

AXA INSURANCE PUBLIC COMPANY LIMITED

FINANCIAL STATEMENTS

31 DECEMBER 2019



Independent auditor's report

To the Shareholders of AXA Insurance Public Company Limited

My opinion

In my opinion, the financial statements of AXA Insurance Public Company Limited (the Company) present fairly, in all material respects, the financial position of the Company as at 31 December 2019, and its financial performance and its cash flows for the year then ended in accordance with Thai Financial Reporting Standards (TFRSs).

What I have audited

The Company's financial statements comprise:

- the statement of financial position as at 31 December 2019;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Basis for opinion

I conducted my audit in accordance with Thai Standards on Auditing (TSAs). My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of my report. I am independent of the Company in accordance with the Federation of Accounting Professions under the Royal Patronage of his Majesty the King's Code of Ethics for Professional Accountants together with the ethical requirements that are relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of the directors for the financial statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with TFRSs and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The audit committee assists the directors in discharging their responsibilities for overseeing the Company's financial reporting process.



Auditor's responsibilities for the audit of the financial statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with TSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with TSAs, I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the audit committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide the audit committee with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

PricewaterhouseCoopers ABAS Ltd.

A handwritten signature in black ink, appearing to read "Sakuna Yamsakul".

Sakuna Yamsakul
Certified Public Accountant (Thailand) No. 4906
Bangkok
24 March 2020

AXA Insurance Public Company Limited
Statement of Financial Position
As at 31 December 2019

	Notes	2019 Baht	2018 Baht
Assets			
Cash and cash equivalents	7	333,363,330	179,233,953
Premium receivable, net	8	319,728,453	414,614,804
Accrued investment income, net		16,873,193	19,771,011
Reinsurance assets, net	9, 29	656,355,346	679,974,920
Amounts due from reinsurance, net	10, 29	99,317,039	104,334,805
Investment assets			
Investment in securities, net	11	3,389,002,386	3,601,123,185
Property and equipment, net	12	30,559,941	40,226,634
Intangible assets, net	13	5,712,890	9,358,593
Deferred acquisition cost	14	159,388,331	145,742,612
Deferred tax assets, net	15	412,914,994	443,025,812
Other assets	16, 29	92,473,791	80,879,339
Total assets		5,515,689,694	5,718,285,668

Director _____

Date _____



The accompanying notes on pages 8 to 43 form part of this financial statements.

AXA Insurance Public Company Limited
Statement of Financial Position (Cont'd)
As at 31 December 2019

	Notes	2019 Baht	2018 Baht
Liabilities and equity			
Liabilities			
Insurance liabilities	17	3,009,490,864	3,207,056,146
Due to reinsurers	18, 29	197,406,173	212,731,023
Employee benefit obligations	19	113,987,374	95,253,921
Accrued expenses		118,196,474	61,026,466
Commission payable		48,637,432	43,731,530
Other liabilities	20, 29	88,600,938	168,623,678
Total liabilities		3,576,319,255	3,788,422,764
Equity			
Share capital	24		
Registered			
36,726,421 ordinary shares			
of par Baht 100 each		<u>3,672,642,100</u>	<u>3,672,642,100</u>
Issued and paid-up			
36,726,421 ordinary shares			
of par Baht 100 each		3,672,642,100	3,672,642,100
Discount on paid-up capital		(1,068,106,516)	(1,068,106,516)
Retained (Deficits) earnings			
Appropriated			
Legal reserve	23	30,670,999	30,670,999
Unappropriated		(713,973,562)	(697,198,776)
Other components of equity		<u>18,137,418</u>	<u>(8,144,903)</u>
Total equity		1,939,370,439	1,929,862,904
Total liabilities and equity		5,515,689,694	5,718,285,668

The accompanying notes on pages 8 to 43 form part of this financial statements.

AXA Insurance Public Company Limited
Statement of Comprehensive Income
For the year ended 31 December 2019

	Notes	2019 Baht	2018 Baht
Revenues			
Gross written premium	29	2,733,938,888	2,777,239,700
<u>Less</u> Reinsurance premium ceded	29	(507,977,289)	(541,804,088)
Net written premium		2,225,961,599	2,235,435,612
<u>(Less)Add</u> Change in unearned premium reserve		(41,793,847)	288,912,299
Net earned premium		2,184,167,752	2,524,347,911
Commission and brokerage fees	29	77,594,571	112,081,377
Net investment income		69,448,838	67,563,699
Gains on investments		176,258	267,607
Other income		11,924,606	7,928,651
Total revenues		2,343,312,025	2,712,189,245
Expenses			
Losses and loss adjustment expenses	29	1,652,754,998	2,284,657,705
<u>Less</u> Claim recovered from reinsurers	29	(476,475,641)	(423,555,121)
Commissions and brokerages expenses	29	342,584,344	413,372,344
Other underwriting expenses		438,336,077	352,973,544
Operating expenses	25, 29	379,346,797	360,627,795
Other expenses		-	3,091,483
Total expenses		2,336,546,575	2,991,167,750
Profit (Loss) before income taxes		6,765,450	(278,978,505)
Income taxes (expense) / credit	15, 27	(23,540,236)	37,852,674
Loss for the year		(16,774,786)	(241,125,831)
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Remeasurements of post-employment benefit obligations	22	(9,433,162)	4,067,151
Income tax relating to items that will not be reclassified	22	1,886,632	(813,430)
Total items that will not be reclassified subsequently to profit or loss		(7,546,530)	3,253,721
Items that will be reclassified subsequently to profit or loss			
Change in value of available-for-sale investments	22	47,215,390	(19,452,561)
Realised gain from sale of available-for-sale investments transferred to profit or loss	22	(176,258)	(267,607)
Income tax relating to items that will be reclassified	22	(9,407,827)	3,944,034
Total items that will be reclassified subsequently to profit or loss		37,631,305	(15,776,134)
Other comprehensive income (expense) for the year, net of tax		30,084,775	(12,522,413)
Total comprehensive expense for the year		13,309,989	(253,648,244)
Loss per share			
Basic loss per share (Baht)	28	(0.46)	(6.57)

The accompanying notes on pages 8 to 43 form part of this financial statements.

AXA Insurance Public Company Limited
Statement of Changes in Equity
For the year ended 31 December 2019

	2019									
	Other components of equity									
	Other comprehensive income									
	Issued and paid-up share capital	Discount on paid-up capital	Retained earnings	Remeasurements of post-employment benefit obligations	Unrealised gains (losses) on the change in value of investment	Other reserve	Total other component of equity	Total	Baht	Baht
Beginning balance as at 1 January 2019	3,672,642,100	(1,068,106,516)	30,670,999	5,522,163	(3,841,413)	(9,825,653)	(8,144,903)	1,929,862,904		
Loss for the year	-	-	-	-	-	-	-	(16,774,786)		
Equity-settled share-based payment	-	-	-	-	-	-	-	-		
Share-based payment reclassified to liabilities	-	-	-	-	-	-	-	5,374,792		
Remeasurements of post-employment benefit obligations	-	-	-	-	-	-	-	(9,177,246)		
Change in value of available-for-sale investments	-	-	-	(7,546,530)	-	-	-	(7,546,530)		
Realised gain from sale of available-for-sale investments transferred to profit or loss	-	-	-	-	37,772,312	-	-	37,772,312		
Closing balance as at 31 December 2019	3,672,642,100	(1,068,106,516)	30,670,999	(2,024,367)	33,789,892	(13,628,107)	(141,007)	1,939,370,439		

2018

	Other components of equity									
	Other comprehensive income									
	Unrealised gains (losses) on the change in value of investment									
	Issued and paid-up share capital	Discount on paid-up capital	Retained earnings	Remeasurements of post-employment benefit obligations	Unrealised gains (losses) on the change in value of investment	Other reserve	Total other component of equity	Total	Baht	Baht
Beginning balance as at 1 January 2018	3,672,642,100	(1,068,106,516)	30,670,999	2,268,442	11,934,721	(11,743,594)	2,459,569	2,181,593,207		
Loss for the year	-	-	-	-	-	-	-	(241,125,831)		
Equity-settled share-based payment	-	-	-	-	-	-	-	-		
Share-based payment reclassified to liabilities	-	-	-	-	-	-	-	4,724,179		
Remeasurements of post-employment benefit obligations	-	-	-	-	-	-	-	(2,806,238)		
Change in value of available-for-sale investments	-	-	-	3,253,721	-	-	-	3,253,721		
Realised gain from sale of available-for-sale investments transferred to profit or loss	-	-	-	-	(15,562,049)	-	-	(15,562,049)		
Closing balance as at 31 December 2018	3,672,642,100	(1,068,106,516)	30,670,999	5,522,163	(3,841,413)	(9,825,653)	(8,144,903)	1,929,862,904		

The accompanying notes on pages 8 to 43 form part of this financial statements.

AXA Insurance
Public Company Limited
บริษัท อก้า จำกัด

AXA Insurance Public Company Limited
Statement of Cash Flows
For the year ended 31 December 2019

	2019 Baht	2018 Baht
Cash provided from (used in) operating activities		
Written premium received from direct insurance	2,786,778,127	2,783,335,714
Cash received/(paid) for reinsurance	8,342,142	(190,938,187)
Interest income received	6,524,555	20,337,840
Investment income received	73,014,238	69,907,939
Other income received	11,893,580	7,928,651
Losses paid from direct insurance	(1,748,845,247)	(2,013,724,096)
Commission and brokerage paid from direct insurance	(342,681,197)	(357,583,649)
Other underwriting expenses	(411,019,807)	(367,169,733)
Operating expenses paid	(469,902,815)	(231,196,259)
Income tax received/(paid)	(8,394,692)	4,340,667
Cash received from investment in securities	1,158,757,287	899,648,272
Cash paid for investment in securities	(979,738,898)	(1,436,945,827)
Cash received from investment in deposits at financial institutions	575,227,872	1,663,635,659
Cash paid for investment in deposits at financial institutions	(502,102,210)	(893,645,155)
Net cash provided from (used in) operating activities	157,852,935	(42,068,164)
Cash provided from (used in) investing activities		
<u>Cash provided from</u>		
Equipment	32,664	144,059
Cash provided from investing activities	32,664	144,059
<u>Cash used in</u>		
Equipment and computer software	(3,756,222)	(6,099,138)
Cash used in investing activities	(3,756,222)	(6,099,138)
Net cash used in investing activities	(3,723,558)	(5,955,079)
Cash provided from financing activities		
Cash received from capital increase	-	-
Net cash provided from financing activities	-	-
Net increase (decrease) in cash and cash equivalents	154,129,377	(48,023,243)
Cash and cash equivalents at beginning of the year	179,233,953	227,257,196
Cash and cash equivalents at end of the year	333,363,330	179,233,953

The accompanying notes on pages 8 to 43 form part of this financial statements.

1 General information

AXA Insurance Public Company Limited ("the Company") is a public limited company incorporated and domiciled in Thailand. The address of its registered office is as follows:

23rd Floor, Lumpini Tower, 1168/67 Rama 4 Road, Sathorn, Bangkok.

The principal business operation of the Company is general insurance. The Company operates only in Thailand.

These financial statements have been approved by the Board of Directors on 24 March 2020.

2 Accounting policies


2.1 Basis of preparation

These financial information are prepared in accordance with Thai Generally Accepted Accounting Principles under the Accounting Act B.E. 2543, being those Thai Accounting Standards issued under the Accounting Profession Act B.E. 2547. In addition, the financial information presentation are based on the formats of financial information attached in an Office of Insurance Commission's notification "Principle, methodology, condition and timing for preparation, submission and reporting of financial statements and operation performance for non-life insurance company B.E. 2559" dated on 4 March 2016.

The financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with Thai generally accepted accounting principles requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

An English version of the financial statements has been prepared from the statutory financial statements that are in the Thai language. In the event of a conflict or a difference in interpretation between the two languages, the Thai language statutory financial statements shall prevail.

The image shows a handwritten signature in black ink, which appears to be 'A', positioned to the left of a circular stamp. The stamp contains the text 'AXA Insurance' in a bold, sans-serif font, followed by 'Public Company Limited' in a smaller font. Below this, there is Thai text: 'บริษัท อก้า จำกัด'. The entire stamp is enclosed in a thin black circular border.

2 Accounting policies (Cont'd)

2.2 New and amended financial reporting standards that are relevant to the Company

2.2.1 Revised financial reporting standards are effective for annual periods beginning on or after 1 January 2019 which have significant changes and are relevant to the Company

TFRS 4 (revised 2018)	Insurance Contracts
TFRS 15	Revenue from Contracts with Customers
TAS 28 (revised 2018)	Investments in associates and joint ventures
TFRIC 22	Foreign Currency Transactions and Advance Consideration

TFRS 4 provides insurance companies an optional exemption from compliance with TFRS 9 and TFRS 7. The exemption is temporarily effective and not mandatory. Entities who choose to use the exemption must follow the 'financial instruments and disclosure for insurance companies' accounting guidelines to be issued by the Federation of Accounting Professions until TFRS 17 becomes effective.

On 1 January 2020, the Company passes criteria of temporarily exemption from TFRS 9 Financial Instruments and TFRS 7 Financial Instruments: Disclosures under TFRS 4 (revised 2018) Insurance Contracts and is eligible to apply the 'financial instruments and disclosure for insurance companies' accounting guidance' ('The Accounting Guidance') as the Company's activities are predominantly connected with insurance business. Insurance liabilities under TFRS 4 (revised 2018) Insurance Contracts as at 1 January 2018 is greater than 90% of total company's liabilities. The Company choose to apply the Accounting Guidance.

From the preliminary assessment, the management expects that the Company will be affected on the following areas.

Classification and measurement

Classification and measurement of investments in equity instruments, currently classified as general investments and presented at cost less impairment, will be reclassified to available-for-sale investments and remeasured to fair value through other comprehensive income.

Impairment

The impairment requirements relating to the accounting for the Company's expected credit losses on its investment in debt securities classified as held-to-maturity investments and available-for-sale investments. The expected credit loss model is forward-looking and eliminates the need for a trigger event to have occurred before credit losses are recognised. The Company always accounts for expected credit losses which involves a three-stage expected credit loss impairment model. The stage dictates how the Company measures impairment losses and applies the effective interest rate method. In which, the three-stage expected credit loss impairment will be as the following stages:

- Stage 1 - from initial recognition of a financial assets to the date on which the credit risk of the asset has not increased significantly relative to its initial recognition, a loss allowance is recognised equal to the credit losses expected to result from defaults occurring over the next 12 months.
- Stage 2 - following a significant increase in credit risk relative to the initial recognition of the financial assets, a loss allowance is recognised equal to the credit losses expected over the remaining life of the asset.
- Stage 3 - When a financial asset is considered to be credit-impaired, a loss allowance equal to full lifetime expected credit losses is to be recognised.

As a consequence, the method of impairment loss calculation will be changed from an incurred loss basis to the expected credit loss impairment calculated by Company's model with taking effect of forward-looking adjustment. The expected credit loss will be recognised in profit or loss.

2 Accounting policies (Cont'd)

2.2 New and amended financial reporting standards that are relevant to the Company (Cont'd)

2.2.1 Revised financial reporting standards are effective for annual periods beginning on or after 1 January 2019 which have significant changes and are relevant to the Company (Cont'd)

Transitional impact

On 1 January 2020, the Company will apply the 'financial instruments and disclosure for insurance companies' accounting guidance'. The transition adjustment will be recognised as an adjustment to the opening balance of retained earnings. From the preliminary assessment, management expect that the material adjustment to the opening balance of retained earnings will affect on the following items:

- Change in balance of general investment which its subsequent measurement will change from at cost less impairment to at fair value through other comprehensive income.
- Change in method of impairment loss calculation of held-to-maturity investments in debt instruments and available-for-sale investments in debt instruments under the Accounting Guidance.

The Company's management is currently assessing the quantitative impact of the first-time adoption of the Accounting Guidance.

TFRS 15 provides principle and approach of revenue recognition under five-step process. The underlying principle is that the Company will recognise revenue to depict the transfer of goods or services to customers at an amount that the entity expects to be entitled to in exchange for those goods or services. It replaces the principles of transferring the significant risks and rewards of ownership of the goods or services to the buyer in accordance with TAS 11, Construction contracts, TAS 18, Revenue and related interpretations.

TAS 28 (revised 2018) clarifies that the election by venture capital organisations, mutual funds, unit trusts and similar entities to measure investments in associates or joint ventures at fair value through profit or loss should be made separately for each associate or joint venture at initial recognition.

TFRIC 22 clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income when an entity has received or paid advance consideration in a foreign currency.

The Company has already adopted above revised standards for the current reporting period. The management assessed that the above revised standards do not have significant impact to the Company.


AXA Insurance
Public Company Limited
บริษัท อก้าประกันภัย จำกัด (มหาชน)
A signature is written over the logo.

2 Accounting policies (Cont'd)

2.2 New and amended financial reporting standards that are relevant to the Company (Cont'd)

2.2.2 New and amended financial reporting standards that are effective for accounting period beginning or after 1 January 2020

a) Financial instruments

The new financial standards relate to financial instruments are:

TAS 32	Financial instruments: Presentation
TFRS 7	Financial Instruments: Disclosures
TFRS 9	Financial Instruments
TFRIC 16	Hedges of a Net Investment in a Foreign Operation
TFRIC 19	Extinguishing Financial Liabilities with Equity Instruments

These new standards address the classification, measurement, derecognition of financial assets and financial liabilities, impairment of financial assets, hedge accounting, and presentation and disclosure of financial instruments.

The Company's management is currently assessing the impacts from these standards.

b) TFRS 16, Leases

TFRS 16 will result in almost all leases where the Company is a lessee being recognised on the statement of financial position as the distinction between operating and finance lease is removed. An asset (the right to use the leased item) and financial liability to pay rentals are recognised, with exception on short-term and low-value leases.

On 1 January 2020, the Company will apply TFRS 16, Leases with modified retrospective approach. From the preliminary impact assessment, the management expect that the Company will be materially affected by this Financial reporting standards from the recognition of assets, right-of-used and lease liabilities under building rental lease agreement, which were previously classified as 'operating lease' under TAS 17, Lease.

The Company will recognise following items upon adoption of TFRS 16 including;

- liabilities under lease agreements are recognised in accordance with the obligations and discounting to present values with incremental borrowing rates of the lessees and;
- right-of-use assets are recognised equal to the present value of liabilities under the lease agreements adjusted by any lease prepayments made at or before the commencement date.

The Company's management is currently assessing the quantitative impact of the first-time adoption of TFRS 16, Leases.



2 Accounting policies (Cont'd)

2.2 New and amended financial reporting standards that are relevant to the Company (Cont'd)

2.2.2 New and amended financial reporting standards that are effective for accounting period beginning or after 1 January 2020 (Cont'd)

c) Other new/amended standards

The new and amended financial reporting standards that relevant to the Company are:

TAS 12	Income tax
TAS 19	Employee benefits
TAS 28	Investments in associates and joint ventures
TFRIC 23	Uncertainty over income tax treatments

Amendment to TAS 12, Income tax - clarified that the income tax consequences of dividends of financial instruments classified as equity should be recognised according to where the past transactions or events that generated distributable profits were recognised.

Amendment to TAS 19, Employee benefits (plan amendment, curtailment or settlement) - clarified accounting for defined benefit plan amendments, curtailments and settlements that the updated assumptions on the date of change are applied to determine current service cost and net interest for the remainder of the reporting period after the plan amendment, curtailment or settlement.

Amendment to TAS 28, Investments in associates and joint ventures (long-term interests in associates and joint ventures) - clarified the accounting for long-term interests in an associate or joint venture, which is in substance form part of the net investment in the associate or joint venture, but to which equity accounting is not applied. Entities must account for such interests under TFRS 9, *Financial instruments* before applying the loss allocation and impairment requirements in TAS 28, *Investments in associates and joint ventures*.

TFRIC 23, Uncertainty over income tax treatments - explained how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. In particular, it discusses:

- that the Company should assume a tax authority will examine the uncertain tax treatments and have full knowledge of all related information, ie that detection risk should be ignored.
- that the Company should reflect the effect of the uncertainty in its income tax accounting when it is not probable that the tax authorities will accept the treatment.
- That the judgements and estimates made must be reassessed whenever circumstances have changed or there is new information that affects the judgements.

The Company's management is currently assessing the impact of initial adoption of these standards.



2 Accounting policies (Cont'd)

2.3 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and deposits held at call at financial institutions and short-term highly liquid investment with maturity of three months or less from the acquisition date.

2.4 Premium receivable

Premium receivable is carried at anticipated realisable value. An estimate is made for doubtful accounts based on a review of all outstanding amounts at the year end. Bad debts are written off during the year in which they are identified.

The Company makes allowance for doubtful accounts based on past experiences of uncollectable and long past due accounts.

2.5 Reinsurance assets

Reinsurance assets are stated at the outstanding of balance insurance reserve refundable from reinsurers.

Insurance reserve refundable from reinsurers is estimated based on the related reinsurance contract of premium, loss reserve and outstanding claims in accordance with the law regarding insurance reserve calculation.

The allowance for reinsurance asset impairment is recognised when the objective evidences in related to credit risks of reinsurer incurred before closing date.

2.6 Amount due from reinsurance and amount due to reinsurance

Outward reinsurance premiums are accounted for in the same manner as the related gross premium written.

- (a) Amount due from reinsurance is stated at the outstanding balance of amount due from reinsurers and amount of deposit on reinsurance.

Amount due from reinsurers consist of reinsurance commission receivables, reinsurance outstanding claim and other items receivable from reinsurers. The Company recognises an allowance for doubtful accounts which may incur from uncollection being based on consideration of historical collection experience and current status of due from reinsurers at the end of reporting period.

- (b) Amounts due to reinsurance is stated at the outstanding balance of amount due to reinsurers and amounts withheld on reinsurance.

Amounts due to reinsurers consist of reinsurance premiums and other items payable to reinsurers, excluding claims reserve.

The reinsurance transactions in statements of financial position shall be presented net when these contracts meet setoff requirements in contractual clauses.

2 Accounting policies (Cont'd)

2.7 Investment in securities

Investments are classified into the following categories: held-to-maturity investment, available-for-sale investment and general investments. The classification is dependent on the purpose for which the investments were acquired. Management determines the appropriate classification of its investments at the time of the purchase and re-evaluates such designation on a regular basis.

Investments with fixed maturity that the management has the intent and ability to hold to maturity are classified as held-to-maturity.

Investments intended to be held for an indefinite period of time, which may be sold in response to liquidity needs or changes in interest rates, are classified as available-for-sale.

Investments in non-marketable equity securities are classified as general investments.

Purchases and sales of investments are recognised on the trade date, which is the date that the Company commits to purchase or sell the investments. Cost of investment includes transaction costs.

Available-for-sale investments are subsequently carried at fair value. The fair value of investments is based on quoted bid price at the close of business on the statement of financial position date by reference to the Thai Bond Dealing Centre. The unrealised gains and losses of available for sale investments are recognised in other comprehensive income.

Held-to-maturity investments are carried at amortised cost using the effective yield method.

General investments are carried at cost less impairment.

A test for impairment is carried out when there is a factor indicating that an investment might be impaired. If the carrying value of the investment is higher than its recoverable amount, impairment loss is charged to the statements of comprehensive income.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the statements of comprehensive income. When disposing of part of the Company's holding of a particular investment in debt or equity securities, the carrying amount of the disposed part is determined by the weighted average carrying amount of the total holding of the investment.



2 Accounting policies (Cont'd)

2.8 Premises and equipment

All premises and equipment are initially recorded at cost. Cost is measured by the cash or cash equivalent price of obtaining the asset and bringing it to the location and condition necessary for its intended use. All assets are stated at historical cost less accumulated depreciation.

Depreciation is calculated on the straight line method to write off the cost of each asset to its residual value over the estimated useful life as follows:

Building	20 years
Office furniture and equipment	3 - 5 years
Motor vehicles	5 years

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Repairs and maintenance are charged to the statements of comprehensive income during the financial period in which they are incurred. The cost of major renovations is included in the carrying amount of the assets when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Company. Major renovations are depreciated over the remaining useful life of the related asset.

Gains or losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in other income/expenses, net in statement of comprehensive income.

2.9 Intangible assets

Intangible assets are software cost which is stated at cost less accumulated amortisation and is amortised using the straight-line method over the estimated useful life of 3 - 4 years.

2.10 Impairment of assets

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the assets exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows. Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

2.11 Operating leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the statements of comprehensive income on a straight-line basis over the period of the lease.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

2 Accounting policies (Cont'd)

2.12 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in statements of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the Revenue department.

Deferred income tax is provided in full, using the liability method, on temporary differences arising from differences between the tax base of assets and liabilities and their carrying amounts in the financial statements. The temporary differences arise from allowance for doubtful accounts, unearned premium reserve, loss reserve and outstanding claims, provision for impairment of investments, depreciation on computers, provision for retirement benefits, accrued expenses, deferred acquisition cost and unrealised gains (losses) on investments.

Deferred income tax is determined using tax rates that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.13 Insurance liabilities

Loss reserve and outstanding claims

The purpose of loss reserve and outstanding claims is to cover the ultimate cost of settling an insurance claim. Claims reserves are not discounted.

The loss reserve and outstanding claims include the claims incurred and reported, claims incurred but not reported (IBNR) as well as claim handling costs and unallocated loss adjustment expenses (ULAE). IBNR are based on historical claims data, current trends, and actual payment patterns for all insurance business lines or anything else that could impact amounts to be paid in accordance with actuarial technique.

Unearned premium reserve

Unearned premium reserve (UPR) represents the prorated portion of written premiums less reinsurance ceded that relates to unexpired risks. It is calculated on the following basis:

Fire, marine, motor, miscellaneous and travel accident (coverage period more than 6 months)	- Daily pro-rata basis (1/365th basis)
Marine cargo - single trip	- Net premium written for the coverage period
Travel accident (coverage period less than 6 months)	- Net premium written for the coverage period

Unexpired risk reserve and premium deficiency reserve

Unexpired risk reserve (URR) represents future insurance cost after reinsurance transaction of the related unexpired risks. The Company recognises premium deficiency reserve when the URR is higher than UPR.

2 Accounting policies (Cont'd)

2.14 Employee benefits

Defined contribution plans

The Company has established a provident fund which is a defined contribution plan, and the assets of the provident fund are held separately from those of the Company in funds independently administered by a fund manager who is authorised by the Securities and Exchange Commission. The provident fund is funded by payments from employees and by the Company. Contributions to the provident fund are charged to the statements of comprehensive income in the year to which they relate.

Defined benefit plans

The Company provides for post employment benefits called severance benefit, payable to employees under the Thai Labour Law. The amounts payable in the future depend on the salary and years of service of the respective employees.

The liability in respect of employee benefits is measured, using the projected unit credit method which is calculated in accordance with the actuarial technique. The present value of the defined benefit obligation is determined by discounting estimated contingent future cash flows using the yield on government bonds which have terms to maturity approximating the terms of the related liability. The estimated future cash flows shall reflect employee salaries, turnover rate, mortality, length of service and other factors.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

Past-service costs are recognised immediately in statement of comprehensive income.

Short-term employee benefits

Short-term employee benefits are recognized on an accrual basis.

2.15 Sharebase payment

The Company is a subsidiary company of AXA SA whose domiciled and listed in stock exchange in France. The Company has a stock plan to eligible key employees. The key employees have the right to receive at the settlement date, a certain number of AXA shares based on criteria defined by AXA. Those shares vest over 3 and 4 years from the grant dates and any unvested shares are cancelled on termination of the employment. The annual expense is based on an amortisation calculated over the vesting period of the current year's expense portion of all restricted stock grants issued in the prior to current year. Expenses under this plan will be charged out by AXA after the settlement of the shares. The Company presents obligation under employee benefit obligation.

2.16 Provisions

Provisions except for insurance transactions and defined employee benefits are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made.

2 Accounting policies (Cont'd)

2.17 Recognition of revenues and expenses

(a) Premium

Premium income is recognised as revenue on the effective date net of reinsurance ceded and change in unearned premium reserve.

(b) Ceded premium

Ceded premium is recognised from the effective date of the related insurance policy.

(c) Acquisition costs, such as commissions and brokerage

Acquisition costs, such as commissions and brokerage, are deferred in recognition that they represent a future benefit. Deferred acquisition cost is calculated on the same basis as unearned premium reserve

(d) Interest and dividends

Interest income is recognised using the effective interest method. Dividends are recognised when the right to receive the dividends is established.

(e) Losses and other expenses

Losses are recognised upon receipt of claims advice from the insured. All other expenses are recognised on an accrual basis.

(f) Other incomes

Other incomes are recognised as income when a performance obligation is satisfied. The amount of revenue recognised may be satisfied at a point in time or over time. For performance obligations satisfied over time, the Company recognises revenue by selecting an appropriate method for measuring the progress towards complete satisfaction of that performance obligation. Revenue is recognised when there is probability that the amount will be collected.

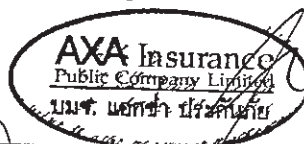
2.18 Foreign currency transactions

a) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Thai Baht which is the Company's functional and presentation currency.

b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit and loss.



3 Estimates

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

3.1 Impairment of premium receivable

The Company maintains an allowance for doubtful accounts to reflect impairment of premium due and uncollected relating to estimated losses that may be incurred in collection of the premium due. The allowance for doubtful accounts is based on collection experience and a review of current status of the premium due as at the statement of financial position date.

3.2 Impairment on reinsurance assets

The objective evidence of impairment on reinsurance assets is based on latest credit rating or solvency capital data available as at closing date and other public information.

3.3 Premises and equipment and intangible assets

Management determines the estimated useful lives and residual values for the premises and equipment and intangible assets. Management will revise the depreciation charge where useful lives and residual values are different to previous estimates, or will write off or write down technically obsolete assets that have been abandoned or sold.

3.4 Deferred tax

Deferred taxes are provided in full on all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences can be utilised. The Company considers future taxable income and ongoing prudent and feasible tax planning strategies in assessing whether to recognise deferred tax assets. The Company's assumptions regarding the future profitability and the anticipated timing of utilisation of deductible temporary differences and significant changes in these assumptions from period to period may have a material impact on the Company's reported financial position and results of operations.

3.5 Unexpired risk reserve

Unexpired risks 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

3.6 Loss reserves and outstanding claims

Throughout the course of the financial year, management regularly re-assesses claims and related provisions both on an individual and class basis, based on independent surveyor advice and reports, other available information and management's own assessment.

3 Estimates (Cont'd)

3.7 Employee benefit

The Company has a commitment on post-retirement benefits to employees. Employee benefit liabilities recognised in the statement of financial position is determined on an estimation basis utilising various assumptions. The assumptions used in determining the cost for employee benefits include the rate of salary inflation and employee turnover. Any changes in these assumptions will impact the cost recorded for employee benefits. On an annual basis the Company determines the appropriate assumptions, which represents the provision expected to be required to settle the employee benefits.

Additional information of other key assumptions for retirement benefit obligations is disclosed in note 19.

3.8 Liabilities adequacy testing

At the end of each reporting period, the company assesses the adequacy of insurance liabilities recognised in the financial position by comparing to the present value of the estimated future cash flows from insurance contracts. If the assessment shows that the carrying amount of insurance liabilities less related deferred acquisition cost is inadequate when compared to the estimated future cash flows. The liabilities is increased by the deficiency and it is charged to profit or loss.

4 Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain capital solvency specified by Office of Insurance Commission.

5 Insurance risk

Underwriting risk

Underwriting risk is the risk that the total costs of claims, claim adjustment expenses and premium acquisition expenses will exceed premiums received, and the risk that actual claims and other expenses can differ adversely from the assumptions included in setting of reserves which might affect the adequacy of premium and loss reserves. Underwriting standards and underwriting guidelines are developed in order to manage the risk and to ensure that premiums received will be sufficient considering the total risks that may arise. Loss reserve and unexpired risk reserve are reviewed by an actuary and regional risk team. Underwriting principles are individually developed for each group of risk based on each type of insurance. The principles also limit insurance proportion for each risk group to control the concentration of risks.

Reinsurance risk

Reinsurance risk is the risk that in-force reinsurance contracts are inadequate for risk transfers according to the Company's risk appetite level, and also the risk that reinsurers cannot fulfil their obligations according to reinsurance contracts. Reinsurance risk management guideline was developed in order to manage the risks including reinsurance guidelines and reinsurance plan selection. Overall risk monitoring has been conducted in order to ensure that retained risks are according to risk management policy. In addition, reinsurer selection principles were developed for both domestic and foreign reinsurers to ensure that they will be able to fulfil their obligations.

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For the year ended 31 December 2019

5 Insurance risk (Cont'd)

Concentration risk

Concentration risk will increase the possibility of load of claims to incur at the same time and may result in actual claim losses deviated from expectation. Concentration risk also includes the risk from natural catastrophes or man-made events that could result in significant underwriting losses. The Company mitigates the risks by diversifying business portfolio across all lines of business and through reinsurance including proportional treaties, non-proportional treaties and facultative reinsurance which cover such events.

Net earned premium and net claim reserve concentration.

	2019					
	Fire Baht	Marine Baht	Motor Baht	Personal accident Baht	Miscellaneous Baht	Total Baht
Gross written premium	86,112,803	153,490,047	1,373,897,474	150,922,144	969,516,420	2,733,938,888
Less Reinsurance premium ceded	(46,061,255)	(26,981,089)	(33,410,664)	(1,693,187)	(399,831,094)	(507,977,289)
Net written premium	40,051,548	126,508,958	1,340,486,810	149,228,957	569,685,326	2,225,961,599
Add (Less) Change in unearned premium reserve	21,496,988	3,632,272	(189,649,773)	7,276,984	115,449,682	(41,793,847)
Net earned premium	61,548,536	130,141,230	1,150,837,037	156,505,941	685,135,008	2,184,167,752
Claim reserve	49,501,109	174,776,705	501,962,633	43,706,179	870,261,800	1,640,208,426
Claim reserve recovered from reinsurance	(139,251)	(67,014,972)	(7,865,828)	(10,122,279)	(439,820,235)	(524,962,565)
Net claim reserve	49,361,858	107,761,733	494,096,805	33,583,900	430,441,565	1,115,245,861
	2018					
	Fire Baht	Marine Baht	Motor Baht	Personal accident Baht	Miscellaneous Baht	Total Baht
Gross written premium	110,041,226	177,200,788	1,160,365,217	158,171,918	1,171,460,551	2,777,239,700
Less Reinsurance premium ceded	(32,730,223)	(31,739,399)	(16,258,577)	(1,218,340)	(459,857,549)	(541,804,088)
Net written premium	77,311,003	145,461,389	1,144,106,640	156,953,578	711,603,002	2,235,435,612
Add (Less) Change in unearned premium reserve	29,056,536	1,699,257	140,661,712	(5,853,476)	123,348,270	288,912,299
Net earned premium	106,367,539	147,160,646	1,284,768,352	151,100,102	834,951,272	2,524,347,911
Claim reserve	94,142,772	129,866,939	550,502,779	43,597,355	1,053,832,324	1,871,942,169
Claim reserve recovered from reinsurance	664,539	(32,058,720)	(8,661,389)	(5,208,938)	(495,692,245)	(540,956,753)
Net claim reserve	94,807,311	97,808,219	541,841,390	38,388,417	558,140,079	1,330,985,416


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6 Fair value estimation

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3: Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The following table presents the financial assets that are measured at fair value at 31 December 2019 and 2018.

	2019			Total Baht
	Level 1 Baht	Level 2 Baht	Level 3 Baht	
Asset				
Available-for-sale financial assets				
• Government securities				
Thai government bonds	-	2,394,473,570	-	2,394,473,570
Treasury bills	-	-	-	-
Total government securities	-	2,394,473,570	-	2,394,473,570
• Private enterprises securities				
Corporate debentures	-	701,784,734	-	701,784,734
Unit trust	-	48,378	-	48,378
Total private enterprises securities	-	701,833,112	-	701,833,112
Total assets	-	3,096,306,682	-	3,096,306,682
	2018			Total Baht
	Level 1 Baht	Level 2 Baht	Level 3 Baht	
Asset				
Available-for-sale financial assets				
• Government securities				
Thai government bonds	-	2,515,059,641	-	2,515,059,641
Treasury bills	-	248,823,191	-	248,823,191
Total government securities	-	2,763,882,832	-	2,763,882,832
• Private enterprises securities				
Corporate debentures	-	471,471,866	-	471,471,866
Unit trust	-	48,593	-	48,593
Total private enterprises securities	-	471,520,459	-	471,520,459
Total assets	-	3,235,403,291	-	3,235,403,291

There were no transfers between Levels 1 and 2 during the year.

Valuation techniques used to derive Level 2 fair values

Level 2 marketable debt securities are fair valued based on quoted by reference to the yield curve of the Thai Bond Market Association at the close of business on the statements of financial position date.

Level 2 unit trusts are measured based on net asset value on the last working day of the statements of financial position date from asset management company.

6 Fair value estimation (Cont'd)

The fair value of financial assets which are not measured at fair value as of 31 December 2019 and 2018 are as follows:

	2019			Total Baht
	Level 1 Baht	Level 2 Baht	Level 3 Baht	
Assets				
Held-to-maturity investments	-	292,413,887	-	292,413,887

	2018			Total Baht
	Level 1 Baht	Level 2 Baht	Level 3 Baht	
Assets				
Held-to-maturity investments	-	365,438,077	-	365,438,077

Other financial instruments not carried at fair value are typically short-term in nature and reprice to current market rate frequently. Accordingly, their carrying amount is a reasonable approximation of fair value. This includes cash and cash equivalents, accrued income on investments and premium receivables.


As the Company has a general investment in limited companies which the Company's shareholding was insignificant, the Company has no controlling and decision making power in the invested companies resulting in difficulty in obtaining the information to support the fair value valuation in practice. These investments are not in the stock exchange and do not have any market prices which can be used as fair value. The Company also do not have any plan for selling these investments, so the Company did not assess the fair value for the general investment. Therefore, the Company cannot disclose the fair value of the general investment in the notes to financial statements and have stated these investments at cost net allowance for impairment (if any).

The Company's policy is to recognise transfers into and transfer out of fair value hierarchy levels as of the date if the event or change in circumstances that caused the transfer.

There were no other changes in valuation techniques during the year.

7 Cash and cash equivalents

	2019 Baht	2018 Baht
Cash on hand	238,086	351,086
Cheque on hand	38,946	30,119
Bank deposits held at call	283,095,763	121,769,147
Short-term investment	49,990,535	57,083,601
Total cash and cash equivalents	333,363,330	179,233,953



8 Premium receivable, net

The balances of premium receivable were aged as follows:

	From direct channel	
	2019 Baht	2018 Baht
Undue	242,413,395	362,444,937
Less than 30 days	30,721,662	22,338,509
30 - 60 days	22,472,651	9,349,462
60 - 90 days	6,896,130	5,024,623
90 days - 1 year	17,818,416	17,376,296
More than 1 year	7,665,442	10,414,975
Total premium receivable	327,987,696	426,948,802
Less Allowance for doubtful accounts	(8,259,243)	(12,333,998)
Premium receivable, net	319,728,453	414,614,804

9 Reinsurance assets, net

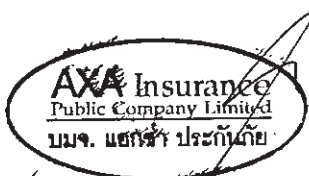
	2019 Baht	2018 Baht
Reserve of recovery from reinsurers		
Loss reserve	524,962,564	540,956,753
Premium reserve		
- Unearned premium reserve (UPR)	131,392,782	139,018,167
Reinsurance assets, net	656,355,346	679,974,920

The movement in loss reserve recovery is as follows:

	2019 Baht	2018 Baht
Balance as at 1 January	540,956,753	531,682,999
Claim insured recovered during the year	416,991,645	346,937,210
Change in claim reserve and assumptions	59,483,996	76,617,912
Reserve recovered during the year	(492,469,830)	(414,281,368)
Balance as at 31 December	524,962,564	540,956,753

The movement in reinsurance premium reserve is as follows:

	2019 Baht	2018 Baht
Balance as at 1 January	139,018,167	229,262,106
Reinsurance premium ceded during the year	507,977,289	541,804,088
Premium ceded recognised during the year	(515,602,674)	(632,048,027)
Balance as at 31 December	131,392,782	139,018,167



10 Amounts due from reinsurance, net

	2019 Baht	2018 Baht
Reinsurance premium receivable	99,423,971	104,447,200
<u>Less</u> Allowance for doubtful account	(106,932)	(112,395)
Amounts due from reinsurance, net	99,317,039	104,334,805

Reinsurance premium receivable aged based on due date is as follows:

	2019 Baht	2018 Baht
Undue Overdue	154,107,196	232,988,548
Less than 12 months	42,878,004	210,840,504
1 - 2 years	14,735,603	3,896,537
More than 2 years	2,547,172	361,872
Total reinsurance premium receivable	214,267,975	448,087,461
<u>Less</u> Due to reinsurer with setoff arrangement	(114,844,004)	(343,640,261)
<u>Less</u> Allowance for doubtful account	(106,932)	(112,395)
Due from reinsurers, net	99,317,039	104,334,805

11 Investments in securities

Investments in securities as at 31 December 2019 and 2018 are as follows:

	2019		2018	
	Cost / Amoritse cost Baht	Fair value Baht	Cost / Amoritse cost Baht	Fair value Baht
<u>Available-for-sale investments</u>				
Government securities	2,363,617,425	2,394,473,570	2,767,845,850	2,763,882,832
Private enterprises securities	690,453,065	701,833,112	472,359,848	471,520,459
Total	3,054,070,490	3,096,306,682	3,240,205,698	3,235,403,291
<u>Add (less) Unrealised gains (losses)</u>	42,236,192	-	(4,802,407)	-
Total available-for-sale Investments	3,096,306,682	3,096,306,682	3,235,403,291	3,235,403,291
<u>Held-to-maturity investments</u>				
Private enterprises securities	17,519,400		17,519,400	
Deposits at financial Institutions with maturity over 3 months from the acquisition	292,413,887		365,438,077	
Total	309,933,287		382,957,477	
<u>Less</u> Impairment charge	(17,519,400)		(17,519,400)	
Total held-to-maturity investments	292,413,887		365,438,077	
<u>General investments</u>				
Non-marketable equity securities	891,069		891,069	
<u>Less</u> Impairment charge	(609,252)		(609,252)	
Total general investments	281,817		281,817	
Total investment in securities	3,389,002,386		3,601,123,185	

11 Investments in securities (Cont'd)

Investment in securities as at 31 December 2019 and 2018 will be due as follows:


	2019			
	Period to maturity			Total
	Within 1 year	1 - 5 years	Over 5 years	
	Baht	Baht	Baht	Baht
Available-for-sales investment				
Government securities	707,864,075	1,686,609,495	-	2,394,473,570
Private enterprises securities	120,572,312	565,794,730	15,466,070	701,833,112
Held to maturity investment				
Deposits at financial institutions with maturity over 3 months	292,413,887	-	-	292,413,887
Total	1,120,850,274	2,252,404,225	15,466,070	3,388,720,569

	2018			
	Period to maturity			Total
	Within 1 year	1 - 5 years	Over 5 years	
	Baht	Baht	Baht	Baht
Available-for-sales investment				
Government securities	701,260,265	2,062,622,567	-	2,763,882,832
Private enterprises securities	55,566,716	415,905,150	48,593	471,520,459
Held to maturity investment				
Deposits at financial institutions with maturity over 3 months	365,438,077	-	-	365,438,077
Total	1,122,265,058	2,478,527,717	48,593	3,600,841,368

As at 31 December 2019, the government bonds and deposits at financial institutions with maturity over 3 months from issuance at par value amounting to Baht 1,080,113 were placed as bail bonds (2018: Baht 1,068,477).

During the year 2019, the Company has revenues relating to investment as follows:

- Interest income from available-for-sale investments with amounting to Baht 66.5 million (2018: Baht 55.7 million).
- Interest income from held-to-maturity investments with amounting to Baht 5.1 million (2018: Baht 13.7 million).
- Amount received from selling available-for-sale investments with totaling amounting to Baht 1,158.8 million (2018: Baht 1,680.1 million) and gain from selling available-for-sale investments with totaling amounting to Baht 0.2 million (2018: Baht 0.3 million).


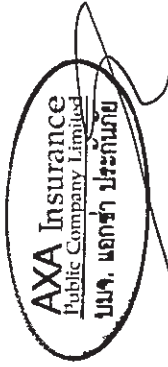

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Notes to the Financial Statements
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12 Property and equipment, net

	2019				
	Cost		Accumulated depreciation		Net property and equipment Baht
	Opening Baht	Addition/ Transfer Baht	Disposal/ Transfer out/ write off Baht	Ending Baht	
Condo - office	54,347,560	-	-	54,347,560	
Office furniture and equipment	213,414,017	2,535,643	(695,012)	215,254,648	(34,125,132)
Motor vehicles	5,441,299	-	-	5,441,299	(196,469,325)
Assets under installation	-	-	-	-	(2,381,785)
					(952,459)
					-
Total	273,202,876	2,535,643	(695,012)	275,043,507	(244,483,566)
					20,222,428
					8,230,458
					2,107,055
					-
					30,559,941

	2018					
	Cost		Accumulated depreciation			
	Opening Baht	Addition/ Transfer Baht	Disposal/ Transfer out/ write off Baht	Ending Baht	Opening Baht	Ending Baht
Condo - office	54,347,560	-	-	54,347,560	(34,125,132)	(34,125,132)
Office furniture and equipment	229,369,428	998,782	(16,954,193)	213,414,017	(191,689,212)	(196,469,325)
Motor vehicles	5,367,000	74,299	-	5,441,299	(1,434,577)	(2,381,785)
Assets under installation	182,000	-	(182,000)	-	-	-
Total	289,265,988	1,073,081	(17,136,193)	273,202,876	(227,248,921)	(232,976,242)
					13,718,651	40,226,634


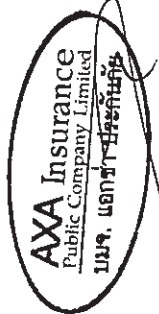
 

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13 Intangible assets, net

	2019					
	Cost			Accumulated depreciation		
	Opening Baht	Addition/ Transfer Baht	Disposal/ Transfer out/ write off Baht	Ending Baht	Opening Baht	Depreciation Baht
Computer software	117,043,747	1,660,753	-	118,704,500	(108,125,328)	(4,866,282)
Assets under installation	440,174	931,779	(1,371,953)	-	-	-
Total	117,483,921	2,592,532	(1,371,953)	118,704,500	(108,125,328)	(4,866,282)
					(112,991,610)	
						5,712,890
						-
					(112,991,610)	5,712,890

	2018					
	Cost			Accumulated depreciation		
	Opening Baht	Addition/ Transfer Baht	Disposal/ Transfer out/ write off Baht	Ending Baht	Opening Baht	Depreciation Baht
Computer software	112,275,864	4,767,883	-	117,043,747	(102,382,122)	(5,743,206)
Assets under installation	6,499,999	440,174	(6,499,999)	440,174	-	-
Total	118,775,863	5,208,057	(6,499,999)	117,483,921	(102,382,122)	(5,743,206)
					(108,125,328)	
						9,358,593

14 Deferred acquisition cost

Movements in deferred acquisition cost for the years ended 31 December 2019 and 2018 are as follows:

	2019 Baht	2018 Baht
Balance as at 1 January	145,742,612	183,232,922
Acquisition cost incurred during the year	278,635,492	263,800,657
Acquisition cost recognised during the year	(264,989,773)	(301,290,967)
Balance as at 31 December	<u>159,388,331</u>	<u>145,742,612</u>


15 Deferred income tax

The movements on the deferred income tax for the years ended 31 December 2019 and 2018 are as follows:

	2019 Baht	2018 Baht
Beginning balance	443,025,812	402,522,020
Credit to the statements of comprehensive income (Note 27)	(23,540,236)	37,852,674
Deferred income tax from unrealised (gains) losses on investments in equity (Note 22)	(7,521,195)	3,130,604
Deferred income tax from other reserve	950,613	(479,486)
Ending balance	<u>412,914,994</u>	<u>443,025,812</u>

The analysis of deferred tax assets and deferred tax liabilities are as follows:

	2019 Baht	2018 Baht
Deferred tax assets:		
Deferred tax asset to be recovered within 12 months	255,510,736	261,931,060
Deferred tax asset to be recovered after 12 months	202,797,880	218,040,901
	<u>458,308,616</u>	<u>479,971,961</u>
Deferred tax liabilities:		
Deferred tax liabilities to be settled within 12 months	37,578,667	36,946,149
Deferred tax liabilities to be settled after 12 months	7,814,955	-
	<u>45,393,622</u>	<u>36,946,149</u>
Deferred tax assets, net	<u>412,914,994</u>	<u>443,025,812</u>


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15 Deferred income tax (Cont'd)

Deferred tax assets and liabilities presented in statements of financial position and changes in deferred tax for the year ended 31 December 2019 arises from the following items:

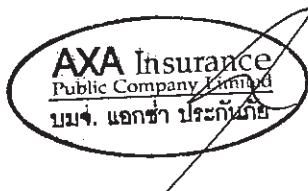
	31 December 2018 Baht	Transaction in profit or loss Baht	Transaction in other comprehensive income Baht	Transaction in other Reserve Baht	31 December 2019 Baht
Deferred tax assets					
- Allowance for doubtful accounts	2,489,279	(816,044)	-	-	1,673,235
- Unearned premium reserve	62,973,247	9,812,415	-	-	72,785,662
- Loss reserve and outstanding claims	266,197,083	(43,147,911)	-	-	223,049,172
- Provision for impairment of investments	3,625,731	-	-	-	3,625,731
- Depreciation for computers	2,546,117	(794,626)	-	-	1,751,491
- Provision for retirement benefits	7,023,438	927,240	1,886,632	-	9,837,310
- Accrued expenses	3,462,861	(1,065,012)	-	950,613	3,348,462
- Loss carry forward	130,693,851	11,543,702	-	-	142,237,553
- Unrealised losses on investments	960,354	-	(960,354)	-	-
	<u>479,971,961</u>	<u>(23,540,236)</u>	<u>926,278</u>	<u>950,613</u>	<u>458,308,616</u>
Deferred tax liabilities					
- Deferred acquisition cost	36,946,149	-	-	-	36,946,149
- Unrealised gains on investments	-	-	8,447,473	-	8,447,473
	<u>36,946,149</u>	<u>-</u>	<u>8,447,473</u>	<u>-</u>	<u>45,393,622</u>
Deferred income tax, net	<u>443,025,812</u>				<u>412,914,994</u>

Deferred income tax assets are recognised for tax loss and carry forwards only to the extent that realisation of the related tax benefit through the future taxable profits is probable. As at 31 December 2019, the Company did not recognise deferred income tax assets of Baht 19.6 million (2018: Baht 28.2 million) in respect of loss amounting to Baht 98.1 million (2018: Baht 141.1 million) that can be carried forward against future taxable income. Loss amounting to Baht 98.1 million expires in 2020.

16 Other assets

	2019 Baht	2018 Baht
Income tax receivable and undue valued added tax	48,267,609	48,089,102
Prepaid expenses and refundable deposits	19,205,224	18,973,148
Reserve withheld for claims	14,482,490	2,832,104
Amount due from related companies (Note 29)	1,324,199	2,184,754
Others	9,194,269	8,800,231
Total other assets	<u>92,473,791</u>	<u>80,879,339</u>

Reserve withheld for claims is cash withheld from premiums received on Thai Rice and Maize Insurance Scheme and which is the Government's Scheme co-operating with the Office of Insurance Commission and Thai General Insurance Association for payments for losses and other expenses which the Company will receive this cash when the coverage period in the insurance contracts is over.

17 Insurance liabilities

	2019			2018		
	Insurance liabilities Baht	Liabilities recovered from reinsurance Baht	Net Baht	Insurance liabilities Baht	Liabilities recovered from reinsurance Baht	Net Baht
Claims reserve						
- Reported claim	894,979,278	(253,832,197)	641,147,081	1,182,867,371	(332,216,626)	850,650,745
- Claim incurred but not reported	745,229,148	(271,130,368)	474,098,780	689,074,798	(208,740,127)	480,334,671
Total claims reserve	1,640,208,426	(524,962,565)	1,115,245,861	1,871,942,169	(540,956,753)	1,330,985,416
Premium reserve						
- Unearned premium reserve (UPR)	1,369,282,438	(131,392,781)	1,237,889,657	1,335,113,977	(139,018,167)	1,196,095,810
Total	3,009,490,864	(656,355,346)	2,353,135,518	3,207,056,146	(679,974,920)	2,527,081,226

Insurance reserve for short-term insurance contract

17.1 Claims reserve

	2019 Baht	2018 Baht
Beginning balance	1,871,942,169	1,739,853,184
Claims incurred during the year	1,732,017,626	1,971,127,050
Changes in claims reserve and assumptions method on claims reserve	(133,983,864)	243,738,040
Claims paid during the year	(1,829,767,505)	(2,082,776,105)
Closing balance	1,640,208,426	1,871,942,169

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17 Insurance liabilities (Cont'd)

17.1 Claims reserve (Cont'd)

17.1.1 Claim development table

Claim Development Table Before Reinsurance

Incident Year	Before 2015	2015	2016	2017	2018	2019	Total
Estimated claim:							
- At the end of the year	23,114,303,081	1,757,217,086	2,211,164,240	2,519,201,352	2,329,454,224	1,875,935,051	
- After 1 year	24,321,477,394	1,771,327,258	2,244,020,607	2,439,269,237	2,296,952,672	-	
- After 2 years	23,777,019,930	1,746,979,587	2,219,209,272	2,417,822,934	-	-	
- After 3 years	24,722,202,784	1,741,565,444	2,134,404,730	-	-	-	
- After 4 years	24,580,647,693	1,682,520,056	-	-	-	-	
- After 5 years	23,553,080,022	-	-	-	-	-	
Absolute estimated claim	23,553,080,022	1,682,520,056	2,134,404,730	2,417,822,934	2,296,952,672	1,875,935,051	
Cumulative claim paid	23,485,319,067	1,673,464,489	2,070,522,175	2,240,959,554	1,827,493,383	1,180,381,741	
Total	67,760,955	9,055,567	63,882,555	176,863,380	469,459,289	695,553,310	1,482,575,056
Unallocated loss adjustment expense							89,896,397
Technical safety margin							67,736,973
Total claims reserve							1,640,208,426

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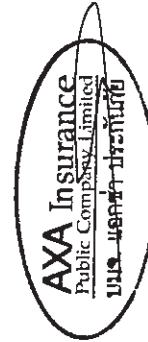
17 Insurance liabilities (Cont'd)

17.1 Claims reserve (Cont'd)

17.1.1 Claim development table (Cont'd)

Claim Development Table, Net

Incident Year	Before 2015	2015	2016	2017	2018	2019	Total
Estimated claim:							
- At the end of the year	13,182,341,472	1,578,632,867	1,896,666,312	1,916,389,007	1,786,132,736	1,368,114,963	
- After 1 year	14,058,925,803	1,571,075,306	1,865,246,752	1,943,080,805	1,740,668,784	-	
- After 2 years	13,572,576,609	1,544,072,380	1,843,119,499	1,899,973,512	-	-	
- After 3 years	13,199,496,965	1,544,212,456	1,786,270,403	-	-	-	
- After 4 years	13,066,285,778	1,505,234,178	-	-	-	-	
- After 5 years	12,940,051,324	-	-	-	-	-	
Absolute estimated claim	12,940,051,324	1,505,234,178	1,786,270,403	1,899,973,512	1,740,668,784	1,368,114,963	
Cumulative claim paid	12,889,489,529	1,497,349,787	1,756,763,703	1,772,457,555	1,469,284,589	897,375,707	
Total	50,561,795	7,884,391	29,506,700	127,515,957	271,404,195	470,739,256	957,612,294
Unallocated loss adjustment expense							89,896,387
Technical safety margin							67,737,180
Total claims reserve							1,115,245,861



17 Insurance liabilities (Cont'd)

17.1 Claims reserve (Cont'd)

17.1.2 Aging analysis of loss reserve's repayment

	2019 Baht	2018 Baht
Repayment within 1 year	1,179,134,305	1,401,627,462
Repayment between 1 - 2 years	249,085,239	265,682,607
Repayment between 2 - 5 years	190,348,209	179,082,073
Repayment over 5 years	21,640,673	25,550,027
Total	1,640,208,426	1,871,942,169

17.1.3 Sensitivity analysis on change in main assumption

	Change in assumption	Impact on reinsurance assets	2019		
			Impact on loss reserve and unallocated loss adjustment expenses	Impact on profit and loss	Impact to equity
Estimated loss ratio	Increase 2%	4,496,281	1,354,744	(1,354,744)	(1,354,744)
Estimated loss ratio	Decrease 2%	(4,496,281)	(1,354,744)	1,354,744	1,354,744
Technical safety margin	Increase 2%	-	13,911,066	(7,531,828)	(7,531,828)
Technical safety margin	Decrease 2%	-	(13,911,066)	7,531,828	7,531,828

	Change in assumption	Impact on reinsurance assets	2018		
			Impact on loss reserve and unallocated loss adjustment expenses	Impact on profit and loss	Impact to equity
Estimated loss ratio	Increase 2%	6,590,607	20,866,957	(11,421,080)	(11,421,080)
Estimated loss ratio	Decrease 2%	(6,590,607)	(20,866,957)	11,421,080	11,421,080
Technical safety margin	Increase 2%	-	1,602,257	(1,602,257)	(1,602,257)
Technical safety margin	Decrease 2%	-	(1,602,257)	1,602,257	1,602,257

17.2 Unearned premium reserve

	2019 Baht	2018 Baht
Beginning balance	1,335,113,977	1,714,270,215
Premium written for the year	2,733,938,888	2,777,239,700
Premium earned for the year	(2,699,770,427)	(3,156,395,938)
Closing balance	1,369,282,438	1,335,113,977

As at 31 December 2019 and 2018, the Company's unearned premium reserve is higher than unexpired risk reserve.

18 Due to reinsurers

	2019 Baht	2018 Baht
Reinsurance premium payable	134,396,538	99,544,559
Fund withheld from reinsurance	55,256,437	110,332,934
Reinsurance payable - others	7,753,198	2,853,530
Total due to reinsurers	197,406,173	212,731,023

19 Employee benefit obligations

	2019 Baht	2018 Baht
Short-term employee benefits	50,588,968	42,822,428
Long-term employee benefits	16,742,313	17,314,305
Post-employee benefit	46,656,093	35,117,188
	113,987,374	95,253,921

As at 31 December 2019 and 2018, the Company has recognised long-term employee benefit obligations which is share-based payment of Baht 16.7 million and Baht 17.3 million respectively. Expenses of share-based payment for the year are as following:

	2019 Baht	2018 Baht
Expense of share-based payment	6,718,490	5,905,223

Movements in the number of shares outstanding and their related weighted average exercise prices are as follows:

	2019 Shares	2018 Shares
At 1 January	45,796	51,557
Granted	11,856	836
Exercised	(13,946)	(6,597)
At 31 December	43,706	45,796

Post-employment benefit expenses which are recognised in the statements of comprehensive income are as follows:

	2019 Baht	2018 Baht
Current service costs	3,957,387	3,176,952
Interest costs	757,356	980,377
Past service cost	-	7,248,621
Total	4,714,743	11,405,950


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19 Employee benefit obligations (Cont'd)

Movements of the provision for employee benefits are as follows:

	2019 Baht	2018 Baht
Beginning balance	35,117,188	29,611,589
Current service costs	3,957,388	3,176,952
Remeasurements:		
Loss\Gains from change in financial assumptions	9,433,162	(4,192,740)
Experience losses	-	125,589
Interest costs	757,355	980,377
Past service cost	-	7,248,621
<u>Less</u> Benefits paid	<u>(2,609,000)</u>	<u>(1,833,200)</u>
Ending balance	<u>46,656,093</u>	<u>35,117,188</u>

The principal actuarial assumptions used are as follows:

	2019	2018
Discount rate	1.70%	3.18%
Salary increase rate	6.00%	7.18%
Average turnover rate	10.00% - 27.00%	10.00% - 27.00%
Retirement age	55 or 60 years	55 or 60 years

The principal actuarial assumptions used are as follows:

	2019		
	Impact on employee benefit obligation		
	Change in assumption	Increase in assumption	Decrease in assumption
Discount rate	0.50%	3.28%	3.51%
Salary increase rate	0.50%	3.82%	3.61%
Average turnover rate	0.50%	4.24%	4.54%

	2018		
	Impact on employee benefit obligation		
	Change in assumption	Increase in assumption	Decrease in assumption
Discount rate	0.50%	Decrease by 3.70%	Increase by 3.94%
Salary increase rate	0.50%	Increase by 3.77%	Decrease by 3.59%
Average turnover rate	0.50%	Decrease by 4.29%	Increase by 4.57%

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit obligation recognised within the statement of financial position.

The weighted average duration of the defined benefit obligation is 13 years.

19 Employee benefit obligations (Cont'd)

Expected maturity analysis of undiscounted retirement benefits.

	2019				Total Baht
	Less than a year Baht	Between 1 - 5 years Baht	Between 5 - 10 years Baht	Over 10 years Baht	
At 31 December 2019					
Retirement benefits	8,502,872	12,247,383	22,208,911	58,693,690	101,652,856
Total	8,502,872	12,247,383	22,208,911	58,693,690	101,652,856

	2018				Total Baht
	Less than a year Baht	Between 1 - 5 years Baht	Between 5 - 10 years Baht	Over 10 years Baht	
At 31 December 2018					
Retirement benefits	4,660,229	15,243,026	20,124,980	60,594,044	100,622,279
Total	4,660,229	15,243,026	20,124,980	60,594,044	100,622,279

20 Other liabilities

	2019 Baht	2018 Baht
Revenue Department payable	22,643,698	28,869,900
Amount due from related companies (Note 29)	11,618,454	55,946,280
Premium suspense	44,626,981	69,897,922
Others	9,711,805	13,909,576
Total other liabilities	88,600,938	168,623,678

21 Unrealised gains (losses) on investments

Movements of unrealised gains (losses) on investments for the years ended 31 December 2019 and 2018 are as follows:

	2019 Baht	2018 Baht
Opening balance	(3,841,413)	11,934,721
Add/(Less) Changes in fair values of investments	47,039,132	(19,720,168)
Changes in deferred tax assets/liabilities (Note 15)	(9,407,827)	3,944,034
Closing balance	33,789,892	(3,841,413)

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22 Effective tax relating to each component of other comprehensive income

	2019			2018		
	Amount before tax Baht	Income tax Baht	Amount after tax Baht	Amount before tax Baht	Income tax Baht	Amount after tax Baht
Remeasurement of post-employment benefit obligations	(9,433,162)	1,886,632	(7,546,530)	4,067,151	(813,430)	3,253,721
Gains (losses) in changes in value of investment	47,039,132	(9,407,827)	37,631,305	(19,720,168)	3,944,034	(15,776,134)
Total	37,605,970	(7,521,195)	30,084,775	(15,653,017)	3,130,604	(12,522,413)

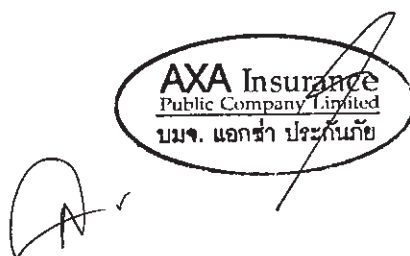
23 Legal reserve

	2019 Baht	2018 Baht
Opening balance	30,670,999	30,670,999
Addition during the year	-	-
Closing balance	30,670,999	30,670,999

Under the Public Limited Company Act B.E. 2535, the Company is required to set aside a legal reserve at least 5% of its net profit after accumulated deficit brought forward (if any) until the reserve is not less than 10% of the registered capital. The reserve is non-distributable.

24 Share capital

	Number of ordinary shares Shares	Ordinary shares Baht	Share discount Baht	Total Baht
At 1 January 2018	36,726,421	3,672,642,100	(1,068,106,516)	2,604,535,584
Issue of shares	-	-	-	-
At 31 December 2018	36,726,421	3,672,642,100	(1,068,106,516)	2,604,535,584
Issue of shares	-	-	-	-
At 31 December 2019	36,726,421	3,672,642,100	(1,068,106,516)	2,604,535,584



25 Operating expenses

	2019 Baht	2018 Baht
Employee expenses not relating to underwriting and claim expenses	179,300,521	143,240,861
Property and equipment expenses not relating to underwriting expenses	87,174,124	92,673,326
Tax expenses	7,179,849	3,681,132
Bad debt and doubtful accounts	1,173,648	470,160
Other operating expenses	104,518,655	120,562,316
Total operating expenses	379,346,797	360,627,795

26 Employee benefit expenses

	2019 Baht	2018 Baht
Salary	373,757,229	362,988,299
Social security fund	4,009,857	4,289,025
Contribution to employee benefit project	18,938,797	18,412,420
Other employee benefit expenses	23,051,055	32,168,285
Total employee benefit expenses	419,756,938	417,858,029

27 Income tax

	2019 Baht	2018 Baht
Income tax for the year	-	-
Deferred tax (Note 15)	23,540,236	(37,852,674)
Income tax expense (credit)	23,540,236	(37,852,674)

Reconciliation of income tax credit and the results of the accounting loss multiplied by the income tax rate are as follows:

	2019 Baht	2018 Baht
Profit (Loss) before income tax	6,765,450	(278,978,505)
Tax rate	20%	20%
The result of the accounting loss multiplied by income tax rate	1,353,090	(55,795,701)
Tax losses for which no deferred income tax asset was recognised	19,622,000	16,622,141
Effect of non - taxable income and non-deductible expenses	2,565,146	1,320,886
Income tax expense (credit)	23,540,236	(37,852,674)

More information relating to deferred tax is presented in Note 15.

28 Basic loss per share

Basic loss per share is calculated by dividing the net loss for the period attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the year.

	<u>2019</u>	<u>2018</u>
Net loss for the period attributable to ordinary shareholders (Baht)	(16,774,786)	(241,125,831)
Weighted average number of ordinary shares in issue during the period (Shares)	36,726,421	36,726,421
Basic loss per share (Baht)	(0.46)	(6.57)

There are no potential dilutive ordinary shares in issue for the years ended 31 December 2019 and 2018.

29 Related parties transactions

Enterprises and individuals that, directly or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the Company, including holding companies, subsidiaries and fellow subsidiaries are related parties of the Company. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the enterprise, key management personnel, including directors and officers of the Company and close members of the family of these individuals and companies associated with these individuals also constitute related parties.

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

The Company is a subsidiary company of AXA SA whose incorporated and domiciled in France.

The Company had the following significant transactions with related parties:

	<u>2019</u>	<u>2018</u>
	<u>Baht</u>	<u>Baht</u>
Statement of comprehensive income		
Revenues		
Gross written premium	355,530,993	363,812,893
Reinsurance premium ceded	(379,703,258)	(441,171,308)
Commission and brokerage fees	47,568,600	69,206,935
Expenses		
Losses and loss adjustment expenses	24,841,788	29,198,072
Claim recovered from reinsurers	(269,003,598)	(197,686,176)
Commission and brokerage expenses	57,335,240	58,218,990
Other underwriting expenses	5,074,525	4,933,740
Operating expenses		
Other expenses recoveries	(11,899,230)	(10,153,951)
Management and service fees	78,987,615	81,882,131




29 Related parties transactions (Cont'd)

The Company had the following significant transactions with related parties: (Cont'd)

	2019 Baht	2018 Baht
Statement of financial position		
Assets		
Reinsurance assets, net	189,414,639	282,776,343
Amount due from reinsurance, net	54,277,422	61,992,356
Other assets		
Amount due from related companies	1,324,199	2,184,754
Liabilities		
Due to reinsurers	107,863,496	79,689,121
Other liabilities	11,435,215	55,946,280

Key management compensation

The compensation to key management for employee service for the years ended 31 December 2019 and 2018 are shown below:

	2019 Baht	2018 Baht
Short-term employee benefits	73,393,480	65,876,867
Post-employee benefits	1,017,244	1,069,501
Total	74,410,724	66,946,368

30 Financial instruments

A financial instrument is any contract that gives rise to both a financial asset of one entity and a financial liability or equity instrument of another entity.

The carrying amount of financial assets and liabilities approximates to their fair value. The basis of recognition and measurement of significant financial assets and liabilities is set out in Note 6.

The Company does not trade or speculate in derivative instruments.

The Company is exposed to credit, liquidity, currency and interest rate risks from its normal business activities. These are summarised as follows:

30.1 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the Company to incur a financial loss. The Company has no significant concentrations of credit risk. Cash and investments are made with reputable financial institutions and all reinsurers and insurance brokers are given an internal rating before premium is ceded to and acquire services of insurance broker from them.

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30 Financial instruments (Cont'd)

30.2 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

The Company's financial assets mainly comprises of cash and deposits at financial institutions and investment in securities which are highly liquid and able to be sold quickly at close to their fair values.

30.3 Currency risk

The Company's business is primarily conducted in Thai Baht and relates to risks located in Thailand so there is limited foreign currency exposure.

30.4 Interest rate risk

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates.

	2019			Total Baht
	No interest Baht	Floating interest rate Baht	Fixed interest rate Baht	
Cash and cash equivalent	16,918,152	266,177,610	49,990,536	333,086,298
Available-for-sale Investments	-	-	3,096,258,304	3,096,258,304
Held-to-maturity investments	-	-	292,413,887	292,413,887
	<u>16,918,152</u>	<u>266,177,610</u>	<u>3,438,662,727</u>	<u>3,721,758,489</u>

	2018			Total Baht
	No interest Baht	Floating interest rate Baht	Fixed interest rate Baht	
Cash and cash equivalent	18,171,201	103,597,945	57,083,602	178,852,748
Available-for-sale Investments	-	-	3,235,354,698	3,235,354,698
Held-to-maturity investments	-	-	365,438,077	365,438,077
	<u>18,171,201</u>	<u>103,597,945</u>	<u>3,657,876,377</u>	<u>3,779,645,523</u>



30 Financial instruments (Cont'd)

30.4 Interest rate risk (Cont'd)

The financial instruments carrying interest rates are classified below, for the periods from the statements of financial position date to the contractual date of repricing or maturity date (whichever is earlier).

	2019			Total Baht	Interest rate % p.a.
	Within 1 year Baht	1 - 5 years Baht	More than 5 years Baht		
Cash and cash equivalent	316,168,146	-	-	316,168,146	0.00 - 1.11
Available-for-sale Investments	828,436,387	2,252,404,225	15,417,692	3,096,258,304	1.23 - 3.20
Held-to-maturity investments	292,413,887	-	-	292,413,887	0.80 - 1.75
	<u>1,437,018,420</u>	<u>2,252,404,225</u>	<u>15,417,692</u>	<u>3,704,840,337</u>	

	2018			Total Baht	Interest rate % p.a.
	Within 1 year Baht	1 - 5 years Baht	More than 5 years Baht		
Cash and cash equivalent	160,681,547	-	-	160,681,547	0.00 - 1.49
Available-for-sale investments	756,826,981	2,478,527,717	-	3,235,354,698	1.48 - 3.20
Held-to-maturity investments	365,438,077	-	-	365,438,077	0.80 - 1.85
	<u>1,282,946,605</u>	<u>2,478,527,717</u>	<u>-</u>	<u>3,761,474,322</u>	

31 Deposits with Registrar

In compliance with the Non-Life Insurance Act (No. 2) B.E. 2551, government bonds amounting to Baht 330,000,000 (2018: Baht 330,000,000) have been placed at the Office of Insurance Commission.

32 Contribution to Non-life guarantee fund

In compliance with the Non-Life Insurance Act (No. 2) B.E. 2551, during the year the Company contributes to Non-life guarantee fund amounting to Baht 6,719,543 (2018: Baht 6,681,034).

33 Operating lease commitments

The future minimum lease payments under operating leases are as follows:

	2019 Baht	2018 Baht
Not later than 1 year	11,732,134	17,123,938
Later than 1 year but not later than 5 years	10,302,213	12,157,887
More than 5 years	-	-
Total operating lease commitments	<u>22,034,347</u>	<u>29,281,825</u>