

Report of Independent Auditor

To the Shareholders of Road Accident Victims Protection Company Limited

I have audited the accompanying statements of financial position of Road Accident Victims Protection Company Limited as at 31 December 2011 and 2010, and the related statements of 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 Road Accident Victims Protection Company Limited as at 31 December 2011 and 2010, and the results of its operations and 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 the following:

- (1) Note 3 to the financial statements, regarding the Company's adoption of revised and new accounting standards issued by the Federation of Accounting Professions during the current year, and Note 2 to the financial statements regarding the Company's preparation and presentation of the financial statements in compliance with the Declaration of the Insurance Commission.
- (2) Note 5 to the financial statement, regarding the Company's change the accounting policy of recognition of the premium reserve and has restated the financial statements as at 31 December 2010 to reflect the change in its accounting policy regarding the recognition of the premium. In my opinion, the adjustments made for the preparation of the restated financial statements are appropriate and have been properly applied.



Nonglak Pumnoi

Certified Public Accountant (Thailand) No. 4172

Ernst & Young Office Limited

Bangkok: 26 March 2012

Road Accident Victims Protection Company Limited
Statements of financial position
As at 31 December 2011 and 2010

	Note	2011	(Unit: Baht) 2010 (Restated)
Assets			
Cash and cash equivalents	8	336,020,783	53,673,485
Accrued investment income		25,360,479	17,999,739
Premium receivables	9	85,794,823	87,610,270
Investment assets			
Investments in securities			
Trading investments	10.1	123,085,241	14,000,047
Available-for-sale investments	10.2	149,658,335	169,017,762
Held-to-maturity investments	10.3	4,635,604,007	2,892,314,903
Loans	11	10,211,475	10,224,981
Equipment, net	12	35,638,840	46,337,076
Intangible assets, net	13	6,225,213	7,496,288
Advanced claims, net	14	30,051,759	65,169,426
RVP expense subsidies receivables, net	15	256,257,383	376,510,644
Other assets			
Claim recoveries from litigants, net		17,094,077	18,266,912
Others		19,677,781	20,241,239
Total assets		<u>5,730,680,196</u>	<u>3,778,862,772</u>

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

Road Accident Victims Protection Company Limited
Statements of financial position (Continued)
As at 31 December 2011 and 2010

	Note	2011	(Unit: Baht) 2010 (Restated)
Liabilities and equity			
Liabilities			
Income tax payable		106,666,466	67,015,618
Insurance contract liabilities			
Loss reserves and outstanding claims	16	2,722,027,189	1,665,053,488
Premium reserves	17	1,906,504,051	1,492,356,810
Employee benefit obligations	18	49,007,261	192,095
Other liabilities			
Loss reserves received from insurance companies		39,283,860	17,111,100
Accrued expenses		42,100,923	39,256,244
Guarantee from insurance agents		60,632,596	51,025,128
Others		91,739,658	61,508,026
Total liabilities		<u>5,017,962,004</u>	<u>3,393,518,509</u>
Equity			
Share capital			
Registered			
10,000,000 ordinary shares of Baht 10 each		<u>100,000,000</u>	<u>100,000,000</u>
Issued and paid-up			
10,000,000 ordinary shares of Baht 10 each		100,000,000	100,000,000
Retained earnings		614,242,649	281,841,857
Other components of equity		(1,524,457)	3,502,406
Total equity		<u>712,718,192</u>	<u>385,344,263</u>
Total liabilities and equity		<u>5,730,680,196</u>	<u>3,778,862,772</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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Road Accident Victims Protection Company Limited
Statements of comprehensive income
For the years ended 31 December 2011 and 2010

	Note	2011	2010 (Restated)
(Unit: Baht)			
Revenues			
Net earned written	19	3,199,182,761	1,880,413,346
RVP expense subsidies	19	1,005,802,098	1,039,542,232
Fee and commission income	19	15,329,450	19,830,400
Total income		<u>4,220,314,309</u>	<u>2,939,785,978</u>
Expenses			
Underwriting expenses			
Claim expenses			
Claims and losses adjustment expenses	19	3,163,248,239	2,211,077,227
Unexpired risk reserve increase from previous year	19	18,000,400	123,222,122
Commission and brokerage expenses	19	108,786,521	81,206,835
Other underwriting expenses	19	146,341,095	54,412,172
Operating expenses	19, 20	374,429,467	314,337,236
Total underwriting expenses		<u>3,810,805,722</u>	<u>2,784,255,592</u>
Profit from underwriting		409,508,587	155,530,386
Net investment income		121,372,146	48,478,020
Gains (losses) on investments		(5,436,316)	3,114,413
Fair value gains		4,120,812	161,479
Other income		12,908,607	6,756,745
Profit from operations		<u>542,473,836</u>	<u>214,041,043</u>
Contribution to the Office of Insurance Commission		9,488,324	7,124,646
Contribution to the Non-life Guarantee Fund		8,054,704	4,694,428
Contribution to the Victim Compensation Fund		35,953,296	26,741,243
Profit before corporate income tax		<u>488,977,512</u>	<u>175,480,726</u>
Corporate income tax	22	(156,576,720)	(91,948,293)
Profit for the year		<u>332,400,792</u>	<u>83,532,433</u>
Other comprehensive income			
Gains (losses) on change in value of available-for-sale investments		(5,026,863)	2,161,191
Other comprehensive income for the year		(5,026,863)	2,161,191
Total comprehensive income for the year		<u>327,373,929</u>	<u>85,693,624</u>
Earnings per share	23		
Basic earnings per share			
Profit for the year		<u>33.24</u>	<u>8.35</u>

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

Road Accident Victims Protection Company Limited

Statements of changes in equity

For the years ended 31 December 2011 and 2010

(Unit: Baht)

	Issued and paid-up share capital	Retained earnings	Other components of equity		Total
			Other comprehensive income Surplus (deficit) on changes in values of available-for-sale investments	Total other components of equity	
Balance as at 31 December 2009	100,000,000	198,309,424	1,341,215	1,341,215	299,650,639
Total comprehensive income for the year - as restated	-	83,532,433	2,161,191	2,161,191	85,693,624
Balance as at 31 December 2010	100,000,000	281,841,857	3,502,406	3,502,406	385,344,263
Balance as at 31 December 2010 - as previous reported	100,000,000	405,063,979	3,502,406	3,502,406	508,566,385
Cumulative effect of the change in accounting policy regarding life recognition of the premium reserve (Note 5)	-	(123,222,122)	-	-	(123,222,122)
Balance as at 31 December 2010 - as restated	100,000,000	281,841,857	3,502,406	3,502,406	385,344,263
Total comprehensive income (losses) for the year	-	332,400,792	(5,026,863)	(5,026,863)	327,373,929
Balance as at 31 December 2011	100,000,000	614,242,649	(1,524,457)	(1,524,457)	712,718,192
	-	-	-	-	-
	-	-	-	-	-

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

Road Accident Victims Protection Company Limited
Statements of cash flow
For the years ended 31 December 2011 and 2010

	(Unit: Baht)	
	2011	2010
Cash flows from operating activities		
Direct premium written	3,579,153,198	2,639,742,981
Losses incurred on direct insurance	(2,020,449,592)	(1,133,429,363)
Losses adjustment expenses on direct insurance	(84,652,112)	(72,525,208)
Commissions and brokerages expense on direct insurance	(108,786,521)	(81,206,835)
Advanced claims	35,117,667	(25,953,050)
Contribution to the Victim Compensation Fund	(34,514,472)	(32,052,830)
Other underwriting expenses	(146,341,095)	(48,667,754)
Net investment income	114,562,671	47,381,865
Claim reserves received from insurance companies	22,172,760	1,449,625
RVP expense subsidies	1,126,055,359	719,222,691
Other incomes	28,238,057	24,364,028
Operating expenses	(254,129,014)	(245,588,181)
Corporate income tax	(116,925,874)	(48,947,337)
Net cash from operating activities	2,139,501,032	1,743,790,632
Cash flows from investing activities		
Cash flows from		
Investments in securities	6,792,532,145	4,626,498,956
Deposits at financial institutions	1,129,525,225	623,612,672
Equipment	2,389,250	812,602
Cash from investing activities	7,924,446,620	5,250,924,230

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

Road Accident Victims Protection Company Limited
Statements of cash flow (continued)
For the years ended 31 December 2011 and 2010

	(Unit: Baht)	
	2011	2010
Cash flows used in		
Investments in securities	(6,511,042,247)	(6,090,645,562)
Deposits at financial institutions	(3,250,000,523)	(913,614,066)
Equipments	(17,367,206)	(27,351,511)
Intangible assets	(3,189,378)	(5,010,501)
Cash flows used in investing activities	<u>(9,781,599,354)</u>	<u>(7,036,621,640)</u>
Net cash used in investing activities	<u>(1,857,152,734)</u>	<u>(1,785,697,410)</u>
Net increase (decrease) in cash and cash equivalents	282,348,298	(41,906,778)
Cash and cash equivalents at beginning of year	53,673,485	95,580,263
Cash and cash equivalents at end of year (Note 8)	<u><u>336,021,783</u></u>	<u><u>53,673,485</u></u>

Supplemental cash flows information:

Non-cash item		
Gains (losses) on changes in values of available-for-sale investments	(5,026,863)	2,161,191

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

Road Accident Victims Protection Company Limited

Notes to financial statements

For the years ended 31 December 2011 and 2010

1. General information

Road Accident Victims Protection Company Limited (“the Company”) was registered as a company on 24 February 1998, in accordance to the Protection for Motor Vehicle Accident Victims Act B.E. 2535 amended by the Protection for Motor Vehicle Accident Victims Act (No.5) B.E. 2551. The Company’s business is to provide the claim services on behalf of the insurance industry in Thailand and on behalf to the Office of Victim Compensation Fund. On 2 March 1999, the Cabinet approved the Company underwriting only compulsory motorcycle insurance under this Act.

The registered address is 44/1 Rongrojthanakul Building, 11th Floor, Ratchadapisek Road, Khwang Huaykwang, Khet Huaykwang, Bangkok.

2. Basis of preparation

The financial statements have been prepared in accordance with accounting standards enunciated under the Accounting Professions Act B.E. 2547, Thai accounting practices related to 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 order of the Registrar dated 27 May 2010, the Company has presented the statements of financial position, comprehensive income, change 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
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Accounting Standard Interpretations:

SIC 31	Revenue - Barter Transactions Involving Advertising Services
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These accounting standards do not have any significant impact on the financial standards, 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 using actuarial techniques. The Company previously accounts for such employee benefits when they were incurred.

The Company has changed this accounting policy in current year and recognised the liability in the transition period immediately as an expense in profit or loss for the year. The change has the effect of decreasing the profit of the Company by the year 2011 by Baht 48.71 million, (Baht 4.87 per share).

4. New accounting standards that are not yet effective

The Federation of Accounting Professions issued the following new and 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 standards.

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 change in accounting policies

During the current year, the Company changed its accounting policy related to the recognition of the premium reserve, in accordance with the Declaration of the Insurance Commission dated 27 May 2010. As a result, the Company must recognise obligations arising from insurance contracts based on the higher of unearned premium reserve or unexpired risk reserve. The cumulative effect to the beginning balance of retained earnings of 2011 of the change in accounting policy has been separately presented in the statements of changes in equity through a restated by amounting to Baht 123.2 million. The amounts of adjustments affecting the statements of financial position as at 31 December 2011 and 2010 is summarised below.

	(Unit: Baht)	
	2011	2010
Increase in unearned premium reserve	18,000,400	123,222,122
Decrease in retained earnings	18,000,400	123,222,122

The amounts of adjustments affecting the statement of comprehensive income for the year ended 31 December 2011 and 2010 are summarised below.

	(Unit: Baht)	
	2011	2010
Increase in unexpired risk reserve	18,000,400	123,222,122
Decrease in basic earnings per share	1.80	12.32

6. Significant accounting policies

6.1 Revenue recognition

(a) Premium income

Premium income is recognised on the date the insurance policy comes into effect, less premium of the canceled policy and premium refunded to the policy holders and adjust with unearned premium reserve.

(b) RVP expense subsidies

The RVP expense subsidies are funds received from the Company's shareholders who are the insurance companies, paid at the rate of 2% (since 1 July 2000) of compulsory motor insurance premium of the shareholders on a quarterly basis, in accordance with The Protection for Motor Vehicle Accident Victims Act B.E. 2535 amended by The Protection for Motor Vehicle Accident Victims Act (No. 3) B.E. 2540, and Announcement of Ministry of Commerce dated 22 November 2000.

Since 1 January 2004, the RVP expense subsidies have been charged at the rate of 2.25 % of motor insurance premium, in accordance with the Announcement of Ministry of Commerce dated 8 June 2004.

Since 1 January 2010, the RVP expense subsidies have been amended the contribution rate to 12.25% of the premiums received under the Motor Vehicle Accident Victims Insurance Act B.E. 2535, in accordance with the Announcement of Ministry of Finance, dated 26 April 2010.

RVP expense subsidies are recognised on an accrual basis.

(c) Interest income and dividends

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

(d) Gains (loss) on investments

Gains (loss) on investments is recognised as income or expenses on the transaction date.

- (e) Interest on loans

Interest on loan is recognised as income on an accrual basis, base on the amount of principal outstanding.

6.2 Expenses recognition

- (a) Claims and losses adjustment expenses.

Claims and losses adjustment expenses consist of claims and losses adjustment expenses of direct insurance, and include the amounts of claims, related expenses, and loss adjustments of current and prior period incurred during the year, less residual value and others recoveries (if any).

Claims and losses adjustment expenses of direct 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.

- (b) Commission and brokerage fees expenses

Commissions and brokerages are expended when incurred

6.3 Cash and cash equivalents

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

6.4 Premium receivables and allowance for doubtful accounts

Premium receivables is stated at the net realisable value. Allowance for doubtful accounts is provided for the estimated losses that may be incurred in collection of premium due and uncollected. The allowance is generally based on collection experience and analysis of debt aging.

6.5 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 losses. Investment in securities classified to trading securities when the Company's main purpose to sell in the near future.

- (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 in 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 classified to held to maturity when the Company has the positive intention and ability to hold them to maturity.

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 securities 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.

6.6 Equipment and depreciation

Equipment is stated at cost less accumulated depreciation and allowance for loss on impairment of assets (if any).

Depreciation of equipment is calculated by reference to their costs on a straight-line basis over the following estimated useful lives:

Leasehold building improvements	-	5 years
Furniture, fixtures and office equipment	-	3 years and 5 years
Motor vehicles	-	5 years

Depreciation is included in determining income.

No depreciation is provided on assets under installment.

An item of equipment is derecognised upon disposal of 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.

6.7 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 life 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 life of the intangible asset with finite useful life is 3 years.

6.8 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.

6.9 Claim recoveries from litigants and allowance for doubtful accounts

Claim recoveries from litigants are claims paid to victims in case where the litigants are in the wrong and the Company can thus subrogate their insured's right to recover from litigants' insurer which are the Company's shareholders. The Company records claim recoveries from litigants as an asset in the financial statements when it has gathered and submitted complete evidence of its right to a refund to other insurance companies.

The allowance for doubtful account is provided for the estimated losses that may be incurred in the balance amount as at the year-end date. The allowance is generally based on collection experience and other factors.

6.10 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 maximum value of claims estimate is not however, to exceed the sum-insured under the relevant policy.

The Company has allocated incurred but not reported claim, which is calculated using an actuarial method based on a best estimate of claims which are expected to be paid in respect of losses occurring before or as at the reporting period. The IBNR is calculated for both reported and not reported losses, and net of recorded claims. (2010: according to the actuarial method, but it is not to be less than 2.5% of the net premiums written for the previous 12 months).

6.11 Premium reserve

Premium reserve consists of unearned premium reserve and unexpired risk reserve

(a) Unearned premium reserve

Unearned premium reserve is set aside in compliance with the basis as specified by the OIC on monthly average basis (the one-twenty fourth basis).

(b) Unexpired risk reserve

Unexpired risk reserve is the reserve for the claims that may be incurred in respect of in-force policies. Unexpired risk reserve is set aside using an actuarial method, at the best estimate of the claims that are expected be incurred during the remaining period of coverage, based on historical claims data.

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

6.12 Claim reserves received from insurance companies

Claim reserves received from insurance companies are charged in advance to the Company's shareholders and will be paid to victims in respect of claims and related expenses, on behalf of shareholders, in conformity with The Protection for Motor Vehicle Accident Victims Act B.E. 2535.

The Company collects a reserve for claims payments from its shareholders at the rate of 2 times the average amount of claims paid by the Company in advance. The details of allocation of claims payments are stipulated in the Announcement concerning “allocation of reserves for claims payments made by insurance companies B.E. 2553”.

6.13 Impairment of assets

At the end of each reporting period, the Company performs impairment reviews in respect of 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 unless the asset is carried at a revalued amount, in which case the reversal, which exceeds the carrying amount that would have been determined, is treated as a revaluation increase.

6.14 Employee benefits

(a) Short-term employee benefits

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

(b) Post-employment 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

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.

The obligation under the defined benefit plan is determined base on actuarial techniques, using the projected unit credit method.

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

The defined benefits liability comprises the present value of the defined benefit obligation less unrecognised past service cost and unrecognised actuarial gains or losses.

6.15 Provisions

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

6.16 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.

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, 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 experience, aging profile of outstanding debts and the prevailing economic condition.

Impairment of equity investments

The Company treats available-for-sale 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.

Equipment and depreciation

In determining depreciation of equipment, the management is required to make estimates of the useful lives and residual values of the Company’s equipment and to review estimate useful lives and residual values when there are any changes.

In addition, the management is required to review 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 judgments 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 or the cash generating units and to choose a suitable discount rate in order to calculate the present value of those cash flows.

Loss reserve and outstanding claims

At the end of each reporting period, the Company has to estimate loss reserve and outstanding claims taking into account two factors. These are the claim incurred and reported, and the claims incurred but not reported (IBNR) at the end of the reporting period. The ultimate cost of outstanding claims is established using a range of standard actuarial claims projection techniques, such as the Chain Ladder and Bornheutter-Ferguson methods.

The main assumptions underlying these techniques relate to historical experience, including the development of claims estimates, paid and incurred losses, average costs per claim and claim numbers. To perform the calculation, it is necessary to perform analysis based on the type of insurance and to use the services of an actuary with expertise, experience, and an understanding of the insurance business and the Company's products.

Nevertheless, such estimates are forecasts of future outcomes, and actual results could differ.

In this regard, the Office of Insurance Commission ("OIC") has allowed reserves for loss that has been incurred but not yet reported (IBNR) to be calculated and certified by the management of companies that have received permission from the OIC.

Unexpired risk reserve

Unexpired risk reserve is calculated using an actuarial method, based on a best estimate of the claims expected to incur 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

The obligation under the defined benefit 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.

8. Cash and cash equivalents

	(Unit: Baht)	
	2011	2010
Cash	3,351,000	2,704,000
Deposits at bank with no fixed maturity date	181,778,783	50,969,485
Deposits at bank with fixed maturity date	3,414,610,710	793,614,066
Total	3,599,740,493	847,287,551
Short-term investment - Maturing within 3 months	50,000,000	-
Less: Deposits at bank - maturing in over 3 months	(3,280,000,000)	(760,000,000)
Restrictions deposits at bank	(33,719,710)	(33,614,066)
Cash and cash equivalents	<u>336,020,783</u>	<u>53,673,485</u>

9. Premium receivables

Balances of premium receivables as at 31 December 2011 and 2010 classified by aging from the maturity date under the stipulated law of the premium collection as follows.

	(Unit: Baht)			
	2011		2010	
	Due from agent and Broker	Total	Due from agent and Broker	Total
Not yet due	84,517,891	84,517,891	86,884,507	86,884,507
Not over 30 days	372,455	372,455	366,544	366,544
Over 30 days to 60 days	723,878	723,878	172,840	172,840
Over 60 days to 90 days	72,512	72,512	155,024	155,024
Over 90 days to 1 years	108,087	108,087	31,355	31,355
Total premium receivables	<u>85,794,823</u>	<u>85,794,823</u>	<u>87,610,270</u>	<u>87,610,270</u>

For premium receivables due from agents and brokers, the Company has stipulated the collection guideline in accordance with the law of the premium collection. For overdue premium receivables, the Company has the legal process with such agents and brokers.

10. Investments in securities

10.1 Trading investments

(Unit: Baht)

	2011				Percentage of investments to total assets
	Cost	Unrealised gains	Unrealised losses	Fair value	
Private enterprises debt securities					
Equity securities	110,014,199	4,710,222	(639,294)	114,085,127	1.99
Unit trusts	9,000,000	155	(41)	9,000,114	0.16
Total	119,014,199	4,710,377	(639,335)	123,085,241	2.15
Total trading investments	119,014,199	4,710,377	(639,335)	123,085,241	2.15

(Unit: Baht)

	2010				Percentage of investments to total assets
	Cost	Unrealised gains	Unrealised losses	Fair value	
Private enterprises debt securities					
Unit trusts	14,000,000	140	(93)	14,000,047	0.37
Total	14,000,000	140	(93)	14,000,047	0.37
Total trading investments	14,000,000	140	(93)	14,000,047	0.37

10.2 Available-for-sale investments

(Unit: Baht)

	2011				Percentage of investments to total assets
	Cost	Unrealised gains	Unrealised losses	Fair value	
Private enterprises debt securities					
Unit trusts	151,182,792	1,643,560	(3,168,017)	149,658,335	2.61
Total	151,182,792	1,643,560	(3,168,017)	149,658,335	2.61
Total available-for-sale investments	151,182,792	1,643,560	(3,168,017)	149,658,335	2.61

(Unit: Baht)

	2010				Percentage of investments to total assets
	Cost	Unrealised gains	Unrealised losses	Fair value	
Private enterprises debt securities					
Unit trusts	165,515,356	3,786,478	(284,072)	169,017,762	4.47
Total	165,515,356	3,786,478	(284,072)	169,017,762	4.47
Total available-for-sale investments	165,515,356	3,786,478	(284,072)	169,017,762	4.47

10.3 Held-to-maturity investments

(Unit: Baht)

	2011		2010	
	Cost/ Amortised cost	Percentage of investments to total assets	Cost/ Amortised cost	Percentage of investments to total assets
Government and state enterprise securities				
Government securities	904,767,626	15.79	1,681,013,910	44.48
State enterprise securities	164,731,131	2.87	-	-
Treasury bills	-	-	69,398,775	1.84
Total	1,069,498,757	18.66	1,750,412,685	46.32
Private enterprises debt securities				
Bills of exchange	60,000,000	1.05	170,000,000	4.50
Debentures	192,385,540	3.36	178,288,152	4.71
Total	252,385,540	4.40	348,288,152	9.21
Deposits at financial institutions - maturity over 3 months				
Deposits at financial institutions	3,313,719,710	57.82	793,614,066	21.00
Total	3,313,719,710	57.82	793,614,066	21.00
Total held-to-maturity investment	4,635,604,007	80.88	2,892,314,903	76.53

10.4 Maturity of debt securities

(Unit: Baht)

	2011				2010			
	Period to maturity				Period to maturity			
	Within 1 year	1 – 5 years	Over 5 years	Total	Within 1 year	1 – 5 years	Over 5 years	Total
Held-to-maturity investment								
Government and state enterprise securities								
Government securities	519,256,003	385,511,623	-	904,767,626	1,050,882,025	609,270,909	20,860,976	1,681,013,910
State enterprise securities	60,527,792	104,203,339	-	164,731,131	-	-	-	-
Treasury bills	-	-	-	-	69,398,775	-	-	69,398,775
Total	579,783,795	489,714,962	-	1,069,498,757	1,120,280,800	609,270,909	20,860,976	1,750,412,685
Private enterprises debt securities								
Bills of exchange	60,000,000	-	-	60,000,000	170,000,000	-	-	170,000,000
Debentures	65,209,697	127,175,843	-	192,385,540	30,058,010	148,230,142	-	178,288,152
Total	125,209,697	127,175,843	-	252,385,540	200,058,010	148,230,142	-	348,288,152
Deposit at financial institution - maturity over 3 months								
Deposits at financial institutions	2,893,719,710	420,000,000	-	3,313,719,710	643,614,066	150,000,000	-	793,614,066
Total	2,893,719,710	420,000,000	-	3,313,719,710	643,614,066	150,000,000	-	793,614,066
Total held-to-maturity investment	3,598,713,202	1,036,890,805	-	4,635,604,007	1,963,952,876	907,501,051	20,860,976	2,892,314,903
Total debt securities	3,598,713,202	1,036,890,805	-	4,635,604,007	1,963,952,876	907,501,051	20,860,976	2,892,314,903

Certain fixed deposits and bonds have been pledged with Registrar of the office of Insurance Commission as disclosed in Notes 25 and 26.

As at 31 December 2011, the Company's bank deposits of approximately Baht 30.1 million (2010: Baht 30.0 million) have been pledged as securities with banks in respect of certain performance bonds as required in the normal course of business.

11. Loans and accrued interest

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

	(Unit: Baht)			
	2011		2010	
	Principal	Accrued interest	Principal	Accrued interest
Due period				
Not yet due	10,211,475	-	10,224,981	-
Total	10,211,475	-	10,224,981	-

The Company provides loans to employees under its welfare program, with the amount lent capped at Baht 100,000. The loans are subject to interest at a rate fixed with reference to the 1-year fixed-term deposit rate of Krung Thai Bank + 2% per annum.

12. Equipment

(Unit: Baht)

	Leasehold building improvements	Furniture, fixtures and office equipment	Motor vehicles	Assets under installment	Total
Cost					
31 December 2009	32,014,879	120,418,769	12,032,246	375,544	164,841,438
Additions	1,678,017	24,100,639	3,380,280	-	29,158,936
Disposals	(4,713,355)	(4,793,789)	(3,947,365)	(316,807)	(13,771,316)
Transfer in (transfer out)	-	58,737	-	(58,737)	-
31 December 2010	28,979,541	139,784,356	11,465,161	-	180,229,058
Additions	2,099,735	10,241,583	-	-	12,341,318
Disposals	(14,123,721)	(9,520,768)	(2,021,357)	-	(25,665,846)
Transfer in (transfer out)	1,109	(1,109)	-	-	-
31 December 2011	16,956,664	140,504,062	9,443,804	-	166,904,530
Accumulated depreciation					
31 December 2009	26,529,314	90,196,079	7,499,527	-	124,224,920
Depreciation for the year	2,314,612	19,105,543	1,537,397	-	22,957,552
Depreciation on disposals	(4,712,645)	(4,655,689)	(3,922,156)	-	(13,290,490)
31 December 2010	24,131,281	104,645,933	5,114,768	-	133,891,982
Depreciation for the year	2,411,561	18,069,325	1,834,931	-	22,315,817
Depreciation on disposals	(14,121,830)	(9,305,063)	(1,515,216)	-	(24,942,109)
Depreciation on transfer in (transfer out)	(57)	57	-	-	-
31 December 2011	12,420,955	113,410,252	5,434,483	-	131,265,690
Net book value					
31 December 2010	4,848,260	35,138,423	6,350,393	-	46,337,076
31 December 2011	4,535,709	27,093,810	4,009,321	-	35,638,840
Depreciation for the year					
2010					22,957,552
2011					22,315,817

As at 31 December 2011, certain equipment items have been fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation of those assets amounted to approximately Baht 80.6 million (2010: Baht 99.4 million).

13. Intangible asset

	(Unit: Baht)
	<u>Computer Software</u>
Cost	
31 December 2009	13,000,330
Additions	5,010,270
Adjust	(197,150)
31 December 2010	17,813,450
Additions	3,189,378
31 December 2011	21,002,828
Amortisation	
31 December 2009	6,874,543
Amortisation charge	3,442,619
31 December 2010	10,317,162
Amortisation charge	4,460,453
31 December 2011	14,777,615
Net book value:	
31 December 2010	7,496,288
31 December 2011	6,225,213

14. Advanced claims, net

Balances of advanced claims as at 31 December 2011 and 2010 are classified by aging on the basis of due date, are summarised below.

	(Unit: Baht)	
Age of receivables	<u>2011</u>	<u>2010</u>
Less than or equal to 30 days	30,051,759	65,169,426
Over 1 year	5,445,529	5,445,529
Total	35,497,288	70,614,955
Less: Allowance for doubtful accounts	(5,445,529)	(5,445,529)
Advanced claims, net	30,051,759	65,169,426

15. RVP expense subsidies receivables, net

Balances of RVP expense subsidies receivables as at 31 December 2011 and 2010 are classified by aging on the basis of due date, are summarised below.

	(Unit: Baht)	
Age of receivables	<u>2011</u>	<u>2010</u>
Less than or equal to 90 days	248,513,355	257,484,287
Over 90 days	6,295,012	116,757,567
Over 1 year	12,858,668	10,935,069
Total	267,667,035	385,176,923
Less: Allowance for doubtful accounts	(11,409,652)	(8,666,279)
RVP expense subsidies receivable, net	<u>256,257,383</u>	<u>376,510,644</u>

16. Loss reserves and outstanding claims

	(Unit: Baht)	
	<u>2011</u>	<u>2010</u>
Beginning balance	1,665,053,488	654,186,414
Claims and loss adjustment expenses for the year	3,928,067,824	2,751,094,460
Change in claims and loss adjustment expenses paid of prior year (adjustments)	(604,119,846)	(534,272,814)
Claims and loss adjustment expenses paid during the year	(2,266,974,277)	(1,205,954,572)
Ending balance	<u>2,722,027,189</u>	<u>1,665,053,488</u>

17. Premium reserve

17.1 Unearned premium reserve

	(Unit: Baht)	
	<u>2011</u>	<u>2010</u>
Beginning balance	1,369,134,688	575,423,740
Premium written for the year	3,595,329,602	2,674,124,294
Premium earned for the current year	(3,199,182,761)	(1,880,413,346)
Ending balance	<u>1,765,281,529</u>	<u>1,369,134,688</u>

17.2 Unexpired risk reserve

	(Unit: Baht)	
	2011	2010
Beginning balance	1,492,356,810	489,110,179
Estimated claims for the year	3,625,531,202	3,066,692,883
Risk expired during the year	(3,211,383,961)	(2,063,446,252)
Ending balance	<u>1,906,504,051</u>	<u>1,492,356,810</u>

18. Employee benefit obligations

Provision for employee benefits are as follows:

	2011	2010
Long-term employee benefit	48,708,304	-
Short-term employee benefit	298,957	192,095
Total	<u>49,007,261</u>	<u>192,095</u>

Provision for long-term employee benefits as at 31 December 2011, which is compensations on employees' retirement, was as follows:

	(Unit: Baht)
	2011
Defined benefit obligation at beginning of year	41,760,587
Current service cost	5,319,054
Interest cost	1,628,663
Defined benefit obligation at end of year	<u>48,708,304</u>

Retirement benefit expense which recognised immediately as an expense in profit or loss for the year ended 31 December 2011 consist of:

	(Unit: Baht)
	2011
Current service cost	5,319,054
Interest cost	1,628,663
Reserve for retirement benefit expense, net for the current year	6,947,717
The cumulative effect of the in the accounting policy has been recognised immediately as an expense in profit or loss for the year 2011	<u>41,760,587</u>
Reserve for retirement benefit expense, net	<u>48,708,304</u>

Principal actuarial assumptions at the valuation date were as follows:

Discount rate	3.9%
Future salary increasing rate	6% - 10%
Staff turnover rate	0 - 10%

19. Underwriting information reported by insurance categories

Underwriting information classified by insurance categories for the year ended 31 December 2011 and 2010 is as follows:

(Unit: Baht)

	For the year ended 31 December			
	2011		2010	
	Motor	Total	Motor	Total
Underwriting income				
Premium written	3,595,329,602	3,595,329,602	2,674,124,294	2,674,124,294
Less: Unearned premium reserve	(396,146,841)	(396,146,841)	(793,710,948)	(793,710,948)
Earned premium written	3,199,182,761	3,199,182,761	1,880,413,346	1,880,413,346
RVP expense subsidies	1,005,802,098	1,005,802,098	1,039,542,232	1,039,542,232
Fee and commission income	15,329,450	15,329,450	19,830,400	19,830,400
Total underwriting income	4,220,314,309	4,220,314,309	2,939,785,978	2,939,785,978
Underwriting expenses				
Claims and losses adjustment expenses	3,163,248,239	3,163,248,239	2,211,077,227	2,211,077,227
Unexpired risk reserve increase	18,000,400	18,000,400	123,222,122	123,222,122
Commission and brokerage expenses	108,786,521	108,786,521	81,206,835	81,206,835
Other underwriting expenses	146,341,095	146,341,095	54,412,172	54,412,172
Operating expenses	374,429,467	374,429,467	314,337,236	314,337,236
Total underwriting expense	3,810,805,722	3,810,805,722	2,784,255,592	2,784,255,592

20. Operating expenses

(Unit: Baht)

	2011	2010
Personal expenses which are not expenses for underwriting and claims	214,417,979	157,848,063
Premises and equipment expenses which is not expense for underwriting	71,856,800	65,594,930
Taxes and duties	2,446,279	2,300,875
Bad debts and doubtful accounts	2,743,373	5,587,011
Other operating expenses	82,965,036	83,006,357
Total operating expenses	374,429,467	314,337,236

21. Employee expenses

	(Unit: Baht)	
	2011	2010
Salary and wages	139,109,386	126,782,429
Social security fund	4,891,232	4,463,457
Employee benefit fund	7,741,779	7,540,493
Other benefits	99,416,024	44,372,968
Total employee expenses	<u>251,158,421</u>	<u>183,159,347</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 monthly at the rates of 5% - 8% of basic salary base on working period. The fund, which is managed by Bangkok Bank Plc., will be paid to employees upon termination in accordance with the fund rules. During the year 2011, the Company contributed Baht 7.7 million to the fund. (2010: Baht 7.5 million)

22. Corporate income tax

Corporate income tax for the year has been calculated at the rate of 30% on the Company's net income after adding back certain provisions and expenses which are non tax-deductible and deducting dividend income which is exempted from tax.

23. Earnings per share

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

24. Related party transactions

The Cabinet granted the Company permission to operate compulsory motorcycle insurance business only under The Protection for Motor Vehicle Accident Victims Act B.E. 2535 ("the Act"). The Company's shareholders comprise 64 motor insurance companies operating under the Act. Most transactions comprised advanced claims on behalf of insurance companies the Company made to victims while all insurance companies paid RVP expense subsidies at the rate of 2.25% of other categories of motor premiums received from the insured according to the Act. In addition, each insurance company has to allocate reserve for claims payments at 2 times of the average of claims paid by the Company in advance in lieu of these insurance companies. Moreover, the Company received management fees for advanced claims at Baht 300 per case.

From January 2010, all insurance companies will be required to submit contributions to the Company at a rate of 12.25 % of the premiums received from insured parties, in accordance with the Ministry of Finance Notification regarding the principles and methods for payment of contributions for expenses of Road Accident Victims Protection Co., Ltd., dated 26 April 2010.

The significant business transactions with related parties are summarised below.

	(Unit: Baht)	
	2011	2010
Transactions with related companies		
RVP expense subsidies	1,005,802,098	1,039,542,232
Management fee	15,239,450	19,830,400

The outstanding balances of the above transactions have been separately shown in the statements of financial position.

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: Baht)	
	2011	2010
Short-term benefits	708,000	772,000
Total	708,000	772,000

25. Assets pledged with registrar

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

	(Unit: Baht)			
	2011		2010	
	Cost	Fair value	Cost	Fair value
Deposits at financial institutions	3,500,000	3,500,000	3,500,000	3,500,000

26. Assets reserve with registrar

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

(Unit: Baht)

	2011		2010	
	Cost	Fair value	Cost	Fair value
Government bonds	375,000,000	375,289,272	208,000,000	208,411,891
Total	375,000,000	375,289,272	208,000,000	208,411,891

27. Contribution to Non-Life Guarantee Fund

(Unit: Baht)

	2011	2010
Non-Life guarantee fund at the beginning of the year	6,561,053	1,866,625
Contribution during the year	8,054,704	4,694,428
Non-Life guarantee fund at the end of the year	14,615,757	6,561,053

28. Commitments and contingent liabilities

Operating lease commitments

The Company has entered into several lease agreements in respect of the lease of office building space and motor vehicles. The terms of the agreements are generally between 1 to 12 years. Operating lease agreements cannot be cancelled.

As at 31 December 2011 and 2010, future minimum lease payments required under these non-cancellable operating leases contracts were as follows.

(Unit: Million Baht)

	2554	2553
Less than 1 year	19.5	13.8
1 to 5 years	34.4	34.2
More than 5 years	6.4	10.1

29. Financial information by segment

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

30. Financial instruments

30.1 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, investments and loans. 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 premiums due and uncollected and RVP expense subsidies receivables are insignificant due to the large number of customers and other insurance companies comprising the customer base and their dispersion across different industries and geographic regions. The maximum exposure to credit risk is the book value of assets after deduction of allowance for doubtful debts as presented in the statement of financial position.

Concentrations of the credit risk with respect to loans are insignificant due to the Company provide loans to its employees.

Interest rate risk

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

Significant financial assets as at 31 December 2011 classified by type of interest rates are summarised in the table below, with those 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.

	(Unit: Baht)						
	Within 1 year	1 - 5 years	Over 5 years	Interest rate	Non-interest bearing	Total	Interest rate (% per annum)
Cash and cash equivalents	150,891,000	-	-	139,596,797	45,532,986	336,020,783	0.50 - 2.76
Investments in securities - net							
Government and state							
enterprise securities	579,783,795	489,714,962	-	-	-	1,069,498,757	1.90 - 3.90
Private enterprise debt securities	125,209,697	127,175,843	-	-	-	252,385,540	3.20 - 4.54
Deposits at financial institutions	2,893,719,710	420,000,000	-	-	-	3,313,719,710	1.80 - 4.30
Loans	10,211,475	-	-	-	-	10,211,475	0.65 - 4.75
Total	3,759,815,677	1,036,890,805	-	139,596,797	45,532,986	4,981,836,265	

30.2 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 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 are used by the Company in estimating the fair values of financial instruments as described below.

Investments in securities

The fair values of equity securities and debt securities are based on their quoted market prices.

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

Loans

Loans with floating interest rates for which there is no significant credit risk, fair value is based on carrying value.

31. Capital management

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

32. Reclassification

To comply with the Notification of the OIC as described in Note 2 to the financial statements and as the result of the adoption of revised and new accounting standards as described in Note 3 to the financial statements, 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 any effect to the previously reported equity except for the change in accounting policy as discussed in Note 5 to the financial statements.

33. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 26 March 2012.