

Pacific Cross Health Insurance Public Company Limited

Condensed interim financial statements
for the three-month period ended
31 March 2020
and
Independent auditor's review report



KPMG Phoomchai Audit Ltd.
50th Floor, Empire Tower
1 South Sathorn Road, Yannawa
Sathorn, Bangkok 10120, Thailand
Tel +66 2677 2000
Fax +66 2677 2222
Website home.kpmg/th

บริษัท เคพีเอ็มจี ภูเก็ต สอบบัญชี จำกัด
ชั้น 50 เอ็มไพร์ทาวเวอร์
1 ถนนสาทรใต้ แขวงยานนาวา
เขตสาทร กรุงเทพฯ 10120
โทร +66 2677 2000
แฟกซ์ +66 2677 2222
เว็บไซต์ home.kpmg/th

Independent auditor's report on review of interim financial information

To the Board of Directors of Pacific Cross Health Insurance Public Company Limited

I have reviewed the accompanying statement of financial position of Pacific Cross Health Insurance Public Company Limited as at 31 March 2020; the statements of comprehensive income; the statements of changes in equity and cash flows for the three-month period ended 31 March 2020; and the condensed notes ("interim financial information"). Management is responsible for the preparation and fair 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".

Other Matter

The statement of financial position of Pacific Cross Health Insurance Public Company Limited as at 31 December 2019, which is included as comparative information, was audited by another auditor who expressed an unqualified opinion thereon in his report dated 23 April 2020. Furthermore, the statements of comprehensive income, changes in equity and cash flows of Pacific Cross Health Insurance Public Company Limited for the three-month period ended 31 March 2019, which are included as comparative information, were reviewed by another auditor who expressed an unmodified conclusion thereon in his report dated 13 May 2019.

(Pantip Gulsantithamrong)
Certified Public Accountant
Registration No. 4208

KPMG Phoomchai Audit Ltd.
Bangkok
19 May 2020

Pacific Cross Health Insurance Public Company Limited

Statement of financial position

Assets	Note	31 March	31 December
		2020	2019
		(Unaudited)	
		<i>(in Baht)</i>	
Cash and cash equivalents	4	91,275,680	84,461,933
Premiums due and uncollected, net	5	55,426,177	46,325,707
Accrued investment income		1,526,893	1,452,832
Reinsurers' share of insurance contract liabilities	10	137,203,146	134,547,278
Reinsurance receivables	6	21,732,534	21,006,372
Financial assets	3, 7, 18	261,036,603	250,236,389
Premises and equipment	8	1,732,133	1,691,048
Right-of-use-assets	3, 8	15,021,481	-
Intangible assets		557,288	644,047
Other assets	9, 16	5,167,258	7,578,957
Total assets		590,679,193	547,944,563

The accompanying notes form an integral part of the interim financial statements.

Pacific Cross Health Insurance Public Company Limited

Statement of financial position

		31 March 2020 (Unaudited)	31 December 2019
Liabilities and equity	<i>Note</i>		
		(in Baht)	
Liabilities			
Insurance contract liabilities	10	335,036,595	299,453,900
Reinsurance payable	11	92,468,296	92,984,031
Provisions for employee benefits		1,362,937	1,313,195
Lease liabilities	3	15,042,222	-
Other liabilities	12, 16	35,835,905	34,672,206
Total liabilities		479,745,955	428,423,332
Equity			
Share capital			
Authorised share capital			
(20,000,000 ordinary shares, par value at Baht 25 per share)		500,000,000	500,000,000
Issued and paid share capital			
(20,000,000 ordinary shares, par value at Baht 25 per share)		500,000,000	500,000,000
Deficit			
Deficit		(389,066,762)	(380,478,769)
Total equity		110,933,238	119,521,231
Total liabilities and equity		590,679,193	547,944,563

The accompanying notes form an integral part of the interim financial statements.

Pacific Cross Health Insurance Public Company Limited
Statement of comprehensive income (Unaudited)

		Three-month period ended	
		31 March	
	Note	2020	2019
		(in Baht)	
Revenues			
Gross premium written		134,833,094	96,233,171
Less Premium ceded		<u>(42,701,927)</u>	<u>(41,225,155)</u>
Net premiums written		92,131,167	55,008,016
Less Increase in unearned premium reserve from previous period		(21,696,169)	(7,720,002)
Less Reinsurers' share of (increase) decrease in unearned premium reserve from previous period		<u>(15,816)</u>	<u>3,924,462</u>
Net premiums earned		70,419,182	51,212,476
Fee and commission income		16,290,127	15,685,041
Net investment income		1,043,866	952,004
Other income	16	<u>1,034,498</u>	<u>909,815</u>
Total income		<u>88,787,673</u>	<u>68,759,336</u>
Expenses			
Insurance claim expenses	16	67,284,436	63,981,819
Less Insurance claim expenses recovered from reinsurers		<u>(24,377,965)</u>	<u>(24,196,549)</u>
Net insurance claim expenses		42,906,471	39,785,270
Commission and brokerage expenses		18,280,913	13,161,113
Other underwriting expenses	16	13,805,843	11,787,461
Operating expenses	16	22,315,537	19,635,390
Expected credit loss	13	<u>6,407</u>	<u>-</u>
Total expenses		<u>97,315,171</u>	<u>84,369,234</u>
Loss before income tax		(8,527,498)	(15,609,898)
Income tax expense	14	<u>-</u>	<u>-</u>
Loss for the period		(8,527,498)	(15,609,898)
Total comprehensive loss for the period		<u>(8,527,498)</u>	<u>(15,609,898)</u>
Basic loss per share (Baht)	15	(0.43)	(0.78)

The accompanying notes form an integral part of the interim financial statements.

Pacific Cross Health Insurance Public Company Limited
Statement of changes in equity (Unaudited)

		Deficit	
	Issued and Paid-up share capital	Unappropriated	Total equity
Note		(in Baht)	
Three-month period ended 31 March 2019			
Balance at 1 January 2019	500,000,000	(363,452,534)	136,547,466
Comprehensive loss for the period			
Loss for the period	-	(15,609,898)	(15,609,898)
Total comprehensive loss for the period	-	(15,609,898)	(15,609,898)
Balance at 31 March 2019	500,000,000	(379,062,432)	120,937,568
Three-month period ended 31 March 2020			
Balance at 31 December 2019 - as reported	500,000,000	(380,478,769)	119,521,231
Impact of changes in accounting policies		(60,495)	(60,495)
Balance at 1 January 2020 - restated	500,000,000	(380,539,264)	119,460,736
Comprehensive loss for the period			
Loss for the period	-	(8,527,498)	(8,527,498)
Total comprehensive loss for the period	-	(8,527,498)	(8,527,498)
Balance at 31 March 2020	500,000,000	(389,066,762)	110,933,238

The accompanying notes form an integral part of the interim financial statements.

Pacific Cross Health Insurance Public Company Limited

Statement of cash flows (Unaudited)

		Three-month period ended	
		31 March	
	Note	2020	2019
		(in Baht)	
Cash flows from operating activities			
Premiums written		142,989,325	98,965,794
Cash paid to reinsurers		(3,480,822)	(3,368,521)
Interest received		1,148,202	360,446
Other income		1,034,499	909,815
Insurance claims expenses		(73,000,254)	(47,845,034)
Commission and brokerage expenses		(15,795,246)	(13,500,312)
Other underwriting expenses		(14,074,020)	(11,809,831)
Operating expenses		(20,631,693)	(22,554,350)
Cash received - financial assets		55,000,000	-
Cash payment - financial assets		(65,800,214)	(11,000,000)
Net cash provided by (used in) operating activities		7,389,777	(9,841,993)
Cash flows from investing activities			
Cash flows used in:			
Acquisition of equipment	8	(286,714)	(24,966)
Net cash used in investing activities		(286,714)	(24,966)
Cash flows from financing activities			
Cash flows used in:			
Payment of lease liabilities		(289,316)	-
Cash used in financing activities		(289,316)	-
Net increase (decrease) in cash and cash equivalents		6,813,747	(9,866,959)
Cash and cash equivalents at 1 January		84,461,933	66,102,663
Cash and cash equivalents at 31 March	4	91,275,680	56,235,704

The accompanying notes form an integral part of the interim financial statements.

Pacific Cross Health Insurance Public Company Limited
Notes to the condensed interim financial statements
For the three-month period ended 31 March 2020 (Unaudited)

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Pacific Cross Health Insurance Public Company Limited
Notes to the condensed interim financial statements
For the three-month period ended 31 March 2020 (Unaudited)

These notes form an integral part of the interim financial statements.

The interim financial statements issued for Thai regulatory reporting purposes are prepared in the Thai language. These English language financial statements have been prepared from the Thai language financial statements, and were approved and authorised for issuance by the authorised directors on 19 May 2020.

1 General information

Pacific Cross Health Insurance Public Company Limited, the “Company”, is incorporated in Thailand and has its registered office at 152 Chartered Square Building, 21st floor, North Sathorn Road, Silom, Bangrak, Bangkok.

The Company’s major shareholders during the period were Med-Sure Services Company Limited (69.15% shareholding) which is incorporated in Thailand.

The principal activities of the Company is operate in non-life insurance.

2 Basis of preparation of the interim financial statements

(a) Statement of compliance

The interim financial statements are prepared on a condensed basis in accordance with Thai Accounting Standard (TAS) No. 34 (revised 2019) *Interim Financial Reporting* and guidelines promulgated by the Federation of Accounting Professions. In addition, the interim financial statements are prepared in accordance with the Notification of the Office of Insurance Commission regarding “Rules, Procedures, Conditions and Timing for the Preparation and Submission of the Financial Statements and Reporting of the Operations of Non-Life Insurance Companies” B.E. 2562 (No. 2), dated 4 April 2019, which is effective for periods beginning on or after 1 January 2020.

The interim financial statements do not include all of the financial information required for full annual financial statements but focus on new activities, events and circumstances to avoid repetition of information previously reported. Accordingly, these interim financial statements should be read in conjunction with the financial statements of the Company for the year ended 31 December 2019.

The Company has initially applied TFRS - Financial instruments standards, TAS 32 Financial Instruments: Presentation, and TFRS 16 Leases and disclosed impact from changes to significant accounting policies in note 3.

In addition, the Company has not early adopted a number of new and revised TFRS, which are not yet effective for the current period in preparing these financial statements. The Company has assessed the potential initial impact on the financial statements of these new and revised TFRS and expects that there will be no material impact on the financial statements in the period of initial application.

(b) Use of judgements, estimates and accounting policies

In preparing these interim financial statements, judgements and estimates are made by management in applying the Company’s accounting policies. Actual results may differ from these estimates. The accounting policies, methods of computation and the key sources of estimation uncertainty were the same as those that described in the financial statements for the year ended 31 December 2019, except for the new significant judgements and key sources of estimation uncertainty related to the application of new TFRS as described in note 3.

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3 Changes in accounting policies

TFRS 4 Insurance Contracts (revised 2019), has allowed insurance entities that meet the conditions as laid down by TFRS 4, to use the deferral approach to TFRS 9 and TFRS 7 for insurance entities and continue to apply Accounting Guideline: Financial Instruments and Disclosure for insurance entities until TFRS 17 Insurance contract becomes effective.

However, the Company has not met the conditions as mentioned in TFRS 4 Insurance Contracts (revised 2019) and has to apply TFRS9: Financial instrument.

From 1 January 2020, the Company has initially applied TFRS - Financial instruments standards, TAS 32 Financial Instruments: Presentation, and TFRS 16. Impact of changes in accounting policies on shareholders' equity are as follows:

	Note	Deficit (in Baht)
At 31 December 2019 - as reported		(380,478,769)
<i>Decrease due to:</i>		
Adoption of TFRS - Financial instruments standards		
Impairment losses on financial assets	(a)	(60,495)
At 1 January 2020 - restated		<u>(380,539,264)</u>

(a) TFRS - Financial instruments standards and TAS 32

The Company has adopted TFRS - Financial instruments standards and TAS 32 by adjusting the cumulative effects to deficit on 1 January 2020. Therefore, the Company did not adjust the information presented for 2019.

These TFRS - Financial instruments standards establish requirements related to definition, recognition, measurement, impairment and derecognition of financial assets and financial liabilities, including accounting for derivatives and hedge accounting. The impact from adoption of TFRS - Financial instruments standards are as follows:

(1) Classification and measurement of financial assets

TFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, fair value to other comprehensive income (FVOCI) and fair value to profit or loss (FVTPL). The classification under TFRS 9 is based on the cash flow characteristics of the financial asset and the business model in which they are managed. TFRS 9 eliminates the previous classification of held-to-maturity debt securities, available-for-sale securities, trading securities and general investment as specified by TAS 105.

Under TFRS 9, interest income and interest expenses recognised from all financial assets measured at amortised cost shall be calculated using effective interest rate method. Previously, the Company recognised interest income and interest expenses at the rate specified in the contract.

The following table shows measurement categories under previous standards and TFRS 9, including reconciliation of the carrying amounts of the Company's financial assets as at 1 January 2020.

Pacific Cross Health Insurance Public Company Limited
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For the three-month period ended 31 March 2020 (Unaudited)

	Classification under previous standards at 31 December 2019	Classification under TFRS 9 at 1 January 2020
	Carrying amounts	Amortised cost - net
	<i>(in Baht)</i>	
Investment in securities		
Held to maturity securities		
- Deposits at banks with original maturity over 3 months	250,236,389	250,236,389
Total	250,236,389	250,236,389

(2) Impairment - Financial assets and contract assets

TFRS 9 introduces forward-looking 'expected credit loss' (ECL) model. TFRS 9 requires considerable judgement about how changes in economic factors affect ECLs, which will be determined on a probability-weighted basis. The new impairment model applies to financial assets measured at amortised cost, except for investments in equity instruments.

The Company has determined that the application of TFRS 9's impairment requirements at 1 January 2020 results in an additional allowance for impairment loss as follows:

(in Baht)

Allowance for impairment loss at 31 December 2019

Allowance for impairment loss of investment in securities
Held to maturity securities
- Deposits at banks with original maturity over 3 months

-

Additional impairment loss recognised at 1 January 2020 on:

Financial assets
- Financial assets measured at amortised cost

60,495

Allowance for impairment loss at 1 January 2020

60,495

The Company has adopted to recognise the increase of impairment loss as an adjustment to deficit as at 1 January 2020.

(b) TFRS 16 Leases

From 1 January 2020, the Company has initially adopted TFRS 16 on contracts previously identified as leases according to TAS 17 *Leases* and TFRIC 4 *Determining whether an arrangement contains a lease* using the modified retrospective approach.

Previously, the Company, as a lessee, recognised payments made under operating leases and relevant lease incentives in profit or loss on a straight-line basis over the term of the lease. Under TFRS 16, the Company assesses whether a contract is, or contains, a lease. If a contract contains lease and non-lease components, the Company allocates the consideration in the contract based on stand-alone selling price (transaction price). As at 1 January 2020, the Company recognised right-of-use assets and lease liabilities, as a result, the nature of expenses related to those leases was changed because the Company recognised depreciation of right-of-use assets and interest expense on lease liabilities.

Pacific Cross Health Insurance Public Company Limited
Notes to the condensed interim financial statements
For the three-month period ended 31 March 2020 (Unaudited)

Impact from the adoption of TFRS 16

(in Baht)

At 1 January 2020

Right-of-use assets	3,144,957
Increase in lease liabilities	3,144,957

Measurement of lease liability

(in Baht)

Operating lease commitment as disclosed at 31 December 2019	5,495,046
Discounted using the incremental borrowing rate at 1 January 2020	(267,711)
Recognition exemption for short-term leases	(2,082,378)
Lease liabilities recognised at 1 January 2020	3,144,957
Weighted-average incremental borrowing rate (% per annum)	6.00

4 Cash and cash equivalents

	31 March 2020	31 December 2019
	(in Baht)	
Cash	30,168	24,253
Deposits at banks - call deposits	91,245,512	84,437,680
Cash and cash equivalents	91,275,680	84,461,933

5 Premiums due and uncollected, net

As at 31 March 2020 and 31 December 2019, premiums due and uncollected and their aging are as follows:

	31 March 2020	31 December 2019
	(in Baht)	
Not yet overdue	7,833,230	17,581,298
Overdue		
Less than 30 days	17,429,714	11,511,037
30 - 60 days	19,359,038	8,056,670
60 - 90 days	2,172,528	5,023,902
90 days - 1 year	8,619,669	4,588,395
Over 1 year	599,531	-
Total premium due and uncollected	56,013,710	46,761,302
Less: Allowance for doubtful accounts	(587,533)	(435,595)
Premiums due and uncollected, net	55,426,177	46,325,707

Pacific Cross Health Insurance Public Company Limited
Notes to the condensed interim financial statements
For the three-month period ended 31 March 2020 (Unaudited)

6 Reinsurance receivables

	31 March 2020	31 December 2019
	<i>(in Baht)</i>	
Due from reinsurers	21,732,534	21,006,372
Reinsurance receivables	21,732,534	21,006,372

As at 31 March 2020 and 31 December 2019, aging analyses for due from reinsurers were as follows:

	31 March 2020	31 December 2019
	<i>(in Baht)</i>	
Within credit terms	17,851,731	17,603,064
Overdue:		
Not over than 1 year	3,880,803	3,403,308
Total due from reinsurer	21,732,534	21,006,372

7 Financial assets

7.1 Financial assets by measurement are as follows:

	31 March 2020		31 December 2019	
	Cost/ Amortised cost	Fair value	Cost/ Amortised cost	Fair value
	<i>(in Baht)</i>			
<i>Financial assets measured at amortised cost</i>				
Deposits at banks with original maturity over 3 months	261,103,505	261,103,505	250,236,389	250,236,389
Total	261,103,505	261,103,505	250,236,389	250,236,389
Less Allowance for ECL	(66,902)	-	-	-
Total	261,036,603	261,103,505	250,236,389	250,236,389

7.2 Financial assets measured at amortised cost

	Carrying value	31 March 2020 Loss allowance For ECL <i>(in Baht)</i>	Net carrying value
Debt securities - no significant increase in credit risk (stage 1)	261,103,505	(66,902)	261,036,603
	261,103,505	(66,902)	261,036,603

Pacific Cross Health Insurance Public Company Limited
Notes to the condensed interim financial statements
For the three-month period ended 31 March 2020 (Unaudited)

8 Premises and equipment

Acquisitions of equipment (excluding right-of-use assets) during the three-month period ended 31 March 2020 were as follows:

	Furniture and fixtures	Office equipment (in Baht)	Total
Net book value as at 1 January 2020	595,895	1,095,153	1,691,048
Addition - cost	-	286,714	286,714
Depreciation for the period	(83,569)	(162,060)	(245,629)
Net book value as at 31 March 2020	512,326	1,219,807	1,732,133

Carrying amounts of the Company's right-of-use assets at 31 March 2020 are Baht 15.02 million and the Company recognised depreciation of right-of-use assets for the three-month period ended 31 March 2020, amounting to Baht 0.31 million.

Movement of right-of-use assets recognised as premises and vehicle is as follows:

<i>Right-of-use assets</i>	Note	Building and leasehold	Vehicle (in Baht)	Total
Net book value as at 1 January 2020	3	806,020	2,338,937	3,144,957
Addition		12,186,581	-	12,186,581
Depreciation for the period		(115,146)	(194,911)	(310,057)
As at 31 March 2020		12,877,455	2,144,026	15,021,481

9 Other assets

	31 March 2020	31 December 2019
	(in Baht)	
Deposits	1,391,798	1,593,510
Prepaid expense	1,275,964	508,524
Others	2,499,496	5,476,923
Total	5,167,258	7,578,957

Pacific Cross Health Insurance Public Company Limited
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10 Insurance contract liabilities	31 March 2020 Reinsurer' share		31 December 2019 Reinsurer' share	
	Gross	Net	Gross (in Baht)	Net
Short-term technical reserves				
Loss reserves and outstanding claims				
- Case reserves	68,870,187	24,187,072	55,716,546	13,812,777
- Incurred but not reported	16,950,227	11,649,037	16,217,342	10,808,490
Total loss reserves and outstanding claims	85,820,414	35,836,109	71,933,888	24,621,267
Unearned premium reserves	249,216,181	161,997,340	227,520,012	140,285,355
Total	335,036,595	197,833,449	299,453,900	164,906,622
10.1 Loss reserves and outstanding claims				
At 1 January	71,933,888	24,621,267	33,607,594	5,550,914
Insurance claim expense incurred during the period/year	66,551,551	42,065,924	245,911,183	152,810,679
Change in estimation and assumption	732,885	840,547	(264,105)	(2,833,550)
Insurance claim expense paid during the period/year	(53,397,910)	(31,691,629)	(207,320,784)	(130,906,776)
At 31 March 2020 / 31 December 2019	85,820,414	35,836,109	71,933,888	(24,621,267)
10.2 Unearned premium reserves				
At 1 January	227,520,012	140,285,355	182,475,648	108,723,762
Premium written during the period/year	134,833,094	92,131,167	451,802,232	280,874,738
Earned premium in the period/year	(113,136,925)	(70,419,182)	(406,757,868)	(249,313,145)
At 31 March 2020 / 31 December 2019	249,216,181	161,997,340	227,520,012	140,285,355
Unexpired risk reserves	183,202,582	124,584,147	167,063,986	108,864,815

As at 31 March 2020 and 31 December 2019, no additional reserve for unexpired risk reserves has been establish as the unexpired risk reserves estimated by the Company amounting to Baht 183.20 million (31 December 2019: Baht 167.06 million) are lower than the unearned premium reserves.

Pacific Cross Health Insurance Public Company Limited
Notes to the condensed interim financial statements
For the three-month period ended 31 March 2020 (Unaudited)

11 Reinsurance payable

	31 March 2020	31 December 2019
	<i>(in Baht)</i>	
Amounts withheld on reinsurance	51,513,823	50,996,876
Due to reinsurers	40,954,473	41,987,155
Total	92,468,296	92,984,031

12 Other liabilities

	31 March 2020	31 December 2019
	<i>(in Baht)</i>	
Other accrued expenses	13,359,161	18,010,695
Commission and brokerage payable	10,881,976	9,533,959
Premium received in advance	8,414,377	4,249,240
Others	3,180,391	2,878,312
Total	35,835,905	34,672,206

13 Expected credit loss

Three-month period ended 31 March 2020

	<i>(in Baht)</i>
Financial assets	
Financial assets measured at amortised cost	6,407
Total	6,407

14 Income tax expense

Income tax recognised in profit or loss

Three-month period ended 31 March

	2020	2019
	<i>(in Baht)</i>	
Current tax		
Current period	-	-
Deferred tax		
Movements in temporary differences	-	-
Total	-	-

Pacific Cross Health Insurance Public Company Limited
Notes to the condensed interim financial statements
For the three-month period ended 31 March 2020 (Unaudited)

Reconciliation of effective tax rate

<i>Three-month period ended 31 March</i>		2020		2019
	Rate (%)	(in Baht)	Rate (%)	(in Baht)
Loss before income tax		(8,527,498)		(15,609,898)
Income tax using the Thai corporation tax rate	20	(1,705,500)	20	(3,121,980)
Expenses not deductible for tax purposes		20,591,010		15,591,151
Loss carry forward not recognised as deferred tax assets		(18,885,510)		(12,469,171)
Total	-	-	-	-

No deferred tax asset was recognised because management considered it unlikely that sufficient future taxable profits to utilise the temporary difference and loss carry forwards.

15 Basic loss per share

The calculations of basic loss per share for the three-month period ended 31 March 2020 were based on the loss for the periods attributable to ordinary shareholders of the Company and the number of ordinary shares outstanding during the period were as follows:

<i>Three-month period ended 31 March</i>	2020	2019
Loss attributable to ordinary shareholders (in Baht)	(8,527,498)	(15,609,898)
Number of ordinary shares outstanding (in shares)	20,000,000	20,000,000
Basic loss per share (Baht)	(0.43)	(0.78)

16 Related parties

For the purposes of these financial statements, parties are considered to be related to the Company if the Company has the ability, directly or indirectly, to control or joint control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

(a) Relationship with key management and related parties were as follows:

Name of entities	Nature of relationships
Key management personnel	Persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of the Company.
Med-Sure Services Limited	Major shareholder (69.15% shareholding)
Legal Concept Company Limited	Related company

Pacific Cross Health Insurance Public Company Limited
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The pricing policies for significant types of transactions with are explained further below:

Significant transactions type	Pricing policies
Rental and Service income (Other income)	At contractually agreed prices
Underwriting and loss adjustment expense (Other underwriting expenses and Insurance claim expenses)	At contractually agreed prices
Legal consulting fee (Operating expenses)	At contractually agreed prices

(b) Transactions with related parties and key management were as follows:

<i>Three-month period ended 31 March</i>	2020	2019
	<i>(in Baht)</i>	
<i>Med-Sure Services Limited</i>		
Rental and Service income	960,000	840,000
Underwriting and loss adjustment expense	8,247,526	7,416,239
<i>Legal Concept Company Limited</i>		
Legal consulting fee	21,620	-
<i>Key management personnel compensation</i>		
Short-term employee benefits	5,238,249	4,774,854
Post-employment benefits	60,000	90,000
Other long-term benefits	17,031	3,503
Total	5,315,280	4,868,357

Balance with related parties as at 31 March 2020 and 31 December 2019 were as follows:

	31 March 2020	31 December 2019
	<i>(in Baht)</i>	
<i>Med-Sure Services Limited</i>		
Accrued rental and service income	342,400	-
Underwriting and loss adjustment payable	3,710,922	4,913,054

17 Financial instruments

Financial instruments not measured at fair value

The carrying amounts of the following financial assets are considered to be approximate to their fair values: cash and cash equivalents, accrued investment income, premiums due and uncollected, reinsurance receivables, other receivables, reinsurance payables, and other payables.

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18 Securities and assets pledged with the Registrar

18.1 As at 31 March 2020 and 31 December 2019, deposits at bank had been pledged with the Registrar in accordance with the Non-Life Insurance Act (No. 2) B.E. 2551 as follows:

	31 March 2020 Cost	31 December 2019 Cost
	(in Baht)	
Deposits at bank	<u>3,500,000</u>	<u>3,500,000</u>

18.2 As at 31 March 2020 and 31 December 2019, deposits at bank had been pledged with the Registrar as the reserve fund in accordance with the Notification of the Office of Insurance Commission regarding "Rates, Rules and Procedures for Unearned Premium Reserve of Non - Life Insurance Companies B.E. 2557" as follows:

	31 March 2020 Cost	31 December 2019 Cost
	(in Baht)	
Deposits at bank	<u>86,060,760</u>	<u>86,060,760</u>

19 Commitments with non-related parties

<i>Future minimum lease payment under non-cancellable operating leases</i>	31 March 2020	31 December 2019
	(in Baht)	
Within 1 year	329,349	2,925,074
1 - 5 years	<u>438,500</u>	<u>2,569,972</u>
Total	<u>767,849</u>	<u>5,495,046</u>

20 Thai Financial Reporting Standards (TFRS) not yet adopted

New and revised TFRSs, which are relevant to the Company's operations, expected to have no material impact on the Company's financial statements when initially adopted, and will become effective for the financial statements in annual reporting periods beginning on or after 1 January 2021, are as follows:

TFRS	Topic
Framework	Conceptual Framework for Financial Reporting