

Bangkok Life Assurance Public Company Limited
Report and financial statements
31 December 2011 and 2010

Report of Independent Auditor

To the Shareholders of Bangkok Life Assurance Public Company Limited

I have audited the statements of financial position of Bangkok Life Assurance Public Company Limited as at 31 December 2011 and 2010, and the related statements of income, comprehensive income, changes in equity and cash flows for the years then ended. These financial statements are the responsibility of the Company's management as to their correctness and the completeness of the presentation. My responsibility is to express an opinion on these financial statements based on my audits.

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

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Bangkok Life Assurance Public Company Limited as at 31 December 2011 and 2010, and the result of its operations and its cash flows for the years then ended in accordance with generally accepted accounting principles.

Without qualifying my opinion on the aforementioned financial statements, I draw attention to Note 3 to the financial statements, during the current year the Company adopted a number of revised and new accounting standards as issued by the Federation of Accounting Professions, and as described in Note 2 to the financial statements, the Company presented the financial statements in compliance with the Declaration of the Insurance Commission. The Company has applied them in the preparation and presentation of its financial statements.

Nonglak Pumnoi

Certified Public Accountant (Thailand) No. 4172

Ernst & Young Office Limited

Bangkok: 22 February 2012

Bangkok Life Assurance Public Company Limited**Statements of financial position****As at 31 December 2011 and 2010**

		(Unit: Baht)	
	<u>Note</u>	<u>2011</u>	<u>2010</u>
Assets			
Cash and cash equivalent	8, 31	2,736,720,476	3,579,532,959
Accrued investment income		1,375,597,931	987,293,818
Premium receivables, net	9	2,312,647,445	1,310,540,738
Reinsurance assets	10, 31	332,055,036	239,172,543
Investment assets			
Investments in securities	31		
Trading investments	11.1	299,019,595	391,114,010
Available-for-sale investments	11.2	13,358,947,452	12,916,792,267
Held-to-maturity investments	11.3, 32, 33	89,394,339,476	66,789,113,478
Other investments	11.4	29,587,830	29,587,830
Loans, net	12, 31	2,113,082,452	2,158,045,731
Property and equipment, net	13	306,415,271	339,047,772
Intangible assets, net	14	21,390,815	18,949,031
Other assets	15, 31	179,608,126	183,685,558
Total assets		<u>112,459,411,905</u>	<u>88,942,875,735</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 31 December 2011 and 2010**

			(Unit: Baht)
	<u>Note</u>	<u>2011</u>	<u>2010</u>
Liabilities and equity			
Liabilities			
Income tax payable		738,563,265	501,204,734
Amount due to reinsurers	16, 31	266,778,378	237,341,227
Insurance contract liabilities			
Life policy reserve	17	88,386,403,850	68,189,797,590
Unpaid policy benefits	18	82,588,130	77,579,880
Loss reserves and outstanding claims	19, 31	333,830,276	320,619,427
Premium reserve	20	1,085,196,967	1,013,363,551
Other insurance liabilities		6,852,174,216	6,343,444,654
Employee benefit obligations	21	233,793,703	108,392,538
Other liabilities	22, 31	1,048,861,404	1,234,428,064
Total liabilities		<u>99,028,190,189</u>	<u>78,026,171,665</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 31 December 2011 and 2010

(Unit: Baht)

	<u>Note</u>	<u>2011</u>	<u>2010</u>
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
Retained earnings			
Appropriated			
Legal reserve	25	122,000,000	122,000,000
General reserve		400,000,000	400,000,000
Unappropriated		6,531,692,293	4,154,178,577
Other components of equity		2,477,708,155	2,340,704,225
Total equity		<u>13,431,221,716</u>	<u>10,916,704,070</u>
Total liabilities and equity		<u>112,459,411,905</u>	<u>88,942,875,735</u>
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The accompanying notes are an integral part of the financial statements.

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Directors
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Bangkok Life Assurance Public Company Limited**Statements of income**

For the years ended 31 December 2011 and 2010

		(Unit: Baht)	
	<u>Note</u>	<u>2011</u>	<u>2010</u>
Income			
Net earned premium	26, 31	31,066,702,999	25,872,748,492
Net investment income	31	4,697,720,065	3,465,087,526
Total income		<u>35,764,423,064</u>	<u>29,337,836,018</u>
Expenses			
Underwriting			
Life policy reserve increase from previous year	26	20,196,606,260	15,535,905,435
Benefit payments to life policies and benefit adjustment expenses	26	5,380,207,311	4,873,985,599
Claims and losses adjustment expenses	26, 31	1,559,104,914	1,555,339,556
Commissions and brokerages expenses	26, 31	2,439,192,599	2,701,496,515
Sales promotion expenses	26	328,773,706	301,603,224
Other underwriting expenses	26, 31	20,784,146	24,852,630
Operating expenses	27, 31	1,250,099,832	1,120,048,791
Total underwriting expenses		<u>31,174,768,768</u>	<u>26,113,231,750</u>
Profit from underwriting		4,589,654,296	3,224,604,268
Profit from investments	11	326,486,406	448,694,262
Fair value gains (losses) on trading investments	11	(13,216,817)	2,139,007
Other income		16,290,869	22,047,398
Gains (losses) on exchange		12,507,829	(29,424,950)
Profit from operations		<u>4,931,722,583</u>	<u>3,668,059,985</u>
Contribution to the Office of Insurance Commission		57,709,635	51,153,105
Contribution to Life Guarantee Fund		31,556,169	26,351,944
Profit before income tax		4,842,456,779	3,590,554,936
Corporate income tax	29	1,425,358,620	794,070,558
Profit for the year		<u>3,417,098,159</u>	<u>2,796,484,378</u>
Earnings per share			
30			
Basic earnings per share			
Profit for the year		<u>2.848</u>	<u>2.330</u>
Diluted earnings per share			
Profit for the year		<u>2.827</u>	<u>2.318</u>

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

Bangkok Life Assurance Public Company Limited
Statements of comprehensive income
For the years ended 31 December 2011 and 2010

	(Unit: Baht)	
	<u>2011</u>	<u>2010</u>
Profit for the year	<u>3,417,098,159</u>	<u>2,796,484,378</u>
Other comprehensive income:		
Gains on changes in values of available-for-sale investments	<u>137,003,930</u>	<u>1,307,291,974</u>
Other comprehensive income for the year	<u>137,003,930</u>	<u>1,307,291,974</u>
Total comprehensive income for the year	<u><u>3,554,102,089</u></u>	<u><u>4,103,776,352</u></u>

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

Bangkok Life Assurance Public Company Limited

Statements of cash flows

For the years ended 31 December 2011 and 2010

	(Unit: Baht)	
	<u>2011</u>	<u>2010</u>
Cash flows from operating activities		
Direct premium written	29,742,780,760	25,490,017,827
Interest income	3,775,208,609	2,864,024,506
Dividend income	534,207,344	472,420,996
Other investment income	395,567,503	538,788,611
Other income	16,768,826	18,414,388
Benefit payments to life policies during the year	(6,331,418,362)	(5,637,080,256)
Dividends to policyholders	(44,776,600)	(40,711,000)
Commissions and brokerages	(2,623,444,010)	(2,645,158,944)
Other underwriting expenses	(462,396,505)	(307,254,390)
Operating expenses	(1,085,544,368)	(1,026,660,999)
Other expenses	(90,467,707)	(65,865,046)
Corporate income tax	(1,188,000,089)	(516,558,231)
Net cash flows from operating activities	<u>22,638,485,401</u>	<u>19,144,377,462</u>
Cash flows from investing activities		
Cash flows from		
Investments in securities	128,580,469,709	158,388,075,564
Loans	916,754,630	452,948,452
Deposits at financial institutions	-	405,000,000
Property and equipment	104,406	4,548,070
Net cash flows from investing activities	<u>129,497,328,745</u>	<u>159,250,572,086</u>
Cash flows used in		
Investments in securities	(149,812,723,167)	(177,446,434,437)
Loans	(615,166,001)	(542,665,807)
Deposits at financial institutions	(1,575,000,000)	-
Property and equipment	(44,341,164)	(75,714,993)
Net cash flows used in investing activities	<u>(152,047,230,332)</u>	<u>(178,064,815,237)</u>
Net cash flows used in investing activities	<u>(22,549,901,587)</u>	<u>(18,814,243,151)</u>
Cash flows used in financing activities		
Dividends paid	(931,396,297)	(418,666,204)
Net cash flows used in financing activities	<u>(931,396,297)</u>	<u>(418,666,204)</u>
Net decrease in cash and cash equivalents	<u>(842,812,483)</u>	<u>(88,531,893)</u>
Cash and cash equivalents at beginning of year	3,579,532,959	3,668,064,852
Cash and cash equivalents at end of year (Note 8)	<u>2,736,720,476</u>	<u>3,579,532,959</u>
Supplemental cash flows information		
Non-cash item		
Gains on changes in values of available-for-sale investments	137,003,930	1,307,291,974

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

Bangkok Life Assurance Public Company Limited

Statements of changes in equity

For the years ended 31 December 2011 and 2010

(Unit: Baht)

	Note	Issued and fully paid-up share capital	Share premium	Retained earnings		Other components of equity		Total	
				Appropriated		Surplus on changes in value of available- for-sale investments	Total other components of shareholders' equity		
				Legal reserve	General reserve				Unappropriated
Balance as at 31 December 2009		1,200,000,000	2,699,821,268	122,000,000	400,000,000	1,776,360,403	1,033,412,251	1,033,412,251	7,231,593,922
Dividend paid	24	-	-	-	-	(418,666,204)	-	-	(418,666,204)
Total comprehensive income for the year		-	-	-	-	2,796,484,378	1,307,291,974	1,307,291,974	4,103,776,352
Balance as at 31 December 2010		<u>1,200,000,000</u>	<u>2,699,821,268</u>	<u>122,000,000</u>	<u>400,000,000</u>	<u>4,154,178,577</u>	<u>2,340,704,225</u>	<u>2,340,704,225</u>	<u>10,916,704,070</u>
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	5	-	-	-	-	(108,188,146)	-	-	(108,188,146)
Dividend paid	24	-	-	-	-	(931,396,297)	-	-	(931,396,297)
Total comprehensive income for the year		-	-	-	-	3,417,098,159	137,003,930	137,003,930	3,554,102,089
Balance as at 31 December 2011		<u>1,200,000,000</u>	<u>2,699,821,268</u>	<u>122,000,000</u>	<u>400,000,000</u>	<u>6,531,692,293</u>	<u>2,477,708,155</u>	<u>2,477,708,155</u>	<u>13,431,221,716</u>
		-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-

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

Bangkok Life Assurance Public Company Limited

Notes to financial statements

For the years ended 31 December 2011 and 2010

1. General information

Bangkok Life Assurance Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. Its major shareholder is Nippon Life Insurance Company, which was incorporated in Japan. The Company is principally engaged in the provision of life insurance business. The registered office of the Company is at 23/115-121, Royal City Avenue, Rama 9 Road, Bangkok, Huaykwang, Bangkok. As at 31 December 2011, the Company has 74 branches (2010: 74 branches).

2. Basis of preparation

The financial statements have been prepared in accordance with accounting standards enunciated under the Accounting Profession Act B.E. 2547, and where applicable 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 Company has presented the statements of financial position, income, comprehensive income, changes in equity and cash flows for the current year and reclassified the 2010 financial statements in accordance with the Declaration without the effect to the Company’s equity.

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 Thai language financial statements.

The financial statements have been prepared on a historical cost basis except where otherwise disclosed in the accounting policies.

3. Adoption of new accounting standards during the year

During the current year, the Company adopted a number of revised and new accounting standards, issued by the Federation of Accounting Professions, as listed below.

Accounting standards:

TAS 1 (revised 2009)	Presentation of Financial Statements
TAS 2 (revised 2009)	Inventories
TAS 7 (revised 2009)	Statement of Cash Flows
TAS 8 (revised 2009)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (revised 2009)	Events after the Reporting Period
TAS 11 (revised 2009)	Construction Contracts
TAS 16 (revised 2009)	Property, Plant and Equipment
TAS 17 (revised 2009)	Leases
TAS 18 (revised 2009)	Revenue
TAS 19	Employee Benefits
TAS 23 (revised 2009)	Borrowing Costs
TAS 24 (revised 2009)	Related Party Disclosures
TAS 26	Accounting and Reporting by Retirement Benefit Plans
TAS 27 (revised 2009)	Consolidated and Separate Financial Statements
TAS 28 (revised 2009)	Investments in Associates
TAS 29	Financial Reporting in Hyperinflationary Economies
TAS 31 (revised 2009)	Interests in Joint Ventures
TAS 33 (revised 2009)	Earnings per Share
TAS 34 (revised 2009)	Interim Financial Reporting
TAS 36 (revised 2009)	Impairment of Assets
TAS 37 (revised 2009)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (revised 2009)	Intangible Assets
TAS 40 (revised 2009)	Investment Property

Financial reporting standards:

TFRS 2	Share-Based Payment
TFRS 3 (revised 2009)	Business Combinations
TFRS 5 (revised 2009)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 6	Exploration for and Evaluation of Mineral Resources

Financial Reporting Standard Interpretations:

TFRIC 15 Agreements for the Construction of Real Estate

Accounting Standard Interpretations:

SIC 31 Revenue-Barter Transactions Involving Advertising Services

These accounting standards do not have any significant impact on the financial statements, except for the following accounting standard.

TAS 19 Employee Benefits

This accounting standard requires employee benefits to be recognised as expense in the period in which the service is performed by the employee. In particular, an entity has to evaluate and make a provision for post-employment benefits and other long-term employee benefits using actuarial techniques. The Company previously accounted for such employee benefits when they were incurred.

The Company has changed this accounting policy in the current year and recognise the liability in the transition period through an adjustment to the beginning balance of retained earnings in the current year. The change has the effect of decreasing the profit of the Company for the year 2011 by Baht 12.93 million, (0.01 Baht per share). The cumulative effect of the change in the accounting policy has been presented in Note 5 to the financial statements.

4. New accounting standards issued during the years not yet effective

The Federation of Accounting Professions issued the following new/revised accounting standards that are effective for fiscal years beginning on or after 1 January 2013.

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

Accounting Standard Interpretations:

- SIC 10 Government Assistance - No Specific Relation to Operating Activities
- SIC 21 Income Taxes - Recovery of Revalued Non-Depreciable Assets
- SIC 25 Income Taxes - Changes in the Tax Status of an Entity or its Shareholders

The Company's management believes that these accounting standards will not have any significant impact on the financial statements for the year when they are initially applied, except for the following accounting standard.

TAS 12 Income Taxes

This accounting standard requires an entity to identify temporary differences, which are differences between the carrying amount of an asset or liability in the accounting records and its tax base, and to recognise deferred tax assets and liabilities under the stipulated guidelines.

At present, the management is evaluating the impact on the financial statements in the year when this standard is adopted.

5. Cumulative effect of changes in accounting policy due to the adoption of new accounting standard

During the current year, the Company made the change to its significant accounting policy described in Note 3 to the financial statements, as a result of the adoption of new accounting standard. The cumulative effect of the changes in the accounting policy has been separately presented in the statements of changes in equity.

The amounts of adjustments affecting the statement of financial position as at 31 December 2011 are summarised below.

	(Unit: Million Baht)
Increase in employee benefits obligations	121.12
Decrease in unappropriated retained earnings	108.19

The amounts of adjustments affecting the statement of income for the year ended 31 December 2011 are summarised below.

Increase in personal expenses (Million Baht)	12.93
Decrease in basic earnings per share (Baht)	0.01
Decrease in diluted earnings per share (Baht)	0.01

6. Significant accounting policies

6.1 Revenue recognition

(a) Premium income

Premium income is recognised as income on the effective date less premium ceded and refund. For renewal premium income is recognised when the premium is due, and if the policy is still in force at the end of reporting period.

(b) Interest income and dividends on investments

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

(c) Interest incomes on loans

Interest income is recognised over the term of the loans based on the amount of principal outstanding, except for interest of past due over six months recognised based on cash basis.

(d) Income (expenses) on investments

Income (expenses) on investments is recognised as income or expenses when incurred.

6.2 Expenses recognition

(a) Ceded premium

Ceded premium are recognised as expenses when the risks is transfer to the reinsurer.

(b) Commissions and brokerages

Commission and brokerage fees are expended 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 to life policies

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

6.3 Cash and cash equivalents

Cash and cash equivalents include cash on hand and at banks, and all highly liquid investments with an original maturity of 3 months or less and not subject to withdrawal restrictions.

6.4 Premium receivables and allowance for doubtful accounts

Premium receivable is stated at net realisable value. Allowance for doubtful accounts is provided for the estimated losses that may be incurred in collection of receivables. The allowance is generally based on collection experience and a review of current status of the premium receivables as at the end of reporting period.

6.5 Reinsurance assets and due to reinsurers

(a) Reinsurance assets are stated at the outstanding balance of amount due from reinsurers and insurance reserve 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 receivable, 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 reserve refundable from reinsurers is estimated based on the related reinsurance contract of loss reserve and outstanding claims in accordance with the law regarding insurance reserve calculation.

- (b) Amounts due from reinsurers are stated at the outstanding balance payable from reinsurance.

Amount due to reinsurers 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 entity has a legal right to offset amounts presented in the statements of financial position, and
- (2) The entity 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.

6.6 Investments in securities

- (a) Investments in securities held for trading are stated at fair value. Changes in the fair value of these securities are recorded in profit or loss. Investments are classified as held for trading if they are acquired for the purpose of selling in the near term.
- (b) Investments in available-for-sale securities are stated at fair value. Changes in the fair value of these securities are recorded as a separate item in equity, and will be recorded in profit or loss when the securities are sold.
- (c) Investments in debt securities, both due within one year and expected to be held to maturity, are recorded at amortised cost. The premium/discount on debt securities is amortised/accreted by the effective rate method with the amortised/accreted amount presented as an adjustment to the interest income. The debt securities are classified as held to maturity when the Company has the positive intention and ability to hold them to maturity.
- (d) Investments in non-marketable equity securities, which the Company classifies as other investments, are stated at cost net of allowance for impairment (if any).

The fair value of marketable securities is based on the latest bid price of the last working day of the year. The fair value of debt instruments is determined based on yield rates quoted by the Thai Bond Market Association. The fair value of unit trusts is determined from their net asset value.

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

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 difference between the carrying amount of the investments and the fair value on the date of reclassification are recorded in profit or loss or recorded as surplus (deficit) from changes in the value of investments in equity, depending on the type of investment that is reclassified.

On disposal of an investment, the difference between net disposal proceeds and the carrying amount of the investment is recognised in profit or loss.

6.7 Loans and allowance for doubtful accounts

Loans are stated at net realisable value. Allowance for doubtful accounts is provided for the estimated losses that may be incurred in collection of receivables. The allowance is generally based on collection experience, analysis of debt aging and the appraisal value of the collateral of each debt.

6.8 Property, buildings 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 of assets (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	- 20	years
Building improvements	-	Period of lease
Furniture and fixtures and office equipment	- 3 years and 5	years
Motor vehicles	- 5	years

Depreciation is included in determining 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.

6.9 Intangible assets and amortisation

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

Intangible assets with finite lives are amortised on a systematic basis over the 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 expense is charged to profit or loss.

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

6.10 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.

6.11 Life premium reserve

Life assurance policy reserve represents the accumulated total liability for policies in force as at the end of the reporting period. Such reserves are set aside for estimated future claims under all life insurance 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, age and discount rate.

6.12 Loss reserve and outstanding claims

Outstanding claims are recorded at the amount to be actually paid. Loss reserve is 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 has to allocate 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.

6.13 Premium reserve

Premium reserve consists of unearned premium reserve and unexpired risks reserve.

- (a) Unearned premium reserve for other insurance and group insurance is set aside at the rate of 40% of net premium written for the year.
- (b) Unexpired risks reserve

Since 2011, unexpired risks reserve is the reserve for the claims, which may occur, of the in-force policy. Unexpired risks reserve is set aside using an actuarial method. The reserve is calculated as the best estimate of the claims, which are expected to occur during the remained coverage period, by based on the historical claims data.

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

6.14 Long-term lease

Leases of property, buildings or equipment which transfer substantially all the risks and rewards of ownership 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 profit or loss 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 profit or loss on a straight line basis over the lease term.

6.15 Foreign currencies

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.

6.16 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 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.

An impairment loss is recognised in profit or loss.

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.

6.17 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 it 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 other long-term employee benefit plan, namely long service awards.

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

Actuarial gains and losses arising from post-employment benefits and other long-term benefits are recognised immediately in profit or loss.

The defined benefits liability and other long-term benefit liabilities comprise the present value of the defined benefit obligation less unrecognised past service cost and unrecognised actuarial gains or losses.

For the first-time adoption of TAS 19 Employee Benefits, the Company elected to recognise the transitional liability, which exceeds the liability that would have been recognised at the same date under the previous accounting policy, through an adjustment to the beginning balance of retained earnings in the current year.

6.18 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.

6.19 Income tax

Income tax is 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.

6.20 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 determining income. Premium or discounts on forward exchange contracts are amortised on a straight-line basis over the contract periods.

Cross currency swap agreement

Payables and receivables arising from cross currency swap agreements 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 profit or loss.

7. Significant accounting judgments and estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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:

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.

Allowance for doubtful accounts

In determining an allowance for doubtful accounts, 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.

Impairment of equity investments

The Company treats available-for-sale equity investments and other investments as impaired when 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.

Property, buildings 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.

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.

Life insurance premium reserve

Life insurance premium reserve is calculated under 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.

Loss reserve and outstanding claims

At each reporting period, the Company has to estimate loss reserve 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 reported (IBNR) at the reporting date. The main assumptions underlying these actuarial techniques relate to historical experience, 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 actual results could differ.

Unexpired risk reserve

Unexpired risk reserve is 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.

Post-employment benefits under defined benefit plans and other long-term employee benefits

The obligation under the defined benefit plan and other long-term employee benefit plans is 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.

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.

8. Cash and cash equivalents

	(Unit: Baht)	
	2011	2010
Cash on hand	5,741,220	4,934,607
Deposits at banks with no fixed maturity date	710,979,256	554,598,352
Deposits at banks with fixed maturity date	1,875,000,000	300,000,000
Total cash and financial institutions	2,591,720,476	859,532,959
Short-term investment which amounts maturing		
within 3 months	2,020,000,000	3,020,000,000
Less: Deposits at banks which amounts maturing		
in over 3 months	(1,875,000,000)	(300,000,000)
Cash and cash equivalents	<u>2,736,720,476</u>	<u>3,579,532,959</u>

As at 31 December 2011, interest rates of saving account, fixed account and promissory notes are 0.75% - 6.10% per annum (2010: 0.25% - 6.10% per annum).

9. Premium receivables

The balances as at 31 December 2011 and 2010 of premium receivables are classified by aging from the maturity date under the stipulated credit terms as follows:

(Unit: Baht)

	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>

(Unit: Baht)

	2010		
	Due from insured	Due from agents and brokers	Total
Not yet due	1,227,106,501	-	1,227,106,501
Not over 30 days	6,037,540	24,053,591	30,091,131
Over 30 days to 60 days	418,283	7,754,414	8,172,697
Over 60 days to 90 days	885,201	18,523,585	19,408,786
Over 90 days to 1 year	3,656,206	21,949,049	25,605,255
Over 1 year	19,837	136,531	156,368
Total premium receivables	<u>1,238,123,568</u>	<u>72,417,170</u>	<u>1,310,540,738</u>

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

10. Reinsurance assets

	(Unit: Baht)	
	2011	2010
Insurance reserve refundable from reinsurers	44,362,258	34,186,315
Amounts due from reinsurers	287,692,778	204,986,228
Reinsurance assets, net	<u>332,055,036</u>	<u>239,172,543</u>

The balances as at 31 December 2011 and 2010 of amounts due from reinsurers are classified by aging as follows:

	(Unit: Baht)	
	2011	2010
Not yet due	287,692,778	204,986,228
Total amounts due from reinsurers	<u>287,692,778</u>	<u>204,986,228</u>

11. Investments in securities

11.1 Trading investments

	2011					2010				
	Cost	Unrealised gains	Unrealised losses	Fair Value	Percentage of total asset	Cost	Unrealised gains	Unrealised losses	Fair Value	Percentage of total asset
Private enterprises debt securities										
Equity securities	312,236,412	626,240	(16,169,802)	296,692,850	0.26	388,975,003	6,071,387	(3,932,380)	391,114,010	0.44
Warrants	-	2,326,745	-	2,326,745	0.01	-	-	-	-	-
Total	<u>312,236,412</u>	<u>2,952,985</u>	<u>(16,169,802)</u>	<u>299,019,595</u>	<u>0.27</u>	<u>388,975,003</u>	<u>6,071,387</u>	<u>(3,932,380)</u>	<u>391,114,010</u>	<u>0.44</u>
Total trading investments	<u>312,236,412</u>	<u>2,952,985</u>	<u>(16,169,802)</u>	<u>299,019,595</u>	<u>0.27</u>	<u>388,975,003</u>	<u>6,071,387</u>	<u>(3,932,380)</u>	<u>391,114,010</u>	<u>0.44</u>

11.2 Available-for-sale investments

	2011					2010				
	Cost	Unrealised gains	Unrealised losses	Fair Value	Percentage of total asset	Cost	Unrealised gains	Unrealised losses	Fair Value	Percentage of total asset
Government and state enterprise securities										
Thai government bond	2,958,300,610	68,610,850	(890,678)	3,026,020,782	2.69	2,974,326,525	49,890,421	(24,648,675)	2,999,568,271	3.37
Equity securities	385,914,167	-	(59,788,037)	326,126,130	0.29	363,483,363	10,425,837	-	373,909,200	0.42
Total	<u>3,344,214,777</u>	<u>68,610,850</u>	<u>(60,678,775)</u>	<u>3,352,146,912</u>	<u>2.98</u>	<u>3,337,809,888</u>	<u>60,316,258</u>	<u>(24,648,675)</u>	<u>3,373,477,471</u>	<u>3.79</u>
Private enterprises debt securities										
Debenture – convertible										
debenture	50,000,157	1,416,923	-	51,417,080	0.05	50,000,316	3,043,469	-	53,043,785	0.06
Equity securities	5,247,888,506	2,374,374,096	(47,344,497)	7,574,918,105	6.74	4,964,106,691	2,119,161,897	(14,904,200)	7,068,364,388	7.95
Unit trusts	1,814,664,836	169,061,811	(10,618,848)	1,973,107,799	1.75	2,071,935,329	204,244,892	(4,749,581)	2,271,430,640	2.55
Total	<u>7,112,553,499</u>	<u>2,544,852,830</u>	<u>(57,963,345)</u>	<u>9,599,442,984</u>	<u>8.54</u>	<u>7,086,042,336</u>	<u>2,326,450,258</u>	<u>(19,653,781)</u>	<u>9,392,838,813</u>	<u>10.56</u>
Foreign securities										
Unit trusts	423,350,000	14,957,245	(30,949,689)	407,357,556	0.36	170,000,000	-	(19,524,017)	150,475,983	0.17
Total	<u>423,350,000</u>	<u>14,957,245</u>	<u>(30,949,689)</u>	<u>407,357,556</u>	<u>0.36</u>	<u>170,000,000</u>	<u>-</u>	<u>(19,524,017)</u>	<u>150,475,983</u>	<u>0.17</u>
Total available-for-sale investments	<u>10,880,118,276</u>	<u>2,628,420,925</u>	<u>(149,591,749)</u>	<u>13,358,947,452</u>	<u>11.88</u>	<u>10,593,852,224</u>	<u>2,386,766,516</u>	<u>(63,826,473)</u>	<u>12,916,792,267</u>	<u>14.52</u>

11.3 Held-to-maturity investments

	(Unit: Baht)			
	2011		2010	
	Cost/ Amortised cost	Percentage of total asset	Cost/ Amortised cost	Percentage of total asset
Government and state enterprise securities				
Thai government bond	48,467,761,460	43.10	39,675,423,536	44.61
State enterprise bond	13,884,381,226	12.35	12,384,037,615	13.92
Debenture – convertible debenture	2,116,059,896	1.88	1,916,961,970	2.16
Promissory note	395,000,000	0.35	395,000,000	0.44
Total	64,863,202,582	57.68	54,371,423,121	61.13
Private enterprises debt securities				
Promissory note - bills of exchange	9,480,000,000	8.43	3,790,000,000	4.26
Debenture – convertible debenture	8,380,621,815	7.45	4,425,330,659	4.98
Total	17,860,621,815	15.88	8,215,330,659	9.24
Less: Allowance for Impairment	-	-	(7,500,000)	(0.01)
Total	17,860,621,815	15.88	8,207,830,659	9.23
Foreign debt securities				
Bond	2,068,763,701	1.84	1,643,110,367	1.85
Debenture – convertible debenture	2,726,751,378	2.42	2,266,749,331	2.55
Total	4,795,515,079	4.26	3,909,859,698	4.40
Deposit at financial institutions which amounts maturing in over 3 months				
Deposit at bank	1,575,000,000	1.40	-	-
Certificate of deposit	300,000,000	0.27	300,000,000	0.34
Total	1,875,000,000	1.67	300,000,000	0.34
Total held-to-maturity investments	89,394,339,476	79.49	66,789,113,478	75.10

11.4 Other investments

	(Unit: Baht)			
	2011		2010	
	Cost	Percentage of total asset	Cost	Percentage of total asset
Investment in non-listed companies in Thailand	29,587,830	0.03	29,587,830	0.03
Total	29,587,830	0.03	29,587,830	0.03

11.5 Maturity of debt securities

(Unit: Baht)

	2011				2010			
	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	
Available-for-sale investment								
Government and state enterprise securities								
Thai government bond	-	1,263,769,233	1,694,531,377	2,958,300,610	-	714,049,337	2,260,277,188	2,974,326,525
Add (less): Unrealised gains (loss) on changes in values of investments	-	1,910,708	65,809,465	67,720,173	-	(2,193,528)	27,435,275	25,241,747
Total	-	1,265,679,941	1,760,340,842	3,026,020,783	-	711,855,809	2,287,712,463	2,999,568,272
Private enterprises securities								
Debenture - convertible debenture	50,000,157	-	-	50,000,157	-	50,000,316	-	50,000,316
Add: Unrealised gains on changes in values of investments	1,416,923	-	-	1,416,923	-	3,043,469	-	3,043,469
Total	51,417,080	-	-	51,417,080	-	53,043,785	-	53,043,785
Total available-for-sale investments	51,417,080	1,265,679,941	1,760,340,842	3,077,437,863	-	764,899,594	2,287,712,463	3,052,612,057
Held-to-maturity investment								
Government and state enterprise securities								
Thai government bond	-	2,833,957,436	45,633,804,024	48,467,761,460	2,118,148,192	2,785,808,433	34,771,466,912	39,675,423,537
State enterprise bond	1,033,831,067	3,731,948,919	9,118,601,240	13,884,381,226	560,328,521	4,587,494,904	7,236,214,190	12,384,037,615
Debenture - convertible debenture	-	820,774,187	1,295,285,710	2,116,059,897	-	821,108,166	1,095,853,804	1,916,961,970
Certificate of deposits	-	300,000,000	-	300,000,000	-	300,000,000	-	300,000,000
Promissory notes - bills of exchange	395,000,000	-	-	395,000,000	395,000,000	-	-	395,000,000
Total	1,428,831,067	7,686,680,542	56,047,690,974	65,163,202,583	3,073,476,713	8,494,411,503	43,103,534,906	54,671,423,122
Private enterprises securities								
Promissory notes - bills of exchange	4,550,000,000	1,630,000,000	3,300,000,000	9,480,000,000	-	-	3,790,000,000	3,790,000,000
Debenture - convertible debenture	220,000,000	2,126,000,000	6,034,621,815	8,380,621,815	268,055,726	1,415,000,000	2,742,274,933	4,425,330,659
Certificated deposit	1,575,000,000	-	-	1,575,000,000	-	-	-	-
Total	6,345,000,000	3,756,000,000	9,334,621,815	19,435,621,815	268,055,726	1,415,000,000	6,532,274,933	8,215,330,659
Less: Allowance for impairment	-	-	-	-	(7,500,000)	-	-	(7,500,000)
Total	6,345,000,000	3,756,000,000	9,334,621,815	19,435,621,815	260,555,726	1,415,000,000	6,532,274,933	8,207,830,659
Foreign investments								
Bond	-	1,468,763,701	600,000,000	2,068,763,701	-	981,066,310	662,044,057	1,643,110,367
Debenture - convertible debenture	-	1,500,709,660	1,226,041,717	2,726,751,377	-	830,517,357	1,436,231,974	2,266,749,331
Total	-	2,969,473,361	1,826,041,717	4,795,515,078	-	1,811,583,667	2,098,276,031	3,909,859,698
Total held-to-maturity investments	7,773,831,067	14,412,153,903	67,208,354,506	89,394,339,476	3,334,032,439	11,720,995,170	51,734,085,870	66,789,113,479

As at 31 December 2011, the Company has pledged government and state enterprise bonds of Baht 17,238.64 million (2010: Baht 13,146.02 million) as life assurance policy reserve and assets pledged with the Registrar in accordance with the Life Assurance Act as mentioned in Notes 32 and 33.

- (a) As at 31 December 2011, the Company has investments of Baht 1,800 million (2010: Baht 1,700 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 9 - 11 years, and contain conditions related to early redemption rights or put options obliging the Company to purchase additional notes released by issuers.
- (b) As at 31 December 2011, the Company has investments of Baht 1,330 million (2010: Baht 1,090 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 5 years, and contain conditions whereby settlement of principal and interest is to be received on the maturity date per the agreement.
- (c) As at 31 December 2011, the Company has investments of Baht 600 million (2010: 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 9 years, and contain conditions whereby settlement of principal and interest is to be received based on the rate of return of government bond (CMT Index).
- (d) As at 31 December 2011, the Company has investments of Baht 900 million (2010: Baht 400 million) in promissory notes and bills of exchange, which have been classified as held-to-maturity investments and are presented at amortised cost. Such notes were issued by branches of foreign commercial banks, have remaining lives of 9 - 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 one structured note as described in (b).

The Company recorded gains (losses) from investments in securities for the years ended 31 December 2011 and 2010 by included the following.

	(Unit: Baht)	
	2011	2010
Unrealised gains (losses) from trading securities	(13,216,817)	2,139,007
Gains from sales of trading securities	56,940,570	202,615,935
Gains from sales of available-for-sale securities	283,770,601	225,873,311
Gains from sales of held-to-maturity securities	3,390,822	4,000,000
Unrealised gains on foreign exchange contracts	(17,632,500)	16,200,000
Reversal of impairment loss	16,913	5,016
Total	313,269,589	450,833,269

12. Loans and accrued interest

As at 31 December 2011 and 2010, the balances of loans and accrued interest are aged by principal and accrued interest as follows:

(Unit: Baht)									
2011									
Outstanding period	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
(Unit: Baht)									
2010									
Outstanding period	Policy loans		Mortgage loans		Other loans		Total		
	Principal	Accrued interest	Principal	Accrued interest	Principal	Accrued interest	Principal	Accrued interest	Total
Current	1,517,437,651	108,983,658	623,913,961	2,691,501	14,090,179	-	2,155,441,791	111,675,159	2,267,116,950
Overdue:									
Less than 6 months	-	-	1,270,928	-	-	-	1,270,928	-	1,270,928
Over 12 months	-	-	1,286,677	79,478	112,743	3,353	1,399,420	82,831	1,482,251
Total	1,517,437,651	108,983,658	626,471,566	2,770,979	14,202,922	3,353	2,158,112,139	111,757,990	2,269,870,129
Less: Allowance for doubtful accounts	-	-	(66,408)	(79,478)	-	-	(66,408)	(79,478)	(145,886)
Loans and accrued interest - net	1,517,437,651	108,983,658	626,405,158	2,691,501	14,202,922	3,353	2,158,045,731	111,678,512	2,269,724,243

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 percent and 5 percent per annum, respectively. As at 31 December 2011, loans to employees and agents totaled Baht 67.06 million (2010: Baht 55.91 million).

13. Property and equipment

	(Unit: Baht)							
	Land	Buildings and buildings improvements	Condominium	Office furniture, fixture and equipment	Motor vehicles	Properties foreclosed	Construction in progress	Total
Cost:								
31 December 2009	72,476,800	304,875,572	36,632,960	359,506,638	30,762,565	6,685,000	35,000	810,974,535
Additions	-	15,067,942	-	55,562,190	-	-	4,565,000	75,195,132
Disposals	-	(816,581)	-	(23,243,570)	(8,805,000)	-	-	(32,865,151)
Adjustment	-	-	-	519,862	-	-	-	519,862
Transfer in (out)	-	3,085,000	-	690,000	-	-	(3,775,000)	-
31 December 2010	72,476,800	322,211,933	36,632,960	393,035,120	21,957,565	6,685,000	825,000	853,824,378
Additions	-	3,757,381	-	37,976,026	1,248,757	-	1,359,000	44,341,164
Disposals	-	-	-	(7,049,551)	-	-	-	(7,049,551)
Transfers in (out)	-	829,000	-	1,355,000	-	-	(2,184,000)	-
31 December 2011	72,476,800	326,798,314	36,632,960	425,316,595	23,206,322	6,685,000	-	891,115,991
Accumulated depreciation:								
31 December 2009	-	186,228,536	11,295,999	259,475,173	18,457,171	1,369,973	-	476,826,852
Depreciation on disposals	-	(816,503)	-	(22,328,659)	(8,804,930)	-	-	(31,950,092)
Depreciation for the year	-	22,249,989	1,831,648	41,951,426	3,776,783	90,000	-	69,899,846
31 December 2010	-	207,662,022	13,127,647	279,097,940	13,429,024	1,459,973	-	514,776,606
Depreciation on disposals	-	-	-	(6,855,662)	-	-	-	(6,855,662)
Depreciation for the year	-	21,982,362	1,831,648	49,324,969	3,515,797	125,000	-	76,779,776
31 December 2011	-	229,644,384	14,959,295	321,567,247	16,944,821	1,584,973	-	584,700,720
Net book value:								
31 December 2010	72,476,800	114,549,911	23,505,313	113,937,180	8,528,541	5,225,027	825,000	339,047,772
31 December 2011	72,476,800	97,153,930	21,673,665	103,749,348	6,261,501	5,100,027	-	306,415,271
Depreciation for the year								
2010								69,899,846
2011								76,779,776

As at 31 December 2011, certain of the buildings and equipment items of the Company have been fully depreciated but are still in use. The cost before deducting accumulated depreciation of those assets amounted to Baht 313.26 million (2010: Baht 264.47 million).

14. Intangible assets

(Unit: Baht)

	Software	System development in progress	Total
Cost:			
31 December 2009	39,793,548	749,378	40,542,926
Increase	8,838,601	175,500	9,014,101
Adjust	(519,862)	-	(519,862)
Transfer in (out)	764,378	(764,378)	-
31 December 2010	48,876,665	160,500	49,037,165
Increase	11,949,609	-	11,949,609
Adjust	(232,477)	-	(232,477)
31 December 2011	60,593,797	160,500	60,754,297
Accumulated amortisation:			
31 December 2009	22,724,179	-	22,724,179
Amortisation charged for the year	7,363,955	-	7,363,955
31 December 2010	30,088,134	-	30,088,134
Amortisation charged for the year	9,275,348	-	9,275,348
31 December 2011	39,363,482	-	39,363,482
Net book value			
31 December 2010	18,788,531	160,500	18,949,031
31 December 2011	21,230,315	160,500	21,390,815
Amortisation charged in income statements for the year			
2010			7,363,955
2011			9,275,348

15. Other assets

(Unite: Baht)

	2011	2010
Prepaid rental expenses	105,235,731	117,029,111
Receivable from sales of investments	5,651,811	8,258,080
Prepaid expenses	32,565,528	24,960,298
Deposits	24,770,787	22,342,680
Others	11,384,269	11,095,389
Total	179,608,126	183,685,558

16. Due to reinsurers

	(Unit: Baht)	
	2011	2010
Outward premium payable	266,778,378	237,341,227
Total due to reinsurers	<u>266,778,378</u>	<u>237,341,227</u>

17. Life policy reserve

	(Unit: Baht)	
	2011	2010
Beginning balance	68,189,797,590	52,653,892,155
Life policy reserve for premium received during the period and reserve for enforced policy benefit and other claims	25,096,628,836	19,766,489,354
Benefit paid for death, maturity, surrender and other claims	(4,900,022,576)	(4,230,583,919)
Ending balance	<u>88,386,403,850</u>	<u>68,189,797,590</u>

18. Unpaid policy benefits

	(Unit: Baht)	
	2011	2010
Death benefit	81,726,023	76,645,330
Maturity payment	862,107	934,550
Total	<u>82,588,130</u>	<u>77,579,880</u>

19. Loss reserves and outstanding claims

	(Unit: Baht)	
	2011	2010
Beginning balance	320,619,427	261,543,874
Claims and loss adjustment expenses for the year	1,799,686,133	1,735,641,829
Claims and loss adjustment expenses paid during the year	(1,786,475,284)	(1,676,566,276)
Ending balance	<u>333,830,276</u>	<u>320,619,427</u>

20. Premium reserve

20.1 Unearned premium reserve

	(Unit: Baht)	
	2011	2010
Beginning balance	1,013,363,551	904,043,211
Premium written for the year	2,712,992,417	2,533,408,881
Premium earned for the current year	(2,641,159,001)	(2,424,088,541)
Ending balance	<u>1,085,196,967</u>	<u>1,013,363,551</u>

20.2 Unexpired risk reserve

	(Unit: Baht)	
	2011	2010
Beginning balance	780,289,934	723,234,569
Increase (decrease) during the year	(20,652,057)	57,055,365
Ending balance	<u>759,637,877</u>	<u>780,289,934</u>

21. Employee benefit obligations

	(Unit: Baht)	
	2011	2010
Short-term employee benefit	112,672,558	108,392,538
Long-term employee benefit	121,121,145	-
Employee benefit obligations	<u>233,793,703</u>	<u>108,392,538</u>

Provision from long-term employee benefits as at 31 December 2011 which are compensations on employee retirement and other long-term employee benefit, were as follows:

	(Unit: Baht)
	2011
Cumulative effect of change in accounting policy for employee benefits adjusted against beginning balance of retained earning (Note 5)	108,188,146
Current service cost	8,354,432
Interest cost	5,408,816
Benefit paid during the year	(7,084,640)
Actuarial losses	6,254,391
Balance at end of year	<u>121,121,145</u>

Employee benefit expenses for the year ended 31 December 2011 which are compensations on employees retirement and other long-term employee benefit, were as follows:

	(Unit: Baht)
	2011
Current service cost	8,354,432
Interest cost	5,408,816
Actuarial loss	6,254,391
Reserve for retirement benefit expense, net	<u>20,017,639</u>

Principal assumptions at the valuation date were as follows:

	(% per annum)
Discount rate	5%
Future salary increasing rate	5.75%
Staff turnover rate (depending on age of employee)	1% - 9%

22. Other liabilities

	(Unit: Baht)	
	2011	2010
Accrued commission expenses	420,500,352	604,751,763
Accrued expenses	138,228,344	223,127,921
Withholding tax payable	21,413,594	19,716,519
Premium received for policies not yet approved	72,012,505	76,962,715
Amounts received awaiting transfer	95,778,232	125,158,636
Unpaid benefits to life policies exempted premium	95,767,729	89,503,128
Forward contracts payables	56,231,300	39,487,950
Payable from purchases of investments	72,303,102	2,590,007
Others	76,626,246	53,129,425
Total	<u>1,048,861,404</u>	<u>1,234,428,064</u>

23. 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 warrants to subscribe to the Company's ordinary shares, to be allotted to employees as follow:

Approved by	Warrants
The Executive Board of Directors of the Company, on 29 May 2008	11.50 million units
The Board of Directors of the Company, on 11 August 2009	1.35 million units
Unallocated warrants	7.15 million units

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 the exercise price is the public offering price.

Subsequently, on 26 April 2011, the Annual General Meeting of shareholders of the Company passed a resolution approving the cancelation of the 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 Company is still considering the allocation of Warrant No.2 and there has yet to be any allocation in the current year.

24. Dividend paid

Dividend declared during the periods 2011 and 2010 consist of the following:

	Approved by	Total dividend (Million Baht)	Dividend per share (Baht)
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 periods 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		936.0	0.78
a) Final dividend for 2009	Annual General Meeting of the Shareholders on 27 April 2010 and the OIC on 22 April 2010	180.0	0.15
b) Interim dividend from operations for six-month periods ended 30 June 2010	Meeting of Board of Directors on 10 August 2011 and the OIC on 8 September 2010	240.0	0.20
Total dividend for the period 2010		420.0	0.35

25. 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.

26. Underwriting information reported by insurance categories

Underwriting information classified by insurance categories for the year ended 31 December 2011 is as follows:

(Unit: Baht)

	Traditional products - no participating dividend	Personal accident	Total
Underwriting income			
Premium written	31,509,704,298	46,464,496	31,556,168,794
Less: Premium ceded	(414,142,541)	(3,489,838)	(417,632,379)
Net premium written	31,095,561,757	42,974,658	31,138,536,415
Add (less): Unearned premium reserve	(73,583,867)	1,750,451	(71,833,416)
Total underwriting income	31,021,977,890	44,725,109	31,066,702,999
Underwriting expenses			
Life policy reserve increase from prior year	20,196,606,260	-	20,196,606,260
Benefit payments to life policies and benefit adjustment expenses	5,380,207,311	-	5,380,207,311
Claims and losses adjustment expenses	1,552,422,741	6,682,173	1,559,104,914
Commissions and brokerage expenses	2,438,477,641	714,958	2,439,192,599
Sales promotion expenses	328,300,388	473,318	328,773,706
Other underwriting expenses	20,754,224	29,922	20,784,146
Total underwriting expenses	29,916,768,565	7,900,371	29,924,668,936

Underwriting information classified by insurance categories for the year ended 31 December 2010 is as follows:

(Unit: Baht)

	Traditional products - no participating		Total
	dividend	Personal accident	
Underwriting income			
Premium written	26,301,102,548	50,840,623	26,351,943,171
Less: Premium ceded	(366,383,594)	(3,490,745)	(369,874,339)
Net premium written	25,934,718,954	47,349,878	25,982,068,832
Less: Unearned premium reserve	(112,267,408)	2,947,068	(109,320,340)
Total underwriting income	25,822,451,546	50,296,946	25,872,748,492
Underwriting expenses			
Life policy reserve increase from prior year	15,535,905,435	-	15,535,905,435
Benefit payments to life policies and benefit adjustment expenses	4,873,985,599	-	4,873,985,599
Claims and losses adjustment expenses	1,545,630,537	9,709,019	1,555,339,556
Commissions and brokerages expenses	2,700,834,050	662,465	2,701,496,515
Sales promotion expenses	301,016,904	586,320	301,603,224
Other underwriting expenses	24,804,316	48,314	24,852,630
Total underwriting expenses	24,982,176,841	11,006,118	24,993,182,959

27. Operating expenses

(Unit: Baht)

	2011	2010
Personal expenses which is not expenses for underwriting and claims	628,520,842	586,566,563
Premises and equipment expenses which is not expenses for underwriting	149,873,926	138,811,472
Taxes and duties	130,892,838	94,251,096
Other operating expenses	340,812,226	300,419,660
Total operating expenses	1,250,099,832	1,120,048,791

28. Employee expenses

	(Unit: Baht)	
	2011	2010
Salary and wages	583,414,258	559,575,240
Social security fund	10,747,816	10,797,128
Contribution to defined employee benefit	22,368,237	23,069,420
Other benefits	41,460,399	24,830,968
Total employee expenses	<u>657,990,710</u>	<u>618,272,756</u>

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. During 2011, a total of Baht 22.37 million (2010: Baht 23.07 million) has been contributed to the fund.

29. Corporate income tax

Corporate income taxes of the Company for the years ended 31 December 2011 and 2010 have been calculated on taxable income at rates of 25% on earnings after adding back provisions and certain expenses which are disallowed for tax computation purposes, deducting dividends exempted from income tax.

30. Basic earnings per share

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

Diluted earnings per share is calculated by dividing profit for the year (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the year 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 year or on the date the potential ordinary shares were issued.

Basis earning per share and diluted earnings per share were calculated as follows:

	Profit for the year		Weighted average		Earnings per	
	(Thousand Baht)		number of ordinary		share (Baht)	
	2011	2010	2011	2010	2011	2010
Basic earnings per share						
Profit	3,417,098	2,796,484	1,200,000	1,200,000	<u>2.848</u>	<u>2.330</u>
Effect of dilutive potential ordinary share						
Dilutive effect of warrants	-	-	8,929	6,199		
Diluted earnings per share						
Profit of ordinary shareholder assuming the conversion of warrants to ordinary shares	<u>3,417,098</u>	<u>2,796,484</u>	<u>1,208,929</u>	<u>1,206,199</u>	<u>2.827</u>	<u>2.318</u>

31. Related party transactions

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)

	2011	2010	Pricing Policy
Transaction with related companies			
Premium written	3,879,210	3,875,200	Normal commercial terms for underwriting
Premium ceded	21,263,036	6,900,852	Normal commercial terms for reinsurance depending on type of insurance and reinsurance contract
Claim recoverable from reinsurer	24,398,091	4,205,847	At a mutually agreed percentage of reinsurance premium
Commission and brokerages	1,068,694,475	1,212,770,112	At a mutually agreed percentage of premium written
Claim payment and diagnose charge	73,016,717	74,096,851	Normal commercial terms for underwriting
Interest income - deposits at bank, promissory notes and debentures	76,481,564	17,325,292	Same rates as those offered by financial institutions and related companies to general customers
Interest income mortgage loans	5,541,058	7,834,080	Same rates as the Company charged to general borrowers who mortgage assets as collateral
Dividend income	130,561,381	98,609,805	The declared amount

(Unit: Baht)

	2011	2010	Pricing Policy
Transaction with related companies (continued)			
Bank charges	71,321,935	61,135,516	Same rates as those charged by financial institutions and related companies to general customers
Insurance premium	921,275	1,040,141	Normal commercial terms for underwriting
Building space rental and services	61,433,042	72,655,332	Head office building: Rental fee of approximately Baht 90 per square meter per month and service fee of Baht 29 per square meter per month since 1 August 2010 (before 1 August 2010: fee of Baht 20 per square meter) 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.

For the years 2011 and 2010, the premium generated from the Bancassurance distribution channel represented approximately 61.83 percent and 56.38 percent of total net premium written, respectively.

As at 31 December 2011 and 2010, the balance of the accounts between the Company and those related companies are as follows:

		(Unit: Thousand Baht)	
	Note	2011	2010
Transactions with related companies			
Investments in marketable equity securities - cost	11	1,266,585	610,333
Add: Unrealised gain		576,627	480,663
Investments in marketable equity securities - fair value		<u>1,843,212</u>	<u>1,090,996</u>
Investments in unit trusts - cost	11	1,247,518	1,468,503
Add: Unrealised gain		102,972	156,466
Investments in unit trusts - fair value		<u>1,350,490</u>	<u>1,624,969</u>

(Unit: Thousand Baht)

	Note	2011	2010
Transactions with related companies (continued)			
Investments in non-marketable equity securities	11	11,167	11,167
Investments in debentures	11	3,555,000	100,000
Investments in foreign debentures	11	1,046,041	1,046,232
Deposit at financial institution	8	689,495	519,817
Mortgage loans	12	83,620	99,679
Prepaid rental expense (Including in other assets)	15	105,236	117,029
Reinsurance assets	10	16,903	2,835
Amounts due to reinsurers	16	10,887	4,100
Accrued commission (Including in other liabilities)	22	160,787	282,450
Accrued rental and service expense (Including in other liabilities)	22	16,525	284
Outstanding claims	19	16,113	13,874

Directors and management's benefits

During the year ended 31 December 2011 and 2010, the Company had employee benefit expenses payable to their directors and management as below.

(Unit: Million Baht)

	2011	2010
Short-term employee benefits	33.37	55.54
Long-term employee benefits	11.66	-
Total	<u>45.03</u>	<u>55.54</u>

In addition, the Company has allocated 20 million warrants to its employees without charge. The details of the warrants are presented in Note 23.

32. Assets pledged with registrar

As at 31 December 2011 and 2010, the following assets have been pledged with the Registrar in accordance with the Life Assurance Act.

(Unit: Baht)

	2011		2010	
	Cost/		Cost/	
	Amortised cost	Fair value	Amortised cost	Fair value
State enterprise bonds	20,000,000	21,361,905	20,000,000	21,436,731

33. Assets reserve with registrar

As at 31 December 2011 and 2010, the following assets have been pledged as life assurance policy reserve with the Registrar in accordance with the Life Assurance Act.

(Unit: Baht)

	2011		2010	
	Cost/		Cost/	
	Amortised cost	Fair value	Amortised cost	Fair value
Government bonds	8,877,714,310	9,667,637,947	4,780,291,574	5,328,042,582
State enterprise bonds	8,340,931,088	9,194,442,506	8,345,723,786	8,981,768,409
Total	17,218,645,398	18,862,080,453	13,126,015,360	14,309,810,991

34. Commitments

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

(Unit: Million Baht)

	Pay within			
	1 year	1 - 5 years	Over	Total
			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

As at 31 December 2010, future minimum lease payments required under these non-cancellable operating lease contracts were as follows:

(Unit: Million Baht)

	Pay within			
	1 year	1 - 5 years	Over	Total
			5 years	
Operating lease agreements	22.59	14.53	4.70	41.82
Services agreements	23.82	32.20	22.10	78.12
Total	46.41	46.73	26.80	119.94

35. Litigation

As at 31 December 2011, the Company has been sued for damaged totaling approximately Baht 38.27 million (2010: Baht 33.78 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 uncertainty of the outcome.

36. 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.

37. Financial instruments

37.1 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 insignificant due to the large number of customers comprising the customer base and their dispersion across different industries and geographic regions in Thailand. The maximum exposure to credit risk is the book value of assets as presented in 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.

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 2011, financial assets classified by type of interest rate are summarised in the table below.

(Unit: Baht)

	Balance as at 31 December 2011		
	No interest	Floating interest rate	Fixed interest rate
Cash equivalent	308,719,181	408,001,295	2,020,000,000
Investments in securities - net			
Government and state enterprise securities	-	-	68,189,223,364
Private enterprises debt securities	-	-	19,487,038,896
Foreign debt securities	-	-	4,795,515,079
Loans - net	-	51,981,194	2,061,101,258
Total	308,719,181	459,982,489	96,552,878,597

As at 31 December 2011, 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)

	Within			Total	Average
	1 year	1 - 5 years	Over 5 years		interest rate
					(% p.a.)
Cash equivalent	2,020,000,000	-	-	2,020,000,000	3.24
Investments in securities - net					
Government and state enterprise securities	1,428,831,067	8,952,360,483	57,808,031,814	68,189,223,364	4.56
Private enterprises debt securities	6,396,417,081	3,756,000,000	9,334,621,815	19,487,038,896	5.04
Foreign debt securities	-	2,969,473,362	1,826,041,717	4,795,515,079	5.26
Loans - net	1,286,626	16,379,379	2,043,435,253	2,061,101,258	5.72 - 8.00
Total	9,846,534,774	15,694,213,224	71,012,130,599	96,552,878,597	

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.

As at 31 December 2011, the balances of financial assets denominated in foreign currencies are summarised below.

Foreign currency	Financial assets	Average exchange rate as at 31 December 2011
	(Million)	(Baht per 1 foreign currency unit)
US dollar	127.76	31.55

Foreign exchange contracts outstanding at 31 December 2011 are summarised below.

Foreign currency	Bought amount	Contractual exchange rate bought	Contractual maturity date
	(Million)	(Baht per 1 foreign currency unit)	
US dollar	127.75	29.80 - 41.00	February 2012- October 2020

37.2 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 2011, the aggregate carrying values of the Company's financial instruments which are significantly different from their aggregate fair values can be defined as follows:

	Carrying value	Fair value
		(Unit: Baht)
Held-to-maturity debt securities		
Bonds - net	64,420,906,387	68,777,238,710
Debentures - net	13,223,433,090	14,024,139,862
Investments in notes in Note 11 (a) (exclusion of put option)	1,800,000,000	1,922,014,781
Investments in notes in Note 11 (b)	1,330,000,000	1,836,689,535
Investments in notes in Note 11 (c)	600,000,000	656,940,000
Investments in notes in Note 11 (d)	900,000,000	841,540,000

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

Investments in notes as Note 11 (a) and Note 11 (b)

As at 31 December 2011, the Company may need to deposit additional amounts in the future under the promissory notes and bills of exchange agreements, as summarised below.

Within	(Unit: Million Baht)
1 year	1,640
2 - 5 year	830

38. Contribution to Life Guarantee Fund

	(Unit: Baht)	
	2011	2010
Life guarantee fund at the beginning of the year	54,530,168	28,178,224
Contribution during the year	31,556,169	26,351,944
Life guarantee fund at the end of the year	86,086,337	54,530,168

39. 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.

40. Events after the reporting period

40.1 On 22 February 2012, the meeting of the Company's Board of Director passed a resolution to approve a dividend payment of Baht 0.34 per share, in respect of the 1,200,000,000 ordinary shares held by the Company's shareholders, a total of Baht 408 million. The Company paid interim dividends of Baht 0.38 per share, totaling Baht 456.00 million on 15 September 2011. However, the payment of dividend must be approved by the Annual General Meeting of shareholders of the Company and the Office of Insurance Commission.

40.2 On 22 February 2012, the meeting of the Company's Board of Director passed a resolution approving the allocation of 7.15 million registered and non-transferrable units of Warrant No. 2 to employees and/or managements.

41. Reclassification

To follow the adoption of presentation of the financial statements in accordance with the stipulations of the Declarations of the OIC described in Note 2 to the financial statement, and the adoption of new accounting standards described in Note 3 to the financial statement and Note 5 to the financial statement. The Certain amounts in the financial statements for the year ended 31 December 2010 have been reclassified to conform to the current year's classification, without the effect to the Company's equity.

42. Approval of financial statements

These financial statements were authorised for issue by the Board of Directors on 22 February 2012.