

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.....Hiew, Tet-Chian.....

Position.....Chief Financial Officer.....

Disclosed on.....31 May 2019.....

Information for the Quarter....1...Year...2019..

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.

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 once 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	
	2019	2018	2019	2018	2019	2018
Capital Adequacy Ratio (%)	409	444	XXX	392	XXX	408
Total Capital Available	170,839	179,718	XXX	166,273	XXX	177,701
Total Capital Required	41,770	40,472	XXX	42,401	XXX	43,600

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.

AIA COMPANY LIMITED

INTERIM FINANCIAL INFORMATION (UNAUDITED)

31 MARCH 2019



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 31 March 2019, and the related statements of comprehensive income, changes in Head Office's equity, and cash flows for the three-month period 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', with a horizontal line underneath.

Paiboon Tunkoon

Certified Public Accountant (Thailand) No. 4298
Bangkok
2 May 2019

AIA Company Limited
Statement of Financial Position
As at 31 March 2019

		(Unaudited) 31 March 2019 Baht	(Audited) 31 December 2018 Baht
	Notes		
Assets			
Cash and cash equivalents	7	1,400,887,618	7,769,489,147
Premium receivables	8	6,732,533,776	6,596,744,106
Accrued income on investments		9,511,974,877	5,684,482,811
Reinsurance assets	9, 27	330,954,320	299,424,481
Amount due from reinsurance	10, 27	-	1,905,664
Derivative assets	11	4,111,428,749	2,896,344,761
Invested assets			
Investment in securities, net	12	783,297,515,081	769,096,590,258
Investment in associates	13, 27	171,500,000	171,500,000
Loans, net	14	31,345,207,997	31,157,710,208
Investment property	15	16,414,574,777	16,410,000,000
Assets held to cover linked liabilities		22,787,686,358	20,646,422,436
Property, plant and equipment	16	2,149,589,611	2,071,691,883
Intangible assets	17	781,022,165	698,275,585
Other assets	18, 27	2,458,581,473	2,305,222,224
Total assets		881,493,456,802	865,805,803,564

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 31 March 2019

		(Unaudited) 31 March 2019 Baht	(Audited) 31 December 2018 Baht
	Notes		
Liabilities and Head Office's Equity			
Liabilities			
Borrowings	19	1,300,000,000	-
Insurance liabilities	20	688,086,446,918	680,244,719,106
Investment liabilities	21	1,133,161,128	1,619,936,357
Amount due to reinsurance	22, 27	410,448,147	359,319,757
Derivative liabilities	11	327,102,987	659,236,610
Income tax payable		3,139,701,441	2,689,801,011
Employee benefit liabilities		2,805,987,484	3,062,818,646
Deferred tax liabilities	23	12,839,143,877	9,623,601,126
Other liabilities	24, 27	24,997,686,849	25,782,724,966
Total liabilities		735,039,678,831	724,042,157,579
Head Office's Equity			
Unrealised gains on changes in fair value of investments, net of tax		63,843,917,884	52,998,840,193
Remeasurements of post-employment benefit obligations, net of tax		(1,100,415,482)	(1,100,415,482)
Gain on land and building revaluation, net of tax		819,701,391	819,701,391
Other reserve		98,212,819	82,648,649
Branch's retained earnings			
Unappropriated		82,792,361,359	88,962,871,234
Total Head Office's Equity		146,453,777,971	141,763,645,985
Total liabilities and Head Office's Equity		881,493,456,802	865,805,803,564

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 31 March 2019

			(Restated)
		2019	2018
	Notes	Baht	Baht
Revenues			
Gross written premiums		29,460,041,213	27,856,506,602
<u>Less</u> premiums ceded to insurers	27	(952,065,445)	(830,614,042)
Net written premiums		28,507,975,768	27,025,892,560
<u>Add</u> net change in unearned premium reserve	6	4,672,637	88,311,932
Net earned premiums		28,512,648,405	27,114,204,492
Fee and commission income	27	113,769,193	137,685,815
Net investment income	6, 27	8,235,545,091	8,132,670,985
Gains on investment		853,291,789	5,248,973,497
Fair value losses on investment		(126,276,914)	(524,053,200)
Fair value losses on investment property	6	-	(428,587)
Other income	27	23,650,491	58,885,623
Total revenues		37,612,628,055	40,167,938,625
Expenses			
Change in long-term technical reserve	6	5,294,481,802	5,781,716,218
Gross benefits and claim paid	6, 25	19,238,372,210	17,256,468,559
<u>Less</u> benefits and claim paid recovered from reinsurers	6, 27	(599,208,326)	(510,249,242)
Net benefits and claim paid		18,639,163,884	16,746,219,317
Commissions and brokerages		3,399,735,169	3,101,314,906
Other underwriting expenses	27	3,786,314,055	3,529,107,422
Operating expenses	26, 27	1,474,689,140	1,635,527,913
Finance cost		7,793,493	21,105,315
Total expenses		32,602,177,543	30,814,991,091
Profit before income tax		5,010,450,512	9,352,947,534
Income tax expenses	6	1,000,960,387	1,885,024,838
Net profit		4,009,490,125	7,467,922,696

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 31 March 2019

			(Restated)
		2019	2018
	Note	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		14,409,540,114	(4,333,207,687)
Realised gain from sale of available-for-sale investment and impairment loss transferred to profit or loss		(853,193,001)	(5,255,827,034)
Income tax relating to items that will be reclassified subsequently to profit or loss	23	<u>(2,711,269,423)</u>	<u>1,917,806,944</u>
Total items that will be reclassified subsequently to profit or loss		<u>10,845,077,690</u>	<u>(7,671,227,777)</u>
Other comprehensive income (loss) for the period, net of tax		<u>10,845,077,690</u>	<u>(7,671,227,777)</u>
Total comprehensive income (loss) for the period		<u><u>14,854,567,815</u></u>	<u><u>(203,305,081)</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 three-month period ended 31 March 2019

	Unrealised gains		Remeasurements		Gain on		Unappropriated		Total	
	Funds from	on changes	of post-employment	benefit obligations,	land and building	revaluation	Other	Branch's	Head Office's	
	Head Office	in fair value of	net of tax	net of tax	net of tax	net of tax	reserve	retained	Equity	
	Baht	investments,	Baht	Baht	Baht	Baht	Baht	earnings	Baht	
		net of tax								
Beginning balance as at 1 January 2019	-	52,998,840,193	(1,100,415,482)		819,701,391		82,648,649	88,962,871,234	141,763,645,985	
Profit remittances to Head Office	-	-	-	-	-	-	-	(10,180,000,000)	(10,180,000,000)	
Employee benefits on share-based payment	-	-	-	-	-	-	15,564,170	-	15,564,170	
Net profit	-	-	-	-	-	-	-	4,009,490,125	4,009,490,125	
Unrealised gains on changes in fair value of investments	-	11,527,632,091	-	-	-	-	-	-	11,527,632,091	
Realised gain from sale of available-for-sale investment	-	-	-	-	-	-	-	-	-	
and impairment loss transferred to profit or loss	-	(682,554,400)	-	-	-	-	-	-	(682,554,400)	
Ending balance as at 31 March 2019	-	63,843,917,884	(1,100,415,482)		819,701,391		98,212,819	82,792,361,359	146,453,777,971	
Beginning balance as at 1 January 2018	-	89,210,030,072	(1,181,596,528)		-	-	91,151,725	71,600,638,784	159,720,224,053	
Employee benefits on share-based payment	-	-	-	-	-	-	(2,177,551)	-	(2,177,551)	
Net profit (Note 6)	-	-	-	-	-	-	-	7,467,922,696	7,467,922,696	
Unrealised loss on changes in fair value of investments	-	(3,466,566,150)	-	-	-	-	-	-	(3,466,566,150)	
Realised gain from sale of available-for-sale investment	-	-	-	-	-	-	-	-	-	
and impairment loss transferred to profit or loss	-	(4,204,661,627)	-	-	-	-	-	-	(4,204,661,627)	
Ending balance as at 31 March 2018	-	81,538,802,295	(1,181,596,528)		-	-	88,974,174	79,068,561,480	159,514,741,421	

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 three-month period ended 31 March 2019

		(Reclassified)
	2019	2018
	Baht	Baht
Notes		
Cash flows provided by (used in) operating activities		
Written premium received from direct insurance	29,128,370,199	28,177,618,728
Fee income	43,529,962	43,967,620
Cash paid for reinsurance	(280,750,668)	(243,103,182)
Interest income	4,375,234,420	4,313,527,005
Dividend income	196,452,874	165,552,365
Investment expenses	(311,917,903)	(248,472,193)
Cash received from (paid for) settlement of derivatives	423,534,657	63,200,484
Rental income	256,284,214	233,660,413
Other income	20,012,379	43,752,349
Gross benefits and claim paid from direct insurance	(18,160,487,540)	(16,004,592,291)
Commissions and brokerages	(3,310,558,136)	(3,120,152,293)
Other underwriting expenses	(7,044,272,218)	(2,962,117,959)
Operating expenses	(2,043,781,799)	(1,831,274,510)
Income tax expense	(46,786,628)	(43,399,450)
Cash received from investment in securities	14,036,687,127	49,122,921,325
Cash paid for investment in securities	(12,869,217,352)	(42,090,088,749)
Cash paid for investment property	15 (4,574,777)	(428,586)
Cash received from loan repayments	1,517,066,773	1,471,005,820
Cash paid for loan drawdowns	(1,743,022,331)	(1,778,490,227)
Cash received from assets held to cover linked liabilities	1,246,154,842	1,436,704,664
Cash paid for assets held to cover linked liabilities	(2,661,079,829)	(2,446,695,047)
Net cash provided by operating activities	2,766,878,266	14,303,096,286
Cash flows provided by (used in) investing activities		
<u>Cash inflows provided by:</u>		
Properties and equipment	3,480,000	-
Net cash provided by investing activities	3,480,000	-
<u>Cash outflows used in:</u>		
Properties and equipment	16 (135,120,359)	(19,019,421)
Intangible assets	17 (117,541,833)	(58,954,774)
Net cash used in investing activities	(252,662,192)	(77,974,195)
Net cash used in investing activities	(249,182,192)	(77,974,195)

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 three-month period ended 31 March 2019

	2019	(Reclassified) 2018
	Baht	Baht
Cash flows provided by (used in) financing activities		
<u>Cash inflows provided by:</u>		
Borrowings	1,300,000,000	-
Net cash provided by financing activities	1,300,000,000	-
<u>Cash outflows used in:</u>		
Remittances to Head Office	(10,180,000,000)	-
Principal repayment of borrowing	-	(15,400,000,000)
Finance cost	(6,297,603)	(41,721,644)
Net cash used in financing activities	(10,186,297,603)	(15,441,721,644)
Net cash used in financing activities	(8,886,297,603)	(15,441,721,644)
Net decrease in cash and cash equivalents	(6,368,601,529)	(1,216,599,553)
Cash and cash equivalents at beginning of period	7,769,489,147	2,766,275,305
Cash and cash equivalents at end of period	<u>1,400,887,618</u>	<u>1,549,675,752</u>

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 2 May 2019.

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 2018.

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 Financial reporting standards which are effective for annual periods beginning on or after 1 January 2019

TFRS 2 (revised 2018)	Share-based Payment
TFRS 4 (revised 2018)	Insurance Contracts
TFRS 15	Revenue from Contracts with Customers
TAS 28 (revised 2018)	Investments in associates and joint ventures
TAS 40 (revised 2018)	Investment Property
TFRIC 22	Foreign Currency Transactions and Advance Consideration

TFRS 2 clarifies;

- The measurement basis for cash-settled share-based payments
- Where an employer is obliged to withhold an amount for the employee's tax obligation associated with a share-based payment and pay that amount to the tax authority, the award is treated as if it is wholly equity-settled.
- The accounting for modifications from cash-settled awards to equity-settled awards.

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

TFRS 15 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.

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

TAS 40 clarifies that transfers to or from investment property can only be made if there has been a change in use that is supported by evidence. A change in use occurs when the property meets, or ceases to meet, the definition of investment property. A change in intention alone is not sufficient to support a transfer.

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

The Branch has adopted these standards for the current period. The management has assessed and considered that the above standards do not have significant impact on the Branch.

3. Accounting policies (Cont'd)

3.2 Financial reporting standards which are effective for annual periods beginning on or after 1 January 2020 and are relevant to the Branch. The Branch has not yet adopted these revised standards

3.2.1 Financial instruments

The new financial reporting standards relate to financial instruments are:

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

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

3.2.2 TFRS 16 Leases

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

The Branch's management is currently assessing the impacts of these standards.

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. Actual results may differ from these estimates.

In preparing this interim financial information, the significant judgements 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 2018.

5. Fair value

5.1 Fair value estimation

The table below presents assets 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 assets that are measured and recognised at fair value as at 31 March 2019 and 31 December 2018.

	Level 1 Thousand Baht	Level 2 Thousand Baht	Level 3 Thousand Baht	Total Thousand Baht
As at 31 March 2019 (Unaudited)				
Assets				
Investment in securities				
Trading securities	766	-	-	766
Available-for-sale securities				
Debt securities	-	617,258,366	-	617,258,366
Equity securities	108,324,195	967,725	13,664	109,305,584
Assets held to cover linked liabilities	22,787,686	-	-	22,787,686
Investment property	-	-	16,414,575	16,414,575
Land and building	-	-	1,146,655	1,146,655
Total assets	131,112,647	618,226,091	17,574,894	766,913,632
As at 31 December 2018 (Audited)				
Assets				
Investment in securities				
Trading securities	998	-	-	998
Available-for-sale securities				
Debt securities	-	609,064,411	-	609,064,411
Equity securities	102,320,781	967,409	10,192	103,298,382
Assets held to cover linked liabilities	20,646,422	-	-	20,646,422
Investment property	-	-	16,410,000	16,410,000
Land and building	-	-	1,157,000	1,157,000
Total assets	122,968,201	610,031,820	17,577,192	750,577,213

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 Valuation techniques used to derive Level 3 fair values

The changes in investment property and land and building are disclosed in Notes 15 and 16, respectively. The Branch engaged an external independent and qualified appraiser to determine the fair value of the investment property and land and building. Different valuation techniques may be adopted to reach the fair value of the properties. Under the Market Data Approach, records of recent sales and offerings of similar property are analysed and comparisons are made for factors such as size, location, quality and prospective use. The Discounted Cash Flow Approach may be used by reference to net rental income allowing for reversionary income potential to estimate the fair value of the properties. On some occasions, the Cost Approach is used as well to calculate the fair value which reflects the cost that would be required to replace the service capacity of the property.

The following table presents the changes in Level 3 financial instruments for the period ended 31 March 2019 and for the year ended 31 December 2018.

	(Unaudited) Available-for-sale equity security 31 March 2019 Thousand Baht	(Audited) Available-for-sale equity security 31 December 2018 Thousand Baht
Beginning balance as at 1 January	10,192	22,254
Gain (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	3,472	(4,816)
Closing balance	13,664	10,192

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.

5. Fair value (Cont'd)

5.4 Valuation techniques used to derive Level 3 fair values (Cont'd)

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.

The Branch engaged an external independent and qualified appraiser to determine the fair value of the investment property and land and building on the basis of the highest and best use of the properties that is physically possible, legally permissible and financially feasible, which will be revised every 6 months and 12 months, respectively.

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

6. Change in accounting policies and presentation

Change in accounting policies

With effect from 31 December 2018, the Branch has changed the accounting policy related to the measurement of investment property from cost model to fair value model by applying retrospective adjustments. The change has been made purposefully to reflect the fair value of investment property. The management considered that such information would be beneficial to financial statements user. The change in accounting policy has affected statements of comprehensive income for the three-month period ended 31 March 2018 as follow:

Statement of comprehensive income

Fair value losses on investment property increased by Baht 0.43 million, net investment income increased by Baht 46.12 million, income tax expense increased by Baht 9.14 million, and net profit increased by Baht 36.55 million.

With effect from 31 December 2018, the Branch has changed the accounting policy in relation to product classification and claim reserving methodology by applying retrospective adjustments. The changes were purposefully to align with regulatory reporting basis and to standardise with related reporting basis, respectively. The change in accounting policy has affected statements of comprehensive income for the three-month period ended 31 March 2018 as follow:

Statement of comprehensive income

Gross benefits and claim paid decreased by Baht 46.24 million, benefits and claim paid recovered from reinsurers decreased by Baht 13.92 million, income tax expense increased by Baht 6.46 million and net profit increased by Baht 25.86 million.

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

Change in presentation

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

Statement of comprehensive income

Change in long-term technical reserve amounting to Baht 37.28 million is reclassified to present under change in unearned premium reserve.

7. Cash and cash equivalents

	(Unaudited) 31 March 2019 Thousand Baht	(Audited) 31 December 2018 Thousand Baht
Cash on hand	5,117	6,259
Deposits held at call with banks and financial institutions	1,318,781	2,969,970
Short-term investments	76,990	4,793,260
Cash and cash equivalents	<u>1,400,888</u>	<u>7,769,489</u>

8. Premium receivables

The balances of premium receivables are aged as follows:

	From direct insurance (Unaudited) 31 March 2019 Thousand Baht	(Audited) 31 December 2018 Thousand Baht
Current	5,608,874	5,321,303
Overdue		
Not over 30 days	1,096,296	1,244,653
31 - 60 days	14,192	16,690
61 - 90 days	6,499	7,773
Over 90 days	6,673	6,325
Total premium receivables	<u>6,732,534</u>	<u>6,596,744</u>

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

9. Reinsurance assets

The details of reinsurance assets are as follows:

	(Unaudited) 31 March 2019 Thousand Baht	(Audited) 31 December 2018 Thousand Baht
Claim reserve (Note 27 (b))	105,621	30,270
Claim incurred but not reported	135,623	177,912
Unearned premium reserve	83,310	86,458
Others (Note 27 (b))	6,400	4,784
Total reinsurance assets	<u>330,954</u>	<u>299,424</u>

10. Amounts due from reinsurance

The details of amounts due from reinsurance are as follows:

	(Unaudited) 31 March 2019 Thousand Baht	(Audited) 31 December 2018 Thousand Baht
Due from reinsurance (Note 27 (b))	-	1,906
Total amount due from reinsurance	<u>-</u>	<u>1,906</u>

11. Derivative assets and liabilities

The details of derivative assets are as below:

31 March 2019 (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	269	85,940,200	4,111,429
Interest rate swap contracts	Closing position of floating interest rate	316	-	-
Total		585	85,940,200	4,111,429

31 December 2018 (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	237	76,793,657	2,896,345
Interest rate swap contracts	Closing position of floating interest rate	306	-	-
Total		543	76,793,657	2,896,345

The details of derivative liabilities are as below:

31 March 2019 (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	61	20,291,467	327,103
Total		61	20,291,467	327,103

31 December 2018 (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	87	27,938,556	659,237
Total		87	27,938,556	659,237

As at 31 March 2019, 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 3,168 million and Euro 32 million (As at 31 December 2018: U.S. Dollar 3,119 million and Euro 21 million) which comprised of effective contracts of U.S. Dollar 2,985 million and Euro 32 million and non-effective contracts of U.S. Dollar 183 million (As at 31 December 2018: effective contracts of U.S. Dollar 3,063 million and Euro 21 million and non-effective contracts of U.S. Dollar 56 million).

12. Investment in securities, net

The details of investment in securities are as follows:

	(Unaudited) 31 March 2019		(Audited) 31 December 2018	
	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	715	766	1,600	998
Total	715	766	1,600	998
Add (Less) Unrealised gain (loss)	51	-	(602)	-
Total trading securities	766	766	998	998
<u>Available-for-sale securities</u>				
Government and state enterprise securities	434,016,522	454,058,581	434,240,333	451,184,087
Private enterprise debt securities	58,473,572	60,340,823	58,018,013	59,711,871
Foreign debt securities	101,297,091	102,858,962	102,627,199	98,168,453
Equity securities	71,038,930	109,305,584	69,784,592	103,298,382
Total	664,826,115	726,563,950	664,670,137	712,362,793
Add Unrealised gain	62,423,519	-	48,378,341	-
Less Provision for impairment	(685,684)	-	(685,685)	-
Total available-for-sale, net	726,563,950	726,563,950	712,362,793	712,362,793
<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	4,006,276	932,799	4,004,091
Total general investment	932,799	4,006,276	932,799	4,004,091
Total investment in securities, net	783,297,515	786,370,992	769,096,590	772,167,882

12. Investment in securities, net (Cont'd)

For the three-month periods ended 31 March 2019, the Branch had revenue recognised relating to investment as follows:

- Interest income and dividend income from investments amounting to Baht 6,988 million and Baht 947 million, respectively (31 March 2018: Baht 6,934 million and Baht 902 million, respectively).
- Consideration received from selling investments totalling Baht 14,037 million (31 March 2018: Baht 49,123 million) and gain from selling investments totalling Baht 853 million (31 March 2018: Baht 5,222 million).

As at 31 March 2019, the Branch had government bonds and promissory notes deposited with the Office of Insurance Commission in order to comply with the Life Insurance Act with a fair value amounting to Baht 164,592 million (As at 31 December 2018: Baht 154,899 million).

As at 31 March 2019, the Branch had no government bonds under obligations of Securities Borrowing and Lending with Bank of Thailand (As at 31 December 2018: Baht 11,033 million).

During April to 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 31 March 2019, 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 17,609 million and Baht 14,087 million, net of tax. (As at 31 December 2018: Baht 18,102 million and Baht 14,482 million, net of tax) and the amortised cost of the transferred debt securities equaled to Baht 119,635 million (As at 31 December 2018: Baht 125,194 million). For the period ended 31 March 2019, the realised gain from partial sale of reclassified debt securities is Baht 190 million (31 March 2018: Baht 47 million).

13. Investment in associate

The Branch has interests in an immaterial associate.

Investment in associate is accounted by using the cost method as follows:

		Ownership interest		Cost method	
		(Unaudited) 31 March 2019 %	(Audited) 31 December 2018 %	(Unaudited) 31 March 2019 Thousand Baht	(Audited) 31 December 2018 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) uses the equity method in the consolidated financial statements which are made available for public use. This is permitted under TAS 28 (revised 2018) "Investment in Associates and Joint Ventures".

AIA Company Limited
Condensed Notes to the Interim Financial Information (Unaudited)
For the interim period ended 31 March 2019

14. Loans, net

The details of loans and accrued interests are aged by outstanding period as follows:

	31 March 2019 (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	29,863,224	939,912	1,454,058	872	26	-	31,317,308	940,784
Overdue	-	-	-	-	-	-	-	-
Less than 3 months	-	-	3,578	23	-	-	3,578	23
3 - 6 months	-	-	-	-	-	-	-	-
6 - 12 months	-	-	1,066	-	-	-	1,066	-
More than 12 months	-	-	32,233	-	-	-	32,233	-
Total	29,863,224	939,912	1,490,935	895	26	-	31,354,185	940,807
Less Allowance for doubtful accounts	-	-	(8,977)	-	-	-	(8,977)	-
Loans and accrued interests, net	29,863,224	939,912	1,481,958	895	26	-	31,345,208	940,807

	31 December 2018 (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	29,670,054	871,117	1,462,726	1,090	9	-	31,132,789	872,207
Overdue	-	-	-	-	-	-	-	-
Less than 3 months	-	-	648	7	-	-	648	7
3 - 6 months	-	-	1,066	-	-	-	1,066	-
6 - 12 months	-	-	-	-	-	-	-	-
More than 12 months	-	-	32,284	-	-	-	32,284	-
Total	29,670,054	871,117	1,496,724	1,097	9	-	31,166,787	872,214
Less Allowance for doubtful accounts	-	-	(9,077)	-	-	-	(9,077)	-
Loans and accrued interests, net	29,670,054	871,117	1,487,647	1,097	9	-	31,157,710	872,214

Accrued interests are presented "Accrued investment income" on Statement of Financial Position.

AIA Company Limited
Condensed Notes to the Interim Financial Information (Unaudited)
For the interim period ended 31 March 2019

15. Investment property

	31 March 2019 (Unaudited)					Unit : Thousand Baht
	Cost/Fair value					
	For the period					
Beginning balance 1 January 2019	Additions from acquisition and capitalised subsequent expenditures	Write-offs	Reclassifications	Fair value gain (loss)	Ending balance 31 March 2019	
Land	8,790,000	-	-	-	8,790,000	
Buildings and improvements	7,620,000	4,575	-	-	7,624,575	
Total	16,410,000	4,575	-	-	16,414,575	

	31 December 2018 (Audited)					Unit : Thousand Baht
	Cost/Fair value					
	For the year					
Beginning balance 1 January 2018	Additions from acquisition and capitalised subsequent expenditures	Write-offs	Reclassifications	Fair value gain (loss)	Ending balance 31 December 2018	
Land	6,595,000	1,020,235	-	1,174,765	8,790,000	
Buildings and improvements	8,405,000	38,339	(5,579)	(784,625)	7,620,000	
Total	15,000,000	1,058,574	(5,579)	390,140	16,410,000	

In 2018, the Branch engaged an external independent and qualified appraiser to determine the fair value of the investment property. The valuation techniques and valuation process of investment property are disclosed in Note 5.4.

For the three-month period ended 31 March 2019, the investment property generated rental income amounting to Baht 241 million (31 March 2018: Baht 220 million) and its direct operating expenses (including repair and maintenance) arise from investment property that generated rental income amounting to Baht 100 million (31 March 2018: Baht 113 million).

AIA Company Limited
Condensed Notes to the Interim Financial Information (Unaudited)
For the interim period ended 31 March 2019

16. Property, plant and equipment

	31 March 2019 (Unaudited)										Unit : Thousand Baht	
	Cost/Revaluation					Accumulated depreciation						
	Beginning balance 1 January 2019	For the period				Beginning balance 1 January 2019	Ending balance 31 March 2019	For the period			Ending balance 31 March 2019	Property, plant and equipment
		Additions	Write-offs	Disposals	Transfers	Gain on revaluation		Depreciation charge	Write-offs	Disposals	Revaluation adjustments	
Land	460,000	-	-	-	-	-	460,000	-	-	-	-	460,000
Buildings and improvements	697,000	-	-	-	-	-	697,000	10,345	-	-	-	686,655
Furniture, fixtures and equipment	2,033,261	565	-	-	34,036	-	2,067,862	28,265	-	-	-	392,584
Computer hardware	956,852	13,627	(40)	(15,809)	-	-	954,630	17,285	(40)	(15,809)	-	149,719
Motor vehicles	51,809	-	-	(12,120)	-	-	39,689	1,327	-	(12,120)	-	17,264
Construction in progress	356,476	120,928	-	-	(34,036)	-	443,368	-	-	-	-	443,368
Total	4,555,398	135,120	(40)	(27,929)	-	-	4,662,549	57,222	(40)	(27,929)	-	2,149,590

AIA Company Limited
Condensed Notes to the Interim Financial Information (Unaudited)
For the interim period ended 31 March 2019

16. Property, plant and equipment (Cont'd)

	31 December 2018 (Audited)										Unit : Thousand Baht		
	Cost/Revaluation					Accumulated depreciation					Property, plant and equipment		
	Beginning balance 1 January 2018	For the year			Ending balance 31 December 2018	Beginning balance 1 January 2018	Depreciation charge	For the year		Revaluation 31 December 2018			
		Additions	Write-offs	Disposals				Transfers	Gain on 31 December revaluation			Write-offs	Disposals
Land	52,637	-	-	-	-	407,363	460,000	-	-	-	-	-	460,000
Buildings and improvements	700,050	-	-	-	-	(3,050)	697,000	612,879	7,435	-	-	(620,314)	697,000
Furniture, fixtures and equipment	2,020,953	22,316	(20,936)	(28,586)	39,514	-	2,033,261	1,582,609	112,860	(20,935)	(27,521)	-	1,647,013
Computer hardware	863,066	131,167	(8,843)	(28,538)	-	-	956,852	791,399	46,192	(5,587)	(28,529)	-	803,475
Motor vehicles	40,010	11,799	-	-	-	-	51,809	29,361	3,857	-	-	-	33,218
Construction in progress	13,951	382,039	-	-	(39,514)	-	356,476	-	-	-	-	-	356,476
Total	3,690,667	547,321	(29,779)	(57,124)	-	404,313	4,555,398	3,016,248	170,344	(26,522)	(56,050)	(620,314)	2,483,706
													2,071,692

In 2018, the Branch engaged an external independent and qualified appraiser to determine the fair value of the investment property. The valuation techniques and valuation process of investment property are disclosed in Note 5.4.

If the land and buildings are stated under the cost model, the carrying value would be Baht 53 million and Baht 78 million, respectively (31 December 2018: Baht 53 million and Baht 80 million, respectively).

AIA Company Limited
Condensed Notes to the Interim Financial Information (Unaudited)
For the interim period ended 31 March 2019

17. Intangible assets

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

	31 March 2019 (Unaudited)										Unit : Thousand Baht
	Cost					Accumulated amortisation					
	For the period					For the period					Ending balance
Beginning balance 1 January 2019	Additions	Write-offs	Transfers	Reclassify	Adjustments	Ending balance 31 March 2019	Beginning balance 1 January 2019	Amortisation charge	Write-offs	31 March 2019	Intangible assets
Computer software	1,460,521	2,148	-	2,514	-	1,465,183	950,083	32,296	-	982,379	482,804
Other	72,671	50,000	-	-	-	122,671	72,671	2,500	-	75,171	47,500
Work in progress	187,838	65,394	-	(2,514)	-	250,718	-	-	-	-	250,718
Total	1,721,030	117,542	-	-	-	1,838,572	1,022,754	34,796	-	1,057,550	781,022
	31 December 2018 (Audited)										Unit : Thousand Baht
	Cost					Accumulated amortisation					
	For the year					For the year					Ending balance
Beginning balance 1 January 2018	Additions	Write-offs	Transfers	Reclassify	Adjustments	Ending balance 31 December 2018	Beginning balance 1 January 2018	Amortisation charge	Write-offs	31 December 2018	Intangible assets
Computer software	1,429,806	105,294	(225,244)	150,665	-	1,460,521	1,048,734	126,588	(225,239)	950,083	510,438
Other	72,671	-	-	-	-	72,671	60,921	11,750	-	72,671	-
Work in progress	238,412	87,460	-	(150,665)	33,135	(20,504)	-	-	-	-	187,838
Total	1,740,889	192,754	(225,244)	-	33,135	(20,504)	1,109,655	138,338	(225,239)	1,022,754	698,276

18. Other assets

	(Unaudited) 31 March 2019 Thousand Baht	(Audited) 31 December 2018 Thousand Baht
Prepaid leasehold (Note 27 (b))	342,431	349,408
Deposits (Note 27 (b))	153,137	153,022
Amounts due from a related party (Note 27 (b))	43,986	104,064
Receivable from sale of investments	1,688,099	1,457,134
Others	230,928	241,594
Total	<u>2,458,581</u>	<u>2,305,222</u>

19. Borrowings

The details of borrowings are presented below:

Short-term borrowings

	(Unaudited) 31 March 2019		(Audited) 31 December 2018	
	Principal Thousand Baht	Accrued interest Thousand Baht	Principal Thousand Baht	Accrued interest Thousand Baht
Borrowings with repurchase agreement (Repo)	1,300,000	1,496	-	-
Total	1,300,000	1,496	-	-

As at 31 March 2019, the Branch had sold government bonds with Repurchase Agreements (Repo) to commercial banks as collateral for borrowings with the same amount. The certain government bonds have nominal value amounting to Baht 1,170 million (As at 31 December 2018: Nil). The interest rate of the borrowing agreement was 1.75% per annum.

The accrued interests are presented under "Other liabilities" on Statement of Financial Position.

AIA Company Limited
Condensed Notes to the Interim Financial Information (Unaudited)
For the interim period ended 31 March 2019

20. Insurance liabilities

	Unit : Thousand Baht			
	31 March 2019 (Unaudited)		31 December 2018 (Audited)	
	Insurance contract liabilities	Liabilities recovered from reinsurance Net	Insurance contract liabilities	Liabilities recovered from reinsurance Net
Long-term technical reserves	577,544,350	-	572,249,868	-
Claim liability				
- Reported claim	1,406,027	(112,021)	1,414,329	(35,054)
- Claim incurred but not reported	919,046	(135,623)	1,167,892	(177,912)
Premium liability				
- Unearned premium reserve	15,312,044	(83,310)	15,316,716	(86,458)
Unpaid policy benefits	317,070	-	332,774	-
Due to insured	92,587,910	-	89,763,140	-
Total	688,086,447	(330,954)	680,244,719	(299,424)
		687,755,493		679,945,295

20. Insurance liabilities (Cont'd)

20.1 Long-term technical reserves

The movement details are below:

	(Unaudited) 31 March 2019 Thousand Baht	(Audited) 31 December 2018 Thousand Baht
Beginning balance for the period/year	572,249,868	545,373,364
Policy reserve movement for new policies and inforce policies during the period/year	16,795,436	69,396,913
Net movement in benefits payable to life policyholders for death, maturity, surrenders, other policyholders benefits and claims	(11,636,361)	(42,398,671)
Others	135,407	(121,738)
Closing balance at the end of period/year	<u>577,544,350</u>	<u>572,249,868</u>

20.2 Short-term technical reserves

20.2.1 Claim liability

The movement details are below:

	(Unaudited) 31 March 2019 Thousand Baht	(Audited) 31 December 2018 Thousand Baht
Beginning balance for the period/year	2,582,221	2,602,941
Insurance claims and loss adjustment expenses incurred during the period/year	5,160,127	19,128,566
Changes in claim reserve from change in assumption during the period/year	(248,846)	105,680
Insurance claims and loss adjustment expenses paid during the period/year	(5,168,429)	(19,254,966)
Closing balance at the end of period/year	<u>2,325,073</u>	<u>2,582,221</u>

20.2.2 Unearned premium reserve

	(Unaudited) 31 March 2019 Thousand Baht	(Audited) 31 December 2018 Thousand Baht
Beginning balance for the period/year	15,316,716	14,425,714
Premium written for the period/year	8,658,103	35,453,907
Premium earned in the period/year	(8,662,775)	(34,562,905)
Closing balance at the end of period/year	<u>15,312,044</u>	<u>15,316,716</u>

20. Insurance liabilities (Cont'd)

20.3 Unpaid policy benefits

The details are as below:

	(Unaudited) 31 March 2019 Thousand Baht	(Audited) 31 December 2018 Thousand Baht
Death benefits	317,070	332,774
Total	317,070	332,774

20.4 Due to insured

The details of due to insured are presented below:

	(Unaudited) 31 March 2019 Thousand Baht	(Audited) 31 December 2018 Thousand Baht
Deposits from insurance contracts	58,992,779	58,233,492
Account value of universal life insurance contracts	10,807,444	10,883,226
Account value of unit linked insurance contracts	22,787,687	20,646,422
Total	92,587,910	89,763,140

21. Investment liabilities

	(Unaudited) 31 March 2019 Thousand Baht	(Audited) 31 December 2018 Thousand Baht
Beginning balance for the period/year	1,619,936	2,996,650
Investment contract benefits	(500,527)	(1,507,119)
Change in investment contract liabilities	13,752	130,405
Closing balance at the end of period/year	1,133,161	1,619,936

24. Other liabilities

	(Unaudited) 31 March 2019 Thousand Baht	(Audited) 31 December 2018 Thousand Baht
Accrued commissions and expenses	6,648,362	6,294,779
Payable for purchase of investments	2,064,751	110,145
Unpresented cheques payable	2,847,543	2,340,656
Expired cheques payable	2,082,051	2,246,375
Due commissions and expenses	741,166	655,950
Payable to related parties (Note 27 (b))	751,208	575,548
Agents payable	2,221,526	5,483,571
Cash collateral from derivative contracts	7,129,190	5,698,259
Other accounts payable	429,991	996,030
Others	81,899	1,381,412
Total	<u>24,997,687</u>	<u>25,782,725</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

	(Unaudited) 31 March 2019 Thousand Baht	(Restated) 31 March 2018 Thousand Baht
Insurance contract benefits	19,224,620	17,217,302
Change in investment contract liabilities	13,752	39,167
Total	<u>19,238,372</u>	<u>17,256,469</u>

26. Operating expenses

	(Unaudited) 31 March 2019 Thousand Baht	(Unaudited) 31 March 2018 Thousand Baht
Employee expenses not relating to underwriting expenses, and loss adjusting expenses	834,167	751,141
Property and equipment expenses not relating to underwriting expenses, and loss adjusting expenses	403,782	432,455
Tax expenses	2,771	8,157
Other operating expenses	233,969	443,775
Total	<u>1,474,689</u>	<u>1,635,528</u>

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

	(Unaudited) 31 March 2019 Thousand Baht	(Unaudited) 31 March 2018 Thousand Baht
<u>Head office</u>		
Operating expense	193,622	168,731
<u>Affiliated companies</u>		
Premiums ceded to reinsurers	698,367	607,494
Fee and commission income	24,417	38,364
Net investment income	(51,839)	(38,301)
Other income	79	79
Benefits and claim paid recovered from reinsurers	493,297	371,562
Other underwriting expenses	7,339	6,364
Operating expenses	269,796	190,569

(b) Statement of financial position

	(Unaudited) 31 March 2019 Thousand Baht	(Audited) 31 December 2018 Thousand Baht
<u>Head office</u>		
Profit remittances to Head Office	10,180,000	4,820,000
Other liabilities	576,637	421,731
<u>Affiliated companies</u>		
Reinsurance assets	109,680	33,166
Amount due from reinsurance	-	1,110
Investment in associates	171,500	171,500
Other assets	457,927	525,723
Amount due to reinsurance	77,260	77,670
Other liabilities	149,560	152,639

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)

(c) Key management compensations

Key management compensations are as follows:

	(Unaudited) 31 March 2019 Thousand Baht	(Unaudited) 31 March 2018 Thousand Baht
Salary and other short-term employee benefits	39,344	47,806
Severance payment	-	12,146
Post-employment benefits	17,378	16,401
Share-based payment	7,215	7,859
Total	<u>63,937</u>	<u>84,212</u>

28. Contingent liabilities and commitments

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

	(Unaudited) 31 March 2019 Thousand Baht	(Audited) 31 December 2018 Thousand Baht
Not later than 1 year	369,573	284,661
Later than 1 year but not later than 5 years	342,359	289,592
Total	<u>711,932</u>	<u>574,253</u>

As at 31 March 2019, the Branch has contractual commitment from contracts for investment property projects with the amount at the maximum of Baht 401 million (As at 31 December 2018: at the maximum of Baht 408 million).

29. Events occurring after the reporting date

On 5 April 2019, an amendment bill to the Labour Protection Law was published in the Government Gazette. The amended law will become effective 30 days after its publication. The main amendment is that the compensation for employees who retire and have more than or equal to 20 years of service has changed from 300 day's pay to 400 day's pay. The Branch's management has assessed the effects of the amendment on the Branch's financial statements and expects the impact to be Baht 269 million.