

Disclosure Form (Attached to the OIC Commissioner Order No.47/2561)

Information Disclosure of Life Insurance Companies B.E. 2561

Part 1: To certify correctness of disclosure

The Company has reviewed the information disclosure with caution and certifies that it is complete, true and not misleading or lack of significant information. The Company certifies the correctness of all information disclosure.



Signature.....

Name.....Tan Hak Leh.....

Position.....Chief Executive Officer.....

Disclosed on.....31 October 2018.....

Information for the Quarter....2...Year...2018..

CAPITAL ADEQUACY

The Company monitors the solvency capital in compliance with the requirements from the OIC.

The current and projected regulatory capital requirements are calculated based on Thailand's RBC regulations, which have been implemented in Thailand since September 2011. The key metric used by the regulator is the Capital Adequacy Ratio ("CAR"), defined as Total Capital Available ("TCA") divided by Total Capital Required ("TCR"), which needs to remain above 140% to maintain financial strength and avoid potential regulatory intervention.

In addition, the Company holds additional capital in the excess of the TCR to comply with its internal capital requirements. This ensures that the Company's CAR will remain higher than 140% even after a shock that is expected to occur at least every 1-in-10 years.

The table below illustrates that throughout the year, the Company has a strong capital position that is significantly above the minimum CAR of 140%.

Unit: THB mil

Capital Items	Quarter 1		Quarter 2		Quarter 3	
	2018	2017	2018	2017	2018	2017
Capital Adequacy Ratio (%)	444	440	392	419	XXX	407
Total Capital Available	179,718	157,571	166,273	157,625	XXX	156,659
Total Capital Required	40,472	35,851	42,401	37,628	XXX	38,484

- Remarks:**
- According to the OIC's RBC capital valuation notification for Life Insurance Companies, the Registrar may determine the necessary procedures to manage companies with CAR below 140%
 - Capital refers to the RBC capital required to be held according to the OIC's RBC capital notification for the Valuation of Assets and Liabilities of Life Insurance Companies
 - Quarter 2 is 6-month accumulated operating results and Quarter 3 is 9-month accumulated operating results.

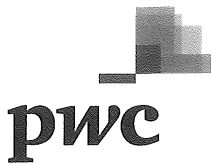
FINANCIAL STATEMENTS



AIA COMPANY LIMITED

INTERIM FINANCIAL INFORMATION (UNAUDITED)

30 JUNE 2018



AUDITOR'S REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

To the Board of Directors of AIA Company Limited

I have reviewed the interim financial information of AIA Company Limited which comprises the statement of financial position as at 30 June 2018, and the related statements of comprehensive income for the three-month and six-month periods then ended, changes in Head Office's equity and cash flows for the six-month periods then ended, and the condensed notes to the interim financial information. Management is responsible for the preparation and presentation of this interim financial information in accordance with Thai Accounting Standard 34, "Interim Financial Reporting". My responsibility is to express a conclusion on this interim financial information based on my review.

Scope of review

I conducted my review in accordance with Thai Standard on Review Engagements 2410, "Review of interim financial information performed by the independent auditor of the entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Thai Standards on Auditing and consequently does not enable me to obtain assurance that I would become aware of all significant matters that might be identified in an audit. Accordingly, I do not express an audit opinion.

Conclusion

Based on my review, nothing has come to my attention that causes me to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with Thai Accounting Standard 34, "Interim Financial Reporting".

PricewaterhouseCoopers ABAS Ltd.

A handwritten signature in black ink, appearing to read 'Paiboon Tunkoon', written over a horizontal line.

Paiboon Tunkoon

Certified Public Accountant (Thailand) No. 4298

Bangkok

10 August 2018

AIA Company Limited
Statement of Financial Position
As at 30 June 2018

		(Unaudited) 30 June 2018 Baht	(Audited) 31 December 2017 Baht
	Notes		
Assets			
Cash and cash equivalents	7	1,947,658,690	2,766,275,305
Premium receivables	8	6,657,207,280	6,710,037,470
Accrued income on investments		5,559,362,482	5,639,984,254
Reinsurance assets	9, 27	156,487,152	131,831,788
Amounts due from reinsurance	10, 27	-	11,455,664
Derivative assets	11	1,780,067,482	2,764,835,566
Invested assets			
Investment in securities, net	12	769,662,422,346	785,491,621,107
Investment in associates	13, 27	171,500,000	171,500,000
Loans, net	14	30,484,275,052	29,725,720,896
Investment property	15	9,828,144,484	8,895,401,062
Assets held to cover linked liabilities		17,103,330,576	15,112,004,256
Property, plant and equipment	16	708,168,642	674,418,808
Intangible assets	17	664,598,808	631,233,915
Other assets	18, 27	4,071,133,736	2,082,005,367
Total assets		848,794,356,730	860,808,325,458

Authorised signature _____

Date _____

The accompanying condensed notes to interim financial information are an integral part of these interim financial information.

AIA Company Limited
Statement of Financial Position (Cont'd)
As at 30 June 2018

		(Unaudited) 30 June 2018 Baht	(Audited) 31 December 2017 Baht
	Notes		
Liabilities and Head Office's Equity			
Liabilities			
Borrowings	19	18,350,000,000	15,400,000,000
Insurance liabilities	20	658,954,039,092	642,286,201,062
Investment liabilities	21	2,948,369,541	2,996,649,906
Amounts due to reinsurance	22, 27	263,598,675	207,183,555
Derivative liabilities	11	1,989,410,136	1,282,922,010
Income tax payable		2,736,354,584	2,490,111,030
Employee benefit liabilities		3,147,183,466	3,366,751,015
Deferred tax liabilities	23	9,136,555,916	17,043,917,249
Other liabilities	24, 27	20,447,783,781	20,669,351,318
Total liabilities		<u>717,973,295,191</u>	<u>705,743,087,145</u>
Head Office's Equity			
Unrealised gains on changes in fair value of investments, net of tax		56,737,527,245	89,210,030,072
Remeasurements of post-employment benefit obligations, net of tax		(1,181,596,528)	(1,181,596,528)
Other reserve		62,365,918	91,151,725
Branch's retained earnings Unappropriated		<u>75,202,764,904</u>	<u>66,945,653,044</u>
Total Head Office's Equity		<u>130,821,061,539</u>	<u>155,065,238,313</u>
Total liabilities and Head Office's Equity		<u><u>848,794,356,730</u></u>	<u><u>860,808,325,458</u></u>

The accompanying condensed notes to interim financial information are an integral part of these interim financial information.

AIA Company Limited
Statement of Comprehensive Income (Unaudited)
For the three-month period ended 30 June 2018

			(Restated)
		2018	2017
	Notes	Baht	Baht
Revenues			
Gross written premiums		29,436,574,837	28,417,905,638
<u>Less</u> premiums ceded to insurers	27	(866,643,443)	(361,226,842)
Net written premiums		28,569,931,394	28,056,678,796
<u>(Less)Add</u> net change in unearned premium reserve		(181,582,923)	5,922,627
Net earned premiums		28,388,348,471	28,062,601,423
Fee and commission income	27	95,177,044	111,285,132
Net investment income	27	8,515,156,633	8,332,650,833
Gains on investment		1,837,759,578	1,655,657,928
Fair value gains (losses)		792,466,022	(103,659,130)
Other income	27	-	27,772,127
Total revenues		39,628,907,748	38,086,308,313
Expenses			
Change in long-term technical reserves		6,362,634,206	5,831,337,785
Gross benefits and claim paid	25	17,864,047,766	16,977,436,290
<u>Less</u> benefits and claim paid recovered from reinsurers	27	(484,719,415)	(140,080,096)
Net benefits and claim paid		17,379,328,351	16,837,356,194
Commissions and brokerages		3,329,663,150	3,163,399,282
Other underwriting expenses	27	3,751,991,483	3,658,063,459
Operating expenses	26, 27	1,713,163,895	1,707,426,487
Finance cost		26,482,343	65,919,452
Other expenses		23,873,288	-
Total expenses		32,587,136,716	31,263,502,659
Profit before income tax		7,041,771,032	6,822,805,654
Income tax expenses		1,370,173,072	1,306,171,013
Net profit		5,671,597,960	5,516,634,641

The accompanying condensed notes to interim financial information are an integral part of these interim financial information.

AIA Company Limited
Statement of Comprehensive Income (Unaudited) (Cont'd)
For the three-month period ended 30 June 2018

	2018	(Restated)
	Baht	2017
	Baht	Baht
Other comprehensive income (loss)		
<u>Items that will be reclassified subsequently to profit or loss</u>		
Change in value of available-for-sale investments	(29,163,841,532)	25,657,698,017
Realised gain from sale of available-for-sale investment and impairment loss transferred to profit or loss	(1,837,752,281)	(1,647,565,218)
Income tax relating to items that will be reclassified subsequently to profit or loss	<u>6,200,318,763</u>	<u>(4,802,026,559)</u>
Total items that will be reclassified subsequently to profit or loss	<u>(24,801,275,050)</u>	<u>19,208,106,240</u>
Other comprehensive income (loss) for the period, net of tax	<u>(24,801,275,050)</u>	<u>19,208,106,240</u>
Total comprehensive income (loss) for the period	<u><u>(19,129,677,090)</u></u>	<u><u>24,724,740,881</u></u>

The accompanying condensed notes to interim financial information are an integral part of these interim financial information.

AIA Company Limited
Statement of Comprehensive Income (Unaudited)
For the six-month period ended 30 June 2018

			(Restated)
		2018	2017
	Notes	Baht	Baht
Revenues			
Gross written premiums		57,293,081,439	55,432,897,146
<u>Less</u> premiums ceded to insurers	27	<u>(1,697,257,485)</u>	<u>(719,709,030)</u>
Net written premiums		55,595,823,954	54,713,188,116
<u>(Less)Add</u> net change in unearned premium reserve		<u>(130,550,032)</u>	<u>98,276,038</u>
Net earned premiums		55,465,273,922	54,811,464,154
Fee and commission income	27	232,862,859	222,297,046
Net investment income	27	16,601,708,708	16,146,192,640
Gains on investment		7,086,733,075	2,981,130,070
Fair value gains (losses)		268,412,822	(65,191,276)
Other income	27	<u>35,012,335</u>	<u>38,225,762</u>
Total revenues		<u>79,690,003,721</u>	<u>74,134,118,396</u>
Expenses			
Change in long-term technical reserve		12,107,071,383	11,566,410,387
Gross benefits and claim paid	25	35,166,760,322	33,213,218,351
<u>Less</u> benefits and claim paid recovered from reinsurers	27	<u>(1,008,891,982)</u>	<u>(290,052,630)</u>
Net benefits and claim paid		34,157,868,340	32,923,165,721
Commissions and brokerages		6,430,978,056	6,094,777,652
Other underwriting expenses	27	7,281,098,905	6,596,622,296
Operating expenses	26, 27	3,348,691,808	3,302,730,190
Finance cost		<u>47,587,658</u>	<u>131,916,540</u>
Total expenses		<u>63,373,296,150</u>	<u>60,615,622,786</u>
Profit before income tax		16,316,707,571	13,518,495,610
Income tax expenses		<u>3,239,595,711</u>	<u>2,645,297,073</u>
Net profit		<u>13,077,111,860</u>	<u>10,873,198,537</u>

The accompanying condensed notes to interim financial information are an integral part of these interim financial information.

AIA Company Limited
Statement of Comprehensive Income (Unaudited) (Cont'd)
For the six-month period ended 30 June 2018

		(Restated)
	2018	2017
	Baht	Baht
Note		
Other comprehensive income (loss)		
<u>Items that will be reclassified subsequently to profit or loss</u>		
Change in value of available-for-sale investments	(33,497,049,219)	28,713,860,511
Realised gain from sale of available-for-sale investment and impairment loss transferred to profit or loss	(7,093,579,315)	(2,975,307,919)
Income tax relating to items that will be reclassified subsequently to profit or loss	23 8,118,125,707	(5,147,710,518)
Total items that will be reclassified subsequently to profit or loss	<u>(32,472,502,827)</u>	<u>20,590,842,074</u>
Other comprehensive income (loss) for the period, net of tax	<u>(32,472,502,827)</u>	<u>20,590,842,074</u>
Total comprehensive income (loss) for the period	<u><u>(19,395,390,967)</u></u>	<u><u>31,464,040,611</u></u>

The accompanying condensed notes to interim financial information are an integral part of these interim financial information.

AIA Company Limited

Statement of Changes in Head Office's Equity (Unaudited)

For the six-month period ended 30 June 2018

	Funds from Head Office	Unrealised gains on changes in fair value of investments, net of tax	Remeasurements of post-employment benefit obligations, net of tax	Other reserve	Unappropriated Branch's retained earnings	Total Head Office's Equity
	Baht	Baht	Baht	Baht	Baht	Baht
Beginning balance as at 1 January 2018						
Profit remittances to Head Office	-	89,210,030,072	(1,181,596,528)	91,151,725	66,945,653,044	155,065,238,313
Employee benefits on share-based payment	-	-	-	-	(4,820,000,000)	(4,820,000,000)
Net profit	-	-	-	(28,785,807)	-	(28,785,807)
Unrealised gains on changes in fair value of investments	-	-	-	-	13,077,111,860	13,077,111,860
Realised gain from sale of available-for-sale investment and impairment loss transferred to profit or loss	-	(26,797,639,375)	-	-	-	(26,797,639,375)
Ending balance as at 30 June 2018	-	(5,674,863,452)	-	-	-	(5,674,863,452)
Beginning balance as at 1 January 2017						
Profit remittances to Head Office	-	56,737,527,245	(1,181,596,528)	62,365,918	75,202,764,904	130,821,061,539
Employee benefits on share-based payment	-	51,369,851,013	(1,200,100,041)	75,298,475	61,834,094,197	112,079,143,644
Net profit	-	-	-	-	(6,850,000,000)	(6,850,000,000)
Unrealised gains on changes in fair value of investments	-	-	-	(6,453,634)	-	(6,453,634)
Realised gain from sale of available-for-sale investment and impairment loss transferred to profit or loss	-	22,971,088,409	-	-	10,873,198,537	10,873,198,537
Ending balance as at 30 June 2017	-	(2,380,246,335)	-	-	-	(2,380,246,335)
Ending balance as at 30 June 2017	-	71,960,693,087	(1,200,100,041)	68,844,841	65,857,292,734	136,686,730,621

The accompanying condensed notes to interim financial information are an integral part of these interim financial information.

AIA Company Limited
Statement of Cash Flows (Unaudited)
For the six-month period ended 30 June 2018

		(Reclassified)
	2018	2017
Notes	Baht	Baht
Cash flows provided by (used in) operating activities		
Written premium received from direct insurance	58,331,089,540	54,624,213,648
Fee income	88,843,444	81,117,176
Cash paid for reinsurance	(555,661,507)	(287,441,836)
Interest income	14,803,694,667	14,897,297,074
Dividend income	2,211,620,134	2,100,366,943
Investment expenses	(566,833,987)	(457,033,107)
Cash received from (paid for) settlement of derivatives	328,285,690	(612,712,317)
Rental income	468,023,458	411,763,713
Other income	9,622,854	50,683,616
Gross benefits and claim paid from direct insurance	(31,559,111,147)	(30,306,006,512)
Commissions and brokerages	(6,471,636,317)	(6,115,361,288)
Other underwriting expenses	(5,857,893,485)	(6,042,596,181)
Operating expenses	(3,519,482,323)	(3,510,709,940)
Income tax expense	(2,782,587,783)	(1,020,144,595)
Cash received from investment in securities	54,079,089,824	62,883,756,208
Cash paid for investment in securities	(73,111,979,138)	(69,292,812,586)
Cash paid for investment property	15 (1,025,030,477)	(17,706,754)
Cash received from loans repayment	2,776,088,303	2,665,541,632
Cash paid for loans drawdown	(3,566,951,831)	(3,294,748,880)
Cash paid for assets held to cover linked liabilities	(5,273,836,775)	(3,008,831,062)
Cash received from assets held to cover linked liabilities	2,548,662,379	1,653,629,565
Net cash provided by operating activities	1,354,015,523	15,402,264,517
Cash flows provided by (used in) investing activities		
<u>Cash flows provided by:</u>		
Properties and equipment	25,000	5,350
Net cash provided by investing activities	25,000	5,350
<u>Cash flows used in:</u>		
Properties and equipment	16 (118,698,220)	(39,735,559)
Intangible assets	17 (122,137,661)	(72,955,581)
Net cash used in investing activities	(240,835,881)	(112,691,140)
Net cash used in investing activities	(240,810,881)	(112,685,790)

The accompanying condensed notes to interim financial information are an integral part of these interim financial information.

AIA Company Limited
Statement of Cash Flows (Unaudited) (Cont'd)
For the six-month period ended 30 June 2018

	2018	(Reclassified)
	Baht	2017
	Baht	Baht
Cash flows provided by (used in) financing activities		
<u>Cash flows provided by:</u>		
Borrowings	2,950,000,000	-
Net cash provided by financing activities	2,950,000,000	-
<u>Cash flows used in:</u>		
Remittances to Head Office	(4,820,000,000)	(6,850,000,000)
Principal repayment of borrowing	-	(9,400,000,000)
Finance cost	(61,821,257)	(147,952,899)
Net cash used in financing activities	(4,881,821,257)	(16,397,952,899)
Net cash used in financing activities	(1,931,821,257)	(16,397,952,899)
Net decrease in cash and cash equivalents	(818,616,615)	(1,108,374,172)
Cash and cash equivalents at beginning of period	2,766,275,305	2,888,842,686
Cash and cash equivalents at end of period	1,947,658,690	1,780,468,514

The accompanying condensed notes to interim financial information are an integral part of these interim financial information.

1. General information

AIA Company Limited ("the Branch") is a branch in Thailand of AIA Company Limited ("AIA") whose ultimate holding company is AIA Group Limited, ("AIA Group"), a company incorporated in Hong Kong and listed on the Stock Exchange of Hong Kong Limited.

The Branch received its life insurance license under the laws of Thailand on 1 October 1938. The address of the Branch's registered office is as follows:

181 Surawongse Road, Bangrak, Bangkok 10500.

The principal business operations of the Branch is to provide life insurance, personal accident and health insurance.

This interim financial information has been approved by the Branch's management on 10 August 2018.

This interim financial information has been reviewed, not audited.

2. Basis of preparation

The interim financial information has been prepared in accordance with Thai Accounting Standard 34 Interim Financial Reporting. The primary financial information (statement of financial position, statement of comprehensive income, statement of changes in Head Office's equity and cash flows) is presented in a format consistent with the annual financial statements complying with Thai Accounting Standard 1 Presentation of Financial Statements. In addition, the interim financial information presentation is based on the formats of life insurance interim financial information attached in an Office of Insurance Commission's notification "Principle, methodology, condition and timing for preparation, submission and reporting of financial statements and operation performance for life insurance company B.E. 2559" dated on 4 March 2016 ('OIC Notification'). The notes to the interim financial information are prepared in a condensed format. Additional notes are presented as required by the aforementioned OIC Notification.

The interim financial information should be read together with the annual financial statements for the year ended 31 December 2017.

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

Income taxes in the interim periods are accrued by using the expected income taxes in the interim period.

3. Accounting policies

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

3.1.1 Revised financial reporting standards that are effective for annual periods beginning on or after 1 January 2018 which have significant changes and are relevant to the Branch:

TAS 7 (revised 2017)	Statement of cash flows
TAS 12 (revised 2017)	Income taxes
TFRS 12 (revised 2017)	Disclosure of interests in other entities

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

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

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

TFRS 12 (revised 2017), the amendments clarify that the disclosure requirements of TFRS 12 apply to interests in entities that are classified as held for sale in the scope of TFRS 5 (revised 2017), except for the summarised financial information.

The management assesses that these standards do not have a significant impact on the Branch's financial information.

3. Accounting policies (Cont'd)

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

3.1.2 New financial reporting standard is effective for annual periods beginning on or after 1 January 2019 which is relevant to the Branch. The Branch has not yet adopted this standard.

TFRS 15 Revenue from contracts with customers

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

TAS 11 (revised 2017)	Construction contracts
TAS 18 (revised 2017)	Revenue
TFRIC 13 (revised 2017)	Customer loyalty programmes
TFRIC 15 (revised 2017)	Agreements for the construction of real estate
TFRIC 18 (revised 2017)	Transfers of assets from customers
TSIC 31 (revised 2017)	Revenue - barter transactions involving advertising services

The new standard is based on the principle that

- revenue is recognised when control of a good or service transfers to a customer - so the notion of control replaces the existing notion of risks and rewards
- an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

The Branch shall recognise revenue in accordance with that core principle by applying the following steps:

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

The Branch shall have a choice to apply this standard retrospectively in accordance with TAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, subject to the expedients or retrospectively with the cumulative effect recognised as an adjustment to the opening balance of retained earnings of the annual reporting period that includes the date of initial application with additional disclosures. The Branch will firstly apply this standard for annual reporting periods beginning on or after 1 January 2019. The management assesses that this new standard will not have a significant impact on the Branch.

4. Estimates

The preparation of interim financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies lead to the reported amounts of assets and liabilities, income and expense may differ from these estimates.

In preparing this interim financial information, significant judgments made by management in applying the Branch's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements for the year ended 31 December 2017.

5. Fair value

5.1 Fair value estimation

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

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities, and the Branch is able to access that market on valuation date.
- Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: Inputs for the asset or liability that are not based on observable market data.

The following table presents the Branch's financial assets that are measured and recognised at fair value as at 30 June 2018 and 31 December 2017.

	Level 1	Level 2	Level 3	Total
	Thousand	Thousand	Thousand	Thousand
	Baht	Baht	Baht	Baht
As at 30 June 2018				
(Unaudited)				
Assets				
Investment in securities				
Trading securities	1,519	-	-	1,519
Available-for-sale securities				
Debt securities	-	604,263,247	-	604,263,247
Equity securities	107,687,365	965,396	12,096	108,664,857
Assets held to cover				
linked liabilities	17,103,331	-	-	17,103,331
Total assets	124,792,215	605,228,643	12,096	730,032,954
As at 31 December 2017				
(Audited)				
Assets				
Investment in securities				
Trading securities	1,417	-	-	1,417
Available-for-sale securities				
Debt securities	-	607,453,295	-	607,453,295
Equity securities	120,373,254	909,316	22,254	121,304,824
Assets held to cover				
linked liabilities	15,112,004	-	-	15,112,004
Total assets	135,486,675	608,362,611	22,254	743,871,540

The Branch has no significant transfer between levels during the period.

5. Fair value (Cont'd)

5.2 Valuation techniques used to derive Level 1 fair values

The fair value of financial instruments traded in active markets is based on quoted market prices at the statement of financial position date. The quoted market price used for financial assets held by the Branch is obtained from exchange markets and asset management companies. These instruments are included in Level 1.

5.3 Valuation techniques used to derive Level 2 fair values

Level 2 marketable debt securities are fair valued using a discounted cash flow approach, which discounts the contractual cash flows using discount rates derived from observable market prices of other quoted debt instruments.

Level 2 marketable equity securities are fair valued based on closed price provided by an asset management company.

There were no changes in valuation techniques during the periods.

5.4 Fair value measurement using significant unobservable inputs (Level 3)

The following table presents the changes in Level 3 financial instruments for the period ended 30 June 2018 and for the year ended 31 December 2017.

	(Unaudited) Available-for-sale equity security 30 June 2018 Thousand Baht	(Audited) Available-for-sale equity security 31 December 2017 Thousand Baht
Beginning balance as at 1 January	22,254	23,517
Loss on written-off investments		
Loss recognised in profit and loss	(8,089)	-
Gain recognised in other comprehensive income	843	-
Unrealised gain (loss) on change in value of available-for-sale investment	(2,912)	(1,263)
Closing balance	<u>12,096</u>	<u>22,254</u>

5. Fair value (Cont'd)

5.4 Fair value measurement using significant unobservable inputs (Level 3) (Cont'd)

These securities used to be periodically fair valued at market price but has been fair valued employing an internally developed financial modelling. This is because the market price is not available due to trade suspension.

Key unobservable inputs are price per book value of comparable equity instruments. Changes in key unobservable inputs will not have a significant impact on fair value of this financial asset and to profit or loss.

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

There were no changes in valuation techniques during the periods.

Valuation process

Management has put a process of performing the valuations of financial assets required for financial reporting purposes, including Level 3 fair values. Appropriate valuation techniques and unobservable inputs are selectively used based on the characteristic of financial assets. The valuation of Level 3 fair value is reviewed and approved by management for financial reporting purposes.

Changes in level (if any) are analysed at the reporting date by management.

6. Change in accounting policies and presentation

Change in accounting policies

On 1 January 2017, the Branch has adopted the basis of incurred but not reported reserve (IBNR) to refine the measurement of the Branch's liabilities by applying retrospective adjustments. The effects of the change to the Branch's statement of comprehensive income for the three-month and six-month periods ended 30 June 2017 are as follows:

Statement of comprehensive income

- Gross benefits and claim paid for the three-month and six-month periods ended 30 June 2017 decreased by Baht 20 million and Baht 162 million, respectively.
- Benefits and claim paid recovered from reinsurers for the three-month and six-month periods ended 30 June 2017 decreased by Baht 5 million and Baht 1 million, respectively.
- Income tax expense for the three-month and six-month periods ended 30 June 2017 increased by Baht 5 million and Baht 32 million, respectively.
- Net profit for the three-month and six-month periods ended 30 June 2017 increased by Baht 20 million and Baht 131 million, respectively.

Change in presentation

For disclosure purpose, the comparative figures are reclassified and presented to conform to the current period financial information. Significant reclassification transactions are as follows:

Statement of comprehensive income

Change in unearned premium reserve for the three-month and six-month periods ended 30 June 2017 amounting to Baht 3 million and Baht 1 million, respectively, are reclassified to present under benefit and claim paid recovered from reinsurers.

7. Cash and cash equivalents

	(Unaudited) 30 June 2018 Thousand Baht	(Audited) 31 December 2017 Thousand Baht
Cash on hand	1,565	1,517
Deposits held at call with banks and financial institutions	1,748,108	2,414,758
Short-term investments	197,986	350,000
Cash and cash equivalents	<u>1,947,659</u>	<u>2,766,275</u>

8. Premium receivables

The balances of premium receivables as at 30 June 2018 and 31 December 2017 were aged as follows:

	From direct insurance (Unaudited) 30 June 2018 Thousand Baht	(Audited) 31 December 2017 Thousand Baht
Current	5,819,882	5,332,074
Overdue		
Not over 30 days	815,402	1,347,939
31 - 60 days	8,395	16,061
61 - 90 days	5,636	7,404
Over 90 days	7,892	6,559
Total premium receivables	<u>6,657,207</u>	<u>6,710,037</u>

The premium receivables are aged by related legal grace period or credit term.

9. Reinsurance assets

The details of reinsurance assets are as follows:

	(Unaudited) 30 June 2018 Thousand Baht	(Audited) 31 December 2017 Thousand Baht
Claim reserve (Note 27 (b))	42,266	26,434
Claim incurred but not reported	16,304	10,811
Unearned premium reserve	89,406	87,316
Others (Note 27 (b))	8,511	7,271
Total reinsurance assets	<u>156,487</u>	<u>131,832</u>

10. Amounts due from reinsurance

The details of amounts due from reinsurance are as follows:

	(Unaudited) 30 June 2018 Thousand Baht	(Audited) 31 December 2017 Thousand Baht
Due from reinsurance (Note 27 (b))	-	11,456
Total amount due from reinsurance	-	11,456

11. Derivative assets and liabilities

All derivatives are for the purpose of hedging activities.

The details of derivative assets are as below:

30 June 2018 (Unaudited)				
Type of contract	Purpose	Number of contracts	Notional value Thousand Baht	Book value Thousand Baht
Cross currency swap and forward contracts	Closing financial position of investment in foreign currency	166	43,351,433	1,780,067
Interest rate swap contracts	Closing position of floating interest rate	237	-	-
Total		403	43,351,433	1,780,067
31 December 2017 (Audited)				
Type of contract	Purpose	Number of contracts	Notional value Thousand Baht	Book value Thousand Baht
Cross currency swap and forward contracts	Closing financial position of investment in foreign currency	216	66,715,811	2,764,836
Interest rate swap contracts	Closing position of floating interest rate	201	-	-
Total		417	66,715,811	2,764,836

11. Derivative assets and liabilities (Cont'd)

The details of derivative liabilities are as below:

30 June 2018 (Unaudited)				
Type of contract	Purpose	Number of contracts	Notional value Thousand Baht	Book value Thousand Baht
Cross currency swap and forward contracts	Closing financial position of investment in foreign currency	155	57,400,181	1,989,410
Total		155	57,400,181	1,989,410

31 December 2017 (Audited)				
Type of contract	Purpose	Number of contracts	Notional value Thousand Baht	Book value Thousand Baht
Cross currency swap and forward contracts	Closing financial position of investment in foreign currency	122	36,083,800	1,282,922
Total		122	36,083,800	1,282,922

As at 30 June 2018, the Branch hedged the risk on foreign currency offshore bonds and debentures by entering into cross currency swap contracts with local banks and branches of foreign banks. The face value of these hedges is U.S. Dollar 3,022 million and Euro 6 million (As at 31 December 2017: U.S. Dollar 3,078 million and Euro 1 million) which comprised of effective contracts of U.S. Dollar 2,828 million and Euro 6 million and non-effective contracts of U.S. Dollar 195 million (As at 31 December 2017: effective contracts of U.S. Dollar 2,751 million and Euro 1 million and non-effective contracts of U.S. Dollar 327 million).

12. Investment in securities, net

The details of investment in securities as at 30 June 2018 and 31 December 2017 are as follows:

	(Unaudited) 30 June 2018		(Audited) 31 December 2017	
	Cost/ Amortised cost Thousand Baht	Fair value Thousand Baht	Cost/ Amortised cost Thousand Baht	Fair value Thousand Baht
<u>Trading securities</u>				
Private enterprise debt securities	576	1,519	424	1,417
Total	576	1,519	424	1,417
<u>Add</u> Unrealised gain	943	-	993	-
Total trading securities	1,519	1,519	1,417	1,417
<u>Available-for-sale securities</u>				
Government and state enterprise securities	432,592,325	448,618,623	422,297,137	456,569,847
Private enterprise debt securities	54,994,919	56,934,901	47,116,475	49,949,594
Foreign debt securities	101,661,801	98,709,723	96,308,322	100,933,854
Equity securities	72,155,505	108,664,857	70,953,577	121,297,578
Foreign equity securities	-	-	27,984	7,246
Total	661,404,550	712,928,104	636,703,495	728,758,119
<u>Add</u> Unrealised gain	52,209,717	-	92,391,335	-
<u>Less</u> Provision for impairment	(686,163)	-	(336,711)	-
Total available-for-sale, net	712,928,104	712,928,104	728,758,119	728,758,119
<u>Held-to-maturity securities</u>				
Promissory notes	51,500,000	51,500,000	51,500,000	51,500,000
Deposit with financial institutions with maturity over 3 months	4,300,000	4,300,000	4,300,000	4,300,000
Total held-to-maturity securities	55,800,000	55,800,000	55,800,000	55,800,000
<u>General investments</u>				
Equity securities	932,799	3,829,052	932,085	3,632,352
Total general investment	932,799	3,829,052	932,085	3,632,352
Total investment in securities, net	769,662,422	772,558,675	785,491,621	788,191,888

As at 30 June 2018, the Branch had investment in securities deposited with the Office of Insurance Commission in order to comply with the Life Insurance Act with a fair value amounting to Baht 158,722 million (As at 31 December 2017: Baht 155,349 million).

12. Investment in securities, net (Con't)

During April-June 2017, the Branch partially revised the classification of held-to-maturity debt securities to available-for-sale due to a change in investment policy. As at 30 June 2018, the unrealised gain arising from the difference between the fair value and amortised cost of the debt securities was included in unrealised gain on changes in fair value of investments within Head Office's equity of Baht 18,896 million (Baht 15,117 million, net of tax) and the amortised cost of the transferred debt securities equaled to Baht 135,289 million. For the period ended 30 June 2018, the realised gain from partial sale of reclassified debt securities is Baht 70 million.

13. Investment in associates

The Branch has interests in an immaterial associate.

Investment in associates are accounted by using the cost method as at 30 June 2018 and 31 December 2017 as follows:

		Ownership interest		Cost method	
		(Unaudited) 30 June 2018 %	(Audited) 31 December 2017 %	(Unaudited) 30 June 2018 Thousand Baht	(Audited) 31 December 2017 Thousand Baht
Associates	Type of business				
P.C. - AIA Company Limited	Real estate	49	49	171,500	171,500
Total				171,500	171,500

The Branch has not presented financial statements in which investments in associates are accounted for using the equity method because the ultimate holding company (AIA Group) already uses the equity method in the consolidated financial statements which are made available for public use. This is permitted under TAS 28 (revised 2017) "Investment in Associates and Joint Ventures".

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14. Loans, net

The details of loans and accrued interests as at 30 June 2018 and 31 December 2017 are aged by outstanding period as follows:

	30 June 2018 (Unaudited)						Unit : Thousand Baht	
	Policy loans		Mortgage loans		Loans to employees		Total	
	Principle	Accrued Interest	Principle	Accrued Interest	Principle	Accrued Interest	Principle	Accrued Interest
Outstanding period								
Current	28,975,303	949,281	1,469,370	747	102	-	30,444,775	950,028
Overdue								
Less than 3 months	-	-	16,342	115	-	-	16,342	115
3 - 6 months	-	-	-	-	-	-	-	-
6 - 12 months	-	-	-	-	-	-	-	-
More than 12 months	-	-	42,863	-	-	-	42,863	-
Total	28,975,303	949,281	1,528,575	862	102	-	30,503,980	950,143
Less Allowance for doubtful accounts	-	-	(19,705)	-	-	-	(19,705)	-
Loans and accrued interests, net	28,975,303	949,281	1,508,870	862	102	-	30,484,275	950,143

	31 December 2017 (Audited)						Unit : Thousand Baht	
	Policy loans		Mortgage loans		Loans to employees		Total	
	Principle	Accrued interest	Principle	Accrued interest	Principle	Accrued interest	Principle	Accrued interest
Outstanding period								
Current	28,194,458	822,327	1,498,156	1,098	168	-	29,692,782	823,425
Overdue								
Less than 3 months	-	-	7,333	36	-	-	7,333	36
3 - 6 months	-	-	-	-	-	-	-	-
6 - 12 months	-	-	361	-	-	-	361	-
More than 12 months	-	-	49,197	-	-	-	49,197	-
Total	28,194,458	822,327	1,555,047	1,134	168	-	29,749,673	823,461
Less Allowance for doubtful accounts	-	-	(23,952)	-	-	-	(23,952)	-
Loans and accrued interests, net	28,194,458	822,327	1,531,095	1,134	168	-	29,725,721	823,461

Accrued interests are presented under "Accrued income on investments" in the Statement of Financial Position.

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15. Investment property

	30 June 2018 (Unaudited)					Unit : Thousand Baht
	Cost		Accumulated depreciation			
	Beginning balance 1 January 2018	For the period	Ending balance 30 June 2018	Beginning balance 1 January 2018	For the period	Ending balance 30 June 2018
		Additions	Transfers		Depreciation charge	
Land	3,143,285	1,020,235	-	-	-	4,163,520
Buildings and improvements	6,029,604	1,029	4,708	487,911	79,044	5,468,386
Furniture, fixture, and equipment	224,464	-	-	48,946	13,243	162,275
Construction in progress	34,905	3,766	(4,708)	-	-	33,963
Total	9,432,258	1,025,030	-	536,857	92,287	9,828,144

	31 December 2017 (Audited)					Unit : Thousand Baht
	Cost		Accumulated depreciation			
	Beginning balance 1 January 2017	For the year	Ending balance 31 December 2017	Beginning balance 1 January 2017	For the year	
		Additions			Transfers	
Land	3,143,285	-	-	-	-	3,143,285
Buildings and improvements	5,998,203	31,401	-	331,765	156,146	5,541,693
Furniture, fixture, and equipment	210,021	180	14,263	23,256	25,690	175,518
Construction in progress	10,482	38,686	(14,263)	-	-	34,905
Total	9,361,991	70,267	-	355,021	181,836	8,895,401

For the three-month and six-month periods ended 30 June 2018, the investment property generated rental income amounting to Baht 229 million and Baht 449 million, respectively (30 June 2017: Baht 195 million and Baht 382 million, respectively), and incurred its direct operating expenses (including repair and maintenance) amounting to Baht 119 million and Baht 232 million, respectively (30 June 2017: 112 million and Baht 215 million, respectively).

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16. Property, plant and equipment

	30 June 2018 (Unaudited)										Unit : Thousand Baht	
	Cost					Accumulated depreciation						
	For the period					For the period						
	Beginning balance 1 January 2018	Additions	Write offs	Disposals	Transfers	Ending balance 30 June 2018	Beginning balance 1 January 2018	Depreciation charge	Write offs	Disposals		Ending balance 30 June 2018
Land	52,637	-	-	-	-	52,637	-	-	-	-	-	52,637
Buildings and improvements	700,050	-	-	-	-	700,050	612,879	3,759	-	-	616,638	83,412
Furniture, fixtures and equipment	2,020,953	5,160	(20,936)	(22,089)	8,012	1,991,100	1,582,609	60,344	(20,935)	(22,088)	1,599,930	391,170
Computer hardware	863,066	20,920	(2,267)	-	-	881,719	791,399	18,888	(2,267)	-	808,020	73,699
Motor vehicles	40,010	-	-	-	-	40,010	29,361	1,955	-	-	31,316	8,694
Construction in progress	13,951	92,618	-	-	(8,012)	98,557	-	-	-	-	-	98,557
Total	3,690,667	118,698	(23,203)	(22,089)	-	3,764,073	3,016,248	84,946	(23,202)	(22,088)	3,055,904	708,169
	31 December 2017 (Audited)										Unit : Thousand Baht	
	Cost					Accumulated depreciation					Property, plant and equipment	
	For the year					For the year						
	Beginning balance 1 January 2017	Additions	Write offs	Disposals	Transfers	Ending balance 31 December 2017	Beginning balance 1 January 2017	Depreciation charge	Write offs	Disposals		Ending balance 31 December 2017
	Beginning balance 1 January 2017	Additions	Write offs	Disposals	Transfers	Ending balance 31 December 2017	Beginning balance 1 January 2017	Depreciation charge	Write offs	Disposals		Ending balance 31 December 2017
Land	52,637	-	-	-	-	52,637	-	-	-	-	-	52,637
Buildings and improvements	700,050	-	-	-	-	700,050	605,502	7,377	-	-	612,879	87,171
Furniture, fixtures and equipment	1,932,392	44,172	(99,805)	(16,897)	161,091	2,020,953	1,591,517	107,558	(99,580)	(16,886)	1,582,609	438,344
Computer hardware	819,109	58,992	(2,833)	(12,202)	-	863,066	779,303	27,131	(2,833)	(12,202)	791,399	71,667
Motor vehicles	36,151	3,859	-	-	-	40,010	24,501	4,860	-	-	29,361	10,649
Construction in progress	-	175,042	-	-	(161,091)	13,951	-	-	-	-	-	13,951
Total	3,540,339	282,065	(102,638)	(29,099)	-	3,690,667	3,000,823	146,926	(102,413)	(29,088)	3,016,248	674,419

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17. Intangible assets

Intangible assets consist of computer software, distribution rights, copyrights and membership as follows:

	30 June 2018 (Unaudited)						Unit : Thousand Baht	
	Cost			Accumulated amortisation			Ending balance 30 June 2018	Intangible assets
	Beginning balance 1 January 2018	For the period	Ending balance 30 June 2018	Beginning balance 1 January 2018	For the period	Ending balance 30 June 2018		
		Additions	Write offs	Adjustments	Amortisation charge	Write offs		
Computer software	1,429,806	61,943	(225,244)	-	62,097	(225,239)	885,592	380,913
Others	72,671	-	-	-	6,167	-	67,088	5,583
Work in progress	238,412	60,195	-	(20,504)	-	-	-	278,103
Total	1,740,889	122,138	(225,244)	(20,504)	68,264	(225,239)	952,680	664,599

	31 December 2017 (Audited)						Unit : Thousand Baht	
	Cost			Accumulated amortisation			Ending balance 31 December 2017	Intangible assets
	Beginning balance 1 January 2017	For the year	Ending balance 31 December 2017	Beginning balance 1 January 2017	For the year	Ending balance 31 December 2017		
		Additions	Transfers		Amortisation charge			
Computer software	1,245,842	74,276	109,688	946,922	101,812	1,048,734	381,072	
Others	72,671	-	-	47,755	13,166	60,921	11,750	
Work in progress	204,149	143,951	(109,688)	-	-	-	238,412	
Total	1,522,662	218,227	-	994,677	114,978	1,109,655	631,234	

18. Other assets

	(Unaudited) 30 June 2018 Thousand Baht	(Audited) 31 December 2017 Thousand Baht
Prepaid leasehold (Note 27 (b))	363,361	377,315
Deposits (Note 27 (b))	152,529	151,596
Amounts due from a related party (Note 27 (b))	67,157	70,010
Receivable from sale of investments	3,271,551	1,255,761
Cash collateral from derivative contracts and repurchase agreements (Repo)	1,300	7,378
Others	215,236	219,945
Total	4,071,134	2,082,005

Cash collateral from derivative contracts and repurchase agreements (Repo) is cash collateral which the Branch has pledged under the derivative contracts and repurchase agreements (Repo) with financial institutions.

19. Borrowings

The details of borrowings are presented below:

Short-term borrowings

	(Unaudited) 30 June 2018		(Audited) 31 December 2017	
	Principal Thousand Baht	Accrued interest Thousand Baht	Principal Thousand Baht	Accrued interest Thousand Baht
Borrowings with repurchase agreement (Repo)	18,350,000	6,383	15,400,000	20,616
Total	18,350,000	6,383	15,400,000	20,616

As at 30 June 2018, the Branch had sold government bonds with Repurchase Agreements (Repo) to commercial banks as collateral for borrowings with the same amount. Certain government bonds have nominal value amounting to Baht 16,551 million. The interest rate of the borrowing agreement was 1.50% per annum (As at 31 December 2017: Certain government bonds had nominal value amounting to Baht 13,365 million. The interest rate of the borrowing agreement was 1.50% per annum).

Accrued interests are presented under "Other liabilities" in the Statement of Financial Position.

Subsequent event after the financial statements date

In July 2018, the Branch repurchased all of the government bonds from the commercial banks amounting to Baht 18,359 million.

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20. Insurance liabilities

	Unit : Thousand Baht				
	30 June 2018 (Unaudited)		31 December 2017 (Audited)		
	Insurance contract liabilities	Liabilities recovered from reinsurance	Insurance contract liabilities	Liabilities recovered from reinsurance	Net
Long-term technical reserves	558,714,972	-	546,607,901	-	546,607,901
Claim liability					
- Reported claim	1,353,007	(50,777)	1,369,961	(33,705)	1,336,256
- Claim incurred but not reported	698,867	(16,304)	626,543	(10,811)	615,732
Premium liability					
- Unearned premium reserve	13,321,728	(89,406)	13,191,178	(87,316)	13,103,862
Unpaid policy benefits	454,718	-	583,128	-	583,128
Due to insured	84,410,747	-	79,907,490	-	79,907,490
Total	658,954,039	(156,487)	642,286,201	(131,832)	642,154,369

20. Insurance liabilities (Cont'd)

20.1 Long-term technical reserves

The movement details are below:

	(Unaudited) 30 June 2018 Thousand Baht	(Audited) 31 December 2017 Thousand Baht
Beginning balance for the period/year	546,607,901	518,685,747
Policy reserve movement for new policies and inforce policies during the period/year	32,272,896	69,129,084
Net movement in benefits payable to life policyholders for death, maturity, surrenders, other policyholders benefits and claims	(20,197,283)	(41,674,557)
Others	31,458	467,627
Closing balance at the end of period/year	<u>558,714,972</u>	<u>546,607,901</u>

20.2 Short-term technical reserves

20.2.1 Claim liability

The movement details are below:

	(Unaudited) 30 June 2018 Thousand Baht	(Audited) 31 December 2017 Thousand Baht
Beginning balance for the period/year	1,996,504	2,211,418
Insurance claims and loss adjustment expenses incurred during the period/year	7,984,277	14,892,811
Changes in claim reserve from change in assumption during the period/year	72,323	(310,885)
Insurance claims and loss adjustment expenses paid during the period/year	(8,001,230)	(14,796,840)
Closing balance at the end of period/year	<u>2,051,874</u>	<u>1,996,504</u>

20.2.2 Unearned premium reserve

	(Unaudited) 30 June 2018 Thousand Baht	(Audited) 31 December 2017 Thousand Baht
Beginning balance for the period/year	13,191,178	12,829,958
Premium written for the period/year	15,568,611	31,381,548
Premium earned in the period/year	(15,438,061)	(31,020,328)
Closing balance at the end of period/year	<u>13,321,728</u>	<u>13,191,178</u>

20. Insurance liabilities (Cont'd)

20.3 Unpaid policy benefits

The details are as below:

	(Unaudited) 30 June 2018 Thousand Baht	(Audited) 31 December 2017 Thousand Baht
Death benefits	454,718	583,128
Total	454,718	583,128

20.4 Due to insured

The details of due to insured are presented below:

	(Unaudited) 30 June 2018 Thousand Baht	(Audited) 31 December 2017 Thousand Baht
Deposits from insurance contracts	56,498,866	54,084,240
Account value of universal life insurance contracts	10,808,550	10,711,246
Account value of unit linked insurance contracts	17,103,331	15,112,004
Total	84,410,747	79,907,490

21. Investment liabilities

	(Unaudited) 30 June 2018 Thousand Baht	(Audited) 31 December 2017 Thousand Baht
Beginning balance for the period/year	2,996,650	3,068,251
Investment contract benefits	(126,034)	(200,896)
Change in investment contract liabilities	77,754	129,295
Closing balance at the end of period/year	2,948,370	2,996,650

22. Amounts due to reinsurance

	(Unaudited) 30 June 2018 Thousand Baht	(Audited) 31 December 2017 Thousand Baht
Fund reserve	8,716	8,458
Outward premium payable (Note 27 (b))	254,883	198,726
Total amount due to reinsurance	<u>263,599</u>	<u>207,184</u>

23. Deferred tax liabilities

	(Unaudited)			
	Net deferred tax asset/ (liability) at 1 January 2018 Thousand Baht	Credited/ (charged) to profit or loss Thousand Baht	Credited/ (charged) to Head Office's Equity Thousand Baht	Net deferred tax asset/ (liability) at 30 June 2018 Thousand Baht
For the period ended				
Revaluation of investment Insurance and investment liabilities	(21,759,753)	147,090	8,118,126	(13,494,537)
Provision of expenses	2,960,312	(369,651)	-	2,590,661
Others	2,892,158	(6,563)	-	2,885,595
	<u>(1,136,634)</u>	<u>18,359</u>	<u>-</u>	<u>(1,118,275)</u>
Total	<u>(17,043,917)</u>	<u>(210,765)</u>	<u>8,118,126</u>	<u>(9,136,556)</u>
	(Audited)			
	Net deferred tax asset/ (liability) at 1 January 2017 Thousand Baht	Credited/ (charged) to profit or loss Thousand Baht	Credited/ (charged) to Head Office's Equity Thousand Baht	Net deferred tax asset/ (liability) at 31 December 2017 Thousand Baht
For the year ended				
Revaluation of investment Insurance and investment liabilities	(12,335,137)	35,428	(9,460,044)	(21,759,753)
Provision of expenses	3,446,374	(486,062)	-	2,960,312
Others	2,832,303	64,481	(4,626)	2,892,158
	<u>(1,146,905)</u>	<u>10,271</u>	<u>-</u>	<u>(1,136,634)</u>
Total	<u>(7,203,365)</u>	<u>(375,882)</u>	<u>(9,464,670)</u>	<u>(17,043,917)</u>

24. Other liabilities

	(Unaudited) 30 June 2018 Thousand Baht	(Audited) 31 December 2017 Thousand Baht
Accrued commissions and expenses	6,479,374	6,037,226
Payable for purchase of investments	314,538	694,608
Unpresented cheques payable	2,427,179	2,402,060
Expired cheques payable	2,468,849	2,385,253
Due commissions and expenses	706,307	737,107
Payable to related parties (Note 27 (b))	556,751	762,271
Agents payable	2,112,358	1,293,481
Cash collateral from derivative contracts	4,352,688	4,817,774
Other accounts payable	276,010	272,921
Others	753,730	1,266,650
Total	<u>20,447,784</u>	<u>20,669,351</u>

Cash collateral from derivative contracts is cash collateral which financial institutions have pledged under the derivative contracts with the Branch.

25. Gross benefits and claim paid

	For the three-month periods ended	
	(Unaudited) 30 June 2018 Thousand Baht	(Unaudited) 30 June 2017 Thousand Baht
Insurance contract benefits	17,825,461	16,961,864
Change in investment contract liabilities	38,587	15,572
Total	<u>17,864,048</u>	<u>16,977,436</u>

	For the six-month periods ended	
	(Unaudited) 30 June 2018 Thousand Baht	(Unaudited) 30 June 2017 Thousand Baht
Insurance contract benefits	35,089,006	33,163,045
Change in investment contract liabilities	77,754	50,173
Total	<u>35,166,760</u>	<u>33,213,218</u>

26. Operating expenses

	For the three-month periods ended	
	(Unaudited) 30 June 2018 Thousand Baht	(Unaudited) 30 June 2017 Thousand Baht
Employee expenses not relating to underwriting expenses, and loss adjusting expenses	841,970	791,306
Property and equipment expenses not relating to underwriting expenses, and loss adjusting expenses	424,577	410,983
Tax expenses	4,239	4,636
Other operating expenses	442,378	500,501
Total	1,713,164	1,707,426

	For the six-month periods ended	
	(Unaudited) 30 June 2018 Thousand Baht	(Unaudited) 30 June 2017 Thousand Baht
Employee expenses not relating to underwriting expenses, and loss adjusting expenses	1,593,111	1,642,231
Property and equipment expenses not relating to underwriting expenses, and loss adjusting expenses	857,032	791,761
Tax expenses	12,396	11,392
Other operating expenses	886,153	857,346
Total	3,348,692	3,302,730

27. Related party transactions

Enterprises and individuals that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the Branch, including holding companies and fellow subsidiaries are related parties of the Branch. Key management personnel including officers of the Branch and close members of the family of these individuals and companies associated with these individuals also constitute related parties.

The following significant transactions were carried out with related parties and affiliated companies within AIA Group Limited.

(a) Statements of comprehensive income

	For the three-month periods ended	
	(Unaudited) 30 June 2018 Thousand Baht	(Unaudited) 30 June 2017 Thousand Baht
Head office		
Operating expenses	157,955	218,571
Affiliated companies		
Premiums ceded to reinsurers	654,251	162,312
Fee and commission income	904	27,898
Net investment income	30,699	-
Other income	79	79
Benefit and claim paid recovered from reinsurers	359,954	30,546
Other underwriting expenses	7,391	7,681
Operating expenses	215,775	182,682
	For the six-month periods ended	
	(Unaudited) 30 June 2018 Thousand Baht	(Unaudited) 30 June 2017 Thousand Baht
Head office		
Operating expenses	326,686	430,925
Affiliated companies		
Premiums ceded to reinsurers	1,261,745	331,309
Fee and commission income	39,268	57,532
Net investment income	30,699	-
Other income	158	158
Benefit and claim paid recovered from reinsurers	731,516	57,609
Other underwriting expenses	13,755	14,528
Operating expenses	404,444	381,366

27. Related party transactions (Cont'd)

The following significant transactions were carried out with related parties and affiliated companies within AIA Group Limited. (Cont'd)

(b) Statement of financial position

	(Unaudited) 30 June 2018 Thousand Baht	(Audited) 31 December 2017 Thousand Baht
<u>Head office</u>		
Profit remittances to Head Office	4,820,000	15,510,000
Other liabilities	404,627	673,413
<u>Affiliated companies</u>		
Reinsurance assets	47,686	31,494
Amount due from reinsurance	-	439
Investment in associates	171,500	171,500
Other assets	501,513	520,106
Amount due to reinsurance	65,982	82,336
Other liabilities	152,124	88,858

(c) Key management compensations

Key management compensations are as follows:

	For the three-month periods ended	
	(Unaudited) 30 June 2018 Thousand Baht	(Unaudited) 30 June 2017 Thousand Baht
Salary and other short-term employee benefits	43,652	63,273
Severance payment	-	8,552
Post-employment benefits	14,727	12,698
Share-based payment	7,828	9,423
Total	66,207	93,946
	For the six-month periods ended	
	(Unaudited) 30 June 2018 Thousand Baht	(Unaudited) 30 June 2017 Thousand Baht
Salary and other short-term employee benefits	91,458	121,778
Severance payment	12,146	69,115
Post-employment benefits	31,128	16,040
Share-based payment	15,687	19,830
Total	150,419	226,763

28. Contingent liabilities and commitments

The Branch has payment obligations for operating leases for land and offices as follows:

	(Unaudited) 30 June 2018 Thousand Baht	(Audited) 31 December 2017 Thousand Baht
Not later than 1 year	326,508	248,329
Later than 1 year but not later than 5 years	420,115	198,519
Total	<u>746,623</u>	<u>446,848</u>

As at 30 June 2018 and 31 December 2017, the Branch had contractual commitment from contract for investment property project at the maximum amount of Baht 292 million.