

Pacific Cross Health Insurance Public Company Limited

Financial statements for the year ended
31 December 2024
and
Independent auditor's report



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Independent Auditor's Report

To the Shareholders of Pacific Cross Health Insurance Public Company Limited

Opinion

I have audited the financial statements of Pacific Cross Health Insurance Public Company Limited (the "Company"), which comprise the statement of financial position as at 31 December 2024, the statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of material accounting policies and other explanatory information.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2024 and its financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards (TFRSs).

Basis for Opinion

I conducted my audit in accordance with Thai Standards on Auditing (TSAs). My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Company in accordance with the *Code of Ethics for Professional Accountants including Independence Standards* issued by the Federation of Accounting Professions (Code of Ethics for Professional Accountants) that is relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with the Code of Ethics for Professional Accountants. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and my auditor's report thereon. The annual report is expected to be made available to me after the date of this auditor's report.

My opinion on the financial statements does not cover the other information and I will not express any form of assurance conclusion thereon.



In connection with my audit of the financial statements, my responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

When I read the annual report, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the correction be made.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with TFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with TSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with TSAs, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.



- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Charinrat Noprampa

(Charinrat Noprampa)
Certified Public Accountant
Registration No. 10448

KPMG Phoomchai Audit Ltd.
Bangkok
22 April 2025

Pacific Cross Health Insurance Public Company Limited

Statement of financial position

Assets	Note	31 December	
		2024	2023
		<i>(in Baht)</i>	
Cash and cash equivalents	4	489,297,275	399,392,178
Premiums due and uncollected, net	5	129,459,885	109,142,432
Accrued investment income		7,778,004	4,208,218
Reinsurers' share of insurance contract liabilities	13	367,781,738	205,688,092
Reinsurance receivables	7	47,385,004	30,469,833
Financial assets	8, 25, 26	690,474,746	779,597,064
Equipment	9	21,732,297	3,346,755
Right-of-use-assets	10	40,153,960	13,395,815
Intangible assets	11	12,028,509	12,413,598
Deferred acquisition costs	6	99,139,482	136,088,602
Deferred tax assets	22	8,489,913	28,791,939
Other assets	12	63,970,421	62,767,876
Total assets		<u>1,977,691,234</u>	<u>1,785,302,402</u>

The accompanying notes form an integral part of these financial statements.

Pacific Cross Health Insurance Public Company Limited

Statement of financial position

Liabilities and equity	Note	31 December	
		2024	2023
		<i>(in Baht)</i>	
Liabilities			
Insurance contract liabilities	13	715,239,584	714,972,931
Reinsurance payable	14	218,648,320	152,896,445
Income tax payable		28,155,723	51,461,602
Provisions for employee benefits	15	3,342,786	4,809,476
Lease liabilities		42,822,712	13,744,847
Other liabilities	16, 24	158,250,173	164,981,451
Total liabilities		1,166,459,298	1,102,866,752
Equity			
Share capital			
Authorised share capital			
<i>(20,000,000 ordinary shares, par value at Baht 25 per share)</i>		<u>500,000,000</u>	<u>500,000,000</u>
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	17	15,489,761	9,131,413
Unappropriated		295,742,175	173,304,237
Total equity		811,231,936	682,435,650
Total liabilities and equity		1,977,691,234	1,785,302,402

The accompanying notes form an integral part of these financial statements.

Pacific Cross Health Insurance Public Company Limited
Statement of comprehensive income

		For the year ended 31 December	
	Note	2024	2023
		<i>(in Baht)</i>	
Revenues			
Gross premium written		1,743,902,889	2,372,669,238
Less premium ceded		<u>(438,979,355)</u>	<u>(258,375,966)</u>
Net premiums written		1,304,923,534	2,114,293,272
Add unearned premium reserve decrease from previous year		7,076,315	30,993,395
Add (less) reinsurers' share of decrease (increase) in unearned premium reserve from previous year		<u>105,439,932</u>	<u>(3,659,395)</u>
Net premiums earned		1,417,439,781	2,141,627,272
Fee and commission income		160,188,069	103,129,280
Net investment income		11,994,867	9,885,846
Gain (loss) on investment		392,311	(502,838)
Loss on fair value changes	8	(600,286)	(178,732)
Other income	24	<u>4,624,437</u>	<u>2,322,108</u>
Total revenues		<u>1,594,039,179</u>	<u>2,256,282,936</u>
Expenses			
Insurance claim expenses	20, 24	808,406,054	719,004,222
Less insurance claim expenses recovered from reinsurers		<u>(238,122,860)</u>	<u>(156,376,886)</u>
Net insurance claim expenses		570,283,194	562,627,336
Commission and brokerage expenses		246,595,059	394,476,142
Other underwriting expenses	20, 24, 27	389,603,701	743,295,840
Operating expenses	18, 20, 24	214,254,751	301,691,230
Expected credit loss (reversal)	21	<u>(26,324)</u>	<u>117,537</u>
Total expenses		<u>1,420,710,381</u>	<u>2,002,208,085</u>
Profit before income tax		173,328,798	254,074,851
Income tax expense	22	<u>46,161,827</u>	<u>51,340,423</u>
Profit for the year		<u>127,166,971</u>	<u>202,734,428</u>
Other comprehensive income			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Gain (loss) on remeasurements of defined benefit plans	15	2,036,644	(240,759)
Income tax relating to components of other comprehensive income that will not be reclassified subsequently to profit or loss	22	<u>(407,329)</u>	<u>48,152</u>
Other comprehensive income (loss) for the year, net of income tax		<u>1,629,315</u>	<u>(192,607)</u>
Total comprehensive income for the year		<u>128,796,286</u>	<u>202,541,821</u>
Basic earnings per share	23	<u>6.36</u>	<u>10.14</u>

The accompanying notes form an integral part of these financial statements.

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

	Note	Issued and paid-up share capital	Retained earnings		Total equity
			Legal reserve	Unappropriated	
<i>(in Baht)</i>					
For the year ended 31 December 2023					
Balance at 1 January 2023		500,000,000	-	(20,106,171)	479,893,829
Comprehensive income for the year					
Profit for the year		-	-	202,734,428	202,734,428
Other comprehensive income		-	-	(192,607)	(192,607)
Total comprehensive income for the year		-	-	202,541,821	202,541,821
Transfer to legal reserve	17	-	9,131,413	(9,131,413)	-
Balance at 31 December 2023		500,000,000	9,131,413	173,304,237	682,435,650
For the year ended 31 December 2024					
Balance at 1 January 2024		500,000,000	9,131,413	173,304,237	682,435,650
Comprehensive income for the year					
Profit for the year		-	-	127,166,971	127,166,971
Other comprehensive income		-	-	1,629,315	1,629,315
Total comprehensive income for the year		-	-	128,796,286	128,796,286
Transfer to legal reserve	17	-	6,358,348	(6,358,348)	-
Balance at 31 December 2024		500,000,000	15,489,761	295,742,175	811,231,936

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

Pacific Cross Health Insurance Public Company Limited

Statement of cash flows

		For the year ended 31 December	
	Note	2024	2023
		<i>(in Baht)</i>	
<i>Cash flows from operating activities</i>			
Premiums written		1,736,567,667	2,364,465,101
Cash paid to reinsurers		(33,984,219)	(5,573,915)
Interest received		11,255,092	8,739,288
Other income		3,334,850	1,740,859
Insurance claims expenses		(796,577,261)	(719,453,513)
Commission and brokerage expenses		(264,558,225)	(383,391,220)
Other underwriting expenses		(334,230,932)	(711,757,301)
Operating expenses		(241,286,659)	(371,136,877)
Income tax expense		(49,573,009)	(49,269,779)
Cash received - financial assets		437,618,771	891,214,804
Cash payment - financial assets		<u>(347,781,707)</u>	<u>(1,073,115,970)</u>
Net cash (used in) provided by operating activities		<u>120,784,368</u>	<u>(47,538,523)</u>
<i>Cash flows from investing activities</i>			
Cash flows used in:			
Acquisition of equipment		(21,735,491)	(2,311,510)
Disposal of equipment		49,660	-
Acquisition of intangible assets	11	<u>(485,922)</u>	<u>(8,940,750)</u>
Net cash used in investing activities		<u>(22,171,753)</u>	<u>(11,252,260)</u>
<i>Cash flows from financing activities</i>			
Cash flows used in:			
Payment of lease liabilities		<u>(8,707,518)</u>	<u>(6,522,850)</u>
Net cash used in financing activities		<u>(8,707,518)</u>	<u>(6,522,850)</u>
Net (decrease) increase in cash and cash equivalents		89,905,097	(65,313,633)
Cash and cash equivalents at 1 January		<u>399,392,178</u>	<u>464,705,811</u>
Cash and cash equivalents at 31 December	4	<u>489,297,275</u>	<u>399,392,178</u>

The accompanying notes form an integral part of these financial statements.

Pacific Cross Health Insurance Public Company Limited
Notes to the financial statements
For the year ended 31 December 2024

Note	Contents
1	General information
2	Basis of preparation of the financial statements
3	Material accounting policies
4	Cash and cash equivalents
5	Premiums due and uncollected, net
6	Deferred acquisition costs
7	Reinsurance receivables
8	Financial assets
9	Equipment
10	Leases
11	Intangible assets
12	Other assets
13	Insurance contract liabilities
14	Reinsurance payable
15	Employee benefit obligations
16	Other liabilities
17	Legal reserve
18	Operating expenses
19	Employee benefit expenses
20	Expenses by nature
21	Expected credit loss (reversal)
22	Income tax expense
23	Basic earnings per share
24	Related parties
25	Risk management and financial instruments
26	Securities and assets pledged with the Registrar
27	Contribution to Non-Life Insurance Fund
28	Thai Financial Reporting Standards (TFRS) not yet adopted

Pacific Cross Health Insurance Public Company Limited

Notes to the financial statements

For the year ended 31 December 2024

These notes form an integral part of the financial statements.

The financial statements issued for Thai statutory and regulatory reporting purposes are prepared in the Thai language. These English language financial statements have been prepared from the Thai language statutory financial statements, and were approved and authorised for issue by the Board of Directors on 22 April 2025.

1 General information

Pacific Cross Health Insurance Public Company Limited, the “Company”, is incorporated in Thailand and has its registered office at No.3 Rajanakarn Building, 16th Fl., Zone BC, South Sathorn Road, Yannawa, Sathorn, Bangkok 10120.

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 is to operate in non-life insurance.

2 Basis of preparation of the financial statements

(a) Statement of compliance

The financial statements are prepared in accordance with Thai Financial Reporting Standards (“TFRS”) and guidelines promulgated by the Federation of Accounting Professions. In addition, the 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 on the Operations 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 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 28.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following items:

<i>Items</i>	<i>Measurement bases</i>
Defined benefit liability	Present value of the defined benefit obligation, as explained in note 3 (k)

(c) Functional and presentation currency

The financial statements are presented in Thai Baht, which is the Company’s functional currency.

Pacific Cross Health Insurance Public Company Limited
Notes to the financial statements
For the year ended 31 December 2024

(d) Use of judgements and estimates

The preparation of financial statements in conformity with TFRS requires management to make judgements, estimates and assumptions that affect the application of the Company's accounting policies. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

Assumptions and estimation uncertainties

Information about judgements, assumptions and estimation uncertainties at 31 December 2024 that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial statements is included in the following notes:

Note 13 Insurance contract liabilities

Process involved in determining assumptions of loss reserve and outstanding claims

The assumptions used in the estimation are intended to result in provisions which are sufficient to cover any liabilities arising out of insurance contracts to the extent that can be reasonably foreseen. However, given the uncertainty in establishing a provision for insurance claims, it is possible that the final outcome could prove to be significantly different from the original liability established.

Provision is estimated at the reporting date for the expected ultimate cost of settlement of all claims incurred in respect of events up to that date, whether reported or not, together with related claims handling expenses, less amounts already paid.

To determine the ultimate cost of claims that incurred but not yet reported, the Company applies the chain-ladder method, which analyzes historical claims development trends. Based on these historical patterns, development factors are selected and applied to cumulative claims data for each accident month to project future claim settlements.

The full 100% outstanding claims is reserved to ensure that the Company has sufficient funds to cover all claims in the event of full approval. This reserve also includes claims handling expenses.

Pacific Cross Health Insurance Public Company Limited
Notes to the financial statements
For the year ended 31 December 2024

3 Material accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

(a) Foreign currency

Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency (Thai Baht) at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into Thai Baht at the exchange rates at that date.

Non-monetary assets and liabilities measured at cost in foreign currencies are translated to the functional currency at the exchange rates at the dates of the transactions.

Foreign currency differences are generally recognised in profit or loss.

(b) Classification of insurance contracts

Insurance contracts are contracts under which the Company accepts significant insurance risk from another party by agreeing to compensate the insured if a specified uncertain future event (the insured event) adversely affects the policyholder.

Once a contract is classified as an insurance contract, it remains classified as an insurance contract until all rights and obligations are extinguished or expired.

(c) Recognition and measurement of insurance contracts

Premiums due and uncollected

Premiums due and uncollected are stated at net realisable value.

The allowance for doubtful accounts is assessed primarily on analysis of payment histories and future expectations of customer payments, and a review of the current status of the premium receivables. Bad debts are written off when incurred.

Loss reserves and outstanding claims

Loss reserves are taken up in the accounts upon receipt of claim advices from the insured, at the value appraised by the Company's claim department or independent appraiser, depending on the particular case. In addition, the Company set up a provision for risk margin and losses incurred but not yet reported (IBNR) based upon estimates included risk margin made by a qualified actuary.

Pacific Cross Health Insurance Public Company Limited
Notes to the financial statements
For the year ended 31 December 2024

Premium reserve

Premium reserve consisted of unearned reserve and unexpired risks reserve.

Unearned premium reserve

Unearned premium reserve represents the portion of the net premium written which is estimated to be earned in the following year by the daily average basis from net premium written (1/365 basis).

Unexpired risks reserve

Unexpired risks reserve is the best estimate of the claims that are expected to be incurred during the remaining period of coverage of in-force policies, based on analysis of historical claims data by a qualified actuary.

Unexpired risk reserves are only recognised in the financial statements to the extent that they exceed unearned premium reserves.

Premium written and premium earned

Premium written is recognised on the date that the insurance policy comes into effect and are presented gross of premium ceded and commissions and brokerage expenses.

Premium earned comprises of premium written during the year and change in unearned premium reserves from previous year and is recognised as revenue proportionally over the period of coverage.

Reinsurance premium

Reinsurance premium income is recognised when the Company receives the reinsurance application or statement of accounts from the ceding company. Reinsurance profit commissions are recognised when the Company receives the statement of accounts from the reinsurers.

Fee and commission income

Fee and commission income are recognised as income on an accrual basis.

Premiums ceded

Premiums ceded is recognised as a deduction from premium income when the insurance risk is transferred to another reinsurer.

Deferred acquisition costs

The costs of acquiring new insurance contracts, including commissions and the policy service fee e.t.c., are recognized as a deferred asset and are amortised on a systematic basis.

Pacific Cross Health Insurance Public Company Limited
Notes to the financial statements
For the year ended 31 December 2024

Claims and losses adjustment expenses

Claims and losses adjustment expenses consist of claims and losses adjustment expenses of direct insurance and reinsurance of both reported claims and not reported claims, and are stated at the amounts of the claims, related expenses, and claims adjustments of the current and prior period incurred during the year, less residual value and other recoveries, if any, and claim recovery from reinsurers.

Claims and losses adjustment expenses of direct insurance are recognised upon the receipt of the claims advice from the insured, based on the claims notified by the insured and estimates made by the Company's management. The maximum value of claims estimated is not however, to exceed the sum-insured under the relevant policy and claims and losses adjustment expenses of reinsurance are recognised when the reinsurer places the loss advice with the Company.

Claim recovery from reinsurers

Claims recovery from reinsurers is recognised when claims and loss adjustment expenses are recorded. They are estimated as proportion and condition relevant to reinsurance contracts. The Company presents the claims recoverable amount as a deduction from gross claims.

Commissions and brokerages

Commissions and brokerages are recognised as expenses on accrual basis.

Reinsurance assets

Reinsurance assets are stated at insurance reserve refundable from reinsurers which are estimated based on the related premium reserve in accordance with law regarding insurance reserve calculations and unearned reinsurance premium reserve.

Amount due to and due from reinsurers

Amount due from reinsurers are stated at amount due from reinsurers which consists of premium uncollected from reinsurers, commission and brokerages receivables, outstanding claim recovered from reinsurers. The Company records allowance for doubtful for estimated loss from uncollected receivables based on the Company's collection experience and the analysis of aging of amount due from reinsurers.

Amount due to reinsurers are stated at amount withheld on reinsurance and amount due to reinsurers which consist of premium ceded payables and other reinsurance payables to reinsurers except claim payables. The net amount is represented in the statement of financial position when the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Pacific Cross Health Insurance Public Company Limited
Notes to the financial statements
For the year ended 31 December 2024

(d) Cash and cash equivalents

Cash and cash equivalents include cash on hand, cheque on hand and all types of deposits with banks with maturity within 3 months, excluding deposit at banks used as collateral.

(e) Financial instruments

(1) Recognition and initial measurement

Financial assets are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

(2) Classification and subsequent measurement

Financial assets

A financial asset is measured at amortised cost if it meets both of the following conditions:

- it is held within a business model whose objective is to hold assets to collect contractual cashflows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent measurement

These assets are subsequently measured at amortised cost using effective interest method. The amortised cost is reduced by expected credit losses, interest income, expected credit loss, gain or loss on derecognition are recognised in profit or loss.

(3) Derecognition

The Company derecognises a financial asset when the contractual rights to receive the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

Pacific Cross Health Insurance Public Company Limited
Notes to the financial statements
For the year ended 31 December 2024

(f) Lease

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. To assess whether a contract conveys the right to control the use of an identified asset, the Company uses the definition of a lease in TFRS 16.

As a lessee

The Company recognises a right-of-use asset and a lease liability at the lease commencement date, except low-value lease assets or short-term lease recognised as expenses on a straight-line basis over the term of the lease.

Right-of-use asset is measured at cost, less any accumulated depreciation and impairment loss, and adjusted for any remeasurements of lease liability. The cost of right-of-use asset includes the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred. Depreciation is charged to profit or loss on a straight-line method from the commencement date to the end of the lease term.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate.

The Company determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

The lease liability is measured at amortised cost using the effective interest method.

As a lessor

Operating lease

Rental and service income is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income. Contingent rentals are recognised as income in the accounting period in which they are earned.

(g) Equipment

Recognition and measurement

Owned assets

Equipment are measured at cost less accumulated depreciation and impairment losses (if any).

Cost includes expenditure that is directly attributable to the acquisition of the asset. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

Any gains or losses on disposal of an item of equipment is determined by comparing the proceeds from disposal with the carrying amount of equipment and is recognised net in profit or loss.

Pacific Cross Health Insurance Public Company Limited
Notes to the financial statements
For the year ended 31 December 2024

Subsequent costs

The cost of replacing a part of an item of equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of equipment are recognised in profit or loss as incurred.

Depreciation

Depreciation is calculated based on the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of each component of an item of equipment. The estimated useful lives are as follows:

Furniture and fixtures	5 years
Office equipment	3 - 5 years

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

(h) Intangible assets

Computer software

Computer software are acquired by the Company and have finite useful lives and are measured at cost less accumulated amortisation and impairment losses (if any).

Subsequent expenditure

Subsequent expenditure is recognised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in the profit or loss as incurred.

Amortisation

Amortisation is calculated based on the cost of an asset, or other amount substituted for cost, less its residual value.

Amortisation is recognised in the profit or loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful lives for the current and comparative periods are as follows:

Computer software	3 years
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Amortisation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

No amortisation is provided for software under installation.

Pacific Cross Health Insurance Public Company Limited
Notes to the financial statements
For the year ended 31 December 2024

(i) Impairment of financial assets

Measurement of expected credit losses (ECLs)

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

ECLs are measured on either of the following bases:

- 12-month ECLs: these are losses that are expected to result from possible default events within the 12 months after the reporting date; or
- lifetime ECLs: these are losses that are expected to result from all possible default events over the expected lives of a financial instrument.

The Company recognises ECLs equal to 12-month ECLs unless there has been a significant increase in credit risk of the financial instrument since initial recognition or credit-impaired financial assets, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Increased in loss allowance is recognised as an impairment loss in profit or loss. ECL allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

(j) Impairment of non-financial assets

The carrying amounts of the Company's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. The impairment loss is recognised in profit or loss.

Calculation of recoverable amount

The recoverable amount of a non-financial asset is the greater of the asset's value in use and fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Pacific Cross Health Insurance Public Company Limited
Notes to the financial statements
For the year ended 31 December 2024

Reversal of impairment

Impairment losses recognised in prior periods in respect of other non-financial assets are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(k) Employee benefits

Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

Defined benefit plans

The Company's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, and discounting that amount.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method.

Remeasurements of the net defined benefit liability, actuarial gain or loss are recognised immediately in OCI. The Company determines the interest expense on the net defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period, taking into account any changes in the net defined benefit liability during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Company recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Other long-term employee benefits

The Company's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Remeasurements are recognised in profit or loss in the period in which they arise.

Pacific Cross Health Insurance Public Company Limited
Notes to the financial statements
For the year ended 31 December 2024

(l) Provision

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

(m) Measurement of fair values

The Company has an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values.

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 asset or liability that are based on unobservable input.

If the inputs used to measure the fair value of an asset or liability might be 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.

(n) Income

Interest income

Interest income is recognised as income by using effective interest method.

Other income

Other income is recognised as income on accrual basis.

(o) Expenses

Other expenses

Other expenses are recognised as expenses on accrual basis.

Finance costs

Interest expenses and similar costs are charged to profit or loss for the period in which they are incurred.

Pacific Cross Health Insurance Public Company Limited
Notes to the financial statements
For the year ended 31 December 2024

(p) *Income tax*

Income tax expense for the year comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except for those items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

In determining the amount of current and deferred tax, the Company takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Company believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Company to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(q) *Earnings per share*

The Company presents basic earnings per share (“EPS”) for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the number of ordinary shares outstanding during the year.

(r) *Related parties*

A related party is a person or entity that has direct or indirect control, or has significant influence over the financial and managerial decision-making of the Company; a person or entity that are under common control or under the same significant influence as the Company or the Company has direct or indirect control or has significant influence over the financial and managerial decision-making of a person or entity.

Pacific Cross Health Insurance Public Company Limited
Notes to the financial statements
For the year ended 31 December 2024

4 Cash and cash equivalents

	2024	2023
	<i>(in Baht)</i>	
Cash	2,380,762	1,198,105
Deposits at banks - call deposits	486,916,513	398,194,073
Cash and cash equivalent	<u>489,297,275</u>	<u>399,392,178</u>

5 Premiums due and uncollected, net

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

	2024	2023
	<i>(in Baht)</i>	
Not yet overdue	84,824,035	97,859,087
Overdue		
Less than 30 days	6,176,468	2,910,316
30 - 60 days	22,988,990	5,885,628
60 - 90 days	2,088,877	453,964
90 days - 1 year	13,381,515	2,033,436
Over 1 year	10,616,532	9,889,038
Total premium due and uncollected	<u>140,076,417</u>	<u>119,031,470</u>
Less allowance for doubtful accounts	<u>(10,616,532)</u>	<u>(9,889,038)</u>
Premiums due and uncollected, net	<u>129,459,885</u>	<u>109,142,432</u>

6 Deferred acquisition costs

The movements of deferred acquisition costs are as follows:

	2024	2023
	<i>(in Baht)</i>	
At 1 January	136,088,602	167,606,655
Deferral of acquisition costs	328,753,360	814,167,502
Amortization of acquisition costs	<u>(365,702,480)</u>	<u>(845,685,555)</u>
At 31 December	<u>99,139,482</u>	<u>136,088,602</u>

Pacific Cross Health Insurance Public Company Limited
Notes to the financial statements
For the year ended 31 December 2024

7 Reinsurance receivables

	2024	2023
	<i>(in Baht)</i>	
Due from reinsurers	47,385,004	30,469,833
Reinsurance receivables	<u>47,385,004</u>	<u>30,469,833</u>

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

	2024	2023
	<i>(in Baht)</i>	
Within credit terms	47,385,004	30,469,833
Overdue		
Over 1 year	-	-
Total due from reinsurer	<u>47,385,004</u>	<u>30,469,833</u>

8 Financial assets

8.1 Financial assets by measurement are as follows:

	2024		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	25,018,538	22,064,313	26,567,241	25,782,089
Unit trusts	62,502,241	64,677,448	61,599,764	62,206,184
Total	<u>87,520,779</u>	<u>86,741,761</u>	<u>88,167,005</u>	<u>87,988,273</u>
Less unrealised loss	(779,018)	-	(178,732)	-
Total financial assets measured at fair value through profit or loss	<u>86,741,761</u>	<u>86,741,761</u>	<u>87,988,273</u>	<u>87,988,273</u>
<i>Financial assets measured at amortised cost</i>				
Deposits at banks	594,221,142	594,221,142	682,123,271	682,123,271
Private debt securities	10,000,000	10,028,741	10,000,000	10,001,584
Total	<u>604,221,142</u>	<u>604,249,883</u>	<u>692,123,271</u>	<u>692,124,855</u>
Less allowance for ECL	(488,157)	-	(514,480)	-
Total financial assets measured at amortised cost	<u>603,732,985</u>	<u>604,249,883</u>	<u>691,608,791</u>	<u>692,124,855</u>
Total	<u>690,474,746</u>	<u>690,991,644</u>	<u>779,597,064</u>	<u>780,113,128</u>

Pacific Cross Health Insurance Public Company Limited
Notes to the financial statements
For the year ended 31 December 2024

8.2 Financial assets measured at amortised cost

	Carrying value	2024 Allowance for ECL (in Baht)	Net carrying value
<i>Debt securities - no significant increase in credit risk (stage 1)</i>			
Deposits at banks	594,221,142	(478,501)	593,742,641
Private debt securities	10,000,000	(9,656)	9,990,344
Total	<u>604,221,142</u>	<u>(488,157)</u>	<u>603,732,985</u>
	Carrying value	2023 Allowance for ECL (in Baht)	Net carrying value
<i>Debt securities - no significant increase in credit risk (stage 1)</i>			
Deposits 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	<u>692,123,271</u>	<u>(514,480)</u>	<u>691,608,791</u>

Pacific Cross Health Insurance Public Company Limited
Notes to the financial statements
For the year ended 31 December 2024

9 Equipment

	Furniture and fixtures	Office equipment <i>(in Baht)</i>	Total
<i>Cost</i>			
At 1 January 2023	7,555,718	8,296,840	15,852,558
Additions	238,500	2,342,728	2,581,228
Disposals and write-offs	-	(269,718)	(269,718)
At 31 December 2023 and 1 January 2024	7,794,218	10,369,850	18,164,068
Additions	17,236,467	4,499,024	21,735,491
Disposals and write-offs	(6,396,917)	(1,788,298)	(8,185,215)
At 31 December 2024	18,633,768	13,080,576	31,714,344
<i>Accumulated Depreciation</i>			
At 1 January 2023	7,024,360	6,520,729	13,545,089
Depreciation charge for the year	206,511	1,406,190	1,612,701
Disposals and write-offs	-	(340,477)	(340,477)
At 31 December 2023 and 1 January 2024	7,230,871	7,586,442	14,817,313
Depreciation charge for the year	808,381	1,797,642	2,606,023
Disposals and write-offs	(6,029,707)	(1,411,582)	(7,441,289)
At 31 December 2024	2,009,545	7,972,502	9,982,047
<i>Net book value</i>			
At 1 January 2023	531,358	1,776,111	2,307,469
At 31 December 2023 and 1 January 2024	563,347	2,783,408	3,346,755
At 31 December 2024	16,624,223	5,108,074	21,732,297

The gross amount of the Company's fully depreciated equipment that was still in use as at 31 December 2024 amounted to Baht 5.25 million (2023: Baht 12.74 million).

Pacific Cross Health Insurance Public Company Limited
Notes to the financial statements
For the year ended 31 December 2024

10 Leases

As a lessee

<i>At 31 December</i>	2024	2023
	<i>(in Baht)</i>	
<i>Right-of-use assets</i>		
Buildings and buildings improvement	37,755,290	9,603,055
Vehicles	1,976,303	3,792,760
Equipment	422,367	-
Total	<u>40,153,960</u>	<u>13,395,815</u>

In 2024, additions to the right-of-use assets of the Company were Baht 43.57 million (2023: additions Baht 15.45 million).

<i>For the year ended 31 December</i>	2024	2023
	<i>(in Baht)</i>	
<i>Amounts recognised in profit or loss</i>		
Depreciation of right-of-use assets:		
- Buildings and buildings improvement	7,361,425	4,519,331
- Vehicles	1,223,785	1,395,682
- Equipment	55,392	-
Interest on lease liabilities	2,386,639	795,092
Lease expense	2,308,663	684,883

In 2024, total cash outflow for leases of the Company were Baht 8.71 million (2023: Baht 6.52 million).

Pacific Cross Health Insurance Public Company Limited
Notes to the financial statements
For the year ended 31 December 2024

11 Intangible assets

	Computer software	Software under installation (in Baht)	Total
<i>Cost</i>			
At 1 January 2023	4,423,093	2,666,038	7,089,131
Additions	5,809,875	3,130,876	8,940,751
At 31 December 2023 and 1 January 2024	10,232,968	5,796,914	16,029,882
Additions	485,922	-	485,922
At 31 December 2024	10,718,890	5,796,914	16,515,804
<i>Accumulated amortisation</i>			
At 1 January 2023	3,249,428	-	3,249,428
Amortisation for the year	366,856	-	366,856
At 31 December 2023 and 1 January 2024	3,616,284	-	3,616,284
Amortisation for the year	871,011	-	871,011
At 31 December 2024	4,487,295	-	4,487,295
<i>Net book value</i>			
At 1 January 2023	1,173,665	2,666,038	3,839,703
At 31 December 2023 and 1 January 2024	6,616,684	5,796,914	12,413,598
At 31 December 2024	6,231,595	5,796,914	12,028,509

As at 31 December 2024, certain intangible assets at cost of Baht 3.05 million were fully amortized but still in use (2023: Baht 3.05 million).

12 Other assets

	Note	2024	2023
(in Baht)			
Deposits		3,754,740	1,565,505
Prepaid expense		3,368,353	591,297
Advance prepaid of regional service fee	24	-	54,403,865
Accrued income of regional service fee	24	9,664,732	-
VAT receivables		18,565,318	-
Others		28,617,278	6,207,209
Total		63,970,421	62,767,876

Pacific Cross Health Insurance Public Company Limited
Notes to the financial statements
For the year ended 31 December 2024

13 Insurance contract liabilities

	2024			2023		
	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	119,909,260	(117,117,952)	2,791,308	79,759,795	(68,170,653)	11,589,142
- Incurred but not reported	39,702,912	(18,540,709)	21,162,203	65,577,950	(10,834,294)	54,743,656
Total loss reserves and outstanding claims	159,612,172	(135,658,661)	23,953,511	145,337,745	(79,004,947)	66,332,798
Unearned premium reserves	555,627,412	(232,123,077)	323,504,335	569,635,186	(126,683,146)	442,952,040
Total	715,239,584	(367,781,738)	347,457,846	714,972,931	(205,688,093)	509,284,838
13.1 Loss reserves and outstanding claims						
At 1 January	145,337,745	(79,004,947)	66,332,798	156,893,330	(59,447,688)	97,445,642
Insurance claim expense incurred during the year	841,987,508	(238,122,860)	603,864,648	743,325,807	(156,376,886)	586,948,921
Change in estimation and assumption	(25,875,038)	(7,706,415)	(33,581,453)	(23,859,266)	(462,320)	(24,321,586)
Insurance claim expense paid during the year	(801,838,043)	189,175,561	(612,662,482)	(731,022,126)	137,281,947	(593,740,179)
At 31 December	159,612,172	(135,658,661)	23,953,511	145,337,745	(79,004,947)	66,332,798
13.2 Unearned premium reserves						
At 1 January	569,635,185	(126,683,146)	442,952,039	612,766,955	(130,342,540)	482,424,415
Premium written during the year	1,736,971,430	(438,979,356)	1,297,992,074	2,360,530,862	(258,375,966)	2,102,154,896
Earned premium in the year	(1,750,979,203)	333,539,424	(1,417,439,779)	(2,403,662,631)	262,035,360	(2,141,627,271)
At 31 December	555,627,412	(232,123,078)	323,504,334	569,635,186	(126,683,146)	442,952,040
Unexpired risk reserves	352,874,885	(156,375,036)	196,499,849	207,616,620	(58,633,965)	148,982,655

As at 31 December 2024, no additional reserve for unexpired risk reserves has been established as the unexpired risk reserves estimated by the Company amounting to Baht 352.87 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 financial statements
For the year ended 31 December 2024

13.3 Loss development triangle

As at 31 December 2024

Accident year / Accounting year	2020	2021	2022	2023	2024	Total
	<i>(in Baht)</i>					
Estimated loss reserves and outstanding claims						
At year ended of accident year	228,997,126	290,149,892	458,824,813	675,559,263	771,265,556	
Development year 1	213,578,259	262,900,402	416,397,296	675,559,263		
Development year 2	213,560,961	260,122,619	416,397,296			
Development year 3	213,922,528	260,122,619				
Development year 4	213,922,528					
Absolute estimated loss reserves and outstanding claims	213,922,528	260,122,619	416,397,296	675,559,263	771,265,556	2,337,267,262
Accumulated claim paid	213,922,528	260,122,619	416,397,296	675,543,494	622,403,103	2,188,389,040
Total	-	-	-	15,769	148,862,453	148,878,222
Loss reserve - 2020						-
Adjustment case reserve - accounting						2,301,737
Reinsurance						7,445,560
Total loss reserve						158,625,517
Unallocated loss adjustment expense						986,655
						159,612,172

Pacific Cross Health Insurance Public Company Limited
Notes to the financial statements
For the year ended 31 December 2024

As at 31 December 2023

Accident year / Accounting year	2019	2020	2021	2022	2023	Total
	<i>(in Baht)</i>					
Estimated loss reserves and outstanding claims						
At year ended of accident year	248,745,906	228,997,126	290,149,892	458,824,813	675,559,263	
Development year 1	238,107,164	213,578,259	262,900,402	416,397,296		
Development year 2	238,434,413	213,560,961	260,122,619			
Development year 3	239,017,569	213,922,528				
Development year 4	239,047,453					
Absolute estimated loss reserves and outstanding claims	239,047,453	213,922,528	260,122,619	416,397,296	675,559,263	1,805,049,159
Accumulated claim paid	239,043,269	213,920,978	260,100,884	414,688,221	541,074,783	1,668,828,135
Total	4,184	1,550	21,735	1,709,075	134,484,480	136,221,024
Loss reserve - 2019						16,350
Adjustment case reserve - accounting						4,016,761
Reinsurance						2,813,480
Total loss reserve						143,067,615
Unallocated loss adjustment expense						2,270,130
						145,337,745

Pacific Cross Health Insurance Public Company Limited

Notes to the financial statements

For the year ended 31 December 2024

14 Reinsurance payable

	2024	2023
	<i>(in Baht)</i>	
Amounts withheld on reinsurance	122,329,226	77,170,604
Due to reinsurers	96,319,094	75,725,841
Total	<u>218,648,320</u>	<u>152,896,445</u>

15 Employee benefit obligations

	2024	2023
	<i>(in Baht)</i>	
Post-employment benefits	2,982,143	4,163,966
Other long-term employee benefits	360,643	645,510
Total	<u>3,342,786</u>	<u>4,809,476</u>

Defined benefit plan

The Company operates a defined benefit plan based on the requirement of Thai Labour Protection Act (No.7) B.E.2562 (2019) to provide retirement benefits to employees based on pensionable remuneration and length of service.

The defined benefit plans expose the Company to actuarial risks, such as longevity risk, interest rate risk and market (investment) risk.

Present value of the defined benefit obligations

	2024	2023
	<i>(in Baht)</i>	
At 1 January	4,809,476	3,796,216
Included in profit or loss		
Current service cost	588,228	658,201
Interest on obligation	141,726	114,299
Included in other comprehensive income		
Actuarial loss (gain)		
- Demographic assumptions	-	372
- Financial assumptions	247,528	21,072
- Experience adjustment	(2,284,172)	219,316
	<u>3,502,786</u>	<u>4,809,476</u>
Benefits paid	(160,000)	-
At 31 December	<u>3,342,786</u>	<u>4,809,476</u>

The principal actuarial assumptions at the reporting date (expressed as weighted averages)

	2024	2023
Retirement age	60 years	60 years
Mortality rate	Thai Mortality table 2017	Thai Mortality table 2017
Employee turnover (%)	10.00 - 20.00 per annum	10.00 - 20.00 per annum
Discount rate (%)	2.42 per annum	2.95 per annum
Future salary growth (%)	5.00 per annum	4.26 per annum

Pacific Cross Health Insurance Public Company Limited
Notes to the financial statements
For the year ended 31 December 2024

Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation and the other long-term employee benefits by the amounts shown below.

**Defined benefit obligation
at 31 December**

	2024		2023	
	Increase	Decrease	Increase	Decrease
	<i>(in Baht)</i>			
Future salary growth (1% movement)	212,392	(195,434)	329,105	(298,390)
Employee turnover (1 % of assumption movement)	(253,674)	280,206	(394,042)	441,117
Discount rate (1% movement)	(216,965)	240,373	(339,561)	381,260

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligations as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

16 Other liabilities

	2024	2023
	<i>(in Baht)</i>	
Other accrued expenses	41,589,000	70,278,137
Commission and brokerage payable	25,781,667	30,284,967
Premium received in advance	41,855,860	7,147,861
Claim payable and commission payable obtained from portfolio transfers	42,076,105	42,076,106
Others	6,947,541	15,194,380
Total	<u>158,250,173</u>	<u>164,981,451</u>

17 Legal reserve

Section 116 of the Public Companies Act B.E. 2535 requires that a public company shall allocate not less than 5% of its annual net profit, less any accumulated losses brought forward, to a reserve account ("legal reserve"), until this account reaches an amount not less than 10% of the registered authorised capital. The legal reserve is not available for dividend distribution.

Pacific Cross Health Insurance Public Company Limited

Notes to the financial statements

For the year ended 31 December 2024

18 Operating expenses

<i>For the year ended 31 December</i>		2024	2023
		<i>(in Baht)</i>	
Employee expenses	Note 20	91,825,334	83,912,717
VAT expenses		16,423,491	88,595,083
Professional fees		4,623,511	4,906,500
Regional service	24	49,081,641	66,973,741
Depreciation and amortisation expenses		12,030,793	7,780,328
Doubtful debt expenses		727,494	5,017,878
Rental of equipment, building and service expenses	20	2,152,343	277,869
Other operating expenses		37,390,144	44,227,114
Total		214,254,751	301,691,230

19 Employee benefit expenses

<i>For the year ended 31 December</i>		2024	2023
		<i>(in Baht)</i>	
Salaries and wages		87,340,685	79,312,554
Post-employment benefits		729,954	772,501
Provident fund contribution		1,631,027	1,781,877
Others		2,853,622	2,818,286
Total		92,555,288	84,685,218

20 Expenses by nature

<i>For the year ended 31 December</i>		2024	2023
		<i>(in Baht)</i>	
<i>Employee expenses</i>			
Included in insurance claims expenses		4,342,524	4,463,382
Included in other underwriting expenses		4,046,242	2,438,891
Included in operating expenses	18	91,825,334	83,912,717
Total		100,214,100	90,814,990
<i>Rental of equipment, building and service expenses</i>			
Included in operating expenses		2,152,343	277,869
Total		2,152,343	277,869

21 Expected credit loss (reversal)

<i>For the year ended 31 December</i>		2024	2023
		<i>(in Baht)</i>	
Financial assets			
Financial assets measured at amortised cost		(26,324)	117,537
Total		(26,324)	117,537

Pacific Cross Health Insurance Public Company Limited
Notes to the financial statements
For the year ended 31 December 2024

22 Income tax expense

Income tax recognised in profit or loss

	2024	2023
	<i>(in Baht)</i>	
Current tax		
Current period	26,253,352	78,774,537
Adjustment for prior period	13,778	(32,492,147)
Deferred tax		
Movements in temporary differences	19,894,697	5,058,033
Total	<u>46,161,827</u>	<u>51,340,423</u>

Income tax recognised in other comprehensive income

	2024			2023		
	Before tax	Tax (expense) benefit	Net of tax	Before tax	Tax (expense) benefit	Net of tax
	<i>(in Baht)</i>					
Defined benefit plan actuarial losses	2,036,644	(407,329)	1,629,315	(240,759)	48,152	(192,607)
Total	<u>2,036,644</u>	<u>(407,329)</u>	<u>1,629,315</u>	<u>(240,759)</u>	<u>48,152</u>	<u>(192,607)</u>

Reconciliation of effective tax rate

		2024		2023	
	Rate (%)	<i>(in Baht)</i>	Rate (%)	<i>(in Baht)</i>	
Profit before income tax		173,328,798		254,074,851	
Income tax using the Thai corporation tax rate	20	34,665,760	20	50,814,970	
Income not subject to tax		(2,381,856)		(103,354)	
Expenses not deductible for tax purposes		13,864,145		33,120,954	
Under (over) provided in prior years		13,778		(32,492,147)	
Total	27	<u>46,161,827</u>	20	<u>51,340,423</u>	

Deferred tax

	2024	2023
	<i>(in Baht)</i>	
Deferred tax assets	16,520,704	28,791,939
Deferred tax liabilities	(8,030,791)	-
Net deferred tax assets	<u>8,489,913</u>	<u>28,791,939</u>

Pacific Cross Health Insurance Public Company Limited
Notes to the financial statements
For the year ended 31 December 2024

Movements in total deferred tax assets and liabilities during the year ended 31 December 2024 and 2023 is as follow:

	At 1 January 2024	(Charged) / credited to:		At 31 December 2024
		Profit or loss	Other comprehensive income	
		<i>(in Baht)</i>		
<i>Deferred tax assets</i>				
Allowance for doubtful accounts	1,977,809	145,498	-	2,123,307
Allowance of impairment	102,896	(5,265)	-	97,631
Premium reserves	12,292,833	(12,292,833)	-	-
Loss reserves	13,266,560	(8,475,857)	-	4,790,703
Employee benefits obligation	1,116,095	113,991	(407,329)	822,757
Unrealised loss from financial assets measured at fair value through profit or loss	35,746	120,057	-	155,803
Lease liabilities	-	8,530,503	-	8,530,503
Total	28,791,939	(11,863,906)	(407,329)	16,520,704
	At 1 January 2024	(Charged) / credited to:		At 31 December 2024
		Profit or loss	Other comprehensive income	
		<i>(in Baht)</i>		
<i>Deferred tax liabilities</i>				
Right-of-use assets	-	8,030,791	-	8,030,791
Total	-	8,030,791	-	8,030,791
Net	28,791,939	(19,894,697)	(407,329)	8,489,913
	At 1 January 2023	(Charged) / credited to:		At 31 December 2023
		Profit or loss	Other comprehensive income	
		<i>(in Baht)</i>		
<i>Deferred tax assets</i>				
Allowance for doubtful accounts	1,027,027	950,781	-	1,977,808
Allowance of impairment	79,389	23,507	-	102,896
Premium reserves	12,292,833	-	-	12,292,833
Loss reserves	19,489,128	(6,222,567)	-	13,266,561
Employee benefits obligation	913,443	154,500	48,152	1,116,095
Unrealised loss from financial assets measured at fair value through profit or loss	-	35,746	-	35,746
Total	33,801,820	(5,058,033)	48,152	28,791,939

Pacific Cross Health Insurance Public Company Limited
Notes to the financial statements
For the year ended 31 December 2024

23 Basic earnings per share

The calculations of basic earnings per share for the year ended 31 December 2024 and 2023 were based on the profit for the years attributable to ordinary shareholders of the Company and the number of ordinary shares outstanding during the year were as follows:

	2024	2023
Profit for the period attributable to ordinary shareholders (<i>in Baht</i>)	<u>127,166,971</u>	<u>202,734,428</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>in Baht</i>)	<u>6.36</u>	<u>10.14</u>

24 Related parties

Relationships with other related parties and key management which the Company has significant transactions with were as follows:

Relationship with key management and related parties were as follows:

Name of entities/individuals	Country of incorporation	Nature of relationships
Med-Sure Services Limited	Thailand	Major shareholder (69.15% shareholding)
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.

The pricing policies for significant types of transactions are explained further below:

<u>Significant transactions type</u>	<u>Pricing policies</u>
Rental and service income (other income)	At contractually agreed prices
Underwriting and loss adjustment expenses (other underwriting expenses and insurance claim expenses)	At contractually agreed prices
Regional service charged (operating expenses)	At mutually agreed prices

Transactions with related parties and key management for the year ended 31 December 2024 and 2023 were as follows:

	2024	2023
	<i>(in Baht)</i>	
<i>Med-Sure Services Limited</i>		
Rental and service income	1,188,911	571,916
Underwriting	65,486,659	66,980,333
Loss adjustment expense	38,150,247	44,013,745

Pacific Cross Health Insurance Public Company Limited
Notes to the financial statements
For the year ended 31 December 2024

	2024	2023
	<i>(in Baht)</i>	
<i>Pacific Cross International Limited</i>		
Regional service charged	49,081,641	66,973,741
<i>Key management personnel compensation</i>		
Short-term employee benefits	13,975,137	16,816,489
Directors remuneration	815,000	1,350,000
Post-employment benefits	260,121	244,928
Total	<u>15,050,258</u>	<u>18,411,417</u>

Significant balance with related parties as at 31 December 2024 and 2023 were as follows:

	2024	2023
	<i>(in Baht)</i>	
<i>Med-Sure Services Limited</i>		
Underwriting and loss adjustment payable	13,216,422	10,252,736
<i>Pacific Cross International Limited</i>		
Advance prepaid of regional service fee	-	54,403,865
Accrued income of regional service fee	9,664,732	-

25 Risk management and financial instruments

Insurance risk management policy

Insurance risk may cause from mortality risk, morbidity rate, persistency rate or actual expenses ratio which may differ from estimated expenses ratio which may cause negative impact to the Company operating results. The Company sets up product development team to create idea and develop product to meet target group's desirable and support the Company operating strategy under the Company risk management policy.

Moreover, the Company sets up clear underwriting policy standard for each product plan, age and gender. In underwriting process, the Company considers other factors or premium payment ability of the policyholder. The Company need to evaluate the adequacy of insurance contract liabilities and capital adequacy ratio (CAR) to meet and greater than the minimum level required by regulation to ensure that the Company is able to support the risks that may arise in the future.

Sensitivity analysis

The sensitivity analysis is performed on the net loss reserves and outstanding claims, based on changes in assumptions that may affect the level of liabilities. Effects of risk that changes in assumptions as at 31 December 2024 and 2023 were as follows:

Impact on general insurance liabilities to upward changes in key assumptions on gross and net insurance liabilities at 75% confidence level.

Pacific Cross Health Insurance Public Company Limited
Notes to the financial statements
For the year ended 31 December 2024

	Change in Assumptions (%)	Gross Liabilities	Net Liabilities	2024 Profit before Income tax (in Baht)	Equity
Ultimate loss ratio in latest accident year	+5% multiplicative	48,095,592	35,300,603	(35,300,603)	(28,240,482)
Unallocated loss adjustment expense ratio	+20% multiplicative	231,423	231,423	(231,423)	(185,138)
	Change in Assumptions (%)	Gross Liabilities	Net Liabilities	2023 Profit before Income tax (in Baht)	Equity
Ultimate loss ratio in latest accident year	+5% multiplicative	39,459,392	30,425,999	(30,425,999)	(24,340,799)
Unallocated loss adjustment expense ratio	+20% multiplicative	508,509	508,509	(508,509)	(406,807)

Impact on general insurance liabilities to downward changes in key assumptions on gross and net insurance liabilities at 75% confidence level.

	Change in Assumptions (%)	Gross Liabilities	Net Liabilities	2024 Profit before Income tax (in Baht)	Equity
Ultimate loss ratio in latest accident year	-5% multiplicative	(48,095,592)	(35,300,603)	35,300,603	28,240,482
Unallocated loss adjustment expense ratio	-20% multiplicative	(231,423)	(231,423)	231,423	185,138
	Change in Assumptions (%)	Gross Liabilities	Net Liabilities	2023 Profit before Income tax (in Baht)	Equity
Ultimate loss ratio in latest accident year	-5% multiplicative	(39,459,392)	(30,425,999)	30,425,999	24,340,799
Unallocated loss adjustment expense ratio	-20% multiplicative	(508,509)	(508,509)	508,509	406,807

Concentration of insurance risks

Concentration risk is a risk arising from the concentration of reinsuring to one company or concentrating on only one type of insurance in the large and inappropriate amount. The Company manages reinsurance to reduce the concentration risks, the process of selection of the reinsurance company is prioritized where the credit rating will be considered in order to get only quality reinsurance companies. Moreover, the importance of monitoring and assessing the financial stability and diversification of reinsurers are also taken into account.

Pacific Cross Health Insurance Public Company Limited
Notes to the financial statements
For the year ended 31 December 2024

Financial risk management policies

The Company is exposed to normal financial risks from changes in market interest rates and non-performance of contractual obligations by counterparties. The Company does not hold or issue derivatives for speculative or trading purpose.

Risk management is integral to the whole business of the Company. The Company has a system of controls in place to create an acceptable balance between the cost of risk occurring and the cost of managing the risks. The management continually monitors the Company's risk management process to ensure that an appropriate balance between risk and control is achieved.

Capital management

The Company's objectives in managing capital is to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for the stakeholders.

Monitoring the capital level of the Company to comply with the requirements under the Notifications of the Office of Insurance Commission is conducted.

As at 31 December 2024 and 2023, the Company maintains capital level in compliance with such requirement.

Interest rate risk

Interest rate risk is the risk that the future movement in market interest rates will affect the interest income from deposit at banks of the Company which have fixed interest rates. The Company has managed investment risk by considering the risk of investments together with the return on such investments.

As at 31 December 2024 and 2023 significant financial assets classified by type of interest rate are as follows:

	2024			
	Fixed interest rate	Floating interest rate	Non-interest bearing	Total
	<i>(in Baht)</i>			
Financial assets				
Cash and cash equivalents	-	486,330,690	2,966,585	489,297,275
Financial assets	523,200,715	-	167,762,188	690,962,903
Total	523,200,715	486,330,690	170,728,773	1,180,260,178
	2023			
	Fixed interest rate	Floating interest rate	Non-interest bearing	Total
	<i>(in Baht)</i>			
Financial assets				
Cash and cash equivalents	-	397,614,142	1,778,036	399,392,178
Financial assets	692,123,271	-	87,988,273	780,111,544
Total	692,123,271	397,614,142	89,766,309	1,179,503,722

Pacific Cross Health Insurance Public Company Limited
Notes to the financial statements
For the year ended 31 December 2024

As at 31 December 2024 and 2023, financial assets carrying interest at fixed rates are classified on the basis of the length of time from the reporting date to the next re-pricing date, or to the maturity date whichever is sooner. The details are as follows:

	Interest rate (% per annum)	Within 1 year	Maturity period		Total
			After 1 year but within 5 years	Over 5 years	
<i>At 31 December 2024</i>					
Financial assets					
Financial assets	0.05 - 2.40	469,639,955	53,560,760	-	523,200,715
Total		469,639,955	53,560,760	-	523,200,715

	Interest rate (% per annum)	Within 1 year	Maturity period		Total
			After 1 year but within 5 years	Over 5 years	
<i>At 31 December 2023</i>					
Financial assets					
Financial assets	0.05 - 2.40	513,072,510	179,050,761	-	692,123,271
Total		513,072,510	179,050,761	-	692,123,271

Credit risk

Concentrations of the credit risk with respect to premium receivable are insignificant because the Company's customers diverse across different industries and geographic regions in Thailand. The maximum exposure to credit risk is limited to the carrying value of such premium receivable after deduction of allowance for doubtful debts as stated in the statements of financial position.

Credit quality analysis

The following table sets out information about the credit quality as at 31 December 2024 and 2023 of debt securities measured at fair value through other comprehensive income and debt securities measured at amortised cost, based on Thai Rating and Information Service Co., Ltd. (TRIS) and Fitch Ratings (Thailand) Limited.

	31 December 2024 (in Baht)			Total
	Stage 1	Stage 2	Stage 3	
Investments measured at amortised cost				
Private debt securities				
Rated A and above	10,000,000	-	-	10,000,000
Carrying amount	10,000,000	-	-	10,000,000
Less allowance for excepted credit loss	(9,656)	-	-	(9,656)
Net carrying amount	9,990,344	-	-	9,990,344

Pacific Cross Health Insurance Public Company Limited
Notes to the financial statements
For the year ended 31 December 2024

	31 December 2023 (in Baht)			Total
	Stage 1	Stage 2	Stage 3	
<i>Investments measured at amortised cost</i>				
Private debt securities				
Rated A and above	10,000,000	-	-	10,000,000
Carrying amount	10,000,000	-	-	10,000,000
Less allowance for excepted credit loss	(10,522)	-	-	(10,522)
Net carrying amount	9,989,478	-	-	9,989,478

Liquidity risk

Liquidity risk is a risk arising from lack of ability to pay debt or perform other obligations when such debts or obligations are due.

The Company manages, controls and monitors the liquidity ratio closely to provide sufficient supporting the debt arising from the insurance contract and demanding the money in each time interval. The Company's financial assets mainly comprise cash and deposit at financial institutions which is highly liquid.

Carrying amount and fair values

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.

<i>At 31 December 2024</i>	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	
<i>Financial assets</i>					
Equity securities	22,064,313	22,064,313	-	-	22,064,313
Unit trusts	64,677,448	-	64,677,448	-	64,677,448
Total	86,741,761	22,064,313	64,677,448	-	86,741,761

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 due to short terms to maturity: cash and cash equivalents, accrued investment income, premiums due and uncollected, reinsurance receivables, other receivables, due to reinsurers, and other payables.

Pacific Cross Health Insurance Public Company Limited
Notes to the financial statements
For the year ended 31 December 2024

26 Securities and assets pledged with the Registrar

26.1 As at 31 December 2024 and 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:

	2024 Book value	2023 Book value
	<i>(in Baht)</i>	
Term deposits	<u>3,500,000</u>	<u>3,500,000</u>

26.2 As at 31 December 2024 and 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:

	2024 Book value	2023 Book value
	<i>(in Baht)</i>	
Term deposits	<u>218,832,415</u>	<u>217,483,034</u>

27 Contribution to Non-Life Insurance Fund

As at 31 December 2024 and 2023, the accumulated Contribution to Non-Life Insurance Fund were as follows:

	2024	2023
	<i>(in Baht)</i>	
At 1 January	18,814,552	11,787,784
Increase during the year	<u>9,468,869</u>	<u>7,026,768</u>
At 31 December	<u>28,283,421</u>	<u>18,814,552</u>

28 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.

Pacific Cross Health Insurance Public Company Limited
Notes to the financial statements
For the year ended 31 December 2024

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 considering and closely monitoring the potential impact of adopting and initially applying those TFRSs on the financial statements. In addition, the adoption of the new accounting standard TFRS 17 has prompted a review of the corporate income tax regulation related to the insurance business. The insurance industry is awaiting an update of relevant tax regulations in order to assess the financial impact of such changes. The Company is closely monitoring the development and potential impact.