

Pacific Cross Health Insurance Public Company Limited

Condensed interim financial statements
for the three-month and six-month period ended
30 June 2022

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 ภูมิไชย 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 30 June 2022; the statements of comprehensive income for the three-month and six-month periods ended 30 June 2022; the statements of changes in equity and cash flows for the six-month period ended 30 June 2022; 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".

Pantip Gulsantithamrong
Certified Public Accountant
Registration No. 4208

KPMG Phoomchai Audit Ltd.
Bangkok
11 August 2022

Pacific Cross Health Insurance Public Company Limited

Statement of financial position

Assets	Note	30 June	31 December
		2022	2021
		(Unaudited)	
		(in Baht)	
Cash and cash equivalents	3, 19	377,999,178	186,171,560
Premiums due and uncollected, net	4, 19	89,631,838	55,179,912
Accrued investment income		1,415,290	1,620,550
Reinsurers' share of insurance contract liabilities	9	161,245,230	147,811,750
Reinsurance receivables	5	20,723,066	20,335,767
Financial assets	6, 17	518,445,875	409,723,503
Equipment	7	2,633,144	2,477,506
Right-of-use assets	7	4,948,456	7,722,140
Intangible assets		13,598	92,940
Deferred tax assets	13	51,597,851	21,702,494
Other assets	8, 19	43,701,397	6,861,821
Total assets		1,272,354,923	859,699,943

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

Pacific Cross Health Insurance Public Company Limited

Statement of financial position

		30 June 2022 (Unaudited)	31 December 2021
Liabilities and equity	Note		
		(in Baht)	
Liabilities			
Insurance contract liabilities	9, 19	684,241,362	451,733,611
Reinsurance payable	10	117,418,564	110,430,485
Income tax payable		48,143,768	17,418,736
Provisions for employee benefits		2,077,092	1,981,993
Lease liabilities		5,242,443	8,077,898
Other liabilities	11, 15, 19	110,008,872	46,247,705
Total liabilities		967,132,101	635,890,428
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		(194,777,178)	(276,190,485)
Total equity		305,222,822	223,809,515
Total liabilities and equity		1,272,354,923	859,699,943

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	
		30 June	
	Note	2022	2021
(in Baht)			
Revenues			
Gross premium written		449,812,533	178,900,946
Less premium ceded		<u>(74,934,376)</u>	<u>(47,390,481)</u>
Net premiums written		374,878,157	131,510,465
Less unearned premium reserve increase from previous period		(21,791,709)	(19,473,333)
(Less) add reinsurers' share of (increase) decrease in unearned premium reserve from previous period		<u>15,869,677</u>	<u>(7,186,844)</u>
Net premiums earned		368,956,125	104,850,288
Fee and commission income		34,963,283	19,270,655
Net investment income		787,312	670,979
Other income	15	<u>258,315</u>	<u>1,220,476</u>
Total income		<u>404,965,035</u>	<u>126,012,398</u>
Expenses			
Insurance claim expenses	15	129,640,540	72,775,202
Less insurance claim expenses recovered from reinsurers		<u>(24,769,769)</u>	<u>(23,837,905)</u>
Net insurance claim expenses		104,870,771	48,937,297
Commission and brokerage expenses		90,569,412	22,298,905
Other underwriting expenses	15	93,837,657	14,184,905
Operating expenses	15	39,202,186	24,072,672
Expected credit loss (reversal)	12	<u>(160,530)</u>	<u>22,383</u>
Total expenses		<u>328,319,496</u>	<u>109,516,162</u>
Profit before income tax		76,645,539	16,496,236
Income tax expense	13	<u>15,605,886</u>	<u>4,073,609</u>
Profit for the period		<u>61,039,653</u>	<u>12,422,627</u>
Total comprehensive income for the period		<u>61,039,653</u>	<u>12,422,627</u>
Basic earnings per share	14	<u>3.05</u>	<u>0.62</u>

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

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

		Six-month period ended	
		30 June	
	Note	2022	2021
		(in Baht)	
Revenues			
Gross premium written		799,695,708	342,713,482
Less premium ceded		<u>(127,588,903)</u>	<u>(93,517,988)</u>
Net premiums written		672,106,805	249,195,494
Less unearned premium reserve increase from previous period		(120,959,560)	(34,973,720)
(Less) add reinsurers' share of (increase) decrease in unearned premium reserve from previous period		<u>17,885,837</u>	<u>(16,734,313)</u>
Net premiums earned		569,033,082	197,487,461
Fee and commission income		55,952,233	37,626,861
Net investment income		1,479,388	1,439,982
Other income	15	<u>1,020,570</u>	<u>2,293,030</u>
Total income		<u>627,485,273</u>	<u>238,847,334</u>
Expenses			
Insurance claim expenses	15	228,074,315	144,363,525
Less insurance claim expenses recovered from reinsurers		<u>(50,482,366)</u>	<u>(48,259,890)</u>
Net insurance claim expenses		177,591,949	96,103,635
Commission and brokerage expenses		153,296,884	42,036,172
Other underwriting expenses	15	131,248,665	31,022,630
Operating expenses	15	65,762,334	49,739,866
Expected credit loss (reversal)	12	<u>(76,277)</u>	<u>12,541</u>
Total expenses		<u>527,823,555</u>	<u>218,914,844</u>
Profit before income tax		99,661,718	19,932,490
Income tax expense	13	<u>18,248,411</u>	<u>4,946,948</u>
Profit for the period		<u>81,413,307</u>	<u>14,985,542</u>
Total comprehensive income for the period		<u>81,413,307</u>	<u>14,985,542</u>
Basic earnings per share	14	<u>4.07</u>	<u>0.75</u>

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)

	Issued and paid-up share capital	Deficit <i>(in Baht)</i>	Total equity
Six-month period ended 30 June 2021			
Balance at 1 January 2021	500,000,000	(332,137,339)	167,862,661
Comprehensive income for the period			
Profit for the period	-	14,985,542	14,985,542
Total comprehensive income for the period	-	14,985,542	14,985,542
Balance at 30 June 2021	500,000,000	(317,151,797)	182,848,203
Six-month period ended 30 June 2022			
Balance at 1 January 2022	500,000,000	(276,190,485)	223,809,515
Comprehensive income for the period			
Profit for the period	-	81,413,307	81,413,307
Total comprehensive income for the period	-	81,413,307	81,413,307
Balance at 30 June 2022	500,000,000	(194,777,178)	305,222,822

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

Pacific Cross Health Insurance Public Company Limited

Statement of cash flows (Unaudited)

		Six-month period ended	
		30 June	
	Note	2022	2021
		(in Baht)	
Cash flows from operating activities			
Premiums written		620,539,584	309,900,841
Cash paid to reinsurers		(7,099,096)	(9,124,422)
Interest received		1,657,589	1,326,669
Other income		1,020,570	2,293,030
Insurance claims expenses		(282,253,278)	(125,294,008)
Commission and brokerage expenses		(145,283,019)	(38,190,171)
Other underwriting expenses		(132,148,142)	(30,968,284)
Operating expenses		(45,323,829)	(50,858,084)
Income tax expense		(17,537,176)	(1,422,305)
Cash received - financial assets		195,040,085	167,152,558
Cash payment - financial assets		(303,610,086)	(203,292,743)
Cash received from insurance contracts obtained from portfolio transfers			
included cash adjustment on 16 March 2022	19	310,156,181	-
Net cash provided by operating activities		195,159,383	21,523,081
Cash flows from investing activities			
Cash flows used in:			
Acquisition of equipment	7	(496,310)	(896,560)
Net cash used in investing activities		(496,310)	(896,560)
Cash flows from financing activities			
Cash flows used in:			
Payment of lease liabilities		(2,835,455)	(3,064,665)
Cash used in financing activities		(2,835,455)	(3,064,665)
Net increase in cash and cash equivalents		191,827,618	17,561,856
Cash and cash equivalents at 1 January		186,171,560	161,843,351
Cash and cash equivalents at 30 June	3	377,999,178	179,405,207

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 and six-month periods ended 30 June 2022 (Unaudited)

Note	Contents
1	General information
2	Basis of preparation of the interim financial statements
3	Cash and cash equivalents
4	Premiums due and uncollected, net
5	Reinsurance receivables
6	Financial assets
7	Equipment
8	Other assets
9	Insurance contract liabilities
10	Reinsurance payable
11	Other liabilities
12	Expected credit loss (reversal)
13	Income tax expense
14	Basic earnings per share
15	Related parties
16	Financial instruments
17	Securities and assets pledged with the Registrar
18	Commitments with non-related parties
19	Insurance contracts obtained from portfolio transfers

Pacific Cross Health Insurance Public Company Limited
Notes to the condensed interim financial statements
For the three-month and six-month periods ended 30 June 2022 (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 authorised directors on 11 August 2022.

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 are to 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 period beginning on or after 1 January 2020.

The interim financial statements do not include all 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 2021.

(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 2021.

Pacific Cross Health Insurance Public Company Limited
Notes to the condensed interim financial statements
For the three-month and six-month periods ended 30 June 2022 (Unaudited)

3 Cash and cash equivalents

	30 June 2022	31 December 2021
	<i>(in Baht)</i>	
Cash	30,080	12,466
Deposits at banks - call deposits	377,969,098	186,159,094
Cash and cash equivalents	377,999,178	186,171,560

4 Premiums due and uncollected, net

As at 30 June 2022 and 31 December 2021, premiums due and uncollected and their aging are as follows:

	30 June 2022	31 December 2021
	<i>(in Baht)</i>	
Not yet overdue	11,009,488	21,192,807
Overdue		
Less than 30 days	34,623,108	13,214,569
30 - 60 days	10,039,484	12,188,044
60 - 90 days	5,269,675	5,870,453
90 days - 1 year	28,690,083	2,714,039
Over 1 year	890,380	790,187
Total premium due and uncollected	90,522,218	55,970,099
Less allowance for doubtful accounts	(890,380)	(790,187)
Premiums due and uncollected, net	89,631,838	55,179,912

5 Reinsurance receivables

	30 June 2022	31 December 2021
	<i>(in Baht)</i>	
Due from reinsurers	20,723,066	20,335,767
Reinsurance receivables	20,723,066	20,335,767

As at 30 June 2022 and 31 December 2021, aging analyses for due from reinsurers were as follows:

	30 June 2022	31 December 2021
	<i>(in Baht)</i>	
Within credit terms	20,723,066	20,335,767
Overdue:		
Not over 1 year	-	-
Total due from reinsurer	20,723,066	20,335,767

Pacific Cross Health Insurance Public Company Limited
Notes to the condensed interim financial statements
For the three-month and six-month periods ended 30 June 2022 (Unaudited)

6 Financial assets

6.1 Financial assets by measurement are as follows:

	30 June 2022		31 December 2021	
	Cost/ Amortised cost	Fair value	Cost/ Amortised cost	Fair value
			<i>(in Baht)</i>	
Financial assets measured at amortised cost				
Deposits at banks with original maturity over 3 months	518,598,246	518,598,246	409,952,151	409,952,151
Total	518,598,246	518,598,246	409,952,151	409,952,151
Less allowance for ECL	(152,371)	-	(228,648)	-
Total	518,445,875	518,598,246	409,723,503	409,952,151

6.2 Financial assets measured at amortised cost

	Carrying value	30 June 2022 Allowance for ECL <i>(in Baht)</i>	Net carrying value
Debt securities - no significant increase in credit risk (stage 1)	518,598,246	(152,371)	518,445,875
	518,598,246	(152,371)	518,445,875

	Carrying value	31 December 2021 Allowance for ECL <i>(in Baht)</i>	Net carrying value
Debt securities - no significant increase in credit risk (stage 1)	409,952,151	(228,648)	409,723,503
Total	409,952,151	(228,648)	409,723,503

7 Equipment

Acquisitions of equipment (excluding right-of-use assets) during the six-month period ended 30 June 2022 were as follows:

	Furniture and fixtures	Office equipment <i>(in Baht)</i>	Total
Net book value as at 1 January 2022	410,436	2,067,070	2,477,506
Addition - cost	154,500	546,250	700,750
Disposals - net book value	-	(4,917)	(4,917)
Depreciation for the period	(57,485)	(482,710)	(540,195)
Net book value as at 30 June 2022	507,451	2,125,693	2,633,144

The gross amount of the Company's fully depreciated equipment that was still in use as at 30 June 2022 amounted to Baht 11.32 million (31 December 2021: Baht 11.44 million).

Pacific Cross Health Insurance Public Company Limited
Notes to the condensed interim financial statements
For the three-month and six-month periods ended 30 June 2022 (Unaudited)

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

<i>Right-of-use assets</i>	Building and leasehold	Vehicle (in Baht)	Total
Net book value as at 1 January 2022	6,187,890	1,534,250	7,722,140
Addition	-	-	-
Depreciation for the period	(2,232,940)	(540,744)	(2,773,684)
As at 30 June 2022	3,954,950	993,506	4,948,456

Carrying amounts of the Company's right-of-use assets at 30 June 2022 are Baht 4.95 million and the Company recognised depreciation of right-of-use assets for the six-month period ended 30 June 2022 amounting to Baht 2.77 million.

8 Other assets

	30 June 2022	31 December 2021
	(in Baht)	
Prepaid expense	1,647,914	863,000
Deposits	1,454,129	1,537,492
Intangible assets obtained from portfolio transfers	34,049,743	-
Others	6,549,611	4,461,329
Total	43,701,397	6,861,821

Pacific Cross Health Insurance Public Company Limited
Notes to the condensed interim financial statements
For the three-month and six-month periods ended 30 June 2022 (Unaudited)

9 Insurance contract liabilities

	30 June 2022			31 December 2021		
	Gross	Reinsurer's share	Net	Gross	Reinsurer's share	Net
	<i>(in Baht)</i>					
Short-term technical reserves						
Loss reserves and outstanding claims						
- Case reserves	50,543,594	(37,322,505)	13,221,089	60,611,328	(42,493,187)	18,118,141
- Incurred but not reported*	52,757,489	(5,528,555)	47,228,934	30,093,564	(4,810,230)	25,283,334
Total loss reserves and outstanding claims	103,301,083	(42,851,060)	60,450,023	90,704,892	(47,303,417)	43,401,475
Unearned premium reserves	580,940,279	(118,394,170)	462,546,109	361,028,719	(100,508,333)	260,520,386
Total	684,241,362	(161,245,230)	522,996,132	451,733,611	(147,811,750)	303,921,861

*This Incurred but not reported (IBNR) as at 30 June 2022 excluded the calculation IBNR for Insurance contracts obtained from portfolio transfers from another non-related insurance company on 8 March 2022 due to the company has recorded claims expenses upon the receipt of the claims advice from the insured as insurance claims.

9.1 Loss reserves and outstanding claims

At 1 January	90,704,892	(47,303,417)	43,401,475	64,690,790	(42,563,241)	22,127,549
Insurance claim expense incurred during the period / year	206,128,715	(50,482,366)	155,646,349	293,305,222	(95,492,365)	197,812,857
Change in estimation and assumption	22,663,925	(718,325)	21,945,600	6,846,204	(1,812,345)	5,033,859
Insurance claim expense paid during the period / year	(216,196,449)	55,653,048	(160,543,401)	(274,137,324)	92,564,534	(181,572,790)
At 30 June 2022 / 31 December 2021	103,301,083	(42,851,060)	60,450,023	90,704,892	(47,303,417)	43,401,475

9.2 Unearned premium reserves

At 1 January	361,028,719	(100,508,333)	260,520,386	316,609,705	(118,477,943)	198,131,762
Premium written during the period / year	898,647,707	(127,588,903)	771,058,804	693,473,436	(195,832,888)	497,640,548
Earned premium in the period / year	(678,736,147)	109,703,066	(569,033,081)	(649,054,422)	213,802,498	(435,251,924)
At 30 June 2022 / 31 December 2021	580,940,279	(118,394,170)	462,546,109	361,028,719	(100,508,333)	260,520,386

Unexpired risk reserves	325,829,182	(88,412,187)	237,416,995	197,617,884	(67,098,078)	130,519,806
-------------------------	-------------	--------------	-------------	-------------	--------------	-------------

As at 30 June 2022 and 31 December 2021, no additional reserve for unexpired risk reserves has been establish as the unexpired risk reserves estimated by the Company amounting to Baht 325.83 million (31 December 2021: Baht 197.62 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 and six-month periods ended 30 June 2022 (Unaudited)

10 Reinsurance payable

	30 June 2022	31 December 2021
	(in Baht)	
Amounts withheld on reinsurance	62,079,241	58,948,432
Due to reinsurers	55,339,323	51,482,053
Total	117,418,564	110,430,485

11 Other liabilities

	30 June 2022	31 December 2021
	(in Baht)	
Commission and brokerage payable	19,536,845	11,445,191
Other accrued expenses	22,353,795	28,146,176
Premium received in advance	10,648,657	4,433,770
Claim payable obtained from portfolio transfers	49,791,402	-
Others	7,678,173	2,222,568
Total	110,008,872	46,247,705

12 Expected credit loss (reversal)

<i>Six-month period ended 30 June</i>	2022	2021
	(in Baht)	
Financial assets		
Financial assets measured at amortised cost	(76,277)	12,541
Total	(76,277)	12,541

13 Income tax expense

Income tax recognised in profit or loss

<i>Six-month period ended 30 June</i>	2022	2021
	(in Baht)	
Current tax		
Current period	48,143,768	28,599,943
Deferred tax		
Movements in temporary differences	(29,895,357)	(23,652,995)
Total	18,248,411	4,946,948

Pacific Cross Health Insurance Public Company Limited
Notes to the condensed interim financial statements
For the three-month and six-month periods ended 30 June 2022 (Unaudited)

Reconciliation of effective tax rate

<i>Six-month period ended 30 June</i>		2022		2021
	Rate (%)	(in Baht)	Rate (%)	(in Baht)
Profit before income tax		99,661,718		19,932,490
Income tax using the Thai corporation tax rate	20	19,932,344	20	3,986,498
Expenses not deductible for tax purposes		28,211,424		24,613,445
Expense (income) not subject to tax		(29,895,357)		(23,652,995)
Total	18	18,248,411	25	4,946,948

Deferred tax assets

	30 June 2022	31 December 2021
	(in Baht)	
Deferred tax assets	51,597,851	21,702,494

Movements in total deferred tax assets during the six-month period ended 30 June 2022 and 2021 are as follow:

	At 1 January 2022	(Charged) / credited to:		At 30 June 2022
		Profit or loss	Other comprehensive income	
		(in Baht)		
Deferred tax assets				
Allowance for doubtful accounts	158,038	20,038	-	178,076
Allowance of impairment	45,730	(15,255)	-	30,475
Premium reserve	12,292,833	26,447,844	-	38,740,677
Loss reserve	8,680,295	3,409,710	-	12,090,005
Employee benefits obligation	525,598	33,020	-	558,618
Total	21,702,494	29,895,357	-	51,597,851

	At 1 January 2021	(Charged) / credited to:		At 30 June 2021
		Profit or loss	Other comprehensive income	
		(in Baht)		
Deferred tax assets				
Allowance for doubtful accounts	85,473	(7,997)	-	77,476
Allowance of impairment	19,098	2,508	-	21,606
Premium reserve	9,611,281	20,421,038	-	30,032,319
Loss reserve	4,425,510	3,205,378	-	7,630,888
Employee benefits obligation	372,670	32,068	-	404,738
Total	14,514,032	23,652,995	-	38,167,027

Pacific Cross Health Insurance Public Company Limited
Notes to the condensed interim financial statements
For the three-month and six-month periods ended 30 June 2022 (Unaudited)

14 Basic earnings per share

The calculations of basic earnings per share for the six-month periods ended 30 June 2022 and 2021 were based on the profit for the period attributable to ordinary shareholders of the Company and the number of ordinary shares outstanding during the period were as follows:

<i>Six-month period ended 30 June</i>	2022	2021
Profit for the period attributable to ordinary shareholders (<i>in Baht</i>)	81,413,307	14,985,542
Number of ordinary shares outstanding (<i>in shares</i>)	20,000,000	20,000,000
Basic earnings per share (<i>Baht</i>)	4.07	0.75

15 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	Country of incorporation	Nature of relationships
Med-Sure Services Limited	Thailand	Major shareholder (69.15% shareholding)
Legal Concept Company Limited	Thailand	Related company
Key management personnel	Thai/Foreigner	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.

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

Pacific Cross Health Insurance Public Company Limited
Notes to the condensed interim financial statements
For the three-month and six-month periods ended 30 June 2022 (Unaudited)

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

<i>Six-month period ended 30 June</i>	2022	2021
	<i>(in Baht)</i>	
<i>Med-Sure Services Limited</i>		
Rental and Service income	640,000	1,920,000
Underwriting and loss adjustment expense	32,208,785	20,527,910
<i>Legal Concept Company Limited</i>		
Legal consulting fee	219,250	48,500
<i>Key management personnel compensation</i>		
Short-term employee benefits	9,215,408	9,909,299
Directors remuneration	220,000	220,000
Post-employment benefits	37,293	102,398
Total	9,472,701	10,231,697

Balance with related parties as at 30 June 2022 and 31 December 2021 were as follows:

	30 June 2022	31 December 2021
	<i>(in Baht)</i>	
<i>Med-Sure Services Limited</i>		
Underwriting and loss adjustment payable	7,126,934	4,229,277

16 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.

17 Securities and assets pledged with the Registrar

- 17.1 As at 30 June 2022 and 31 December 2021, deposits at bank had been pledged with the Registrar in accordance with the Non-Life Insurance Act (No. 2) B.E. 2551 as follows:

	30 June 2022	31 December 2021
	Book value	Book value
	<i>(in Baht)</i>	
Term deposits	3,500,000	3,500,000

Pacific Cross Health Insurance Public Company Limited
Notes to the condensed interim financial statements
For the three-month and six-month periods ended 30 June 2022 (Unaudited)

17.2 As at 30 June 2022 and 31 December 2021, 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:

	30 June 2022	31 December 2021
	Book value	Book value
	(in Baht)	
Term deposits	<u>152,331,604</u>	<u>77,405,715</u>

18 Commitments with non-related parties

<i>Future minimum lease payment under non-cancellable operating leases</i>	30 June 2022	31 December 2021
	(in Baht)	
Within 1 year	160,500	309,000
1 - 5 years	<u>65,000</u>	<u>120,500</u>
Total	<u>225,500</u>	<u>429,500</u>

19 Insurance contracts obtained from portfolio transfers

The Office of Insurance Commission approved the Company to accept the transfer of health and accident insurance policies from another non-related insurance company, which has planned to cease its insurance operations in 2022. On 14 February 2022, the Company’s Board of Directors approved to participate in this arrangement. Later on 8 March 2022, the Company received cash amounting to Baht 289 million against Baht 260 million of insurance liability as part of this portfolio transfer arrangement.

The assets and liabilities balances obtained on transfer date were as follows:

	8 March 2022 (in Baht)
Assets	
Cash and cash equivalents	288,821,938
Premiums due and uncollected, net	20,574,326
Other assets	101,806,862
Liabilities	
Insurance contract liabilities	(260,107,386)
Other liabilities	<u>(151,095,740)</u>
Net	<u>-</u>