443,255
Other benefits	74,081,799	97,075,269
Total employee expenses	<u>845,912,541</u>	<u>759,585,725</u>


.....
(Mr. Chone Sophonpanich)
Director

The Company and its employees have jointly established a provident fund in accordance with the Provident Fund Act. B.E. 2530. Both employees and the Company contribute to the fund at rates ranging from 5 percent to 10 percent and the Company at rates ranging from 5 percent to 10 percent of the employees' basic salaries, based on length of service. The fund, which is managed by a fund manager licensed by the Ministry of Commerce will be paid to the employees upon termination in accordance with the rules of fund. For the years ended 31 December 2013 and 2012, the Company contributed Baht 28 million and Baht 25 million, respectively.

31. Earnings per share

Basic earnings per share is calculated by dividing profits for the years (as presented in statements of income) by the weighted average number of ordinary shares in issue during the years.

Diluted earnings per share is calculated by dividing profits for the years (as presented in statements of income) by the weighted average number of ordinary shares in issue during the years 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 years ended 31 December 2013 and 2012 are as follows:

	Profits for the years (Thousand Baht)		Weighted average number of shares (Thousand shares)		Earnings per share (Baht)	
	2013	2012 (Restated)	2013	2012	2013	2012 (Restated)
Basic earnings per share						
Profits for the year	4,380,504	3,723,552	1,210,430	1,201,247	3.62	3.10
Effect of dilutive potential ordinary shares						
Warrant No. 1	-	-	1,852	8,217		
Warrant No. 2	-	-	2,111	-(1)		
Diluted earnings per share						
Profits of ordinary shareholder assuming the conversion of warrants to ordinary shares	4,380,504	3,723,552	1,214,393	1,209,464	3.61	3.08

(1) No calculation of dilutive potential ordinary shares on Warrant No. 2 since the sum of the exercise price and fair value of employee services provided to the Company in the future per unit is higher than the average market price.


 (Mr. Chone Sophonpanich)
 Director

32. Related party transactions

In considering each possible related party relationship, consideration is directed to the substance of the relationship over the legal form. The relationship between the Company and its related parties are summarised below.

Name of related parties	Type of business	Relationship with the Company
Bangkok Bank Pcl.	Banking	Shareholding and related by way of common directors
Bangkok Insurance Pcl.	Insurance	Shareholding and related by way of common directors
Thai Reinsurance Pcl.	Insurance	Related by way of common directors
Thaire Life Assurance Pcl. ⁽¹⁾	Life assurance	Subsidiary of Thai Reinsurance Pcl.
Sorachai Vivatn Co., Ltd.	Property development	Related by way of common directors
Bumrungrad Hospital Pcl.	Health care services	Related by way of common directors and shareholders
The Phyathai 1 Hospital Co., Ltd.	Health care services	Related by way of common directors
The Phyathai 2 Hospital Co., Ltd.	Health care services	Related by way of common directors
The Phyathai 3 Hospital Co., Ltd. ⁽²⁾	Health care services	Related by way of common directors
Rajburi Sugar Co., Ltd.	Industry	Related by way of common directors
Narai Ruamphiphat Co., Ltd.	Property development	Holding by an individual related to the major shareholder of the Company
Bangkok Business Building (1987) Co., Ltd.	Rental of assets	Related by way of common directors and shareholders
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
Ex-chai Distribution System Co., Ltd.	Commercial	Related by way of common directors
BBL Asset Management Co., Ltd.	Asset management	Related by way of common directors and shareholders
Bualuang Securities Pcl.	Securities	Subsidiary of the major shareholder of the Company
Asia Insurance Company Limited	Insurance	Related by way of common directors
BLA Insurance Broker Co., Ltd	Insurance broker	Related by way of common directors are the management of the Company
Bangpain Golf Co., Ltd	Services	Related by way of common directors
Bangkok Mitsubishi UFJ Lease Co., Ltd.	Services	Related by way of common directors
TMD Design, LLC	Services	Holding by an individual related to the major shareholder of the Company

⁽¹⁾ It had been considered a related party until 31 July 2013 because the Company has no common directors with Thaire Life Assurance Pcl. since then.

⁽²⁾ It had been considered a related party until 8 May 2013 because the Company has no common directors with The Phyathai 3 Hospital Co., Ltd. since then.

During the years, the Company had significant business transactions with its related parties. Such transactions, which have been concluded on commercial terms and bases agreed upon in the ordinary course business between the Company and those parties are as follows:

(Unit: Baht)

	For the years ended 31 December		Pricing Policy
	2013	2012	
Premium written	4,448,313	4,102,558	Normal commercial terms for underwriting
Premium ceded	84,251,795 ⁽¹⁾	108,866,898	Normal commercial terms for reinsurance depending on type of insurance and reinsurance contract
Claim recoverable from reinsurer	59,858,725	96,695,180	At a mutually agreed percentage of reinsurance premium
Commission and brokerages	1,211,717,065	1,195,129,091	At a mutually agreed percentage of premium written
Claim payment and diagnose charge	50,425,738	67,172,029	Normal commercial terms for underwriting
Interest income - deposits at bank, promissory notes and debentures	334,622,572	241,875,473	Same rates as those offered by financial institutions and related companies to general customers
Interest income mortgage loans	10,963,842	8,645,344	Same rates as the Company charges to general borrowers who mortgage assets as collateral
Dividend income	161,122,124	121,251,685	As declared
Bank charges	85,755,484	88,977,940	Same rates as those charged by financial institutions and related companies to general customers
Insurance premium	2,038,243	1,110,464	Normal commercial terms for underwriting
Building space rental and services	65,205,747	62,724,251	Head office building: Rental fee of approximately Baht 90 per square meter per month and service fee of Baht 35 per square meter per month since 1 August 2012 (before 1 August 2012: fee of Baht 29 per square meter) for long-term agreement and approximately Baht 47, Baht 138 per square meter per month and service fees approximately Baht 100, 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	617,334	40,075	Normal commercial terms for services
Rental income	225,750	-	Rental fees of Baht 166 per square meter per month and service fees of Baht 334 per square meter.
Brokerage income from securities trading	15,935,678	1,805,171	Normal commercial terms for securities brokerage

⁽¹⁾ Excluded amount with Thaire Life Assurance Pcl. as from 31 July 2013 since it had not been considered a related party since then.


.....
(Mr. Chone Sophonpanich)
Director

For the years 31 December 2013 and 2012, the premium generated from the Bancassurance distribution channel represented approximately 63.26% and 62.21% of total net premium written, respectively.

As at 31 December 2013 and 2012, the balance of the accounts between the Company and those related companies are as follows:

	(Unit: Thousand Baht)	
	31 December 2013	31 December 2012
Deposit at financial institution		
(included in cash and cash equivalents)	1,776,563	852,168
Reinsurance assets	949 ⁽¹⁾	91,931
Investments in securities		
Available-for-sale investments - cost		
Domestic equity securities	1,405,407	1,450,475
Domestic investment unit	1,493,510	780,348
Total available-for-sale investment - cost	2,898,917	2,230,823
Add: Unrealised gains	1,287,694	1,411,213
Total available-for-sale investments - fair value	4,186,611	3,642,036
Held-to-maturity investments - cost/amortised cost		
Private enterprise debt securities	4,105,000	3,705,000
Foreign debt securities	4,801,185	1,638,005
Total held-to-maturity investment - cost/amortised cost	8,906,185	5,343,005
General investments - foreign equity securities	11,467	11,467
Total investments in securities	13,104,263	8,996,508
Loans	159,679	183,115
Other assets		
Prepaid rental expense	81,617	93,410
Prepaid expense	922	1,162
Rental improvement	936	-
Total other assets	83,475	94,572
Amounts due to reinsurers	908	51,534
Outstanding claims	6,866	11,826
Other liabilities		
Accrued commission	198,090	173,634
Accrued rental and service expense	353	691
Total other liabilities	198,443	174,325

⁽¹⁾ The outstanding balances with Thaire Life Assurance Plc. were not included because it had been considered a related party until 31 July 2013.

Directors and management's benefits

During the years ended 31 December 2013 and 2012, the Company had employee benefit expenses payable to their directors and management as below.

	(Unit: Million Baht)	
	For the years ended 31 December	
	2013	2012
Short-term employee benefits	41.33	40.55
Long-term employee benefits	1.63	2.52
Share-based payment transactions (Note 24)	2.20	2.20
Total	45.16	45.27

The details of the warrants allocated to the Company's employees are presented in Note 24 to the financial statements.

33. Assets placed with the Registrar

As at 31 December 2013 and 2012, the following assets have been pledged with the Registrar in accordance with the Life Insurance Act.

	(Unit: Baht)			
	31 December 2013		31 December 2012	
	Cost/ Amortised cost	Fair value	Cost/ Amortised cost	Fair value
State enterprise bonds	20,000,000	20,884,527	20,000,000	21,156,977

34. Assets reserved with the Registrar

As at 31 December 2013 and 2012, the following assets have been placed as reserves with the Registrar in accordance with the Life Insurance Act.

	(Unit: Baht)			
	31 December 2013		31 December 2012	
	Cost/ Amortised cost	Fair value	Cost/ Amortised cost	Fair value
Government bonds	20,802,166,594	20,810,966,621	12,480,608,158	13,414,367,520
State enterprise bonds	7,430,454,801	7,883,827,016	8,335,857,706	9,047,014,595
Total	28,232,621,395	28,694,793,637	20,816,465,864	22,461,382,115


 (Mr. Chone Sophonpanich)
 Director

35. Commitments and contingent liabilities

35.1 Commitments under agreements

- (a) The Company has entered into several lease agreements in respect of the lease of office building space, motor vehicles and equipment. The terms of the agreements are generally between 3 and 24 years for 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 31 December 2013 and 2012, future minimum lease payments required under these non-cancellable operating lease contracts were as follows:

(Unit: Million Baht)

	31 December 2013			Total
	Payable within		Over	
	1 year	1 - 5 years	5 years	
Operating lease agreements	26	20	2	48
Service agreements	24	34	9	67
Total	50	54	11	115

(Unit: Million Baht)

	31 December 2012			Total
	Payable within		Over	
	1 year	1 - 5 years	5 years	
Operating lease agreements	35	30	3	68
Service agreements	44	44	13	101
Total	79	74	16	169

- (b) As at 31 December 2013 and 2012, the Company may need to deposit additional amounts in the future under the investment conditions as described in Note 10.6 (a) and Note 10.6 (b) to the financial statements, as summarised below.

(Unit: Million Baht)

Payable within	31 December	
	2013	2012
1 year	1,140	1,240
2 - 5 years	950	590
Over 5 years	300	-

35.2 Litigation

As at 31 December 2013 and 2012, the Company has been sued in litigation cases of compensation of claims totaling approximately Baht 39 million and Baht 42 million, respectively, for being the insurer. The Company has yet provided for any provision for loss on such cases since there are still uncertainties with respect to the outcome of the cases.

36. Financial instruments

36.1 Financial risk management

The Company's financial instruments, as defined under Thai Accounting Standard No.107 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, premiums receivable, reinsurance assets/liabilities, loans, and investments. The financial risks associated with these financial instruments and how they are managed is described below.

Credit risk

Concentrations of the credit risk with respect to loans and premium receivables are expected to be low due to the large number of customers and borrowers and their dispersion across different industries and geographic regions in Thailand. The maximum exposure to credit risk is the carrying value of such assets as presented in statement of financial position.

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



 (Mr. Chone Sophonpanich)
 Director

Interest rate risk

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

As at 31 December 2013 and 2012, financial assets classified by type of interest rate are summarised in the table below.

(Unit: Baht)

	31 December 2013		
	No interest	Floating interest	
		rate	Fixed interest rate
Cash equivalents	312,243,147	1,018,947,806	-
Investments in securities			
Government and state enterprise securities	-	-	107,467,285,977
Private enterprise debt securities	-	-	21,084,621,503
Foreign debt securities	-	-	12,850,668,259
Deposit at financial institutions with maturity period of longer than 3 months	-	-	1,310,000,000
Loans	2,007,850	57,664,530	3,466,021,465
Total	314,250,997	1,076,612,336	146,178,597,204

(Unit: Baht)

	31 December 2012		
	No interest	Floating interest	
		rate	Fixed interest rate
Cash equivalent	437,959,233	427,886,714	-
Investments in securities			
Government and state enterprise securities	-	-	93,973,878,850
Private enterprise debt securities	-	-	18,812,126,696
Foreign debt securities	-	-	6,170,570,422
Deposit at financial institutions which amounts maturing in over 3 months	-	-	750,000,000
Loans	4,544,594	52,690,686	2,591,865,141
Total	442,503,827	480,577,400	122,298,441,109


 (Mr. Chone Sophonpanich)
 Director

As at 31 December 2013 and 2012, the financial assets that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date as follows:

(Unit: Baht)

	31 December 2013				Average interest rate (% p.a.)
	Within	1 - 5 years	Over 5 years	Total	
	1 year				
Investments in securities					
Government and state enterprise securities	932,678,906	9,164,598,979	97,370,008,092	107,467,285,977	4.39
Private enterprises debt securities	1,335,000,000	3,975,000,000	15,774,621,503	21,084,621,503	5.23
Foreign debt securities	580,332,690	3,297,870,409	8,972,465,160	12,850,668,259	5.19
Deposit at financial institutions which amounts maturing in over 3 months	1,010,000,000	300,000,000	-	1,310,000,000	3.77
Loans	1,534,338	31,698,113	3,432,789,014	3,466,021,465	5.50 -12.00
Total	3,859,545,934	16,769,167,501	125,549,883,769	146,178,597,204	

(Unit: Baht)

	31 December 2012				Average interest rate (% p.a.)
	Within	1 - 5 years	Over 5 years	Total	
	1 year				
Investments in securities					
Government and state enterprise securities	1,945,276,725	9,765,865,834	82,262,736,291	93,973,878,850	4.41
Private enterprises debt securities	560,000,000	4,128,000,000	14,124,126,696	18,812,126,696	5.14
Foreign debt securities	380,704,404	3,751,860,952	2,038,005,066	6,170,570,422	5.13
Deposit at financial institutions which amounts maturing in over 3 months	50,000,000	700,000,000	-	750,000,000	4.48
Loans	2,041,955	11,261,012	2,578,562,174	2,591,865,141	6.05 - 12.00
Total	2,938,023,084	18,356,987,798	101,003,430,227	122,298,441,109	

Foreign currency risk

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


 (Mr. Chone Sophonpanich)
 Director

As at 31 December 2013 and 2012, the balances of financial assets denominated in foreign currencies are summarised below.

Foreign currency	Financial assets as at 31 December		Average exchange rate as at 31 December	
	(Million units)		(Baht per 1 foreign currency unit)	
	2013	2012	2013	2012
US dollar	414.86	194.04	32.68	30.49

Foreign exchange contracts outstanding at 31 December 2013 and 2012 are summarised below.

Foreign currency	Long position as at 31 December		Contractual exchange rates		Maturity date	
	2013	2012	2013	2012	2013	2012
	(Million)		(Baht per 1 foreign currency unit)			
US dollar	413.60	194.02	29.25 - 41.00	29.80 - 41.00	January 2014 - October 2023	January 2013 - September 2022

36.2 Fair value

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

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

Investments in securities

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

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

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

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

Policy loans

The fair value of policy loan is based on the amount presented in the statement of financial position.

As at 31 December 2013 and 2012, the aggregate carrying values of the Company's financial instruments which are significantly different from their aggregate fair values can be summarised as follows:

(Unit: Baht)

	31 December 2013		31 December 2012	
	Carrying value	Fair value	Carrying value	Fair value
Held-to-maturity investments				
Bonds	102,935,833,625	102,475,814,167	87,602,879,984	90,343,785,802
Debentures	23,875,771,176	24,532,654,523	16,134,593,610	16,947,661,011
Investments in notes as described in Note 10.6 (a) (exclusion of put option)	900,000,000	784,402,881	1,400,000,000	1,491,427,123
Investments in notes as described in Note 10.6 (b)	1,810,000,000	2,027,658,565	1,570,000,000	2,153,567,720
Investments in notes as described in Note 10.6 (c)	3,600,000,000	3,567,962,030	3,600,000,000	3,662,710,596
Investments in notes as described in Note 10.6 (d)	2,339,847,385	2,266,251,233	1,702,307,669	1,713,100,000
Investments in notes as described in Note 10.6 (e)	719,529,152	585,020,000	-	-

37. Contribution to Life Guarantee Fund

(Unit: Baht)

	For the year ended 31 December	
	2013	2012
Life guarantee fund at the beginning of the years	120,726,542	86,086,337
Contribution during the years	39,079,187	34,640,205
Life guarantee fund at the end of the years	159,805,729	120,726,542

38. Capital management


The primary objective of the Company's capital management are to ensure that it has an appropriate financial structure, to preserves the Company's ability to continue its business as a going concern and to maintain capital reserve in accordance with Declarations of the OIC.

39. Event after the reporting period

On 19 February 2014, the meeting of the Company's Board of Directors passed a resolution to approve a dividend payment of Baht 0.51 per share from retained earnings. However, the payment of dividend must be approved by the resolution of the Annual General Meeting of shareholders of the Company and the Office of Insurance Commission.

40. Approval of financial statements

These financial statements were authorised for issue by the Board of Directors of the Company on 19 February 2014.


.....
(Mr. Chone Sophonpanich)
Director