

Pacific Cross Health Insurance Public Company Limited

Condensed interim financial statements
for the three-month and nine-month periods ended
30 September 2022
and
Independent auditor's review report



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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 September 2022; the statements of comprehensive income for the three-month and nine-month periods ended 30 September 2022; the statements of changes in equity and cash flows for the nine-month period ended 30 September 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 November 2022

Pacific Cross Health Insurance Public Company Limited

Statement of financial position

Assets	Note	30 September	31 December
		2022	2021
		(Unaudited)	
		<i>(in Baht)</i>	
Cash and cash equivalents	3, 19	472,159,916	186,171,560
Premiums due and uncollected, net	4, 19	67,993,245	55,179,912
Accrued investment income		1,594,426	1,620,550
Reinsurers' share of insurance contract liabilities	9	192,659,309	147,811,750
Reinsurance receivables	5	20,065,071	20,335,767
Financial assets	6, 17	549,126,122	409,723,503
Equipment	7	2,905,295	2,477,506
Right-of-use-assets	7	4,343,175	7,722,140
Intangible assets		10	92,940
Deferred tax assets	13	23,512,240	21,702,494
Other assets	8, 19	26,350,344	6,861,821
Total assets		1,360,709,153	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 September 2022 (Unaudited)	31 December 2021
Liabilities and equity	Note		
		(in Baht)	
Liabilities			
Insurance contract liabilities	9, 19	744,910,919	451,733,611
Reinsurance payable	10	127,455,529	110,430,485
Income tax payable		-	17,418,736
Provisions for employee benefits		2,159,642	1,981,993
Lease liabilities		4,577,892	8,077,898
Other liabilities	11, 15, 19	180,454,326	46,247,705
Total liabilities		1,059,558,308	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			
Deficit		(198,849,155)	(276,190,485)
Total equity		301,150,845	223,809,515
Total liabilities and equity		1,360,709,153	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 September	
	Note	2022	2021
(in Baht)			
Revenues			
Gross premium written		524,349,457	164,767,895
Less premium ceded		(98,451,090)	(49,137,774)
Net premiums written		425,898,367	115,630,121
Add (less) unearned premium reserve decrease (increase) from previous period		(97,662,774)	2,959,924
(Less) add reinsurers' share of (increase) decrease in unearned premium reserve from previous period		20,195,226	(3,817,802)
Net premiums earned		348,430,819	114,772,243
Fee and commission income		49,405,921	19,857,200
Net investment income		973,698	626,519
Other income	15	(271,019)	1,055,863
Total income		398,539,419	136,311,825
Expenses			
Insurance claim expenses	15	144,210,067	79,313,070
Less insurance claim expenses recovered from reinsurers		(32,060,777)	(24,258,362)
Net insurance claim expenses		112,149,290	55,054,708
Commission and brokerage expenses		100,338,985	21,293,030
Other underwriting expenses	15	143,150,473	12,571,095
Operating expenses	15	47,639,577	24,547,211
Expected credit loss	12	154,433	88,314
Total expenses		403,432,758	113,554,358
Profit (loss) before income tax		(4,893,339)	22,757,467
Income tax expense (benefit)	13	(821,362)	5,209,386
Profit (loss) for the period		(4,071,977)	17,548,081
Total comprehensive income (loss) for the period		(4,071,977)	17,548,081
Basic earnings per share	14	(0.20)	0.88

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

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

		Nine-month period ended	
		30 September	
	Note	2022	2021
		(in Baht)	
Revenues			
Gross premium written		1,324,045,165	507,481,377
Less premium ceded		<u>(226,039,993)</u>	<u>(142,655,762)</u>
Net premiums written		1,098,005,172	364,825,615
Less unearned premium reserve increase from previous period		(218,622,334)	(32,013,796)
(Less) add reinsurers' share of (increase) decrease in unearned premium reserve from previous period		<u>38,081,063</u>	<u>(20,552,115)</u>
Net premiums earned		917,463,901	312,259,704
Fee and commission income		105,358,154	57,484,061
Net investment income		2,453,086	2,066,501
Other income	15	<u>749,551</u>	<u>3,348,893</u>
Total income		<u>1,026,024,692</u>	<u>375,159,159</u>
Expenses			
Insurance claim expenses	15	372,284,382	225,542,586
Less insurance claim expenses recovered from reinsurers		<u>(82,543,143)</u>	<u>(74,384,243)</u>
Net insurance claim expenses		289,741,239	151,158,343
Commission and brokerage expenses		253,635,869	63,329,202
Other underwriting expenses	15	274,399,138	43,593,725
Operating expenses	15	113,401,911	74,287,077
Expected credit loss	12	<u>78,156</u>	<u>100,855</u>
Total expenses		<u>931,256,313</u>	<u>332,469,202</u>
Profit before income tax		94,768,379	42,689,957
Income tax expense	13	<u>17,427,049</u>	<u>10,156,333</u>
Profit for the period		<u>77,341,330</u>	<u>32,533,624</u>
Total comprehensive income for the period		<u>77,341,330</u>	<u>32,533,624</u>
Basic earnings per share	14	<u>3.87</u>	<u>1.63</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
Nine-month period ended 30 September 2021			
Balance at 1 January 2021	500,000,000	(332,137,339)	167,862,661
Comprehensive income for the period			
Profit for the period	-	32,533,624	32,533,624
Total comprehensive income for the period	-	32,533,624	32,533,624
Balance at 30 September 2021	500,000,000	(299,603,715)	200,396,285
Nine-month period ended 30 September 2022			
Balance at 1 January 2022	500,000,000	(276,190,485)	223,809,515
Comprehensive income for the period			
Profit for the period	-	77,341,330	77,341,330
Total comprehensive income for the period	-	77,341,330	77,341,330
Balance at 30 September 2022	500,000,000	(198,849,155)	301,150,845

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

Pacific Cross Health Insurance Public Company Limited

Statement of cash flows (Unaudited)

		Nine-month period ended	
		30 September	
	Note	2022	2021
(in Baht)			
Cash flows from operating activities			
Premiums written		1,104,966,392	492,268,210
Cash paid to reinsurers		(19,773,579)	(16,934,231)
Interest received		2,450,249	1,870,958
Other income		749,551	3,348,893
Insurance claims expenses		(404,565,899)	(195,244,056)
Commission and brokerage expenses		(193,906,482)	(61,281,316)
Other underwriting expenses		(274,473,994)	(43,551,667)
Operating expenses		(58,103,419)	(72,794,465)
Income tax expense		(36,827,407)	(6,165,704)
Cash received - financial assets		255,901,788	173,831,831
Cash payment - financial assets		(395,202,603)	(222,362,681)
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		291,370,778	52,985,772
Cash flows from investing activities			
Cash flows used in:			
Acquisition of equipment	7	(1,066,876)	(1,028,470)
Net cash used in investing activities		(1,066,876)	(1,028,470)
Cash flows from financing activities			
Cash flows used in:			
Payment of lease liabilities		(4,315,546)	(4,596,998)
Cash used in financing activities		(4,315,546)	(4,596,998)
Net increase in cash and cash equivalents		285,988,356	47,360,304
Cash and cash equivalents at 1 January		186,171,560	161,843,351
Cash and cash equivalents at 30 September	3	472,159,916	209,203,655

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 nine-month periods ended 30 September 2022 (Unaudited)

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Pacific Cross Health Insurance Public Company Limited
Notes to the condensed interim financial statements
For the three-month and nine-month periods ended 30 September 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 November 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.

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. Those new and revised TFRS that are relevant to the Company’s operations are disclosed in note 20.

(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 nine-month periods ended 30 September 2022 (Unaudited)

3 Cash and cash equivalents

	30 September 2022	31 December 2021
	<i>(in Baht)</i>	
Cash	33,700	12,466
Deposits at banks - call deposits	472,126,216	186,159,094
Cash and cash equivalents	472,159,916	186,171,560

4 Premiums due and uncollected, net

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

	30 September 2022	31 December 2021
	<i>(in Baht)</i>	
Not yet overdue	12,772,322	21,192,807
Overdue		
Less than 30 days	15,037,997	13,214,569
30 - 60 days	12,319,886	12,188,044
60 - 90 days	7,912,856	5,870,453
90 days - 1 year	19,950,184	2,714,039
Over 1 year	1,329,214	790,187
Total premium due and uncollected	69,322,459	55,970,099
Less allowance for doubtful accounts	(1,329,214)	(790,187)
Premiums due and uncollected, net	67,993,245	55,179,912

5 Reinsurance receivables

	30 September 2022	31 December 2021
	<i>(in Baht)</i>	
Due from reinsurers	20,065,071	20,335,767
Reinsurance receivables	20,065,071	20,335,767

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

	30 September 2022	31 December 2021
	<i>(in Baht)</i>	
Within credit terms	19,801,099	20,335,767
Overdue:		
Not over 1 year	263,972	-
Total due from reinsurer	20,065,071	20,335,767

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

6 Financial assets

6.1 Financial assets by measurement are as follows:

	30 September 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	539,432,926	539,432,926	409,952,151	409,952,151
Private debt securities	10,000,000	9,910,311	-	-
Total	549,432,926	549,343,237	409,952,151	409,952,151
Less allowance for ECL	(306,804)	-	(228,648)	-
Total	549,126,122	549,343,237	409,723,503	409,952,151

6.2 Financial assets measured at amortised cost

	Carrying value	30 September 2022 Allowance for ECL <i>(in Baht)</i>	Net carrying value
Debt securities - no significant increase in credit risk (stage 1)	549,432,926	(306,804)	549,126,122
Total	549,432,926	(306,804)	549,126,122

	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 nine-month period ended 30 September 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	1,116,816	1,271,316
Disposals - net book value	-	(4,919)	(4,919)
Depreciation for the period	(94,449)	(744,159)	(838,608)
Net book value as at 30 September 2022	470,487	2,434,808	2,905,295

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

Pacific Cross Health Insurance Public Company Limited
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For the three-month and nine-month periods ended 30 September 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	-	815,541	815,541
Depreciation for the period	(3,349,410)	(845,096)	(4,194,506)
As at 30 September 2022	2,838,480	1,504,695	4,343,175

Carrying amounts of the Company's right-of-use assets at 30 September 2022 are Baht 4.34 million and the Company recognised depreciation of right-of-use assets for the nine-month period ended 30 September 2022 amounting to Baht 4.19 million.

8 Other assets

	30 September 2022	31 December 2021
	(in Baht)	
Prepaid expenses	3,275,387	863,000
Prepaid income tax for the current year	3,182,213	-
Deposits	1,450,056	1,537,492
Intangible assets obtained from portfolio transfers	8,818,048	-
Others	9,624,640	4,461,329
Total	26,350,344	6,861,821

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

9 Insurance contract liabilities

	30 September 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	53,777,256	(44,452,779)	9,324,477	60,611,328	(42,493,187)	18,118,141
- Incurred but not reported*	71,920,745	(9,617,134)	62,303,611	30,093,564	(4,810,230)	25,283,334
Total loss reserves and outstanding claims	125,698,001	(54,069,913)	71,628,088	90,704,892	(47,303,417)	43,401,475
Unearned premium reserves	619,212,918	(138,589,396)	480,623,522	361,028,719	(100,508,333)	260,520,386
Total	744,910,919	(192,659,309)	552,251,610	451,733,611	(147,811,750)	303,921,861

*This Incurred but not reported (IBNR) as at 30 September 2022 excludes the IBNR for insurance contracts obtained from portfolio transfers from another non-related insurance company on 8 March 2022 because the company records claims expenses, as insurance claims, upon the receipt of the claims advice from the insured person.

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	335,264,105	(82,543,143)	252,720,962	293,305,222	(95,492,365)	197,812,857
Change in estimation and assumption	41,827,181	(4,806,904)	37,020,277	6,846,204	(1,812,345)	5,033,859
Insurance claim expense paid during the period / year	(342,098,177)	80,583,551	(261,514,626)	(274,137,324)	92,564,534	(181,572,790)
At 30 September 2022 / 31 December 2021	125,698,001	(54,069,913)	71,628,088	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	1,363,607,030	(226,039,993)	1,137,567,037	693,473,436	(195,832,888)	497,640,548
Earned premium in the period / year	(1,105,422,831)	187,958,930	(917,463,901)	(649,054,422)	213,802,498	(435,251,924)
At 30 September 2022 / 31 December 2021	619,212,918	(138,589,396)	480,623,522	361,028,719	(100,508,333)	260,520,386

Unexpired risk reserves	344,549,802	(100,431,439)	244,118,363	197,617,884	(67,098,078)	130,519,806
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As at 30 September 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 344.55 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 nine-month periods ended 30 September 2022 (Unaudited)

10 Reinsurance payable

	30 September 2022	31 December 2021
	<i>(in Baht)</i>	
Amounts withheld on reinsurance	63,341,433	58,948,432
Due to reinsurers	64,114,096	51,482,053
Total	127,455,529	110,430,485

11 Other liabilities

	30 September 2022	31 December 2021
	<i>(in Baht)</i>	
Commission and brokerage payable	69,574,326	11,445,191
Other accrued expenses	17,807,553	28,146,176
Premium received in advance	12,276,112	4,433,770
Claim payable obtained from portfolio transfers	57,207,040	-
Others	23,589,295	2,222,568
Total	180,454,326	46,247,705

12 Expected credit loss

	2022	2021
	<i>(in Baht)</i>	
<i>Financial assets</i>		
Financial assets measured at amortised cost	78,156	100,855
Total	78,156	100,855

13 Income tax expense

Income tax recognised in profit or loss

	2022	2021
	<i>(in Baht)</i>	
<i>Current tax</i>		
Current period	19,236,795	25,483,126
<i>Deferred tax</i>		
Movements in temporary differences	(1,809,746)	(15,326,793)
Total	17,427,049	10,156,333

Pacific Cross Health Insurance Public Company Limited

Notes to the condensed interim financial statements

For the three-month and nine-month periods ended 30 September 2022 (Unaudited)

Reconciliation of effective tax rate

Nine-month period ended 30 September		2022		2021
	Rate (%)	(in Baht)	Rate (%)	(in Baht)
Profit before income tax		94,768,379		42,689,957
Income tax using the Thai corporation tax rate	20	18,953,676	20	8,537,991
Expenses not deductible for tax purposes		283,119		16,945,135
Income not subject to tax		(1,809,746)		(15,326,793)
Total	18	17,427,049	24	10,156,333

Deferred tax assets

	30 September 2022	31 December 2021
	(in Baht)	
Deferred tax assets	23,512,240	21,702,494

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

	At 1 January 2022	(Charged) / credited to:		At 30 September 2022
		Profit or loss	Other comprehensive income	
		(in Baht)		
Deferred tax assets				
Allowance for doubtful accounts	158,038	107,805	-	265,843
Allowance of impairment	45,730	15,631	-	61,361
Premium reserve	12,292,833	(4,008,543)	-	8,284,290
Loss reserve	8,680,295	5,645,323	-	14,325,618
Employee benefits obligation	525,598	49,530	-	575,128
Total	21,702,494	1,809,746	-	23,512,240

	At 1 January 2021	(Charged) / credited to:		At 30 September 2021
		Profit or loss	Other comprehensive income	
		(in Baht)		
Deferred tax assets				
Allowance for doubtful accounts	85,473	69,508	-	154,981
Allowance of impairment	19,098	20,171	-	39,269
Premium reserve	9,611,281	11,342,205	-	20,953,486
Loss reserve	4,425,510	3,846,808	-	8,272,318
Employee benefits obligation	372,670	48,101	-	420,771
Total	14,514,032	15,326,793	-	29,840,825

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

14 Basic earnings per share

The calculations of basic earnings per share for the nine-month period ended 30 September 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>Nine-month period ended 30 September</i>	2022	2021
Profit for the period attributable to ordinary shareholders (<i>in Baht</i>)	<u>77,341,330</u>	<u>32,533,624</u>
Number of ordinary shares outstanding (<i>in shares</i>)	<u>20,000,000</u>	<u>20,000,000</u>
Basic earnings per share (<i>Baht</i>)	<u>3.87</u>	<u>1.63</u>

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

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

<i>Nine-month period ended 30 September</i>	2022	2021
	<i>(in Baht)</i>	
<i>Med-Sure Services Limited</i>		
Rental and Service income	640,000	2,880,000
Underwriting and loss adjustment expense	46,783,679	30,334,731
<i>Legal Concept Company Limited</i>		
Legal consulting fee	256,000	48,500
<i>Key management personnel compensation</i>		
Short-term employee benefits	12,666,435	13,403,125
Directors remuneration	280,000	290,000
Post-employment benefits	55,941	137,527
Total	13,002,376	13,830,652

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

	30 September 2022	31 December 2021
	<i>(in Baht)</i>	
<i>Med-Sure Services Limited</i>		
Underwriting and loss adjustment payable	4,778,176	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 September 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 September 2022	31 December 2021
	<i>(in Baht)</i>	
	Book value	Book value
Term deposits	3,500,000	3,500,000

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- 17.2 As at 30 September 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 September 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

Future minimum lease payment under non-cancellable operating leases

	30 September 2022	31 December 2021
	(in Baht)	
Within 1 year	210,000	309,000
1 - 5 years	<u>45,500</u>	<u>120,500</u>
Total	<u>255,500</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)
<i>Assets</i>	
Cash and cash equivalents	288,821,938
Premiums due and uncollected, net	20,574,326
Other assets	101,806,862
<i>Liabilities</i>	
Insurance contract liabilities	(260,107,386)
Other liabilities	<u>(151,095,740)</u>
Net	<u>-</u>

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20 Thai Financial Reporting Standards (TFRS) not yet adopted

A number of new TFRS which are relevant to the Company's operations are expected to have significant impact on the Company's financial statements on the date of initial application are as follows:

TFRS	Topic
TFRS 17	Insurance contracts

TFRS 17 will replace TFRS 4 - Insurance Contracts for the annual periods beginning on or after 1 January 2025.

TFRS 17 introduces the new measurement model which consists of fulfillment cash flows and a contractual service margin. The fulfillment cash flows represent the risk adjusted present value of the insurer's rights and obligations to the policyholders, comprising estimates of expected cash flows, discounting, and an explicit risk adjustment for non-financial risk. The contractual service margin represents the unearned profit from in-force contracts that the Company will recognise as it provides services over the coverage period. The contractual service margin is earned based on a pattern of coverage units, reflecting the quantity of benefits provided. The simplified approach may be chosen to adopt when certain criteria are met.

The Company may elect to recognise the cumulative negative impact on insurance contract liabilities from the adoption of TFRS 17 to retained earnings by applying the straight-line method within the period not exceeding 3 years from transition date.

TFRS 17 also introduces substantial changes in both presentation of the statement of financial position and statement of comprehensive income, as well as more granular disclosure requirements.

Management is presently considering the potential impact of adopting and initially applying those TFRSs on the financial statements.