

**Pacific Cross Health Insurance
Public Company Limited**

Condensed interim financial statements
for the three-month period ended
31 March 2024
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 31 March 2024; the statements of comprehensive income, the statements of changes in equity and cash flows for the three-month period ended 31 March 2024; 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
15 May 2024

Pacific Cross Health Insurance Public Company Limited

Statement of financial position

		31 March	31 December
Assets	Note	2024	2023
		(Unaudited)	
		(in Baht)	
Cash and cash equivalents	3	395,245,658	399,392,178
Premiums due and uncollected, net	4	99,821,285	109,142,432
Accrued investment income		6,824,608	4,208,218
Reinsurers' share of insurance contract liabilities	9	279,601,315	205,688,092
Reinsurance receivables	6	40,379,336	30,469,833
Financial assets	7, 16, 17	768,921,836	779,597,064
Equipment		3,026,451	3,346,755
Right-of-use-assets		11,880,810	13,395,815
Intangible assets		12,504,269	12,413,598
Deferred acquisition costs	5	145,385,251	136,088,602
Deferred tax assets	13	78,049,985	28,791,939
Other assets	8, 15	78,519,978	62,767,876
Total assets		1,920,160,782	1,785,302,402

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 2024 (Unaudited)	31 December 2023
Liabilities and equity	<i>Note</i>		
		<i>(in Baht)</i>	
Liabilities			
Insurance contract liabilities	9	763,950,306	714,972,931
Reinsurance payable	10	183,831,242	152,896,445
Income tax payable		108,419,826	51,461,602
Provisions for employee benefits		4,955,160	4,809,476
Lease liabilities		12,272,245	13,744,847
Other liabilities	11, 15	129,704,966	164,981,451
Total liabilities		1,203,133,745	1,102,866,752
Equity			
Share capital			
Authorised share capital <i>(20,000,000 ordinary shares, par value at Baht 25 per share)</i>		500,000,000	500,000,000
Issued and paid-up share capital <i>(20,000,000 ordinary shares, par value at Baht 25 per share)</i>		500,000,000	500,000,000
Retained earnings			
Appropriated			
Legal reserve		9,131,413	9,131,413
Unappropriated		207,895,624	173,304,237
Total equity		717,027,037	682,435,650
Total liabilities and equity		1,920,160,782	1,785,302,402

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	2024	2023
		(in Baht)	
Revenues			
Gross premium written		507,717,684	1,062,139,730
Less premium ceded		(102,917,266)	(63,233,653)
Net premiums written		404,800,418	998,906,077
Less unearned premium reserve increase from previous period		(57,493,610)	(385,204,253)
Add (less) reinsurers' share of decrease (increase) in unearned premium reserve from previous period		30,927,182	(12,809,854)
Net premiums earned		378,233,990	600,891,970
Fee and commission income		36,005,006	24,124,155
Net investment income	19	3,417,770	1,393,339
Loss on investments		(131,943)	-
Gain on fair value changes	7, 19	227,972	375,164
Other income		9,317	194,213
Total income		417,762,112	626,978,841
Expenses			
Insurance claim expenses	15	206,105,249	218,129,309
Less insurance claim expenses recovered from reinsurers		(81,824,723)	(51,971,705)
Net insurance claim expenses		124,280,526	166,157,604
Commission and brokerage expenses		69,952,818	112,377,517
Other underwriting expenses	15	124,241,815	231,087,175
Operating expenses	15	56,959,896	90,542,504
Expected credit loss	12	35,493	46,052
Total expenses		375,470,548	600,210,852
Profit before income tax		42,291,564	26,767,989
Income tax expense	13	7,700,177	26,025,743
Profit for the period		34,591,387	742,246
Total comprehensive income for the period		34,591,387	742,246
Basic earnings per share	14	1.73	0.04

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)

		Retained earnings		
	Issued and paid-up share capital	Legal reserve	Unappropriated	Total equity
			(in Baht)	
Three-month period ended 31 March 2023				
Balance at 1 January 2023	500,000,000	-	(20,106,171)	479,893,829
Comprehensive income for the period				
Profit for the period	-	-	742,246	742,246
Total comprehensive income for the period	-	-	742,246	742,246
Balance at 31 March 2023	500,000,000	-	(19,363,925)	480,636,075
Three-month period ended 31 March 2024				
Balance at 1 January 2024	500,000,000	9,131,413	173,304,237	682,435,650
Comprehensive income for the period				
Profit for the period	-	-	34,591,387	34,591,387
Total comprehensive income for the period	-	-	34,591,387	34,591,387
Transfer to legal reserve				
	-	-	-	-
Balance at 31 March 2024	500,000,000	9,131,413	207,895,624	717,027,037

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	2024	2023
		(in Baht)	
Cash flows from operating activities			
Premiums written		514,551,092	1,097,682,068
Cash paid to reinsurers		(6,917,747)	(7,148,374)
Interest received		1,185,471	1,352,340
Other income		14,609	194,212
Insurance claims expenses		(209,128,678)	(170,085,777)
Commission and brokerage expenses		(77,370,974)	(526,765,875)
Other underwriting expenses		(133,753,941)	(37,424,231)
Operating expenses		(101,678,577)	(95,159,154)
Income tax expense		(101,970)	(38,466)
Cash received - financial assets		65,662,664	589,421,700
Cash payment - financial assets		(54,532,062)	(603,792,963)
Net cash (used in) provided by operating activities		(2,070,113)	248,235,480
Cash flows from investing activities			
Cash flows used in:			
Acquisition of equipment		(103,890)	(708,205)
Acquisition of intangible assets		(301,080)	(3,313,853)
Net cash used in investing activities		(404,970)	(4,022,058)
Cash flows from financing activities			
Cash flows used in:			
Payment of lease liabilities		(1,671,437)	(1,383,454)
Cash used in financing activities		(1,671,437)	(1,383,454)
Net increase (decrease) in cash and cash equivalents		(4,146,520)	242,829,968
Cash and cash equivalents at 1 January		399,392,178	464,705,811
Cash and cash equivalents at 31 March	3	395,245,658	707,535,779

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 2024 (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 2024 (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 Audit Committee on 15 May 2024.

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 Company’s ultimate parent company is Pacific Cross International Limited.

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 (TFAC). 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 of Non-Life Insurance Companies” B.E. 2566, dated 8 February 2023 which was applicable for the financial reporting period starting from 1 January 2023.

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 2023.

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 2023.

Pacific Cross Health Insurance Public Company Limited
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For the three-month period ended 31 March 2024 (Unaudited)

3 Cash and cash equivalents

	31 March 2024	31 December 2023
	<i>(in Baht)</i>	
Cash	1,687,842	1,198,105
Deposits at banks - call deposits	393,557,816	398,194,073
Cash and cash equivalents	395,245,658	399,392,178

4 Premiums due and uncollected, net

As at 31 March 2024 and 31 December 2023, premiums due and uncollected and their aging are as follows:

	31 March 2024	31 December 2023
	<i>(in Baht)</i>	
Not yet overdue	12,523,370	29,866,376
Overdue		
Less than 30 days	22,526,929	13,008,289
30 - 60 days	47,507,299	47,609,186
60 - 90 days	2,389,533	10,213,024
90 days - 1 year	14,874,154	8,445,557
Over 1 year	10,213,531	9,889,038
Total premium due and uncollected	110,034,816	119,031,470
Less allowance for doubtful accounts	(10,213,531)	(9,889,038)
Premiums due and uncollected, net	99,821,285	109,142,432

5 Deferred acquisition costs

The movements of deferred acquisition costs are as follows:

	31 March 2024	31 December 2023
	<i>(in Baht)</i>	
At 1 January	136,088,602	167,606,655
Deferral of acquisition costs	131,398,361	814,167,502
Amortisation of acquisition costs	(122,101,712)	(845,685,555)
At 31 March 2024 / 31 December 2023	145,385,251	136,088,602

Pacific Cross Health Insurance Public Company Limited
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For the three-month period ended 31 March 2024 (Unaudited)

6 Reinsurance receivables

	31 March 2024	31 December 2023
	<i>(in Baht)</i>	
Due from reinsurers	40,379,336	30,469,833
Reinsurance receivables	40,379,336	30,469,833

As at 31 March 2024 and 31 December 2023, aging analyses for due from reinsurers were as follows:

	31 March 2024	31 December 2023
	<i>(in Baht)</i>	
Within credit terms	40,379,336	30,469,833
Overdue:		
Over 1 year	-	-
Total due from reinsurer	40,379,336	30,469,833

7 Financial assets

7.1 Financial assets by measurement are as follows:

	31 March 2024		31 December 2023	
	Cost / Amortised cost	Fair value	Cost / Amortised cost	Fair value
	<i>(in Baht)</i>			
<i>Financial assets measured at fair value through profit or loss</i>				
Equity securities	26,380,205	25,433,046	26,567,241	25,782,089
Unit trusts	61,019,095	62,015,493	61,599,764	62,206,184
Total	87,399,300	87,448,539	88,167,005	87,988,273
Less unrealised gain (loss)	49,239	-	(178,732)	-
Total financial assets measured at fair value through profit or loss	87,448,539	87,448,539	87,988,273	87,988,273
<i>Financial assets measured at amortised cost</i>				
Deposits at banks with original maturity over 3 months	672,023,271	672,023,271	682,123,271	682,123,271
Private debt securities	10,000,000	10,028,870	10,000,000	10,001,584
Total	682,023,271	682,052,141	692,123,271	692,124,855
Less allowance for ECL	(549,974)	-	(514,480)	-
Total financial assets measured at amortised cost	681,473,297	682,052,141	691,608,791	692,124,855
Total	768,921,836	769,500,680	779,597,064	780,113,128

Pacific Cross Health Insurance Public Company Limited
Notes to the condensed interim financial statements
For the three-month period ended 31 March 2024 (Unaudited)

7.2 Financial assets measured at amortised cost

	Carrying value	31 March 2024 Allowance for ECL (in Baht)	Net carrying value
<i>Debt securities - no significant increase in credit risk (stage 1)</i>			
Deposit at banks with original maturity over 3 months	672,023,271	(539,451)	671,483,820
Private debt securities	10,000,000	(10,523)	9,989,477
Total	682,023,271	(549,974)	681,473,297
	Carrying value	31 December 2023 Allowance for ECL (in Baht)	Net carrying value
<i>Debt securities - no significant increase in credit risk (stage 1)</i>			
Deposit at banks with original maturity over 3 months	682,123,271	(503,958)	681,619,313
Private debt securities	10,000,000	(10,522)	9,989,478
Total	692,123,271	(514,480)	691,608,791

8 Other assets

	Note	31 March 2024 (in Baht)	31 December 2023
Deposits		8,963,139	1,565,505
Prepaid expense		1,642,354	591,297
Advance prepaid of regional service fee	15	54,403,865	54,403,865
Others		13,510,620	6,207,209
Total		78,519,978	62,767,876

Pacific Cross Health Insurance Public Company Limited
Notes to the condensed interim financial statements
For the three-month period ended 31 March 2024 (Unaudited)

9 Insurance contract liabilities	(in Baht)			
	31 March 2024	31 December 2023		
	Gross	Reinsurer's share	Net	Reinsurer's share
Short-term technical reserves				
Loss reserves and outstanding claims				
- Case reserves	68,962,837	(111,893,888)	(42,931,051)	(68,170,653)
- Incurred but not reported	70,320,002	(10,097,099)	60,222,903	(10,834,294)
Total loss reserves and outstanding claims	139,282,839	(121,990,987)	17,291,852	(79,004,947)
Unearned premium reserves	624,667,467	(157,610,328)	467,057,139	(126,683,146)
Total	763,950,306	(279,601,315)	484,348,991	(205,688,093)
9.1 Loss reserves and outstanding claims				
At 1 January	145,337,745	(79,004,947)	66,332,798	(59,447,688)
Insurance claim expense incurred during the period / year	200,626,002	(81,824,722)	118,801,280	(156,376,886)
Change in estimation and assumption	4,742,052	737,195	5,479,247	(462,320)
Insurance claim expense paid during the period / year	(211,422,960)	38,101,487	(173,321,473)	137,281,947
At 31 March 2024 / 31 December 2023	139,282,839	(121,990,987)	17,291,852	(79,004,947)
9.2 Unearned premium reserves				
At 1 January	569,635,186	(126,683,146)	442,952,040	(130,342,540)
Premium written during the period / year	505,256,356	(102,917,266)	402,339,090	(258,375,966)
Earned premium in the period / year	(450,224,075)	71,990,084	(378,233,991)	262,035,360
At 31 March 2024 / 31 December 2023	624,667,467	(157,610,328)	467,057,139	(126,683,146)
Unexpired risk reserves	240,309,012	(70,087,645)	170,221,367	(58,633,965)

As at 31 March 2024 and 31 December 2023, no additional reserve for unexpired risk reserves has been established as the unexpired risk reserves estimated by the Company amounting to Baht 240.30 million (31 December 2023: Baht 207.61 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 2024 (Unaudited)

10 Reinsurance payable

	31 March 2024	31 December 2023
	<i>(in Baht)</i>	
Amounts withheld on reinsurance	86,434,245	77,170,604
Due to reinsurers	97,396,997	75,725,841
Total	183,831,242	152,896,445

11 Other liabilities

	31 March 2024	31 December 2023
	<i>(in Baht)</i>	
Other accrued expenses	47,998,747	70,278,137
Commission and brokerage payable	22,536,695	30,284,967
Premium received in advance	11,231,682	7,147,861
Claim payable and commission payable obtained from portfolio transfers	42,076,106	42,076,106
Others	5,861,736	15,194,380
Total	129,704,966	164,981,451

12 Expected credit loss

	2024	2023
	<i>(in Baht)</i>	
<i>Financial assets</i>		
Financial assets measured at amortised cost	35,493	46,052
Total	35,493	46,052

13 Income tax expense

Income tax recognised in profit or loss

	2024	2023
	<i>(in Baht)</i>	
<i>Current tax</i>		
Current period	56,967,509	122,754,164
Adjustment for prior period	(9,285)	-
<i>Deferred tax</i>		
Movements in temporary differences	(49,258,047)	(96,728,421)
Total	7,700,177	26,025,743

Pacific Cross Health Insurance Public Company Limited
Notes to the condensed interim financial statements
For the three-month period ended 31 March 2024 (Unaudited)

Reconciliation of effective tax rate

<i>Three-month period ended 31 March</i>	2024		2023	
	Rate (%)	(in Baht)	Rate (%)	(in Baht)
Profit before income tax		42,291,564		26,767,989
Income tax using the Thai corporation tax rate	20	8,458,313	20	5,353,598
Expenses not deductible for tax purposes		59,398,043		111,459,694
Income not subject to tax		(60,146,894)		(90,787,549)
Over provided in prior years		(9,285)		-
Total	18	7,700,177	97	26,025,743

Deferred tax assets

	31 March 2024	31 December 2023
	(in Baht)	
Deferred tax assets	78,049,985	28,791,939

Movements in total deferred tax assets during the three-month periods ended 31 March 2024 and 2023 are as follow:

	At 1 January 2024	(Charged) / credited to:		At 31 March 2024
		Profit or loss	Other comprehensive income	
		(in Baht)		
<i>Deferred tax assets</i>				
Allowance for doubtful accounts	1,977,808	64,898	-	2,042,706
Allowance of impairment	102,896	7,098	-	109,994
Premium reserve	12,292,833	58,998,696	-	71,291,529
Loss reserve	13,266,561	(9,808,189)	-	3,458,372
Employee benefits obligation	1,116,095	41,137	-	1,157,232
Unrealised (gain) loss from financial assets measured at fair value though profit or loss	35,746	(45,594)	-	(9,848)
Total	28,791,939	49,258,046	-	78,049,985

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	At 1 January 2023	(Charged) / credited to:		At 31 March 2023
		Profit or loss	Other comprehensive income (in Baht)	
Deferred tax assets				
Allowance for doubtful accounts	1,027,027	1,173,575	-	2,200,602
Allowance of impairment	79,389	9,210	-	88,599
Premium reserve	12,292,833	91,269,017	-	103,561,850
Loss reserve	19,489,128	4,316,529	-	23,805,657
Employee benefits obligation	913,443	35,123	-	948,566
Unrealised loss from financial assets measured at fair value through profit or loss	-	(75,033)	-	(75,033)
Total	33,801,820	96,728,421	-	130,530,241

14 Basic earnings per share

The calculations of basic earnings per share for the three-month periods ended 31 March 2024 and 2023 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>Three-month period ended 31 March</i>	2024	2023
Profit for the period attributable to ordinary shareholders (in Baht)	34,591,387	742,246
Number of ordinary shares outstanding (in shares)	20,000,000	20,000,000
Basic earnings per share (Baht)	1.73	0.04

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
Pacific Cross International Limited	British Virgin Islands	Ultimate parent 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.

Pacific Cross Health Insurance Public Company Limited
Notes to the condensed interim financial statements
For the three-month period ended 31 March 2024 (Unaudited)

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
Consulting fees (operating expenses)	At mutually agreed prices

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

<i>Three-month period ended 31 March</i>	2024	2023
	<i>(in Baht)</i>	
<i>Med-Sure Services Limited</i>		
Underwriting expense	15,929,969	27,341,871
Loss adjustment expense	10,439,001	18,025,608
<i>Pacific Cross International Limited</i>		
Consulting fees	17,243,108	14,625,090
<i>Key management personnel compensation</i>		
Short-term employee benefits	3,211,234	6,507,457
Directors remuneration	215,000	70,000
Post-employment benefits	86,402	32,369
Total	3,512,636	6,609,826

Balance with related parties as at 31 March 2024 and 31 December 2023 were as follows:

	31 March 2024	31 December 2023
	<i>(in Baht)</i>	
<i>Med-Sure Services Limited</i>		
Underwriting and loss adjustment payable	6,832,984	10,252,736
<i>Pacific Cross International Limited</i>		
Advance prepaid of regional service fee	54,403,865	54,403,865
Accrued expense of regional service fee	17,243,108	-

Pacific Cross Health Insurance Public Company Limited
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16 Financial instruments

Financial instruments measured at fair value

The following table shows the carrying amounts and fair values of financial assets including their levels in the fair value hierarchy for financial instruments measured at fair value. It does not include fair value information for financial assets not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	Fair value			Total
	Level 1	Level 2	Level 3	
	<i>(in Baht)</i>			
31 March 2024				
<i>Financial assets</i>				
Equity securities	25,433,046	-	-	25,433,046
Unit trusts	-	62,015,493	-	62,015,493
Total	25,433,046	62,015,493	-	87,448,539
	Fair value			Total
	Level 1	Level 2	Level 3	
	<i>(in Baht)</i>			
31 December 2023				
<i>Financial assets</i>				
Equity securities	25,782,089	-	-	25,782,089
Unit trusts	-	62,209,184	-	62,209,184
Total	25,782,089	62,209,184	-	87,988,273

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: inputs for the assets or liabilities that are based on unobservable inputs.

If the inputs used to measure the fair value of an asset or liability are categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company determines Level 1 fair values for listed equity securities using the close price on the last business day of the period provided by The Stock Exchanges of Thailand.

The Company determines Level 2 fair values for unit trusts using the net asset value (NAV) on the last business day of the period provided by assets management companies.

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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17 Securities and assets pledged with the Registrar

17.1 As at 31 March 2024 and 31 December 2023, 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 2024	31 December 2023
	Book value	Book value
	(in Baht)	
Term deposits	<u>3,500,000</u>	<u>3,500,000</u>

17.2 As at 31 March 2024 and 31 December 2023, 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 2024	31 December 2023
	Book value	Book value
	(in Baht)	
Term deposits	<u>217,483,034</u>	<u>217,483,034</u>

18 Commitments with non-related parties

Future minimum lease payment under non-cancellable operating leases

	31 March 2024	31 December 2023
	(in Baht)	
Within 1 year	204,500	224,000
1 - 5 years	<u>198,000</u>	<u>247,500</u>
Total	<u>402,500</u>	<u>471,500</u>

19 Reclassification of accounts

Certain accounts in the statement of comprehensive income for the three-month period ended 31 March 2023, which are included in the interim financial statements for comparative purposes, have been reclassified to conform to the presentation in the current period of the financial statements. Significant reclassifications were as follows:

	Before reclassification	Reclassification (in baht)	After reclassification
<i>Statement of comprehensive income</i>			
<i>For the three-month period ended 31 March 2023</i>			
Net investment income	1,768,503	(375,164)	1,393,339
Gain on fair value changes	-	<u>375,164</u>	<u>375,164</u>
		<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.