

KRUNGTHAI-AXA LIFE

INSURANCE PUBLIC COMPANY LIMITED

2016 ANNUAL REPORT

STATUTORY FINANCIAL STATEMENTS

31 DECEMBER 2016



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4 Core Values



CUSTOMER FIRST



INTEGRITY



COURAGE



ONE HEART

Corporate Responsibility



Customers

Krungthai-AXA promotes responsible customer relations through clear and transparent communication and marketing of our products, and by managing the claims process responsibly. We offer insurance, savings and investment products and services which also encourage and reward environmentally responsible behaviors, as well as help reduce social exclusion.



Employees

Krungthai-AXA strives to be a responsible employer, placing employee engagement at the heart of its business strategy. Achieving this means creating a workplace built on AXA's Values that fosters diversity and equal opportunities for all, promotes employee participation, encourages professional development, and supports employee well-being.



Community

As a responsible corporate citizen, Krungthai-AXA strives to play a positive role in society, by building a culture that promotes employee volunteering, and through corporate giving to support the communities in which we operate. We are also committed to sharing our business expertise by helping to build better understanding of the risks faced by individuals and society at large.



Environment

Krungthai-AXA is committed to reducing its direct impact on the environment by actively managing our waste, emissions, and our consumption of natural resources. We are also aware of the role we can play in promoting environmental awareness amongst our stakeholders, contributing to improve the understanding of global environmental risks, and committing to support the fight against climate change and other environmental protection efforts.



Shareholders

Krungthai-AXA's responsibility towards our shareholders includes ensuring the long-term viability of the company through sound and transparent corporate governance and a culture of business ethics, supported by Krungthai-AXA's Standards and Code of Ethics. Acknowledging the impact our business has on society at large, we also strive to integrate social and environmental issues into our governance, risk management processes, and investment strategy.



Suppliers

As a financial services company, many of our impacts on society are linked not to our own "production" processes, but to our choice of suppliers, from purchasing paper to contracting service providers for insurance claims. In making these choices, we integrate social and environmental criteria in the selection and management of our suppliers.

Award



Top Five vote of Investment Houses 2016; Thailand Local Currency Bonds

From The Asset Benchmark Research

This award recognizes excellence in financial services and is organized by the Asset Publishing and Research Ltd. The criteria used to assess the winners is based on the number of votes received by their Astute Investors from the leading sales people and traders from the banks and brokerage firms. A total of around 500 investors from many financial organizations across 8 countries in Asia received nominations.

Best Life Insurance Company in Thailand

From Global Business Outlook, London

This award its innovation, digital expertise, professional development and commitment to corporate responsibility across all sectors, private and public. This is another pride and prestige for KTAAXA in global level recognition.

Pride of AXA 2016 - LINE and Krungthai-AXA Digital Ecosystem

From AXA Group

Our Thailand Life business has worked together with LINE to develop a digital ecosystem that recognises the growing usage of LINE in Thailand. With over 33 million users in Thailand, so tapping into this niche market has been an innovative and clever strategy. Krungthai-AXA Life Insurance is the first mover by using new digital tools to support business growth and to create the best customer experiences.

Award



Global Award for Good Practices in the Employment of Persons with Disabilities Year 2016

From State Secretariat for the Rights of the Person with Disability (SEDPcD) of the São Paulo State Government, Brazil in collaboration with United Nations Development Programme

According to 10th anniversary of the United Nations Convention on the Rights of Persons with Disabilities (CRPD), KTAXA was selected as the global best practice for inclusion of People with Disabilities (Management Categories). It was honoured to receive the award at UN Head Quarter, in New York, United States of America.

Social Contribution for Disabled People Award (3rd Year) Year 2016

From Department of Empowerment of People with Disabilities, Ministry of Social Development and Human Security

KTAXA was awarded to affirm its commitments to create inclusive society for people with disabilities by employment, accessibility of workplace and also the activities raising awareness which is Run2gether (Super Mini-Marathon for PWD to run in pair with able bodies.)

Message from the Chairman



Krungthai-AXA Life Insurance PCL (KTAXA) is pleased to inform our shareholders regarding the Company's performance of 2016

The performance in 2016 received the total premium Bt55.8 billion, with first year premiums received of Bt14.9 billion. The Bancassurance contributed Annualised New Business Premiums of Bt6.4 billion, Agency generated Bt6.1 billion and Corporate Solutions delivered Bt227 million.

In 2017, KTAXA will continue our focus and commitment towards being a "Customer Centric" organisation with the vision to "Empower People to Live a better Life". We plan to devote further resources towards "Customer Centricity" by improving customer segmentation and campaign management ultimately leading to improved customers' satisfaction and increased profitability. In addition, we launched four new core values including "Customer First", "Courage", "Integrity" and "ONE Heart" which KTAXA believe will create a culture driven by innovation, inclusion and trust at KTAXA.

Moreover, KTAXA will continue to remain competitive and best-in-class by being proactive to anticipate its customers' needs through its Transformation and Agile methodologies. This strategy enable by simplifying our working processes, and modernisation of our technology capabilities. It also leverages digital practices as key enablers of this cultural change, and change our way of working. The objectives are to give our employees better tools and work environment, including quicker feedback loops from our distributors and customers.

On behalf of the Board of Directors, I would like to thank you customers, shareholders, its employees, the executives and employees for the support and trust in KTAXA for the past years. KTAXA will strive to develop the life insurance industry under the ethics and good governance principle together with the investment in the human and social environment as well as in the wealth of communities to stand beside our customers and Thailand in the forthcoming years.

Mr. Sirote Swasdipanich

Chairman of Krungthai-AXA Life Insurance Public Company Limited

Company's Information

Company Name	Krungthai-AXA Life Insurance Public Company Limited
Registrar No.	0107555000376
Address	9, G Tower Grand Rama 9, Floor 1, 20-27, Rama 9 Road, Huai Khwang, Huai Khwang, Bangkok 10310, Thailand
Contact	Tel. 0-2723-4000 Fax 0-2723-4032
Business Type	Life Insurance
Establishment Date	12 June 1997
Registered Capital	1,355,000,000 Baht
The Paid-up Capital	1,355,000,000 Baht
Type of Share	Ordinary share
Par Value	10 Baht per share

Registered Shareholders

as at 31 March 2016

Name of Registered Shareholders	No. of Shares	% of Shares Held
1. Krung Thai Bank Public Company Limited	67,750,000	50%
2. National Mutual International Pty. Ltd.	60,974,996	45%
3. Tri Rattana Chart Company Limited	6,774,999	5%
4. Mr. Phisud Dejakaisaya	2	0%
5. Mr. Puangsan Xumsai Na Ayudhya	1	0%
6. Mr. Somkid Arayaskul	1	0%
7. Mr. Anuwat Kosol	1	0%

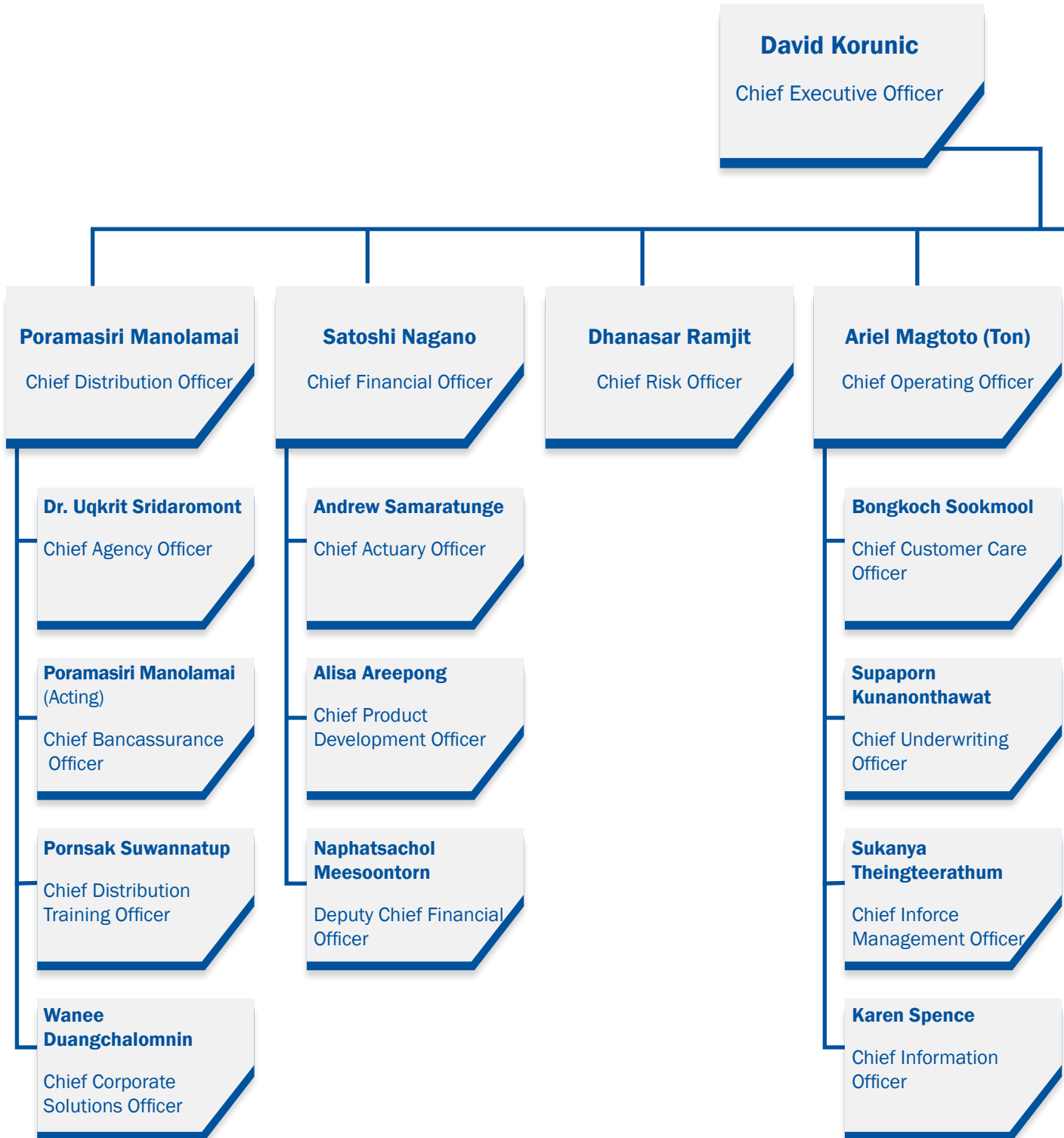
Remuneration for Directors as of Year 2016

No.	Name	Position
1	Mr.Sirote Swasdipanich	- Chairman of the Board Directors - Chairman of the Board of Audit and Compliance Committee (BACC) - Chairman of the Board of Nomination and Remuneration Committee (BNRC)
2	Mr.Chainarong Eursithichai	- Director (Board) - Investment Committee (BIC) - Risk Management Committee (BRMC) - Board Working Group of Company (BWGC)
3	Mr. Viruch Wongnirund	- Director (Board) - Risk Management Committee (BRMC)
4	Mr. Luechai Chaiparinya	- Director (Board) - Board Working Group of Company (BWGC)
5	Mr.Etienne Bouas-Laurent	- Director (Board) - Audit and Compliance Committee (BACC) - Investment Committee (BIC) - Nomination and Remuneration Committee (BNRC) - Risk Management Committee (BRMC)
6	Mr. David Korunic*	- Director (Board) - Risk Management Committee (BRMC)
7	Ms. Poramasiri Manolamai*	- Director (Board)
8	Mrs. Prettaya Sutchasila*	- Director (Board)
9	Mr.Kriengsak Charoenwongsak	- Director (Board) - Audit and Compliance Committee (BACC) - Nomination and Remuneration Committee (BNRC) - Investment Committee (BIC) - Chairman of Risk Management Committee (BRMC)
10	Mr. Chinavais Sarasas	- Director (Board)
11	Ms. Kittiya Todhanakasem	- Director (Board) - Investment Committee (BIC) - Board Working Group of Company (BWGC)
12	Mr.Tanyapong Thamavaranukupt	- Director (Board) - Board Working Group of Company (BWGC)
13	Mr. Thawat Yooyod	- Director (Board) - Nomination and Remuneration Committee (BNRC)
14	Mr. Jean-Louis Laurent Josi*	- Director (Board) - Investment Committee (BIC) - Risk Management Committee (BRMC)
15	Mr. Benoit Claveranne*	- Director (Board) - Audit and Compliance Committee (BACC) - Investment Committee (BIC) - Nomination and Remuneration Committee (BNRC) - Risk Management Committee (BRMC)
16	Mrs. Wasukarn Visansawatdi	- Director (Board) - Audit and Compliance Committee (BACC) - Nomination and Remuneration Committee (BNRC) - Investment Committee (BIC) - Chairman of Risk Management Committee (BRMC)
17	Mr. Payong Srivanich	- Director (Board) - Investment Committee (BIC)
18	Mr.Roberto Leonardi*	- Director (Board)

* The Company has no policy to pay the remuneration of directors to the directors who are employees of the Company or AXA group.

Retainer	Bonus	Meeting Compensation	Shares	Total (Baht)	Remark
360,000	249,090	200,000		1,159,090	
		200,000			
		150,000			
	43,796	80,000		353,796	
		40,000			
		40,000			
		150,000			
	32,847	80,000		152,847	
		40,000			
	5,474	20,000		75,474	Appointed 11 October 2016
		50,000			
					Appointed 11 October 2016
					Appointed 11 October 2016
					Appointed 11 October 2016
					Appointed 11 October 2016
					Appointed 11 October 2016
	38,321	20,000		178,321	Appointed 11 October 2016
		10,000			Appointed 11 October 2016
		10,000			Appointed 11 October 2016
		50,000			Appointed 11 October 2016
		50,000			Appointed 11 October 2016
	10,949	40,000		50,949	
					Resigned 25 April 2016
					Resigned 25 April 2016
					Resigned 25 April 2016
	5,474	20,000		125,474	Resigned 2 August 2016
		100,000			Resigned 2 August 2016
	21,898	60,000		101,898	Resigned 2 August 2016
		20,000			Resigned 2 August 2016
					Resigned 2 August 2016
					Resigned 2 August 2016
					Resigned 2 August 2016
					Resigned 2 August 2016
					Resigned 2 August 2016
					Resigned 2 August 2016
					Resigned 2 August 2016
					Resigned 2 August 2016
	112,227	60,000		522,227	Resigned 1 September 2016
		30,000			Resigned 1 September 2016
		20,000			Resigned 1 September 2016
		150,000			Resigned 1 September 2016
		150,000			Resigned 1 September 2016
	16,423	40,000		76,423	Resigned 8 November 2016
		20,000			Resigned 8 November 2016
					Resigned 25 November 2016

Organisation Chart





Independent Auditor's Report

To the Shareholders of Krungthai-AXA Life Insurance Public Company Limited

My opinion

In my opinion, the financial statements of Krungthai-AXA Life Insurance Public Company Limited (the "Company") present fairly, in all material respects, the financial position of the Company as at 31 December 2016, 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

I have audited the accompanying financial statements of the Company, which comprise the statement of financial position as at 31 December 2016, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including 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

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

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

Independent Auditor's Report (Cont'd)

Auditor's responsibilities for the audit of the financial statements (Cont'd)

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

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

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

PricewaterhouseCoopers ABAS Ltd.

[Anothai Leekitwattana](#)

Certified Public Accountant (Thailand) No. 3442

Bangkok

27 March 2017

Krungthai-AXA Life Insurance Public Company Limited
Statement of Financial Position
As at 31 December 2016

			(Restated)	
	Notes	31 December 2016 Baht Thousand	31 December 2015 Baht Thousand	1 January 2015 Baht Thousand
Assets				
Cash and cash equivalents	9	2,974,132	2,207,630	1,861,270
Accrued investment income		1,175,662	1,076,774	955,231
Premium due and uncollected - net	10	1,994,935	2,063,120	1,729,567
Reinsurance assets	11	20,119	17,831	31,977
Derivative assets	12	870,733	569,991	185,863
Investments				
Investments in securities	13	186,609,603	159,368,766	128,403,205
Policy loans	14	6,065,408	4,125,939	2,743,638
Assets held to cover linked liabilities	15	472	617	345
Leasehold improvements and equipment - net	16	524,779	124,986	150,399
Intangible assets - net	17	197,465	175,639	140,105
Agency security fund		562,710	510,408	418,914
Accounts receivable - Investments		140,159	16,677	1
Other assets	19	462,439	473,447	92,670
Total assets		201,598,616	170,731,825	136,713,185

..... Directors

Krungthai-AXA Life Insurance Public Company Limited
Statement of Financial Position (Cont'd)
As at 31 December 2016

	Notes	(Restated)		
		31 December 2016 Baht Thousand	31 December 2015 Baht Thousand	1 January 2015 Baht Thousand
Liabilities and shareholders' equity				
Liabilities				
Insurance liabilities				
Amount due to reinsurers	20	172,777,316	142,906,289	112,661,278
Derivative liabilities	21	187,236	247,150	143,720
Income tax payable	12	793,872	514,753	108,859
Employee benefits obligation		414,406	450,251	656,212
Agency security fund	22	60,792	47,457	47,257
Deferred tax liabilities - net		562,710	510,408	418,914
Accrued expenses	18	1,609,034	1,727,401	1,198,782
Accounts payable - Investments	30	2,028,734	2,274,624	2,094,983
Other liabilities		183,869	9,386	549,425
Amounts withheld on reinsurance treaties	23	1,193,362	777,553	583,773
Total liabilities		179,811,331	149,465,272	118,463,203
Shareholders' equity				
Share capital				
Registered				
135,500,000 ordinary shares of Baht 10 per share		1,355,000	1,355,000	1,355,000
Issued and fully paid-up				
135,500,000 ordinary shares of Baht 10 per share		1,355,000	1,355,000	1,355,000
Retained earnings				
Appropriated - legal reserve		135,500	135,500	135,500
Unappropriated		13,834,410	12,469,759	11,506,613
Other component of shareholders' equity		6,462,375	7,306,294	5,252,869
Total shareholders' equity		21,787,285	21,266,553	18,249,982
Total liabilities and shareholders' equity		201,598,616	170,731,825	136,713,185

The notes on pages 22 to 68 form an integral part of these financial statements.

Krungthai-AXA Life Insurance Public Company Limited
Statement of Comprehensive Income
For the year ended 31 December 2016

		(Restated)
	Notes	2015
		Baht Thousand
		2016
		Baht Thousand
Revenues		
Gross written premiums		55,944,234
<u>Less</u> Ceded premium		(226,575)
Net written premiums		55,717,659
<u>Less</u> Increase of unearned premium reserve from prior year		(440,025)
Net premium earned after reinsurance		55,277,634
Fee and commission income		159,131
Net investment income	30	6,693,290
Gains on investments in securities		359,641
Fair value gains from derivatives		52,673
Other income		28,070
Total revenues		62,570,439
Expenses		
Change in long-term technical reserve		28,227,497
Gross benefits and claim paid		16,247,093
<u>Less</u> Benefits and claim paid recovery from reinsurers		(86,199)
Net benefits and claim paid		16,160,894
Commissions and brokerages	30	7,555,510
Other underwriting expenses		796,493
Operating expenses	25, 30	3,454,927
Other expenses		18,469
Total expenses		56,213,790
Profit before tax		6,356,649
Income tax	27	(1,241,998)
Net income		5,114,651

The notes on pages 22 to 68 form an integral part of these financial statements.

Krungthai-AXA Life Insurance Public Company Limited
Statement of Comprehensive Income
For the year ended 31 December 2016

		(Restated)
		2015
	Notes	2016
		Baht Thousand
		Baht Thousand
Other comprehensive incomes (losses)		
<u>Items that will be reclassified subsequently to profit or loss</u>		
Unrealised gains (losses) on changes in value of available-for-sale investments		2,720,366
Gains (losses) on cash flow hedges		127,273
Items in other comprehensive income transferred to profit or loss		(276,595)
Income tax on items that will be reclassified subsequently to profit or loss		(514,209)
		210,213
Total items that will be reclassified subsequently to profit or loss		(840,852)
<u>Items that will not be reclassified subsequently to profit or loss</u>		
Actuarial loss on employee benefits obligation		(3,410)
Income tax on item that will not be reclassified subsequently to profit or loss		-
Total items that will not be reclassified subsequently to profit or loss		(3,067)
Other comprehensive income (loss) for the year, net of tax		(843,919)
Total comprehensive income for the year		4,270,732
Basic earnings per share (Baht)	29	
Basic earning per share		38.10
		37.75

Krungthai-AXA Life Insurance Public Company Limited
Statement of Changes in Shareholders' Equity
For the year ended 31 December 2016

Notes	Issued and paid-up share capital Baht Thousand	Unappropriated Retained earnings Baht Thousand	Unrealised gains (losses) on changes in value of available-for-sale investments Baht Thousand	Gain (loss) on cash flow hedge Baht Thousand	Actuarial gain(loss) on employee benefits obligation Baht Thousand	Total Baht Thousand
Beginning balance as at 1 January 2015						
Net profit	1,355,000	11,642,113	5,203,274	39,390	10,205	18,249,982
Dividends paid	-	5,163,146	-	-	-	5,163,146
Unrealised gains on changes in fair value of available-for-sale investments	-	(4,200,000)	-	-	-	(4,200,000)
Gain on cash flow hedge	-	-	2,176,293	-	-	2,176,293
Items in other comprehensive income transferred to profit or loss	-	-	(221,276)	101,818	-	101,818
Ending balance as at 31 December 2015						
Net profit	1,355,000	12,605,259	7,158,291	141,208	6,795	21,266,553
Dividends paid	-	5,114,651	-	-	-	5,114,651
Unrealised losses on changes in fair value of available-for-sale investments	-	(3,750,000)	-	-	-	(3,750,000)
Loss on cash flow hedge	-	-	(437,157)	-	-	(437,157)
Items in other comprehensive income transferred to profit or loss	-	-	(287,713)	(115,982)	-	(115,982)
Ending balance as at 31 December 2016						
	1,355,000	13,969,910	6,433,421	25,226	3,728	21,787,285

The notes on pages 22 to 68 form an integral part of these financial statements.

Krungthai-AXA Life Insurance Public Company Limited
Statement of Cash Flows
For the year ended 31 December 2016

	2016 Baht Thousand	(Restated) 2015 Baht Thousand
Cash in (out) from operating activities		
Written premium from direct insurance	55,066,413	54,309,802
Amount paid to reinsurance	(331,067)	(63,892)
Interest income	5,898,209	4,932,029
Dividend income	696,193	596,262
Other income	105,333	129,470
Gross benefits and claim paid from direct insurance	(14,872,046)	(11,645,884)
Commissions and brokerages	(7,840,014)	(8,623,830)
Other underwriting expenses	(796,494)	(712,119)
Operating expenses	(3,021,788)	(2,741,262)
Other expenses	(4,401)	(18,671)
Income tax expense	(1,185,996)	(1,452,462)
Cash received from sales investment in securities	57,395,362	52,231,183
Cash paid to purchase investment in securities	(85,126,201)	(80,826,405)
Loans	(988,442)	(1,382,301)
Deposits at banks	20,011	(4,532)
Net cash provided by operating activities	5,015,072	4,727,388
Cash in (out) from investing activities		
<u>Cash inflows</u>		
Leasehold improvements and equipment	1,291	10
Net cash provided by investing activities	1,291	10
<u>Cash outflows</u>		
Leasehold improvements and equipment	(467,961)	(46,524)
Computer software	(10,442)	(134,514)
Net cash used in investing activities	(478,403)	(181,038)
Net cash used in investing activities	(477,112)	(181,028)
Dividends paid to shareholders	(3,771,458)	(4,200,000)
Net cash used in financing activities	(3,771,458)	(4,200,000)
Net increase in cash and cash equivalents	766,502	346,360
Cash and cash equivalents at beginning of the year	2,207,630	1,861,270
Cash and cash equivalents at end of the year	2,974,132	2,207,630

The notes on pages 22 to 68 form an integral part of these financial statements.

Krungthai-AXA Life Insurance Public Company Limited
Notes to Financial Statements
For the year ended 31 December 2016

1. General information

Krungthai-AXA Life Insurance Public Company Limited (“the Company”) was registered as a limited company under the law of Thailand on 12 June 1997. The Company has been changed to public company limited on 1 October 2012. The address of its registered office is as follows:

9, G Tower Grand Rama 9, Floor 1, 20-27, Rama 9 Road, Huai Khwang, Huai Khwang, Bangkok 10310.

The principal business operation of the Company is to provide life insurance including reinsurance services in Thailand.

The major shareholders of the Company are Krungthai Bank Public Company Limited and National Mutual International Pty. Ltd.

The financial statements have been approved by the Company’s management on 27 March 2017.

2. Basis of preparation

These financial statements are prepared in accordance with Thai Generally Accepted Accounting Principles under the Accounting Act B.E. 2543, being those Thai Financial Reporting Standards (TFRS) issued under the Accounting Profession Act B.E. 2547. In addition, the financial statements presentation are based on the formats of life insurance financial statements attached in an Office of Insurance Commission’s notification “Principle, methodology, condition and timing for preparation, submission and reporting of financial statements and operation performance for life insurance company B.E. 2559” dated on 4 March 2016 (‘OIC Notification’).

The Company also has applied the AXA’s Group accounting policy of “Derivative financial instruments and hedging activities”. The details are described in note 3.6.

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 6.

An English version of the financial statements has been prepared from the 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 financial statements shall prevail.

3. Accounting policies

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

1) New financial reporting standards and revised accounting standards, revised financial reporting standards which are effective on 1 January 2016.

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

TAS 19 (revised 2015)	Employee benefits
TAS 24 (revised 2015)	Related party disclosures
TFRS 4 (revised 2015)	Insurance contracts
TFRS 13 (revised 2015)	Fair value measurement

TAS 19 (revised 2015), 'Employee benefits' is amended to apply to contributions from employees or third parties to defined benefit plans and to clarify the accounting treatment of such contributions. The amendment distinguishes between contributions that are linked to service only in the period in which they arise and those linked to service in more than one period. The management assesses that this standard does not have a significant impact on the Company's financial statements.

TAS 24 (revised 2015), 'Related party disclosures' includes as a related party and entity that provides key management personnel services to the reporting entity or to the parent of the reporting entity (the 'management entity'). Disclosure of the amounts charged to the reporting entity is required. The management assesses that this standard does not have a significant impact on the Company's financial statements.

TFRS 4 (revised 2015) applies to all insurance contracts (including reinsurance contracts) that an entity issues and to reinsurance contracts that it holds. The standard exempts an insurer temporarily from some requirements of other standards, including the requirement to consider the Framework in selecting accounting policies for insurance contracts. However, the standard (a) prohibits provision for possible claims under contracts that are not in existence at the end of the reporting period; (b) requires a test for the adequacy of recognised insurance liabilities and an impairment test for reinsurance assets; (c) requires an insurer to keep insurance liabilities in its statement of financial position until they are discharged or cancelled, or expired, and (d) to present insurance liabilities without offsetting them against related reinsurance assets. New adoption of accounting policies according to this financial reporting standard are discussed in note 3.12 and note 8.

TFRS 13 (revised 2015), 'Fair value measurement' is amended to clarify that the portfolio exception in TFRS 13 applies to all contracts (including non-financial contracts) within the scope of TFRS 9 (when announced). The management assesses that this standard does not have a significant impact on the Company's financial statements.

b) Financial reporting standards with minor changes and do not have a material impact:

There are 40 financial reporting standards with minor changes. The Company assesses that they do not have a material impact on its financial statements.

3. Accounting policies (Cont'd)

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

2) New financial reporting standards and revised accounting standards, revised financial reporting standards which are effective on 1 January 2017 and the company have not early adopted:

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

TAS 1 (revised 2016)	Presentation of financial statements
TAS 16 (revised 2016)	Property, plant and equipment
TAS 19 (revised 2016)	Employee benefits
TAS 34 (revised 2016)	Interim financial reporting
TAS 38 (revised 2016)	Intangible assets

TAS 1 (revised 2016), the amendments provide clarifications on a number of issues, including:

- Materiality - an entity should not aggregate or disaggregate information in a manner that obscures useful information. Where items are material, sufficient information must be provided to explain the impact on the financial position or performance.
- Disaggregation and subtotals - line items specified in TAS 1 may need to be disaggregated where this is relevant to an understanding of the entity's financial position or performance. There is also new guidance on the use of subtotals.
- Notes - confirmation that the notes do not need to be presented in a particular order.
- Other Comprehensive Income (OCI) arising from investments accounted for under the equity method - the share of OCI arising from equity-accounted investments is grouped based on whether the items will or will not subsequently be reclassified to profit or loss. Each group should then be presented as a single line item in the statement of other comprehensive income.

The Company is currently assessing the impact of this accounting standard.

TAS 16 (revised 2016), key amendments are the amendments clarify that depreciation of an item of property, plant and equipment based on revenue generated by using the asset is not appropriate. The Company is currently assessing the impact of this accounting standard.

TAS 19 (revised 2016), the amendments clarify that when determining the discount rate for post-employment benefit obligations, it is the currency that the liabilities are denominated in that is important and not the country where they arise. The Company is currently assessing the impact of this accounting standard.

TAS 34 (revised 2016), the amendments clarify that what is meant by the reference in the standard to 'information disclosed elsewhere in the interim financial report'; entities taking advantage of the relief must provide a cross-reference from the interim financial statements to the location of that information and make the information available to users on the same terms and at the same time as the interim financial statements. The Company assesses that this standard does not have a significant impact on the Company's financial statements.

3. Accounting policies (Cont'd)

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

2) New financial reporting standards and revised accounting standards, revised financial reporting standards which are effective on 1 January 2017 and the company have not early adopted: (Cont'd)

a) Financial reporting standards, which have significant changes and are relevant to the Company: (Cont'd)

TAS 38 (revised 2016), the amendments include a rebuttable presumption that the amortisation of intangible assets based on revenue is inappropriate. This presumption can be overcome if either the intangible asset is expressed as a measure of revenue (i.e. where a measure of revenue is the limiting factor on the value that can be derived from the asset), or it can be shown that revenue and the consumption of economic benefits generated by the asset are highly correlated. The Company is currently assessing the impact of this accounting standard.

b) Financial reporting standards with minor changes

There are 47 financial reporting standards with minor changes. The Company assesses that they do not have a material impact on its financial statements.

3.2 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates ('the functional currency'). The financial statements are presented in Thai Baht, which is the Company's functional 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 of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss.

When a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. Conversely, when a gain or loss on a non-monetary item is recognised in profit and loss, any exchange component of that gain or loss is recognised in profit or loss.

3.3 Cash and cash equivalents

Cash and cash equivalents consist of cash in hand, deposits held at call with banks and all highly liquid investments with maturity of three months or less from acquisition date.

3. Accounting policies (Cont'd)

3.4 Premium due and uncollected and allowance for doubtful accounts

Premium due and uncollected are carried at anticipated realisable value. The allowance for doubtful accounts is determined for insurance premiums that are supposed to be lapsed and past due collection for renewal. The Company provided the estimated collection losses on premium due and uncollected at the end of the year. Such estimated losses are based on the Company's collection experience.

3.5 Investments in securities

Basis of investment classification

Available-for-sale securities are marketable securities which are held principally for other than trading purpose. However, the Company will readily sell the securities if opportunities arise.

Carrying value of investments

Available-for-sale securities comprising debt and equity securities are carried at fair values. Fair value of debt securities is determined based on the required rate of return or the yield rate quoted by the Thai Bond Market Association. Fair value of marketable equity securities is based on the latest bid price of the last working day of the year as quoted on the Stock Exchange of Thailand.

Unrealised gains or losses resulting from changes in fair value of available-for-sale securities are included in shareholders' equity.

Unrealised gains or losses from revaluation of foreign exchange rate in investments in debt securities are classified as net investment income.

Realised gains or losses from revaluation of foreign exchange rate in investments in debt securities are classified as gains (losses) from investment.

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

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount, calculated on weighted average method, is charged or credited to the statement of comprehensive income.

3. Accounting policies (Cont'd)

3.6 Derivative financial instruments and hedging activities

Derivative financial instruments are recognised at fair values on the date a derivative contract is entered into and are subsequently re-measured at their fair value as at reporting date. The method of recognising the resulting gain or loss depends on whether or not the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

Derivative financial instruments that are not designated as a hedging instrument is re-measured at fair values which are obtained from quoted market price, or other widely used methods. Gain or loss on such agreements and changes in related fair values as at period end are reflected in the statement of comprehensive income.

When derivatives financial instruments are designated as a hedging instrument, the Company measures derivatives classified as hedging transactions according to the natures of items being hedged. The Company designates certain derivatives as either:

(1) Fair value hedge

Changes in the fair value of derivatives that are designated and qualified as fair value hedges are recorded in profit and loss, together with any changes in the fair value of the hedged items that are attributable to the hedged risk.

(2) Cash flow hedge

The effective portion of changes in fair value of derivatives that are designated and qualified as cash flow hedges are recognised in other comprehensive income. The gain and loss relating to the ineffective portion is recognised immediately in the statement of comprehensive income. Amount accumulated in equity are recycled to the statement of comprehensive income in the periods in which the hedged item will affect the statements of comprehensive income.

(3) Net investment hedge

Hedge of net investment in foreign operations are accounted for similarly to cash flow hedge.

At the inception of the hedge, the Company documents the relationship between hedged items and hedging instruments, as well as their risk management objective. The Company also assesses the hedge effectiveness in offsetting changes in fair values or cash flows of hedged items on an ongoing basis both at the hedge inception and every financial reporting date.

3.7 Loan

Loans including policy loan is stated at principal amounts less allowance for doubtful accounts. Allowance for doubtful accounts is assessed primarily on an analysis of payment histories, future expectations of borrower's repayments, the aging of loan and collaterals. Bad debts are written off when no recoveries are expected.

3. Accounting policies (Cont'd)

3.8 Assets held to cover linked liabilities

Assets held to cover linked liabilities are invested assets held for policies issued that policy holders take risks and rewards of changes in value of those assets such as unit-linked. They are initially recognised at cost which is equal to the fair value of consideration paid plus transaction costs and subsequently measured at fair. Unrealised gain (loss) arising from changes in fair value are recorded in profit or loss in the year in which they arise

3.9 Leasehold improvements and equipment

Leasehold improvements and equipment are 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. Leasehold improvements and equipment are presented in the statement of financial position at cost less accumulated depreciation.

Depreciation is calculated using the straight-line method over the estimated useful lives as follows:

Leasehold improvements	5 years
Furniture and equipment	3 and 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.

When asset is disposed, the Company will write-off both the asset accounts and its related accumulated depreciation, and recognised any gain or loss from disposal of the asset in the statements of comprehensive income.

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 asset 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. Repairs and maintenance expense is recognised in the statement of comprehensive income during the financial period in which they are incurred.

The cost of leasehold improvements under operating lease is capitalised and depreciated as an operating expense over the remaining life of the lease or the useful life of the improvement, whichever is shorter.

3.10 Computer Software

Software is stated at cost less accumulated amortisation and is amortised using straight-line method over the estimated useful life of 5 years.

3. Accounting policies (Cont'd)

3.11 Accounting for leases - where the Company is lessee

Leases not transferring a significant portion of the risks and rewards of ownership to the lessee are classified as operating leases. Payments made under operating leases are charged to the statements of comprehensive income on a straight-line basis over the period of the leases.

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.

Leases of assets which transfer substantially all the risks and rewards of ownership to lessee are classified as finance leases. Finance leases are capitalised at the lower to the fair value of the leased property or the present value of the minimum lease payments. The outstanding rental obligations, net of finance charges, are included in other long-term payable, while the interest element is charged to the statement of comprehensive income over the lease period. Assets acquired under finance lease is depreciated over the shorter of the useful life of the asset and the lease term.

3.12 Insurance and investment contract

3.12.1 Product classification

The Company classified its contracts written as either insurance contracts or investment contracts, depending on the level of insurance risk.

Insurance contracts are those contracts that transfer significant insurance risk, while investment contracts are those contracts without significant insurance risk. Some insurance and investment contracts, referred to as participating business, have discretionary participation features, "DPF", which may entitle the customer to receive, as a supplement to guaranteed benefits, additional non-guaranteed benefits, such as policyholder dividends or bonuses.

The Company applies the same accounting policies for the recognition and measurement of obligations arising from investment contracts with DPF as it does for insurance contracts.

Also, the Company measures certain insurance contract liabilities with reference to applicable statutory requirements in accordance with Office of Insurance Commission.

In the event that a scenario (other than those lacking commercial substance) exists in which an insured event would require the Company to pay significant additional benefits to its customers, the contract is accounted for as an insurance contract.

For investment contracts that do not contain DPF, accounting policies for measurement and recognition of financial liabilities, and, if the contract includes an investment management element, TAS 18 (revised 2015), Revenue Recognition, are applied.

3. Accounting policies (Cont'd)

3.12 Insurance and investment contract (Cont'd)

3.12.1 Product classification (Cont'd)

TFRS 4 (revised 2015) permits the continued use of previously applied accounting policies for insurance contracts and investment contracts with DPF, and this basis has been adopted by the Company in accounting for such contracts. Once a contract has been classified as an insurance or investment contract, no reclassification is subsequently performed unless the terms of the agreement are later amended.

3.12.2 Insurance contracts and investment contracts with DPF

a) Unbundling deposit component

The Company applies a policy of unbundling for insurance contract only in circumstances when both of the following conditions are met:

- The deposit component (including any embedded surrender option) can be measured separately (i.e. without taking into account the insurance component); and
- The Company's accounting policies do not otherwise require the recognition of all obligations and rights arising from the deposit component.

b) Liability adequacy testing

The adequacy of insurance liabilities is assessed by portfolio of contracts, in accordance with the Company's manner of acquiring, servicing and measuring the profitability of its insurance contracts. The insurance liabilities are compared to the gross premium valuation calculated on a best estimate basis, as of the valuation date. If there is a deficiency, the liabilities are increased by the amount of the deficiency and recognised directly in profit or loss.

c) Long term and short term insurance contracts

Long term insurance contracts are insurance contracts which the term of contract is more than 1 year or the contract which have automatic approve of renewal which the Company cannot terminate and cannot increase or decrease premium, including changes in other benefit throughout the contract term.

Short term insurance contracts are insurance contracts which do not have terms and conditions as long term insurance contracts.

The mentioned classification of long term and short term insurance contracts is in accordance with approach for Risk-Based Capital report.

Long-term technical reserves

Long-term technical reserves represent the accumulated total liability of estimation reserve for policies inforce by Net Premium Valuation method as according to Actuarial principles on the date of statement of financial position. Such reserves are established

3. Accounting policies (Cont'd)

3.12 Insurance and investment contract (Cont'd)

3.12.2 Insurance contracts and investment contracts with DPF (Cont'd)

c) Long term and short term insurance contracts (Cont'd)

in the amounts adequate to meet the estimated future obligations of all life insurance policies inforce.

d) Measurement of insurance contracts and investment contracts with DPF

Claim liabilities

Reported claims and claims incurred but not reported represent the estimated cost of all claims notified but not settled less reinsurance recoveries based on data available as at statement of the financial position date. Differences between the balance of outstanding claims at the statement of financial position date and subsequent revisions and settlements are included in profit or loss in later periods.

Premium liabilities: Unearned premium reserves

Unearned premium reserves for group insurance and short-term riders are calculated on a pro-rata basis incorporating the outstanding duration of each policy.

Premium liabilities: Unexpired risk reserve

Unexpired risk reserve (URR) represents the future cost of insurance coverage from the statement of financial position date to the subsequent dates of expiry of the policies for all policies inforce at the statement of financial position date. The Company recognises the variance in profit or loss in case that the URR is higher than UPR.

Unpaid policy benefits

Unpaid policy benefits are benefits payment under condition specified within policy which are unpaid to policyholders such as maturities, surrenders and dividends. Maturities and surrenders are accrued when due. Dividend benefits are accrued in anticipation of declarations.

Due to insured

Due to insured reflects premium received in advanced and others payable to policyholders other than policy benefits specified in policies. Premium received in advanced is recognised in liabilities when cash received. Others payable to policyholders are accrued when the Company has obligation to pay.

3. Accounting policies (Cont'd)

3.12 Insurance and investment contract (Cont'd)

3.12.2 Insurance contracts and investment contracts with DPF (Cont'd)

d) Measurement of insurance contracts and investment contracts with DPF (Cont'd)

Universal life and unit linked product

The reserve for investment element of the universal life policies and investment linked product represents 100% of the account value.

3.12.3 Reinsurance

The Company cedes reinsurance in the normal course of business, with retentions varying by line of business. Premiums ceded and claims reimbursed are presented on a gross basis in statement of comprehensive income and statement of financial position.

Amount due from reinsurance includes receivables from reinsurers both domestic and overseas which consists of claim recovery receivables, commission income receivables and other receivables.

If amount due from reinsurance is impaired, the Company reduces the carrying amount accordingly and recognises that impairment loss in the statements of comprehensive income. Amount due from reinsurance is impaired if there is objective evidence, as a result of an event that occurred after initial recognition, that the Company may not receive all amounts due to it under the terms of the contract, and the impact on the amounts that the Company will receive from the reinsurer can be reliably measured.

3.13 Provisions

Provisions 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. Where the Company expects a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

3.14 Employee benefits

The Company has retirement benefits both defined benefit and defined contribution plans. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate fund. The Company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. A defined benefit plan is a pension plan that is not a defined contribution plan. Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

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

3.14 Employee benefits (Cont'd)

a) Defined benefit plans

Retirement benefits

Under Labour Laws applicable in Thailand and Company's employment policy, all employees completing 120 days of service are entitled to severance pay on termination or retrenchment without cause or upon retirement age of 60. The severance pay will be at the rate according to number of years of service as stipulated in the Labor Law which is currently at a maximum rate of 300 days of final salary.

The liability recognised in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets, together with adjustments for unrecognised past-service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using market yield of government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability.

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

Past-service costs are recognised immediately in profit or loss.

The management assesses the appropriate estimation of such provision on a regular basis.

b) Defined contribution plans

Provident fund

The Company established a contributory registered provident fund in accordance with the Provident Fund Act B.E. 2530, being a defined contribution plan. The registered provident fund plan was approved by the Ministry of Finance on 25 March 1998. The provident fund is funded by payments from employees and by contribution from the Company. The assets for which are held in a separate fund and managed by a qualified fund manager in accordance with the terms and conditions as prescribed in the Ministerial Regulations under Provident Fund Act B.E. 2530. The Company's contributions to the provident fund are charged to the statements of comprehensive income in the years to which they relate.

Share-based compensation

AXA SA France, which is one of the ultimate parent companies of the Company, launched share-based compensation plans, under which the Company receives services from the employees, as consideration for the shares of AXA SA France.

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

3.14 Employee benefits (Cont'd)

b) Defined contribution plans (Cont'd)

Share-based compensation (Cont'd)

The fair value of the employee services received in exchange for the grant of shares or share options is recognised as an expense over the vesting period. The obligation from share-based payment is presented under liabilities.

3.15 Agency security fund

The Company has an agency security fund for life insurance agents of the Company, which is managed by an asset management company. The Company's contributions are recorded as an asset and liability in the statement of financial position.

3.16 Financial assets and financial liabilities

Significant financial assets carried on the statement of financial position include cash and cash equivalents, accrued investment income, premium due and uncollected, derivative assets, reinsurance assets, investments in available-for-sales securities, policy loans, assets held to cover linked liabilities and accounts receivable-investments. Significant financial liabilities include due to reinsurers, unpaid policy benefits, derivative liabilities and amounts payable-investments. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

3.17 Securities lending

Loaned securities under a securities-lending agreement which securities are loaned to third parties on a short-term basis are not derecognized and so they continue to be recognised within investment in available-for-sale and valued at fair as of the reporting date.

3.18 Collateral

Cash received and pledged as a collateral to a counter party occur in respect to derivative transactions and securities lending agreements in order to reduce the credit risk of these transactions. The cash received is recognised at its fair value as an asset with a corresponding liability for the repayment. The cash pledged is recognised at its fair value as an asset and the cash pledged will not be derecognized from the statement of financial position.

3.19 Basic earnings per share

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

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

3.20 Related parties

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.

3.21 Share capital

Ordinary shares are classified as equity. Incremental external costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

3.22 Legal reserve

Under the Public Company Law B.E.2535, the Company is required to set aside a statutory reserve at least 5 percent of its net profit for the year less outstanding deficits (if any) until the reserve is equal to 10 percent of the Company's registered share capital. The legal reserve is non-distributable.

3.23 Dividends payment

Dividends are recorded in the financial statements in the period in which they are approved by the shareholders and the Office of Insurance Commission.

3.24 Current and Deferred income taxes

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, 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 tax authorities.

Deferred income tax is recognised, 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.

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

3.24 Current and Deferred income taxes (Cont'd)

Deferred income tax is determined using tax rates (and laws) 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.

The principal temporary differences arise from allowance for doubtful debt - premium receivables, provision for claims incurred but not reported, provision for employee benefit obligation, provision for litigations, change in value of financial derivatives, change in foreign exchange rate of financial derivatives and change in value of available-for-sale investments.

Deferred income tax assets and liabilities are offset with 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 related to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities when this is an intention to settle the balances on net basis.

3.25 Recognition of revenues and expenses

a) Premiums

Premiums from life insurance contracts, includes participating policies and annuity policies with contingent benefits insurance. For first year policies, life premium income is recognised as revenue when the first premium installment is fully received and the policy is effective. Renewal premium is recognised as revenue when premium is due. Short-term products' premium is recognised as revenue on the effective date of the insurance policy. The movement in unearned premium reserve is presented under "Increase of unearned premium reserve from prior year".

Ceded premium is recognized when the insurance risk is transferred to another reinsurer.

Amounts collected as premiums from insurance contracts with investment features but with sufficient insurance risk to be considered insurance contracts, such as universal life, and unit-linked contracts, are accumulated as deposits. Revenue from these contracts consists of policy fees for the cost of insurance, administration, and surrenders during the period. Upfront fees are recognised over the estimated life of the contracts to which they relate. Policy benefits and claims that are charged to expenses include benefit claims incurred in the period in excess of related policyholder contract deposits and interest credited to policyholder deposits.

b) Policy benefits and claims

Insurance contract benefits reflect the cost of all maturities, surrenders, withdrawals and claims arising during the year, policyholder dividends accrued in anticipation of dividend declarations, as well as claims handling costs including internal and external costs incurred in connection with the negotiation and settlement of claims.

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

3.25 Recognition of revenues and expenses (Cont'd)

b) Policy benefits and claims (Cont'd)

Accident and health claims incurred include all losses occurring during the year, related handling costs, a reduction for recoveries, and any adjustments to claims outstanding from previous years.

Benefit payments to policyholders are recorded when the notice of a claim has received or the policyholder requests to surrender the policy. Other benefits are recognised when due or on maturity.

c) Policy acquisition cost

Policy acquisition cost i.e. commissions and brokerages are recognised when incurred.

d) Universal life products

The change in account value of universal life products are presented in “change in long-term technical reserve”

e) Investment income

Interest income is recognised on a time proportion basis, taking account of the principal outstanding and the effective yield rate over the period to maturity.

Dividends on securities are recognized on the dividend declaration date.

f) Other income and expenses

Other income and expenses are recognised on an accrual basis.

4. Risk management

The Company financial risk management framework is consistent with the AXA's Group that to effectively manage, rather than to eliminate, the risks the Company faces.

As an insurer, the Company is exposed to a range of insurance and financial risks. The Company applies a consistent risk management policy that is embedded in management processes and controls such that both existing and emerging risks are considered and addressed. In addition, the Company has established the enterprise risk management function for managing and monitoring the enterprise wide risks and also has established sub-committee among the Company to manage specific risks which are Financial Risk Committee (FRC) and Operational Risk Committee (ORC) which directly report to the Company's key management.

The following section summarises the Company's insurance and financial risk management.

4. Risk management (Cont'd)

4.1 Insurance risk

4.1.1 Concentration

To the extent and nature of regulations under Thailand RBC framework and AXA Group's internal policy, management considers the concentration of risk in various perspectives. The management reviews its exposure to ensure that the risk underwritten are diversified geographically, line of business unwritten, reinsurer and types of investments in order to manage concentration risk. Concentration risk is monitored and analysed by risk management and other relevant functions. The Company offers a wide range of well-mixed insurance products such as whole-life, saving, protection, credit life and accident and health to various group of customers across geographical area of Thailand.

4.1.2 Lapse

Lapse experience on savings products is much lighter than on whole-life and health products. The Company annually reviews its lapse assumptions based on recent experience. Management closely monitors lapse experience and sets the lapse assumptions to be very close with the actual experience. Management also considers the inherent volatility in customer lapse behavior.

The lapse rates for riders are assumed to follow the same lapse rates as the attached base products. For new products that still do not have credible lapse experience, management uses best estimates from experience of comparable products and budgeting process.

4.1.3 Expenses

The expense assumptions are in line with actual expenses, since the Company derives its unit cost assumptions from actual expenses excluding one-off costs that are not expected to recur. Unit costs used in the current year were derived from the actual expenses in the previous financial year. While the Company is experiencing an increase in acquisition costs and operating expenses from various business projects, it actively manages expenses to reduce the risk of actual experience being adversely deviated from the assumption used in the pricing of products.

4.1.4 Mortality and Morbidity

The deviation of actual claims experience and mortality and morbidity assumption used can significantly impact the operating result. The experience is volatile at the individual product level, particularly for smaller products such as basic term assurances. The Company uses both its own experience and industry data to develop estimates and to ensure that the total company level of actual claims is close to or lower than the expected claims. The company's mortality and morbidity assumptions are therefore considered to be adequate.

An effective reinsurance program is used by the Company to reduce insurance risk to provide adequate protection of the Company's capital and the exposure or losses.

4. Risk management (Cont'd)

4.2 Financial risk management

4.2.1 Credit risk

The Company is exposed to credit risk primarily with respect to premium due and uncollected. The Company manages the risk by adopting appropriate credit control policies and procedures and therefore does not expect to incur material financial losses. In addition, the Company does not have high concentration of credit risk since it has a large customer base. The maximum exposure to credit risk is limited to the carrying amounts of premium due and uncollected as stated in the statement of financial position.

4.2.2 Interest rate risk

The Company's exposure to interest rate risk relates primarily to investments in debt securities, loans and deposit at financial institutions. The majority of the Company's financial assets and liabilities bear fixed interest rates and are long term and therefore, their value may fluctuate due to changes in market interest rates.

Significant financial assets and liabilities as at 31 December 2016 and 2015 classified by type of interest rates are summarised in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date.

Unit : million Baht	2016						
	Fixed interest rates			Floating interest rate	Non-interest bearing	Total	Interest rate (% p.a.)
	Within 1 year	1-5 years	Over 5 years				
Financial assets							
Cash and cash equivalents	-	-	-	2,964	10	2,974	0.00 - 0.75
Derivative assets	-	277	496	39	59	871	4.00 - 8.00
Investments	2,117	38,693	126,961	-	18,839	186,610	0.00 - 7.88
Loans	6,065	-	-	-	-	6,065	6.00 - 8.00
	8,182	38,970	127,457	3,003	18,908	196,520	
Financial liabilities							
Derivative liabilities	140	95	536	14	9	794	1.00 - 7.00
	140	95	536	14	9	794	

4. Risk management (Cont'd)

4.2 Financial risk management (Cont'd)

4.2.2 Interest rate risk (Cont'd)

Unit : million Baht				2015			
	Fixed interest rates			Floating interest rate	Non- interest bearing	Total	Interest rate (% p.a.)
	Within 1 year	1-5 years	Over 5 years				
Financial assets							
Cash and cash equivalents	-	-	-	2,198	(105)	2,093	0.10 - 0.75
Derivative assets	-	181	382	-	7	570	4.00 - 5.00
Investments	2,480	22,956	119,116	-	14,817	159,369	0.00 - 6.80
Loans	4,126	-	-	-	-	4,126	6.00 - 8.00
	<u>6,606</u>	<u>23,137</u>	<u>119,498</u>	<u>2,108</u>	<u>14,719</u>	<u>166,158</u>	
Financial liabilities							
Derivative liabilities	-	16	496	-	3	515	3.50 - 7.00
	<u>-</u>	<u>16</u>	<u>496</u>	<u>-</u>	<u>3</u>	<u>515</u>	

4.2.3 Foreign currency risk

The Company's exposure to foreign currency risk arises mainly from investment in foreign bonds and amounts due to/from related companies which are denominated in foreign currencies. The Company has entered into cross currency interest rate swap contracts and foreign exchange forward to reduce the exposure.

4.2.4 Liquidity risk

The Company has adequate cash and investments in securities where there are active markets to deal with the liquidity risk.

4.2.5 Fair values risk

Fair value risk is the risk arising from the change in value of financial instruments which occurs from the change in market value. The risk of financial loss from adverse movement in the value of assets owing to market factors including changes in interest and foreign exchange rates and equity prices. The Company has a risk management committee to approve all policies associated with the evaluation of fair value risk exposure. The Company uses various tools to manage its fair value exposure such as derivatives and hedging activities.

The details of fair value is described in Note 5.

5. Fair values

5.1 Fair value estimation

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

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- 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 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

5.2 Fair value for assets and liabilities measured at fair value

The following table presents assets and liabilities that are measured at fair value at 31 December 2016.

	Level 1 Baht Thousand	Level 2 Baht Thousand	Level 3 Baht Thousand	Total Baht Thousand
Assets				
Derivatives	-	870,733	-	870,733
Available-for-sale				
Deposit at financial institutions with original maturing more than 3 months	35,892	-	-	35,892
Debt securities	-	165,599,645	-	165,599,645
Equity securities	10,663,135	-	-	10,663,135
Unit Trust	7,463,825	-	-	7,463,825
ETF	710,857	-	-	710,857
Other securities	-	2,136,249	-	2,136,249
Total Available-for sale financial assets	18,873,709	167,735,894	-	186,609,603
Total assets	18,873,709	168,606,627	-	187,480,336
Liabilities				
Derivatives	-	793,872	-	793,872
Total liabilities	-	793,872	-	793,872

There was no transfer between Levels 1 and 2 during the year.

5. Fair values (Cont'd)

5.2 Fair value for assets and liabilities measured at fair value (Cont'd)

- Financial instruments in level 1

The fair value of financial instruments traded in active markets is based on quoted market prices at the statement of financial position date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the group is the current bid price. These instruments are included in Level 1.

- Financial instruments in level 2

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

5.3 Fair value for assets and liabilities for which the fair value is disclosed

Fair value of policy loans is determined by using amortised cost discounted by effective interest rate. The significant balance of loans is fixed interest rate bearing which management has assessed that the effective interest rate approximates to market rate. The carrying value amount is a reasonable approximation of fair value (Level 2).

Other financial instruments not carried at fair value are typically short-term receivables and payables in nature. They are not sensitive to external market factors. Accordingly, their carrying value amount is a reasonable approximation of fair value. This includes cash and cash equivalents, accrued investment income, premium due and uncollected, reinsurance receivable, agency security fund, Accounts receivable investment and other receivables, due to reinsurers, unpaid policy benefits and other liabilities of policy under insurance liabilities, accrued expense, Accounts payable investment and other payables.

Management has assessed that the fair value of financial assets and liabilities does not significantly differ from their carrying values.

6. Critical accounting estimates, assumptions and judgements

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

6.1 Product classification

The Company issues contracts that transfer insurance risk or financial risk or both. Insurance contracts are those contracts that transfer significant insurance risk, while investment contracts are those contracts without significant insurance risk. The Company exercises significant judgement to

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

6.1 Product classification (Cont'd)

determine whether there is a scenario (other than those lacking commercial substance) in which an insured event would require the Company to pay significant additional benefits to its customers.

In the event the Company has to pay significant additional benefits to its customers, the contract is accounted for as an insurance contract. The judgements exercised in determining the level of insurance risk in product classification affect the amounts recognised in the financial statements as insurance and investment contract liabilities. The accounting policy on product classification is described in note 3.12.1.

6.2 Insurance contract liabilities

The Company calculates the insurance contract liabilities for traditional life insurance using a net level premium valuation method, whereby the liability represents the present value of estimated future policy benefits to be paid, less the present value of estimated future net premiums to be collected from policyholders. This method uses best estimate assumptions at inception for mortality, morbidity, expected investment yields, policyholder dividends (for other participating business), surrenders and expenses set at the policy inception date.

These assumptions remain locked in thereafter, unless a deficiency arises on liability adequacy testing. Interest rate assumptions can vary by year of issuance and product. Mortality, surrender and expense assumptions are based on actual experience modified to allow for variations in policy form. The Company exercises significant judgement in making appropriate assumptions.

For contracts with an explicit account balance, such as universal life and unit-linked contracts, insurance contract liabilities represent the accumulation value, which represents premiums received and investment returns credited to the policy less deductions for mortality and morbidity costs and expense charges. Significant judgement is exercised in making appropriate estimates of gross profits which are based on historical and anticipated future experiences, these estimates are regularly reviewed by the Company.

The Company accounts for insurance contract liabilities for participating business written by establishing a liability for the present value of guaranteed benefits less estimated future net premiums to be collected from policyholders. Establishing these liabilities requires the exercise of significant judgement. In addition, the assumption that all relevant performance is declared as a policyholder dividend may not be borne out in practice. The Company accounts for insurance product with guarantee dividend by establishing a liability for the present value of guaranteed benefits and non-guaranteed participation, less estimated future net premiums to be collected from policyholders.

The judgements exercised in the valuation of insurance contract liabilities affect the amounts recognised in the financial statements as insurance contract benefits and insurance contract liabilities. Further details of the related accounting policy, key risk and variables, and the sensitivities of assumptions to the key variables in respect of insurance contract liabilities are provided in notes 20.3.3.

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

6.3 Liabilities adequacy testing

The Company evaluates the adequacy of its insurance and investment contract liabilities with DPF quarterly. Significant judgment is exercised in determining the level of aggregation at which liability adequacy testing is performed and in selecting best estimate assumptions. Liability adequacy is assessed by portfolio of contracts in accordance with the Company's manner of acquiring, servicing and measuring the profitability of its insurance contracts. The Company performs liability adequacy testing at company level.

6.4 Fair value of derivatives and other non-marketable financial instruments.

The fair value of financial instruments that are not traded in an active market such as over-the-counter derivatives and other non-marketable financial instruments are determined by using valuation techniques. The Company uses its judgement to select a variety of methods and make assumptions that are mainly based on market condition existing at the end of each reporting period.

6.5 Impairment of premium due and uncollected, other receivables and financial assets

The Company maintains an allowance for doubtful accounts to reflect impairment of premium due and uncollected and other receivables 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 date of statement of financial position.

Financial assets classified as available-for-sale and carried at cost/amortised cost are assessed for impairment regularly. This requires the exercise of significant judgement. The Company assess at each reporting date whether there is objective evidence that a financial assets is impaired.

6.6 Leasehold improvements and equipment and intangible assets

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

6.7 Deferred income taxes

Deferred tax liabilities are provided in full on all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that future taxable profit 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.

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

6.8 Employee benefits

The present value of the employee benefits obligation depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions will have an impact on the carrying amount of employee benefits obligation.

The Company determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the employee benefits obligation. In determining the appropriate discount rate, the Company considers market yield of government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related employee benefit liability.

Other key assumptions for employee benefits obligation are based in part on current market conditions. Additional information is disclosed in Note 22.

7. Capital risk management

The objectives when managing capital are to safeguard the ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

8. Change in accounting policies and presentation

The accounting policies are changed by adoption of the new financial reporting standard which is TFRS 4 (revised 2015). Its impacts are on product classification, insurance contracts and investment contracts with DPF and investment contracts. The impact of these changes on previous year is disclosed in Note 3.12.

In addition, OIC has prescribed a new financial statements format for insurance companies.

The effects of the changes to the Company's statement of financial position as at 31 December 2015 and 1 January 2015 and statement of comprehensive income for the year ended 31 December 2015 are as follows:

8. Change in accounting policies and presentation (Cont'd)

	31 December 2015			1 January 2015		
	As previously reported Baht Thousand	Reclassification Baht Thousand	Reclassified Baht Thousand	As previously reported Baht Thousand	Reclassification Baht Thousand	Reclassified Baht Thousand
Statement of financial position Assets						
Cash and cash equivalents	2,093,339	114,291	2,207,630	1,746,979	114,291	1,861,270
Investments in securities	-	159,368,766	159,368,766	-	128,403,205	128,403,205
Available-for-sale securities	159,369,383	(159,369,383)	-	128,403,550	(128,403,550)	-
Assets held to cover linked liabilities	-	617	617	-	345	345
Other assets	415,680	57,767	473,447	334,903	(242,233)	92,670
Liabilities						
Amounts due to reinsurers	219,788	27,362	247,150	109,019	34,701	143,720
Amounts withheld on reinsurance treaties	27,362	(27,362)	-	34,701	(34,701)	-
Insurance liabilities	-	142,906,289	142,906,289	-	112,661,278	112,661,278
Life policy reserve	134,955,787	(134,955,787)	-	106,254,468	(106,254,468)	-
Unpaid policy benefits	5,546,165	(5,546,165)	-	4,327,026	(4,327,026)	-
Loss reserves and outstanding claims	589,270	(589,270)	-	493,095	(493,095)	-
Premium reserve	1,428,081	(1,428,081)	-	1,218,551	(1,218,551)	-
Due to insured	386,986	(386,986)	-	368,138	(368,138)	-
Other liabilities	605,495	172,058	777,553	711,715	(127,942)	583,773

	For the year ended 31 December 2015		
	As previously reported Baht Thousand	Reclassification Baht Thousand	Reclassified Baht Thousand
Statement of comprehensive income			
Gross written premium	-	54,691,356	54,691,356
Ceded premium	-	(465,751)	(465,751)
Net written premium	54,277,114	(51,509)	54,225,605
Life policy reserve increase from previous year	28,910,849	(28,910,849)	-
Increase of unearned premium reserve from prior year	-	(209,530)	(209,530)
Change in long-term technical reserve	-	28,701,319	28,701,319
Insurance claims and loss adjustment expenses	1,947,968	(1,947,968)	-
Benefit payments to life policies	10,879,973	(10,879,973)	-
Gross benefits and claims paid	-	13,010,197	13,010,197
Benefits and claims paid recovery from reinsurers	-	(182,256)	(182,256)
Other incomes	47,306	96	47,402
Other underwriting expenses	149,515	562,604	712,119
Operating expenses	3,457,570	(447,465)	3,010,105
Other expenses	-	18,767	18,767
Contribution to Office of Insurance Commission	111,897	(111,897)	-
Contribution to Life guarantee fund	54,751	(54,751)	-

8. Change in accounting policies and presentation (Cont'd)

	For the year ended 31 December 2015		
	As previously reported Baht Thousand	Reclassification Baht Thousand	Reclassified Baht Thousand
Statement of cash flows			
Net premium written	54,160,798	(54,160,798)	-
Written premium received from direct insurance	-	54,309,802	54,309,802
Amount paid to reinsurance	-	(63,892)	(63,892)
Other incomes	214,582	(85,112)	129,470
Benefit payments to life policies	(9,826,282)	9,826,282	-
Dividend to policyholders	(1,819,602)	1,819,602	-
Gross benefit and claims paid from direct insurance	-	(11,645,884)	(11,645,884)
Cash received for investments in securities (Investing activities)	52,231,183	(52,231,183)	-
Cash received from sales investment in securities (Operating activities)	-	52,231,183	52,231,183
Cash paid for investments in securities (Investing activities)	(80,826,405)	80,826,405	-
Cash paid to purchase investment in securities (Operating activities)	-	(80,826,405)	(80,826,405)
Cash paid for increase in loans (Investing Activities)	(1,382,301)	1,382,301	-
Loans (Operating Activities)	-	(1,382,301)	(1,382,301)
Cash paid for fixed deposits at banks with maturity over 3 months (Investing Activities)	(4,532)	4,532	-
Deposits at banks (Operating Activities)	-	(4,532)	(4,532)

9. Cash and cash equivalents

	2016 Baht Thousand	(Restated) 2015 Baht Thousand
Cash on hand	419	457
Deposits at banks without fixed maturity date	2,973,713	2,207,173
Cash and cash equivalents	2,974,132	2,207,630

As at 31 December 2016, deposits with banks included deposits for Universal Life policies amounting to Baht 10.1 million (2015: Baht 11.9 million).

As at 31 December 2016, the Company pledged cash collateral with financial institutions under derivative contracts amounting to Baht 253.0 million. There was cash collateral which financial institutions pledged under derivative contracts with the Company amounting to Baht 222.6 million. (2015: Baht 318.8 million and Baht 300.0 million, respectively)

10. Premium due and uncollected - net

The balances of premium due and uncollected as at 31 December 2016 and 2015 were aged as follows:

	From direct insurance	
	2016 Baht Thousand	2015 Baht Thousand
Not yet due	1,610,483	1,950,798
Overdue under 30 days	311,419	20,455
Overdue over 30 days to 60 days	38,614	22,955
Overdue over 60 days to 90 days	289	356
Overdue over 90 days	82,130	121,577
Total premium receivables	2,042,935	2,116,141
Less Allowance for doubtful accounts	(48,000)	(53,021)
Premiums receivables - net	1,994,935	2,063,120

11. Reinsurance assets

	2016 Baht Thousand	2015 Baht Thousand
Amounts due from reinsurer - current	20,119	17,831

12. Derivative

The table below presents derivatives including embedded derivatives separately from main contracts that meet the definition of a related financial reporting standard, by objective for holding as following:

	2016 Fair value		2015 Fair value	
	Assets Baht Thousand	Liabilities Baht Thousand	Assets Baht Thousand	Liabilities Baht Thousand
Held for hedge derivatives				
- Applied hedge accounting	276,402	(242,080)	180,901	(4,390)
- Not applied hedge accounting	594,331	(551,792)	389,090	(510,363)
Total derivatives	870,733	(793,872)	569,991	(514,753)

The Company has derivative financial instruments as below;

12. Derivative (Cont'd)

		2016			
Type	Objective	Notional Baht Thousand	Fair value		Net Baht Thousand
			Assets Baht Thousand	Liabilities Baht Thousand	
Cross currency interest swap	Manage currency risk of bonds denominated in foreign currency	10,205,054	505,623	(542,354)	(36,731)
Bond forward (for cash flow hedge)	Manage interest rate risk of bond	6,157,000	276,403	(242,079)	34,324
Foreign exchange forward	Manage currency risk of ETF denominated in foreign currency	1,017,786	59,144	(3,531)	55,613
Foreign exchange forward	Manage currency risk of accounts payable denominated in foreign currency	363,970	-	(5,908)	(5,908)
Credit default swaps	Manage credit risk of credit linked note issuer	690,000	29,563	-	29,563
Total derivative instruments		18,433,810	870,733	(793,872)	76,861

		2015			
Type	Objective	Notional Baht Thousand	Fair value		Net Baht Thousand
			Assets Baht Thousand	Liabilities Baht Thousand	
Cross currency interest swap	Manage currency risk of bonds denominated in foreign currency	6,299,370	381,907	(499,010)	(117,103)
Bond forward (for cash flow hedge)	Manage interest rate risk of bond	4,000,000	180,901	(4,390)	176,511
Foreign exchange forward	Manage currency risk of ETF denominated in foreign currency	690,661	3,889	(2,425)	1,464
Foreign exchange forward	Manage currency risk of accounts payable denominated in foreign currency	131,998	3,294	-	3,294
Credit default swaps	Manage credit risk of credit linked note issuer	300,000	-	(8,928)	(8,928)
Total derivative instruments		11,422,029	569,991	(514,753)	55,238

13. Investments in securities

	2016		(Reclassified) 2015	
	Cost/ Amortised cost Baht Thousand	Fair value Baht Thousand	Cost/ Amortised cost Baht Thousand	Fair value Baht Thousand
Available-for-sale securities				
Government bonds and State Own Enterprise bonds	108,290,030	113,049,758	92,029,991	99,482,698
Foreign Government bonds and State Own Enterprise bonds	390,000	388,682	-	-
Private enterprises securities	37,859,194	39,187,321	31,846,539	33,551,089
Foreign debt securities	12,859,745	12,973,884	9,196,663	9,362,391
Stocks	10,006,935	10,663,135	9,617,761	8,907,913
Mutual funds	7,128,114	8,174,682	5,715,823	5,908,335
Others	2,035,892	2,172,141	2,015,881	2,156,340
Total	178,569,910	186,609,603	150,422,658	159,368,766
<u>Add</u> Unrealised gains on changes in value of investments	8,039,693	-	8,946,108	-
Total available-for-sale securities	186,609,603	186,609,603	159,368,766	159,368,766

13. Investments in securities (Cont'd)

The details of debt securities classified as available-for-sale as at 31 December 2016 and 2015 are aged as follows:

	Cost											
	2016					2015						
	Maturing within					Maturing within						
	1 year	1-5 year	5 years	Total	1 year	1-5 year	5 years	Total	1 year	1-5 year	5 years	Total
	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht
	Thousand	Thousand	Thousand	Thousand	Thousand	Thousand	Thousand	Thousand	Thousand	Thousand	Thousand	Thousand
Available-for-sale securities												
Government bonds and State												
Own Enterprise bonds*	2,093,203	18,777,202	87,419,625	108,290,030	1,990,288	14,108,350	75,931,353	92,029,991				
Foreign government bonds and												
State Own Enterprise bonds	-	-	390,000	390,000	-	-	-	-				
Private enterprises securities	23,035	13,952,903	23,883,256	37,859,194	480,951	6,217,484	25,148,104	31,846,539				
Foreign securities	-	2,250,872	10,608,873	12,859,745	-	1,105,692	8,090,971	9,196,663				
Other	17,135,049	1,935,892	100,000	19,170,941	15,333,584	215,881	1,800,000	17,349,465				
Total	2,116,238	34,980,978	122,301,754	178,569,910	17,804,823	21,647,406	110,970,429	150,422,658				
Add Unrealised gains on change in												
value of investments	1,703,579	1,776,429	4,559,685	8,039,693	(508,862)	1,309,152	8,145,818	8,946,108				
Total available-for-sale securities	3,819,817	36,757,407	126,861,438	186,609,603	17,295,961	22,956,558	119,116,247	159,368,766				

*As at 31 December 2016, bonds of Baht 35,127 million (2015: Baht 29,884 million) have been deposited as a security with the registrar in accordance with the Life Insurance Act (No. 2) B.E 2551 (Note 31).

14. Loans

As at 31 December 2016 and 2015, the balance of loans and accrued interest are aged as follows:

Outstanding Period	Policy used as collateral					
	2016			2015		
	Principal Baht Thousand	Accrued interest income Baht Thousand	Total Baht Thousand	Principal Baht Thousand	Accrued interest income Baht Thousand	Total Baht Thousand
Not yet due	6,065,408	89,332	6,154,740	4,125,939	73,355	4,199,294
Loans	6,065,408	89,332	6,154,740	4,125,939	73,355	4,199,294

Cash values of insurance policies are used as collateral of the policy loans, and accrued interest income from policy loans is presented as a part of accrued investment income.

15. Assets held to cover linked liabilities

As at 31 December 2016 and 2015, assets held to cover linked liabilities in investment are as follows:

	2016 Baht Thousand	2015 Baht Thousand
Investment in mutual fund - debt securities	77	128
Investment in mutual fund - equity	139	247
Investment in mutual fund - balanced fund	256	227
Other	-	15
Total	472	617

16. Leasehold improvements and equipment - net

		2016											
		Cost					Accumulated depreciation					Leasehold improvements and equipment	
		Beginning balance	Additions	Disposals/transfer	Ending balance	Beginning balance	Depreciation charges	Disposals/transfer	Ending balance	Leasehold improvements and equipment beginning balance	Leasehold improvements and equipment ending balance		
		Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Thousand	Thousand
		Thousand	Thousand	Thousand	Thousand	Thousand	Thousand	Thousand	Thousand	Thousand	Thousand	Thousand	Thousand
Leasehold improvements		161,325	339,342	(127,822)	372,845	(132,609)	(21,483)	119,423	(34,669)	28,716	338,176		
Equipment		290,697	116,120	(76,906)	329,911	(194,427)	(57,430)	69,946	(181,911)	96,270	148,000		
Leasehold work in process		-	438,979	(400,376)	38,603	-	-	-	-	-	38,603		
Total		452,022	894,441	(605,104)	741,359	(327,036)	(78,913)	189,369	(216,580)	124,986	524,779		

		2015											
		Cost					Accumulated depreciation					Leasehold improvements and equipment	
		Beginning balance	Additions	Disposals/transfer	Ending balance	Beginning balance	Depreciation charges	Disposals/transfer	Ending balance	Leasehold improvements and equipment beginning balance	Leasehold improvements and equipment ending balance		
		Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Thousand	Thousand
		Thousand	Thousand	Thousand	Thousand	Thousand	Thousand	Thousand	Thousand	Thousand	Thousand	Thousand	Thousand
Leasehold improvements		152,657	8,668	-	161,325	(120,341)	(12,268)	-	(132,609)	32,316	28,716		
Equipment		317,333	37,856	(64,492)	290,697	(199,250)	(59,568)	64,391	(194,427)	118,083	96,270		
Total		469,990	46,524	(64,492)	452,022	(319,591)	(71,836)	64,391	(327,036)	150,399	124,986		

17. Intangible assets - net

Intangible assets as at 31 December 2016 and 2015 comprise of:

	2016											
	Cost				Accumulated depreciation				Intangible assets beginning balance		Intangible assets ending Balance	
	Beginning balance Baht	Additions Baht	Disposals/transfer Baht	Ending balance Baht	Beginning balance Baht	Depreciation charges Baht	Disposals/transfer Baht	Ending balance Baht	Intangible assets beginning balance Baht	Intangible assets ending Balance Baht	Intangible assets beginning balance Baht	Intangible assets ending Balance Baht
Thousand	Thousand	Thousand	Thousand	Thousand	Thousand	Thousand	Thousand	Thousand	Thousand	Thousand	Thousand	Thousand
<u>Developed in-house</u>												
Computer software	282,677	36,026	-	318,703	(150,774)	(43,520)	-	(194,294)	131,903	124,409	131,903	124,409
Work-in-process	20,368	77,907	(43,852)	54,423	-	-	-	-	20,368	54,423	20,368	54,423
Total	303,045	113,933	(43,852)	373,126	(150,734)	(43,520)	-	(194,294)	152,271	178,832	152,271	178,832
<u>Buying</u>												
Computer software	139,107	3,103	-	142,210	(115,739)	(7,838)	-	(123,577)	23,368	18,633	23,368	18,633
Total	139,107	3,103	-	142,210	(115,739)	(7,838)	-	(123,577)	23,368	18,633	23,368	18,633
Grand total	442,152	117,036	(43,852)	515,336	(266,513)	(51,358)	-	(317,871)	175,639	197,465	175,639	197,465

17. Intangible assets - net (Cont'd)

Intangible assets as at 31 December 2016 and 2015 comprise of: (Cont'd)

2015

	Cost			Accumulated depreciation			Intangible assets beginning balance Baht Thousand	Intangible assets ending Balance Baht Thousand		
	Beginning balance Baht Thousand	Additions Baht Thousand	Disposals/ transfer Baht Thousand	Ending balance Baht Thousand	Beginning balance Baht Thousand	Depreciation charges Baht Thousand			Disposals/ transfer Baht Thousand	Ending balance Baht Thousand
<u>Developed in-house</u>										
Computer software	215,787	66,890	-	282,677	(116,815)	(33,959)	-	98,972	131,903	
Work-in-process	17,114	60,000	(56,746)	20,368	-	-	-	17,114	20,368	
Total	232,901	126,890	(56,746)	303,045	(116,815)	(33,959)	-	116,086	152,271	
<u>Buying</u>										
Computer software	131,483	7,624	-	139,107	(107,464)	(8,275)	-	24,019	23,368	
Total	131,483	7,624	-	139,107	(107,464)	(8,275)	-	24,019	23,368	
Grand total	364,384	134,514	(56,746)	442,152	(224,279)	(42,234)	-	140,105	175,639	

18. Deferred income tax assets (liabilities) - net

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

	2016 Baht Thousand	2015 Baht Thousand
Deferred tax assets:		
Deferred tax asset to be recovered after more than 12 months	146,650	235,820
	<u>146,650</u>	<u>235,820</u>
Deferred tax liabilities:		
Deferred tax liability to be settled after more than 12 months	(1,755,684)	(1,963,221)
	<u>(1,755,684)</u>	<u>(1,963,221)</u>
Deferred tax liabilities - net	<u>(1,609,034)</u>	<u>(1,727,401)</u>

Deferred income tax is calculating from the liability method on temporary differences and using tax rate of 20 percent (2015: 20 percent)

	Allowance for doubtful debt- premium receivables Baht Thousand	Reserve for claim incurred but not reported Baht Thousand	(Gain) loss on changes in value of available- for-sale investment Baht Thousand	(Gain) loss on cash flow hedge Baht Thousand	(Gain) loss on swap Baht Thousand	Others Baht Thousand	Total Baht Thousand
Deferred tax assets (liabilities)							
As at 1 January 2016	77,669	117,853	(1,927,919)	(35,302)	25,207	15,091	(1,727,401)
Increased/(decrease) in profit or loss (Note 27)	(14,847)	(56,507)	-	-	(25,267)	4,775	(91,846)
Increased/(decrease) in other comprehensive income (loss)	-	-	181,217	28,996	-	-	210,213
As at 31 December 2016	<u>62,822</u>	<u>61,346</u>	<u>(1,746,702)</u>	<u>(6,306)</u>	<u>(60)</u>	<u>19,866</u>	<u>(1,609,034)</u>
Deferred tax assets (liabilities)							
As at 1 January 2015	57,767	98,619	(1,360,229)	(9,847)	-	14,908	(1,198,782)
Increased/(decrease) in profit or loss (Note 27)	19,902	19,234	(78,936)	-	25,207	183	(14,410)
Increased/(decrease) in other comprehensive income (loss)	-	-	(488,754)	(25,455)	-	-	(514,209)
As at 31 December 2015	<u>77,669</u>	<u>117,853</u>	<u>(1,927,919)</u>	<u>(35,302)</u>	<u>25,207</u>	<u>15,091</u>	<u>(1,727,401)</u>

19. Other assets

Other assets as at 31 December 2016 and 2015 comprise:

	2016	(Restated)
	Baht Thousand	2015
		Baht Thousand
Other debtors	48,767	13,322
Security and deposits	45,973	48,722
Prepaid expenses	48,771	57,068
Cash collateral paid to derivative contracts	253,000	318,800
Others	65,928	35,535
Total	462,439	473,447

Cash collateral paid to derivative contracts are cash collateral that the Company pledged with the financial institutions under derivative contracts.

20. Insurance liabilities

	2016	(Reclassified)
	Baht Thousand	2015
		Baht Thousand
Long-term technical reserves	163,439,946	135,192,395
Claim liabilities		
- Reported claims	398,519	302,444
- Claims incurred but not reported	256,542	538,230
Total Claim liabilities	655,061	840,674
Premium liabilities		
- Unearned premium reserve	1,661,637	1,242,513
Unpaid policy benefits	6,416,382	5,243,721
Due to insured	604,290	386,986
Total	172,777,316	142,906,289

The Company has recorded benefits payment to life policies and insurance claims recovered from reinsurers for paid claim only.

20. Insurance liabilities (Cont'd)

20.1 Claim Development Table

20.1.1 Claim development table before reinsurance

Incident Year / Reported Year	Unit: Baht Thousand					
	2011	2012	2013	2014	2015	2016
Estimated claim :						
- At the end of the year	732,836	912,912	1,480,304	2,337,551	3,143,689	4,076,693
- After 1 year	809,744	1,001,793	1,596,669	2,538,406	3,317,392	-
- After 2 years	811,870	1,002,573	1,602,257	2,542,206	-	-
- After 3 years	812,234	1,002,624	1,603,025	-	-	-
- After 4 years	812,238	1,002,678	-	-	-	-
- After 5 years	812,238	-	-	-	-	-
Cumulative claim paid	812,238	1,002,678	1,603,025	2,542,206	3,317,392	4,076,693

20.1.2 Claim development table, net

Incident Year / Reported Year	Unit: Baht Thousand					
	2011	2012	2013	2014	2015	2016
Estimated claim :						
- At the end of the year	634,194	708,846	1,465,708	2,322,686	3,135,630	4,041,851
- After 1 year	707,929	797,151	1,580,022	2,521,600	3,308,818	-
- After 2 years	710,049	797,931	1,585,611	2,525,385	-	-
- After 3 years	710,414	797,981	1,586,379	-	-	-
- After 4 years	710,418	798,035	-	-	-	-
- After 5 years	710,418	-	-	-	-	-
Cumulative claim paid	710,418	796,035	1,586,379	2,525,385	3,308,818	4,041,851

20.2 Long-term technical reserves

	(Reclassified)	
	2016 Baht Thousand	2015 Baht Thousand
Beginning balance of the year	135,192,395	106,458,817
Policy reserve increase for new policies and inforce policies	37,545,474	38,639,478
Policy reserve decrease from benefits paid to life policyholders for lapse, cancel, etc	(9,297,923)	(9,905,900)
Ending balance of the year	163,439,946	135,192,395

20. Insurance liabilities (Cont'd)

20.2 Long-term technical reserves (Cont'd)

The assumptions used in actuarial estimation are as follows;

	2016 %	2015 %
Mortality, Morbidity, and Survival rate	100% of TM086, TM097, TM008, Annuity table 2009	100% of TM086, TM097, TM008, Annuity table 2009
Discount rate	2% - 6%	2% - 6%
Benefit paid to insured	100% of guarantee benefit	100% of guarantee benefit

Aging of undiscounted insurance contract liabilities' repayment is as follows;

	2016 Baht Thousand	2015 Baht Thousand
Expected repayment within 1 year	15,440,777	10,971,706
Expected repayment between 1-5 years	107,406,336	80,215,346
Expected repayment over 5 years	342,713,331	342,931,539
Total	465,560,445	434,118,592

20.3. Short-term technical reserves

20.3.1 Claim liabilities

The movement details are belows:

	2016 Baht Thousand	(Reclassified) 2015 Baht Thousand
Beginning balance of the year	840,674	615,468
Claim incurred for the year	3,035,600	2,100,078
Changes in claim reserves assumptions for the year	(281,688)	94,139
Claim paid for the year	(2,939,525)	(1,969,011)
Ending balance of the year	655,061	840,674

20.3.2 Aging of claim liabilities' repayment

	2016 Baht Thousand	2015 Baht Thousand
Expected repayment within 1 year	655,061	840,674
Total	655,061	840,674

20. Insurance liabilities (Cont'd)

20.3. Short-term technical reserves (Cont'd)

20.3.3 The sensitivities of assumptions to the key variables in respect of insurance contract liabilities

	Change in Assumptions %	Impact on loss reserves Baht Thousand	Impact on profit (loss) Baht Thousand	Impact on equity Baht Thousand
Expected loss ratio	10%	6,346	(6,346)	(6,346)
	-10%	(6,346)	6,346	6,346

20.3.4 Unearned premium reserve

	2016 Baht Thousand	(Reclassified) 2015 Baht Thousand
Beginning balance of the year	1,242,513	1,063,206
Premium written in the year	6,095,698	4,937,811
Earned premium in the year	(5,676,574)	(4,758,504)
Ending balance of the year	1,661,637	1,242,513

20.3.5 Unpaid policy benefits

	2016 Baht Thousand	(Reclassified) 2015 Baht Thousand
Death benefits	345,709	233,135
Maturity benefits	1,546	16,338
Surrender	41,572	35,277
Dividends	6,027,555	4,944,037
Others	-	14,934
Total	6,416,382	5,243,721

21. Amount due to reinsurers

	2016 Baht Thousand	(Reclassified) 2015 Baht Thousand
Amount withheld on reinsurance treaties	32,957	27,362
Reinsurance payables	154,279	219,788
Total amounts due to reinsurers	187,236	247,150

22. Employee benefits

22.1 Employee benefits obligation

The amounts recognised in profit or loss are as follows:

	2016 Baht Thousand	2015 Baht Thousand
<u>Defined benefits obligation</u>		
Service costs	12,225	7,270
Interest cost	1,552	1,701
Total expenses	13,777	8,971
<u>Commitment from defined benefit plans</u>		
Present value of employee benefits obligations	60,792	47,457
<u>Changes in the present value of employee benefits</u>		
As at 1 January	47,457	47,257
Service costs	12,225	7,270
Interest cost	1,552	1,701
<u>Less: Benefits paid</u>	-	(12,181)
Loss on actuarial remeasurement	3,067	3,410
Other adjustment	(3,509)	-
As at 31 December	60,792	47,457

Significant assumptions used in the actuarial calculation are summarised as follows:

	2016 Baht Thousand	2015 Baht Thousand
Discount rate	3.1%	3.1%
Salary increase rate	6.0% - 10.0%	6.0% - 10.0%
Retirement ages	60 years old	60 years old
Turnover rate	10% - 15%	10% - 15%

22. Employee benefits (Cont'd)

22.1 Employee benefits obligation (Cont'd)

Sensitivity analysis on key assumptions changes are as follows:

	Impact on employees benefits obligation					
	Change in assumptions		Increase in assumption		Decrease in assumption	
	2016	2015	2016	2015	2016	2015
Discount rate	1%	1%	-12%	-13%	+15%	+15%
Salary increase rate	1%	1%	+15%	+14%	-13%	-12%
Turn over rate	20%	20%	-19%	-18%	+27%	+25%

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 pension liability recognised within the statement of financial position.

	2016	2015
Weighted average duration of the defined benefit obligation (years)	10	10
Maturity analysis of undiscounted benefits expected to be paid (Baht Thousand)		
Benefits expected to be paid within 1 year	591	4,720
Benefits expected to be paid Between 1 -5 years	17,004	13,220
Benefits expected to be paid more than 5 years	306,517	310,891

22.2 Share-based compensation

As at 31 December 2016, the Company has share-based compensation in accordance with AXA Group policy using the share of AXA SA, a listed company in Euronext Paris Compartiment A, which is one of the ultimate parent companies.

During the year 2016, there is a share-based compensation plan to employee. The details are as below:

The plan will give eligible employees the right to acquire AXA SA free ordinary shares, after the respective vesting period and under the specified conditions. This period will be a 4-year acquisition. The number of AXA free ordinary shares at the end of the acquisition period will be calculated depending on the achievement of performance objectives of the company during specified financial periods.

Performance criteria are set by the Board of Directors and will measure the performance of the Company.

22. Employee benefits (Cont'd)

22.2 Share-based compensation (Cont'd)

	2016 Number of shares	2015 Number of shares
As at 1 January	20,095	9,950
Granted	50,890	10,145
As at 31 December	70,985	20,095

The total recognised compensation in other employee benefits for the year ended 31 December 2016 amount of Baht 19 million (2015: Baht 11 million) and the total compensation liabilities in other liabilities amount of Baht 69 million (2015: Baht 50 million). The company uses projected cash flow technique to calculate the fair value of this share-based payment plan. The key assumptions for valuations are expected share price and employee turn-over rate.

23. Other liabilities

	2016 Baht Thousand	(Restated) 2015 Baht Thousand
Cash collateral received from derivative contracts	222,600	300,000
Other liabilities from related party	707,560	289,189
Others	263,202	188,364
Total	1,193,362	777,553

Cash collateral received from derivative contracts are cash collateral that the financial institutions pledged with the Company under derivative contracts.

24. Dividends

Dividends payable are not accounted for until they have been approved at the Annual General Meeting and the Office of Insurance Commission. At the Annual General Meeting held on 26 April 2016, the shareholders approved the dividend payment regarding the 2015 operating results amounting the Baht 4,983 million (2015 : the shareholders approved the dividend payment regarding the 2014 operating results amounting to Baht 4,700 million). On 15 July 2016, the Office of Insurance Commission approved that the Company can pay dividend amounting to Baht 3,750 million (2015: the Office of Insurance Commission approved that the Company can pay dividend amounting to Baht 4,200 million).

25. Operating expenses

	2016	(Reclassified) 2015
	Baht Thousand	Baht Thousand
Employee expenses not relating to underwriting expenses and loss adjustment expenses	1,120,595	947,089
Property and equipment expenses not relating to underwriting expenses	616,065	462,837
Tax and duty	10,983	11,858
Bad debt and doubtful accounts	5,538	48,000
Other operating expenses	1,701,746	1,540,321
Total operating expenses	3,454,927	3,010,105

26. Employee expenses

	2016	2015
	Baht Thousand	Baht Thousand
Salary and wages (Note 22)	786,724	665,587
Social securities	16,760	17,054
Provident fund	46,738	39,700
Other employee benefits	270,373	224,748
Total employee expenses	1,120,595	947,089

The Company established a provident fund in accordance with the Provident Fund Act B.E. 2530. Both employees pay and the Company contribute to the Fund monthly at the rate of 3% - 10% of basic salary. The Company appointed a fund manager to manage the fund in accordance with terms and conditions as prescribed in the Ministerial Regulations.

27. Income tax expenses

	2016	2015
	Baht Thousand	Baht Thousand
Current tax on profit for the year	1,150,152	1,246,501
Increase in deferred tax (Note 18)	91,846	14,410
Income taxes for the year	1,241,998	1,260,911

27. Income tax expenses (Cont'd)

The tax on the Company's profit before tax differs from the theoretical amount that would arise using the Thailand basic tax rate as follows:

	2016 Baht Thousand	2015 Baht Thousand
Profit before tax	6,356,649	6,424,058
Income tax rate	20%	20%
Tax calculated at tax rate	1,271,330	1,284,812
The impact of income/expense not addition/deductible for tax purpose	(29,332)	(23,901)
Income taxes for the year	1,241,998	1,260,911

The effective tax rate for 2016 is 20% (2015: 20%) There was no significant transaction being income not subject to tax and expenses not deductible for tax purpose.

The additional information related to deferred tax are provided in Note 18.

28. Tax effect from other comprehensive income

	2016			2015		
	Before Tax Baht Thousand	Tax benefit (expense) Baht Thousand	Net of tax Baht Thousand	Before Tax Baht Thousand	Tax benefit (expense) Baht Thousand	Net of tax Baht Thousand
Unrealised gain (loss) from available-for-sale securities	(546,446)	109,289	(437,157)	2,720,366	(544,073)	2,176,293
Actuarial loss from employment benefit plan	(3,067)	-	(3,067)	(3,410)	-	(3,410)
Unrealised gain (loss) from hedging instruments	(144,978)	28,996	(115,982)	127,273	(25,455)	101,818
Items in other comprehensive transferred to profit or loss	(359,641)	71,928	(287,713)	(276,595)	55,319	(221,276)
Total	(1,054,132)	210,213	(843,919)	2,567,634	(514,209)	2,053,425

29. Basic earnings per share

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

	2016	2015
Net profit for the year attributable to ordinary shareholders (Baht Thousand)	5,114,651	5,163,146
Weighted average number of ordinary shares in issue during the year (Thousand Shares)	135,500	135,500
Basic profit per share (Baht)	37.75	38.10

These are no potential dilutive ordinary shares in issue for the years ended 31 December 2016 and 2015.

30. Related party transactions

Transactions with its major or common shareholders and related companies are mainly as follows:

Balances with related companies:

	Relationship	2016 Baht Thousand	2015 Baht Thousand
Krungthai Bank Public Company Limited	Shareholder		
Bank deposits		1,627,827	770,697
Investment in equity security		223,600	246,790
Promissory note		500,000	500,000
Bill of exchange		3,313,208	2,756,394
Accrued interest		38,259	38,511
Accrued service fees expense		167,689	200,838
AXA Assistance Company Limited	Common shareholders		
Accrued service fees expense		6,436	18,077
AXA Asia Limited	Common shareholders		
Other receivables		581	144
Other payables		707,560	289,189
Krungthai Asset Management Public Company Limited	Common shareholders		
Accrued management fee		1,180	1,004
Others	Common shareholders		
Other receivables		1,595	6,299
National Mutual International Pty. Ltd.	Shareholder		
Other receivables		133	134
Other payables		-	6,518

30. Related party transactions (Cont'd)

Transactions with related companies:

	Relationship	2016 Baht Thousand	2015 Baht Thousand
Krungthai Bank Public Company Limited			
Income			
Interest received	Shareholder	111,714	111,668
Dividend income		11,176	23,713
		<u>122,890</u>	<u>135,381</u>
Expenses			
Bank charges	Shareholder	72,046	69,574
Service fees		1,822,952	2,309,338
		<u>1,894,998</u>	<u>2,378,912</u>
Krungthai Card Public Company Limited			
Credit card fees	Common shareholders	243,364	202,546
AXA Assistance Company Limited			
Service fees	Common shareholders	148,460	112,824
AXA Asia Limited			
Service fees	Common shareholders	730,481	672,502
Krungthai Asset Management Public Company Limited			
Management fees	Common shareholders	24,950	16,923

The Company is offered the same interest rate and condition as the bank offers to other customers.

The rate and conditions of bank charges are the same as the bank offers to other customers.

The rates and conditions of credit card fees, service fees and management fee expense are as specified in the agreement between the Company and the related company.

Key management compensations

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company. For the years ended 31 December 2016 and 2015, the Company has recorded salaries, bonuses, post-employment benefits and other expenses relating to key management personnel amounting to Baht 127 million and Baht 208 million, respectively. The amount of which has been recorded as part of operating expense in statements of comprehensive income.

31. Securities placed with the Registrar and securities reserved with the Registrar

31.1 Securities placed with the Registrar

The Company placed securities with the Registrar, Office of Insurance Commission, as required by the Life Insurance Act. (No.2) B.E. 2551. Deposit with Registrar as at 31 December 2016 and 2015 comprises as follows:

	2016 Baht Thousand	2015 Baht Thousand
Government bonds	25,349	25,052

31.2. Securities reserved with the Registrar

	2016 Baht Thousand	2015 Baht Thousand
Government bonds	35,101,661	29,858,765

32. Contingent liabilities and Commitments

32.1 The Company has payment obligations of operating leases for offices and vehicles and service agreements as follows:

	2016 Baht Thousand	2015 Baht Thousand
Due within 1 year	173,331	119,103
Due more than 1 year but no later than 5 years	247,340	322,861
Total	420,671	441,964

As at 31 December 2016, the Company has commitments with a bank in Thailand to purchase future investment in government bonds within year 2021, 2023, 2025, 2037, 2044, 2061 and 2066, amounting to Baht 347.13 million, Baht 294.70 million, Baht 494.19 million, Baht 514.27 million, Baht 2,691.79 million, Baht 541.44 million and Baht 1,984.11 million, respectively (as at 31 December 2015: Baht 4,224.69 million).

33. Financial instruments

The Company has entered into derivatives for the Cash flow hedge agreements. The company has recorded fair value of the derivatives as at 31 December 2016 to be derivatives assets Baht 276.4 million and derivatives liabilities Baht 242.1 million and recognised the unrealised gain (loss) on cash flow hedging transaction under the statement of other comprehensive income (As at 31 December 2015: derivatives assets Baht 180.9 million and derivatives liabilities Baht 4.4 million).

บริษัท กรุงไทย-แอกซ่า ประกันชีวิต จำกัด (มหาชน) มุ่งมั่นดำเนินธุรกิจเพื่อก้าวเป็นบริษัทอันดับหนึ่งในใจของคนไทย และจากการพัฒนาการดำเนินธุรกิจที่โดดเด่นทำให้บริษัทฯ ได้รับรางวัล

- 2560 - รางวัล Diversity Leaders by Diversity Journal
- 2559 - รางวัลจากสหประชาชาติ ด้านการจ้างงานคนพิการ รับรางวัล “องค์กรที่มีแนวปฏิบัติดีเด่นด้านการจ้างงานคนพิการระดับสากล”
- รางวัล Best Life Insurance Thailand, Global Business Outlook Award 2016 (London)
- รางวัล Asia Insurance Award 2016, CSR initiative of the year
- 2557-2559 - รางวัลองค์กรที่สนับสนุนงานด้านคนพิการดีเด่น ประจำปี 2559 จากกรมส่งเสริมและพัฒนาคุณภาพชีวิตคนพิการ กระทรวงการพัฒนาสังคมและความมั่นคงของมนุษย์

Krungthai-AXA Life has received numerous awards and recognitions:

- 2017 - Diversity Leaders by Diversity Journal
- 2016 - The Global Award for Good Practices in the Employment of Persons with Disabilities (UN)
- Best Life Insurance Thailand, Global Business Outlook Award 2016 (London)
- Asia Insurance Award 2016, CSR initiative of the year
- 2014-2016 - Award in supporting people with disability, Ministry of Social Development and Human Security



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