

Disclosure Form (Attached to the OIC Commissioner Order No.48/2561)

Information Disclosure of Non-Life Insurance Companies B.E. 2561

Part 1: To certify correctness of disclosure

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



Signature.....

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

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

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

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

CAPITAL ADEQUACY

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

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

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

Unit: THB mil

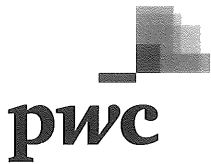
Capital Items	Quarter 1		Quarter 2		Quarter 3	
	2018	2017	2018	2017	2018	2017
Capital Adequacy Ratio (%)	1,382	1,324	1,378	1,328	XXX	1,338
Total Capital Available	414	397	413	398	XXX	401
Total Capital Required	30	30	30	30	XXX	30

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

**AIA COMPANY LIMITED (NON-LIFE INSURANCE)
THAILAND BRANCH**

INTERIM FINANCIAL INFORMATION (UNAUDITED)

30 JUNE 2018



AUDITOR'S REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

To the Board of Directors of AIA Company Limited

I have reviewed the interim financial information of AIA Company Limited (Non-Life Insurance) Thailand Branch, which comprises the statement of financial position as at 30 June 2018, the statements of comprehensive income for the three-month and six-month periods then ended, and the related statements of changes in equity and cash flows for the six-month period then ended, and the condensed notes to the interim financial information. The Branch's 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 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 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
10 August 2018

AIA Company Limited (Non-Life Insurance) Thailand Branch
Statement of Financial Position
As at 30 June 2018

		(Unaudited) 30 June 2018 Baht	(Audited) 31 December 2017 Baht
	Notes		
Assets			
Cash and cash equivalents	6	7,269,900	4,542,195
Accrued income on investments		2,528,571	2,862,488
Reinsurance assets	7, 12	65,011	92,726
Invested assets			
Investments in securities	8	413,785,019	416,655,356
Amount due from related parties	16	394,547	541,332
Furniture, fixtures and equipment, net	9	56,253	80,697
Intangible assets, net	10	32	32
Other assets, net	11	185,666	540,587
Total assets		424,284,999	425,315,413

Authorised person _____

The notes are form an integral part of this interim financial information.

AIA Company Limited (Non-Life Insurance) Thailand Branch
Statement of Financial Position (Cont'd)
As at 30 June 2018

		(Unaudited) 30 June 2018 Baht	(Audited) 31 December 2017 Baht
	Notes		
Liabilities and Head Office's Equity			
Liabilities			
Insurance liabilities	12	1,620,480	1,988,622
Amount due to reinsurance		53,341	105,227
Amount due to related parties	16	37,119	44,776
Income tax payable		384,491	897,935
Employee benefit liabilities		2,727,601	2,669,709
Deferred tax liabilities		-	20,735
Other liabilities	13	6,147,926	6,264,391
Total liabilities		10,970,958	11,991,395
Head Office's Equity			
Funds from Head Office	14	140,307,753	140,307,753
Unrealised gains (losses) on changes in fair value of investments, net of tax		(1,932,092)	82,938
Remeasurements of post-employment benefit obligations, net of tax		(2,704,801)	(2,704,801)
Branch's retained earnings - Unappropriated		277,643,181	275,638,128
Total Head Office's Equity		413,314,041	413,324,018
Total liabilities and Head Office's Equity		424,284,999	425,315,413

The notes are form an integral part of this interim financial information.

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

	Notes	2018 Baht	2017 Baht
Revenues			
Gross written premiums		2,739,857	3,711,918
<u>Less</u> Premiums ceded to reinsurers		<u>(136,788)</u>	<u>(5,838,278)</u>
Net written premiums		2,603,069	(2,126,360)
<u>Add</u> Net change in unearned premium reserve		<u>78,837</u>	<u>73,913</u>
Net earned premiums		2,681,906	(2,052,447)
Fee and commission income		44,457	4,382,385
Net investment income		1,919,937	1,904,486
Gains on investment		<u>-</u>	<u>2,106</u>
Total revenue		<u>4,646,300</u>	<u>4,236,530</u>
Expenses			
Net change in long-term insurance contract reserve		(4,431)	(194,492)
Gross claim paid		836,454	1,529,608
<u>Less</u> Claim paid recovered from reinsurers		<u>(23,782)</u>	<u>(698,940)</u>
Commissions and brokerages		387,029	470,238
Other underwriting expenses		636,948	574,571
Operating expenses	15, 16	<u>1,237,310</u>	<u>1,661,606</u>
Total expenses		<u>3,069,528</u>	<u>3,342,591</u>
Profit before income tax		1,576,772	893,939
Income tax expenses		<u>236,194</u>	<u>196,858</u>
Net profit for the period		<u>1,340,578</u>	<u>697,081</u>

The notes are form an integral part of this interim financial information.

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

	2018	2017
	Baht	Baht
Other comprehensive income (loss)		
<u>Items that will be reclassified subsequently to profit or loss</u>		
Change in value of available-for-sale investments	(2,452,731)	985,621
Realised gain from sale of available-for-sale investment transferred to profit or loss	-	2,106
Income tax on items that will be reclassified subsequently to profit or loss	104,128	-
	<u>(2,348,603)</u>	<u>987,727</u>
Total items that will be reclassified subsequently to profit or loss	<u>(2,348,603)</u>	<u>987,727</u>
Other comprehensive income (loss) for the period, net of tax	<u>(2,348,603)</u>	<u>987,727</u>
Total comprehensive income (loss) for the period	<u><u>(1,008,025)</u></u>	<u><u>1,684,808</u></u>

The notes are form an integral part of this interim financial information.

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

	Notes	2018 Baht	2017 Baht
Revenues			
Gross written premiums		4,978,245	8,092,762
<u>Less</u> Premiums ceded to reinsurers		<u>(257,945)</u>	<u>(6,035,183)</u>
Net written premiums		4,720,300	2,057,579
<u>Add</u> Net change in unearned premium reserve	12	<u>467,900</u>	<u>475,985</u>
Net earned premiums		5,188,200	2,533,564
Fee and commission income		80,678	4,442,923
Net investment income		3,708,796	4,167,374
Gains on investment		<u>-</u>	<u>3,253</u>
Total revenue		<u>8,977,674</u>	<u>11,147,114</u>
Expenses			
Net change in long-term insurance contract reserve		(6,171)	(297,000)
Gross claim paid		1,697,575	2,337,174
<u>Less</u> claim paid recovered from reinsurers		<u>(49,283)</u>	<u>(711,201)</u>
Commission and brokerage		734,520	1,089,529
Other underwriting expenses		1,269,894	947,578
Operating expenses	15, 16	<u>2,889,285</u>	<u>3,469,394</u>
Total expenses		<u>6,535,820</u>	<u>6,835,474</u>
Profit before income tax		2,441,854	4,311,640
Income tax expenses		<u>436,801</u>	<u>924,758</u>
Net profit for the period		<u>2,005,053</u>	<u>3,386,882</u>

The notes are form an integral part of this interim financial information.

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

	2018	2017
	Baht	Baht
Other comprehensive income (loss)		
<u>Items that will be reclassified subsequently to profit or loss</u>		
Change in value of available-for-sale investments	(2,035,765)	1,410,922
Realised gain from sale of available-for-sale investment transferred to profit or loss	-	3,253
Income tax on items that will be reclassified subsequently to profit or loss	20,735	-
	<u>(2,015,030)</u>	<u>1,414,175</u>
Other comprehensive income (loss) for the period, net of tax	<u>(2,015,030)</u>	<u>1,414,175</u>
Total comprehensive income (loss) for the period	<u><u>(9,977)</u></u>	<u><u>4,801,057</u></u>

The notes are form an integral part of this interim financial information.

AIA Company Limited (Non-Life Insurance) Thailand Branch
Statement of Changes in Head Office's Equity (Unaudited)
For the six-month period ended 30 June 2018

	Funds from Head Office	Unrealised gains (losses) on changes in value of investments, net of tax	Remeasurement of post-employment benefit obligations, net of tax	Branch's retained earnings	Total Head office's Equity
	Baht	Baht	Baht	Baht	Baht
Beginning balance as at 1 January 2018	140,307,753	82,938	(2,704,801)	275,638,128	413,324,018
Net profit for the period	-	-	-	2,005,053	2,005,053
Unrealised loss on changes in value of available-for-sale investments	-	(2,015,030)	-	-	(2,015,030)
Ending balance as at 30 June 2018	<u>140,307,753</u>	<u>(1,932,092)</u>	<u>(2,704,801)</u>	<u>277,643,181</u>	<u>413,314,041</u>
Beginning balance as at 1 January 2017	140,307,753	(3,277,718)	(2,947,069)	259,219,209	393,302,175
Net profit for the period	-	-	-	3,386,882	3,386,882
Unrealised gain on changes in value of available-for-sale investments	-	1,410,922	-	-	1,410,922
Realised gain from sale of available-for-sale investment transferred to profit or loss	-	3,253	-	-	3,253
Ending balance as at 30 June 2017	<u>140,307,753</u>	<u>(1,863,543)</u>	<u>(2,947,069)</u>	<u>262,606,091</u>	<u>398,103,232</u>

The notes are form an integral part of this interim financial information.

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

	Note	2018 Baht	2017 Baht
Cash flows provided by (used in) operating activities			
Written premium received from direct insurance		5,051,545	7,818,438
Cash paid from reinsurance		(176,781)	(37,026)
Net investment income		4,970,687	8,956,090
Claim paid from direct insurance		(1,539,478)	(2,094,517)
Commission and brokerage paid to direct insurance		(766,884)	(1,104,761)
Other underwriting expenses		(1,235,201)	(1,098,152)
Operating expenses		(2,532,536)	(4,741,356)
Income tax		(950,245)	(956,260)
Cash received from investment in securities		20,000,000	358,000,000
Cash paid for investment in securities		(20,093,402)	(365,657,716)
Net cash provided by (used in) operating activities		2,727,705	(915,260)
Cash flows used in investing activities			
Purchase of equipment	9	-	(35,801)
Net cash used in investing activities		-	(35,801)
Net increase (decrease) in cash and cash equivalents		2,727,705	(951,061)
Cash and cash equivalents at beginning of period		4,542,195	3,996,026
Cash and cash equivalents at end of period		7,269,900	3,044,965

The notes are form an integral part of this interim financial information.

1. General information

AIA Company Limited (Non-Life Insurance) Thailand Branch ("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 address of the Branch's registered office is AIA Tower 1, 8th Floor, 181 Surawongse Road, Suriyawongse District, Bangrak, Bangkok 10500.

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

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

This interim financial information has been reviewed, not audited.

2. Basis of preparation the interim financial information

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 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 non-life insurance company B.E.2559" dated on 4 March 2016 ('OIC notification'). The notes to the interim financial information are prepared in a condensed format. Additional notes are presented as required by the aforementioned OIC Notification.

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

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

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

3. Accounting policies

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

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

TAS 7 (revised 2017)	Statement of cash flows
TAS 12 (revised 2017)	Income taxes

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

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

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

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

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

TFRS 15	Revenue from contracts with customers
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TFRS 15 provides the requirements for the recognition of revenue. This standard will supersede the following standards:

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

3. Accounting policies (Cont'd)

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

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

The new standard is based on the principle that

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

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

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

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

4. Estimates

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

In preparing this interim financial information, 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 2017.

5. Fair value

5.1 Fair value estimation

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

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

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

	Level 1 Baht	Level 2 Baht	Level 3 Baht	Total Baht
As at 30 June 2018 (Unaudited)				
Asset				
Investment in securities				
Available-for-sale securities				
Debt securities	- 413,785,019		- 413,785,019	
Total asset	- 413,785,019		- 413,785,019	
As at 31 December 2017 (Audited)				
Asset				
Investment in securities				
Available-for-sale securities				
Debt securities	- 416,655,356		- 416,655,356	
Total asset	- 416,655,356		- 416,655,356	

5.2 Valuation techniques used to derive Level 2 fair values

Level 2 marketable debt securities are fair valued based on quoted by reference to the yield curve of the Thai Bond Market Association at the statements of financial position date.

AIA Company Limited (Non-Life Insurance) Thailand Branch
Condensed Notes to the Interim Financial Information (Unaudited)
For the interim period ended 30 June 2018

6. Cash and cash equivalents

	(Unaudited) 30 June 2018 Baht	(Audited) 31 December 2017 Baht
Deposits held at call with banks	7,269,900	4,542,195
Total cash and cash equivalents	<u>7,269,900</u>	<u>4,542,195</u>

7. Reinsurance assets

	(Unaudited) 30 June 2018 Baht	(Audited) 31 December 2017 Baht
<u>Reserve of recovery from reinsurers</u>		
Short term insurance contract reserve		
Loss reserve (IBNR)	18,111	21,200
Premium reserve		
- Unearned premium reserve (UPR)	46,900	71,526
Total reinsurance assets	<u>65,011</u>	<u>92,726</u>

8. Investments in securities

	(Unaudited) 30 June 2018		(Audited) 31 December 2017	
	Cost/ amortised cost Baht	Fair value Baht	Cost/ amortised cost Baht	Fair value Baht
Available-for-sale securities				
Government and state enterprise securities	292,286,461	290,860,635	292,992,768	293,095,996
Private enterprise securities	123,430,650	122,924,384	123,558,915	123,559,360
Total	415,717,111	413,785,019	416,551,683	416,655,356
<u>Add</u> Unrealised gains (losses) on the changes in value of investments	(1,932,092)	-	103,673	-
Total available-for-sale securities	<u>413,785,019</u>	<u>413,785,019</u>	<u>416,655,356</u>	<u>416,655,356</u>
Total investments in securities	<u>413,785,019</u>	<u>413,785,019</u>	<u>416,655,356</u>	<u>416,655,356</u>

Investments in securities include debts securities with a fair value of Baht 8.6 million (31 December 2017: with a fair value of Baht 8.66 million), which have been placed with the Office of Insurance Commissioner, under the Ministry of Finance, as required by the Non-Life Insurance Act B.E. 2535, amended by the Non-life Insurance Act (No. 2) B.E. 2551.

AIA Company Limited (Non-Life Insurance) Thailand Branch
Condensed Notes to the Interim Financial Information (Unaudited)
For the interim period ended 30 June 2018

9. Furniture, fixtures and equipment, net

30 June 2018 (Unaudited)								
	Cost		Accumulated depreciation					
	Beginning balance 1 January 2018 Baht	For the period		Ending balance 30 June 2018 Baht	Beginning balance 1 January 2018 Baht	For the period		Ending balance 30 June 2018 Baht
		Additions Baht	Disposals/ Write-offs Baht			Depreciation Baht	Disposals/ Write-offs Baht	
Furniture, fixtures and equipment Computers	3,098,917 4,409,769	- -	- -	3,098,917 4,409,769	3,098,041 4,329,948	724 23,720	- -	3,098,765 4,353,668
Total	7,508,686	-	-	7,508,686	7,427,989	24,444	-	7,452,433
31 December 2017 (Audited)								
	Cost		Accumulated depreciation					
	Beginning balance 1 January 2017 Baht	For the year		Ending balance 31 December 2017 Baht	Beginning balance 1 January 2017 Baht	For the year		Ending balance 31 December 2017 Baht
		Addition Baht	Disposals/ Write-offs Baht			Depreciation Baht	Disposals/ Write-offs Baht	
Furniture, fixtures and equipment Computers	3,098,917 4,339,272	- 70,497	- -	3,098,917 4,409,769	3,093,131 4,287,328	4,910 42,620	- -	3,098,041 4,329,948
Total	7,438,189	70,497	-	7,508,686	7,380,459	47,530	-	7,427,989

10. Intangible assets, net

Computer software

AIA Company Limited (Non-Life Insurance) Thailand Branch
Condensed Notes to the Interim Financial Information (Unaudited)
For the interim period ended 30 June 2018

11. Other assets, net

	(Unaudited) 30 June 2018 Baht	(Audited) 31 December 2017 Baht
Account receivable from agents, net	43,881	91,506
Deposits	10,000	10,000
VAT receivable	-	6,023
Other assets	131,785	433,058
Total	<u>185,666</u>	<u>540,587</u>

12. Insurance liabilities

	Insurance liabilities Baht	Liabilities recovered from reinsurance Baht	Net Baht
30 June 2018 (Unaudited)			
Long term insurance contract reserve	-	-	-
Short term insurance contract reserve			
Loss reserve			
- Reported claim	317,136	-	317,136
- Claim incurred but not reported	365,341	(18,111)	347,230
Premium reserve			
- Unearned premium reserve	<u>938,003</u>	<u>(46,900)</u>	<u>891,103</u>
Total	<u>1,620,480</u>	<u>(65,011)</u>	<u>1,555,469</u>
31 December 2017 (Audited)			
Long term insurance contract reserve	6,171	-	6,171
Short term insurance contract reserve			
Loss reserve			
- Reported claim	125,000	-	125,000
- Claim incurred but not reported	426,922	(21,200)	405,722
Premium reserve			
- Unearned premium reserve	<u>1,430,529</u>	<u>(71,526)</u>	<u>1,359,003</u>
Total	<u>1,988,622</u>	<u>(92,726)</u>	<u>1,895,896</u>

No additional reserve for Unexpired Risk Reserve has been established as the Unexpired Risk Reserve estimated by the Branch as at 30 June 2018 amounting to Baht 0.64 million (31 December 2017: Baht 0.97 million) is lower than the Unearned Premium Reserve.

12. Insurance liabilities (Cont'd)

12.1 Long term insurance contract reserve

	(Unaudited) 30 June 2018 Baht	(Audited) 31 December 2017 Baht
Beginning balance for the period/year	6,171	639,353
Change in reserve	(3,914)	(449,751)
Insurance claim incurred during the period/year	-	-
Changes in claim reserve from change in assumption during the period/year	(2,257)	(183,431)
Insurance claim paid during the period/year	-	-
Closing balance at the end of period/year	-	6,171

12.2 Short term insurance contract reserve

12.2.1 Loss reserve

	(Unaudited) 30 June 2018 Baht	(Audited) 31 December 2017 Baht
Beginning balance for the period/year	551,922	496,020
Insurance claim incurred during the period/year	1,047,436	2,204,892
Changes in claim reserve from change in assumption during the period/year	(61,581)	(69,098)
Insurance claim paid during the period/year	(855,300)	(2,079,892)
Closing balance at the end of period/year	682,477	551,922

12.2.2 Unearned premium reserve

	(Unaudited) 30 June 2018 Baht	(Audited) 31 December 2017 Baht
Beginning balance for the period/year	1,430,529	1,569,337
Premium written for the period/year	4,964,734	13,549,538
Premium earned in the period/year	(5,457,260)	(13,688,346)
Closing balance at the end of period/year	938,003	1,430,529

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For the interim period ended 30 June 2018

13. Other liabilities

	(Unaudited) 30 June 2018 Baht	(Audited) 31 December 2017 Baht
Accrued expenses	158,824	120,420
Others payable	4,727,268	4,821,911
Sundry liabilities	82,648	56,973
Unpresented cheque payable	924,591	306,500
Account payable for agents	195,226	227,590
Withholding tax payable and VAT payable	53,705	24,084
Others	5,664	706,913
Total	6,147,926	6,264,391

14. Funds from Head Office

Funds from Head Office represent financing provided by the Head Office. This financing was provided through the transfer of net assets from AIA Company Limited - Thailand Branch when the non-life branch was formed under the requirement of the Non-life Insurance Act B.E. 2535.

15. Operating expenses

	(Unaudited) For the three-month period ended 30 June 2018 Baht	30 June 2017 Baht
Staff expenses	76,334	97,799
Premises and equipment expense	72,069	73,213
Tax and duties	823	672
Service fees	1,205,620	1,176,099
Other operating expenses	(117,536)	313,823
Total	1,237,310	1,661,606

	(Unaudited) For the six-month period ended 30 June 2018 Baht	30 June 2017 Baht
Staff expenses	131,685	157,655
Premises and equipment expense	144,007	147,812
Tax and duties	17,655	17,621
Service fees	2,403,573	2,379,307
Other operating expenses	192,365	766,999
Total	2,889,285	3,469,394

16. Related party transactions

Entities 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, subsidiaries and fellow subsidiaries are related parties of the Branch. Key management personnel, including directors and officers of the Branch and close members of the family of these individuals and companies associated with these individuals also constitute related parties.

In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

Significant related party transactions are transacted at prices negotiated between the parties involved.

Significant transactions with Head Office, related parties and affiliates within AIA Group Limited are as follows:

a) Statements of Comprehensive Income

	(Unaudited)	
	For the three-month period ended	
	30 June	30 June
	2018	2017
	Baht	Baht
Affiliated companies		
Operating expenses:		
Information system service and other expenses	144,464	111,192
Rental and utilities expenses	88,536	88,140
Service fees	1,104,861	1,076,909
	(Unaudited)	
	For the six-month period ended	
	30 June	30 June
	2018	2017
	Baht	Baht
Affiliated companies		
Operating expenses:		
Information system service and other expenses	287,798	251,422
Rental and utilities expenses	175,534	175,149
Service fees	2,196,742	2,180,846

16. Related party transactions (Cont'd)

The significant transactions with Head Office, related parties and affiliates within AIA Group Limited are as follows: (Cont'd)

b) Statements of Financial Position

	(Unaudited) 30 June 2018 Baht	(Audited) 31 December 2017 Baht
Affiliated companies		
Amounts due from related parties	394,547	541,332
Head Office and affiliated companies		
Amounts due to related parties	37,119	44,776

c) Key management compensation

Key management personnels are those people having authority and responsibility for planning, directing and controlling the activities of the Branch. There are no such personnels employed directly by the Branch. These activities are determined by Head Office.

17. Commitments

The Branch has payment obligations operating leases from services, office rental and other significant contracts as follows:

	(Unaudited) 30 June 2018 Baht	(Audited) 31 December 2017 Baht
Not later than 1 year	337,201	363,420
Later than 1 year but not later than 5 years	365,132	527,413
Total	702,333	890,833