

Bangkok Life Assurance Public Company Limited
Review report and interim financial statements
For the three-month and nine-month periods ended
30 September 2012 and 2011

Independent Auditor's Report on Review of Interim Financial Information

To the shareholders of Bangkok Life Assurance Public Company Limited

I have reviewed the accompanying statement of financial position of Bangkok Life Assurance Public Company Limited as at 30 September 2012, and the statements of income and comprehensive income for the three-month and nine-month periods ended 30 September 2012 and 2011, the statements of changes in equity and cash flows for the nine-month periods ended 30 September 2012 and 2011, as well as the condensed notes to the financial statements. Management is responsible for the preparation and presentation of this interim financial information in accordance with Thai Accounting Standard 34 Interim Financial Reporting. My responsibility is to express a conclusion on this interim financial information based on my reviews.

Scope of review

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

Conclusion

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

Statement of financial position as at 31 December 2011 for comparative purposes

I have previously audited the financial statements of Bangkok Life Assurance Public Company Limited for the year ended 31 December 2011 in accordance with Thai auditing standards, and expressed an unqualified opinion on those statements under my report dated 22 February 2012. The statement of financial position as at 31 December 2011, as presented herein for comparative purposes, formed an integral part of those financial statements. I have not performed any other audit procedures subsequent to the date of the above report.

Nonglak Pumnoi
Certified Public Accountant (Thailand) No. 4172

Ernst & Young Office Limited
Bangkok: 14 November 2012

Bangkok Life Assurance Public Company Limited
Statements of financial position
As at 30 September 2012 and 31 December 2011

		(Unit: Baht)	
	Note	30 September 2012	31 December 2011
		(Unaudited but reviewed)	(Audited)
Assets			
Cash and cash equivalent	3, 18	2,195,693,765	2,736,720,476
Accrued investment income		1,663,118,478	1,375,597,931
Premium receivables, net	4	1,996,949,447	2,312,647,445
Reinsurance assets	5, 18	420,796,385	332,055,036
Investment assets			
Investments in securities	18		
Trading investments	6	851,058,874	299,019,595
Available-for-sale investments	6	16,432,738,111	13,358,947,452
Held-to-maturity investments	6, 19, 20	108,643,699,023	89,394,339,476
Other investments	6	46,662,230	29,587,830
Loans, net	7, 18	2,538,921,844	2,113,082,452
Property and equipment, net	8	317,858,107	306,415,271
Intangible assets, net		16,498,258	21,390,815
Other assets	9, 18	210,594,683	179,608,126
Total assets		<u>135,334,589,205</u>	<u>112,459,411,905</u>

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

Bangkok Life Assurance Public Company Limited
Statements of financial position (continued)
As at 30 September 2012 and 31 December 2011

		(Unit: Baht)	
	Note	30 September 2012	31 December 2011
		(Unaudited but reviewed)	(Audited)
Liabilities and equity			
Liabilities			
Income tax payable		334,662,546	738,563,265
Amount due to reinsurers	10, 18	501,336,955	266,778,378
Insurance contract liabilities			
Life policy reserve	11	106,299,694,338	88,386,403,850
Unpaid policy benefits	12	92,222,426	82,588,130
Loss reserves and outstanding claims	13, 18	358,448,043	333,830,276
Premium reserve	14	1,053,076,399	1,085,196,967
Other insurance liabilities		7,133,690,700	6,852,174,216
Employee benefit obligations		239,912,809	233,793,703
Other liabilities	15, 18, 21	1,420,894,902	1,048,861,404
Total liabilities		117,433,939,118	99,028,190,189

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

Bangkok Life Assurance Public Company Limited
Statements of financial position (continued)
As at 30 September 2012 and 31 December 2011

		(Unit: Baht)	
	Note	30 September 2012	31 December 2011
		(Unaudited but reviewed)	(Audited)
Equity			
Share capital			
Registered			
1,220,000,000 ordinary shares of Baht 1 each		1,220,000,000	1,220,000,000
Issued and fully paid up			
1,200,000,000 ordinary shares of Baht 1 each		1,200,000,000	1,200,000,000
Premium on share capital		2,699,821,268	2,699,821,268
Capital reserve for share-based payment transactions	21	18,876,794	-
Subscription received in advance from exercise of warrants	21	64,420,043	-
Retained earnings			
Appropriated			
Legal reserve		122,000,000	122,000,000
General reserve		400,000,000	400,000,000
Unappropriated		8,262,445,583	6,531,692,293
Other components of equity		5,133,086,399	2,477,708,155
Total equity		17,900,650,087	13,431,221,716
Total liabilities and equity		135,334,589,205	112,459,411,905
		-	-

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

.....

Directors

.....

(Unaudited but reviewed)

Bangkok Life Assurance Public Company Limited**Statements of income****For the three-month periods ended 30 September 2012 and 2011**

	Note	2012	2011
(Unit: Baht)			
Income			
Net earned premium	16, 18	7,624,839,211	6,761,350,821
Net investment income	18	1,550,846,853	1,224,450,488
Total income		<u>9,175,686,064</u>	<u>7,985,801,309</u>
Expenses			
Underwriting			
Life policy reserve increase from previous period	16	5,097,306,025	4,063,494,778
Benefit payments to life policies and benefit adjustment expenses	16	1,526,437,921	1,286,976,425
Claims and losses adjustment expenses	16, 18	395,160,356	510,538,640
Commissions and brokerages expenses	16, 18	609,185,251	523,565,447
Sales promotion expenses	16	60,719,306	95,495,930
Other underwriting expenses	16, 18	7,145,637	5,270,771
Operating expenses	17, 18	362,134,981	298,580,881
Total underwriting expenses		<u>8,058,089,477</u>	<u>6,783,922,872</u>
Profit from underwriting		1,117,596,587	1,201,878,437
Gains on investments	6	106,882,232	172,187,303
Fair value gains on trading investments		11,100,841	966,636
Other income		4,582,983	3,819,942
Gains (losses) on exchange		(30,736,643)	2,043,596
Profit from operations		<u>1,209,426,000</u>	<u>1,380,895,914</u>
Contribution to the Office of Insurance Commission		12,698,458	12,490,664
Contribution to the Life Insurance Fund		7,721,199	6,872,130
Profit before corporate income tax		<u>1,189,006,343</u>	<u>1,361,533,120</u>
Corporate income tax		345,001,029	298,661,518
Profit for the period		<u>844,005,314</u>	<u>1,062,871,602</u>
Earnings per share	22		
Basic earnings per share			
Profit for the period		<u>0.703</u>	<u>0.886</u>
Diluted earnings per share			
Profit for the period		<u>0.698</u>	<u>0.878</u>

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

(Unaudited but reviewed)

Bangkok Life Assurance Public Company Limited

Statements of comprehensive income

For the three-month periods ended 30 September 2012 and 2011

	(Unit: Baht)	
	2012	2011
Profit for the period	<u>844,005,314</u>	<u>1,062,871,602</u>
Other comprehensive income:		
Gains (losses) on changes in values of available-for-sale investments	1,338,668,320	(348,596,128)
Other comprehensive income for the period	<u>1,338,668,320</u>	<u>(348,596,128)</u>
Total comprehensive income for the period	<u><u>2,182,673,634</u></u>	<u><u>714,275,474</u></u>

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

(Unaudited but reviewed)

Bangkok Life Assurance Public Company Limited**Statements of income (continued)****For the nine-month periods ended 30 September 2012 and 2011**

	Note	2012	2011
(Unit: Baht)			
Income			
Net earned premium	16, 18	26,400,749,763	22,581,354,479
Net investment income	18	4,236,028,451	3,403,056,269
Total income		30,636,778,214	25,984,410,748
Expenses			
Underwriting			
Life policy reserve increase from previous period	16	17,913,290,488	13,538,954,837
Benefit payments to life policies and benefit adjustment expenses	16	4,756,336,220	3,959,639,608
Claims and losses adjustment expenses	16, 18	1,087,445,409	1,258,501,655
Commissions and brokerages expenses	16, 18	2,119,818,151	1,940,794,172
Sales promotion expenses	16	244,549,762	325,959,540
Other underwriting expenses	16, 18	19,398,326	14,921,266
Operating expenses	17, 18	1,040,234,896	903,504,962
Total underwriting expenses		27,181,073,252	21,942,276,040
Profit from underwriting		3,455,704,962	4,042,134,708
Gains on investments	6	422,375,384	330,897,226
Fair value losses on trading investments		(6,702,714)	(15,451,227)
Other income		11,384,594	10,020,919
Gains (losses) on exchange		(29,550,924)	4,294,238
Profit from operations		3,853,211,302	4,371,895,864
Contribution to the Office of Insurance Commission		45,022,934	42,956,363
Contribution to the Life Insurance Fund		26,805,110	22,967,558
Profit before corporate income tax		3,781,383,258	4,305,971,943
Corporate income tax		1,215,890,268	963,957,855
Profit for the period		2,565,492,990	3,342,014,088
Earnings per share	22		
Basic earnings per share			
Profit for the period		2.138	2.785
Diluted earnings per share			
Profit for the period		2.122	2.765

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

(Unaudited but reviewed)

Bangkok Life Assurance Public Company Limited

Statements of comprehensive income (continued)

For the nine-month periods ended 30 September 2012 and 2011

	(Unit: Baht)	
	2012	2011
Profit for the period	<u>2,565,492,990</u>	<u>3,342,014,088</u>
Other comprehensive income		
Gains (losses) on change in value of available-for-sale investments	<u>2,655,378,244</u>	<u>(307,035,926)</u>
Other comprehensive income for the period	<u>2,655,378,244</u>	<u>(307,035,926)</u>
Total comprehensive income for the period	<u><u>5,220,871,234</u></u>	<u><u>3,034,978,162</u></u>

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

(Unaudited but reviewed)

Bangkok Life Assurance Public Company Limited**Statements of cash flows****For the nine-month periods ended 30 September 2012 and 2011**

	(Unit: Baht)	
	2012	2011
Cash flows from operating activities		
Direct premium written, net	26,958,051,628	22,085,680,966
Interest income	3,263,941,276	2,634,482,509
Dividend income	684,566,626	484,753,584
Other investment income	423,789,666	378,754,616
Other income	11,538,052	10,476,628
Benefit payments to life policies during the period	(5,412,732,394)	(4,788,518,881)
Dividends to policyholders	(53,657,900)	(31,071,600)
Commissions and brokerages	(2,122,275,367)	(2,106,733,276)
Other underwriting expenses	(230,313,130)	(383,524,338)
Operating expenses	(1,117,145,989)	(573,233,665)
Other expenses	(81,622,399)	(77,977,043)
Corporate income tax	(1,619,790,988)	(1,177,148,904)
Net cash from operating activities	20,704,349,081	16,455,940,596
Cash flows from investing activities		
Cash flows from		
Investments in securities	69,542,336,670	111,095,996,159
Loans	585,344,840	810,500,936
Deposits at financial institutions	1,585,000,000	-
Property and equipment	70,851	103,226
Net cash from investing activities	71,712,752,361	111,906,600,321
Cash flows used in		
Investments in securities	(90,808,518,914)	(126,690,038,547)
Loans	(862,357,604)	(468,410,387)
Deposits at financial institutions	(450,000,000)	(1,250,000,000)
Property and equipment	(66,931,978)	(34,325,258)
Net cash used in investing activities	(92,187,808,496)	(128,442,774,192)
Net cash used in investing activities	(20,475,056,135)	(16,536,173,871)
Cash flows from financing activities		
Subscription received in advance from exercise of warrants	64,420,043	-
Dividends paid	(834,739,700)	(931,396,297)
Net cash used in financing activities	(770,319,657)	(931,396,297)
Net decrease in cash and cash equivalents	(541,026,711)	(1,011,629,572)
Cash and cash equivalents at beginning of period	2,736,720,476	3,579,532,959
Cash and cash equivalents at end of period (Note 3)	2,195,693,765	2,567,903,387
Supplemental cash flows information		
Non-cash item		
Gains (losses) on changes in values of available-for-sale investments	2,655,378,244	(307,035,926)
Capital reserve for share-based payment	18,876,794	-

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

(Unaudited but reviewed)

Bangkok Life Assurance Public Company Limited

Statements of changes in equity

For the nine-month periods ended 30 September 2012 and 2011

(Unit: Baht)

	Note	Other components of equity									Total
		Issued and fully paid-up share capital	Share premium	Capital reserve		Retained earnings			Other comprehensive income		
				for share-based payment transactions	Subscription received in advance from exercise of warrants	Appropriated		Unappropriated	Surplus on changes in value of available- for-sale investments	Total other components of equity	
						Legal reserve	General reserve				
Balance as at 31 December 2010		1,200,000,000	2,699,821,268	-	-	122,000,000	400,000,000	4,154,178,577	2,340,704,225	2,340,704,225	10,916,704,070
Cumulative effect of change in accounting policy											
for employee benefits		-	-	-	-	-	-	(108,188,146)	-	-	(108,188,146)
Dividend paid	23	-	-	-	-	-	-	(931,396,297)	-	-	(931,396,297)
Total comprehensive income for the period		-	-	-	-	-	-	3,342,014,088	(307,035,926)	(307,035,926)	3,034,978,162
Balance as at 30 September 2011		<u>1,200,000,000</u>	<u>2,699,821,268</u>	<u>-</u>	<u>-</u>	<u>122,000,000</u>	<u>400,000,000</u>	<u>6,456,608,222</u>	<u>2,033,668,299</u>	<u>2,033,668,299</u>	<u>12,912,097,789</u>
Balance as at 31 December 2011		1,200,000,000	2,699,821,268	-	-	122,000,000	400,000,000	6,531,692,293	2,477,708,155	2,477,708,155	13,431,221,716
Capital reserve for share-based payment											
transactions	21	-	-	18,876,794	-	-	-	-	-	-	18,876,794
Subscription received in advance from											
exercise of warrants	21	-	-	-	64,420,043	-	-	-	-	-	64,420,043
Dividend paid	23	-	-	-	-	-	-	(834,739,700)	-	-	(834,739,700)
Total comprehensive income for the period		-	-	-	-	-	-	2,565,492,990	2,655,378,244	2,655,378,244	5,220,871,234
Balance as at 30 September 2012		<u>1,200,000,000</u>	<u>2,699,821,268</u>	<u>18,876,794</u>	<u>64,420,043</u>	<u>122,000,000</u>	<u>400,000,000</u>	<u>8,262,445,583</u>	<u>5,133,086,399</u>	<u>5,133,086,399</u>	<u>17,900,650,087</u>
		-	-	-	-	-	-	-	-	-	-

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

Bangkok Life Assurance Public Company Limited

Notes to interim financial statements

For the three-month and nine-month periods ended 30 September 2012 and 2011

1. General information

1.1 Corporate information

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

1.2 Basis of preparation of interim financial statements

These interim financial statements are prepared in accordance with Thai Accounting Standard No. 34 (revised 2009) “Interim Financial Reporting” and the Declaration of the Insurance Commission dated 27 May 2010, with the Company choosing to present condensed interim financial statements. However, the Company has presented the statements of financial position, income, comprehensive income, changes in equity, and cash flows in the same format as that used for the annual financial statements.

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

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

1.3 Significant accounting policies

The interim financial statements have been prepared using the same accounting policies and methods of computation as were used for the financial statements for the year ended 31 December 2011, except for the accounting policy for share-based payment transactions arising from the allocation of warrants to employees and management personnel during the current period, as described in Note 21 which is as follows:

Equity-settled share-based payment transactions

The Company recognises the share-based payment transactions at the date on which the options are granted, based on the fair value of the share options. They are recorded as expenses over the vesting period of the share options, and a capital reserve for share-based payment transactions is presented in equity.

Estimating fair value for share-based payment transactions requires determination relating to appropriate assumptions, including the expected life of the share options, share price volatility and dividend yield.

2. New accounting standard issued during the period and not yet effective

During the current period, the Federation of Accounting Professions issued Thai Financial Reporting Standard No. 8 “Operating Segments”, which is effective for fiscal years beginning on or after 1 January 2013.

The Company’s management believes that this financial reporting standard will not have any significant impact on the financial statements when it is initially applied.

3. Cash and cash equivalents

	(Unit: Baht)	
	30 September 2012	31 December 2011
Cash on hand	2,401,457	5,741,220
Deposits at banks with no fixed maturity date	563,292,308	710,979,256
Deposits at banks with fixed maturity date	2,370,000,000	1,875,000,000
Total cash and financial institutions	2,935,693,765	2,591,720,476
Short-term investments which amounts maturing within 3 months	-	2,020,000,000
Less: Deposits at banks which amounts maturing in over 3 months	(740,000,000)	(1,875,000,000)
Cash and cash equivalents	2,195,693,765	2,736,720,476

(Unaudited but reviewed)

As at 30 September 2012, interest rates of saving account, fixed account and promissory notes are 0.625% - 6.10% per annum (31 December 2011: 0.75% - 6.10% per annum).

4. Premium receivables

The balances as at 30 September 2012 and 31 December 2011 of premium receivables are classified by aging from the maturity date under the stipulated credit terms as follows:

(Unit: Baht)

	30 September 2012		
	Due from insured	Due from agents and brokers	Total
Not yet due	1,848,155,487	110,789,946	1,958,945,433
Not over 30 days	3,725,558	13,803,032	17,528,590
Over 30 days to 60 days	562,907	2,569,663	3,132,570
Over 60 days to 90 days	3,275	4,867,488	4,870,763
Over 90 days to 1 year	9,408,333	2,384,280	11,792,613
Over 1 year	10,315	669,163	679,478
Total premium receivables	<u>1,861,865,875</u>	<u>135,083,572</u>	<u>1,996,949,447</u>

(Unit: Baht)

	31 December 2011		
	Due from insured	Due from agents and brokers	Total
Not yet due	2,243,833,205	28,594,810	2,272,428,015
Not over 30 days	1,633,290	13,826,807	15,460,097
Over 30 days to 60 days	2,678,410	3,149,146	5,827,556
Over 60 days to 90 days	1,223,199	2,970,963	4,194,162
Over 90 days to 1 year	799,176	13,565,635	14,364,811
Over 1 year	10,315	362,489	372,804
Total premium receivables	<u>2,250,177,595</u>	<u>62,469,850</u>	<u>2,312,647,445</u>

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

(Unaudited but reviewed)

5. Reinsurance assets

	(Unit: Baht)	
	30 September 2012	31 December 2011
Insurance reserve refundable from reinsurers	49,660,543	44,362,258
Amounts due from reinsurers	371,135,842	287,692,778
Reinsurance assets	<u>420,796,385</u>	<u>332,055,036</u>

The balances as at 30 September 2012 and 31 December 2011 of amounts due from reinsurers are classified by aging as follows:

	(Unit: Baht)	
	30 September 2012	31 December 2011
Not yet due	371,135,842	287,692,778
Total amounts due from reinsurers	<u>371,135,842</u>	<u>287,692,778</u>

6. Investments in securities

	(Unit: Baht)			
	30 September 2012		31 December 2011	
	Cost/ Amortised cost	Fair value	Cost/ Amortised cost	Fair value
Trading investments				
Government and state enterprise securities	823,464,070	817,218,824	-	-
Equity securities	34,297,518	33,840,050	312,236,412	299,019,595
Total	857,761,588	851,058,874	312,236,412	299,019,595
Less: Unrealised losses	(6,702,714)	-	(13,216,817)	-
Total trading investments	<u>851,058,874</u>	<u>851,058,874</u>	<u>299,019,595</u>	<u>299,019,595</u>
Available-for-sale investments				
Government and state enterprise securities	3,102,715,555	3,139,730,511	3,344,214,777	3,352,146,912
Private enterprises debt securities	50,000,031	50,305,814	50,000,157	51,417,081
Equity securities	6,125,811,931	10,999,881,433	5,247,888,506	7,574,918,105
Unit trusts	1,221,456,856	1,354,557,770	1,814,664,836	1,973,107,798
Foreign unit trusts	821,608,000	888,262,583	423,350,000	407,357,556
Total	11,321,592,373	16,432,738,111	10,880,118,276	13,358,947,452
Add: Unrealised gains	5,111,145,738	-	2,478,829,176	-
Total available-for-sale investments	<u>16,432,738,111</u>	<u>16,432,738,111</u>	<u>13,358,947,452</u>	<u>13,358,947,452</u>

(Unaudited but reviewed)

(Unit: Baht)

	30 September 2012		31 December 2011	
	Cost/		Cost/	
	Amortised cost	Fair value	Amortised cost	Fair value
Held-to-maturity investments				
Government and state enterprise securities	83,070,503,655		64,863,202,582	
Private enterprises debt securities	19,409,525,483		17,860,621,815	
Foreign debt securities	5,423,669,885		4,795,515,079	
Deposits at banks which amounts maturing in over 3 months	740,000,000		1,875,000,000	
Total held-to-maturity investments	108,643,699,023		89,394,339,476	
Other investments				
Equity securities	29,587,830		29,587,830	
Foreign equity securities	17,074,400		-	
Total other investments	46,662,230		29,587,830	

Investments in debt securities as at 30 September 2012 and 31 December 2011 will be matured redemption as follows:

(Unit: Baht)

	30 September 2012			
	Period to maturity			
	Within 1 year	1 – 5 years	Over 5 years	Total
Trading investments				
Government and state enterprise securities	-	109,140,491	714,323,579	823,464,070
Add (less): Unrealised gains (losses)	-	636,809	(6,882,055)	(6,245,246)
Total trading investments	-	109,777,300	707,441,524	817,218,824
Available-for-sale investments				
Government and state enterprise securities	-	1,524,782,237	1,577,933,318	3,102,715,555
Private enterprises debt securities	50,000,031	-	-	50,000,031
Total	50,000,031	1,524,782,237	1,577,933,318	3,152,715,586
Add: Unrealised gains	305,783	8,749,270	28,265,686	37,320,739
Total available-for-sale debt investments	50,305,814	1,533,531,507	1,606,199,004	3,190,036,325
Held-to-maturity investments				
Government and state enterprise securities	2,945,559,104	8,498,195,253	71,626,749,298	83,070,503,655
Private enterprises debt securities	1,370,000,000	4,317,000,000	13,722,525,483	19,409,525,483
Foreign debt securities	-	3,777,776,202	1,645,893,683	5,423,669,885
Deposits at banks which amounts maturing in over 3 months	40,000,000	700,000,000	-	740,000,000
Total held-to-maturity debt investments, net	4,355,559,104	17,292,971,455	86,995,168,464	108,643,699,023

(Unaudited but reviewed)

(Unit: Baht)

	31 December 2011			
	Period to maturity			
	Within 1 year	1 – 5 years	Over 5 years	Total
Available-for-sale investments				
Government and state enterprise securities	-	1,263,769,233	1,694,531,377	2,958,300,610
Private enterprises debt securities	50,000,157	-	-	50,000,157
Total	50,000,157	1,263,769,233	1,694,531,377	3,008,300,767
Add: Unrealised gains	1,416,923	1,910,708	65,809,465	69,137,096
Total available-for-sale debt investments	51,417,080	1,265,679,941	1,760,340,842	3,077,437,863
Held-to-maturity debt investments				
Government and state enterprise securities	1,428,831,067	7,386,680,543	56,047,690,972	64,863,202,582
Private enterprises debt securities	4,770,000,000	3,756,000,000	9,334,621,815	17,860,621,815
Foreign debt securities	-	2,969,473,362	1,826,041,717	4,795,515,079
Deposits at banks which amounts maturing in over 3 months	1,575,000,000	300,000,000	-	1,875,000,000
Total held-to-maturity debt investments, net	7,773,831,067	14,412,153,905	67,208,354,504	89,394,339,476

As at 30 September 2012, the Company has pledged government and state enterprise bonds as life assurance policy reserve and assets pledged with the Registrar in accordance with the Life Insurance Act as mentioned in Notes 19 and 20.

Details of investments in promissory notes and bills of exchange which contain embedded derivatives as follows:

- (a) As at 30 September 2012, the Company has investments of Baht 1,300 million (31 December 2011: Baht 1,800 million) in promissory notes and bills of exchange, which have been classified as held-to-maturity investments and are presented at amortised cost. Such notes were issued by local banks and branches of foreign commercial banks, have remaining lives of 7 - 9 years, and contain conditions related to early redemption rights or put options obliging the Company to purchase additional notes released by issuers.
- (b) As at 30 September 2012, the Company has investments of Baht 1,510 million (31 December 2011: Baht 1,330 million) in promissory notes and bills of exchange, which have been classified as held-to-maturity investments and are presented at amortised cost. Such notes were issued by branches of foreign commercial banks, have remaining lives of 4 years, and contain conditions whereby settlement of principal and interest is to be received on the maturity date per the agreement.

- (c) As at 30 September 2012, the Company has investments of Baht 3,600 million (31 December 2011: Baht 600 million) in promissory notes and bills of exchange, which have been classified as held-to-maturity investments and are presented at amortised cost. Such notes were issued by branches of foreign commercial banks, have remaining lives of 7 - 10 years, and contain conditions whereby settlement of interest is to be received based on the rate of return of government bond (CMT Index) or the interest rate of fixed deposit (6mTHBFIX).
- (d) As at 30 September 2012, the Company has investments of Baht 1,400 million (31 December 2011: Baht 900 million) in promissory notes and bills of exchange, which have been classified as held-to-maturity investments and are presented at amortised cost. Such notes were issued by branches of foreign commercial banks, have remaining lives of 8 - 10 years, and contain conditions whereby settlement of principal is based on the credit event.

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

The Company recorded gains (losses) from investments in securities for the three-month and nine-month periods ended 30 September 2012 and 2011 by included the following.

	(Unit: Baht)			
	For the three-month periods		For the nine-month periods	
	ended 30 September		ended 30 September	
	2012	2011	2012	2011
Gains on sales of trading investments	4,065,421	32,035,877	131,628,803	56,045,565
Gains on sales of available-for-sale investments	88,672,875	141,596,900	269,188,745	280,647,135
Gains (losses) on sales of held-to-maturity investments	(964)	3,390,822	(964)	3,390,822
Losses on sales of other investments	-	(336,296)	-	(336,296)
Unrealised gains (losses) on foreign exchange contracts	14,144,900	(4,500,000)	21,558,800	(8,850,000)
Total	106,882,232	172,187,303	422,375,384	330,897,226

7. Loans and accrued interest

As at 30 September 2012 and 31 December 2011, the balances of loans and accrued interest are aged by principal and accrued interest as follows:

(Unit: Baht)

Outstanding period	30 September 2012								
	Policy loans		Mortgage loans		Other loans		Total		
	Principal	Accrued interest	Principal	Accrued interest	Principal	Accrued interest	Principal	Accrued interest	Total
Current	2,263,811,272	172,024,010	254,674,858	32,143	18,339,511	-	2,536,825,641	172,056,153	2,708,881,794
Overdue:									
Less than 6 months	-	-	815,180	17,782	15,273	-	830,453	17,782	848,235
6 - 12 months	-	-	-	-	16,188	-	16,188	-	16,188
Over 12 months	-	-	1,231,258	79,478	84,712	1,583	1,315,970	81,061	1,397,031
Total	2,263,811,272	172,024,010	256,721,296	129,403	18,455,684	1,583	2,538,988,252	172,154,996	2,711,143,248
Less: Allowance for doubtful accounts	-	-	(66,408)	(79,478)	-	-	(66,408)	(79,478)	(145,886)
Loans and accrued interest - net	2,263,811,272	172,024,010	256,654,888	49,925	18,455,684	1,583	2,538,921,844	172,075,518	2,710,997,362

(Unit: Baht)

Outstanding period	31 December 2011								
	Policy loans		Mortgage loans		Other loans		Total		
	Principal	Accrued interest	Principal	Accrued interest	Principal	Accrued interest	Principal	Accrued interest	Total
Current	1,939,305,479	136,778,194	155,587,371	38,546	16,145,621	-	2,111,038,471	136,816,740	2,247,855,211
Overdue:									
Less than 6 months	-	-	724,652	4,308	-	-	724,652	4,308	728,960
6 - 12 months	-	-	-	-	14,592	-	14,592	-	14,592
Over 12 months	-	-	1,258,520	79,478	112,625	3,353	1,371,145	82,831	1,453,976
Total	1,939,305,479	136,778,194	157,570,543	122,332	16,272,838	3,353	2,113,148,860	136,903,879	2,250,052,739
Less: Allowance for doubtful accounts	-	-	(66,408)	(79,478)	-	-	(66,408)	(79,478)	(145,886)
Loans and accrued interest - net	1,939,305,479	136,778,194	157,504,135	42,854	16,272,838	3,353	2,113,082,452	136,824,401	2,249,906,853

Loans provided to employees are in accordance with employee's benefits plan under a credit line of Baht 100,000 or less for personal guarantee loans. In case of secured loans, the credit line is not to exceed 50 times the employee's salary. The interest rates for the loans charge at the rates of 6% and 5% per annum, respectively. As at 30 September 2012, loans to employees and agents totaled Baht 70 million (31 December 2011: Baht 67 million).

8. Property and equipment

(Unit: Baht)

	Land	Buildings and buildings improvements	Condominium	Office furniture, fixture and equipment	Motor vehicles	Properties foreclosed	Construction in progress	Total
Net book value as at 31 December 2011	72,476,800	97,153,930	21,673,665	103,749,348	6,261,501	5,100,027	-	306,415,271
Additions - at cost	24,764,090	2,084,186	-	33,599,832	43,870	-	6,440,000	66,931,978
Disposals - net book value	-	-	-	(53,599)	-	-	-	(53,599)
Depreciation charges for the period	-	(13,605,058)	(1,373,736)	(37,794,381)	(2,594,868)	(67,500)	-	(55,435,543)
Net book value as at 30 September 2012	97,240,890	85,633,058	20,299,929	99,501,200	3,710,503	5,032,527	6,440,000	317,858,107

(Unaudited but reviewed)

9. Other assets

	(Unit: Baht)	
	30 September 2012	31 December 2011
Prepaid rental expenses	96,366,462	105,235,731
Receivable from sales of investments	55,859,184	5,651,811
Prepaid expenses	29,976,620	32,565,528
Deposits	17,895,048	24,770,787
Others	10,497,369	11,384,269
Total	<u>210,594,683</u>	<u>179,608,126</u>

10. Due to reinsurers

	(Unit: Baht)	
	30 September 2012	31 December 2011
Outward premium payable	501,336,955	266,778,378
Total due to reinsurers	<u>501,336,955</u>	<u>266,778,378</u>

11. Life policy reserve

	(Unit: Baht)	
	30 September 2012	31 December 2011
Beginning balance	88,386,403,850	68,189,797,590
Life policy reserve for premium received during the period and reserve for enforced policy benefit and other claims	22,337,520,750	25,096,628,836
Benefit paid for death, maturity, surrender and other claims	(4,424,230,262)	(4,900,022,576)
Ending balance	<u>106,299,694,338</u>	<u>88,386,403,850</u>

12. Unpaid policy benefits

	(Unit: Baht)	
	30 September 2012	31 December 2011
Death benefit	91,447,194	81,726,023
Maturity payment	775,232	862,107
Total	<u>92,222,426</u>	<u>82,588,130</u>

13. Loss reserves and outstanding claims

	(Unit: Baht)	
	30 September 2012	31 December 2011
Beginning balance	333,830,276	320,619,427
Claims and losses adjustment expenses for the period	1,514,483,575	1,799,686,133
Claims and losses adjustment expenses paid during the period	(1,489,865,808)	(1,786,475,284)
Ending balance	<u>358,448,043</u>	<u>333,830,276</u>

14. Premium reserve**14.1 Unearned premium reserve**

	(Unit: Baht)	
	30 September 2012	31 December 2011
Beginning balance	1,085,196,967	1,013,363,551
Premium written for the period	2,103,885,026	2,712,992,417
Premium earned for the current period	(2,136,005,594)	(2,641,159,001)
Ending balance	<u>1,053,076,399</u>	<u>1,085,196,967</u>

14.2 Unexpired risk reserve

	(Unit: Baht)	
	30 September 2012	31 December 2011
Beginning balance	759,637,877	780,289,934
Decrease during the period	(22,484,398)	(20,652,057)
Ending balance	<u>737,153,479</u>	<u>759,637,877</u>

(Unaudited but reviewed)

15. Other liabilities

	(Unit: Baht)	
	30 September 2012	31 December 2011
Accrued commission expenses	418,043,136	420,500,352
Accrued expenses	172,356,065	138,228,344
Withholding tax payable	97,720,639	21,413,594
Premium received for policies not yet approved	268,084,162	72,012,505
Amounts received awaiting transfer	262,131,178	95,778,232
Unpaid benefits to life policies exempted premium	96,559,343	95,767,729
Forward contracts payables	35,966,000	56,231,300
Payable from purchases of investments	-	72,303,102
Others	70,034,379	76,626,246
Total	1,420,894,902	1,048,861,404

16. Underwriting information reported by insurance categories

Underwriting information classified by insurance categories for the three-month period ended 30 September 2012 is as follows:

	(Unit: Baht)			
	Traditional products - no participating dividend	Life annuity products - no participating dividend	Personal accident	Total
Underwriting income				
Premium written	7,695,478,887	14,599,457	11,120,148	7,721,198,492
Less: Premium ceded	(109,426,276)	-	-	(109,426,276)
Net premium written	7,586,052,611	14,599,457	11,120,148	7,611,772,216
Add: Unearned premium reserve	13,000,770	-	66,225	13,066,995
Total underwriting income	7,599,053,381	14,599,457	11,186,373	7,624,839,211

(Unaudited but reviewed)

(Unit: Baht)

	Traditional products - no participating dividend	Life annuity products - no participating dividend	Personal accident	Total
Underwriting expenses				
Life policy reserve increase from prior period	5,085,911,540	11,394,485	-	5,097,306,025
Benefit payments to life policies and benefit adjustment expenses	1,526,378,589	59,332	-	1,526,437,921
Claims and losses adjustment expenses	393,982,601	10,740	1,167,015	395,160,356
Commissions and brokerage expenses	606,722,119	2,212,673	250,459	609,185,251
Sales promotion expenses	60,512,270	115,439	91,597	60,719,306
Other underwriting expenses	7,121,735	13,810	10,092	7,145,637
Total underwriting expenses	7,680,628,854	13,806,479	1,519,163	7,695,954,496

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

(Unit: Baht)

	Traditional products - no participating dividend	Life annuity products - no participating dividend	Personal accident	Total
Underwriting income				
Premium written	6,853,702,920	7,141,132	11,285,710	6,872,129,762
Less: Premium ceded	(82,041,658)	-	(1,546,416)	(83,588,074)
Net premium written	6,771,661,262	7,141,132	9,739,294	6,788,541,688
Add (less): Unearned premium reserve	(27,817,248)	-	626,381	(27,190,867)
Total underwriting income	6,743,844,014	7,141,132	10,365,675	6,761,350,821
Underwriting expenses				
Life policy reserve increase from prior period	4,059,373,897	4,120,881	-	4,063,494,778
Benefit payments to life policies and benefit adjustment expenses	1,286,976,425	-	-	1,286,976,425
Losses and losses adjustment expenses	507,113,240	5,254	3,420,146	510,538,640
Commissions and brokerage expenses	521,949,532	897,526	718,389	523,565,447
Sales promotion expenses	95,255,222	97,700	143,008	95,495,930
Other underwriting expenses	5,257,268	5,604	7,899	5,270,771
Total underwriting expenses	6,475,925,584	5,126,965	4,289,442	6,485,341,991

(Unaudited but reviewed)

Underwriting information classified by insurance categories for the nine-month period ended 30 September 2012 is as follows:

(Unit: Baht)

	Traditional products - no participating dividend	Life annuity products - no participating dividend	Personal accident	Total
Underwriting income				
Premium written	26,719,705,818	52,106,949	33,296,661	26,805,109,428
Add (less): Premium ceded	(436,517,254)	-	37,021	(436,480,233)
Net premium written	26,283,188,564	52,106,949	33,333,682	26,368,629,195
Add: Unearned premium reserve	31,488,516	-	632,052	32,120,568
Total underwriting income	26,314,677,080	52,106,949	33,965,734	26,400,749,763
Underwriting expenses				
Life policy reserve increase from prior period	17,872,358,541	40,931,947	-	17,913,290,488
Benefit payments to life policies and benefit adjustment expenses	4,756,123,384	212,836	-	4,756,336,220
Losses and losses adjustment expenses	1,083,395,057	32,772	4,017,580	1,087,445,409
Commissions and brokerage expenses	2,110,013,465	9,075,122	729,564	2,119,818,151
Sales promotion expenses	243,752,472	482,666	314,624	244,549,762
Other underwriting expenses	19,335,083	38,286	24,957	19,398,326
Total underwriting expenses	26,084,978,002	50,773,629	5,086,725	26,140,838,356

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

(Unit: Baht)

	Traditional products - no participating dividend	Life annuity products - no participating dividend	Personal accident	Total
Underwriting income				
Premium written	22,905,635,702	27,045,727	34,876,792	22,967,558,221
Less: Premium ceded	(303,302,182)	-	(2,354,436)	(305,656,618)
Net premium written	22,602,333,520	27,045,727	32,522,356	22,661,901,603
Add (less): Unearned premium reserve	(82,189,128)	-	1,642,004	(80,547,124)
Total underwriting income	22,520,144,392	27,045,727	34,164,360	22,581,354,479
Underwriting expenses				
Life policy reserve increase from prior period	13,521,147,773	17,807,064	-	13,538,954,837
Benefit payments to life policies and benefit adjustment expenses	3,959,639,608	-	-	3,959,639,608
Losses and losses adjustment expenses	1,252,128,433	17,215	6,356,007	1,258,501,655
Commissions and brokerage expenses	1,929,452,052	10,304,031	1,038,089	1,940,794,172
Sales promotion expenses	325,082,170	387,667	489,703	325,959,540
Other underwriting expenses	14,881,103	17,746	22,417	14,921,266
Total underwriting expenses	21,002,331,139	28,533,723	7,906,216	21,038,771,078

17. Operating expenses

(Unit: Baht)

	For the three-month periods		For the nine-month periods	
	ended 30 September		ended 30 September	
	2012	2011	2012	2011
Personal expenses which is not expenses for underwriting and claims	179,995,488	151,166,785	522,986,004	457,908,825
Premises and equipment expenses which is not expenses for underwriting	38,560,315	37,903,425	114,361,288	112,335,803
Taxes and duties	38,415,648	30,657,163	100,615,603	88,257,310
Other operating expenses	105,163,530	78,853,508	302,272,001	245,003,024
Total operating expenses	362,134,981	298,580,881	1,040,234,896	903,504,962

18. Related party transactions

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

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

Name of related parties	Type of business	Relationship with the Company
Bangkok Bank Pcl.	Banking	Shareholding and related by way of common directors
Bangkok Insurance Pcl.	Insurance	Shareholding and related by way of common directors
Thai Reinsurance Pcl.	Insurance	Related by way of common directors
Thaire Life Assurance Co., Ltd.	Life assurance	Subsidiary of Thai Reinsurance Pcl.
Sorachai Vivatn Co., Ltd.	Property development	Related by way of common directors
Bumrungrad Hospital Pcl.	Health care services	Related by way of common directors and shareholders
The Phyathai 1 Hospital Co., Ltd.	Health care services	Related by way of common directors
The Phyathai 2 Hospital Co., Ltd.	Health care services	Related by way of common directors
The Phyathai 3 Hospital Co., Ltd.	Health care services	Related by way of common directors
Rajburi Sugar Co., Ltd.	Industry	Related by way of common directors
Narai Ruamphiphat Co., Ltd.	Property development	Holding by an individual related to the major shareholder of the Company

(Unaudited but reviewed)

Name of related parties	Type of business	Relationship with 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

During the three-month and nine-month periods ended 30 September 2012 and 2011, the Company had significant business transactions with its related parties. Such transactions, which have been concluded on commercial terms and bases agreed upon in the ordinary course business between the Company and those parties are as follows:

(Unit: Baht)

	For the three-month periods		For the nine-month periods		Pricing policy
	ended 30 September		ended 30 September		
	2012	2011	2012	2011	
Premium written	324,207	1,899,147	4,082,128	3,867,276	Normal commercial terms for underwriting
Premium ceded	19,303,857	7,670,423	98,639,273	17,058,157	Normal commercial terms for reinsurance depending on type of insurance and reinsurance contract
Commission and brokerages	262,952,069	206,898,265	1,003,459,886	931,910,025	At a mutually agreed percentage of premium written
Claim payment and diagnose charge	18,850,735	18,657,604	50,590,646	56,860,037	Normal commercial terms for underwriting
Claim recovery from reinsurance	26,277,369	8,480,584	65,678,081	16,945,141	At a mutually agreed percentage of reinsurance premium

(Unaudited but reviewed)

(Unit: Baht)

	For the three-month periods		For the nine-month periods		Pricing policy
	ended 30 September		ended 30 September		
	2012	2011	2012	2011	
Interest income - deposits at banks, promissory notes and debentures	61,121,687	15,724,829	176,978,916	43,763,279	Same rates as those offered by financial institutions to general customers
Interest income - mortgage loans	3,069,374	1,367,541	5,682,320	4,235,104	Same rates as the Company charged to general borrowers who mortgage assets as collateral
Dividend income	42,485,491	42,605,978	97,990,948	116,429,260	The declared amount
Bank charges	22,002,524	17,172,453	65,456,527	51,369,574	Same rates as those charged by financial institutions and related companies to general customers
Insurance premium	279,805	205,079	859,592	718,331	Normal commercial terms for underwriting
Building space rental and services	15,834,473	15,550,866	46,836,528	46,018,166	Head office building: Rental fee of approximately Baht 90 per square meter per month and service Baht 34 per month (Before 1 August 2012 Baht 29 per square meter per month) for long-term agreement and approximately Baht 44, Baht 138 per square meter per month and service fees approximately Baht 91, Baht 307 per square meter per month. Branch office buildings: Rental fees of approximately Baht 100, Baht 150, Baht 188 and Baht 315 per square meter per month and service fees of approximately Baht 342 and Baht 200 per square meter per month.
Brokerage income from securities trading	638,026	-	710,176	-	Normal commercial terms for securities brokerage

For the nine-month periods ended 30 September 2012 and 2011, the premium generated from the Bancassurance distribution channel represented approximately 66.21% and 62.50% of total net premium written, respectively.

(Unaudited but reviewed)

As at 30 September 2012 and 31 December 2011, the balance of the accounts between the Company and those related companies are as follows:

		(Unit: Thousand Baht)	
		30 September	31 December
	Note	2012	2011
Transactions with related companies			
Investments in marketable equity securities - cost		1,258,258	1,266,585
Add: Unrealised gain		<u>1,317,515</u>	<u>576,627</u>
Investments in marketable equity securities - fair value	6	<u>2,575,773</u>	<u>1,843,212</u>
Investments in unit trusts - cost		676,119	1,247,518
Add: Unrealised gain		<u>31,125</u>	<u>102,972</u>
Investments in unit trusts - fair value	6	<u>707,244</u>	<u>1,350,490</u>
Investments in non-marketable equity securities	6	11,167	11,167
Investments in debentures	6	3,705,000	3,555,000
Investments in foreign debentures	6	1,045,894	1,046,041
Deposit at financial institution	3	555,850	689,495
Mortgage loans	7	187,502	83,620
Prepaid rental expense (Including in other assets)	9	96,367	105,236
Reinsurance assets	5	65,104	16,903
Amounts due to reinsurers	10	98,359	10,887
Outstanding claims	13	14,104	16,113
Accrued commission (Including in other liabilities)	15	209,910	160,787
Accrued rental and service expense (Including in other liabilities)	15	675	412

Directors and key management personnel's remuneration

During the nine-month periods ended 30 September 2012 and 2011, the Company had salaries, bonuses, meeting allowances, post-employment benefit and share-based payment of its directors and key management personnel as expenses totaling Baht 33.18 million and Baht 29.32 million, respectively.

The details of the warrants that the Company has allocated to its employees are presented in Note 21.

19. Assets pledged with the Registrar

As at 30 September 2012 and 31 December 2011, the following assets have been pledged with the Registrar in accordance with the Life Insurance Act.

(Unit: Baht)

	30 September 2012		31 December 2011	
	Cost/		Cost/	
	Amortised cost	Fair value	Amortised cost	Fair value
State enterprise bonds	20,000,000	21,081,591	20,000,000	21,361,905

20. Assets reserve with the Registrar

As at 30 September 2012 and 31 December 2011, the following assets have been pledged as life assurance policy reserve with the Registrar in accordance with the Life Insurance Act.

(Unit: Baht)

	30 September 2012		31 December 2011	
	Cost/		Cost/	
	Amortised cost	Fair value	Amortised cost	Fair value
Government bonds	12,485,997,417	13,438,431,927	8,877,714,310	9,667,637,947
State enterprise bonds	8,337,136,476	9,010,060,393	8,340,931,088	9,194,442,506
Total	20,823,133,893	22,448,492,320	17,218,645,398	18,862,080,453

21. Warrants

On 23 November 2007, Extraordinary General Meeting No. 2 of the Company's shareholders passed a resolution approving the issuance of 20 million registered and non-transferrable units of Warrant No.1 to subscribe to the Company's ordinary shares, to be allotted to employees. The Company allocated 12.85 million warrants 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 these 7.15 million unallocated warrants and the issuance of 7.15 million registered and non-transferrable units of Warrant No.2 to employees and/or management. The stipulated grant date for Warrant No.2 is 1 April 2012.

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

Approved by	(Units)		
	Number of warrants		
	Warrants No.1	Warrants 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	<u>12,850,000</u>	<u>7,150,000</u>	<u>20,000,000</u>

These warrants expire 5 years from the issue date or on the termination date of employment, if earlier. The exercise ratio is 1 warrant to 1 new ordinary share and their exercise price is equal to the public offering price of Baht 13.50 per share for Warrant No.1 and Baht 35 per share for Warrant No.2. The first rights can be exercised 3 years from the grant date.

The issue of Warrants No.2 was approved by the Annual General Meeting of shareholders after 1 January 2011, which is when Thai Financial Reporting Standard No. 2 "Share-Based Payment" (TFRS 2) became effective. The Company therefore calculated the average fair value of the options at the grant date as Baht 20.45 per share and recorded share-based payment transactions as expenses, in compliance with this standard.

The following tables list the inputs to the models:

Dividend yield	- 1.5%
Expected stock volatility	- 39.9%
Risk-free interest rate	- 3.51% - 3.64%
Expected life of share options	- Less than 5 years from the date of issuance or upon termination of an employee
Model used	- Black Schole - continuous model

The expected volatility of the share options is based on historical data of the Company's stock price.

(Unaudited but reviewed)

Expenses recognised for employee services that the Company received for the three-month and nine-month periods ended 30 September 2012 totalled Baht 9.43 million and 18.87 million, respectively.

As at 30 September 2012, the Company's capital reserve for share-based payment was Baht 18.87 million.

Movements of warrants during the period are summarised below.

	(Units)		
	Warrants No.1	Warrants No.2	Total
Brought forward/Number unexercised	12,850,000	7,150,000	20,000,000
Warrants of holders who resigned			
during the period	(100,000)	-	(100,000)
Exercised during the period	(4,771,855)	-	(4,771,855)
Number of unexercised warrants	<u>7,978,145</u>	<u>7,150,000</u>	<u>15,128,145</u>

During the current period, the holders of ordinary share warrants offered to the directors and employees (Warrants No.1) exercised 4,771,855 warrants at an exercise price of Baht 13.50 each, or for a total of Baht 64,420,043 to purchase 4,771,855 ordinary shares with a par value of Baht 1 each, or a total of Baht 4,771,855. The Company has a Baht 59,648,188 premium on the ordinary shares as a result of such exercises. As at 30 September 2012, the Company recorded the total cash received as a result of the exercise of such warrants under the caption "Subscription received in advance from exercise of warrants", presenting it under equity in the statement of financial position.

The Company registered the resulting increase in its paid up share capital with the Ministry of Commerce on 16 October 2012, and the Stock Exchange of Thailand approved the additional ordinary shares as listed securities as from 19 October 2012.

22. Basic earnings per share

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

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

The exercise price and the fair value of employee services to be supplied to the Company in the future per each of the BLA-W2 warrants allocated to the Company's employees and management were higher than the average market price for the period. Therefore, the calculation of diluted earnings per share for the current period did not include the effect of the 7.15 million potential ordinary shares from the exercise of BLA-W2 warrants because the effect to earnings per share for the reporting period was antidilutive.

The following table sets forth the computation of basic and diluted earnings per share for the three-month periods ended 30 September 2012 and 2011 as follows:

	Profit		Weighted average number of		Earnings per	
	(Thousand Baht)		shares (Thousand shares)*		share (Baht)	
	2012	2011	2012	2011	2012	2011
Basic earnings per share						
Profit for the period	844,005	1,062,872	1,200,104	1,200,000	<u>0.703</u>	<u>0.886</u>
Effect of dilutive potential ordinary share						
Dilutive effect of warrants to subscribe to ordinary shares allotted to directors and employees (BLA-W1)	-	-	8,936	9,575		
Diluted earnings per share						
Profit of ordinary shareholder assuming the conversion of warrants to ordinary shares	<u>844,005</u>	<u>1,062,872</u>	<u>1,209,040</u>	<u>1,209,575</u>	<u>0.698</u>	<u>0.878</u>

* Includes subscription received in advance from exercise of warrants

(Unaudited but reviewed)

The following table sets forth the computation of basic and diluted earnings per share for the nine-month periods ended 30 September 2012 and 2011 as follows:

	Profit		Weighted average number of		Earnings per	
	(Thousand Baht)		shares (Thousand shares)*		share (Baht)	
	2012	2011	2012	2011	2012	2011
Basic earnings per share						
Profit for the period	2,565,493	3,342,014	1,200,035	1,200,000	<u>2.138</u>	<u>2.785</u>
Effect of dilutive potential						
ordinary share						
Dilutive effect of warrants to subscribe to ordinary shares allotted to directors and employees (BLA-W1)	<u>-</u>	<u>-</u>	<u>9,077</u>	<u>8,895</u>		
Diluted earnings per share						
Profit of ordinary shareholder assuming the conversion of warrants to ordinary shares	<u>2,565,493</u>	<u>3,342,014</u>	<u>1,209,112</u>	<u>1,208,895</u>	<u>2.122</u>	<u>2.765</u>

* Includes subscription received in advance from exercise of warrants

23. Dividend paid

Dividend declared during the periods 2012 and 2011 consist of the following:

	Approved by	Total dividend	Dividend per share
		(Million Baht)	(Baht)
a) 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
b) 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 dividend for the period 2012		<u>840.0</u>	<u>0.70</u>
a) Final dividend for 2010	Annual General Meeting of the Shareholders on 26 April 2011 and the OIC on 20 April 2011	480.0	0.40
b) Interim dividend from operations for six-month period ended 30 June 2011	Meeting of Board of Directors on 10 August 2011 and the OIC on 6 September 2011	456.0	0.38
Total dividend for the period 2011		<u>936.0</u>	<u>0.78</u>

24. Financial information by segment

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

25. Commitments

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

As at 30 September 2012, future minimum lease payments required under these non-cancellable operating lease contracts were as follows:

(Unit: Million Baht)

	Pay within			Total
	1 year	1 - 5 years	Over 5 years	
Operating lease agreements	31.79	31.43	3.06	66.28
Services agreements	42.88	49.71	14.36	106.95
Total	74.67	81.14	17.42	173.23

As at 31 December 2011, future minimum lease payments required under these non-cancellable operating lease contracts were as follows:

(Unit: Million Baht)

	Pay within			Total
	1 year	1 - 5 years	Over 5 years	
Operating lease agreements	28.91	34.07	3.76	66.74
Services agreements	42.13	66.49	17.68	126.30
Total	71.04	100.56	21.44	193.04

25.2 As at 30 September 2012, the Company may need to deposit additional amounts in the future under the promissory notes and bills of exchange agreements as describe in Note 6 (a) and Note 6 (b), as summarised below.

<u>Within</u>	(Unit: Million Baht)
1 year	1,240
2 - 4 year	650

26. Litigation

As at 30 September 2012, the Company has been sued for damaged totaling approximately Baht 47 million (31 December 2011: Baht 38 million) as insurer. The outcomes of these causes have not yet been finalised. The Company did not set up for the above liabilities due to the uncertainly of the outcome.

27. Approval of interim financial statements

These interim financial statements were authorised for issue by the Board of Directors on 14 November 2012.