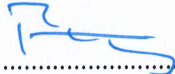


**Disclosure Form (Attached to the OIC Commissioner Order No.47/2561)**

**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.....Wai Cheong Fung.....

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

Disclosed on.....30..August..2019.....

Information for the Quarter....2...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 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	442	392	XXX	408
Total Capital Available	170,839	179,718	182,353	166,273	XXX	177,701
Total Capital Required	41,770	40,472	41,243	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)**

**30 JUNE 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 30 June 2019, 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  
12 August 2019

AIA Company Limited  
Statement of Financial Position  
As at 30 June 2019

		(Unaudited) 30 June 2019 Baht	(Audited) 31 December 2018 Baht
	Notes		
<b>Assets</b>			
Cash and cash equivalents	7	1,957,503,030	7,769,489,147
Premium receivables	8	7,024,963,409	6,596,744,106
Accrued income on investments		5,622,302,858	5,684,482,811
Reinsurance assets	9, 27	225,398,170	299,424,481
Amount due from reinsurance	10, 27	10,065,356	1,905,664
Derivative assets	11	6,622,895,452	2,896,344,761
Invested assets			
Investment in securities, net	12	817,228,718,397	769,096,590,258
Investment in associates	13, 27	171,500,000	171,500,000
Loans, net	14	31,536,798,949	31,157,710,208
Investment property	15	16,727,249,228	16,410,000,000
Assets held to cover linked liabilities		25,175,013,871	20,646,422,436
Property, plant and equipment	16	2,194,773,321	2,071,691,883
Intangible assets	17	750,629,716	698,275,585
Other assets	18, 27	1,146,893,271	2,305,222,224
<b>Total assets</b>		<b><u>916,394,705,028</u></b>	<b><u>865,805,803,564</u></b>

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 2019

		(Unaudited) 30 June 2019 Baht	(Audited) 31 December 2018 Baht
	Notes		
<b>Liabilities and Head Office's Equity</b>			
<b>Liabilities</b>			
Borrowings	19	2,450,000,000	-
Insurance liabilities	20	690,279,585,027	680,244,719,106
Investment liabilities	21	803,259,529	1,619,936,357
Amount due to reinsurance	22, 27	581,856,109	359,319,757
Derivative liabilities	11	40,748,805	659,236,610
Income tax payable		866,911,174	2,689,801,011
Employee benefit liabilities		3,222,339,415	3,062,818,646
Deferred tax liabilities	23	19,491,541,751	9,623,601,126
Other liabilities	24, 27	26,170,951,944	25,782,724,966
<b>Total liabilities</b>		<u>743,907,193,754</u>	<u>724,042,157,579</u>
<b>Head Office's Equity</b>			
Unrealised gains on changes in fair value of investments, net of tax		88,810,628,538	52,998,840,193
Remeasurements of post-employment benefit obligations, net of tax		(1,123,858,564)	(1,100,415,482)
Gain on land and building revaluation, net of tax		819,701,391	819,701,391
Other reserve		112,974,710	82,648,649
Branch's retained earnings Unappropriated		<u>83,868,065,199</u>	<u>88,962,871,234</u>
<b>Total Head Office's Equity</b>		<u>172,487,511,274</u>	<u>141,763,645,985</u>
<b>Total liabilities and Head Office's Equity</b>		<u><u>916,394,705,028</u></u>	<u><u>865,805,803,564</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 2019**

		2019	(Restated) 2018
	Notes	Baht	Baht
<b>Revenues</b>			
Gross written premiums		31,100,248,660	29,436,574,837
<u>Less</u> premiums ceded to insurers	27	<u>(1,113,536,699)</u>	<u>(866,643,443)</u>
Net written premiums		29,986,711,961	28,569,931,394
<u>Less</u> net change in unearned premium reserve	6	<u>(211,869,410)</u>	<u>(181,302,602)</u>
Net earned premiums		29,774,842,551	28,388,628,792
Fee and commission income	27	112,483,861	95,177,044
Net investment income	6, 27	8,520,418,645	8,561,324,778
Gains on investment		1,978,843,203	1,837,759,578
Fair value gains (losses)		(191,320,417)	792,466,022
Fair value gains on investment property	6	297,353,114	265,633,600
Other income	27	70,085,067	-
Total revenues		<u>40,562,706,024</u>	<u>39,940,989,814</u>
<b>Expenses</b>			
Change in long-term technical reserves	6	(1,307,400,291)	6,362,914,527
Gross benefits and claim paid	6, 25	26,135,491,052	17,704,798,725
<u>Less</u> benefits and claim paid recovered from reinsurers	6, 27	<u>(623,780,290)</u>	<u>(504,197,814)</u>
Net benefits and claim paid		25,511,710,762	17,200,600,911
Commissions and brokerages		3,644,186,047	3,329,663,150
Other underwriting expenses	27	4,078,307,885	3,751,991,483
Operating expenses	26, 27	2,179,146,570	1,713,163,895
Finance cost		17,822,219	26,482,343
Other expenses		-	23,873,288
Total expenses		<u>34,123,773,192</u>	<u>32,408,689,597</u>
<b>Profit before income tax</b>		6,438,932,832	7,532,300,217
Income tax expenses	6	<u>1,310,228,992</u>	<u>1,468,278,910</u>
<b>Net profit</b>		<u>5,128,703,840</u>	<u>6,064,021,307</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 three-month period ended 30 June 2019**

	2019	(Restated) 2018
	Baht	Baht
<b>Other comprehensive income (loss)</b>		
<u>Items that will not be reclassified subsequently to profit or loss</u>		
Remeasurements of post-employment benefit obligations	(29,303,852)	-
Income tax on items that will not be reclassified subsequently to profit or loss	5,860,770	-
Total items that will not be reclassified subsequently to profit or loss	<u>(23,443,082)</u>	<u>-</u>
<u>Items that will be reclassified subsequently to profit or loss</u>		
Change in value of available-for-sale investments	33,186,798,289	(29,163,841,532)
Realised gain from sale of available-for-sale investment and impairment loss transferred to profit or loss	(1,978,409,972)	(1,837,752,281)
Income tax relating to items that will be reclassified subsequently to profit or loss	<u>(6,241,677,662)</u>	<u>6,200,318,763</u>
Total items that will be reclassified subsequently to profit or loss	<u>24,966,710,655</u>	<u>(24,801,275,050)</u>
<b>Other comprehensive income (loss) for the period, net of tax</b>	<u>24,943,267,573</u>	<u>(24,801,275,050)</u>
<b>Total comprehensive income (loss) for the period</b>	<u><u>30,071,971,413</u></u>	<u><u>(18,737,253,743)</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 2019**

		2019	(Restated) 2018
	Notes	Baht	Baht
<b>Revenues</b>			
Gross written premiums		60,560,289,873	57,293,081,439
<u>Less</u> premiums ceded to insurers	27	<u>(2,065,602,144)</u>	<u>(1,697,257,485)</u>
Net written premiums		58,494,687,729	55,595,823,954
<u>Less</u> net change in unearned premium reserve	6	<u>(207,196,773)</u>	<u>(92,990,670)</u>
Net earned premiums		58,287,490,956	55,502,833,284
Fee and commission income	27	226,253,054	232,862,859
Net investment income	6, 27	16,755,963,736	16,693,995,763
Gains on investment		2,832,134,992	7,086,733,075
Fair value gains (losses)		(317,597,331)	268,412,822
Fair value gains on investment property	6	297,353,114	265,205,013
Other income	27	<u>93,735,558</u>	<u>35,012,335</u>
Total revenues		<u>78,175,334,079</u>	<u>80,085,055,151</u>
<b>Expenses</b>			
Change in long-term technical reserve	6	3,987,081,511	12,144,630,745
Gross benefits and claim paid	6, 25	45,373,863,262	34,961,267,284
<u>Less</u> benefits and claim paid recovered from reinsurers	6, 27	<u>(1,222,988,616)</u>	<u>(1,014,447,056)</u>
Net benefits and claim paid		44,150,874,646	33,946,820,228
Commissions and brokerages		7,043,921,216	6,430,978,056
Other underwriting expenses	27	7,864,621,940	7,281,098,905
Operating expenses	26, 27	3,653,835,710	3,348,691,808
Finance cost		<u>25,615,712</u>	<u>47,587,658</u>
Total expenses		<u>66,725,950,735</u>	<u>63,199,807,400</u>
<b>Profit before income tax</b>		11,449,383,344	16,885,247,751
Income tax expenses	6	<u>2,311,189,379</u>	<u>3,353,303,748</u>
<b>Net profit</b>		<u>9,138,193,965</u>	<u>13,531,944,003</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 2019

	Notes	2019 Baht	(Restated) 2018 Baht
<b>Other comprehensive income (loss)</b>			
<u>Items that will not be reclassified subsequently to profit or loss</u>			
Remeasurements of post-employment benefit obligations		(29,303,852)	-
Income tax on items that will not be reclassified subsequently to profit or loss	23	<u>5,860,770</u>	-
Total items that will not be reclassified subsequently to profit or loss		<u>(23,443,082)</u>	-
<u>Items that will be reclassified subsequently to profit or loss</u>			
Change in value of available-for-sale investments		47,596,338,403	(33,497,049,219)
Realised gain from sale of available-for-sale investment and impairment loss transferred to profit or loss		(2,831,602,973)	(7,093,579,315)
Income tax relating to items that will be reclassified subsequently to profit or loss	23	<u>(8,952,947,085)</u>	<u>8,118,125,707</u>
Total items that will be reclassified subsequently to profit or loss		<u>35,811,788,345</u>	<u>(32,472,502,827)</u>
<b>Other comprehensive income (loss) for the period, net of tax</b>		<u>35,788,345,263</u>	<u>(32,472,502,827)</u>
<b>Total comprehensive income (loss) for the period</b>		<u><u>44,926,539,228</u></u>	<u><u>(18,940,558,824)</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 2019

	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		Gain on land and building revaluation, net of tax		Other reserve		Unappropriated Branch's retained earnings		Total Head Office's Equity	
	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht
<b>Beginning balance as at 1 January 2019</b>	-	52,998,840,193	(1,100,415,482)	819,701,391	82,648,649	88,962,871,234	141,763,645,985	-	-	(14,233,000,000)	141,763,645,985	-	-	-
Profit remittances to Head Office	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Employee benefits on share-based payment	-	-	-	-	30,326,061	-	-	-	30,326,061	-	-	30,326,061	-	-
Net profit	-	-	-	-	-	9,138,193,965	-	-	-	9,138,193,965	-	9,138,193,965	-	-
Remeasurement of post-employment benefits	-	-	(23,443,082)	-	-	-	-	-	-	-	-	(23,443,082)	-	-
Unrealised gains on changes in fair value of investments	-	38,077,070,723	-	-	-	-	-	-	-	-	-	38,077,070,723	-	-
Realised gains from sale of available-for-sale investment and impairment loss transferred to profit or loss	-	(2,265,282,378)	-	-	-	-	-	-	-	-	-	(2,265,282,378)	-	-
<b>Ending balance as at 30 June 2019</b>	-	88,810,628,538	(1,123,858,564)	819,701,391	112,974,710	83,868,065,199	172,487,511,274	-	-	62,365,918	75,657,597,047	131,275,893,682	-	-
<b>Beginning balance as at 1 January 2018</b>	-	89,210,030,072	(1,181,596,528)	-	91,151,725	66,945,653,044	155,065,238,313	-	-	(4,820,000,000)	155,065,238,313	-	-	-
Profit remittances to Head Office	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Employee benefits on share-based payment	-	-	-	-	(28,785,807)	-	-	-	(28,785,807)	-	-	(28,785,807)	-	-
Net profit	-	-	-	-	-	13,531,944,003	-	-	-	13,531,944,003	-	13,531,944,003	-	-
Unrealised gains on changes in fair value of investments	-	(26,797,639,375)	-	-	-	-	-	-	-	-	-	(26,797,639,375)	-	-
Realised gains from sale of available-for-sale investment and impairment loss transferred to profit or loss	-	(5,674,863,452)	-	-	-	-	-	-	-	-	-	(5,674,863,452)	-	-
<b>Ending balance as at 30 June 2018</b>	-	56,737,527,245	(1,181,596,528)	-	62,365,918	75,657,597,047	131,275,893,682	-	-	62,365,918	75,657,597,047	131,275,893,682	-	-

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 2019**

	<b>Notes</b>	<b>2019</b> <b>Baht</b>	<b>2018</b> <b>Baht</b>
<b>Cash flows provided by (used in) operating activities</b>			
Written premium received from direct insurance		58,906,108,977	58,331,089,540
Fee income		172,229,286	88,843,444
Cash paid for reinsurance		(463,179,399)	(555,661,507)
Interest income		15,157,210,915	14,803,694,667
Dividend income		2,141,791,289	2,211,620,134
Investment expenses		(799,266,588)	(566,833,987)
Cash received from settlement of derivatives		909,444,166	328,285,690
Rental income		516,419,861	468,023,458
Other income		98,784,883	9,622,854
Gross benefits and claim paid from direct insurance		(40,477,950,632)	(31,559,111,147)
Commissions and brokerages		(6,934,702,681)	(6,471,636,317)
Other underwriting expenses		(10,411,804,636)	(5,857,893,485)
Operating expenses		(3,426,358,460)	(3,519,482,323)
Income tax expense		(3,213,224,905)	(2,782,587,783)
Cash received from investment in securities		42,786,694,093	54,079,089,824
Cash paid for investment in securities		(44,932,151,616)	(73,111,979,138)
Cash paid for investment property	15	(19,823,514)	(1,025,030,477)
Cash received from loans repayment		2,759,788,195	2,776,088,303
Cash paid for loans drawdown		(3,587,679,576)	(3,566,951,831)
Cash paid for assets held to cover linked liabilities		(5,883,088,039)	(5,273,836,775)
Cash received from assets held to cover linked liabilities		3,064,751,138	2,548,662,379
Net cash provided by operating activities		<u>6,363,992,757</u>	<u>1,354,015,523</u>
<b>Cash flows provided by (used in) investing activities</b>			
<u>Cash flows provided by:</u>			
Properties and equipment		<u>8,589,546</u>	<u>25,000</u>
Net cash provided by investing activities		<u>8,589,546</u>	<u>25,000</u>
<u>Cash flows used in:</u>			
Properties and equipment	16	(250,095,369)	(118,698,220)
Intangible assets	17	(126,209,736)	(122,137,661)
Net cash used in investing activities		<u>(376,305,105)</u>	<u>(240,835,881)</u>
Net cash used in investing activities		<u>(367,715,559)</u>	<u>(240,810,881)</u>

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 2019**

	<b>2019</b>	<b>2018</b>
	<b>Baht</b>	<b>Baht</b>
<b>Cash flows provided by (used in) financing activities</b>		
<u>Cash flows provided by:</u>		
Borrowings	2,450,000,000	2,950,000,000
Net cash provided by financing activities	2,450,000,000	2,950,000,000
<u>Cash flows used in:</u>		
Remittances to Head Office	(14,233,000,000)	(4,820,000,000)
Finance cost	(25,263,315)	(61,821,257)
Net cash used in financing activities	(14,258,263,315)	(4,881,821,257)
Net cash used in financing activities	(11,808,263,315)	(1,931,821,257)
<b>Net decrease in cash and cash equivalents</b>	(5,811,986,117)	(818,616,615)
Cash and cash equivalents at beginning of period	7,769,489,147	2,766,275,305
<b>Cash and cash equivalents at end of period</b>	<b>1,957,503,030</b>	<b>1,947,658,690</b>

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 12 August 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 30 June 2019 and 31 December 2018.

	Level 1 Thousand Baht	Level 2 Thousand Baht	Level 3 Thousand Baht	Total Thousand Baht
<b>As at 30 June 2019 (Unaudited)</b>				
<b>Assets</b>				
Investment in securities				
Trading securities	472	-	-	472
Available-for-sale securities				
Debt securities	-	645,659,420	-	645,659,420
Equity securities	113,870,727	965,300	-	114,836,027
Investment property	-	-	16,727,249	16,727,249
Assets held to cover				
linked liabilities	25,175,014	-	-	25,175,014
Land and building	-	-	1,136,311	1,136,311
<b>Total assets</b>	<b>139,046,213</b>	<b>646,624,720</b>	<b>17,863,560</b>	<b>803,534,493</b>
<b>As at 31 December 2018 (Audited)</b>				
<b>Assets</b>				
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
Investment property	-	-	16,410,000	16,410,000
Assets held to cover				
linked liabilities	20,646,422	-	-	20,646,422
Land and building	-	-	1,157,000	1,157,000
<b>Total assets</b>	<b>122,968,201</b>	<b>610,031,820</b>	<b>17,577,192</b>	<b>750,577,213</b>

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

### 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. Fair value (Cont'd)

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 30 June 2019 and for the year ended 31 December 2018.

	(Unaudited) Available-for-sale equity security 30 June 2019 Thousand	(Audited) Available-for-sale equity security 31 December 2018 Thousand
Beginning balance as at 1 January	10,192	22,254
Disposals		
Book value	(31,675)	-
Loss recognised in profit or loss	21,483	-
Net carrying value at transfer date	-	22,254
Gain (loss) on written-off investments		
Loss recognised in profit or loss	-	(8,089)
Gain recognised in other comprehensive income	-	843
Unrealised loss on change in value of available-for-sale investment	-	(4,816)
Closing balance	-	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 and six-month period ended 30 June 2018 as follow:

#### Statement of comprehensive income

- Fair value gains on investment property for the three-month and six-month periods ended 30 June 2018 increased by Baht 265.63 million and Baht 265.21 million, respectively.
- Net investment income for the three-month and six-month periods ended 30 June 2018 increased by Baht 46.17 million and Baht 92.29 million, respectively.
- Income tax expense for the three-month and six-month periods ended 30 June 2018 increased by Baht 62.36 million and Baht 71.50 million, respectively.
- Net profit for the three-month and six-month periods ended 30 June 2018 increased by Baht 249.44 million and Baht 286 million, respectively.

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

**Change in accounting policies (Cont'd)**

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 and six-month period ended 30 June 2018 as follow:

Statement of comprehensive income

- Gross benefits and claim paid for the three-month and six-month period ended 30 June 2018 decreased by Baht 159.25 million and Baht 205.49 million, respectively.
- Benefits and claim paid recovered from reinsurers for the three-month and six-month period ended 30 June 2018 increased by Baht 19.48 million and Baht 5.56 million, respectively.
- Income tax expense for the three-month and six-month period ended 30 June 2018 increased by Baht 35.75 million and Baht 42.21 million, respectively.
- Net profit for the three-month and six-month period ended 30 June 2018 increased by Baht 142.98 million and Baht 168.84 million, respectively.

**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 for the three-month and six-month period ended 30 June 2018 amounting to Baht 0.28 million and Baht 37.56 million, respectively, is reclassified to present under change in unearned premium reserve.

**7. Cash and cash equivalents**

	<b>(Unaudited)</b>	<b>(Audited)</b>
	<b>30 June</b>	<b>31 December</b>
	<b>2019</b>	<b>2018</b>
	<b>Thousand</b>	<b>Thousand</b>
	<b>Baht</b>	<b>Baht</b>
	<hr/>	<hr/>
Cash on hand	8,514	6,259
Deposits held at call with banks and financial institutions	1,890,989	2,969,970
Short-term investments	58,000	4,793,260
	<hr/>	<hr/>
Cash and cash equivalents	<u>1,957,503</u>	<u>7,769,489</u>

**8. Premium receivables**

The balances of premium receivables are aged as follows:

	<b>From direct insurance</b>	
	<b>(Unaudited)</b> <b>30 June</b> <b>2019</b> <b>Thousand</b> <b>Baht</b>	<b>(Audited)</b> <b>31 December</b> <b>2018</b> <b>Thousand</b> <b>Baht</b>
Current	6,171,000	5,321,303
Overdue		
Not over 30 days	831,212	1,244,653
31 - 60 days	7,976	16,690
61 - 90 days	4,982	7,773
Over 90 days	9,793	6,325
Total premium receivables	<u>7,024,963</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:

	<b>(Unaudited)</b> <b>30 June</b> <b>2019</b> <b>Thousand</b> <b>Baht</b>	<b>(Audited)</b> <b>31 December</b> <b>2018</b> <b>Thousand</b> <b>Baht</b>
Claim reserve (Note 27 (b))	-	30,270
Claim incurred but not reported	131,218	177,912
Unearned premium reserve	90,227	86,458
Others (Note 27 (b))	3,953	4,784
Total reinsurance assets	<u>225,398</u>	<u>299,424</u>

**10. Amount due from reinsurance**

The details of amount due from reinsurance are as follows:

	<b>(Unaudited)</b> <b>30 June</b> <b>2019</b> <b>Thousand</b> <b>Baht</b>	<b>(Audited)</b> <b>31 December</b> <b>2018</b> <b>Thousand</b> <b>Baht</b>
Due from reinsurance (Note 27 (b))	<u>10,065</u>	<u>1,906</u>
Total amount due from reinsurance	<u>10,065</u>	<u>1,906</u>

## 11. Derivative assets and liabilities

The details of derivative assets are as below:

30 June 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	317	102,080,501	6,622,895
Interest rate swap contracts	Closing position of floating interest rate	318	-	-
Total		635	102,080,501	6,622,895

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:

30 June 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	2	1,319,520	40,749
Total		2	1,319,520	40,749

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 30 June 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 3,075 million and Euro 50 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 3,010 million and Euro 50 million and non-effective contracts of U.S. Dollar 65 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) 30 June 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	442	472	1,600	998
Total	442	472	1,600	998
Add (Less) Unrealised gain (loss)	30	-	(602)	-
Total trading securities	472	472	998	998
<u>Available-for-sale securities</u>				
Government and state enterprise securities	438,015,942	479,416,310	434,240,333	451,184,087
Private enterprise debt securities	59,520,125	62,512,546	58,018,013	59,711,871
Foreign debt securities	98,063,090	103,730,564	102,627,199	98,168,453
Equity securities	70,519,397	114,836,027	69,784,592	103,298,382
Total	666,118,554	760,495,447	664,670,137	712,362,793
Add Unrealised gain	94,991,054	-	48,378,341	-
Less Provision for impairment	(614,161)	-	(685,685)	-
Total available-for-sale, net	760,495,447	760,495,447	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	4,076,924	932,799	4,004,091
Total general investment	932,799	4,076,924	932,799	4,004,091
Total investment in securities, net	817,228,718	820,372,843	769,096,590	772,167,882

For the three-month period ended 30 June 2019, the Branch had revenue recognised relating to investment as follows:

- Interest income and dividend income from investments amounting to Baht 7,024 million and Baht 1,105 million, respectively (30 June 2018: Baht 6,991 million and Baht 1,236 million, respectively).
- Consideration received from selling investments totalling Baht 28,750 million (30 June 2018: Baht 4,956 million) and gain from selling investments totalling Baht 1,907 million (30 June 2018: Baht 2,221 million).

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

For the six-month period ended 30 June 2019, the Branch had revenue recognised relating to investment as follows:

- Interest income and dividend income from investments amounting to Baht 14,012 million and Baht 2,052 million, respectively (30 June 2018: Baht 13,925 million and Baht 2,138 million, respectively).
- Consideration received from selling investments totalling Baht 42,787 million (30 June 2018: Baht 54,079 million) and gain from selling investments totalling Baht 2,760 million (30 June 2018: Baht 7,443 million).

As at 30 June 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 171,885 million (As at 31 December 2018: Baht 154,899 million).

As at 30 June 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 30 June 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 16,164 million and Baht 12,931 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 106,237 million (As at 31 December 2018: Baht 125,194 million). For the period ended 30 June 2019, the realised gain from partial sale of reclassified debt securities is Baht 1,321 million (30 June 2018: Baht 70 million).

**13. Investment in associates**

The Branch has interests in an immaterial associate.

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

Associates	Type of business	Ownership interest		Cost method	
		(Unaudited) 30 June 2019 %	(Audited) 31 December 2018 %	(Unaudited) 30 June 2019 Thousand Baht	(Audited) 31 December 2018 Thousand Baht
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 associate is 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".



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14. Loans, net

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

	30 June 2019 (Unaudited)						Unit : Thousand Baht	
	Policy loans		Mortgage loans		Loans to employees		Total	Total
	Principle	Accrued Interest	Principle	Accrued Interest	Principle	Accrued Interest		
<b>Outstanding period</b>								
Current	30,059,631	980,427	1,446,075	824	18	31,505,724	981,251	32,486,975
Overdue	-	-	7,838	49	-	7,838	49	7,887
Less than 3 months	-	-	-	-	-	-	-	-
3 - 6 months	-	-	-	-	-	-	-	-
6 - 12 months	-	-	32,185	-	-	32,185	-	32,185
More than 12 months	-	-	-	-	-	-	-	-
<b>Total</b>	30,059,631	980,427	1,486,098	873	18	31,545,747	981,300	32,527,047
<b>Less</b> Allowance for doubtful accounts	-	-	(8,948)	-	-	(8,948)	-	(8,948)
<b>Loans and accrued interests, net</b>	30,059,631	980,427	1,477,150	873	18	31,536,799	981,300	32,518,099
	31 December 2018 (Audited)						Unit : Thousand Baht	
	Policy loans		Mortgage loans		Loans to employees		Total	Total
	Principle	Accrued Interest	Principle	Accrued Interest	Principle	Accrued Interest		
<b>Outstanding period</b>								
Current	29,670,054	871,117	1,462,726	1,090	9	31,132,789	872,207	32,004,996
Overdue	-	-	648	7	-	648	7	655
Less than 3 months	-	-	1,066	-	-	1,066	-	1,066
3 - 6 months	-	-	-	-	-	-	-	-
6 - 12 months	-	-	-	-	-	-	-	-
More than 12 months	-	-	32,284	-	-	32,284	-	32,284
<b>Total</b>	29,670,054	871,117	1,496,724	1,097	9	31,166,787	872,214	32,039,001
<b>Less</b> Allowance for doubtful accounts	-	-	(9,077)	-	-	(9,077)	-	(9,077)
<b>Loans and accrued interests, net</b>	29,670,054	871,117	1,487,647	1,097	9	31,157,710	872,214	32,029,924

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

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15. Investment property

	30 June 2019 (Unaudited)				Unit : Thousand Baht	
	Cost/Fair value				Ending balance 30 June 2019	
	Beginning balance 1 January 2019	Additions from acquisition and capitalised subsequent expenditures	Write-offs	Reclassifications		
Land	8,790,000	-	-	-	590,000	9,380,000
Buildings and improvements	7,620,000	19,823	-	73	(292,647)	7,347,249
Total	16,410,000	19,823	-	73	297,353	16,727,249
	31 December 2018 (Audited)				Unit : Thousand Baht	
	Cost/Fair value				Ending balance 31 December 2018	
	Beginning balance 1 January 2018	Additions from acquisition and capitalised subsequent expenditures	Write-offs	Reclassifications		
Land	6,595,000	1,020,235	-	-	1,174,765	8,790,000
Buildings and improvements	8,405,000	38,339	(5,579)	(33,135)	(784,625)	7,620,000
Total	15,000,000	1,058,574	(5,579)	(33,135)	390,140	16,410,000

In 2019, 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 and six-month period ended 30 June 2019, the investment property generated rental income amounting to Baht 252 million and Baht 493 million, respectively (30 June 2018: Baht 229 million and Baht 449 million, respectively) and its direct operating expenses (including repair and maintenance) arise from investment property that generated rental income amounting to Baht 34 million and Baht 134 million, respectively (30 June 2018: Baht 119 million and Baht 232 million, respectively).

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16. Property, plant and equipment

	30 June 2019 (Unaudited)										Unit : Thousand Baht				
	Cost/Revaluation					Accumulated depreciation									
	Beginning balance 1 January 2019	Additions	Write-offs	Disposals	Transfers	Reclassifications	Gain on revaluation	Ending balance 30 June 2019	Beginning balance 1 January 2019	Depreciation charge		Write-offs	Disposals	Revaluation adjustments	Ending balance 30 June 2019
Land	460,000	-	-	-	-	-	-	460,000	-	-	-	-	-	-	460,000
Buildings and improvements	697,000	-	-	-	-	-	-	697,000	-	20,689	-	-	-	20,689	676,311
Furniture, fixtures and equipment	2,033,261	8,723	-	(38,077)	539,466	(73)	-	2,543,300	1,647,013	65,376	-	(36,312)	-	1,676,077	867,223
Computer hardware	956,852	40,647	(829)	(15,810)	-	-	-	980,860	803,475	36,454	(829)	(15,810)	-	823,290	157,570
Motor vehicles	51,809	-	-	(18,299)	-	-	-	33,510	33,218	2,655	-	(18,299)	-	17,574	15,936
Construction in progress	356,476	200,723	-	-	(539,466)	-	-	17,733	-	-	-	-	-	-	17,733
<b>Total</b>	<b>4,555,398</b>	<b>250,093</b>	<b>(829)</b>	<b>(72,186)</b>	<b>-</b>	<b>(73)</b>	<b>-</b>	<b>4,732,403</b>	<b>2,483,706</b>	<b>125,174</b>	<b>(829)</b>	<b>(70,421)</b>	<b>-</b>	<b>2,537,630</b>	<b>2,194,773</b>

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

Unit : Thousand Baht

	31 December 2018 (Audited)														
	Cost/Revaluation					Accumulated depreciation									
	Beginning balance 1 January 2018	Additions	Write-offs	Disposals	Transfers	Reclassifications	Gain on revaluation	Ending balance 31 December 2018	Beginning balance 1 January 2018	Depreciation charge	Write-offs	Disposals	Revaluation adjustments	Ending balance 31 December 2018	Property, plant and equipment
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	386,248
Computer hardware	863,066	131,167	(8,843)	(28,538)	-	-	-	956,852	791,399	46,192	(5,587)	(28,529)	-	803,475	153,377
Motor vehicles	40,010	11,799	-	-	-	-	-	51,809	29,361	3,857	-	-	-	33,218	18,591
Construction in progress	13,951	382,039	-	-	(39,514)	-	-	356,476	-	-	-	-	-	-	356,476
<b>Total</b>	<b>3,690,667</b>	<b>547,321</b>	<b>(29,779)</b>	<b>(57,124)</b>	<b>-</b>	<b>-</b>	<b>404,313</b>	<b>4,555,398</b>	<b>3,016,248</b>	<b>170,344</b>	<b>(26,522)</b>	<b>(56,050)</b>	<b>(620,314)</b>	<b>2,483,706</b>	<b>2,071,692</b>

In 2018, the Branch engaged an external independent and qualified appraiser to determine the fair value of the land and buildings as of 31 December 2018. 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 76 million, respectively (31 December 2018: Baht 53 million and Baht 80 million, respectively).

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17. Intangible assets

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

	30 June 2019 (Unaudited)										Unit : Thousand Baht
	Cost					Accumulated amortisation					Ending balance 30 June 2019
	Beginning balance 1 January 2019	Additions	Write-offs	Transfers	Reclassify Adjustments	Ending balance 30 June 2019	Beginning balance 1 January 2019	Amortisation charge	Write-offs	Ending balance 30 June 2019	
Computer software	1,460,521	2,532	(3,575)	76,254	-	1,535,732	950,083	66,696	(1,415)	1,015,364	520,368
Other	72,671	50,000	-	-	-	122,671	72,671	5,000	-	77,671	45,000
Work in progress	187,838	73,678	-	(76,254)	-	185,262	-	-	-	-	185,262
Total	1,721,030	126,210	(3,575)	-	-	1,843,665	1,022,754	71,696	(1,415)	1,093,035	750,630

	31 December 2018 (Audited)										Unit : Thousand Baht
	Cost					Accumulated amortisation					Ending balance 31 December 2018
	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	Ending balance 31 December 2018	
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	45,000
Work in progress	238,412	87,460	-	(150,665)	33,135	187,838	-	-	-	-	187,838
Total	1,740,889	192,754	(225,244)	-	33,135	1,721,030	1,109,655	138,338	(225,239)	1,022,754	698,276

18. Other assets

	(Unaudited) 30 June 2019 Thousand Baht	(Audited) 31 December 2018 Thousand Baht
Prepaid leasehold (Note 27 (b))	335,455	349,408
Deposits (Note 27 (b))	153,380	153,022
Amount due from a related party (Note 27 (b))	42,466	104,064
Receivable from sale of investments	359,789	1,457,134
Others	255,803	241,594
Total	<u>1,146,893</u>	<u>2,305,222</u>

19. Borrowings

The details of borrowings are presented below:

Short-term borrowings

	(Unaudited) 30 June 2019		(Audited) 31 December 2018	
	Principal Thousand Baht	Accrued interest Thousand Baht	Principal Thousand Baht	Accrued interest Thousand Baht
Borrowings with repurchase agreement (Repo)	2,450,000	352	-	-
Total	<u>2,450,000</u>	<u>352</u>	<u>-</u>	<u>-</u>

As at 30 June 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 2,261 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.

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20. Insurance liabilities

	Unit : Thousand Baht					
	30 June 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	576,236,950	-	576,236,950	572,249,868	-	572,249,868
Claim liability						
- Reported claim	1,532,742	(3,953)	1,528,789	1,414,329	(35,054)	1,379,275
- Claim incurred but not reported	879,399	(131,218)	748,181	1,167,892	(177,912)	989,980
Premium liability						
- Unearned premium reserve	15,523,913	(90,227)	15,433,686	15,316,716	(86,458)	15,230,258
Unpaid policy benefits	418,069	-	418,069	332,774	-	332,774
Due to insured	95,688,512	-	95,688,512	89,763,140	-	89,763,140
<b>Total</b>	<b>690,279,585</b>	<b>(225,398)</b>	<b>690,054,187</b>	<b>680,244,719</b>	<b>(299,424)</b>	<b>679,945,295</b>

20. Insurance liabilities (Cont'd)

20.1 Long-term technical reserve

The movement details are below:

	(Unaudited) 30 June 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	33,482,003	69,396,913
Net movement in benefits payable to life policyholders for death, maturity, surrenders, other policyholders benefits and claims	(29,760,197)	(42,398,671)
Others	265,276	(121,738)
Closing balance at the end of period/year	<u>576,236,950</u>	<u>572,249,868</u>

20.2 Short-term technical reserve

20.2.1 Claim liability

The movement details are below:

	(Unaudited) 30 June 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	9,995,362	19,128,566
Changes in claim reserve from change in assumption during the period/year	(288,493)	105,680
Insurance claims and loss adjustment expenses paid during the period/year	(9,876,949)	(19,254,966)
Closing balance at the end of period/year	<u>2,412,141</u>	<u>2,582,221</u>

20.2.2 Unearned premium reserve

	(Unaudited) 30 June 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	18,062,317	35,453,907
Premium earned in the period/year	(17,855,120)	(34,562,905)
Closing balance at the end of period/year	<u>15,523,913</u>	<u>15,316,716</u>



**20. Insurance liabilities (Cont'd)**

**20.3 Unpaid policy benefits**

The details are as below:

	(Unaudited) 30 June 2019 Thousand Baht	(Audited) 31 December 2018 Thousand Baht
Death benefits	418,069	332,774
Total	<u>418,069</u>	<u>332,774</u>

**20.4 Due to insured**

The details of due to insured are presented below:

	(Unaudited) 30 June 2019 Thousand Baht	(Audited) 31 December 2018 Thousand Baht
Deposits from insurance contracts	59,816,884	58,233,492
Account value of universal life insurance contracts	10,696,614	10,883,226
Account value of unit linked insurance contracts	25,175,014	20,646,422
Total	<u>95,688,512</u>	<u>89,763,140</u>

**21. Investment liabilities**

	(Unaudited) 30 June 2019 Thousand Baht	(Audited) 31 December 2018 Thousand Baht
Beginning balance for the period/year	1,619,936	2,996,650
Investment contract benefits	(839,572)	(1,507,119)
Change in investment contract liabilities	22,896	130,405
Closing balance at the end of period/year	<u>803,260</u>	<u>1,619,936</u>

22. Amount due to reinsurance

	(Unaudited) 30 June 2019 Thousand Baht	(Audited) 31 December 2018 Thousand Baht
Fund reserve	9,461	9,601
Outward premium payable (Note 27 (b))	572,395	349,719
Total amount due to reinsurance	<u>581,856</u>	<u>359,320</u>

23. Deferred tax liabilities

	(Unaudited)			
	Net deferred tax asset/ (liability) at 1 January 2019 Thousand Baht	Credited/ (charged) to profit or loss Thousand Baht	Credited/ (charged) to other comprehensive income (loss) Thousand Baht	Net deferred tax asset/ (liability) at 30 June 2019 Thousand Baht
<b>For the period ended</b>				
Revaluation of investment Insurance and investment liabilities	(12,528,011)	44,153	(8,952,947)	(21,436,805)
Provision of expenses	2,723,091	(851,652)	-	1,871,439
Others	2,844,515	19,661	5,861	2,870,037
	(2,663,196)	(133,017)	-	(2,796,213)
Total	<u>(9,623,601)</u>	<u>(920,855)</u>	<u>(8,947,086)</u>	<u>(19,491,542)</u>

	(Audited)			
	Net deferred tax asset/ (liability) at 1 January 2018 Thousand Baht	Credited/ (charged) to profit or loss Thousand Baht	Credited/ (charged) to other comprehensive income (loss) Thousand Baht	Net deferred tax asset/ (liability) at 31 December 2018 Thousand Baht
<b>For the year ended</b>				
Revaluation of investment Insurance and investment liabilities	(21,759,754)	178,946	9,052,797	(12,528,011)
Provision of expenses	3,017,485	(294,394)	-	2,723,091
Others	2,892,158	(27,348)	(20,295)	2,844,515
	(2,357,553)	(100,718)	(204,925)	(2,663,196)
Total	<u>(18,207,664)</u>	<u>(243,514)</u>	<u>8,827,577</u>	<u>(9,623,601)</u>

**24. Other liabilities**

	(Unaudited) 30 June 2019 Thousand Baht	(Audited) 31 December 2018 Thousand Baht
Accrued commissions and expenses	7,543,211	6,294,779
Payable for purchase of investments	525,284	110,145
Unpresented cheques payable	1,831,890	2,340,656
Expired cheques payable	2,129,362	2,246,375
Due commissions and expenses	766,569	655,950
Payable to related parties (Note 27 (b))	992,197	575,548
Agents payable	2,262,917	5,483,571
Cash collateral from derivative contracts	8,333,622	5,698,259
Other accounts payable	317,694	996,030
Others	1,468,206	1,381,412
Total	<u>26,170,952</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**

	For the three-month periods ended	
	(Unaudited) 30 June 2019 Thousand Baht	(Restated) 30 June 2018 Thousand Baht
Insurance contract benefits	26,126,348	17,666,212
Change in investment contract liabilities	9,143	38,587
Total	<u>26,135,491</u>	<u>17,704,799</u>
	For the six-month periods ended	
	(Unaudited) 30 June 2019 Thousand Baht	(Restated) 30 June 2018 Thousand Baht
Insurance contract benefits	45,350,968	34,883,513
Change in investment contract liabilities	22,895	77,754
Total	<u>45,373,863</u>	<u>34,961,267</u>

26. Operating expenses

	For the three-month periods ended	
	(Unaudited) 30 June 2019 Thousand Baht	(Unaudited) 30 June 2018 Thousand Baht
Employee expenses not relating to underwriting expenses, and loss adjusting expenses	1,208,030	841,970
Property and equipment expenses not relating to underwriting expenses, and loss adjusting expenses	505,227	424,577
Tax expenses	7,820	4,239
Other operating expenses	458,070	442,378
Total	<u>2,179,147</u>	<u>1,713,164</u>

	For the six-month periods ended	
	(Unaudited) 30 June 2019 Thousand Baht	(Unaudited) 30 June 2018 Thousand Baht
Employee expenses not relating to underwriting expenses, and loss adjusting expenses	2,042,197	1,593,111
Property and equipment expenses not relating to underwriting expenses, and loss adjusting expenses	909,009	857,032
Tax expenses	10,591	12,396
Other operating expenses	692,039	886,153
Total	<u>3,653,836</u>	<u>3,348,692</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**

	For the three-month periods ended	
	(Unaudited) 30 June 2019 Thousand Baht	(Unaudited) 30 June 2018 Thousand Baht
<b><u>Head office</u></b>		
Operating expenses	198,956	157,955
<b><u>Affiliated companies</u></b>		
Premiums ceded to reinsurers	849,958	654,251
Fee and commission income	20,840	904
Net investment income	(19,475)	(20,195)
Other income	79	79
Benefit and claim paid recovered from reinsurers	478,762	359,954
Other underwriting expenses	7,307	7,391
Operating expenses	210,171	217,759
	For the six-month periods ended	
	(Unaudited) 30 June 2019 Thousand Baht	(Unaudited) 30 June 2018 Thousand Baht
<b><u>Head office</u></b>		
Operating expenses	392,578	326,686
<b><u>Affiliated companies</u></b>		
Premiums ceded to reinsurers	1,548,325	1,261,745
Fee and commission income	45,257	39,268
Net investment income	(71,314)	(58,496)
Other income	158	158
Benefit and claim paid recovered from reinsurers	972,059	731,516
Other underwriting expenses	14,646	13,755
Operating expenses	479,967	408,328

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 2019 Thousand Baht	(Audited) 31 December 2018 Thousand Baht
<b>Head office</b>		
Profit remittances to Head Office	14,233,000	4,820,000
Other liabilities	738,532	421,731
<b>Affiliated companies</b>		
Reinsurance assets	3,019	33,166
Amount due from reinsurance	10,065	1,110
Investment in associates	171,500	171,500
Other assets	448,681	525,723
Amount due to reinsurance	143,322	77,670
Other liabilities	199,833	152,639

(c) Key management compensations

Key management compensations are as follows:

	For the three-month periods ended	
	(Unaudited) 30 June 2019 Thousand Baht	(Unaudited) 30 June 2018 Thousand Baht
Salary and other short-term employee benefits	37,585	43,652
Severance payment	-	-
Post-employment benefits	2,177	14,727
Share-based payment	5,666	7,828
Total	45,428	66,207
	For the six-month periods ended	
	(Unaudited) 30 June 2019 Thousand Baht	(Unaudited) 30 June 2018 Thousand Baht
Salary and other short-term employee benefits	76,929	91,458
Severance payment	-	12,146
Post-employment benefits	19,555	31,128
Share-based payment	12,881	15,687
Total	109,365	150,419

**28. Contingent liabilities and commitments**

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

	<b>(Unaudited)</b> <b>30 June</b> <b>2019</b> <b>Thousand</b> <b>Baht</b>	<b>(Audited)</b> <b>31 December</b> <b>2018</b> <b>Thousand</b> <b>Baht</b>
Not later than 1 year	362,640	284,661
Later than 1 year but not later than 5 years	258,769	289,592
Total	<u>621,409</u>	<u>574,253</u>

As at 30 June 2019, the Branch has contractual commitment from contracts for investment property projects with the amount at the maximum of Baht 387 million (As at 31 December 2018: at the maximum of Baht 408 million).