

**AXA INSURANCE PUBLIC COMPANY LIMITED**

**STATUTORY FINANCIAL STATEMENTS**

**31 DECEMBER 2014**



## AUDITOR'S REPORT

To the Shareholders of AXA Insurance Public Company Limited

I have audited the financial statements of AXA Insurance Public Company Limited, which comprise statements of financial position as at 31 December 2014, and statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and a summary of significant accounting policies and other notes.

### *Management's Responsibility for the Financial Statements*

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

### *Auditor's Responsibility*

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

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

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



*Opinion*

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of AXA Insurance Public Company Limited as at 31 December 2014, and its results of operations and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

A handwritten signature in black ink, appearing to read 'A. Leekitwattana', written in a cursive style.

Anothai Leekitwattana  
Certified Public Accountant (Thailand) No. 3442  
PricewaterhouseCoopers ABAS Ltd.

Bangkok  
26 March 2015

**AXA Insurance Public Company Limited**  
**Statement of Financial Position**  
**As at 31 December 2014**

	Notes	31 December 2014 Baht	31 December 2013 Baht	1 January 2013 Baht
<b>Assets</b>				
Cash and cash equivalents	5	652,854,017	1,108,265,456	610,632,568
Accrued investment income, net		21,083,247	10,895,599	10,089,692
Premium receivable, net	6	520,792,049	438,439,963	374,316,361
Reinsurance assets, net	7, 25	1,777,870,497	2,335,091,781	4,779,764,579
Investment	8			
Investment in securities				
Available-for-sale		2,449,265,423	2,600,662,814	2,264,102,899
Held-to-maturity		556,100,000	-	-
General investments, net		281,817	436,818	436,818
Premises and equipment, net	9	97,974,090	84,793,049	70,921,851
Intangible assets, net	10	21,529,039	19,111,373	27,261,956
Deferred acquisition cost		180,691,250	176,633,431	142,026,836
Deferred tax assets	11	323,362,653	406,167,571	368,494,643
Other assets	12, 25	47,767,281	56,567,358	66,367,410
<b>Total assets</b>		<b>6,649,571,363</b>	<b>7,237,065,213</b>	<b>8,714,415,613</b>



Director \_\_\_\_\_

Date 9 April 2015

The accompanying notes on page 8 to 36 are an integral part of these financial statements.

**AXA Insurance Public Company Limited**  
**Statement of Financial Position (Cont'd)**  
**As at 31 December 2014**

		<b>31 December</b>	<b>31 December</b>	<b>1 January</b>
		<b>2014</b>	<b>2013</b>	<b>2013</b>
	<b>Notes</b>	<b>Baht</b>	<b>Baht</b>	<b>Baht</b>
<b>Liabilities and shareholders' equity</b>				
<b>Liabilities</b>				
Income tax payable		-	99,151,913	46,642,084
Due to reinsurers	13, 25	473,260,633	584,983,370	626,641,509
Insurance liabilities				
Loss reserves and outstanding claims	14	2,601,676,948	3,377,333,447	5,509,334,175
Unearned premium reserve	15	1,591,626,919	1,532,382,480	1,337,307,220
Employee benefit obligation	16	66,120,010	63,999,434	49,693,827
Accrued expenses		73,331,550	74,815,573	48,361,788
Commission payable		58,970,236	54,152,961	52,986,443
Other liabilities	25	70,088,053	64,165,803	55,485,718
<b>Total liabilities</b>		<b>4,935,074,349</b>	<b>5,850,984,981</b>	<b>7,726,452,764</b>
<b>Shareholders' equity</b>				
<b>Share capital</b>				
<b>Registered</b>				
28,126,421 ordinary shares of par Baht 100 each		<u>2,812,642,100</u>	<u>2,812,642,100</u>	<u>2,812,642,100</u>
<b>Issued and paid-up</b>				
28,126,421 ordinary shares of par Baht 100 each	20	2,812,642,100	2,812,642,100	2,812,642,100
Discount on paid-up capital	20	(1,068,106,516)	(1,068,106,516)	(1,068,106,516)
<b>Retained earnings (Deficits)</b>				
<b>Appropriated</b>				
Legal reserve	19	24,568,500	24,568,500	24,568,500
Unappropriated		(60,104,782)	(387,361,193)	(784,327,251)
Unrealised gains on the changes in value of investments	17	5,497,712	4,337,341	3,186,016
<b>Total shareholders' equity</b>		<b>1,714,497,014</b>	<b>1,386,080,232</b>	<b>987,962,849</b>
<b>Total liabilities and shareholders' equity</b>		<b>6,649,571,363</b>	<b>7,237,065,213</b>	<b>8,714,415,613</b>





The accompanying notes on page 8 to 36 are an integral part of these financial statements.

**AXA Insurance Public Company Limited**  
**Statement of Comprehensive Income**  
**For the year ended 31 December 2014**

	<u>Notes</u>	<u>2014</u> <u>Baht</u>	<u>2013</u> <u>Baht</u>
<b>Revenues</b>			
Net premium earned	25	2,426,887,922	2,233,758,804
Commission and brokerage fee	25	123,503,038	121,971,055
<b>Total revenues</b>		<u>2,550,390,960</u>	<u>2,355,729,859</u>
<b>Expenses</b>			
Underwriting expenses			
Claim expenses			
Loss and loss adjustment expenses	25	1,184,350,871	949,311,704
Commissions and brokerages expenses	25	441,379,908	417,500,206
Other underwriting expenses		119,652,215	84,512,020
Operating expenses	21, 25	454,386,151	480,639,167
<b>Total underwriting expenses</b>		<u>2,199,769,145</u>	<u>1,931,963,097</u>
<b>Underwriting income</b>		<u>350,621,815</u>	<u>423,766,762</u>
Net investment income		78,348,316	95,364,630
Gains on investments		199,400	259,461
Other income		2,330,238	224,484
<b>Operating profit</b>		431,499,769	519,615,337
Contribution to Office of Insurance Commission		8,313,757	8,301,388
Contribution to Non-Life Guarantee Fund		7,813,757	7,801,388
Contribution to Road Victims Protection Fund		5,601,020	6,605,672
<b>Profit before income taxes</b>		409,771,235	496,906,889
Income taxes charge	23	(82,514,824)	(99,940,831)
<b>Profit for the year</b>		327,256,411	396,966,058
<b>Other comprehensive income</b>			
Gains on changes in fair value of investment	18	1,450,465	1,439,156
Income tax relating to components of other comprehensive income	18	(290,094)	(287,831)
<b>Other comprehensive income for the year, net of tax</b>		<u>1,160,371</u>	<u>1,151,325</u>
<b>Total comprehensive income for the year</b>		<u>328,416,782</u>	<u>398,117,383</u>
<b>Earnings per share</b>			
Basic earnings per share (Baht)	24	11.64	14.11



The accompanying notes on page 8 to 36 are an integral part of these financial statements.

AXA Insurance Public Company Limited  
Statement of Changes in Shareholders' Equity  
For the year ended 31 December 2014

	2014					Total Baht
	Issued and paid-up share capital Baht	Share discount Baht	Retained earnings (Deficits)		Unrealised gains on the change in value of investment Baht	
			Legal	Unappropriated		
			reserve			
Baht	Baht	Baht	Baht	Baht		
Beginning balance as at 1 January 2014	2,812,642,100	(1,068,106,516)	24,568,500	(387,361,193)	4,337,341	1,386,080,232
Comprehensive income for the year	-	-	-	327,256,411	1,160,371	328,416,782
Closing balance as at 31 December 2014	<u>2,812,642,100</u>	<u>(1,068,106,516)</u>	<u>24,568,500</u>	<u>(60,104,782)</u>	<u>5,497,712</u>	<u>1,714,497,014</u>

	2013					Total Baht
	Issued and paid-up share capital Baht	Share premium (Discount) Baht	Retained earnings (Deficits)		Unrealised gains on the change in value of investment Baht	
			Legal	Unappropriated		
			reserve			
Baht	Baht	Baht	Baht	Baht		
Beginning balance as at 1 January 2013	2,812,642,100	(1,068,106,516)	24,568,500	(784,327,251)	3,186,016	987,962,849
Comprehensive income for the year	-	-	-	396,966,058	1,151,325	398,117,383
Closing balance as at 31 December 2013	<u>2,812,642,100</u>	<u>(1,068,106,516)</u>	<u>24,568,500</u>	<u>(387,361,193)</u>	<u>4,337,341</u>	<u>1,386,080,232</u>


  
**AXA Insurance**  
Public Company Limited  
บริษัท อก้า จำกัด

The accompanying notes on page 8 to 36 are an integral part of these financial statements.

**AXA Insurance Public Company Limited**  
**Statement of Cash Flows**  
**For the year ended 31 December 2014**

	<b>2014</b>	<b>2013</b>
	<b>Baht</b>	<b>Baht</b>
<b>Cash provided from (used in) operating activities</b>		
Written premium received from direct insurance	3,046,728,306	3,054,115,734
Cash received (paid) for reinsurance	(293,033,453)	3,084,441,447
Losses paid from direct insurance	(1,646,788,916)	(4,212,187,598)
Claim handling expenses paid from direct insurance	(51,816,072)	(102,854,912)
Commission and brokerage paid for direct insurance	(423,638,863)	(434,849,368)
Other underwriting expenses	(119,652,215)	(84,512,020)
Investment income received	38,049,475	32,536,947
Other income received	2,058,728	5,139,616
Other expenses paid	(199,493)	(5,447,618)
Operating expenses paid	(475,345,921)	(464,799,072)
Income tax paid	(111,293,794)	(66,439,232)
<b>Net cash provided from (used in) operating activities</b>	<b>(34,932,218)</b>	<b>805,143,924</b>
<b>Cash provide from (used in) investing activities</b>		
<u>Cash provided from</u>		
Investment in securities	4,598,582,071	5,041,716,775
Equipment	477,920	817,207
<b>Cash provided from investing activities</b>	<b>4,599,059,991</b>	<b>5,042,533,982</b>
<u>Cash used in</u>		
Investment in securities	(4,971,368,621)	(5,314,509,019)
Equipment and computer software	(48,170,591)	(35,535,999)
<b>Cash used in investing activities</b>	<b>(5,019,539,212)</b>	<b>(5,350,045,018)</b>
<b>Net cash used in operating activities</b>	<b>(420,479,221)</b>	<b>(307,511,036)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(455,411,439)</b>	<b>497,632,888</b>
Cash and cash equivalents at beginning of the year	1,108,265,456	610,632,568
<b>Cash and cash equivalents at end of the year</b>	<b>652,854,017</b>	<b>1,108,265,456</b>



The accompanying notes on page 8 to 36 are an integral part of these 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:

23<sup>rd</sup> 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 for issue by the Board of Directors on 26 March 2015.

## **2 Accounting policies**

The principal accounting policies adopted in the preparation of these financial statements are set out below:

### **2.1 Basis of preparation**

These financial statements 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 statements presentation are based on the formats of financial statements 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 (No. 4) dated on 31 July 2013 which follows the format of the previous notification dated 27 May 2010 (‘OIC Notification’).

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

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 Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated 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.

  

2 Accounting policies (Cont'd)



2.1 Basis of preparation (Cont'd)

Contain items of prior years have been reclassified to be in conformity with the presentation of current year.

The impact of reclassification to the statement of financial position as at 31 December 2013 and 1 January 2013 is as follow:

	Previously stated Baht	Increase Baht	Reclassified Baht
<b>Statements of Financial Position as at 1 January 2013</b>			
Reinsurance assets, net	4,672,562,236	107,202,343	4,779,764,579
<b>Liabilities</b>			
Due to reinsurers	519,439,166	107,202,343	626,641,509
<b>Statements of Financial Position as at 31 December 2013</b>			
Reinsurance assets, net	2,227,889,438	107,202,343	2,335,091,781
<b>Liabilities</b>			
Due to reinsurers	477,781,027	107,202,343	584,983,370

2.2 New financial reporting standards and revised financial reporting standards

2.2.1 Revised accounting standards which are effective on 1 January 2014 and are relevant to the Company:

TAS 1 (revised 2012)	Presentation of financial statements
TAS 7 (revised 2012)	Statement of cash flows
TAS 19 (revised 2012)	Employee benefits
TAS 34 (revised 2012)	Interim financial reporting

TAS 1 (revised 2012) clarifies that conversion features that are at the holder's discretion do not impact the classification of the liability component of the convertible instrument. TAS 1 also explains that, for each component of equity, an entity may present the breakdown of other comprehensive income either in the statement of changes in equity or in the notes to the financial statements. This standard has no impact to the Company.

TAS 7 (revised 2012) clarifies that only expenditures that result in a recognised asset in the statement of financial position are eligible for classification as investing activities. This standard has no impact to the Company.

TAS 19 (revised 2012) deletes the transition provisions of the current TAS 19. This standard has no impact to the Company.

TAS 34 (revised 2012) emphasises the existing disclosure principles for significant event and transactions. Additional requirements cover disclosure of changes in fair value measurements (if significant), and the need to update relevant information from the most recent annual report. This standard has no impact to the Company.

2 Accounting policies (Cont'd)

2.2 New financial reporting standards and revised financial reporting standards (Cont'd)

2.2.2 New financial reporting standards and revised accounting standards, revised financial reporting standards are effective on 1 January 2015. These standards are not early adopted:

a) Financial reporting standards, which have significant changes in contents and key principles and are relevant to the Company:

TAS 1 (revised 2014)	Presentation of Financial Statements
TAS 19 (revised 2014)	Employee benefits
TFRS 13	Fair value measurement

TAS 1 (revised 2014), the main change is that a requirement for entities to group items presented in 'other comprehensive income' (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). The amendments do not address which items are presented in OCI. This standard has no significant impact to the Company.

TAS 19 (revised 2014), the key changes are (a) actuarial gains and losses are renamed 'remeasurements' and will be recognised immediately in 'other comprehensive income' (OCI). Actuarial gains and losses will no longer be deferred using the corridor approach or recognised in profit or loss; and (b) past-service costs will be recognised in the period of a plan amendment; unvested benefits will no longer be spread over a future-service period. The Company is in process to assess the full impact of the amendments.

TFRS 13 aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across TFRSs. The Company is in process to assess the full impact of the amendments.

b) Financial reporting standards with minor changes

There are 41 financial reporting standards with minor changes which the Company assesses that do not have impact to the Company.

The image shows a circular stamp with the text "AXA Insurance Public Company Limited" and Thai text "บมจ. แอกซ่า ประกันภัย" below it. To the left of the stamp is a handwritten signature, and to the right is a handwritten mark that looks like "A" with a checkmark.

**2 Accounting policies (Cont'd)**



**2.2 New financial reporting standards and revised financial reporting standards (Cont'd)**

2.2.3 New financial reporting standard which is effective on 1 January 2016 which are relevant to the Company and are not early adopted as follows:

IFRS4 (revised 2014) Insurance contracts

IFRS 4 applies to all insurance contracts (including reinsurance contracts) that an entity issues and to reinsurance contracts that it holds. The standard exempts an insurer temporarily from some requirements of other standards, including the requirement to consider the Framework in selecting accounting policies for insurance contracts. However, the standard (a) prohibits provision for possible claims under contracts that are not in existence at the end of the reporting period; (b) requires a test for the adequacy of recognised insurance liabilities and an impairment test for reinsurance assets; (c) requires an insurer to keep insurance liabilities in its statement of financial position until they are discharged or cancelled, or expired; and (d) to present insurance liabilities without offsetting them against related reinsurance assets. The management is currently assessing the impact of IFRS 4.

**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 transactions**

Transactions relating to reinsurance assumed and ceded are accounted and presented for in the statements of financial position and comprehensive income in a similar way to direct insurance business transactions.

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

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

**2 Accounting policies (Cont'd)**

**2.6 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 Stock Exchange of Thailand and the Thai Bond Dealing Centre. The unrealised gains and losses of available for sale investments are recognised in equity.

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.

  

AXA Insurance  
Public Company Limited  
บริษัท แอกซ่า ประกันภัย

**2 Accounting policies (Cont'd)**

**2.7 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 within 'Other (losses)/gains - net' in profit or loss.

**2.8 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.

**2.9 Impairment of assets**

Assets except for reinsurance 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 Accounting policies (Cont'd)

2.10 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.

2.11 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.

The image shows a handwritten signature on the left and a circular stamp on the right. The stamp contains the text "AXA Insurance Public Company Limited" and "บมจ. แอกซ่า ประกันภัย" in Thai. There is a checkmark to the right of the stamp.

2 Accounting policies (Cont'd)

2.12 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 recognise premium deficiency reserve when the URR is higher than UPR.

2.13 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 gain or loss for defined benefit plan is recognised in the statements of comprehensive income.



**2 Accounting policies (Cont'd)**

**2.14 Provisions**

Provisions except for insurance transactions 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.

**2.15 Recognition of revenues and expenses**

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

Interest income is recognised using the effective interest method. Dividend income is accounted for on the declaration date.

Other income is recognised on an accrual basis.

Loss and loss adjustment expenses are recorded in the accounts upon receipt of claim advice, including change in claim incurred but not reported as of the statements of financial position date.

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.

All other expenses are recorded on the accrual basis.

**2.16 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 the statement of comprehensive income.

    
AXA Insurance  
Public Company Limited  
บริษัท ออกล่า ประกันภัย

**2 Accounting policies (Cont'd)**

**2.17 Financial instruments**

Financial assets carried on the statements in financial position include cash and cash equivalents, accrued income on investments, premium receivables, investment in securities, and certain balances of other assets. Financial liabilities carried on the statements in financial position are certain balances of other liabilities.

**3 Critical accounting estimates, assumptions and judgements**

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 Critical accounting estimates, assumptions and judgements (Cont'd)**

**3.5 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.

**3.6 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.

**4 Capital risk management**

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

**5 Cash and cash equivalents**

	Note	2014 Baht	2013 Baht
Cash on hand		213,086	218,086
Cheque on hand		912,706	468,227
Bank deposits held at call		719,477,980	205,667,756
Short-term investment with maturity less than 3 months from the acquisition		488,350,245	901,911,387
Total cash, deposits and investments		1,208,954,017	1,108,265,456
<u>Less</u> Deposits at financial institution with maturity over 3 months from the acquisition	8	(556,100,000)	-
Cash and cash equivalents		<u>652,854,017</u>	<u>1,108,265,456</u>



**AXA Insurance Public Company Limited**  
**Notes to the Financial Statements**  
**For the year ended 31 December 2014**

**6 Premium receivable, net**

The balances of premium receivable were aged as follows:

	2014				2013			
	From insurer Baht	From agency and broker Baht	From reinsurer Baht	Total Baht	From insurer Baht	From agency and broker Baht	From reinsurer Baht	Total
Undue	36,320,025	388,428,160	10,218,720	434,966,905	29,937,769	283,293,763	7,401,481	320,633,013
Overdue								
Less than 30 days	22,139,396	21,141,280	394,115	43,674,791	18,014,683	37,972,336	(1,681,936)	54,305,083
30 - 60 days	867,390	7,753,306	204,176	8,824,872	842,499	18,143,609	277,095	19,263,203
60 - 90 days	477,095	5,033,996	4,890	5,515,981	217,430	19,423,207	171,352	19,811,989
90 days - 1 year	322,400	30,973,873	514,861	31,811,134	225,818	24,347,533	2,908,845	27,482,196
More than 1 year	21,969	2,111,585	3,163	2,136,717	228,783	4,168,616	17,433	4,414,832
Total premium receivable	60,148,275	455,442,200	11,339,925	526,930,400	49,466,982	387,349,064	9,094,270	445,910,316
Less Allowance for doubtful accounts	(99,493)	(5,890,851)	(148,007)	(6,138,351)	(358,630)	(7,094,290)	(17,433)	(7,470,353)
Premium receivable, net	60,048,782	449,551,349	11,191,918	520,792,049	49,108,352	380,254,774	9,076,837	438,439,963





**AXA Insurance Public Company Limited**  
**Notes to the Financial Statements**  
**For the year ended 31 December 2014**

**7 Reinsurance assets, net**

	<b>2014</b>	<b>2013</b>
	<b>Baht</b>	<b>Baht</b>
Due from reinsurance, net	33,212,420	550,830,615
Insurance reserve to be called from reinsurance companies	1,744,658,077	1,784,261,166
<b>Reinsurance assets, net</b>	<b>1,777,870,497</b>	<b>2,335,091,781</b>

Due from reinsurance aged based on due date is as follows:

	<b>2014</b>	<b>2013</b>
	<b>Baht</b>	<b>Baht</b>
Undue	7,384,689	241,566,748
Overdue		
Less than 12 months	22,002,414	329,965,316
1 - 2 years	2,976,742	156,792,930
More than 2 years	848,575	109,826,749
	33,212,420	838,151,743
<u>Less</u> due to reinsurer with setoff arrangement	-	(287,321,128)
<b>Due from reinsurers, net</b>	<b>33,212,420</b>	<b>550,830,615</b>

**8 Investments in securities**

**8.1 Available-for-sale investments**

	<b>2014</b>				<b>Investments in securities per total assets %</b>
	<b>Cost Baht</b>	<b>Unrealised gains Baht</b>	<b>Unrealised losses Baht</b>	<b>Fair value Baht</b>	
<b>Government securities</b>					
Thai government bonds	1,513,330,836	7,096,045	(786,678)	1,519,640,203	22.9
Treasury bills	887,679,858	38,528	(1,884)	887,716,502	13.3
<b>Total government securities</b>	<b>2,401,010,694</b>	<b>7,134,573</b>	<b>(788,562)</b>	<b>2,407,356,705</b>	<b>36.2</b>
<b>Private enterprises securities</b>					
Corporate debentures	41,399,690	464,294	-	41,863,984	0.6
Unit trust	5,396	39,338	-	44,734	-
<b>Total private enterprises securities</b>	<b>41,405,086</b>	<b>503,632</b>	<b>-</b>	<b>41,908,718</b>	<b>0.6</b>
<b>Total available-for-sale</b>	<b>2,442,415,780</b>	<b>7,638,205</b>	<b>(788,562)</b>	<b>2,449,265,423</b>	<b>36.8</b>





**AXA Insurance Public Company Limited**  
**Notes to the Financial Statements**  
**For the year ended 31 December 2014**

**8 Investments in securities (Cont'd)**

**8.1 Available-for-sale investments (Cont'd)**

	2013				Investments in securities per total assets %
	Cost Baht	Unrealised gains Baht	Unrealised losses Baht	Fair value Baht	
<b>Government securities</b>					
Thai government bonds	1,108,926,702	4,581,138	-	1,113,507,840	15.6
Treasury bills	1,438,844,114	670,432	-	1,439,514,546	20.2
Total government securities	2,547,770,816	5,251,570	-	2,553,022,386	35.8
<b>Private enterprises securities</b>					
Corporate debentures	47,516,804	111,618	-	47,628,422	0.7
Unit trust	5,396	6,610	-	12,006	-
Total private enterprises securities	47,522,200	118,228	-	47,640,428	0.7
Total available-for-sale	2,595,293,016	5,369,798	-	2,600,662,814	36.5

**8.2 Held-to-maturity investments**

	Note	2014		2013	
		Amortised cost Baht	Investments in securities per total assets %	Amortised cost Baht	Investments in securities per total assets %
<b>Private enterprises securities</b>					
Deposits at financial institutions with maturity over 3 months from the acquisition	5	556,100,000	8.3	-	-
Promissory notes - bills of exchange		17,519,400	0.3	17,519,400	0.2
Total		573,619,400		17,519,400	
Less Impairment charge		(17,519,400)		(17,519,400)	
Total held-to-maturity investments, net		556,100,000		-	


  
**AXA Insurance**  
 Public Company Limited  
 บริษัท อก้า ประกันภัย

8 Investments in securities (Cont'd)

8.3 General investments

	2014		2013	
	Amortised cost Baht	Investments in securities per total assets %	Amortised cost Baht	Investments in securities per total assets %
Non-marketable equity securities	891,069	0.01	1,046,070	0.01
<u>Less</u> Impairment charge	<u>(609,252)</u>		<u>(609,252)</u>	
Total general investments, net	<u>281,817</u>		<u>436,818</u>	


  
AXA Insurance  
Public Company Limited  
บริษัท อก้า ประกันภัย

**AXA Insurance Public Company Limited**  
**Notes to the Financial Statements**  
**For the year ended 31 December 2014**

**8 Investments in securities (Cont'd)**

**8.4 The maturity of debt securities**



	2014			2013		
	Maturing within (years)		Total Baht	Maturing within (years)		Total Baht
	1	1 - 5		1	1 - 5	
<b><u>Available-for-sale investments</u></b>						
<b>Government securities</b>						
Thai government bonds	840,250,074	673,080,762	1,513,330,836	679,787,671	429,139,031	1,108,926,702
Treasury bills	887,679,858	-	887,679,858	1,438,844,114	-	1,438,844,114
Total	1,727,929,932	673,080,762	2,401,010,694	2,118,631,785	429,139,031	2,547,770,816
Add Unrealised gains	229,452	6,116,559	6,346,011	2,582,134	2,669,436	5,251,570
Total government securities	1,728,159,384	679,197,321	2,407,356,705	2,121,213,919	431,808,467	2,553,022,386
<b>Private enterprise securities</b>						
Corporate debentures	6,624,832	34,774,858	41,399,690	40,641,067	6,875,737	47,516,804
Add Unrealised gains	25,204	439,090	464,294	89,960	21,658	111,618
Total private enterprise securities	6,650,036	35,213,948	41,863,984	40,731,027	6,897,395	47,628,422
Total available-for-sale investments	1,734,809,420	714,411,269	2,449,220,689	2,161,944,946	438,705,862	2,600,650,808
<b><u>Held-to-maturity investments</u></b>						
<b>Private enterprises securities</b>						
Deposits at financial institutions with maturity over 3 months from the acquisition	486,100,000	70,000,000	556,100,000	-	-	-
Promissory notes - bills of exchange	17,519,400	-	17,519,400	17,519,400	-	17,519,400
Less Impairment charge	(17,519,400)	-	(17,519,400)	(17,519,400)	-	(17,519,400)
Total held-to-maturity investments, net	486,100,000	70,000,000	556,100,000	-	-	-
Total investment in debt securities, net	2,220,909,420	784,411,269	3,005,320,689	2,161,944,946	438,705,862	2,600,650,808

As at 31 December 2014, the government bonds and deposits at financial institutions with maturity over 3 months from issuance at par value amounting to Baht 21,900,000 were placed as bail bonds (2013: Baht 155,150,000).



AXA Insurance Public Company Limited  
Notes to the Financial Statements  
For the year ended 31 December 2014

9 Property and equipment, net

	2014								Net property and equipment Baht
	Cost				Accumulated depreciation				
	Opening Baht	Addition/ Transfer Baht	Disposal/ Transfer out /write off Baht	Ending Baht	Opening Baht	Depreciation Baht	Disposal/ Transfer out /write off Baht	Ending Baht	
Condo - office	54,347,560	-	-	54,347,560	(34,125,132)	-	-	(34,125,132)	20,222,428
Office furniture and equipment	153,322,244	37,719,500	(6,722,641)	184,319,103	(96,177,571)	(22,858,501)	6,715,727	(112,320,345)	71,998,758
Motor vehicles	6,982,500	-	(1,217,000)	5,765,500	(6,226,138)	(549,796)	1,216,998	(5,558,936)	206,564
Assets under installation	6,669,586	13,957,211	(15,080,457)	5,546,340	-	-	-	-	5,546,340
<b>Total</b>	<b>221,321,890</b>	<b>51,676,711</b>	<b>(23,020,098)</b>	<b>249,978,503</b>	<b>(136,528,841)</b>	<b>(23,408,297)</b>	<b>7,932,725</b>	<b>(152,004,413)</b>	<b>97,974,090</b>

  

	2013								Net property and equipment Baht
	Cost				Accumulated depreciation				
	Opening Baht	Addition/ Transfer Baht	Disposal/ Transfer out /write off Baht	Ending Baht	Opening Baht	Depreciation Baht	Disposal/ Transfer out /write off Baht	Ending Baht	
Condo - office	54,347,560	-	-	54,347,560	(34,125,132)	-	-	(34,125,132)	20,222,428
Office furniture and equipment	123,764,564	34,709,293	(5,151,613)	153,322,244	(82,023,221)	(18,973,957)	4,819,607	(96,177,571)	57,144,673
Motor vehicles	9,336,500	-	(2,354,000)	6,982,500	(7,795,580)	(784,556)	2,353,998	(6,226,138)	756,362
Assets under installation	7,417,160	25,014,450	(25,762,024)	6,669,586	-	-	-	-	6,669,586
<b>Total</b>	<b>194,865,784</b>	<b>59,723,743</b>	<b>(33,267,637)</b>	<b>221,321,890</b>	<b>(123,943,933)</b>	<b>(19,758,513)</b>	<b>7,173,605</b>	<b>(136,528,841)</b>	<b>84,793,049</b>

**AXA Insurance Public Company Limited**  
**Notes to the Financial Statements**  
**For the year ended 31 December 2014**

**10 Intangible assets, net**

	<b>Computer software Baht</b>	<b>Assets under installation Baht</b>	<b>Total Baht</b>
<b>At 1 January 2014</b>			
Cost	89,988,015	5,364,859	95,352,874
Less Accumulated amortisation	(76,241,501)	-	(76,241,501)
Net book amount	<u>13,746,514</u>	<u>5,364,859</u>	<u>19,111,373</u>
<b>For the year ended 31 December 2014</b>			
Opening net book amount	13,746,514	5,364,859	19,111,373
Addition during the year	5,087,872	9,474,089	14,561,961
Transfer during the year	-	(2,987,625)	(2,987,625)
Amortisation charge	(9,156,670)	-	(9,156,670)
Closing net book amount	<u>9,677,716</u>	<u>11,851,323</u>	<u>21,529,039</u>
<b>At 31 December 2014</b>			
Cost	95,075,887	11,851,323	106,927,210
Less Accumulated amortisation	(85,398,171)	-	(85,398,171)
Net book amount	<u>9,677,716</u>	<u>11,851,323</u>	<u>21,529,039</u>

**11 Deferred income tax**

Deferred income tax is calculated based on the timing of deferred income tax asset is realised or the deferred income tax liability is settled applying the tax rate as follow.

	Applicable tax rate
2012	23%
2013 and 2014	20%
2015 onward	20%

The applicable tax rate in 2012 to 2014 and 2015 is based on the Royal Decree No. 530 and No. 577, respectively which reduce the corporate income tax rate and announced as new enacted tax rate to be applied in 2012 to 2014 and 2015.

The applicable tax rate for 2015 onward is based the Federation of Accounting Professions's clarification on 12 January 2012 on the applicable tax rate for deferred tax under the Thai Accounting Framework.





**AXA Insurance Public Company Limited**  
**Notes to the Financial Statements**  
**For the year ended 31 December 2014**

**11 Deferred income tax (Cont'd)**

The movements on the deferred income tax for the years ended 31 December 2014 and 2013 are as follows:

	<b>2014</b>	<b>2013</b>
	<b>Baht</b>	<b>Baht</b>
Beginning balance	406,167,571	368,494,643
Charged to the statements of comprehensive income (Note 23)	(82,514,824)	37,960,759
Deferred income tax from unrealised gains on investments in shareholders' equity (Note 18)	(290,094)	(287,831)
Ending balance	<u>323,362,653</u>	<u>406,167,571</u>

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

	<b>2014</b>	<b>2013</b>
	<b>Baht</b>	<b>Baht</b>
<b>Deferred tax assets:</b>		
Deferred tax asset to be recovered within 12 months	217,101,688	382,070,559
Deferred tax asset to be recovered after 12 months	144,454,653	60,508,033
	<u>361,556,341</u>	<u>442,578,592</u>
<b>Deferred tax liabilities:</b>		
Deferred tax liabilities to be settled within 12 months	36,882,558	35,872,806
Deferred tax liabilities to be settled after 12 months	1,311,130	538,215
	<u>38,193,688</u>	<u>36,411,021</u>
<b>Deferred tax assets, net</b>	<u>323,362,653</u>	<u>406,167,571</u>

The deferred tax adjusted to equity for the years ended 31 December 2014 and 2013 are as follows:

	<b>2014</b>	<b>2013</b>
	<b>Baht</b>	<b>Baht</b>
Unrealised gains on investments in shareholders' equity		
- Available-for-sale investments	<u>(290,094)</u>	<u>(287,831)</u>


  
**AXA Insurance**  
 Public Company Limited  
 บริษัท แอกซ่า ประกันภัย

**AXA Insurance Public Company Limited**  
**Notes to the Financial Statements**  
**For the year ended 31 December 2014**

**11 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 2014 arises from the following items:

	31 December 2014 Baht	Transaction in statements of comprehensive income Baht	Transaction in statements of shareholders' equity Baht	31 December 2013 Baht
<b>Deferred tax assets</b>				
- Allowance for doubtful accounts	1,227,670	(266,401)	-	1,494,071
- Unearned premium reserve	66,481,320	8,473,479	-	58,007,841
- Loss reserve and outstanding claims	225,919,648	(145,682,819)	-	371,602,467
- Provision for impairment of investments	3,625,731	-	-	3,625,731
- Depreciation for computers	1,235,958	269,886	-	966,072
- Provision for retirement benefits	4,258,044	566,382	-	3,691,662
- Accrued expenses	3,058,620	(132,128)	-	3,190,748
- Loss carry forward	55,749,350	55,749,350	-	-
	<u>361,556,341</u>	<u>(81,022,251)</u>	<u>-</u>	<u>442,578,592</u>
<b>Deferred tax liabilities</b>				
- Deferred acquisition cost	36,819,259	1,492,573	-	35,326,686
- Unrealised gains on investments	1,374,429	-	290,094	1,084,335
	<u>38,193,688</u>	<u>1,492,573</u>	<u>290,094</u>	<u>36,411,021</u>
<b>Deferred income tax, net</b>	<u>323,362,653</u>			<u>406,167,571</u>


  
**AXA Insurance**  
 Public Company Limited  
 บริษัท แอกซ่า ประกันภัย

**AXA Insurance Public Company Limited**  
**Notes to the Financial Statements**  
**For the year ended 31 December 2014**

**12 Other assets**

	<b>2014</b>	<b>2013</b>
	<b>Baht</b>	<b>Baht</b>
Income tax receivable and undue valued added tax	31,806,049	38,638,775
Prepaid expenses and refundable deposits	12,141,699	13,120,550
Amount due from related companies	466,057	576,708
Others	3,353,476	4,231,325
Other assets	<u>47,767,281</u>	<u>56,567,358</u>

**13 Due to reinsurers**

	<b>2014</b>	<b>2013</b>
	<b>Baht</b>	<b>Baht</b>
Reinsurance premium payable	99,927,448	155,340,288
Fund withheld	216,554,408	171,826,252
Reinsurance payable - other	156,778,777	257,816,830
Due to reinsurers	<u>473,260,633</u>	<u>584,983,370</u>

**14 Loss reserves and outstanding claims**

	<b>2014</b>	<b>2013</b>
	<b>Baht</b>	<b>Baht</b>
Beginning balance	3,377,333,447	5,509,334,175
Loss and loss adjustment expenses during the year		
- Incurred but not reported	163,004,365	(78,250,562)
- Incurred but not agreed	1,954,071,480	1,428,487,965
Changes in loss and loss adjustment expenses in previous accident year	(752,386,697)	1,089,133,758
Loss and loss adjustment expenses paid during the year	(2,140,345,647)	(4,571,371,889)
Closing balance	<u>2,601,676,948</u>	<u>3,377,333,447</u>

**15 Premium reserve**

**15.1 Unearned premium reserve**

	<b>2014</b>	<b>2013</b>
	<b>Baht</b>	<b>Baht</b>
Beginning balance	1,532,382,480	1,337,307,220
Premium written for the year	3,218,654,412	3,170,153,185
Premium earned for the year	(3,159,409,973)	(2,975,077,925)
Closing balance	<u>1,591,626,919</u>	<u>1,532,382,480</u>



**15 Premium reserve (Cont'd)**

**15.2 Unexpired risk reserve**

	<b>2014</b>	<b>2013</b>
	<b>Baht</b>	<b>Baht</b>
Beginning balance	662,224,961	835,897,655
Loss incurred during the year	891,650,116	737,858,815
Risk expired during the year	<u>(719,778,572)</u>	<u>(911,531,509)</u>
Closing balance	<u>834,096,505</u>	<u>662,224,961</u>

As at 31 December 2014 and 2013, there was no premium deficiency reserve made.

**16 Employee benefit obligation**

	<b>2014</b>	<b>2013</b>
	<b>Baht</b>	<b>Baht</b>
Short-term employee benefits	44,829,788	45,541,123
Post-employee benefit	<u>21,290,222</u>	<u>18,458,311</u>
	<u>66,120,010</u>	<u>63,999,434</u>

	<b>2014</b>	<b>2013</b>
	<b>Baht</b>	<b>Baht</b>
Actuarial gains (losses) recognised in the statement of comprehensive income in the period	(380,788)	6,704,376
Cumulative actuarial gains recognised in the statement of comprehensive income	12,307,418	12,688,206

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

	<b>2014</b>	<b>2013</b>
	<b>Baht</b>	<b>Baht</b>
Current service costs	1,749,707	7,506,884
Actuarial (gains) losses	380,788	(6,704,376)
Interest costs	<u>701,416</u>	<u>1,017,159</u>
Total	<u>2,831,911</u>	<u>1,819,667</u>


  
**AXA Insurance**  
 Public Company Limited  
 บริษัท อก้า ประกันภัย

**AXA Insurance Public Company Limited**  
**Notes to the Financial Statements**  
**For the year ended 31 December 2014**

**16 Employee benefit obligation (Cont'd)**

Movements of the provision for employee benefits are as follows:

	<b>2014</b>	<b>2013</b>
	<b>Baht</b>	<b>Baht</b>
Beginning balance	18,458,311	22,503,527
Current service costs	1,749,707	7,506,884
Actuarial (gains) losses	380,788	(6,704,376)
Interest costs	701,416	1,017,159
<u>Less</u> Benefits paid	-	(5,864,883)
Ending balance	<u>21,290,222</u>	<u>18,458,311</u>

The principal actuarial assumptions used are as follows:

	<b>2014</b>	<b>2013</b>
Discount rate	3.8%	4.52%
Salary increase rate	5.00%	5.00%
Average turnover rate	5.00% - 18.00%	5.00% - 15.00%
Retirement age	55 or 60 years	55 or 60 years

**17 Unrealised gains (losses) on investments**

Movements of unrealised gains (losses) on investments for the years ended 31 December 2014 and 2013 are as follows:

	<b>2014</b>	<b>2013</b>
	<b>Baht</b>	<b>Baht</b>
Opening balance	4,337,341	3,186,016
<u>Add/(Less)</u> Changes in fair values of investments	1,450,465	1,439,156
Changes in deferred tax liabilities (Note 11)	(290,094)	(287,831)
Closing balance	<u>5,497,712</u>	<u>4,337,341</u>

**18 Effective tax relating to each component of other comprehensive income**

	<b>2014</b>			<b>2013</b>		
	Amount before tax Baht	Income tax Baht	Amount after tax Baht	Amount before tax Baht	Income tax Baht	Amount after tax Baht
Gains (losses) in changes in value of investment	1,450,465	(290,094)	1,160,371	1,439,156	(287,831)	1,151,325
Total	<u>1,450,465</u>	<u>(290,094)</u>	<u>1,160,371</u>	<u>1,439,156</u>	<u>(287,831)</u>	<u>1,151,325</u>





**AXA Insurance Public Company Limited**  
**Notes to the Financial Statements**  
**For the year ended 31 December 2014**

**19 Legal reserve**

	<b>2014</b>	<b>2013</b>
	<b>Baht</b>	<b>Baht</b>
Opening balance	24,568,500	24,568,500
Addition during the year	-	-
Closing balance	<u>24,568,500</u>	<u>24,568,500</u>

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.

**20 Share capital**

	<b>Number of ordinary shares Shares</b>	<b>Ordinary shares Baht</b>	<b>Share discount Baht</b>	<b>Total Baht</b>
At 1 January 2013	28,126,421	2,812,642,100	(1,068,106,516)	1,744,535,584
Issue of shares	-	-	-	-
At 31 December 2013	28,126,421	2,812,642,100	(1,068,106,516)	1,744,535,584
Issue of shares	-	-	-	-
At 31 December 2014	<u>28,126,421</u>	<u>2,812,642,100</u>	<u>(1,068,106,516)</u>	<u>1,744,535,584</u>

**21 Operating expenses**

	<b>2014</b>	<b>2013</b>
	<b>Baht</b>	<b>Baht</b>
Employee expenses not relating to underwriting and claim expenses	109,280,725	153,814,982
Property and equipment expenses not relating to underwriting expenses	92,324,703	85,272,401
Tax expenses	3,407,557	4,959,186
Bad debt and doubtful accounts (reversal)	(1,494,689)	3,033,565
Other operating expenses	250,867,855	233,559,033
Operating expenses	<u>454,386,151</u>	<u>480,639,167</u>





**AXA Insurance Public Company Limited**  
**Notes to the Financial Statements**  
**For the year ended 31 December 2014**

**22 Employee benefit expenses**

	<b>2014</b>	<b>2013</b>
	<b>Baht</b>	<b>Baht</b>
Salary	252,310,051	235,029,151
Social security fund	3,445,854	3,542,582
Contribution to employee benefit project	13,350,684	12,091,111
Other employee benefit expenses	17,791,325	21,736,554
Employee benefit expenses	<u>286,897,914</u>	<u>272,399,398</u>

**23 Income tax**

	<b>2014</b>	<b>2013</b>
	<b>Baht</b>	<b>Baht</b>
Income tax on net taxable profit for the year	-	136,167,966
Adjustments in respect of prior year	-	1,733,624
Deferred tax (Note 11)	82,514,824	(37,960,759)
Income tax charge	<u>82,514,824</u>	<u>99,940,831</u>

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

	<b>2014</b>	<b>2013</b>
	<b>Baht</b>	<b>Baht</b>
Profit before income tax	409,771,236	496,906,889
Tax rate	20%	20%
The result of the accounting profit multiplied by income tax rate	81,954,247	99,381,378
Effect of non-taxable income and non deductible expenses	560,577	(1,174,171)
Adjustments in respect of prior year	-	1,733,624
Income tax charge	<u>82,514,824</u>	<u>99,940,831</u>

More information relating to deferred tax is presented in Note 11.

**24 Basic earnings per share**

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

	<b>2014</b>	<b>2013</b>
Net profit attributable to shareholders (Baht)	327,256,411	396,966,058
Weighted average number of ordinary shares outstanding (Shares)	28,126,421	28,126,421
Basic earnings per share (Baht)	11.64	14.11

There are no potential dilutive ordinary shares in issue for the years ended 31 December 2014 and 2013.

**25 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 whose incorporated and domiciled in France.

The Company had the following significant transactions with related parties:

	<b>2014</b>	<b>2013</b>
	<b>Baht</b>	<b>Baht</b>
<b>Statements of comprehensive income</b>		
<b>Revenues</b>		
Net premium written received (paid)	(285,376,282)	(253,571,628)
Commission and brokerage fee	109,381,242	96,094,552
<b>Expenses</b>		
Loss and loss adjustment expenses received (paid)	(250,058,387)	(293,797,505)
Commission and brokerage expenses	65,876,939	64,143,501
Operating expenses		
Other expenses recoveries	(5,388,985)	(16,721,182)
Management and service fee	76,530,303	59,106,515
	<b>2014</b>	<b>2013</b>
	<b>Baht</b>	<b>Baht</b>
<b>Statements of financial position</b>		
<b>Assets</b>		
Reinsurance assets, net		
Due from reinsurance, net	31,437,965	275,642,647
Insurance reserve to be called from reinsurance companies	749,982,587	784,770,399
Other assets		
Amount due from related companies	466,057	576,708
<b>Liabilities</b>		
Due to reinsurers	223,010,014	285,230,176
Other liability	4,328,080	7,926,738


  
 AXA Insurance  
 Public Company Limited  
 บมจ. อกซ่า ประกันภัย

**25 Related parties transactions (Cont'd)**



**Key management compensation**

The compensation paid or payable to key management for employee service for the years ended 31 December 2014 and 2013 are shown below:

	<b>2014</b>	<b>2013</b>
	<b>Baht</b>	<b>Baht</b>
Short-term employee benefits	52,060,264	47,530,040
Post-employment benefits	909,864	1,375,476
<b>Total</b>	<b>52,970,128</b>	<b>48,905,516</b>

**26 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.

Financial instruments carried on the statements of financial position include investment in securities, cash and deposits at financial institutions, premiums due and uncollected, amounts due to and from reinsurers, accrued income on investment, loss reserve and outstanding claims, amount withheld on reinsurance treaties and certain other assets and liabilities.

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 2.

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:

**26.1 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.

**26.2 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.

26 Financial instruments (Cont'd)



26.3 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.

26.4 Interest rate risk

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

	2014			
	No interest Baht	Floating interest rate Baht	Fixed interest rate Baht	Total Baht
Cash and cash equivalent	14,269,819	149,108,161	488,350,245	651,728,225
Investments in securities, net	-	-	2,449,220,689	2,449,220,689
	<u>14,269,819</u>	<u>149,108,161</u>	<u>2,937,570,934</u>	<u>3,100,948,914</u>

	2013			
	No interest Baht	Floating interest rate Baht	Fixed interest rate Baht	Total Baht
Cash and cash equivalent	7,745,948	197,921,808	901,911,387	1,107,579,143
Investments in securities, net	-	-	2,600,650,808	2,600,650,808
	<u>7,745,948</u>		<u>3,502,562,195</u>	<u>3,708,229,951</u>

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).

	2014			Interest rate % p.a.
	Within 1 year Baht	1 - 5 years Baht	Total Baht	
Cash and cash equivalent	637,458,406	-	637,458,406	0 - 2.02
Investments in securities, net	1,734,809,420	714,411,269	2,449,220,689	2.02 - 4.04
	<u>2,372,267,826</u>	<u>714,411,269</u>	<u>3,086,679,095</u>	

	2013			Interest rate % p.a.
	Within 1 year Baht	1 - 5 years Baht	Total Baht	
Cash and cash equivalent	1,099,833,195	-	1,099,833,195	0 - 2.52
Investments in securities, net	2,161,944,946	438,705,862	2,600,650,808	2.30 - 4.04
	<u>3,261,778,141</u>	<u>438,705,862</u>	<u>3,700,484,003</u>	

**27 Deposit with Registrar**

In compliance with the Non-Life Insurance Act (No. 2) B.E. 2551, Government Bonds amounting to Baht 310,000,000 (2013: Baht 348,700,000) have been placed at the Office of Insurance Commission.

**28 Contribution to Non-life guarantee fund**

In compliance with the Non-Life Insurance Act (No. 2) B.E. 2551, the Company contributes to Non-life guarantee fund amounting to Baht 8,313,756.

**29 Operating lease commitments**

The future lease payments under operating leases are as follows:

	<b>2014</b>	<b>2013</b>
	<b>Baht</b>	<b>Baht</b>
Not later than 1 year	19,824,797	15,245,486
Later than 1 year but not later than 5 years	41,273,403	29,351,073
More than 5 years	239,684	631,168
Operating lease commitments	<u>61,337,884</u>	<u>45,227,727</u>

