

AXA INSURANCE PUBLIC COMPANY LIMITED

FINANCIAL STATEMENTS

31 DECEMBER 2018



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 2018, 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 2018;
- 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 management for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with TFRSs 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.

In preparing the financial statements, management is 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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.



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 management.
- Conclude on the appropriateness of management's 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 management 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.

PricewaterhouseCoopers ABAS Ltd.

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

Sakuna Yamsakul
Certified Public Accountant (Thailand) No. 4906
Bangkok
1 April 2019

AXA Insurance Public Company Limited
Statement of Financial Position
As at 31 December 2018

	Notes	2018 Baht	2017 Baht
Assets			
Cash and cash equivalents	7	179,233,953	227,257,196
Premium receivable, net	8	414,614,804	525,974,551
Accrued investment income, net		19,771,011	24,053,948
Reinsurance assets, net	9, 29	679,974,920	760,945,105
Amounts due from reinsurance, net	10, 29	104,334,805	140,092,469
Investment assets			
Investment in securities, net	11	3,601,123,185	3,871,667,836
Property and equipment, net	12	40,226,634	62,017,067
Intangible assets, net	13	9,358,593	16,393,741
Deferred acquisition cost	14	145,742,612	183,232,922
Deferred tax assets, net	15	443,025,812	402,522,020
Other assets	16, 29	80,879,339	169,102,650
Total assets		5,718,285,668	6,383,259,505

Director _____


Date _____



The accompanying notes on pages 8 to 44 form part of this financial statements.

AXA Insurance Public Company Limited
Statement of Financial Position (Cont'd)
As at 31 December 2018

	Notes	2018 Baht	2017 Baht
Liabilities and equity			
Liabilities			
Insurance liabilities	17	3,207,056,146	3,454,123,399
Due to reinsurers	18, 29	212,731,023	422,228,856
Employee benefit obligations	19	95,253,921	84,688,003
Accrued expenses		61,026,466	75,059,670
Commission payable		43,731,530	62,931,382
Other liabilities	20, 29	168,623,678	102,634,988
Total liabilities		3,788,422,764	4,201,666,298
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		(697,198,776)	(456,072,945)
Other components of equity		<u>(8,144,903)</u>	<u>2,459,569</u>
Total equity		1,929,862,904	2,181,593,207
Total liabilities and equity		5,718,285,668	6,383,259,505



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The accompanying notes on pages 8 to 44 form part of this financial statements.

AXA Insurance Public Company Limited
Statement of Comprehensive Income
For the year ended 31 December 2018

		2018	2017
	Notes	Baht	Baht
Revenues			
Gross written premium	29	2,777,239,700	3,456,830,533
Less Reinsurance premium ceded	29	(541,804,088)	(744,563,910)
Net written premium		2,235,435,612	2,712,266,623
Add(Less) Change in unearned premium reserve		288,912,299	(55,294,452)
Net earned premium		2,524,347,911	2,656,972,171
Commission and brokerage fees	29	112,081,377	146,397,548
Net investment income		67,563,699	62,669,808
Gains on investments		267,607	483,305
Other income		7,928,651	9,344,644
Total revenues		2,712,189,245	2,875,867,476
Expenses			
Losses and loss adjustment expenses	29	2,284,657,705	1,744,484,113
(Less)Add Claim recovered from reinsurers	29	(423,555,121)	193,010,773
Commissions and brokerages expenses	29	413,372,344	469,671,502
Other underwriting expenses		352,973,544	431,246,419
Operating expenses	25, 29	360,627,795	407,455,883
Other expenses		3,091,483	-
Total expenses		2,991,167,750	3,245,868,690
Loss before income taxes		(278,978,505)	(370,001,214)
Income taxes credit	27	37,852,674	58,330,866
Loss for the year		(241,125,831)	(311,670,348)
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Remeasurements of post-employment benefit obligations	22	4,067,151	3,292,909
Income tax relating to items that will not be reclassified	22	(813,430)	(658,582)
Total items that will not be reclassified subsequently to profit or loss		3,253,721	2,634,327
Items that will be reclassified subsequently to profit or loss			
Change in value of available-for-sale investments	22	(19,452,561)	16,670,057
Realised gain from sale of available-for-sale investments transferred to profit or loss	22	(267,607)	(483,305)
Income tax relating to items that will be reclassified	22	3,944,034	(3,237,350)
Total items that will be reclassified subsequently to profit or loss		(15,776,134)	12,949,402
Other comprehensive income (expense) for the year, net of tax		(12,522,413)	15,583,729
Total comprehensive expense for the year		(253,648,244)	(296,086,619)
Loss per share			
Basic loss per share (Baht)	28	(6.57)	(9.80)



The accompanying notes on pages 8 to 44 form part of this financial statements.


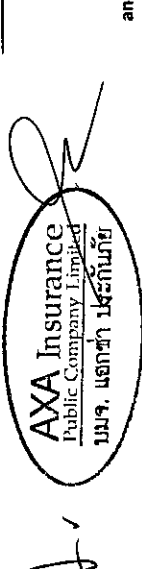
AXA Insurance Public Company Limited
Statement of Changes in Equity
For the year ended 31 December 2018

2018

	Note	Other components of equity									
		Issued and paid-up share capital	Discount on paid-up capital	Retained earnings (Deficits)		Remeasurements of post-employment benefit obligations	Unrealised gains (losses) on the change in value of investment		Other reserve	Total other component of equity	
				Legal reserve	Unappropriated		Baht	Baht		Baht	Baht
Beginning balance as at 1 January 2018		3,672,642,100	(1,068,106,516)	30,670,999	(456,072,945)		2,268,442	11,934,721	(11,743,594)	2,459,569	2,181,593,207
Loss for the year		-	-	-	(241,125,831)		-	-	-	-	(241,125,831)
Equity-settled share-based payment		-	-	-	-		-	-	4,724,179	4,724,179	4,724,179
Share-based payment reclassified to liabilities		-	-	-	-		-	-	(2,806,238)	(2,806,238)	(2,806,238)
Remeasurements of post-employment benefit obligations		-	-	-	-		3,253,721	-	-	3,253,721	3,253,721
Change in value of available-for-sale investments		-	-	-	-		-	(15,562,049)	-	(15,562,049)	(15,562,049)
Realised gain from sale of available-for-sale investments transferred to profit or loss		-	-	-	-		-	(214,085)	-	(214,085)	(214,085)
Closing balance as at 31 December 2018		3,672,642,100	(1,068,106,516)	30,670,999	(697,198,776)		5,522,163	(3,841,413)	(9,825,653)	(8,144,903)	1,929,862,904

Closing balance as at 31 December 2018

2017

		Other components of equity									
		Other comprehensive income					Unrealised				
		Issued and paid-up share capital	Discount on paid-up capital	Retained earnings (Deficits)		Remeasurements of post-employment benefit obligations	gains (losses) on the change in value of investment		Other reserve	Total other component of equity	Total
				Legal reserve	Unappropriated		in value	of investment			
		Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht
Beginning balance as at 1 January 2017		2,812,642,100	(1,068,106,516)	30,670,999	(144,402,597)	(365,885)	(1,014,681)	-	(1,380,566)	1,629,423,420	
Capital increase	24	860,000,000	-	-	-	-	-	-	-	860,000,000	
Loss for the year		-	-	-	(311,670,348)	-	-	-	-	(311,670,348)	
Equity-settled share-based payment		-	-	-	-	-	-	6,878,638	6,878,638	6,878,638	
Share-based payment reclassified to liabilities		-	-	-	-	-	-	(18,622,232)	(18,622,232)	(18,622,232)	
Remeasurements of post-employment benefit obligations		-	-	-	-	2,634,327	-	-	2,634,327	2,634,327	
Change in value of available-for-sale investments		-	-	-	-	-	13,336,046	-	13,336,046	13,336,046	
Realised gain from sale of available-for-sale investments transferred to profit or loss		-	-	-	-	-	(386,644)	-	(386,644)	(386,644)	
Closing balance as at 31 December 2017		3,672,642,100	(1,068,106,516)	30,670,999	(456,072,945)	2,268,442	11,934,721	(11,743,594)	2,459,569	2,181,593,207	

Closing balance as at 31 December 2017

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The accompanying notes on pages 8 to 44 form part of this financial statements.

AXA Insurance Public Company Limited
Statement of Cash Flows
For the year ended 31 December 2018

	2018	2017
	Baht	Baht
Cash provided from (used in) operating activities		
Written premium received from direct insurance	2,783,335,714	3,264,020,973
Cash paid for reinsurance	(190,938,187)	(117,547,637)
Interest income received	20,337,840	25,759,399
Investment income received	69,907,939	47,188,982
Other income received	7,928,651	8,857,164
Losses paid from direct insurance	(2,013,724,096)	(2,131,473,141)
Commission and brokerage paid from direct insurance	(357,583,649)	(435,079,140)
Other underwriting expenses	(367,169,733)	(422,027,636)
Operating expenses paid	(231,196,259)	(396,025,146)
Income tax received	4,340,667	17,226,732
Cash received from investment in securities	899,648,272	1,007,263,439
Cash paid for investment in securities	(1,436,945,827)	(2,097,845,029)
Cash received from investment in deposits		
at financial institutions	1,663,635,659	1,417,019,644
Cash paid for investment in deposits		
at financial institutions	(893,645,155)	(1,148,410,972)
Net cash used in operating activities	(42,068,164)	(961,072,368)
Cash provided from (used in) investing activities		
<u>Cash provided from</u>		
Equipment	144,059	517,795
Cash provided from investing activities	144,059	517,795
<u>Cash used in</u>		
Equipment and computer software	(6,099,138)	(12,719,320)
Cash used in investing activities	(6,099,138)	(12,719,320)
Net cash used in investing activities	(5,955,079)	(12,201,525)
Cash provided from financing activities		
Cash received from capital increase	-	860,000,000
Net cash provided from financing activities	-	860,000,000
Net decrease in cash and cash equivalents	(48,023,243)	(113,273,893)
Cash and cash equivalents at beginning of the year	227,257,196	340,531,089
Cash and cash equivalents at end of the year	179,233,953	227,257,196

The accompanying notes on pages 8 to 44 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 1 April 2019.

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 to the left of a circular stamp. The stamp contains the text "AXA Insurance Public Company Limited" in English and Thai, with "นพจ. แอกรา หนึ่งกันภัย" at the bottom.

2 Accounting policies (Cont'd)

2.2 Revised accounting standards, revised financial reporting standards, and related interpretations

2.2.1 Revised financial reporting standards are effective for annual periods beginning on or after 1 January 2018 which have significant changes and are relevant to the Company.

TAS 7 (revised 2017)	Statement of Cash Flows
TAS 12 (revised 2017)	Income taxes

TAS 7 (revised 2017), the amendments require additional disclosure of changes in liabilities arising from financing activities. This includes changes arising from cash and non-cash.

TAS 12 (revised 2017), the amendments clarify the accounting for deferred tax where an asset is measured at fair value and that fair value is below the asset's tax base. Specifically, the amendments confirm that:

- A temporary difference exists whenever the carrying amount of an asset is less than its tax base at the end of the reporting period.
- An entity can assume that it will recover an amount higher than the carrying amount of an asset to estimate its future taxable profit.
- Where the tax law restricts the source of taxable profits against which particular types of deferred tax assets can be recovered, the recoverability of the deferred tax assets can only be assessed in combination with other deferred tax assets of the same type.
- Tax deductions resulting from the reversal of deferred tax assets are excluded from the estimated future taxable profits.

The above revised standards have been applied.

2 Accounting policies (Cont'd)

2.2 Revised accounting standards, revised financial reporting standards, and related interpretations (Cont'd)

2.2.2 New and revised financial reporting standards and interpretation which have been issued but not yet effective.

2.2.2.1 The FAP has issued new standard, TFRS15 Revenue from contracts with customers. This standard will become effective for annual periods beginning on or after 1 January 2019. The Company has not early adopted this standard.

TFRS 15 provide the requirements for the recognition of revenue. This standard will supersede the following standards:

TAS 11 (revised 2017)	Construction contracts
TAS 18 (revised 2017)	Revenue
TSIC 31 (revised 2017)	Revenue - Barter Transactions Involving Advertising Services
TFRIC 13 (revised 2017)	Customer Loyalty Programmes
TFRIC 15 (revised 2017)	Agreements for the Construction of Real Estate
TFRIC 18 (revised 2017)	Transfers of Assets from Customers

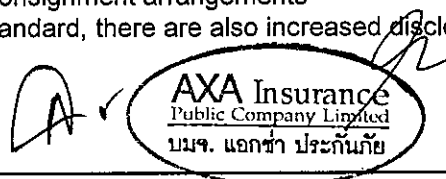
The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer - so the notion of control replaces the existing notion of risks and rewards.

An entity recognises revenue in accordance with that core principle by applying the following steps:

- Step 1 : Identify the contract(s) with a customer
- Step 2 : Identify the performance obligations in the contract
- Step 3 : Determine the transaction price
- Step 4 : Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Key changes to current practice are:

- Any bundled goods or services that are distinct must be separately recognised, and any discounts or rebates on the contract price must generally be allocated to the separate elements
- Revenue may be recognised earlier than under current standards if the consideration varies for any reasons (such as for incentives, rebates, performance fees, royalties, success of an outcome etc) - minimum amounts must be recognised if they are not at significant risk of reversal
- The point at which revenue is able to be recognised may shift: some revenue which is currently recognised at a point in time at the end of a contract may have to be recognised over the contract term and vice versa
- There are new specific rules on licenses, warranties, non-refundable upfront fees and, consignment arrangements
- As with any new standard, there are also increased disclosures.


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2 Accounting policies (Cont'd)

2.2 Revised accounting standards, revised financial reporting standards, and related interpretations (Cont'd)

2.2.2 New and revised financial reporting standards and interpretation which have been issued but not yet effective. (Cont'd)

2.2.2.1 The FAP has issued new standard, TFRS15 Revenue from contracts with customers. This standard will become effective for annual periods beginning on or after 1 January 2019. The Company has not early adopted this standard. (Cont'd)

Entities will have a choice to apply this standard retrospectively in accordance with TAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, subject to the expedients or retrospectively with the cumulative effect recognised as an adjustment to the opening balance of retained earnings of the annual reporting period that includes the date of initial application with additional disclosures.

The Company's management is currently assessing the impact of initial adoption of this standard.

2.2.2.2 Revised financial reporting standards will become effect for annual periods beginning on or after 1 January 2019 and are relevant to the Company. The Company has not yet adopt these standards.

TFRS 2 (revised 2018)	Share-based Payment
TFRS 4 (revised 2018)	Insurance Contracts
TFRIC 22	Foreign Currency Transactions and Advance Consideration

TFRS 2, the amendments clarify;

- The measurement basis for cash-settled share-based payments, vesting conditions, other than market conditions, shall not be taken into account when estimating the fair value of the cash-settled share-based payment at the measurement date. Instead, vesting conditions, other than market conditions, shall be taken into account by adjusting the number of awards included in the measurement of the liability arising from the transaction.
- Where an employer is obliged to withhold an amount for the employee's tax obligation associated with a share-based payment and pay that amount to the tax authority, the whole award will be treated as if it was equity-settled provided it would have been equity-settled without the net settlement feature, and
- The accounting for modifications that change an award from cash-settled to equity-settled.

TFRS 4 has been amended to provide 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 issued by the Federation of Accounting Professions until TFRS 17 becomes effective.

2 Accounting policies (Cont'd)

2.2 Revised accounting standards, revised financial reporting standards, and related interpretations (Cont'd)

2.2.2 New and revised financial reporting standards and interpretation which have been issued but not yet effective. (Cont'd)

2.2.2.2 Revised financial reporting standards will become effect for annual periods beginning on or after 1 January 2019 and are relevant to the Company. The Company has not yet adopt these standards. (Cont'd)

The TFRIC 22 interpretation provides guidance for determining the exchange rate to be used on the initial recognition of a related asset, expense or income where an entity pays or receives an advance consideration in a foreign currency. The interpretation requires an entity to use the exchange rate at the date on which an entity recognises the non-monetary assets, such as prepayments and advances, or non-monetary liability, such as deferred income arising from the advance consideration. If there are multiple advance payments or receipts of payments, the exchange rate is to be used on the date when each non-monetary asset or liability is recognised.

2.2.2.3 The group of financial reporting standards related to financial instruments is effective for annual periods beginning on or after 1 January 2020. They comprise accounting standards and financial reporting standards as shown below. The early application is permitted only for the period beginning on or after 1 January 2019.

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

The above new standards and interpretations will supersede the following standards:

TAS 101	Bad and Doubtful Debts
TAS 103	Disclosures in the Financial Statements of Bank and Similar Financial Institutions
TAS 104	Accounting for Troubled Debt Restructuring
TAS 105	Accounting for Investment in Debts and Equity securities
TAS 106	Accounting for Investment Companies

TAS 32 Financial Instruments: Presentation, provides the requirements for the presentation financial instruments as liabilities or equity and for offsetting financial assets and financial liabilities. It applies to the classification of financial instruments, from the perspective of the issuer, into financial assets, financial liabilities and equity instruments; the classification of related interest, dividends, losses and gains; and the circumstances in which financial assets and financial liabilities should be offset.

TFRS 7 Financial Instruments: Disclosures, provides the requirements for the disclosure that are intended to enable users to evaluate the significance of financial instruments for an entity's financial position and performance, and to understand the nature and extent of risks arising from those financial instruments to which the entity is exposed during the period and at the end of the reporting period, and how the entity manages those risks.



2 Accounting policies (Cont'd)

2.2 Revised accounting standards, revised financial reporting standards, and related interpretations (Cont'd)

2.2.2 New and revised financial reporting standards and interpretation which have been issued but not yet effective. (Cont'd)

2.2.2.3 The group of financial reporting standards related to financial instruments is effective for annual periods beginning on or after 1 January 2020. They comprise accounting standards and financial reporting standards as shown below. The early application is permitted only for the period beginning on or after 1 January 2019. (Cont'd)

TFRS 9 Financial Instruments, establishes principles for the classification, measurement and derecognition of financial assets and financial liabilities, impairment requirement and hedge accounting as follow:

- Classification and measurement:
 - The classification and measurement of debt instrument financial assets has three classification categories, which are amortised cost, fair value through profit or loss and fair value through other comprehensive income. Classification of debt assets will be driven by the entity's business model for managing the financial assets and contractual cash flows characteristics of the financial assets.
 - Equity instrument financial assets shall be measured at fair value through profit or loss. An entity can make an irrevocable election to recognise the fair value change in other comprehensive income without subsequent recycling to profit or loss.
 - Financial liabilities are classified and measured at amortised cost. An entity can choose to measure a liability at fair value through profit or loss when the conditions are met.
 - Derivatives are classified and measured at fair value through profit or loss.
- The impairment requirements relating to the accounting for an entity's expected credit losses on its financial assets measured at amortised cost, investments in debt instruments measured at fair value through other comprehensive income, lease receivables, loan commitments and financial guarantee contracts. It is no longer necessary for a credit event to have occurred before credit losses are recognised. The entity always accounts for expected credit losses which involves a three stage approach. The stage dictates how the entity measures impairment losses and applies the effective interest rate method. Except for trade receivables and contractual assets which apply in TFRS 15 and are no significant financial components and lease receivables, they are permitted to measure by simplified approach for credit impaired consideration.
- The objective of hedge accounting is to represent, in the financial statements, the effect of an entity's risk management activities that use financial instruments to manage exposures arising from particular risks that could affect profit or loss (or other comprehensive income, in the case of investments in equity instruments for which an entity has elected to present changes in fair value in other comprehensive income). This approach aims to convey the context of hedging instruments for which hedge accounting is applied in order to allow insight into their purpose and effect.

 
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2 Accounting policies (Cont'd)

2.2 Revised accounting standards, revised financial reporting standards, and related interpretations (Cont'd)

2.2.2 New and revised financial reporting standards and interpretation which have been issued but not yet effective. (Cont'd)

2.2.2.3 The group of financial reporting standards related to financial instruments is effective for annual periods beginning on or after 1 January 2020. They comprise accounting standards and financial reporting standards as shown below. The early application is permitted only for the period beginning on or after 1 January 2019. (Cont'd)

TFRIC 16 Hedges of a Net Investment in a Foreign Operation, clarifies the accounting treatment in respect of net investment hedging, provides guidance on identifying the foreign currency risks that qualify as a hedged risk. Clarifying that hedging instruments that are hedges of a net investment in a foreign operation may be held anywhere in the group not only by the parent. This includes the guidance on how an entity should determine the amount to be reclassified from equity to profit or loss for both the hedging instrument and the hedged item.

TFRIC 19 Extinguishing financial liabilities with equity instruments, provides the requirements for accounting treatment when the entity issues equity instruments to a creditor to extinguish all or part of a financial liability. The equity instruments issued shall be measured at fair value. The entity shall remove a financial liability (or part of a financial liability) from its statement of financial position when it is extinguished in accordance with TFRS 9. The difference between the carrying amount of the financial liability (or part of a financial liability) extinguished and the fair value of equity instruments issued shall be recognised in profit or loss.

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

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 Accounting policies (Cont'd)

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.

2.7 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.


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2 Accounting policies (Cont'd)

2.7 Investment in securities (Cont'd)

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.

2.8 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 Accounting policies (Cont'd)

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.

2.12 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.

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2 Accounting policies (Cont'd)

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.

2.14 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.

2 Accounting policies (Cont'd)

2.14 Employee benefits

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.

2.17 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.

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2 Accounting policies (Cont'd)

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.

2.19 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 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 Estimates (Cont'd)

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.

3.7 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.


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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 an optimal capital structure to reduce the cost of capital.

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.

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.

	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
<u>Less</u> Reinsurance premium ceded	<u>(32,730,223)</u>	<u>(31,739,399)</u>	<u>(16,258,577)</u>	<u>(1,218,340)</u>	<u>(459,857,549)</u>	<u>(541,804,088)</u>
Net written premium	77,311,003	145,461,389	1,144,106,640	156,953,578	711,603,002	2,235,435,612
<u>Add (Less)</u> Change in unearned premium reserve	<u>29,056,536</u>	<u>1,699,257</u>	<u>140,661,712</u>	<u>(5,853,476)</u>	<u>123,348,270</u>	<u>288,912,299</u>
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	<u>664,539</u>	<u>(32,058,720)</u>	<u>(8,661,389)</u>	<u>(5,208,938)</u>	<u>(495,692,245)</u>	<u>(540,956,753)</u>
Net claim reserve	94,807,311	97,808,219	541,841,390	38,388,417	558,140,079	1,330,985,416
	2017					
	Fire Baht	Marine Baht	Motor Baht	Personal accident Baht	Miscellaneous Baht	Total Baht
Gross written premium	146,133,552	179,484,911	1,389,118,655	137,009,957	1,605,083,458	3,456,830,533
<u>Less</u> Reinsurance premium ceded	<u>(32,605,905)</u>	<u>(28,721,044)</u>	<u>(16,946,920)</u>	<u>(1,556,746)</u>	<u>(664,733,295)</u>	<u>(744,563,910)</u>
Net written premium	113,527,647	150,763,867	1,372,171,735	135,453,211	940,350,163	2,712,266,623
<u>Add (Less)</u> Change in unearned premium reserve	<u>(7,230,842)</u>	<u>(5,888,488)</u>	<u>13,703,636</u>	<u>(5,668,877)</u>	<u>(50,209,881)</u>	<u>(55,294,452)</u>
Net earned premium	106,296,805	144,875,379	1,385,875,371	129,784,334	890,140,282	2,656,972,171
Claim reserve	71,873,542	62,112,779	503,500,710	22,032,456	1,080,333,697	1,739,853,184
Claim reserve recovered from reinsurance	<u>(1,056,821)</u>	<u>(16,942,897)</u>	<u>3,627,650</u>	<u>(36,684)</u>	<u>(517,274,247)</u>	<u>(531,682,999)</u>
Net claim reserve	70,816,721	45,169,882	507,128,360	21,995,772	563,059,450	1,208,170,185

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 2018 and 2017.

2018				
	Level 1 Baht	Level 2 Baht	Level 3 Baht	Total 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
2017				
	Level 1 Baht	Level 2 Baht	Level 3 Baht	Total Baht
Asset				
Available-for-sale financial assets				
• Government securities				
Thai government bonds	-	2,279,783,412	-	2,279,783,412
Treasury bills	-	188,478,592	-	188,478,592
Total government securities	-	2,468,262,004	-	2,468,262,004
• Private enterprises securities				
Corporate debentures	-	267,545,192	-	267,545,192
Unit trust	-	48,771	-	48,771
Total private enterprises securities	-	267,593,963	-	267,593,963
Total assets	-	2,735,855,967	-	2,735,855,967

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 2018 and 2017 are as follows:

2018				
	Level 1 Baht	Level 2 Baht	Level 3 Baht	Total Baht
Assets				
Held-to-maturity investments	-	365,438,077	-	365,438,077
2017				
	Level 1 Baht	Level 2 Baht	Level 3 Baht	Total Baht
Assets				
Held-to-maturity investments	-	1,135,530,053	-	1,135,530,053

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

	2018 Baht	2017 Baht
Cash on hand	351,086	361,086
Cheque on hand	30,119	782,452
Bank deposits held at call	121,769,147	196,116,272
Short-term investment	57,083,601	29,997,386
Total cash and cash equivalents	179,233,953	227,257,196




8 Premium receivable, net

The balances of premium receivable were aged as follows:

	From direct channel	
	2018 Baht	2017 Baht
Undue	362,444,937	381,556,179
Less than 30 days	22,338,509	83,509,394
30 - 60 days	9,349,462	22,111,435
60 - 90 days	5,024,623	13,274,350
90 days - 1 year	17,376,296	28,040,413
More than 1 year	10,414,975	9,379,240
Total premium receivable	426,948,802	537,871,011
<u>Less</u> Allowance for doubtful accounts	(12,333,998)	(11,896,460)
Premium receivable, net	414,614,804	525,974,551

9 Reinsurance assets, net

	2018 Baht	2017 Baht
Reserve of recovery from reinsurers		
Loss reserve	540,956,753	531,682,999
Premium reserve		
- Unearned premium reserve (UPR)	139,018,167	229,262,106
Reinsurance assets, net	679,974,920	760,945,105

The movement in loss reserve recovery is as follows:

	2018 Baht	2017 Baht
Balance as at 1 January	531,682,999	1,199,986,748
Claim insured recovered during the year	346,937,210	546,332,301
Change in claim reserve and assumptions	76,617,912	(739,343,074)
Reserve recovered during the year	(414,281,368)	(475,292,976)
Balance as at 31 December	540,956,753	531,682,999

The movement in reinsurance premium reserve is as follows:

	2018 Baht	2017 Baht
Balance as at 1 January	229,262,106	335,010,293
Reinsurance premium ceded during the year	541,804,088	744,563,910
Premium ceded recognised during the year	(632,048,027)	(850,312,097)
Balance as at 31 December	139,018,167	229,262,106

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10 Amounts due from reinsurance, net

	2018 Baht	2017 Baht
Reinsurance premium receivable	104,447,200	140,172,242
<u>Less</u> Allowance for doubtful account	<u>(112,395)</u>	<u>(79,773)</u>
Amounts due from reinsurance, net	<u>104,334,805</u>	<u>140,092,469</u>

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

	2018 Baht	2017 Baht
Undue Overdue	232,988,548	109,444,514
Less than 12 months	210,840,504	43,759,276
1 - 2 years	3,896,537	8,047,797
More than 2 years	361,872	-
Total reinsurance premium receivable	448,087,461	161,251,587
<u>Less</u> Due to reinsurer with setoff arrangement	<u>(343,640,261)</u>	<u>(21,079,345)</u>
<u>Less</u> Allowance for doubtful account	<u>(112,395)</u>	<u>(79,773)</u>
Due from reinsurers, net	<u>104,334,805</u>	<u>140,092,469</u>

11 Investments in securities

Investments in securities as at 31 December 2018 and 2017 are as follows:

	2018		2017	
	Cost / Amoritse cost Baht	Fair value Baht	Cost / Amoritse cost Baht	Fair value Baht
<u>Available-for-sale investments</u>				
Government securities	2,767,845,850	2,763,882,832	2,455,714,121	2,468,262,003
Private enterprises securities	472,359,848	471,520,459	265,224,978	267,593,963
Total	3,240,205,698	3,235,403,291	2,720,939,099	2,735,855,966
<u>Add (less) Unrealised gains (losses)</u>	<u>(4,802,407)</u>	<u>-</u>	<u>14,916,867</u>	<u>-</u>
Total available-for-sale Investments	<u>3,235,403,291</u>	<u>3,235,403,291</u>	<u>2,735,855,966</u>	<u>2,735,855,966</u>
<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	365,438,077		1,135,530,053	
Total	382,957,477		1,153,049,453	
<u>Less</u> Impairment charge	<u>(17,519,400)</u>		<u>(17,519,400)</u>	
Total held-to-maturity investments	<u>365,438,077</u>		<u>1,135,530,053</u>	
<u>General investments</u>				
Non-marketable equity securities	891,069		891,069	
<u>Less</u> Impairment charge	<u>(609,252)</u>		<u>(609,252)</u>	
Total general investments	<u>281,817</u>		<u>281,817</u>	
Total investment in securities	<u>3,601,123,185</u>		<u>3,871,667,836</u>	

11 Investments in securities (Cont'd)

Investment in securities as at 31 December 2018 and 2017 will be due as follows:

	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
	2017			
	Period to maturity			Total
	Within 1 year	1 - 5 years	Over 5 years	
	Baht	Baht	Baht	Baht
Available-for-sales investment				
Government securities	510,832,671	1,880,705,530	76,723,801	2,468,262,002
Private enterprises securities	64,344,750	203,249,213	-	267,593,963
Held to maturity investment				
Deposits at financial institutions with maturity over 3 months	1,135,530,053	-	-	1,135,530,053
Total	1,710,707,474	2,083,954,743	76,723,801	3,871,386,018

As at 31 December 2018, the government bonds and deposits at financial institutions with maturity over 3 months from issuance at par value amounting to Baht 1,068,477 were placed as bail bonds (2017: Baht 2,507,882).

During the year 2018, the Company has revenues relating to investment as follows:

- Interest income from available-for-sale investments with amounting to Baht 55.7 million (2017: Baht 43.1 million).
- Interest income from held-to-maturity investments with amounting to Baht 13.7 million (2017: Baht 21.1 million).
- Amount received from selling available-for-sale investments with totaling amounting to Baht 1,680.1 million (2017: Baht 2,306.8 million) and gain from selling available-for-sale investments with totaling amounting to Baht 0.3 million (2017: Baht 0.5 million).


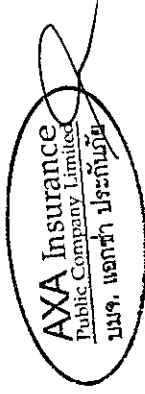
12 Property and equipment, net

2018

	Cost		Accumulated depreciation			Net property and equipment Baht
	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)

2017

	Cost		Accumulated depreciation			Net property and equipment Baht
	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	226,035,171	6,305,544	(2,971,287)	229,369,428	(166,355,272)	(191,689,212)
Motor vehicles	2,510,500	4,688,000	(1,831,500)	5,367,000	(2,510,497)	(1,434,577)
Assets under installation	1,757,600	177,689	(1,753,289)	182,000	-	-
Total	284,650,831	11,171,233	(6,556,076)	289,265,988	(202,990,901)	(227,248,921)



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13 Intangible assets, net

	Computer software Baht	Assets under installation Baht	Total Baht
At 1 January 2018			
Cost	112,275,864	6,499,999	118,775,863
<u>Less</u> Accumulated amortisation	<u>(102,382,122)</u>	<u>-</u>	<u>(102,382,122)</u>
Net book amount	<u>9,893,742</u>	<u>6,499,999</u>	<u>16,393,741</u>
For the year ended 31 December 2018			
Opening net book amount	9,893,742	6,499,999	16,393,741
Addition during the year	4,767,883	440,174	5,208,057
Write off	-	(6,499,999)	(6,499,999)
Amortisation charge	<u>(5,743,206)</u>	<u>-</u>	<u>(5,743,206)</u>
Closing net book amount	<u>8,918,419</u>	<u>440,174</u>	<u>9,358,593</u>
At 31 December 2018			
Cost	117,043,747	440,174	117,483,921
<u>Less</u> Accumulated amortisation	<u>(108,125,328)</u>	<u>-</u>	<u>(108,125,328)</u>
Net book amount	<u>8,918,419</u>	<u>440,174</u>	<u>9,358,593</u>

14 Deferred acquisition cost

Movements in deferred acquisition cost for the years ended 31 December 2018 and 2017 are as follows:

	2018 Baht	2017 Baht
Balance as at 1 January	183,232,922	176,834,940
Acquisition cost incurred during the year	263,800,657	329,671,935
Acquisition cost recognised during the year	<u>(301,290,967)</u>	<u>(323,273,953)</u>
Balance as at 31 December	<u>145,742,612</u>	<u>183,232,922</u>

15 Deferred income tax

The movements on the deferred income tax for the years ended 31 December 2018 and 2017 are as follows:

	2018 Baht	2017 Baht
Beginning balance	402,522,020	345,151,188
Credit to the statements of comprehensive income (Note 27)	37,852,674	58,330,866
Deferred income tax from unrealised (gains) losses on investments in equity (Note 22)	3,130,604	(3,895,932)
Deferred income tax from other reserve	<u>(479,486)</u>	<u>2,935,898</u>
Ending balance	<u>443,025,812</u>	<u>402,522,020</u>

15 Deferred income tax (Cont'd)

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

	2018 Baht	2017 Baht
Deferred tax assets:		
Deferred tax asset to be recovered within 12 months	261,931,060	255,504,636
Deferred tax asset to be recovered after 12 months	218,040,901	186,947,213
	<u>479,971,961</u>	<u>442,451,849</u>
Deferred tax liabilities:		
Deferred tax liabilities to be settled within 12 months	36,946,149	37,169,556
Deferred tax liabilities to be settled after 12 months	-	2,760,273
	<u>36,946,149</u>	<u>39,929,829</u>
Deferred tax assets, net	<u>443,025,812</u>	<u>402,522,020</u>

Deferred tax assets and liabilities presented in statements of financial position and changes in deferred tax for the year ended 31 December 2018 arises from the following items:

	31 December 2017 Baht	Transaction in profit or loss Baht	Transaction in other comprehensive income Baht	Transaction in other Reserve Baht	31 December 2018 Baht
Deferred tax assets					
- Allowance for doubtful accounts	2,395,246	94,033	-	-	2,489,279
- Unearned premium reserve	82,401,007	(19,427,760)	-	-	62,973,247
- Loss reserve and outstanding claims	241,634,037	24,563,046	-	-	266,197,083
- Provision for impairment of investments	3,625,731	-	-	-	3,625,731
- Depreciation for computers	3,238,694	(692,577)	-	-	2,546,117
- Provision for retirement benefits	5,355,208	2,481,660	(813,430)	-	7,023,438
- Accrued expenses	4,162,451	(220,104)	-	(479,486)	3,462,861
- Loss carry forward	99,639,475	31,054,376	-	-	130,693,851
- Unrealised losses on investments	-	-	960,354	-	960,354
	<u>442,451,849</u>	<u>37,852,674</u>	<u>146,924</u>	<u>(479,486)</u>	<u>479,971,961</u>
Deferred tax liabilities					
- Deferred acquisition cost	36,946,149	-	-	-	36,946,149
- Unrealised gains on investments	2,983,680	-	(2,983,680)	-	-
	<u>39,929,829</u>	<u>-</u>	<u>(2,983,680)</u>	<u>-</u>	<u>36,946,149</u>
Deferred income tax, net	<u>402,522,020</u>				<u>443,025,812</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 2018, the Company did not recognise deferred income tax assets of Baht 28.2 million (2017: Baht 11.6 million) in respect of loss amounting to Baht 141.1 million (2017: Baht 58.2 million) that can be carried forward against future taxable income. Loss amounting to Baht 141.1 million expires in 2019.

16 Other assets

	2018 Baht	2017 Baht
Income tax receivable and undue valued added tax	48,089,102	53,636,450
Prepaid expenses and refundable deposits	18,973,148	24,178,477
Reserve withheld for claims	2,832,104	78,868,308
Amount due from related companies (Note 29)	2,184,754	5,882,943
Others	8,800,231	6,536,472
Total other assets	80,879,339	169,102,650

Reserve withheld for claims is cash withheld from premiums received on Thai Rice Insurance Scheme 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

	2018			2017		
	Insurance liabilities Baht	Liabilities recovered from reinsurance Baht	Net Baht	Insurance liabilities Baht	Liabilities recovered from reinsurance Baht	Net Baht
Claims reserve						
- Reported claim	1,182,867,371	(332,216,626)	850,650,745	1,436,343,088	(445,149,906)	991,193,182
- Claim incurred but not reported	689,074,798	(208,740,127)	480,334,671	303,510,096	(86,533,093)	216,977,003
Total claims reserve	1,871,942,169	(540,956,753)	1,330,985,416	1,739,853,184	(531,682,999)	1,208,170,185
Premium reserve						
- Unearned premium reserve (UPR)	1,335,113,977	(139,018,167)	1,196,095,810	1,714,270,215	(229,262,106)	1,485,008,109
Total	3,207,056,146	(679,974,920)	2,527,081,226	3,454,123,399	(760,945,105)	2,693,178,294

Insurance reserve for short-term insurance contract

17.1 Claims reserve

	2018 Baht	2017 Baht
Beginning balance	1,739,853,184	2,276,948,904
Claims incurred during the year	1,971,127,050	2,398,183,852
Changes in claims reserve and assumptions method on claims reserve	243,738,040	(725,521,352)
Claims paid during the year	(2,082,776,105)	(2,209,758,220)
Closing balance	1,871,942,169	1,739,853,184




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 2014	2014	2015	2016	2017	2018	Total
Estimated claim:							
- At the end of the year	21,099,964,131	2,014,338,950	1,757,217,086	2,211,164,240	2,519,201,352	2,329,454,224	
- After 1 year	22,332,866,277	1,988,611,117	1,771,327,258	2,244,020,607	2,439,269,237	-	
- After 2 years	21,866,476,031	1,910,543,899	1,746,979,587	2,219,209,272	-	-	
- After 3 years	22,790,491,483	1,931,711,301	1,741,565,444	-	-	-	
- After 4 years	22,654,019,828	1,926,627,865	-	-	-	-	
- After 5 years	21,703,272,405	-	-	-	-	-	
Absolute estimated claim	21,703,272,405	1,926,627,865	1,741,565,444	2,219,209,272	2,439,269,237	2,329,454,224	
Cumulative claim paid	21,566,861,176	1,883,859,086	1,672,665,090	2,053,064,339	2,185,816,834	1,286,106,379	
Total	136,411,229	42,768,779	68,900,354	166,144,933	253,452,403	1,043,347,845	1,711,025,543
Unallocated loss adjustment expense							80,803,988
Technical safety margin							80,112,638
Total claims reserve							1,871,942,169

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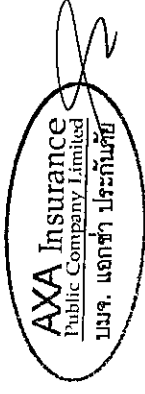
17 Insurance liabilities (Cont'd)

17.1 Claims reserve (Cont'd)

17.1.1 Claim development table

Claim Development Table, Net

Incident Year	Before 2014	2014	2015	2016	2017	2018	Total
Estimated claim:							
- At the end of the year	11,724,647,867	1,457,693,605	1,578,632,867	1,896,666,312	1,916,389,007	1,786,132,736	
- After 1 year	12,620,820,285	1,438,105,518	1,571,075,306	1,865,246,752	1,943,080,805	-	
- After 2 years	12,137,575,023	1,435,001,586	1,544,072,380	1,843,119,499	-	-	
- After 3 years	11,743,447,210	1,456,049,755	1,544,212,456	-	-	-	
- After 4 years	11,610,959,630	1,455,326,148	-	-	-	-	
- After 5 years	11,543,600,130	-	-	-	-	-	
Absolute estimated claim	11,543,600,130	1,455,326,148	1,544,212,456	1,843,119,499	1,943,080,805	1,786,132,736	
Cumulative claim paid	11,475,901,003	1,412,393,697	1,495,819,628	1,745,362,657	1,743,610,950	1,072,315,246	
Total	67,699,127	42,932,451	48,392,828	97,756,842	199,469,855	713,817,490	1,170,068,593
Unallocated loss adjustment expense							80,803,980
Technical safety margin							80,112,843
Total claims reserve							1,330,985,416

17. Insurance liabilities (Cont'd)

17.1 Claims reserve (Cont'd)

17.1.2 Aging analysis of loss reserve's repayment

	2018 Baht	2017 Baht
Repayment within 1 year	1,401,627,462	1,310,924,056
Repayment between 1 - 2 years	265,682,607	259,617,003
Repayment between 2 - 5 years	179,082,073	153,812,398
Repayment over 5 years	25,550,027	15,499,727
Total	1,871,942,169	1,739,853,184

17.1.3 Sensitivity analysis on change in main assumption

		2018			
	Change in assumption	Impact on reinsurance assets	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
		2017			
	Change in assumption	Impact on reinsurance assets	Impact on loss reserve and unallocated loss adjustment expenses	Impact on profit and loss	Impact to Equity
Estimated loss ratio	Increase 2%	6,797,451	21,432,486	(11,708,027)	(11,708,027)
Estimated loss ratio	Decrease 2%	(6,797,451)	(21,432,486)	11,708,027	11,708,027
Technical safety margin	Increase 2%	8	1,433,748	(1,433,740)	(1,433,740)
Technical safety margin	Decrease 2%	(8)	(1,433,748)	1,433,756	1,433,756

17.2 Unearned premium reserve

	2018 Baht	2017 Baht
Beginning balance	1,714,270,215	1,764,723,951
Premium written for the year	2,777,239,700	3,456,830,533
Premium earned for the year	(3,156,395,938)	(3,507,284,269)
Closing balance	1,335,113,977	1,714,270,215

As at 31 December 2018 and 2017, the Company's unearned premium reserve is higher than unexpired risk reserve.

18 Due to reinsurers

	2018 Baht	2017 Baht
Reinsurance premium payable	99,544,559	82,546,740
Fund withheld from reinsurance	110,332,934	194,786,513
Reinsurance payable - others	2,853,530	144,895,603
Total due to reinsurers	212,731,023	422,228,856

19 Employee benefit obligations

	2018 Baht	2017 Baht
Short-term employee benefits	42,822,428	34,264,160
Long-term employee benefits	17,314,305	20,812,254
Post-employee benefit	35,117,188	29,611,589
	95,253,921	84,688,003

As at 31 December 2018 and 2017, the Company has recognised long-term employee benefit obligations which is share-based payment of Baht 17.3 million and Baht 20.8 million respectively. Expenses of share-based payment for the year are as following:

	2018 Baht	2017 Baht
Expense of share-based payment	5,905,223	8,598,297

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

	2018 Shares	2017 Shares
At 1 January	51,557	44,273
Granted	836	14,500
Exercised	(6,597)	(7,216)
At 31 December	45,796	51,557

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

	2018 Baht	2017 Baht
Current service costs	3,176,952	3,864,585
Interest costs	980,377	858,159
Past service cost	7,248,621	-
Total	11,405,950	4,722,744




19 Employee benefit obligations (Cont'd)

Movements of the provision for employee benefits are as follows:

	2018 Baht	2017 Baht
Beginning balance	29,611,589	30,054,754
Current service costs	3,176,952	3,864,585
Remeasurements:		
Gains from change in financial assumptions	(4,192,740)	(4,956,902)
Experience losses	125,589	1,663,993
Interest costs	980,377	858,159
Past service cost	7,248,621	-
<u>Less</u> Benefits paid	<u>(1,833,200)</u>	<u>(1,873,000)</u>
Ending balance	<u>35,117,188</u>	<u>29,611,589</u>

The principal actuarial assumptions used are as follows:

	2018	2017
Discount rate	3.18%	2.99%
Salary increase rate	7.18%	5.00%
Average turnover rate	10.00% - 27.00%	6.00% - 22.00%
Retirement age	55 or 60 years	55 or 60 years

The principal actuarial assumptions used are as follows:

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%
2017			
Impact on employee benefit obligation			
	Change in assumption	Increase in assumption	Decrease in assumption
Discount rate	0.50%	Decrease by 4.12%	Increase by 4.41%
Salary increase rate	0.50%	Increase by 4.30%	Decrease by 4.06%
Average turnover rate	0.50%	Decrease by 4.60%	Increase by 4.92%

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.

	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
	2017				Total Baht
	Less than a year Baht	Between 1 - 5 years Baht	Between 5 - 10 years Baht	Over 10 years Baht	
At 31 December 2017					
Retirement benefits	1,963,737	9,803,040	22,122,764	68,122,877	102,012,418
Total	1,963,737	9,803,040	22,122,764	68,122,877	102,002,418

20 Other liabilities

	2018 Baht	2017 Baht
Revenue Department payable	28,869,900	36,908,690
Amount due from related companies (Note 29)	55,946,280	23,486,427
Premium suspense	69,897,922	-
Others	13,909,576	42,239,871
Total other liabilities	168,623,678	102,634,988

21 Unrealised gains (losses) on investments

Movements of unrealised gains (losses) on investments for the years ended 31 December 2018 and 2017 are as follows:

	2018 Baht	2017 Baht
Opening balance	11,934,721	(1,014,681)
Add/(Less) Changes in fair values of investments	(19,720,168)	16,186,752
Changes in deferred tax assets/liabilities (Note 15)	3,944,034	(3,237,350)
Closing balance	(3,841,413)	11,934,721




22 Effective tax relating to each component of other comprehensive income

	2018			2017		
	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	4,067,151	(813,430)	3,253,721	3,292,909	(658,582)	2,634,327
Gains (losses) in changes in value of investment	(19,720,168)	3,944,034	(15,776,134)	16,186,752	(3,237,350)	12,949,402
Total	(15,653,017)	3,130,604	(12,522,413)	19,479,661	(3,895,932)	15,583,729

23 Legal reserve

	2018 Baht	2017 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 2017	28,126,421	2,812,642,100	(1,068,106,516)	1,744,535,584
Issue of shares	8,600,000	860,000,000	-	860,000,000
At 31 December 2017	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

On 12 April 2017, the shareholders at the Company's Extraordinary General Meeting no. 1/2017 passed a resolution to increase the authorised share capital from 28,126,421 ordinary shares with a par value of Baht 100 per share to 31,326,421 ordinary shares with a par value of Baht 100 per share. The Company registered the increased share capital with the Ministry of Commerce on 28 April 2017. The Company has received the subscription of an additional 3,200,000 shares with a par value of Baht 100 per share in total of Baht 320,000,000.

On 22 August 2017, the shareholders at the Company's Extraordinary General Meeting no. 2/2017 passed a resolution to increase the authorised share capital from 31,326,421 ordinary shares with a par value of Baht 100 per share to 36,726,421 ordinary shares with a par value of Baht 100 per share. The Company registered the increased share capital with the Ministry of Commerce on 22 September 2017. The Company has received the subscription of an additional 5,400,000 shares with a par value of Baht 100 per share in total of Baht 540,000,000.




25 Operating expenses

	2018 Baht	2017 Baht
Employee expenses not relating to underwriting and claim expenses	143,240,861	147,421,625
Property and equipment expenses not relating to underwriting expenses	92,673,326	105,885,928
Tax expenses	3,681,132	15,359,157
Bad debt and doubtful accounts	470,160	2,501,243
Other operating expenses	120,562,316	136,287,930
Total operating expenses	360,627,795	407,455,883

26 Employee benefit expenses

	2018 Baht	2017 Baht
Salary	362,988,299	405,265,546
Social security fund	4,289,025	4,736,478
Contribution to employee benefit project	18,412,420	20,765,148
Other employee benefit expenses	32,168,285	23,297,281
Total employee benefit expenses	417,858,029	454,064,453

27 Income tax

	2018 Baht	2017 Baht
Income tax for the year	-	-
Deferred tax (Note 15)	(37,852,674)	(58,330,866)
Income tax credit	(37,852,674)	(58,330,866)

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

	2018 Baht	2017 Baht
Loss before income tax	(278,978,505)	(370,001,214)
Tax rate	20%	20%
The result of the accounting loss multiplied by income tax rate	(55,795,701)	(74,000,243)
Tax losses for which no deferred income tax asset was recognised	16,622,141	11,600,000
Effect of non - taxable income and non-deductible expenses	1,320,886	4,069,377
Income tax credit	(37,852,674)	(58,330,866)

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>2018</u>	<u>2017</u>
Net loss for the period attributable to ordinary shareholders (Baht)	(241,125,831)	(311,670,348)
Weighted average number of ordinary shares in issue during the period (Shares)	36,726,421	31,794,914
Basic loss per share (Baht)	(6.57)	(9.80)

There are no potential dilutive ordinary shares in issue for the years ended 31 December 2018 and 2017.

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>2018 Baht</u>	<u>2017 Baht</u>
Statement of comprehensive income		
Revenues		
Gross written premium	363,812,893	441,931,590
Reinsurance premium ceded	(441,171,308)	(614,620,124)
Commission and brokerage fees	69,206,935	114,628,303
Expenses		
Losses and loss adjustment expenses	29,198,072	31,408,409
Claim recovered from reinsurers	(197,686,176)	(368,461,301)
Commission and brokerage expenses	58,218,990	69,823,796
Other underwriting expenses	4,933,740	4,328,772
Operating expenses		
Other expenses recoveries	(10,153,951)	(11,436,478)
Management and service fees	81,882,131	81,466,992




29 Related parties transactions (Cont'd)

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

	2018 Baht	2017 Baht
Statement of financial position		
Assets		
Reinsurance assets, net	282,776,343	403,625,885
Amount due from reinsurance, net	61,992,356	76,715,008
Other assets		
Amount due from related companies	2,184,754	5,882,943
Liabilities		
Due to reinsurers	79,689,121	82,451,636
Other liabilities	55,946,280	23,486,427

Key management compensation

The compensation to key management for employee service for the years ended 31 December 2018 and 2017 are shown below:

	2018 Baht	2017 Baht
Short-term employee benefits	65,876,867	83,382,719
Post-employee benefits	1,069,501	1,264,446
Total	66,946,368	84,647,165

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.

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 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.

2018				
	No interest Baht	Floating interest rate Baht	Fixed interest rate Baht	Total 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>
2017				
	No interest Baht	Floating interest rate Baht	Fixed interest rate Baht	Total Baht
Cash and cash equivalent	14,798,626	181,317,646	29,997,386	226,113,658
Available-for-sale Investments	-	-	2,735,807,196	2,735,807,196
Held-to-maturity investments	-	-	1,135,530,053	1,135,530,053
	<u>14,798,626</u>	<u>181,317,646</u>	<u>3,901,334,635</u>	<u>4,097,450,907</u>

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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).

	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>	
	2017			Total Baht	Interest rate % p.a.
	Within 1 year Baht	1 - 5 years Baht	More than 5 years Baht		
Cash and cash equivalent	211,315,031	-	-	211,315,031	0.00 - 1.28
Available-for-sale investments	575,128,652	2,083,954,743	76,723,801	2,735,807,196	1.27 - 3.38
Held-to-maturity investments	1,135,530,053	-	-	1,135,530,053	0.80 - 1.80
	<u>1,921,973,736</u>	<u>2,083,954,743</u>	<u>76,723,801</u>	<u>4,082,652,280</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 (2017: 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 6,681,034 (2017: Baht 8,252,188).

33 Operating lease commitments

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

	2018 Baht	2017 Baht
Not later than 1 year	17,123,938	20,008,811
Later than 1 year but not later than 5 years	12,157,887	18,829,565
More than 5 years	-	-
Total operating lease commitments	<u>29,281,825</u>	<u>38,838,376</u>

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