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Asia Capital Reinsurance Group Pte. Ltd.
and its subsidiaries
Registration Number: 200617360M

Annual Report

Year ended 31 December 2023

Contents

Directors' Statement

We are pleased to submit this annual report to the member of the Company together with the audited financial statements for the financial year ended 31 December 2023.

During the year, the Monetary Authority of Singapore approved the Company's applications for capital reduction, following which, the Company completed the capital reduction exercises in January 2023 and November 2023 for a total of 145,000,000 shares at US$1.00 each amounting to US$145,000,000.

In our opinion:

(a) the financial statements set out on pages FS1 to FS132 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2023 and the financial performance, changes in equity and cash flows of the Group for the year ended on that date in accordance with the requirements set out in section 207 of the Singapore Companies Act 1967 (the "Act") and section 94 of the Insurance Act 1966 and Singapore Financial Reporting Standards; and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The Board of Directors has on the date of this statement, authorised these financial statements for issue.

Directors

The directors in office at the date of this statement are as follows:

Sim Hwee Cher	
Tan Tek Jun	(Appointed on 1 February 2024)
Andrew Bernard Diaz-Matos	(Appointed on 21 March 2024)

Directors' Interests

According to the register kept by the Company for the purposes of Section 164 of the Act, no director who held office at the end of the financial year had interests in shares, debentures, warrants or share options of the Company, or of related corporations, either at the beginning or at the end of the financial year, except as follows:

	Holdings in the name of the director, spouse, or children under 18 years	
Name of director in which interests are held	**At beginning of the year/date of appointment**	**At end of the year/date of resignation**
Catalina Holdings (Bermuda) Ltd		
(B Shares)		
Ian David Parker	89,546	18,000
(C Shares)		
Ian David Parker	200,000	–

Except as disclosed in this statement, neither at the end of, nor at any time during the financial year, was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate. Mr Ian David Parker has retired on 22 January 2024.

Share Options

During the financial year, there were:

(i) no options granted by the Company to any person to take up unissued shares in the Company; and

(ii) no shares issued by virtue of any exercise of option to take up unissued shares of the Company.

As at the end of the financial year, there were no unissued shares of the Company under option.

Auditors

The external auditors, Deloitte & Touche LLP, have expressed their willingness to accept re-appointment.

On behalf of the Board of Directors

Tan Tek Jun
Director

Sim Hwee Cher
Director

28 June 2024

Statement on Corporate Governance

The Board's Conduct of Affairs

The Board of Directors (Board) as at the date of this statement comprises the following 3 directors:

(i) Sim Hwee Cher (Independent Non-Executive Director)
(ii) Andrew Bernard Diaz-Matos (Non-Independent Non-Executive Director)
(iii) Tan Tek Jun (Executive Director)

The key information regarding the directors is set out below:

Name of Director	Nature of Appointment	Date When First Appointed	Academic and Professional Qualifications
Sim Hwee Cher	Chairman and Independent Non-Executive Director	9 September 2019	Bachelor of Accountancy (Honours) from National University of Singapore
Andrew Bernard Diaz-Matos	Non-Independent Non-Executive Director	21 March 2024	Juris Doctor, cum laude, Pace University School of Law, White Plains, New York Bachelor of Arts, Boston University, Boston, Massachusetts
Tan Tek Jun	Executive Director	1 February 2024	Bachelor of Commerce Degree (Hons), The University of Melbourne

Board Responsibility

The Board directs and oversees the management of the Company in the conduct of its affairs, ensure the corporate responsibility, corporate governance, conduct and ethical standards are met.

The following are the key responsibilities of the Board:

(i) setting the long-term strategic direction and long-term goals of the Company and its branches, and ensuring that adequate capital and resources are available to meet its strategic objectives;
(ii) approving and monitoring capital and financial plans to ensure that they are in line with the Catalina Group's strategic directions, the annual budget, the annual and interim financial statements;
(iii) establishing a risk strategy and framework for risks to be assessed and managed;

(iv) monitoring and reviewing Management's performance;

(v) supervising the Company's financial, operational, compliance and information technology controls, as well as accounting policies and systems, which are collectively known internal controls, and interacts with external auditor to ensure compliance with regulations governing accounting standards and financial report;

(vi) using its wide-ranging expertise and experience to review corporate plans and policies as well as major decisions;

(vii) setting values and standards for the Company and ensuring that obligations to its stakeholders are understood and met;

(viii) considering sustainability issues (including environment and social factors) as part of the Company's strategy; and

(ix) observing and being guided by the regulations contained in the Singapore Companies Act (the "Act"); the Insurance (Corporate Governance) Regulations 2013 (the "Insurance (CG) Regulations"); the Constitution of the Company (the "Constitution") and applicable rules and regulations of the Monetary Authority of Singapore (the "MAS"), including the Guidelines on Individual Accountability and Conduct issued by the MAS.

Following the reclassification of the Company as a Tier 2 Insurer by the MAS on 24 March 2022, the Board has assumed the duties and responsibilities of the Audit Committee, Risk Management Committee, Nominating Committee and Remunerating Committee (collectively, the "Board Committees").

The terms of reference ("TOR") of the Board has been amended accordingly to include the duties and responsibilities of the Board Committees.

The Board has put in place the financial authorisation and approval limits for the operating and capital expenditure as well as acquisition and disposal of investments. Within these guidelines, the Board approves transactions above certain thresholds. The Board is also guided by the provisions of the Company's Constitution.

Material Transactions Requiring Board's Approval

The following are material transactions requiring Board's approval:

(i) the Company's strategic and business plans;

(ii) the Company's annual budget;

(iii) capital expenditure and expenditure exceeding annual budget and/or approval limits;

(iv) strategic investments and divestments;

(v) capital related matters including capital adequacy objectives and proposals for capital issuance, reduction and redemption;

(vi) dividend policy; and

(vii) risk strategy and risk appetite.

Board Meetings and Attendance

Board meetings are held regularly, and ad hoc meetings are held whenever required. When exigencies prevent a director from attending the Board meeting in person, the director can participate by teleconferencing and videoconferencing. Board approvals are also obtained through circular written resolutions as permitted under the Company's Constitution. During the financial year, there were 3 (2022: 3) scheduled meetings held.

The table below sets out the number of Board meetings held and attended by the Board members during the financial year:

Name of Director	**Board** **Meetings Attended/ Held**
Sim Hwee Cher	3/3
Ian David Parker[i]	3/3
Loh Wei-Lyn[ii]	3/3

Notes:
(i) Mr Ian David Parker retired as a Director on 21 January 2024.
(ii) Ms Loh Wei-Lyn retired as a Director on 1 February 2024.

Board Induction and Training

Each Board member may undergo training as may be relevant or required by the Board so as to meet the fitness and propriety requirements.

New Board members will undergo a series of induction briefings by the Management to understand the Company's operations, Catalina Group businesses and governance practices.

Board Composition and Guidance

Board Balance

One-third of the Board comprises of an Independent Director and such Independent Director is also the Chairman. The composition of the Board is in line with the Directives issued by the MAS.

The Board members collectively bring range and depth of experience and industry expertise to the table, representing diversity of nationality, skills, and knowledge without interfering with efficient decision-making. The Board is of the view that the current size of the Board remains appropriate and will continue to review the size and composition of the Board by considering the requirements of the business and the Directives of the MAS as well as such relevant laws.

Independence of Judgement

The Board continues to exercise independent objective judgement in the Company's corporate affairs. The Company determines the independence of its directors in accordance with the requirements set out in the Insurance (CG) Regulations and MAS' Guidelines on Corporate Governance for Designated Financial Holding Companies, Banks, Direct Insurers, Reinsurers and Captive Insurers which are incorporated in Singapore (the "Guidelines").

Annual Review of Directors' Independence

The Board reviews and determines the independence of the Independent Director on an annual basis. In making the determination, the Board will take into consideration whether a director is: (i) independent of Management and business relationships; (ii) independent from substantial shareholder(s); and (iii) independent based on length of service. The sole Independent Director is Sim Hwee Cher. The Independent Director provides the Board with objectivity and balance of perspectives. He will ensure that the performance of Management is objectively measured against the key performance indicators established annually to measure and guide Management's performance.

Chairman and Chief Executive Officer

A clear division of responsibilities between the Chairman and the Chief Executive Officer allows the Chairman to formally assume the role of an independent leader who chairs Board meetings and leads the oversight of Management. The Chairman manages the Board's business and ensures the meeting agendas are aligned with the strategic priorities of the Company. He also provides guidance to and encourages constructive relations among the Board, the Chief Executive Officer and Management.

On the basis that the present Chairman is independent, the Board does not see it necessary to appoint a lead Independent Director at this point in time. The Chairman provides a clear and distinct leadership to the Board on the Company's strategic growth. The Chief Executive Officer oversees the execution of the Company's strategy and is responsible for managing its day-to-day operations.

Board Membership

New Director

As part of the process of the appointment of new director(s), the Board will carry out the following procedures to assess the potential candidate:

(i) review a candidate's qualifications, attributes, capabilities, skills, age, past experience and such other relevant factors as may be determined by the Board to determine whether the candidate is a fit and proper person for the office in accordance with the Company's Fit and Proper Policy;

(ii) ascertain whether the candidate is independent from any substantial shareholder of the Company and/or from Management and business relationship with the Company; and

(iii) ascertain whether the current commitments of the candidate would give rise to any conflict of interest or hamper the candidate from discharging his statutory duties in respect of the Company.

Upon appointment, a letter of appointment detailing the terms of appointment will be issued to the new director.

Rotation and Re-election of Directors

Pursuant to Guideline 4.8 of the Guidelines issued by the MAS, all the directors nominated of the Company should submit themselves for re-nomination and re-appointment to the Board at least once every three (3) years at the Annual General Meeting of the Company. The Directors are subject to the term of office stipulated in the MAS Directives, and the continuation of their office will require the approval from the MAS.

Directors' Time Commitment

The Board has not made a determination of the maximum number of listed company board representations a director may hold. However, the Board reviews each Board member's additional directorships in other corporations from time to time to ensure sufficient time commitment by each director.

Board Guidance

The Board is kept well-informed of the Company's businesses and affairs and updated on the industry trends and developments in which the businesses operate. This is to enable the Board to remain effective and robust and for members of the Board to engage in open and constructive debate and to challenge Management on its assumptions and proposals as part of good corporate governance. To ensure that Non-Executive Directors are well supported by accurate, complete and timely information, Non-Executive Directors have unrestricted access to Management to provide them with such additional information, sufficient resources (including the discretion to engage external advisers at the expense of the Company) to discharge their oversight function effectively and receive periodic information papers and board briefings on latest market developments and trends and key business initiatives.

Board Performance

An annual performance evaluation will be carried out to assess whether any of the Board members lack of any skills to carry out their duties and responsibilities effectively and identify steps to further enhance the effectiveness of the Board.

The Board will evaluate the tabulated assessment results and will review and assess whether the current assessment method is useful and effective in evaluating the Board's overall effectiveness.

Board Responsibilities on Audit Functions

The Board is responsible for overseeing financial reporting and the adequacy of the external and internal audit functions of the Company, including reviewing the scope and results of audits carried out in respect of the operations of the Company and the independence and objectivity of the Company's external auditors.

The Board's responsibilities include, *inter alia*:

(i) reviewing the annual financial statements of the Company to ensure integrity of reports and announcements on financial performance;
(ii) reviewing the adequacy and effectiveness of the Company's internal control and risk management systems annually;
(iii) reinforcing the effectiveness of internal and external audit processes;
(iv) reviewing and approving internal and external audit plans, the effectiveness of their audits, and the independence and objectivity of the external auditors;
(v) recommending the appointment, re-appointment and dismissal of the external auditors for approval by the shareholder of the Company, and approving the remuneration and terms of engagement of the external auditors; and
(vi) reviewing and, where appropriate, approving the appointment, reappointment, redeployment or termination (if necessary), evaluation, remuneration and terms of engagement of the internal auditor(s).

The Board will meet the internal and external auditors, without the presence of Management at least once during each financial year. Both internal and external auditors, have unrestricted access to the Board, and to information and such persons within the Company as may be necessary to conduct the audit.

Based on the annual assessment results on the effectiveness of the internal audit function, the Board is satisfied that during the financial year, the internal audit function is in good standing within the Company and is adequately resourced to fulfil its mandate. The Board also reviewed and evaluated the effectiveness, independence and objectivity of the external auditors, taking into consideration the nature and extent of the non-audit services that the external auditors provide to the Company.

Board Responsibilities on Risk Management Practices and Policies

The Board is responsible for the governance of risk and ensures Management maintains a sound system of risk management and internal controls, to safeguard the interests of the Company and its shareholder(s). This includes reviewing issues such as the effectiveness of the Company's risk management practices and policies.

The key responsibilities include, *inter alia*:

(i) maintaining a sound system of risk management and internal controls to safeguard the shareholder's interest and the Company's assets;
(ii) overseeing the establishment and operation of an independent risk management system for identifying, measuring, monitoring, controlling and reporting risks on an enterprise-wide basis;
(iii) reviewing and approving the risk appetite framework to ensure it is comprehensive, actionable, and aligned with the Company's business strategy and strategic decision making as well as integrated with internal processes;
(iv) reviewing the current risk profile, risk tolerance level and risk strategy of the Company to ensure the adequacy and effectiveness of the risk management and internal controls systems of ACRG group of companies; and
(v) monitoring risk exposures and risk strategy in accordance with approved guidelines.

Besides reviewing the above topics with the Management, the Board also reviews the risk appetite statement, retrocession analysis, arrangements and strategy, and large claims and commutations development.

Board Responsibilities on Compensation/Remuneration Policies and Management Development

The Board is also responsible for overseeing compensation policies and Management developments to ensure that the remuneration policies are in line with the Company's strategic objectives.

The key responsibilities include, *inter alia*:

(i) recommending and approving a framework for determining the remuneration, director's fees, salaries, allowances, bonuses, options, and benefits in kind that is in line with the Insurance (CG) Regulations;

(ii) ensuring that the remuneration policy is consistent with employment laws and regulations and remains relevant;

(iii) reviewing and approving the design of all share incentive plans/schemes for approval by the shareholders and reviewing their effectiveness in employee retention and the creation of long-term value for the Company;

(iv) overseeing management development and succession planning to ensure that the Company strengthens its core competencies, bench strength and leadership pipeline; and

(v) ensuring all provisions regarding the disclosure of remuneration are fulfilled and in line with the Insurance (CG) Regulations.

Remuneration Matters

The Board reviews matters concerning remuneration of the directors, the Chief Executive Officer and Management. The Board approves the framework of remuneration and also, the annual salary increment pool and total incentive pool for distribution to staff of all grades.

Breakdown of Directors' Remuneration for the financial year ended 31 December 2023

Name of Director	**Salary %**	**Directors' Fees %**	**Bonus %**	**Other Fees, Allowances and Benefits* %**	**Total %**
Sim Hwee Cher	–	100	–	–	100
Ian David Parker	–	–	–	–	–
Loh Wei-Lyn	64.6	–	34.7	0.7	100

* Other fees, allowances, meeting allowances and benefits including adviser fees, share based payment and out-of-pocket allowances.

None of the Directors has immediate family members who were employees of the Company and whose remuneration exceeded S$100,000 during the year.

Risk Management and Internal Controls

Risk Management

Risk management has been included under the topic on Board's Responsibilities on Risk Management Practices and Policies.

Internal Controls

The disclosure of Internal Controls of the Company has been included under the topic on Board's Responsibilities on Audit Functions in discharging its obligations, the Board relies on the findings of the internal and external auditors.

The Board has received assurance from the Chief Executive Officer and Head of Finance on the effectiveness of the Company's risk management and internal control systems, and that the financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances.

Based on the internal controls established and maintained by the Company, work performed by the internal and external auditors, and reviews performed by Management and the Board, the Board is of the opinion that the system of internal controls, including financial, operational, compliance and information technology controls and risk management systems, were adequate and effective as at 31 December 2023, to address the risks which the Company considers relevant and material to its operations.

The system of internal controls and risk management provides reasonable, but not absolute, assurance that the Company will not be adversely affected by any event that could be reasonably foreseen as it strives to achieve its business objectives. However, the Board also notes that no system of internal controls can provide absolute assurance in this regard, or absolute assurance against the occurrence of material errors, poor judgment in decision-making, human error, losses, fraud or other irregularities.

Code of Conduct

The Company's Code of Conduct sets out the principles and standards of behaviour that are expected of all employees when dealing with customers, competitors, authorities and colleagues. The principles covered in the Code of Conduct include professional integrity, confidentiality of the Company's information and personal data, and conflict of interest.

Whistleblowing Policy

The Company has revised its whistleblowing policy to adapt the Catalina Group's whistleblowing policy. The supporting whistleblowing procedure describes the process that would be followed when designated persons ("Whistleblowing Champion") evaluate and investigate such concerns. The whistleblowing policy is applicable to ACRG group of companies ("ACR Group"), including individuals working for ACR Group at all levels and employees whether permanent, fixed-term, at-will, or temporary (together, "Staff"). It provides guidelines for Staff to raise genuine concerns, or report in good faith of any misconduct as stated in the policy. Catalina operates a whistleblowing telephone and website hotline ("Whistleblowing Hotline") http://catalina.ethicspoint.com/ of which, the hotline is run by an independent third party external service provider and is available to all Staff to make disclosures. All reports made to the Whistleblowing Hotline will be sent (on either an anonymous or attributed basis) to the AC Chair of Catalina Holdings (Bermuda) Ltd. ("CHBL") to determine the appropriate action, or Staff may contact their local Whistleblowing Champion directly. Both links to the Whistleblowing Hotline and Whistleblowing Champion are available on the ACR intranet. External/third parties should also be able to raise concerns by filing a report via ethics@catalinare.com. The e-mail link is also available on the webpage from the main Catalina website. All emails will be forwarded to the AC Chair of CHBL.

Material Related Party Transactions

All related party transactions are conducted on reasonable commercial terms and in the ordinary course of business. The terms and conditions of such transactions are carried out on an arm's length basis. Directors with conflicts of interest are to recuse themselves from the approval process of granting and managing related party transactions. Details of the Company's material related party transactions have been disclosed in the Note 27 to the financial statements.

Communication with Shareholder

The Company ensures that timely and adequate disclosure of information on matters of material impact on the Company is made available to its sole shareholder.

Sole Shareholder's Participation and Right

Under the Company's Constitution, the sole shareholder is entitled to attend and vote at the annual general meetings in person, through an authorised corporate representative or by proxy. The shareholder may appoint a proxy, who need not be a shareholder of the Company.

Resolutions requiring shareholder's approval are tabled separately for adoption at the general meeting or through the passing of circular written resolution unless they are closely related and are more appropriate to be tabled together.

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Independent auditors' report

Member of the Company
Asia Capital Reinsurance Group Pte. Ltd.

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Asia Capital Reinsurance Group Pte. Ltd. ('the Company') and its subsidiaries ('the Group'), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2023, the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group and statement of changes in equity of the Company for the year then ended, and notes to the financial statements, including a summary of material accounting policy information, as set out on pages FS1 to FS132.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provision of the Companies Act 1967 (the 'Act') and the Financial Reporting Standards in Singapore ('FRSs') so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2023 and of the consolidated financial performance, consolidated changes in equity, consolidated cash flows of the Group and statement of changes in equity of the Company for the year ended on that date.

Basis for opinion

We conducted our audit in accordance with Singapore Standards on Auditing ('SSAs'). Our responsibilities under those standards are further described in the '*Auditors' responsibilities for the audit of the financial statements'* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ('ACRA Code') together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

Management is responsible for the other information contained in the annual report. Other information is defined as all information in the annual report other than the financial statements and our auditors' report thereon.

We have obtained the Directors' statement and Statement on corporate governance prior to the date of this auditors' report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and directors for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and FRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditors' responsibilities for the audit of the financial statements

Our 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs 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 SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We 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 our 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 controls.

- Obtain an understanding of internal controls 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 Group's internal controls.

- 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 Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group 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.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we identify during our audit.

Report on other legal and regulatory requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

Deloitte & Touche LLP

Public Accountants and
Chartered Accountants

Singapore
28 June 2024

Statements of financial position
As at 31 December 2023

	Note	Group 2023 US$'000	Group 2022 US$'000 Restated	Group 2021 US$'000 Restated	Company 2023 US$'000	Company 2022 US$'000 Restated	Company 2021 US$'000 Restated
Assets							
Property and equipment	6	2,554	6,048	7,435	2,535	4,197	5,477
Investment in subsidiaries	7	–	–	–	30,188	39,184	46,400
Investments	8	335,328	550,806	727,505	325,530	535,390	686,829
Investment properties	9	–	19,480	23,103	–	–	–
Non-current assets held for sale	9	6,900	–	–	–	–	–
Insurance contract assets	11	27,469	55,306	117,706	24,039	46,486	116,431
Reinsurance contract assets	12	67,007	88,529	132,146	61,995	77,228	108,195
Deferred tax assets	20	–	2	364	–	2	364
Amount due from subsidiaries	14	–	–	–	848	500	472
Amount due from related company	13	–	459	–	–	459	–
Other receivables	15	3,625	4,948	14,523	3,984	4,492	13,605
Current tax assets		1,223	927	265	–	–	–
Cash and cash equivalents	16	101,763	72,304	83,125	83,803	54,699	71,177
Total assets		545,869	798,809	1,106,172	532,922	762,637	1,048,950
Equity							
Share capital	17	363,198	508,198	558,198	363,198	508,198	558,198
Reserves	17	(2,153)	(3,217)	(63)	–	–	–
Accumulated losses		(151,338)	(151,441)	(128,032)	(154,381)	(160,067)	(150,790)
Total equity		209,707	353,540	430,103	208,817	348,131	407,408

Statements of financial position (cont'd)
As at 31 December 2023

	Note	Group 2023 US$'000	Group 2022 US$'000 Restated	Group 2021 US$'000 Restated	Company 2023 US$'000	Company 2022 US$'000 Restated	Company 2021 US$'000 Restated
Liabilities							
Insurance contract liabilities	11	312,212	398,553	638,041	301,594	377,857	597,279
Reinsurance contract liabilities	12	12,877	22,782	21,959	12,799	21,499	30,250
Financial liabilities	8	1,221	2,223	1,054	1,221	2,223	1,054
Lease liabilities	25	1,294	2,630	3,901	1,292	2,626	3,892
Deferred tax liabilities	20	277	378	631	–	–	139
Other payables and accruals	18	7,785	7,351	10,217	6,703	5,746	8,764
Amount due to related company	13	496	–	93	496	–	93
Loan payable	19	–	6,586	–	–	–	–
Current tax liabilities		–	4,766	173	–	4,555	71
Total liabilities		336,162	445,269	676,069	324,105	414,506	641,542
Total equity and liabilities		545,869	798,809	1,106,172	532,922	762,637	1,048,950

Consolidated statement of profit or loss
Year ended 31 December 2023

	Note	2023 US$'000	2022 US$'000 Restated
Insurance revenue		6,606	35,494
Insurance service expenses		21,615	39,402
Insurance service result from insurance contracts issued	10	28,221	74,896
Insurance expenses from reinsurance contracts held		(715)	(4,650)
Insurance service income for reinsurance contracts held		(11,091)	(20,013)
Net expenses from reinsurance contracts held	10	(11,806)	(24,663)
Insurance service result		16,415	50,233
Finance (expenses)/income from insurance contracts issued	21	(16,076)	12,417
Finance income/(expenses) from reinsurance contract held	21	1,746	(4,583)
Net insurance finance (expenses)/income		(14,330)	7,834
Net investment income	21	5,277	2,024
Net insurance and investment result		7,362	60,091
Net operating expenses		(15,696)	(14,324)
Other operating income/(expenses)	22	9,850	(12,472)
Profit before tax		1,516	33,295
Income tax expense	23	(1,413)	(6,704)
Profit for the year	24	103	26,591

Consolidated statement of comprehensive income
Year ended 31 December 2023

	Note	2023 US$'000	2022 US$'000 Restated
Profit for the year		103	26,591
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Revaluation of property		1,058	(1,032)
Tax on other comprehensive income	23	–	(8)
		1,058	(1,040)
Items that are or may be reclassified subsequently to profit or loss			
Foreign currency translation differences of foreign operations		(1,637)	(4,352)
Net gain on hedge of net investment in foreign operation		1,643	2,238
		6	(2,114)
Other comprehensive income for the year, net of tax		1,064	(3,154)
Total comprehensive income for the year		1,167	23,437

Consolidated statement of changes in equity
Year ended 31 December 2023

Group	**Share capital US$'000**	**Foreign currency translation reserve US$'000**	**Fair value reserve US$'000**	**Revaluation reserve US$'000**	**Accumulated losses US$'000**	**Total US$'000**
At 1 January 2022 as previously reported	558,198	69	3,675	(132)	(62,330)	499,480
Impact of initial application of FRS 117	–	–	–	–	(69,377)	(69,377)
Impact of initial application of FRS 109	–	–	(3,675)	–	3,675	–
Restated balance as at 1 January 2022	558,198	69	–	(132)	(128,032)	430,103
Total comprehensive income for the year						
Profit for the year	–	–	–	–	26,591	26,591
Other comprehensive income						
Foreign currency translation differences of foreign operations	–	(4,352)	–	–	–	(4,352)
Net gain on hedge of net investment in foreign operation	–	2,238	–	–	–	2,238
Revaluation of property	–	–	–	(1,032)	–	(1,032)
Tax on other comprehensive income	–	–	–	(8)	–	(8)
Total other comprehensive income, net of tax	–	(2,114)	–	(1,040)	26,591	23,437
Total comprehensive income for the year	–	(2,114)	–	(1,040)	26,591	23,437
Transactions with owner, recognised directly in equity						
Capital reduction	(50,000)	–	–	–	–	(50,000)
Dividend distribution	–	–	–	–	(50,000)	(50,000)
Total transactions with owner	(50,000)	–	–	–	(50,000)	(100,000)
Restated balance at 31 December 2022	508,198	(2,045)	–	(1,172)	(151,441)	353,540

Consolidated statement of changes in equity (cont'd)
Year ended 31 December 2023

Group	Share capital US$'000	Foreign currency translation reserve US$'000	Revaluation reserve US$'000	Accumulated losses US$'000	Total US$'000
At 1 January 2023	508,198	(2,045)	(1,172)	(151,441)	353,540
Total comprehensive income for the year					
Profit for the year	–	–	–	103	103
Other comprehensive income					
Foreign currency translation differences of foreign operations	–	(1,637)	–	–	(1,637)
Net gain on hedge of net investment in foreign operation	–	1,643	–	–	1,643
Revaluation of property	–	–	1,058	–	1,058
Total other comprehensive income, net of tax	–	6	1,058	103	1,167
Total comprehensive income for the year	–	6	1,058	103	1,167
Transactions with owner, recognised directly in equity					
Capital reduction	(145,000)	–	–	–	(145,000)
Total transactions with owner	(145,000)	–	–	–	(145,000)
At 31 December 2023	363,198	(2,039)	(114)	(151,338)	209,707

Consolidated statement of changes in equity (cont'd)
Year ended 31 December 2023

Company	**Share capital US$'000**	**Fair value reserve US$'000**	**Accumulated losses US$'000**	**Total US$'000**
At 1 January 2022 as previously reported	558,198	2,668	(86,937)	473,929
Impact of initial application of FRS 117	–	–	(66,521)	(66,521)
Impact of initial application of FRS 109	–	(2,668)	2,668	–
Restated balance as at 1 January 2022	558,198	–	(150,790)	407,408
Total comprehensive income for the year				
Profit for the year	–	–	40,723	40,723
Total comprehensive income for the year	–	–	40,723	40,723
Transactions with owner, recognised directly in equity				
Capital reduction	(50,000)	–	–	(50,000)
Dividend distribution	–	–	(50,000)	(50,000)
Total transactions with owner	(50,000)	–	(50,000)	(100,000)
Restated balance at 31 December 2022	508,198	–	(160,067)	348,131

Consolidated statement of changes in equity (cont'd)
Year ended 31 December 2023

Company	Share capital US$'000	Accumulated losses US$'000	Total US$'000
At 1 January 2023	508,198	(160,067)	348,131
Total comprehensive income for the year			
Profit for the year	–	5,686	5,686
Total comprehensive income for the year	–	5,686	5,686
Transactions with owner, recognised directly in equity			
Capital reduction	(145,000)	–	(145,000)
Total transactions with owner	(145,000)	–	(145,000)
At 31 December 2023	363,198	(154,381)	208,817

Consolidated statement of cash flows
Year ended 31 December 2023

	Note	2023 US$'000	2022 US$'000
Cash flows from operating activities			
Profit for the year		103	26,591
Adjustments for:			
Depreciation of property and equipment	6	1,842	1,980
Loss on disposal of property and equipment		–	13
(Gain)/Loss on revaluation of investment properties		(1,058)	1,040
Net fair value loss on investments		30,893	2,448
Investment income		(20,127)	(23,548)
Gain on disposals of investments, net		(16,328)	(2,427)
Allowance for impairment of assets		350	198
Rental income		(981)	(1,811)
Investment expenses		1,267	1,628
Tax expense		1,413	6,704
Overlay adjustment on net change in fair value of available-for-sale financial assets due to adoption of FRS 109		–	20,700
Operating (loss)/profit before changes in working capital		(2,626)	33,516
Decrease in insurance contract assets		27,837	62,400
Decrease in reinsurance contract assets		21,522	43,617
Decrease in other receivables		973	9,375
Decrease in insurance contract liabilities		(86,341)	(239,488)
(Decrease)/increase in reinsurance contract liabilities		(9,905)	823
Increase/(decrease) in other payables		931	(2,958)
Cash used in operating activities		(47,609)	(92,715)
Tax paid		(6,577)	(2,664)
Net cash used in operating activities		(54,186)	(95,379)
Cash flows from investing activities			
Interest received		11,878	11,315
Rental received		981	1,811
Dividends received		8,249	12,233
Proceeds from sale of investments		436,615	255,274
Proceeds from sale of property and equipment		2,099	1
Settlement of derivatives		2,392	1,906
Acquisition of investments		(238,496)	(102,227)
Payment of investment expenses		(641)	(1,554)
Acquisition of property and equipment		(144)	(623)
Proceeds from sale of investment property		15,718	–
Net cash from investing activities		238,651	178,136

Consolidated statement of cash flows (cont'd)
Year ended 31 December 2023

	Note	2023 US$'000	2022 US$'000
Cash flows from financing activities			
Amount due from/(to) related company		459	(459)
(Repayment to)/Loan from bank		(6,586)	6,586
Payment of lease liabilities		(1,336)	(1,360)
Capital reduction		(145,000)	(50,000)
Dividend distribution		–	(50,000)
Movement from restricted cash		(2)	6,709
Net cash used in financing activities		(152,465)	(88,524)
Net increase/(decrease) in cash and cash equivalents		32,000	(5,767)
Cash and cash equivalents at beginning of the year		68,790	72,902
Effect of exchange rate fluctuations on cash held		(2,543)	1,655
Cash and cash equivalents at end of the year	16	98,247	68,790

Notes to the financial statements

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 28 June 2024.

1 Domicile and activities

Asia Capital Reinsurance Group Pte. Ltd. (the "Group") is incorporated in the Republic of Singapore and has its registered office at 6 Temasek Boulevard, #08-01 Suntec Tower 4, Singapore 038986.

The Company is a wholly-owned subsidiary of Catalina General Insurance Ltd., a company incorporated in Bermuda, with effect from 11 November 2022. The Company's ultimate parent is Catalina Holdings (Bermuda) Ltd ("CHBL"), a company incorporated in Bermuda. The financial statements of the Company as at and for the year ended 31 December 2023 comprise the Company and its subsidiaries (together referred to as the "Group").

The principal activities of the Group are those relating to the acquisition and management of non-life insurance and reinsurance companies and portfolio of insurance and reinsurance business in run-off. The Company is licensed as a general and life reinsurer under the Singapore Insurance Act, Chapter 142 (the "Insurance Act"). The principal activities of the Company are those of a non-life run-off consolidator. The financial statements continue to be prepared on a going concern basis.

2 Basis of preparation

2.1 Statement of compliance

The financial statements have been prepared in accordance with the Singapore Financial Reporting Standards ("FRSs").

The assets and liabilities of the Group, which relate to the reinsurance business carried on in Singapore, are subject to the requirements of the Insurance Act. Such assets and liabilities are accounted for in the books of the insurance funds established under the Insurance Act. Assets held in the insurance funds may be withdrawn only if the withdrawal meets the requirements stipulated in Section 17 of the Insurance Act and the Company continues to be able to meet the solvency requirements of Section 18 of the Insurance Act and Insurance (Valuation and Capital) (Amendment) Regulations 2020. All other assets and liabilities are accounted for in the books of the non-insurance funds.

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis except for certain financial assets which are measured at fair value.

The financial statements of the Group and the Company represent the combined assets and liabilities and income and expenses of the insurance and non-insurance funds.

2.3 Functional and presentation currency

These financial statements are presented in United States dollar (US$), which is the Company's functional currency. All financial information presented in United States dollar have been rounded to the nearest thousand, unless otherwise stated.

2.4 Use of estimates and judgements

The preparation of the financial statements in conformity with FRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are described in Note 4 – Critical accounting estimates and judgements in applying accounting policies.

Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Group has an established control framework with respect to the measurement of fair values. The investment team works closely with Catalina investment team that has overall responsibility for all significant fair value measurements, including Level 3 fair values, and reports directly to the Chief Executive Officer.

The investment team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses and documents the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of FRSs, including the level in the fair value hierarchy in which such valuations should be classified.

When measuring the fair value of an asset or a liability, the Group 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 (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into 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 (with Level 3 being the lowest).

The Group recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in Note 5 – Risk management.

2.5 Adoption of new and revised standards

The Group has applied FRS 117 *Insurance Contracts* and FRS 109 *Financial Instruments*, including any consequential amendments to other standards, from 1 January 2023. These standards have brought significant changes to accounting for insurance and reinsurance contracts. The nature and effects of the material changes in the Group's accounting policies are summarised below.

The accounting policies adopted are consistent with those of the previous financial year and corresponding reporting period, except for the adoption of new standards and amendments effective on or after 1 January 2023, which are described as follows:

- FRS 109 *Financial Instruments*
- FRS 117 *Insurance Contracts*
- Amendments to FRS 1 *Classification of Liabilities as Current or Non-current*
- Amendments to FRS 8 *Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates*
- Amendments to IAS 12 *International Tax Reform – Pillar Two Model Rules*
- Amendments to FRS 12 *Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

FRS 109 ***Financial Instruments***

FRS 109 includes three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income ("FVOCI") and fair value through profit or loss ("FVTPL"). The classification of financial assets under FRS 109 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. FRS 109 eliminates the previous FRS 39 categories of held-to-maturity investments ("HTM"), loans and receivables, and available-for-sale financial assets ("AFS").

FRS 109 also introduces an impairment model for financial assets not measured at FVTPL. The model requires the recognition of an allowance for 12-month expected losses at the initial recognition of a financial assets, and the recognition of an allowance for lifetime expected losses if certain criteria are met. In addition, FRS 109 introduces a new model for hedge accounting to better align with risk management activities.

FRS 109 has no significant effect on the Group's financial liabilities.

Changes in accounting policies resulting from the initial adoption of FRS 109 have been applied retrospectively, and the comparative period has been restated. FRS 117 allows for a transition option that permits insurers to present comparative information on financial assets as if FRS 109 were applicable during the comparative period. The Group have elected to apply the classification overlay transition option to the financial assets and their comparative period results as if FRS 109 had been effective since 1 January 2022. The Group's accounting policies on FRS 109 is in Note 2.

An insurer may apply the temporary exemption from FRS 109 if, and only if:

- it has not previously applied any version of FRS 109; and it's activities are predominantly connected within the scope of FRS 104 *Insurance Contracts*

The Group applied for temporary exemption from FRS 109 before 1 January 2023, as it has not previously applied any version of FRS 109 and its activities are predominantly connected with FRS 104. Consequently, the Group adopted FRS 109 issued in July 2014 with a date of initial application on 1 January 2023.

Impairment of financial assets

FRS 109 replaces the "incurred loss" model in FRS 39 with a forward-looking "expected credit loss" ("ECL") model. The new impairment model applies to financial assets measured at amortised cost and debt instrument at FVOCI. Under FRS 109, credit losses are recognised earlier than under FRS 39.

Transition upon the adoption of FRS 109

The Group had decided to adopt the treatment of financial assets as FVTPL and applied the change retrospectively. The fair value reserve of $3,675,000 has been reclassified to accumulated losses for the year ended 31 December 2021.

The following shows the details of the changes and implications resulting from the adoption of FRS 109 on the Group's financial assets and financial liabilities as at 1 January 2022.

Group

	Note	Original classification under FRS 39	New classification under FRS 109	Original carrying amount under FRS 39	New carrying amount under FRS 109
Financial assets				**US$'000**	**US$'000**
Investments	8	AFS	FVTPL	727,505	727,505
Cash and cash equivalents	16	Loans and receivables	Amortised cost	83,125	83,125
Other receivables	15	Loans and receivables	Amortised cost	14,523	14,523
				825,153	825,153
Financial liabilities					
Lease liabilities	25	Amortised cost	Amortised cost	3,901	3,901
Other payables and accruals	19	Amortised cost	Amortised cost	10,217	10,217
Amount due to related company	13	Amortised cost	Amortised cost	–	–
				14,118	14,118

Transition upon the adoption of FRS 109

Company

	Note	Original classification under FRS 39	New classification under FRS 109	Original carrying amount under FRS 39	New carrying amount under FRS 109
Financial assets				**US$'000**	**US$'000**
Investments	8	AFS	FVTPL	686,829	686,829
Cash and cash equivalents	16	Loans and receivables	Amortised cost	71,177	71,177
Other receivables	15	Loans and receivables	Amortised cost	13,605	13,605
				771,611	771,611
Financial liabilities					
Lease liabilities	25	Amortised cost	Amortised cost	3,892	3,892
Other payables and accruals	19	Amortised cost	Amortised cost	8,764	8,764
Amount due to related company	13	Amortised cost	Amortised cost	93	93
				12,749	12,749

FRS 117 *Insurance Contracts*

FRS 117 replaces the existing transitional arrangement of FRS 104 and establishes a comprehensive accounting framework for the recognition, measurement and disclosure of insurance contract. In addition, FRS 117 requires extensive new disclosure in the notes. The standard is to be applied to insurance contracts issued (including reinsurance contracts issued), reinsurance contracts held as well as investment contracts with discretionary participation features.

The standard introduces three new measurement models, the basis being the "General Measurement Model" (GMM). The "variable fee approach" (VFA) is a variant of the General Measurement Model for insurance contracts with a direct surplus participation and is not applicable to reinsurance business. The "premium allocation approach" (PAA) is a simplified method that can be used by insurers and reinsurers where certain criteria are met. The Group portfolio contains contracts that qualify for the premium allocation approach and contracts for which the General Measurement Model is to be applied. In order to achieve consistent and comparable presentation and measurement within the portfolio of insurance and reinsurance contracts, the Group is applying the General Measurement Model to its entire business.

The General Measurement Model measures receivables and payables from reinsurance business by the fulfilment value plus the contractual service margin.

The fulfilment value constitutes the risk-adjusted present value of the rights and obligations from a reinsurance treaty and is comprised of the estimates of expected future cash flows, their discounting and an explicit risk adjustment for non-financial risks.

If the present value of the expected future cash inflows exceeds the present value of the expected future cash outflows plus the risk adjustment, an expected profit exists that is deferred within the contractual service margin (CSM) and spread across the coverage period. Initial balance sheet recognition of contracts expected to be profitable thus has no effect on profit or loss. However, for groups of contracts where the sum of the present value of expected future cash outflows and the risk adjustment exceeds the present value of the expected future cash inflows, the Group recognise the loss expected at time of acquisition directly in profit or loss in the so-called "loss component".

The application of FRS 117 has a number of implications for the structure of the consolidated statement of financial position. In addition to the changed technical items under the General Measurement Model, certain items that have been reported separated under FRS 104 are eliminated and recognised under the insurance contract liabilities. The standard fundamentally changes the statement of income and differentiates between the underwriting results, which is composed of the insurance revenue and insurance service expenses, and the insurance finance income and expenses.

Gross written premiums is no longer disclosed and replaced with insurance revenue that is defined in such a way as to facilitate comparison with the revenue disclosures of other sectors. Savings / investment components or certain ceding commissions cannot be recognised in the insurance revenue and is instead reported when it is earned by recognising in each period the change in the liabilities for providing coverage for which the insurance entity receives compensation, including the pro rata recognition of the CSM in profit and loss, as well as the part of the premiums that covers acquisition costs.

Transition impacts

Due to the adoption of FRS 117, the following shows the key financial impacts on the Group's and Company's statement of financial position:

Group

	As at 1 January 2022	Impacts of transition	As at 1 January 2022 subsequent to transition
	US$'000	US$'000	US$'000
Total assets	1,135,061	(28,889)	1,106,172
Total liabilities	(635,581)	(40,488)	(676,069)
Total equity	499,480	(69,377)	430,103

Company

	As at 1 January 2022	Impacts of transition	As at 1 January 2022 subsequent to transition
	US$'000	US$'000	US$'000
Total assets	1,082,834	(33,884)	1,048,950
Total liabilities	(608,905)	(32,637)	(641,542)
Total equity	473,929	(66,521)	407,408

Impact on total assets is primarily due to the discount rates changes, management assumptions, reinsurance assets, reinsurance receivables and reinsurance payables in the measurement of reinsurance contracts held under FRS 117.

Impact on total liabilities is primarily due to the recognition of risk adjustment for non-financial risk, discount rate changes and management assumptions on insurance contract liabilities.

The Group's material accounting policy information on FRS 117 is in Section 3.11.

Amendments to FRS 1 and FRS Practice Statement 2: ***Disclosure of Accounting Policies***

The Group has adopted the amendments to FRS 1 for the first time in the current year. The amendments change the requirements in FRS 1 with regard to disclosure of accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements.

The supporting paragraphs in FRS 1 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material.

The Group has applied materiality guidance in FRS Practice Statement 2 in identifying its material accounting policies for disclosures in the related notes. The previous term 'significant accounting policies' used throughout the financial statements has been replaced with 'material accounting policy information'.

3 Material accounting policy information

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

3.1 Basis of consolidation

Business combinations

Business combinations are accounted for using the acquisition method in accordance with FRS 103 *Business Combination* as at the acquisition date, which is the date on which control is transferred to the Group.

The Group measured goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests ("NCI") in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree, over the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

Any contingent consideration payable is recognised at fair value at the acquisition date and included in the consideration transferred. If the contingent consideration that meets the definition of a financial instrument is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

Costs related to the acquisition that the Group incurs in connection with a business combination are expensed as incurred.

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has right to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of the subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The accounting policies of the subsidiaries have been changed when necessary to align them with the policies adopted by the Group.

Loss of control

Where the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary. Any resulting gain or loss is recognised in profit or loss.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Subsidiaries in the separate financial statement

Investments in subsidiaries are stated in the Company's statement of financial position at cost less any accumulated impairment losses.

Accounting policies of the subsidiaries

All significant accounting policies of the subsidiaries are consistent with the policies adopted by the Group.

3.2 Foreign currency

Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency of the Group at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on translation are recognised in profit or loss, except for differences which are recognised in other comprehensive income ("OCI") arising on the retranslation of available-for-sale equity instruments (except on impairment in which case foreign currency differences that have been recognised in OCI are reclassified to profit or loss).

Foreign operations

The assets and liabilities of foreign operations, are translated to United States dollar at exchange rates at the reporting date. The income and expenses of foreign operations are translated to United States dollar at exchange rates at the dates of the transactions. Fair value adjustments arising on the acquisition of a foreign operation on or after 1 January 2005 are treated as assets and liabilities of the foreign operation and are translated at the exchange rates at the reporting date.

Foreign currency differences are recognised in OCI, and are presented within equity in the foreign currency translation reserve. When a foreign operation is disposed of such that the control or significant influence is lost, the cumulative amount in the translation reserve related to the foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes off only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to NCI.

3.3 Property and equipment

Items of property and equipment are measured at cost/valuation less accumulated depreciation and accumulated 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.

If significant parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

Any gain or loss on disposal of an item of property and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

Buildings held for own use are revalued every 5 years or at shorter intervals whenever the fair value of the revalued assets is expected to differ materially from their carrying value. Additions subsequent to their revaluation are stated in the financial statements at cost until the next revaluation exercise.

Surplus arising from revaluation are credited to the property revaluation reserve account. Any deficit arising from the revaluation is charged against the property revaluation account to the extent of a previous surplus held in that account for the same assets. In all other cases, a decrease in the carrying amount is charged to profit or loss.

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

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation is recognised as an expense in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property and equipment, unless it is included in the carrying amount of another asset. Depreciation is recognised from the date that the property and equipment are installed and are ready for use.

The estimated useful lives for the current and comparative periods are as follows:

Buildings	50 years
Computer equipment	3-5 years
Motor vehicle	3-5 years
Office equipment	3 years
Furniture and fittings	3 years
Right-of-use assets	over the relevant lease terms, typically 2 – 5 years

Depreciation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate.

3.4 Investment properties

Investment properties are properties which are owned or held under leasehold interest to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of services or for administrative purposes.

Investment properties are measured initially at cost and subsequently at fair value with any change therein recognised in profit or loss for the period in which they arise.

Cost includes expenditure that is directly attributable to the acquisition of the investment property.

An investment property is derecognised on its disposal, or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal. The difference between the net disposal proceeds and the carrying amount is recognised in profit or loss in the period in which the item is derecognised.

When an item of property and equipment is transferred to investment properties following a change in its use, any difference arising at the date of transfer between the carrying amount of the item immediately prior to transfer and its fair value is recognised directly in equity as a revaluation of property and equipment. However, if a fair value gain reverses a previous impairment loss, the gain is recognised in profit or loss. Upon disposal of an investment property, any surplus previously recorded in equity is transferred to retained earnings; the transfer is not made through profit or loss.

3.5 Financial instruments

Non-derivative financial assets

All financial assets are recognised and de-recognised on a trade date basis where the purchase or sale of financial assets is under a contract whose terms require delivery of the investment within timeframe established by the market concerned, and are initially measured at fair value plus transaction costs, except for those financial assets classified as at fair value through profit or loss which are initially measured at fair value.

The Group classifies its financial assets in the following categories: amortised cost and fair value through profit or loss ("FVTPL"). The classification is based on the business model used to manage the financial asset and the contractual cash flow characteristics of the asset. Management determines the classification of its financial assets at initial recognition and the financial assets are not reclassified subsequent to initial recognition unless the business model has changed.

Financial assets at fair value through profit or loss

Financial assets that are managed on a fair value basis and do not meet the objectives of a held to collect or held to collect and sell business model are measured at FVTPL and fall within the scope of other business models. All financial assets not classified as amortised cost or fair value through other comprehensive income ("FVOCI") are measured at FVTPL. Financial assets at FVTPL include financial assets that are held-for-trading, if it is acquired principally for the purpose of selling in the near term. A financial asset may be designated as FVTPL upon initial recognition if such recognition eliminates or significantly reduces the accounting mismatch that would otherwise arise from measuring assets and liabilities or recognising the gains and losses on different basis.

The Group has designated debt instruments as at FVTPL on initial recognition, because the instruments support insurance contract liabilities which are measured at fair value, as doing so significantly reduces measurement inconsistency with the related insurance contract liabilities. These assets would otherwise be measured at FVOCI.

The gains and losses of the financial assets measured at FVTPL, including interest or dividend income and foreign exchange gains and losses, are recognised in the profit or loss.

Financial assets at amortised costs

A financial asset is measured at amortised cost if both the following conditions are met and the asset is not designated as FVTPL:

- the asset is held within a business model that is held to collect, in which the collection of contractual cash flows from the financial asset is the primary objective and sales are expected to be insignificant or infrequent; and

- the contractual terms of the asset give rise to cash flows that are solely payment of principal and interest (“SPPI”) on the principal amount outstanding.

Cash and cash equivalents, other receivables and amounts due from related companies are measured at amortised cost using the effective interest method less impairment losses. Interest is recognised by applying the effective interest method, except for short-term balances when the effect of discounting is immaterial.

The financial assets at amortised costs are subsequently measured using the effective interest rate method. Interest income, foreign exchange gains and losses, and impairment are recognised in the profit or loss. Any gains or loss on derecognition is also recognised in the profit or loss.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

Non-derivative financial liabilities

The Group classifies and measures its financial liabilities at amortised cost.

Financial liabilities at amortised cost are measured at fair value less transaction costs at initial recognition, and subsequently at amortised cost using the effective interest rate method. Interest expense and foreign exchange gains and losses are recognised in profit or loss.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group’s obligations are discharged, cancelled or expired.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

Derivative financial instruments

The Group holds derivative financial instruments to hedge its foreign currency, credit and interest rate risk exposures. Embedded derivatives are separated from the host contract and accounted for separately if the economic characteristics and risks of the host contract and the embedded derivative are not closely related, a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative and the combined instrument is not measured at fair value through profit or loss.

On initial designation of the derivative as the hedging instrument, the Group formally documents the relationship between the hedging instrument and the hedged item, including the risk management objectives and strategy in undertaking the hedge transaction and the hedged risk, together with the methods that will be used to assess the effectiveness of the hedging relationship. The Group makes an assessment, both at the inception of the hedge relationship as well as on an ongoing basis, of whether the hedging instruments are expected to be effective in offsetting the changes in the fair value or cash flows of the respective hedged items attributable to the hedged risk.

The hedge is effective when:

- there is an economic relationship between the hedged item and the hedging instrument
- the effect of credit risk does not dominate the value changes that result from the economic relationship
- the hedge ratio is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item

Derivatives are recognised initially at fair value; any attributable transaction costs are recognised in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value and changes in its fair value are recognised immediately in profit or loss.

The fair value of forward exchange contracts is their quoted market price at the reporting date, being the present value of the quoted forward price.

3.6 Impairment

Non-derivative financial assets

The Group assesses on a forward-looking basis expected credit loss ("ECL") associated with its financial assets carried at amortised cost. The Group recognises a loss allowance for such losses at each reporting date. The measurement of the ECL reflects:

- an unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes
- the time value of money and
- reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The Group measures loss allowance for financial assets carried at amortised cost applying the simplified approached allowed under the standard, which is an amount equivalent to lifetime ECL.

ECL is a probability-weighted estimate of the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive. The ECL is the discounted product of the probability of default ("PD"), exposure at default ("EAD") and loss given default ("LGD"), defined as follows:

- PD – an estimate of the likelihood of default over a given time horizon. It is estimated with consideration of economic scenarios and forward-looking information.
- EAD – an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, and accrued interest from missed payments.
- LGD – an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the Group would expect to receive. It is usually expressed as a percentage of the EAD.

The ECL is determined by projecting the PD, LGD and EAD for each future month and for each individual exposure or collective segment. These three components are multiplied together and adjusted for the likelihood of survival (that is, the exposure has not prepaid or defaulted in an earlier month). This effectively calculates an ECL for each future month, which is then discounted back to the reporting date and summed. The discount rate used in the ECL calculation is the original effective interest rate or an approximation thereof.

The Lifetime PD is developed by applying a maturity profile to the current 12-month PD. The maturity profile looks at how defaults develop on a financial instrument portfolio from the point of initial recognition throughout the lifetime of the financial instrument. The maturity profile is based on historical observed data and is assumed to be the same across all assets within a portfolio and credit grade band. This is supported by historical analysis.

Forward-looking economic information is also included in determining the lifetime PD, EAD and LGD. Loss allowances for ECL are deducted from the gross carrying amount of the assets.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Write-off

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. This is generally the case when the Group determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. This assessment is carried out at the individual asset level. If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent recoveries are credited to credit loss expense. There were no write-offs over the periods reported in these financial statements.

The Group's debt instruments are designated as FVTPL since initial recognition to reduce the accounting mismatch created by assets and liabilities being measured on different bases and therefore do not have any loss allowance from expected credit loss as of reporting date. All other financial assets are short-term and low risk in nature and loss allowance, if any, is immaterial to be disclosed.

Non-financial assets

The carrying amounts of the Group's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amounts are estimated.

The recoverable amount of an asset or cash-generating unit ("CGU") is the greater of its value in use and its 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 or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGU.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss.

Impairment losses recognised in prior periods 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.

3.7 Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay future amounts.

Obligations for contributions to defined contribution pension plans are recognised as an expense in profit or loss in the periods during which related services are rendered by employees.

Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group 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.

3.8 Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(i) As a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property, the Group elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises 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 and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

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 lessee's incremental borrowing rate. Generally, the Group uses the lessee's incremental borrowing rate as the discount rate.

The Group determines the lessee's 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.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets that do not meet the definition of investment property *in* 'property, plant and equipment' and lease liabilities in 'loans and borrowings' in the statement of financial position.

Short-term leases

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(ii) As a lessor

At inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. To classify each lease, the Group made an overall assessment of whether the lease transferred substantially all of the risks and rewards incidental to ownership of the underlying asset. If this was the case, then the lease was a finance lease; if not, then it was an operating lease. As part of this assessment, the Group considered certain indicators such as whether the lease was for the major part of the economic life of the asset.

Rental income from investment properties is recognised as 'net investment income' on a straight-line basis over the term of the lease.

3.9 Provisions

A provision, other than insurance contract provisions, is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that an outflow of economic benefits will be required to settle the obligation. If the effect is material, 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, where appropriate, the risks specific to the liability.

3.10 Affiliated corporations

An affiliated corporation is a corporation in which a substantial shareholder of the holding company has a substantial interest.

3.11 Insurance contracts and reinsurance contracts

A. Key types of insurance contracts issued and reinsurance contracts held

The Group issues the following types of contracts that are accounted for in accordance with FRS 117.

- General business

  The Group provides both facultative and treaty (proportional and non-proportional) reinsurance coverage to insurance companies.

  The Group accounts for these contracts applying the General Measurement Model.

B. Definitions and classifications

A contract is to be classified as a reinsurance contract issued or a reinsurance contract held pursuant to FRS 117 if a significant insurance risk is thereby assumed or transferred. These contract types are treated according to the same rules, irrespective of whether the contracts were issued, acquired in connection with a merger or acquired as part of a transfer of contracts that do not constitute business combination. Contracts that may take the legal form of an insurance contract but do not transfer any significant insurance risk are classified as investment contracts. The recognition and measurement of such contracts follows the rules for the recognition of financial instruments according to FRS 109.

Insurance contracts are those contracts that transfer significant insurance risk. A contract that exposes the issuer to financial risk without significant insurance risk is not an insurance contract and is accounted for as an investment contract in accordance with the accounting policies stated below.

C. Level of aggregation

Insurance contracts

Insurance contracts are aggregated into groups for measurement purposes. Groups of insurance contracts are determined by identifying portfolios of insurance contracts, each comprising contracts subject to similar risks and managed together and dividing each portfolio into annual cohorts and each annual cohort into three groups based on the profitability of contracts:

- any contracts that are onerous at initial recognition;
- any contracts that at initial recognition have no significant possibility of becoming onerous subsequently; or
- any remaining contracts in the portfolio

These groups represent the level of aggregation at which insurance contracts are initially recognised and measured. These profitability groups are not reassessed under subsequent remeasurement.

The set of contracts usually correspond to the line of business.

Reinsurance contracts

Portfolios of reinsurance contracts held are assessed for aggregation separately from portfolios of insurance contracts issued. Applying the grouping requirements to reinsurance contracts held, the Group aggregates reinsurance contracts into annual cohorts (by year of issuance) into groups of:

- net gain position at initial recognition;
- at initial recognition, there is no significant possibility of a net gain arising subsequently; or
- any remaining contracts in the portfolio

Reinsurance contracts held are assessed for aggregation requirements on an individual reinsurance treaty basis.

D. Separating components from insurance and reinsurance contracts

The Group assesses its products to determine whether some of these components are distinct and need to be separated and accounted for applying other FRS. When these non-insurance components are non-distinct, they are accounted for together with the insurance component applying FRS 117. The Group has not identified any distinct components that require separation.

The Group had assessed that the insurance contract issued include an investment component under which the Group is required to repay to a policyholder in all circumstances, regardless of an insured event occurring. The Group applies FRS 117 to account for non-distinct investment components as part of its insurance contracts

E. Recognition

The Group recognises groups of insurance contracts issued from the earliest of the following dates:

- The beginning of the coverage period of the group of contracts
- The date when the first payment from a policyholder in the group becomes due
- The date when a group of contracts becomes onerous

The Group recognises only contracts issued within a one-year period meeting the recognition criteria by the reporting date. Subject to this limit, a group of insurance contracts can remain open after the end of the current reporting period. New contracts are included in the Group when they meet the recognition criteria in subsequent reporting periods until such time that all contracts expected to be included within the Group have been recognised.

F. Contract boundaries

The measurement of a group of insurance contracts includes all future cash flows expected to arise within the boundary of each contract in the Group.

In determining which cash flows fall within a contract boundary, the Group considers its substantive rights and obligations arising from the terms of the contract, and from applicable laws, regulations and customary business practices. The Group determines that cash flows are within the boundary of a contract if they arise from substantive rights and obligations that exist during the reporting period in which the Group can compel the policyholder to pay the premiums or the Group has a substantive obligation to provide the policyholder with insurance contract services.

The measurement of a group of insurance contracts includes all future cash flows expected to arise within the boundary of each contract in the Group.

The Group assesses the contract boundary at initial recognition and at each subsequent reporting date to include the effect of changes in circumstances on the Group’s substantive rights and obligations.

G. Measurement of reinsurance contracts issued

General Measurement Model – initial measurement

The Group measures a group of reinsurance contracts on initial recognition as the sum of the fulfilment value, which is comprised of the expected fulfilment cash flows within the contract boundary and the contractual service margin representing the unearned profit in the contracts relating to services that will be provided under the contracts.

Fulfilment cash flows within contract boundary

The fulfilment cash flows are the current unbiased and probability-weighted estimates of the present value of the future cash flows, including a risk adjustment for non-financial risk. In arriving at a probability-weighted mean, the Group considers a range of scenarios to establish a full range of possible outcomes incorporating all reasonable and supportable information available without undue cost or effort about the amount, timing and uncertainty of expected future cash flows. The estimates of future cash flows reflect conditions existing at the measurement date including assumptions at that date about the future.

The Group estimates expected future cash flows for a group of contracts at a portfolio level and allocates them to the groups in that portfolio in a systematic and rational way.

When estimating future cash flows, the Group includes all cash flows within the contract boundary including:

- Premiums and any additional cash flows resulting from those premiums
- Reported claims that have not yet been paid, claims incurred but not yet reported, future claims expected to arise from the policy and potential cash inflows from recoveries on future claims covered by existing insurance contracts
- An allocation of insurance acquisition cash flows attributable to the portfolio to which the issued contract belongs
- Claim handling costs
- An allocation of fixed and variable overheads directly attributable to the fulfilment of reinsurance contracts

The Group recognises and measures the liability for the unpaid amounts arising from all groups in aggregate and does not allocate such fulfilment cash flows to specific groups when coverage on contracts has been provided.

The cash flow estimates include both market variables, which are consistent with observable market prices, and non-market variables, which are not contradictory with market information and based on internally and externally derived data.

The Group updates its estimates at the end of each reporting period using all newly available information, as well as historic evidence and information about trends. The Group determines its current expectation of probabilities of future events occurring at the end of the reporting period. In developing new estimates, the Group considers the most recent experience and earlier experience, as well as other information.

Discount rates

The time value of money and financial risk is measured separately from expected future cash flows with changes in financial risks recognised in profit or loss at the end of each reporting period.

The Group measures the time value of money using discount rates that reflect the liquidity characteristics of the insurance contracts and the characteristics of the cash flows, consistent with observable current market prices. They exclude the effect of factors that influence such observable market prices but do not affect the future cash flows of the insurance contracts (e.g. credit risk).

Expected future cash flows that vary based on the returns on any financial underlying items are discounted at rates that reflect this variability.

In determining discount rates for cash flows that do not vary based on the returns of underlying items, The Group uses a bottom-up approach to estimate discount rates under FRS 117. The estimated discount rates are the risk-free yield curves adjusted for illiquidity premiums. The risk-free yield curves are determined based on market information on government bonds at the valuation days using a three-segment approach according to MAS Notice 133. The illiquidity premium reflects the differences in liquidity characteristics of the invested financial instruments backing the insurance portfolio versus the government bond.

The Group estimates the discount rate applicable to each group of contracts on initial recognition, which is based on recognised contracts. In the following reporting period, as new contracts are included in the Group, the discount rate applicable to the Group on initial recognition is revised from the start of the reporting period in which the new contracts are added to the Group. The Group re-estimates the discount rate applicable to the Group at initial recognition using a weighted average discount rate over the period the contracts in the Group are issued.

Risk adjustment for non-financial risk

The Group measures the compensation it would require for bearing the uncertainty about the amount and timing of cash flows arising from insurance contracts, other than financial risk, separately as an adjustment for non-financial risk.

Contractual service margin (CSM)

The CSM is a component of the overall carrying amount of a group of insurance contracts representing unearned profit that the Group will recognise as it provides insurance contract services over the coverage period.

At initial recognition, the Group measures the CSM at an amount that, unless a group of insurance contracts is onerous, results in no gains recognised in profit or loss arising from:

- The expected fulfilment cash flows of the Group;
- The amount of any derecognised asset for insurance acquisition cash flows allocated to the Group;
- Any other asset or liability previously recognised for cash flows related to the Group; or
- Any cash flows that have already arisen on the contracts as of that dated.

If a group of contracts is onerous, the Group recognises a loss on initial recognition. This results in the carrying amount of the liability for the Group being equal to the fulfilment cash flows, and the CSM of the Group being nil. A loss component is recognised for any loss on initial recognition of the Group of insurance contracts.

The Group determines at initial recognition the Group's coverage units and allocates the Group's CSM based on the coverage units provided in the period.

The Group allocates contracts acquired with claims in the settlement phase into annual groups based on the expected profitability of the contracts at the date of acquisition. The Group uses the consideration received or paid as an approximation of premiums to calculate the CSM on initial recognition. When, on initial recognition, contracts acquired in a portfolio transfer are determined to be onerous, the excess of the fulfilment cash flows over the consideration received is recognised in profit or loss. For contracts acquired as part of a business combination, the excess, representing the extent to which the contract is onerous, is recognised as part of goodwill (or the gain on a bargain purchase).

Insurance acquisition cash flows

The Group includes insurance acquisition cash flows in the measurement of a group of insurance contracts if they are directly attributable to either the individual contracts in a group, the Group itself or the portfolio of insurance contracts to which the Group belongs.

The Group recognises an asset in respect of costs to secure a portfolio or group of insurance contracts, such as costs of selling and underwriting, when these costs are incurred before the recognition of the Group of insurance contracts to which these costs relate. The Group recognises such an asset for each existing or future group of insurance contracts to which insurance acquisition cash flows are allocated. The related portion of the asset for insurance acquisition cash flows is derecognised and included in the measurement of the fulfilment cash flows of the associated group of contracts when the Group is initially recognised. When only some of the insurance contracts expected to be included within the Group are recognised as at the end of the reporting period, the Group determines the related portion of the asset that is derecognised and included in the Group's fulfilment cash flows. The related portion is determined on a systematic and rational allocation method that considers the timing of recognition of the contracts in the Group.

At each reporting date, the Group reviews the carrying amounts of the asset for insurance acquisition cash flows to determine whether there is an indication that the asset has suffered an impairment. If any such indication exists, the Group adjusts the carrying amount of the asset so that the carrying amount of the asset does not exceed the expected net cash inflow for the associated future groups of contracts. An impairment loss is recognised in profit or loss for the difference. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the extent the impairment conditions no longer exist or have improved and the cumulative amount of impairment loss reversal does not exceed the impairment loss recognised for the asset in prior years.

Subsequent measurement under the General Measurement Model

In estimating the total future fulfilment cash flows, the Group distinguishes between those relating to already incurred claims and those relating to future service. At the end of each reporting period, the carrying amount of the Group of insurance contracts will reflect a current estimate of the liability for remaining coverage (LRC) as at that date and a current estimate of the liability for incurred claims (LIC).

The LRC represents the Group's obligation to investigate and pay valid claims under existing contracts for insured events that have not yet occurred, amounts that relate to other insurance contract services not yet provided and investment components and other amounts not related to insurance contract services that have not yet been transferred to the LIC. The LRC is comprised of (a) the fulfilment cash flows relating to future service, (b) the CSM yet to be earned and (c) any outstanding premiums for insurance contract services already provided.

The LIC includes the Group's liability to pay valid claims for insured events that have already incurred, other incurred insurance expenses arising from past coverage service and the liability for claims incurred but not yet reported. It also includes the Group's liability to pay amounts the Group is obliged to pay the policyholder under the contract. The current estimate of LIC comprises the fulfilment cash flows related to current and past service allocated to the Group at the reporting date.

Change in fulfilment cash flows

At the end of each reporting period, the Group updates the fulfilment cash flows for both LIC and LRC to reflect the current estimates of the amounts, timing and uncertainty of future cash flows, as well as discount rates and other financial variables. The Group has an accounting policy choice which calculates changes in fulfilment cash flows at the end of a reporting period for changes in non-financial assumptions, changes in discount rates and financial assumptions. The Group first calculates the changes in discount rates and financial assumptions on the fulfilment cash flows (as expected at the beginning of the period) and then calculate changes on those cash flows from the change in non-financial assumptions. Experience adjustments are the difference between:

- The expected cash flow estimate at the beginning of the period and the actual cash flows for premiums received in the period (and any related cash flows paid such as insurance acquisition cash flows and insurance premium taxes)

- The expected cash flow estimate at the beginning of the period and the actual incurred amounts of insurance service expenses in the period (excluding insurance acquisition expenses)

Experience adjustments relating to current or past service are recognised in profit or loss. For incurred claims (including incurred but not reported) and other incurred insurance service expenses, experience adjustments always relate to current or past service. They are included in profit or loss as part of insurance service expenses.

Experience adjustments relating to future service are included in the LRC by adjusting the CSM. The release of the CSM depends on whether the contract does not participate, participates indirectly, or directly participates in the performance of the specified underlying items.

At the end of each reporting period, the Group re-estimates the LRC fulfilment cash flows, updating for changes in assumptions relating to financial and non-financial risks.

Adjustments to the CSM

For insurance contracts without direct participating features, the following changes in fulfilment cash flows are considered to be related to future service and adjust (or 'unlock') the CSM of the Group of insurance contracts:

- Experience adjustments relating to the premiums received in the period that relate to future service, and any related cash flows such as insurance acquisition cash flows and premium-based taxes measured at the 'locked in' discount rates applicable when the contracts in the Group were initially recognised.

- The change in the estimate of the present value of expected future cash flows in the liability for remaining coverage, related to non-financial variables, measured at the 'locked in' discount rates applicable when the contracts in the Group were initially recognised. All financial variables are locked in at initial recognition.

- Changes in the risk adjustment for non-financial risk relating to future service. The Group has elected not to disaggregate the change in the risk adjustment for non-financial risk between (i) a change related to non-financial risk and (ii) the effect of the time value of money and changes in the time value of money.

- Differences between the amount of investment components that were expected to be payable in the period and the amount of investment components that actually became payable. The amount of investment components expected to be payable in the period is measured at the discount rates applicable before it became payable.

The following adjustments do not relate to future service and thus do not adjust the CSM:

- Changes in fulfilment cash flows for the effect of the time value of money and the effect of financial risk and changes thereof.

- Changes in the fulfilment cash flows relating to the LIC.

- Experience adjustments relating to insurance service expenses.

Any further increases in fulfilment cash flows relating to future coverage are recognised in profit or loss as they occur, increasing the loss component of the Group of insurance contracts. Any subsequent decreases in fulfilment cash flows related to future coverage do not adjust the CSM until the loss component of the Group is fully reversed through profit or loss.

At the end of the reporting period, the carrying amount of the CSM for a group of insurance contracts without direct participating features is the carrying amount at the beginning of the period adjusted for:

- The effect of any new contracts added to the Group
- Interest accreted on the carrying amount of the CSM measured at the discount rates determined at initial recognition
- The changes in fulfilment cash flows related to future service, except:
  - Increases in fulfilment cash flows that exceed the carrying amount of the CSM, giving rise to a loss that results in the Group of contracts becoming onerous or more onerous
  - Decreases in fulfilment cash flows that reverse a previously recognised loss on a group of onerous contracts
- The effect of any currency exchange differences on the CSM
- The amount recognised as insurance revenue because of the transfer of insurance contract services in the period, determined by the allocation of the CSM remaining at the end of the reporting period over the current and remaining coverage period

Recognition of the CSM in profit or loss

An amount of the CSM is released to profit or loss in each period during which the insurance contract services are provided. The CSM to be released in each period is on a straight-line basis over the passage of time.

Onerous contracts

The Group considers an insurance contract to be onerous if the expected fulfilment cash flows allocated to the contract, any previously recognised acquisition cash flows and any cash flows arising from the contract at the date of initial recognition in total result in a net cash outflow.

On initial recognition, the onerous assessment is done on an individual contract level assessing future expected cash flows on a probability-weighted basis including a risk adjustment for non-financial risk. Contracts expected on initial recognition to be loss-making are grouped together and such groups are measured and presented separately. Once contracts are allocated to a group, they are not re-allocated to another group, unless they are substantively modified.

On initial recognition, the CSM of the Group of onerous contracts is nil and the Group's measurement consists entirely of fulfilment cash flows. A net outflow expected from a group of contracts determined to be onerous is considered to be the Group's 'loss component'. It is initially calculated when the Group is first considered to be onerous and is recognised at that date in profit or loss. The amount of the Group's loss component is tracked for the purposes of presentation and subsequent measurement.

After the loss component is recognised, the Group allocates any subsequent changes in fulfilment cash flows of the LRC on a systematic basis between the loss component and the LRC excluding the loss component. For groups of onerous contracts, without direct participating features, the Group uses locked-in discount rates. They are determined at initial recognition to calculate the changes in the estimate of future cash flows relating to future service (both changes in a loss component and reversals of a loss component).

Any subsequent decreases in fulfilment cash flows relating to future service allocated to the Group (arising from changes in estimates of future cash flows and the risk adjustments for non-financial risk) are allocated first to the loss component only. Once it is exhausted, any further decreases in fulfilment cash flows relating to future service results in the establishment of the Group's CSM.

For onerous groups of contracts, revenue is calculated as the amount of insurance service expenses expected at the beginning of the period that form part of revenue and reflects only:

- The change in the risk adjustment for non-financial risk due to expected release from risk in the period (excluding the amount systematically allocated to the loss component)

- The estimates of the present value of future cash flows related to claims expected to incur in the period (excluding the systematic allocation to the loss component)

- The allocation, based on the coverage units, of the portion of premiums that relates to the recovery of the insurance acquisition cash flows

All these amounts are accounted for as a reduction of the LRC excluding the loss component.

The Group recognises amounts in insurance service expenses related to the loss component arising from:

- Changes in fulfilment cash flows arising from changes in estimates related to future service that establish or further increase the loss component

- Subsequent decreases in fulfilment cash flows that relate to future service and reduce the loss component until it is exhausted

- Systematic allocation to the loss component arising both from changes in the risk adjustment for non-financial risk and from incurred insurance services expenses

Reinsurance contracts held

The Group uses proportional and non-proportional treaty reinsurance to mitigate some of its risk exposures. Reinsurance contracts held are accounted for applying FRS 117 when they meet the definition of an insurance contract. This includes the condition that the contract must transfer significant insurance risk.

Reinsurance contracts transfer significant insurance risk only if they transfer to the reinsurer substantially all the insurance risk relating to the reinsured portions of the underlying insurance contracts, even if a reinsurance contract does not expose the issuer (reinsurer) to the possibility of a significant loss.

Reinsurance contracts held are accounted for separately from underlying insurance contracts issued and are assessed on an individual contract basis. In aggregating reinsurance contracts held, the Group determines portfolios in the same way as it determines portfolios of underlying insurance contracts issued. The Group considers that each product line reinsured at the ceding entity level to be a separate portfolio. The Group disaggregates a portfolio of its reinsurance contracts held into three groups of contracts:

- Contracts that on initial recognition have a net gain
- Contracts that, on initial recognition, have no significant possibility of resulting in a net gain subsequently
- Any remaining reinsurance contracts held in the portfolio

In determining the timing of initial recognition of a reinsurance contract held, the Group assesses whether the reinsurance contract's terms provide protection on losses on a proportionate basis. The Group recognises a group of reinsurance contracts held that provides proportionate coverage:

- At the start of the coverage period of that group of reinsurance contracts held
- At the initial recognition of any of the underlying insurance contracts, whichever is later

The Group recognises a group of non-proportional reinsurance contracts at the earliest of the beginning of the coverage period of the Group or the date an underlying onerous group of contracts is recognised.

The boundary of a reinsurance contract held includes cash flows resulting from the underlying contracts covered by the reinsurance contract held. This includes cash flows from insurance contracts that are expected to be issued by the Group in the future if these contracts are expected to be issued within the boundary of the reinsurance contract held.

Cash flows are within the boundary of a reinsurance contract held, if they arise from the substantive rights and obligations of the cedant that exist during the reporting period in which the Group is compelled to pay amounts to the reinsurer or has a substantive right to receive services from the reinsurer.

Reinsurance contracts held measured under the General Measurement Model

The Group's reinsurance contracts held are accounted for applying the measurement requirements of the General Measurement Model for estimates of cash flows and discount rates. The Group measures the reinsurance contracts held and the underlying insurance contracts issued using consistent assumptions. The Group includes in the estimates of the present value of expected future cash flows for a group of reinsurance contracts held the effect of any risk of non-performance by the reinsurer, including the effects of any collateral and losses from disputes. The effect of non-performance risk of the reinsurer is assessed at each reporting date.

In determining the asset representing the risk adjustment for non-financial risk transferred to the reinsurer, the Group assesses the amount of risk transferred by the Group to the reinsurer by calculating the risk adjustment of the underlying contracts before and after the effect of the reinsurance contracts held. The difference is recognised as the asset representing the risk adjustment reinsured.

On initial recognition, the Group recognises any net cost or net gain on purchasing the Group of reinsurance contracts held as a reinsurance CSM, unless the net cost of purchasing reinsurance coverage relates to events that occurred before the purchase of the Group of reinsurance contracts, where the Group recognises such a cost immediately in profit or loss as an expense as part of insurance service result.

For a group of reinsurance contracts held, on initial recognition of an underlying onerous group of insurance contracts or on addition of onerous underlying insurance contracts to a group, the Group establishes a loss recovery component and, as a result, recognises a gain in profit or loss. The amount of the loss recovery component adjusts the CSM of a group of reinsurance contracts held. It is calculated at an amount equal to the loss recognised on the underlying insurance contracts multiplied by the percentage of claims on the underlying insurance contracts the Group expects to recover from the Group of reinsurance contracts held. After initial recognition, the carrying amount of the loss-recovery component shall not exceed the portion of the carrying amount of the loss component of the onerous group of underlying insurance contracts that the entity expects to recover from the Group of reinsurance contracts held. Reversal of the loss recovery component adjusts the CSM and the risk adjustment of the Group of reinsurance contracts held. After establishing a reinsurance loss recovery component, except for further additions of onerous contracts to the underlying groups, its amount is adjusted for:

- Changes in fulfilment cash flows of underlying insurance contracts related to future service and do not adjust the CSM of their respective groups

- Loss recovery component reversals to the extent those reversals are not changes in the fulfilment cash flows of the Group of reinsurance contracts held

These adjustments are calculated and presented in profit or loss.

The Group adjusts the carrying amount of the CSM of a group of reinsurance contracts held at the end of a reporting period to reflect changes in the fulfilment cash flows applying the same approach as for insurance contracts issued, except when the underlying contract is onerous and the change in the fulfilment cash flows for underlying insurance contracts is recognised in profit or loss by adjusting the loss component. The respective changes in reinsurance contracts held is also recognised in profit and loss (adjusting the loss recovery component).

H. Modification and derecognition

The Group derecognises the original contract and recognises the modified contract as a new contract, if the terms of insurance contracts are modified and the following conditions are met:

- If the modified terms were included at contract inception and the Group would have concluded that the modified contract:
  - Is outside of the scope of FRS 117
  - Results in a different insurance contract due to separating components from the host contract
  - Results in a substantially different contract boundary
  - Would be included in a different group of contracts

If the contract modification meets any of the conditions, the Group performs all assessments applicable at initial recognition, derecognises the original contract and recognises the new modified contract as if it was entered for the first time.

If the contract modification does not meet any of the conditions, the Group treats the effect of the modification as changes in the estimates of fulfilment cash flows.

For insurance contracts accounted for applying the General Measurement Model, a change in the estimates of fulfilment cash flows results in a revised end of period CSM (before the current period allocation). A portion of the revised end of period CSM is allocated to the current period, as is the revised CSM amount applied from the beginning of the period but reflecting the change in the coverage units due to the modification during the period. This portion is calculated using updated coverage unit amounts determined at the end of the period and weighted to reflect the fact that the revised coverage existed for only part of the current period.

I. Presentation

The Group has presented separately in the statement of financial position the carrying amount of portfolios of insurance contracts that are assets and those that are liabilities, and the portfolios of reinsurance contracts held that are assets and those that are liabilities.

The Group disaggregates the amounts recognised in the statement of profit or loss and other comprehensive income into an insurance service result sub-total that comprises insurance revenue and insurance service expenses and, separately from the insurance service result, the 'net insurance finance income or expenses' sub-total. The Group has voluntarily included the net insurance finance income or expenses line in another subtotal: net insurance and investment result, which also includes the income from all the assets backing the Group's insurance liabilities.

The Group includes any assets for insurance acquisition cash flows recognised before the corresponding groups of insurance contracts are recognised in the carrying amount of the related portfolios of insurance contracts issued.

The Group does not disaggregate the change in risk adjustment for non-financial risk between a financial and non-financial portion. It includes the entire change as part of the insurance service result.

Insurance revenue

As the Group provides insurance services under a group of insurance contracts issued, it reduces its LRC and recognises insurance revenue, which is measured at the amount of consideration the Group expects to be entitled to in exchange for those services.

For groups of insurance contracts measured under the General Measurement Model, insurance revenue consists of the sum of the changes in the LRC due to:

- The insurance service expenses incurred in the period measured at the amounts expected at the beginning of the period, excluding:
  - Amounts allocated to the loss component
  - Repayments of investment components
  - Amounts that relate to transaction-based taxes collected on behalf of third parties
  - Insurance acquisition expenses
- The change in the risk adjustment for non-financial risk, excluding:
  - Changes that relate to future service that adjust the CSM
  - Amounts allocated to the loss component
- The amount of CSM for the services provided in the period
- Other amounts, such as experience adjustments for premium receipts that relate to current or past service, if any

Insurance revenue also includes the portion of premiums that relate to recovering those insurance acquisition cash flows included in the insurance service expenses in each period. Both amounts are measured in a systematic way on the basis of the passage of time.

At the end of each reporting period, the Group considers whether there was a change in facts and circumstances indicating a need to change, on a prospective basis, the premium receipt allocation due to changes in the expected pattern of claim occurrence.

Insurance service expenses

Insurance service expenses arising from a group of insurance contracts issued comprises:

- Changes in the LIC related to claims and expenses incurred in the period excluding repayment of investment components
- Changes in the LIC related to claims and expenses incurred in prior periods (related to past service)
- Other directly attributable insurance service expenses incurred in the period
- Amortisation of insurance acquisition cash flows, which is recognised at the same amount in both insurance service expenses and insurance contract revenue
- Loss component of onerous groups of contracts initially recognised in the period
- Changes in the LRC related to future service that do not adjust the CSM, because they are changes in the loss components of onerous groups of contracts

Income or expenses from reinsurance contracts held

The Group presents income or expenses from a group of reinsurance contracts held and reinsurance finance income or expenses in profit or loss for the period separately. Income or expenses from reinsurance contracts held are split into the following two amounts:

- Amount recovered from reinsurers
- An allocation of the premiums paid

The Group presents cash flows that are contingent on claims as part of the amount recovered from reinsurers. Ceding commissions that are not contingent on claims of the underlying contracts are presented as a deduction in the premiums to be paid to the reinsurer which is then allocated to profit or loss.

The Group establishes a loss recovery component of the asset for the remaining coverage for a group of reinsurance contracts held. This depicts the recovery of losses recognised on the initial recognition of an onerous group of underlying insurance contracts or on addition of onerous underlying insurance contracts to a group. The loss recovery component adjusts the CSM of the group of reinsurance contracts held. The loss recovery component is then adjusted to reflect:

- Changes in the fulfilment cash flows of the underlying insurance contracts that relate to future service and do not adjust the CSM of the respective groups to which the underlying insurance contracts belong to

- Reversals of loss recovery component to the extent those reversals are not changes in the fulfilment cash flows of the Group of reinsurance contracts held

- Allocations of the loss recovery component against the amounts recovered from reinsurers reported in line with the associated reinsured incurred claims or expenses

Insurance finance income and expenses

Insurance finance income or expenses present the effect of the time value of money and the change in the time value of money, together with the effect of financial risk and changes in financial risk of a group of insurance contracts and a group of reinsurance contracts held.

For treaty reinsurance contracts held measured applying the General Measurement Model, the Group has elected to present all insurance finance income or expenses in profit or loss.

Exchange differences arising from changes in the carrying amount of groups of insurance contracts issued and reinsurance contracts held are recognised in profit or loss in the period in which they arise.

The amounts arising from changes in exchange rates between the currency of the Group of contracts and the functional currency are considered as exchange differences and are recognised in profit or loss in the period in which they arise.

J. Contracts existing at transition date

Contracts measured under the full retrospective approach

For General reinsurance contracts issued, the Group elected to apply the fair value approach for groups of insurance contracts issued before 2017 and apply full retrospective approach for group of insurance contracts issued in or after 2018.

Contracts measured applying the fair value approach

The Group concluded that reasonable and supportable information for application of the modified retrospective approach was not available for all insurance contracts issued more than 5 years prior to the date of transition and therefore applied the fair value approach for those contracts.

The Group uses reasonable and supportable information available at the transition date to:

- Identify groups of insurance contracts.
- Determine whether an insurance contract meets the definition of an insurance contract with direct participation features.
- Identify discretionary cash flows for insurance contracts without direct participation features.

Measurement at the transition date

In applying the fair value approach at the transition date, the CSM or loss component of the LRC was estimated as the difference between the fair value and the fulfilment cash flows of the Group of contracts as of that date. In determining fair value, the Group used unearned premiums reserve as at the transition date as a proxy.

Discount rates

The Group used discount rates as at the date of transition, instead of discount rates as at the date of initial recognition and as locked-in rates for all claims incurred before the date of transition.

Reinsurance contracts held

For a group of reinsurance contracts held the Group determines the loss-recovery component of the asset for remaining coverage at transition by multiplying the loss component of the liability for remaining coverage for the underlying insurance contracts at the transition date with the percentage of claims for the Group of underlying onerous insurance contracts that the Group expects to recover from the Group of reinsurance contracts held.

3.12 Investment income and expenses

Investment income

Investment income comprises interest income, dividend income, net realised gains/losses resulting from disposal of investments and net fair value gains/losses on financial assets at fair value through profit or loss.

Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Dividend income is recognised in profit or loss on the date that the Group’s right to receive payment is established.

Investment expenses

Investment expenses comprise fees paid to external investment managers and fund administration costs.

3.13 Income tax

Tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in OCI.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, measured using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any.

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. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary difference and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date, and reflects uncertainty related to income tax,if any.

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 taxes levied by the same tax authority on the same taxable entity.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

3.14 Key management personnel

Key management personnel of the Group are those persons having the authority and responsibility for planning, directing and controlling the activities of the Group. The directors and certain executive officers are considered as key management personnel of the Group.

4 Critical accounting estimates and judgements in applying accounting policies

Management has assessed the development, selection and disclosure of the critical accounting policies and estimates, and the application of these policies and estimates. The following are the critical judgements, apart from those involving estimations that the management have made in the process of applying the Group's material accounting policies and that will have the most significant effect on the amounts recognised in financial statements:

Selecting a method of allocation of coverage units

FRS 117 establishes a principle for determining coverage units, not a set of detailed requirements or methods. The selection of the appropriate method for determining the amount of coverage units is not an accounting policy choice. It involves the exercise of significant judgement and development of estimates considering individual facts and circumstances. The Group selects the appropriate method on a portfolio-by-portfolio basis. In determining the appropriate method, the Group considers the likelihood of insured events occurring to the extent that they affect expected period of coverage in the Group, different levels of service across the period and the quantity of benefits expected to be received by the policyholder. The weights are recalculated in each subsequent period, reflecting historical experience and changes in assumptions for future periods that are determined at the reporting date.

The management is of the opinion that any instances of application of judgments are not expected to have a significant effect on the amounts recognised in the financial statements except as follows:

Key sources of estimation uncertainty

The following are key estimations that the management have used in the process of applying FRS 117 to measurement of insurance contracts issued and reinsurance contracts held. They form part of the overall balances of insurance contract assets and liabilities and reinsurance contract assets and liabilities:

- Future cash flows
- Discount rates
- Risk adjustment for non-financial risk

Technique for estimation of future cash flows

In estimating fulfilment cash flows included in the contract boundary, the Group considers the range of all possible outcomes in an unbiased way specifying the amount of cash flows, timing and probability of each scenario reflecting conditions existing at the measurement date, using a probability-weighted average expectation. The probability-weighted average represents the probability-weighted mean of all possible scenarios. In determining possible scenarios, the Group uses all the reasonable and supportable information available without undue cost and effort, which includes information about past events, current conditions and future forecasts.

The Group estimates the expected ultimate claim amount for the portfolio of risks by analysing the historical data, pricing and underwriting information, current market, legal and socio-economic environment and likely future trends. Cash flow estimates include both market variables directly observed in the market or derived directly from markets and non-market variables such as inflation projections, market claims ratio and others. The Group maximises the use of observable inputs for market variables and utilises internally generated group-specific data.

In estimating the liability for incurred claims, risks were categorised into various reserving cohorts, with a view to balance the need for statistical stability and homogeneity in respect of factors including risk characteristics and loss reporting patterns. Broadly, the segregation of risks was guided by class of business and type of reinsurance.

The Group projects the cashflows from patterns and ultimate values derived using various reserving techniques. These methods include Incurred Chain Development (“ICD”) Method, Incurred Bornhuetter-Ferguson (“BF”) method and Expected Loss Ratio method. In the reserve valuation, loss statistics are arranged by underwriting year.

Method of estimating discount rates

In determining discount rates for different reinsurance contracts issued, the Group uses a bottom-up approach to determine the discount rates as risk-free yield curves adjusted for illiquidity premiums reflecting the differences between the liquidity characteristics of the financial instruments that underlie the rates observed in the market and the liquidity characteristics of the insurance contracts. The risk-free yield curves are determined based on market information on government bonds at the valuation days using a three-segment approach according to MAS Notice 133. The illiquidity premium reflects the differences in liquidity characteristics of the invested financial instruments backing the insurance portfolio versus the government bond.

The Group used the following yield curves to discount cash flows:

2023	Currency	1 year	5 years	10 years	20 years	30 years
General business	USD	4.70%	3.79%	3.84%	4.91%	4.57%

2022	Currency	1 year	5 years	10 years	20 years	30 years
General business	USD	4.64%	3.94%	3.82%	4.15%	3.86%

When applying the above risk-free yield curve, an illiquidity premium load of 0.50% is added to discount the cash flows.

Risk adjustment for non-financial risk

The risk adjustment for non-financial risk is the compensation the Group requires for bearing the uncertainty about the amount and timing of the cash flows arising from insurance risk and other non-financial risks. Applying a confidence level technique, the Group estimates the probability distribution of the expected present value of the future cash flows from insurance contracts at each reporting date and calculates the risk adjustment for non-financial risk as the excess of the value at risk at the 75th percentile (the target confidence level) over the expected present value of the future cash flows. It measures the degree of variability of expected future cash flows and the Group-specific price for bearing that risk and reflects the degree of the Group's risk aversion. The Group determines the risk adjustment for non-financial risk at the entity level and then allocates it to all the groups of insurance contracts. In estimating the risk adjustment, the Group uses percentage of claim approach to calculate risk adjustment for non-financial risk, where the claims serve as carrier of risk adjustment. The policy liabilities under RBC2 reporting consist of a best estimate liability and a provision for adverse deviation (PAD). The PAD under RBC2 represents an additional component of the policy liability that is allowed for the uncertainty of the best estimate value and its calculation covers all insurance risk and non-financial risks.

Sensitivity analysis

The following table shows the impact of the changes in key assumptions on the Group's profit or loss, equity and CSM. This analysis is based on a change in one risk variable with all other variables held constant. The correlation of assumptions will have a significant effect in determining the ultimate impacts, but to demonstrate the impact due to changes in each assumption, assumptions had to be changed on an individual basis. It should be noted that movements in these assumptions are non–linear. There were no changes made from the previous period in the methods and assumptions used in preparing the sensitivity analysis..

		CSM		**Equity and Profit/(Loss)**	
		Gross impact	**Net impact**	**Gross impact**	**Net impact**
		US$'000	**US$'000**	**US$'000**	**US$'000**
Group	**Change in assumptions**				
2023					
Loss ratio	+10%	(117)	(117)	(30,921)	(24,115)
Risk adjustment	+10%	(23)	(23)	(4,238)	(3,344)
Discount rate	-1%	–	–	(8,793)	(6,711)
2022 (restated)					
Loss ratio	+10%	(291)	(291)	(39,610)	(30,604)
Risk adjustment	+10%	(51)	(51)	(4,990)	(3,907)
Discount rate	-1%	–	–	(6,892)	(5,115)

Process involved in determining the fair values of the investments

The fair values of investments are based on current bid prices or last traded prices obtained from independent price sources such as Bloomberg and Interactive Data Corporation ("IDC"). For securities that are not actively traded and valuations are not available on Bloomberg, the fair values are based on bid prices obtained from brokers.

5 Risk management

5.1 Risk management framework

The Group is exposed to a variety of reinsurance and financial risks in the normal course of its business activities. The Board of Directors (the "Board") has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board is the approving authority for changes and exceptions to all key risk management strategy and policies which are established to identify, analyse, manage and monitor the risks faced by the Group. The Board is also responsible for approving the Group's risk tolerance and risk limits.

The Group leverages on Enterprise Risk Management ("ERM") framework to identify potential events that may affect the organisation and manage risk to be within its risk appetite to provide reasonable assurance regarding the achievement of organisation objectives.

The ERM framework provides a systematic and holistic risk management approach throughout the organisation and facilitates alignment of risk appetite, business strategy and capital management. Under this framework, the Group can effectively manage and assess its solvency condition by linking business strategy and capital management through a clearly defined risk appetite. The Group defines its risk appetite into various levels and limits. Key risk indicators are then developed in line with these various risk levels so that the risk-taking activities of the various business and functional units can be measured and controlled. The Group has put in place key policies and guidelines to ensure risks are identified and controlled and these are regularly reviewed.

The ERM framework enables management of downside risks, improves quality of risk-taking and facilitates sustainable business development by identifying and addressing potential obstacles to achieving the organisational objectives. The framework also provides a comparable and consistent measurement of the various risks from different business areas and functions.

The ERM framework is continuously being operationalised to consistently and systematically evaluate, manage and monitor risks and being refined to strengthen the effectiveness of the Group's risk management practices.

The Group continues to build risk management culture by implementing a risk governance structure, defining roles of responsibilities and setting up clear channels of communication regarding risk management objectives and plans.

The ERM framework provides three lines of defence to mitigate the Group's risks:

(i) Risk owners in business and functional units conduct day-to-day activities in accordance with the framework by properly identifying, assessing, controlling, managing and monitoring risks. The risk management practices are governed by risk management policies for various major risk categories and guidelines for specific business and functional units.

(ii) The ERM and Compliance department facilitate the risk management practices, develop risk management system and tools, monitor and communicate material risks. The ERM team also has direct access to the Board for independent reporting of significant risk issues.

(iii) The internal audit unit provides independent assurance of integrity of the risk management process and effectiveness of internal controls. The unit works independently within the Company and reports directly to the Catalina Group internal audit head.

5.2 Insurance risk management

Reinsurance and insurance risk refers to the risk of financial loss and consequent inability to meet liabilities as a result of inadequate or inappropriate underwriting, claims management, product design, pricing and reserving.

The Group manages insurance risk by monitoring factors that affect the perils and coverage of the policies such as changes in the macroeconomic or industry landscapes and risk environment. The Group continuously strengthens its information technology system and data management framework to ensure quality data is available for comprehensive portfolio analysis and actuarial studies.

(a) Underwriting risks

The various underwriting risks and processes and protections put in place in relation to these risks by the Group are as follows:

Stochastic claims risk

The occurrence, size and payment timing of reinsurance claims is an inherently stochastic process and random adverse fluctuations pose a risk to the Group.

The Group’s risk and capital management are designed and executed in order to maintain MAS CAR of at least 100% post stress event. Stress scenarios are determined in consultation with the ERM department and comprise a mix of investment, credit and liability-related stresses.

The significant diversification of the Group’s business across countries and lines of businesses also reduces the impact of any single claim.

Reserving risk

The estimation of liabilities is inherently uncertain. The uncertainties can arise from the following factors:

- Range and quality of data available
- Model error
- Parameter error
- Random volatility in future experience

Once a claim has occurred, the Group must set aside adequate liability for incurred claims to meet the ultimate cost of those claims. There are typically a number of components of the reserves:

- Case estimate – an estimate for a particular known claim of the amount of the ultimate claim cost taking into the particular circumstances of the claim.

- IBNER – known as “incurred but not enough reported”. This is a portfolio adjustment to all case estimates reflecting any overall inadequacy (if any) in those amounts.

- IBNR – known as “incurred but not reported”. This is an estimate of claims costs that have been incurred but have not yet been reported to the Group.

- Claims expense costs – this is an amount that is set aside for the expected costs of administering claims settlement.

(b) Concentration/accumulation of insurance risks

Claims can accumulate from various contracts from a single systemic cause, such as a natural catastrophe or change in liability award levels. Further concentration can occur if parts of the same risks are accepted from different cedants. Such accumulations can put financial strain on the resources of the Group.

Since the Group has stopped writing new business, "live" underwriting risks have reduced substantially; and these would continue to reduce. As part of the corporate objectives, there is also now more awareness in the Group to reduce these "live" exposures as part of commutation initiatives. Thus, concentration/accumulation risks have reduced accordingly.

Additionally, the Group monitors remaining potential accumulation for natural catastrophes throughout Asia. The Group has in place proportional retrocession arrangements and an excess of loss reinsurance protection for natural catastrophes amounting up to US$30 million (2022: US$30 million). The Group also carries out regular analysis to monitor potential concentration of the same risk reinsured from different cedants.

The following tables set out the Group's and the Company's concentration of insurance risks by lines of business based on the liability for incurred claims (LIC).

Group	**2023 US$'000**	**2022 US$'000 Restated**
Line of business		
Aviation	26,272	30,300
Casualty	40,733	45,754
Credit	22,798	33,989
Energy	7,529	9,413
Engineering	58,465	67,713
Health	220	216
Marine	36,911	45,222
Motor	12,011	14,310
Property	105,510	146,633
	310,449	393,550

Company	**2023 US$'000**	**2022 US$'000 Restated**
Line of business		
Aviation	24,197	28,344
Casualty	38,810	42,134
Credit	22,798	33,989
Energy	7,426	8,887
Engineering	54,124	61,798
Health	220	216
Marine	36,731	44,206
Motor	11,314	13,389
Property	104,369	139,985
	299,989	372,948

(c) Claims development

The following tables show the estimates of cumulative incurred claims, including both claims notified and IBNR for each successive underwriting year at each reporting date, together with cumulative payments to date. The impact of exchange differences between transaction rate and period end rate is shown at the bottom of the table.

Underwriting year is defined from 1 January to 31 December of the year.

(i) Analysis of claims development – Liability of incurred claims

Group

Gross incurred claims

2023

	Underwriting years								
	2016	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**Total**
	US$'000	**US$'000**	**US$'000**	**US$'000**	**US$'000**	**US$'000**	**US$'000**	**US$'000**	**US$'000**
At end of first financial year	257,726	178,153	225,331	234,522	3,118	–	–	–	
One year later	436,175	370,889	450,488	452,549	4,823	–	–		
Two years later	418,522	424,431	479,332	447,910	5,112	–			
Three years later	419,088	433,424	496,442	441,160	5,343				
Four years later	415,704	439,572	488,009	438,699					
Five years later	410,202	437,415	497,329						
Six years later	408,614	436,496							
Seven years later	411,283								
Current estimates of loss reserves	411,283	436,496	497,329	438,699	5,343	–	–	–	1,789,150
Cumulative payments	(388,596)	(409,698)	(425,304)	(348,317)	(2,687)	–	–	–	(1,574,602)
Best estimate of claims liabilities	22,687	26,798	72,025	90,382	2,656	–	–	–	214,548
Provision for prior years									116,187
Currency translation									(42,014)
Total current estimates of loss reserves									288,721
Effects of the risk adjustment margin for non-financial risk									42,408
Effects of discounting									(21,798)
Investment component									1,118
Total liability for incurred claims (LIC)									310,449

Company

Gross incurred claims

2023

	Underwriting years								
	2016 **US$'000**	**2017** **US$'000**	**2018** **US$'000**	**2019** **US$'000**	**2020** **US$'000**	**2021** **US$'000**	**2022** **US$'000**	**2023** **US$'000**	**Total** **US$'000**
At end of first financial year	238,520	158,342	211,548	226,054	3,110	–	–	–	
One year later	403,313	347,614	415,355	436,621	4,816	–	–		
Two years later	392,185	402,303	441,704	433,330	5,111	–			
Three years later	392,872	412,152	458,590	428,704	5,343				
Four years later	392,932	421,235	453,420	427,349					
Five years later	390,250	421,921	465,412						
Six years later	389,825	421,750							
Seven years later	392,632								
Current estimates of loss reserves	392,632	421,750	465,412	427,349	5,343	–	–	–	1,712,486
Cumulative payments	(370,181)	(395,357)	(394,929)	(338,813)	(2,687)	–	–	–	(1,501,967)
Best estimate of claims liabilities	22,451	26,393	70,483	88,536	2,656	–	–	–	210,519
Provision for prior years									110,929
Currency translation									(41,797)
Total current estimates of loss reserves									279,651
Effects of the risk adjustment margin for non-financial risk									40,527
Effects of discounting									(21,089)
Investment component									900
Total liability for incurred claims (LIC)									299,989

(ii) *Analysis of claims development – net of reinsurance*

Group

Net incurred claims

2023

	Underwriting years								
	2016	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**Total**
	US$'000	**US$'000**	**US$'000**	**US$'000**	**US$'000**	**US$'000**	**US$'000**	**US$'000**	**US$'000**
At end of first financial year	123,836	148,886	191,142	204,310	1,440	–	–	–	
One year later	217,440	317,574	359,197	403,360	3,101	–	–		
Two years later	208,922	370,575	380,219	399,328	3,386	–			
Three years later	209,465	383,420	397,061	389,904	3,624				
Four years later	210,035	390,920	392,555	387,973					
Five years later	208,288	389,136	404,756						
Six years later	206,460	392,107							
Seven years later	208,883								
Current estimates of loss reserves	208,883	392,107	404,756	387,973	3,624	–	–	–	1,397,343
Cumulative payments	(192,930)	(368,084)	(343,656)	(307,520)	(2,644)	–	–	–	(1,214,834)
Best estimate of claims liabilities	15,953	24,023	61,100	80,453	980	–	–	–	182,509
Provision for prior years									73,644
Currency translation									(34,103)
Total current estimates of loss reserves									222,050
Effects of the risk adjustment margin for non-financial risk									33,354
Effects of discounting									(14,341)
Investment component									1,118
Net liability for incurred claims (LIC)									242,181

Company

Net incurred claims

2023

	Underwriting years								
	2016	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**Total**
	US$'000	**US$'000**	**US$'000**	**US$'000**	**US$'000**	**US$'000**	**US$'000**	**US$'000**	**US$'000**
At end of first financial year	121,720	144,729	188,009	200,591	1,432	–	–	–	
One year later	211,187	313,524	354,236	396,101	3,082	–	–		
Two years later	204,298	366,581	374,746	392,553	3,374	–			
Three years later	204,970	379,016	392,053	385,059	3,624				
Four years later	205,567	386,957	389,124	382,972					
Five years later	204,133	387,530	400,797						
Six years later	202,939	388,417							
Seven years later	204,766								
Current estimates of loss reserves	204,766	388,417	400,797	382,972	3,624	–	–	–	1,380,576
Cumulative payments	(188,910)	(364,629)	(340,503)	(303,698)	(2,644)	–	–	–	(1,200,384)
Best estimate of claims liabilities	15,856	23,788	60,294	79,274	980	–	–	–	180,192
Provision for prior years									71,077
Currency translation									(34,015)
Total current estimates of loss reserves									217,254
Effects of the risk adjustment margin for non-financial risk									32,473
Effects of discounting									(13,879)
Investment component									900
Net liability for incurred claims (LIC)									236,748

5.3 Financial risk management

(a) Introduction and overview

Transactions in financial instruments may result in the Group assuming financial risks. These include:

- Credit risk
- Liquidity risk
- Market risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing such risks.

(b) Credit risk

Credit risk represents the loss that would be recognised if counterparties to insurance and investment transactions failed to meet their contractual obligations.

An insurer's financial strength rating is a forward-looking opinion about the financial security characteristics of an insurance organisation with respect to its ability to pay under its insurance policies and contracts in accordance with their terms.

Transactions are mainly entered into with external retrocessionaires with financial strength rating of A- and above by either AM Best or Standard & Poor's ("S&P") and subsidiaries of the Group. The contingent credit exposure to any single retrocessionaire is limited and dependant on a number of factors, including rating and company size. The largest contingent credit risk for a single counterparty for a single default event is US$4.4 million (2022: US$4.3 million).

The Group's investment portfolio is managed in accordance to the Group's conservative and prudent investment philosophy with the primary focus on maintaining minimal risk to capital. It focuses on investing in high quality investment grade fixed income securities. As at 31 December 2023, the average credit quality of the Group's and the Company's investment portfolio was A and A respectively (2022: A and A respectively).

The Group reviews its issuer concentration and credit quality as well as compliance with established credit limits on a regular basis. The Group is not exposed to any significant credit concentration risk on its investments. As at 31 December 2023, the Group's largest counterparty issuer exposure is 3% (2022: 2%) of the Group's total investments.

See Note 8 for a summary of the type of investments, held by the Group and the respective credit ratings.

(c) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with its financial and insurance liabilities that are settled by delivery of cash or another financial asset. The Group has to meet its liabilities as and when they fall due, notably from claims arising from its general reinsurance contracts. There is hence a risk that the cash and cash equivalents held will not be sufficient to meet its liabilities when they become due.

The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities arising from insurance claims and maturing liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group's approach to managing its liquidity risk is as follows:

- Cashflow position is being reviewed, on an ongoing basis, by monitoring its overall liquidity position and funding requirements over the short, medium and long term;

- The assets purchased for the Group's liability fund have to satisfy specified marketability requirements in terms of rating, duration and concentration limits as required by the Group's investment guideline and asset and liability management ("ALM") requirements;

- The Group maintains sufficient cash and liquid assets to meet daily calls on its insurance and investment needs; and

- The Group regularly updates its contingency funding plans to ensure that adequate liquid financial resources are in place to meet obligations as they fall due in the event of reasonably foreseeable abnormal circumstances.

Given the short duration investment portfolio, the Group is able to quickly liquidate its investments at an amount close to their fair value to meet its liquidity requirements or to respond to specific events such as deterioration in the creditworthiness of any particular issuer. In addition, the Group invests in AAA rated liquidity funds which provide liquidity for working capital requirements and payment of liabilities when the need arises.

The expected contractual undiscounted cash outflows of non-derivative financial liabilities as at 31 December 2023 and 2022 are as follows:

		Cash flows	
	Contractual cash flows US$'000	**Within 1 year US$'000**	**1 to 5 + years US$'000**
Group			
2023			
Other payables	7,785	7,785	–
Amount due to related company	496	496	–
Lease liabilities	1,294	1,294	–
	9,575	9,575	–
2022			
Loans payables	6,586	291	6,295
Other payables	7,351	7,351	–
Lease liabilities	2,630	2,630	–
	16,567	10,272	6,295
Company			
2023			
Other payables	6,703	6,703	–
Amount due to related company	496	496	–
Lease liabilities	1,292	1,292	–
	8,491	8,491	–
2022			
Other payables	5,746	5,746	–
Lease liabilities	2,626	2,626	–
	8,372	8,372	–

The following table summarises the maturity profile of portfolios of insurance contract issued and portfolios of reinsurance contracts held that are liabilities of the Group based on the estimates of the present value of the future cash flows expected to be paid out in the periods presented:

		Cash flows	
	Contractual cash flows US$'000	**Within 1 year US$'000**	**1 to 5 + years US$'000**
Group			
2023			
Insurance contract liabilities	312,212	164,554	147,658
Reinsurance contract liabilities	12,877	12,870	7
	325,089	177,424	147,665
2022			
Insurance contract liabilities	398,553	210,836	187,717
Reinsurance contract liabilities	22,782	22,768	14
	421,335	233,604	187,731

	Contractual cash flows US$'000	Cash flows Within 1 year US$'000	Cash flows 1 to 5 + years US$'000
Company			
2023			
Insurance contract liabilities	301,594	156,592	145,002
Reinsurance contract liabilities	12,799	12,794	5
	314,393	169,386	145,007
2022			
Insurance contract liabilities	377,857	196,475	181,382
Reinsurance contract liabilities	21,499	21,489	10
	399,356	217,964	181,392

(d) Market risk

Market risk is the risk that changes in market prices that will affect the Group's income or the value of its holding of financial instruments. Market risk for the Group comprises three types of risks:

- Currency risk
- Interest rate risk
- Price risk

The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk. The nature of the Group's exposures to market risks and its objectives, policies and processes for managing market risk have not changed significantly from the previous financial year.

For each of the major components of market risk, the Group has policies and procedures in place which detail how each risk should be managed and monitored. The management of each of these major components of major risk and the exposure of the Group at the reporting date to each major risk is addressed below.

(i) Currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group's currency risk is largely mitigated by its ALM framework. Under this framework, the Group established an internally managed investment portfolio as well as external managed funds, with the objective of investing into Asian local currency denominated fixed income securities to match its liabilities denominated in the various Asian currencies. The Group is required to maintain assets in the currency in which the cash flows from its liabilities are to be settled in order to economically hedge the currency risk inherent in these expected cash flows. Notwithstanding this, the ALM framework is subject to time lag, estimates and judgements which may affect the desired outcome.

The Group enters into currency forward contracts for the purpose of foreign exchange risk hedging and efficient portfolio management. A currency forward contract is an agreement between two parties to buy or sell a currency at a specified price, at a specified quantity and on a specified future date. At inception, there is no exchange of principal amounts and the net receivable or payable position is settled on maturity. Currency forwards are used for foreign exchange risk hedging and efficient portfolio management.

The Group's investment in its Malaysian subsidiaries is hedged by a series of short currency forward contracts on MYR. As at 31 December 2023, US$17.6 million (2022: US$31.4 million) of currency forward contracts are designated as hedges of the Group's net investment in its Malaysian subsidiaries. The hedged risk is the risk of changes in the MYR/USD spot rate that will result in changes in the value of Group's net investment in ACRM and ACRR when translated into USD.

The Group may overweight certain assets denominated in a currency other than the functional currency of the Group beyond current ALM requirements as part of strategic asset allocation approved by the Board to prepare for underwriting business expansion in certain countries and/or enhance investment return. These investments are monitored and may be reduced when the currency outlook/valuation of that investment becomes stretched.

The nature of the Group's exposures to currency risk and its objectives, policies and processes for managing currency risk have not changed significantly from the previous financial year.

The following table sets out the Group's and Company's main exposure at the reporting date to currency risk arising from recognised assets or liabilities denominated in a currency other than the functional currency of the Group. The overall net exposure is before taking into consideration the Group's currency forward contracts position.

	Group				
	Chinese Yuan US$'000	**Malaysian Ringgit US$'000**	**Singapore Dollar US$'000**	**South Korean Won US$'000**	**Japanese Yen US$'000**
2023					
Assets					
Investments	25,055	9,798	13,467	12,875	7,199
Insurance contract assets	6,025	3,438	1,522	–	–
Reinsurance contract assets	7,605	5,838	1,289	2,527	9,437
Other receivables	25	–	1,745	7	–
Cash and cash equivalents	876	18,060	7,290	–	79
	39,586	37,134	25,313	15,409	16,715
Liabilities					
Financial liabilities	–	(17,638)	–	–	–
Insurance contract liabilities	(45,755)	(15,002)	(6,460)	(10,548)	(24,213)
Reinsurance contract liabilities	(3,974)	(196)	(129)	(1,979)	(43)
Other payables and accruals	–	(1,661)	(5,574)	(1)	(28)
	(49,729)	(34,497)	(12,163)	(12,528)	(24,284)
Overall net exposure	(10,143)	2,637	13,150	2,881	(7,569)
2022					
Assets					
Investments	46,191	15,415	16,032	20,206	21,499
Insurance contract assets	6,684	9,650	1,827	409	–
Reinsurance contract assets	9,549	12,924	1,491	3,681	7,858
Other receivables	25	7,551	3,020	1,271	–
Cash and cash equivalents	799	11,727	6,021	172	51
	63,248	57,267	28,391	25,739	29,408
Liabilities					
Financial liabilities	–	(31,366)	–	–	–
Insurance contract liabilities	(62,305)	(27,371)	(9,656)	(18,196)	(27,513)
Reinsurance contract liabilities	(13,348)	(2,955)	–	(2,927)	(1,469)
Other payables and accruals	–	(951)	(5,261)	(1)	(28)
	(75,653)	(62,643)	(14,917)	(21,124)	(29,010)
Overall net exposure	(12,405)	(5,376)	13,474	4,615	398

	Company				
	Chinese Yuan US$'000	**Malaysian Ringgit US$'000**	**Singapore Dollar US$'000**	**South Korean Won US$'000**	**Japanese Yen US$'000**
2023					
Assets					
Investments	25,055	–	13,467	12,875	7,199
Insurance contract assets	6,025	8	1,522	–	–
Reinsurance contract assets	7,605	826	1,289	2,527	9,437
Other receivables	25	–	1,745	7	–
Cash and cash equivalents	876	100	7,290	–	79
	39,586	934	25,313	15,409	16,715
Liabilities					
Financial liabilities	–	(17,638)	–	–	–
Insurance contract liabilities	(45,755)	(4,384)	(6,460)	(10,548)	(24,213)
Reinsurance contract liabilities	(3,974)	(120)	(129)	(1,979)	(43)
Other payables and accruals	–	(220)	(5,574)	(1)	(28)
	(49,729)	(22,362)	(12,163)	(12,528)	(24,284)
Overall net exposure	(10,143)	(21,428)	13,150	2,881	(7,569)
2022					
Assets					
Investments	46,191	–	16,032	20,206	21,499
Insurance contract assets	6,684	198	1,827	409	–
Reinsurance contract assets	9,549	1,623	1,491	3,681	7,858
Other receivables	25	–	3,020	1,271	–
Cash and cash equivalents	799	59	6,021	172	51
	63,248	1,880	28,391	25,739	29,408
Liabilities					
Financial liabilities	–	(31,366)	–	–	–
Insurance contract liabilities	(62,305)	(6,675)	(9,656)	(18,196)	(27,513)
Reinsurance contract liabilities	(13,348)	(1,619)	–	(2,927)	(1,469)
Other payables and accruals	–	(53)	(5,261)	(1)	(28)
	(75,653)	(39,713)	(14,917)	(21,124)	(29,010)
Overall net exposure	(12,405)	(37,833)	13,474	4,615	398

Sensitivity analysis

A 10% (2022: 10%) weakening of United States dollar against the following currencies at the reporting date would increase/(decrease) profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

	Impact on profit/(loss)	
	Group US$'000	**Company US$'000**
2023		
Chinese Yuan	(1,014)	(1,014)
Malaysian Ringgit	264	(2,143)
Singapore Dollar	1,315	1,315
South Korean Won	288	288
Japanese Yen	(757)	(757)
2022		
Chinese Yuan	(1,241)	(1,241)
Malaysian Ringgit	(537)	(3,783)
Singapore Dollar	1,347	1,347
South Korean Won	462	462
Japanese Yen	40	40

A 10% (2022:10%) strengthening of United States dollar against the above currencies would have had the equal but opposite effect on the above currencies on the basis that all other variables remain constant.

(ii) *Interest rate risk*

Interest rate risk is the risk that the value or future cash flows of a financial instrument will fluctuate due to the impact of changes in market interest rates have on interest income from cash and cash equivalents and other fixed income investments.

The earnings of the Group are affected by changes in market interest rates due to the impact such changes have on interest income from cash and cash equivalents, including investments in fixed deposits.

The Group manages its interest rate risk by matching, where possible, the duration and profile of assets and liabilities to minimise the impact of mismatches between the value of assets and liabilities from interest rate movements.

The Group also enters into interest rate futures contracts and interest rate swaps for the purpose of interest rate risk hedging and efficient portfolio management. An interest rate futures contract is a contract between the buyer and seller agreeing to the future delivery of any interest-earning asset. An interest rate swap is a contract between two parties agreeing to exchange interest rate cash flows, based on a specified notional amount from a fixed rate to a floating rate (or vice versa) or from one floating rate to another. At inception, there is no exchange of principal amounts and the net receivable or payable position is settled on maturity.

The Group's and Company's investment portfolio has an average duration of 2.72 and 2.74 years respectively (2022: 1.56 and 1.49 years respectively), significantly reducing any long term interest rate volatility within the portfolio.

The nature of the Group's exposure to interest rate risk and its objectives, policies and processes for managing interest rate risk have not changed significantly from the previous financial year.

The following tables set out the carrying amount, by maturity, of the Group's financial instruments that are exposed to interest rate risk:

	Within 1 year US$'000	1 to 5 years US$'000	More than 5 years US$'000	Total US$'000
Group				
2023				
Fixed rate				
Fixed deposits	19,501	–	–	19,501
Debt securities	28,836	104,058	10,630	143,524
Fixed income funds	21,862	44,782	31,105	97,749
	70,199	148,840	41,735	260,774
Floating rate				
Cash at bank	82,262	–	–	82,262
Debt securities	1,248	3,087	1,984	6,319
	83,510	3,087	1,984	88,581
	153,709	151,927	43,719	349,355
2022				
Fixed rate				
Fixed deposits	25,711	–	–	25,711
Debt securities	31,027	112,217	1,864	145,108
Fixed income funds	48,492	48,617	34,330	131,439
	105,230	160,834	36,194	302,258
Floating rate				
Cash at bank	46,593	–	–	46,593
Debt securities	–	1,242	–	1,242
Fixed income funds	10,769	39,385	–	50,154
	57,362	40,627	–	97,989
	162,592	201,461	36,194	400,247

	Within 1 year US$'000	1 to 5 years US$'000	More than 5 years US$'000	Total US$'000
Company				
2023				
Fixed rate				
Fixed deposits	4,440	–	–	4,440
Debt securities	24,769	99,040	9,917	133,726
Fixed income funds	21,862	44,782	31,105	97,749
	51,071	143,822	41,022	235,915
Floating rate				
Cash at bank	79,363	–	–	79,363
Debt securities	1,248	3,087	1,984	6,319
	80,611	3,087	1,984	85,682
	131,682	146,909	43,006	321,597
2022				
Fixed rate				
Fixed deposits	15,512	–	–	15,512
Debt securities	25,895	103,797	–	129,692
Fixed income funds	48,492	48,617	34,330	131,439
	89,899	152,414	34,330	276,643
Floating rate				
Cash at bank	39,187	–	–	39,187
Debt securities	–	1,242	–	1,242
Fixed income funds	10,769	39,385	–	50,154
	49,956	40,627	–	90,583
	139,855	193,041	34,330	367,226

Sensitivity analysis

A change of 100 (2022: 100) basis points ("bp") in interest rates at the reporting date would have increased/(decreased) profit or loss and equity by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant and does not take into consideration the Group's interest rate futures contracts and interest rate swaps positions.

	Profit or loss		Equity	
	100 bp increase US$'000	**100 bp decrease US$'000**	**100 bp increase US$'000**	**100 bp decrease US$'000**
Group				
2023				
Debt securities	(3,241)	3,241	–	–
Fixed income funds	(2,881)	2,881	–	–
	(6,122)	6,122	–	–
2022				
Debt securities	(2,642)	2,642	–	–
Fixed income funds	(2,499)	2,499	–	–
	(5,141)	5,141	–	–
Company				
2023				
Debt securities	(3,010)	3,010	–	–
Fixed income funds	(2,881)	2,881	–	–
	(5,891)	5,891	–	–
2022				
Debt securities	(2,311)	2,311	–	–
Fixed income funds	(2,499)	2,499	–	–
	(4,810)	4,810	–	–

(iii) *Price risk*

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices, whether those changes are caused by factors specific to the individual financial instrument or its issuer or factors affecting all similar financial instruments traded in the market.

The Group invests primarily in debt securities whereby fair values or future cash flows of the financial instruments mainly arise from changes in interest rate and the issuers' repayment abilities. The Group does not have significant price risk as most investment is not volatile. The Group may consider reducing weightings in risk assets when the economy and asset outlook appears less optimistic.

5.4 Capital management

The Group's capital management approach is founded on the objectives of maintaining adequate capital to meet regulatory and rating agencies' requirements and maintaining a capital structure and business mix that optimise stakeholder value. Significant buffers are also maintained against unexpected and catastrophic losses that could threaten solvency.

The Group's objectives when managing capital are:

- To comply with insurance capital requirements stipulated by the regulators of the respective insurance markets where the Company and its subsidiaries operates as required. In this respect, the Group manages its capital at an amount in excess of the minimum regulatory capital;
- To safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for its shareholder and benefits for other stakeholders;
- To provide an adequate return to its shareholder by pricing reinsurance contracts commensurately with the level of risk;
- To align the profile of the assets and liabilities taking into account of risks inherent in the business; and
- To maintain healthy capital ratios in order to support its business objectives and maximise shareholder's value.

Primary capital

The primary source of capital used by the Group is shareholders' equity. The Group also considers alternative sources of capital including retrocession, as appropriate when assessing its deployment and usage of capital.

The objective of the capital management policy is sustained and ensured through updates of forecasts as part of an annual strategic and financial planning process.

Regulatory capital

The Company's insurance regulator, the Monetary Authority of Singapore ("MAS"), specifies the minimum required capital that must be maintained at all times throughout the year. This minimum required capital is determined to be the risk based capital, based on the MAS's Risk Based Capital framework ("RBC2"). RBC2 is a method of measuring the minimum amount of capital appropriate for an insurance company to support its overall business operations in consideration of its size and risk profile. The calculation is based on factors deemed higher for those items with greater underlying risk. The Company has complied with the minimum required capital requirement during the year.

The Company has a subsidiary in Malaysia, Asia Capital Reinsurance Malaysia Sdn. Bhd. that is regulated by Bank Negara Malaysia ("BNM"). The subsidiary complies with the capital requirements and targets as determined by the local regulatory capital frameworks applicable in Malaysia, in addition to those overlaid by the parent company's internal requirements.

5.5 Accounting classifications and fair values

Fair values versus carrying amounts

The fair values of financial assets and liabilities, together with the carrying amounts shown in the statement of financial position, are as follows:

	Note	FVTPL US$'000	Fair value – hedging instruments US$'000	Amortised cost US$'000	Total carrying amount US$'000	Fair value US$'000
Group						
2023						
Cash and cash equivalents	16	–	–	101,763	101,763	101,763
Other receivables*	15	–	–	3,609	3,609	3,609
Financial assets designated at fair value through profit or loss	8	333,573	–	–	333,573	333,573
Currency forward exchange contracts used for hedging	8	–	1,755	–	1,755	1,755
		333,573	1,755	105,372	440,700	440,700
Currency forward exchange contracts used for hedging	8	–	(1,221)	–	(1,221)	(1,221)
Other payables and accruals	18	–	–	(7,785)	(7,785)	(7,785)
Amount due to related company	13	–	–	(496)	(496)	(496)
		–	(1,221)	(8,281)	(9,502)	(9,502)

* *The amount excludes prepayments.*

	Note	FVTPL US$'000	Fair value – hedging instruments US$'000	Amortised cost US$'000	Total carrying amount US$'000	Fair value US$'000
Group						
2022						
Cash and cash equivalents	16	–	–	72,304	72,304	72,304
Other receivables*	15	–	–	4,890	4,890	4,890
Amount due from holding company	13	–	–	459	459	459
Financial assets designated at fair value through profit or loss	8	545,657	–	–	545,657	545,657
Currency forward exchange contracts used for hedging	8	–	5,149	–	5,149	5,149
		545,657	5,149	77,653	628,459	628,459
Currency forward exchange contracts used for hedging	8	–	(2,223)	–	(2,223)	(2,223)
Other payables and accruals	18	–	–	(7,351)	(7,351)	(7,351)
Loans payables	19	–	–	(6,586)	(6,586)	(6,586)
		–	(2,223)	(13,937)	(16,160)	(16,160)

* *The amount excludes prepayments.*

	Note	FVTPL US$'000	Fair value – hedging instruments US$'000	Amortised cost US$'000	Total carrying amount US$'000	Fair value US$'000
Company						
2023						
Cash and cash equivalents	16	–	–	83,803	83,803	83,803
Other receivables*	15	–	–	3,984	3,984	3,984
Amount due from subsidiaries	14	–	–	848	848	848
Financial assets designated at fair value through profit or loss	8	323,775	–	–	323,775	323,775
Currency forward exchange contracts used for hedging	8	–	1,755	–	1,755	1,755
		323,775	1,755	88,635	414,165	414,165
Currency forward exchange contracts used for hedging	8	–	(1,221)	–	(1,221)	(1,221)
Other payables and accruals	18	–	–	(6,703)	(6,703)	(6,703)
		–	(1,221)	(6,703)	(7,924)	(7,924)

* *The amount excludes prepayments.*

	Note	FVTPL US$'000	Fair value – hedging instruments US$'000	Amortised cost US$'000	Total carrying amount US$'000	Fair value US$'000
Company						
2022						
Cash and cash equivalents	16	–	–	54,699	54,699	54,699
Other receivables*	15	–	–	4,454	4,454	4,454
Amount due from subsidiaries	14	–	–	500	500	500
Amount due from related company	13	–	–	459	459	459
Financial assets designated at fair value through profit or loss	8	530,241	–	–	530,241	530,241
Currency forward exchange contracts used for hedging	8	–	5,149	–	5,149	5,149
		530,241	5,149	60,112	595,502	595,502
Currency forward exchange contracts used for hedging	8	–	(2,223)	–	(2,223)	(2,223)
Other payables and accruals	18	–	–	(5,746)	(5,746)	(5,746)
		–	(2,223)	(5,746)	(7,969)	(7,969)

* *The amount excludes prepayments.*

Fair value hierarchy

	Level 1 US$'000	Level 2 US$'000	Level 3 US$'000	Total US$'000
Group				
Financial assets and financial liabilities carried at fair value				
2023				
Fair value through profit or loss				
Debt securities	–	149,843	–	149,843
Fixed income funds	–	71,543	26,206	97,749
Equity funds	–	–	85,981	85,981
	–	221,386	112,187	333,573
Derivatives designated as hedging instruments				
Currency forward contracts	–	534	–	534
	–	534	–	534
	–	221,920	112,187	334,107
2022				
Fair value through profit or loss				
Debt securities	–	146,350	–	146,350
Fixed income funds	–	112,582	69,011	181,593
Equity funds	–	–	153,881	153,881
Private market funds	–	–	63,833	63,833
	–	258,932	286,725	545,657
Derivatives designated as hedging instruments				
Currency forward contracts	–	2,926	–	2,926
	–	2,926	–	2,926
	–	261,858	286,725	548,583

	Level 1 US$'000	Level 2 US$'000	Level 3 US$'000	Total US$'000
Company				
Financial assets and financial liabilities carried at fair value				
2023				
Fair value through profit or loss				
Debt securities	–	140,045	–	140,045
Fixed income funds	–	71,543	26,206	97,749
Equity funds	–	–	85,981	85,981
	–	211,588	112,187	323,775
Derivatives designated as hedging instruments				
Currency forward contracts	–	534	–	534
	–	534	–	534
	–	212,122	112,187	324,309
2022				
Fair value through profit or loss				
Debt securities	–	130,934	–	130,934
Fixed income funds	–	112,582	69,011	181,593
Equity funds	–	–	153,881	153,881
Private market funds	–	–	63,833	63,833
	–	243,516	286,725	530,241
Derivatives designated as hedging instruments				
Currency forward contracts	–	2,926	–	2,926
	–	2,926	–	2,926
	–	246,442	286,725	533,167

(i) Valuation techniques and significant unobservable inputs

The following tables show the valuation techniques used in measuring fair values of Level 3 financial instruments, as well as the significant unobservable inputs used.

Financial instruments measured at fair value

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Fixed income funds	The fair values of fixed income funds are derived based on the net asset values obtained from the fund managers at the reporting date. The valuations obtained from the managers are based on various analyses on the underlying holdings in each fund.	• Discount rate • Illiquidity factor	The estimated fair value would increase (decrease) if the net asset values were higher (lower).
Equity funds	The fair values of equity funds are derived based on the net asset values obtained from the fund managers at the reporting date. The valuations obtained from the managers are based on various analyses on the underlying holdings in each fund, including financial valuation models and projections, comparable valuations from the public markets and precedent private market transactions.	• Discount rate • Illiquidity factor • Occupancy rate	The estimated fair value would increase (decrease) if the net asset values were higher (lower).
Private market funds	Market comparison/ discounted cash flow: The fair value is estimated considering: (i) current or recent quoted prices for identical securities in markets that are not active and (ii) a net present value calculated using discount rates derived from quoted yields of securities with similar maturity and credit rating that are traded in active markets.	• Discount rate	The estimated fair value would increase (decrease) if the discount rate decrease (increase).

5.6 Measurement of fair values

The fair value of financial assets traded in active markets is based on quoted market prices at the reporting date. The quoted market is determined by reference to their quoted bid prices or last traded price. These investments are included in Level 1.

The fair value of financial assets and financial liabilities that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. Quoted market prices or dealer quotes for similar instruments are used to estimate fair value. The fair values of forward exchange contracts and certain debt securities are estimated based on quotes obtained from Reuters/Bloomberg and prices quoted by the broker at the reporting date. These investments are included in Level 2 and comprise debt securities, equity fund and derivative financial instruments.

The fair values of equity funds are derived based on the net asset values obtained from the fund managers at the reporting date. The valuations obtained from the managers are based on various analyses on the underlying holdings in each fund, including financial valuation models and projections, comparable valuations from the public markets and precedent private market transactions. Investments are valued based on the fund's beneficial interest in the underlying net assets of the fund as determined by the partnership agreement. As the valuation technique for these investments is based on significant unobservable inputs, such investments are included in Level 3.

The Level 3 relates to fixed income funds, equity funds and private market funds where observable market data is not available. Although the Group believes that the fair values are appropriate, the use of different methodologies or assumptions could lead to different measurements of fair value.

Fair value of fixed income funds, equity funds and private market funds will increase if comparable valuations from the public markets and precedent private market transactions are favourable.

During the financial year, there is no transfer of investments between Level 1, 2 and 3.

The following table shows a reconciliation from the opening balances to the ending balances for Level 3 financial instruments:

Group and Company	**Fair value through profit or loss US$'000**
At 1 January 2022	338,176
Addition	3,831
Disposal	(44,178)
Total gains and losses recognised in profit or loss:	
- Change in fair value of investments	(11,104)
At 31 December 2022	286,725
At 1 January 2023	286,725
Addition	118,665
Disposal	(257,819)
Total gains and losses recognised in profit or loss:	
- Change in fair value of investments	(35,384)
At 31 December 2023	112,187

6 Property and equipment

Group	Buildings US$'000	Computer equipment US$'000	Motor vehicle US$'000	Office equipment US$'000	Furniture and fittings US$'000	Work-in-progress US$'000	Total US$'000
Cost							
At 1 January 2022	6,472	1,983	104	218	745	1,088	10,610
Additions	89	67	–	–	–	506	662
Disposals	(561)	(98)	(33)	(39)	(2)	–	(733)
Transfers	–	1,594	–	–	–	(1,594)	–
Foreign exchange translation	–	(19)	–	(6)	(16)	–	(41)
At 31 December 2022	6,000	3,527	71	173	727	–	10,498
At 1 January 2023	6,000	3,527	71	173	727	–	10,498
Additions	–	131	–	–	13	–	144
Disposals	(2,255)	(3)	–	–	–	–	(2,258)
Foreign exchange translation	–	(15)	–	(5)	(12)	–	(32)
At 31 December 2023	3,745	3,640	71	168	728	–	8,352
Accumulated depreciation							
At 1 January 2022	691	1,656	104	181	543	–	3,175
Revaluation of property	105	–	–	–	–	–	105
Disposals	(611)	(96)	(33)	(26)	(2)	–	(768)
Depreciation charge for the year	1,393	511	–	11	65	–	1,980
Foreign exchange translation	–	(20)	–	(6)	(16)	–	(42)
At 31 December 2022	1,578	2,051	71	160	590	–	4,450
At 1 January 2023	1,578	2,051	71	160	590	–	4,450
Revaluation of property	–	–	–	–	–	–	–
Disposals	(152)	(3)	–	–	(4)	–	(159)
Depreciation charge for the year	1,375	394	–	8	65	–	1,842
Foreign exchange translation	(303)	(15)	–	(5)	(12)	–	(335)
At 31 December 2023	2,498	2,427	71	163	639	–	5,798
Carrying amounts							
At 1 January 2022	5,781	327	–	37	202	1,088	7,435
At 31 December 2022	4,422	1,476	–	13	137	–	6,048
At 31 December 2023	1,247	1,213	–	5	89	–	2,554

Company	Buildings US$'000	Computer equipment US$'000	Motor vehicle US$'000	Office equipment US$'000	Furniture and fittings US$'000	Work-in-progress US$'000	Total US$'000
Cost							
At 1 January 2022	4,421	1,357	33	74	354	1,088	7,327
Additions	89	63	–	–	–	506	658
Disposals	(561)	(92)	(33)	(38)	(2)	–	(726)
Transfers	–	1,594	–	–	–	(1,594)	–
At 31 December 2022	3,949	2,922	–	36	352	–	7,259
At 1 January 2023	3,949	2,922	–	36	352	–	7,259
Additions	–	131	–	–	–	–	131
Disposals	–	(3)	–	–	–	–	(3)
At 31 December 2023	3,949	3,050	–	36	352	–	7,387
Accumulated depreciation							
At 1 January 2022	517	1,102	33	47	151	–	1,850
Depreciation charge for the year	1,345	509	–	6	65	–	1,925
Disposals	(492)	(161)	(33)	(25)	(2)	–	(713)
At 31 December 2022	1,370	1,450	–	28	214	–	3,062
At 1 January 2023	1,370	1,450	–	28	214	–	3,062
Depreciation charge for the year	1,332	393	–	3	65	–	1,793
Disposals	–	(3)	–	–	–	–	(3)
At 31 December 2023	2,702	1,840	–	31	279	–	4,852
Carrying amounts							
At 1 January 2022	3,904	255	–	27	203	1,088	5,477
At 31 December 2022	2,580	1,472	–	8	138	–	4,197
At 31 December 2023	1,247	1,210	–	5	73	–	2,535

Property and equipment includes right-of-use assets of US$1.3 million (2022: US$2.6 million) and US$1.3 million (2022: US$2.6 million) related to buildings and office equipment of the Group and the Company respectively under leases as at 31 December 2023. See Note 25.

Fair value information

Included in property and equipment is a building that is measured at fair value. Fair value of the building is categorised as follows:

Group	Level 1 US$'000	Level 2 US$'000	Level 3 US$'000	Total US$'000
2023				
Building	–	–	–	–
2022				
Building	–	1,847	–	1,847

Valuation technique

Buildings comprise the office premises located in Kuala Lumpur, Malaysia, and the Group has engaged VPC Alliance (KL) Sdn. Bhd., a firm of independent professional valuers that has appropriate recognised professional qualifications and recent experience in the location and category of the properties being valued, to perform a valuation update of the Group's buildings on 16 December 2023. The revalued amounts are based on open market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties have each acted knowledgeable, prudently and without compulsion.

The buildings of the Group, which were previously classified as property and equipment, were reclassified to non-current assets held for sale as at 31 December 2023 subsequent to the Group entered into a sale and purchase agreement with a third-party buyer to dispose off the buildings. The transfer of ownership was subsequently completed in May 2024.

7 Investment in subsidiaries

	Company 2023 US$'000	Company 2022 US$'000
Equity shares at cost	30,188	39,184

Details of the investments in subsidiaries are as follows:

Name of subsidiaries	Country of incorporation	Principal activities	Class of shares	Ownership interest 2023 %	Ownership interest 2022 %
Asia Capital Reinsurance Malaysia Sdn. Bhd.*	Malaysia	General reinsurance	Ordinary	100	100
ACR ReTakaful Holdings Limited	United Arab Emirates	Investment holding	Ordinary	–	100
Propco (Telford) Limited	Guernsey	Investment holding	Ordinary	–	100
ACRR Sendirian Berhad (formerly known as: ACR ReTakaful Berhad)*	Malaysia	Investment holding	Ordinary	100	100#

* *Asia Capital Reinsurance Malaysia Sdn. Bhd is in run-off and ACRR Sendirian Berhad is pending liquidation.*

\# *The ownership interest is through the shareholdings of ACR ReTakaful Holdings Limited, which is the subsidiary of the Company. ACR ReTakaful Holdings Limited has transferred 100% shareholdings to the Company on 9 March 2023.*

The shareholdings in Propco (Telford) Limited has been included to form part of the total amount of capital repatriation of USD95.0 million during the year.

ACR ReTakaful Holdings Limited has been officially dissolved and ceased to exist as a DIFC entity as of 19 September 2023.

8 Investments

	Group 2023 US$'000	Group 2022 US$'000 Restated	Company 2023 US$'000	Company 2022 US$'000 Restated
Financial assets				
Fair value through profit or loss				
- Debt securities	149,843	146,350	140,045	130,934
- Fixed income funds	97,749	181,593	97,749	181,593
- Equity funds	85,981	153,881	85,981	153,881
- Private market funds	–	63,833	–	63,833
	333,573	545,657	323,775	530,241
Derivatives designated as hedging instruments				
- Currency forward contracts	1,755	5,149	1,755	5,149
	1,755	5,149	1,755	5,149
	335,328	550,806	325,530	535,390
Financial liabilities				
Derivatives designated as hedging instruments				
- Currency forward contracts	(1,221)	(2,223)	(1,221)	(2,223)
	(1,221)	(2,223)	(1,221)	(2,223)

Investments are allocated as follows:

	Group 2023 US$'000	Group 2022 US$'000	Company 2023 US$'000	Company 2022 US$'000
Non-current	235,521	438,973	226,944	428,690
Current	98,586	109,610	97,365	104,477
	334,107	548,583	324,309	533,167

The following tables show a summary of the type of investments held by the Group and the Company as at 31 December 2023 and 2022 and the respective credit ratings, which are based on S&P's credit rating or its equivalent.

	AAA rated US$'000	AA rated US$'000	A rated US$'000	BBB rated US$'000	BB rated US$'000	B rated US$'000	Below B rated US$'000	Not rated US$'000	Total US$'000
Group									
2023									
Fair value through profit or loss									
Fixed income funds[#]	49,797	2,917	2,415	24,900	4,783	2,584	10,353	–	97,749
Equity funds ^	–	–	–	–	–	–	–	85,981	85,981
	49,797	2,917	2,415	24,900	4,783	2,584	10,353	85,981	183,730
Debt securities									
Corporate bonds	16,344	19,716	36,081	28,446	323	–	133	–	101,043
Government & quasi-government bonds	946	34,289	8,450	5,115	–	–	–	–	48,800
	17,290	54,005	44,531	33,561	323	–	133	–	149,843
	67,087	56,922	46,946	58,461	5,106	2,584	10,486	85,981	333,573
Derivatives designated as hedging instruments									
Currency forward contracts	–	–	534	–	–	–	–	–	534
	–	–	534	–	–	–	–	–	534
	67,087	56,922	47,480	58,461	5,106	2,584	10,486	85,981	334,107

	AAA rated US$'000	AA rated US$'000	A rated US$'000	BBB rated US$'000	BB rated US$'000	B rated US$'000	Below B rated US$'000	Not rated US$'000	Total US$'000
Group									
2022									
Fair value through profit or loss									
Fixed income funds#	50,077	5,179	5,692	45,817	18,914	30,843	19,854	5,217	181,593
Equity funds ^	–	–	–	–	–	–	–	153,881	153,881
Private market funds@	–	–	–	–	–	–	–	63,833	63,833
	50,077	5,179	5,692	45,817	18,914	30,843	19,854	222,931	399,307
Debt securities									
Corporate bonds	2,330	22,293	41,703	51,945	6,618	–	325	–	125,214
Government & quasi-government bonds	–	3,390	10,225	7,521	–	–	–	–	21,136
	2,330	25,683	51,928	59,466	6,618	–	325	–	146,350
	52,407	30,862	57,620	105,283	25,532	30,843	20,179	222,931	545,657
Derivatives designated as hedging instruments									
Currency forward contracts	–	–	2,926	–	–	–	–	–	2,926
	–	–	2,926	–	–	–	–	–	2,926
	52,407	30,862	60,546	105,282	25,532	30,843	20,179	222,931	548,583

	AAA rated US$'000	AA rated US$'000	A rated US$'000	BBB rated US$'000	BB rated US$'000	B rated US$'000	Below B rated US$'000	Not rated US$'000	Total US$'000
Company									
2023									
Fair value through profit or loss									
Fixed income funds#	49,797	2,917	2,415	24,900	4,783	2,584	10,353	–	97,749
Equity funds ^	–	–	–	–	–	–	–	85,981	85,981
	49,797	2,917	2,415	24,900	4,783	2,584	10,353	85,981	183,730
Debt securities									
Corporate bonds	16,344	19,715	35,493	19,560	–	–	133	–	91,245
Government & quasi-government bonds	946	34,289	8,450	5,115	–	–	–	–	48,800
	17,290	54,004	43,943	24,675	–	–	133	–	140,045
	67,087	56,921	46,358	49,575	4,783	2,584	10,486	85,981	323,775
Derivatives designated as hedging instruments									
Currency forward contracts	–	–	534	–	–	–	–	–	534
	–	–	534	–	–	–	–	–	534
	67,087	56,921	46,892	49,575	4,783	2,584	10,486	85,981	324,309

	AAA rated US$'000	AA rated US$'000	A rated US$'000	BBB rated US$'000	BB rated US$'000	B rated US$'000	Below B rated US$'000	Not rated US$'000	Total US$'000
Company									
2022									
Fair value through profit or loss									
Fixed income funds[#]	50,077	5,179	5,692	45,817	18,914	30,843	19,854	5,217	181,593
Equity funds ^	–	–	–	–	–	–	–	153,881	153,881
Private market funds[@]	–	–	–	–	–	–	–	63,833	63,833
	50,077	5,179	5,692	45,817	18,914	30,843	19,854	222,931	399,307
Debt securities									
Corporate bonds	2,330	22,293	41,140	37,423	6,287	–	325	–	109,798
Government & quasi-government bonds	–	3,390	10,225	7,521	–	–	–	–	21,136
	2,330	25,683	51,365	44,944	6,287	–	325	–	130,934
	52,407	30,862	57,057	90,761	25,201	30,843	20,179	222,931	530,241
Derivatives designated as hedging instruments									
Currency forward contracts	–	–	2,926	–	–	–	–	–	2,926
	–	–	2,926	–	–	–	–	–	2,926
	52,407	30,862	59,983	90,761	25,201	30,843	20,179	222,931	533,167

The Group and the Company invest in fixed income funds with the aim of achieving investment return while maintaining strong liquidity and preservation of capital. The funds invest primarily in government and corporate bonds.

^ The Group and the Company invest in equity funds with the aim of diversifying the investment portfolio as well as enhancing long term investment returns. These funds utilise disciplined value-added and active asset management approach, invest in pan-European private and North American properties with the objective of achieving investment gains through enhancing the value proposition of their property assets.

@ The Group and the Company invest in a global private market funds to further enhance returns through a diversified private markets portfolio consisting of private equity, private debt, infrastructure and real estate investments.

Derivative financial instruments

The Group and the Company enter into currency forward contracts for the purpose of foreign exchange risk hedging, credit risk hedging and interest rate hedging respectively and efficient portfolio management.

The notional amount and net fair value of the derivative financial instruments as at 31 December 2023 and 2022 are as set out below.

Group and Company

	Notional amount 2023 US$'000	Fair value 2023 US$'000	Notional amount 2022 US$'000	Fair value 2022 US$'000
Currency forward contracts	133,630	534	208,846	2,926

9 Investment properties

	Group	
	2023	**2022**
	US$'000	**US$'000**
At 1 January	19,480	23,103
Disposal	(15,718)	–
Change in fair value	1,058	(1,040)
Transfer to non-current assets held for sale	(6,900)	–
Foreign currency translation	2,080	(2,583)
At 31 December	–	19,480

Investment properties comprise a number of commercial properties that are leased to third parties. Information relating to transaction volume and other relevant market evidences was obtained and verified in the valuations. There is no material uncertainty disclosed in the valuation reports.

On 22 December 2023, the Group entered into a sale and purchase agreement with a third-party buyer to dispose off all the investment properties held. The sale was pending for the approval from local authorities as at 31 December 2023. As such, these investment properties measured using the fair value model under FRS 40 were reclassified to non-current assets held for sale as at 31 December 2023. The transfer of ownership was subsequently completed in May 2024.

The following are recognised in the profit or loss in respect of investment properties:

	Group	
	2023	**2022**
	US$'000	**US$'000**
Rental income	2,034	1,811
Repair and maintenance expenses	(1,054)	(976)
	980	835

Fair value information

Fair value of investment properties are categorised as follows:

	Level 1 US$'000	Level 2 US$'000	Level 3 US$'000	Total US$'000
Group				
2023				
Investment properties	–	–	–	–
2022				
Investment properties	–	19,480	–	19,480

Valuation technique

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the investment properties, either directly or indirectly.

Level 2 fair values of investment properties have been generally derived using the sales comparison approach. Sales price of comparable units in the same investment properties are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square foot of comparable units in the same investment properties.

There is no transfer between Level 1 and 2 fair values during the financial year (2022: nil).

10 Insurance revenue and insurance service result

Group	2023 US$'000	2022 US$'000
Insurance revenue		
Amounts relating to changes in liabilities for remaining coverage		
Expected incurred claims and other directly attributed expenses	587	6,931
Change in the risk adjustment for non-financial risk for the risk expired	(4,268)	(2,555)
CSM recognised for the services provided	3,708	13,650
Experience adjustments – arising from premiums received in the period other than those that relate to future service	(2,547)	15,597
Insurance acquisition cash flow recovery	9,126	1,871
Total insurance revenue	**6,606**	**35,494**
Insurance service expenses		
Incurred claims and other directly attributable expenses	3,915	1,007
Changes that relate to past service – adjustments to the LIC	31,585	42,806
Losses on onerous contracts and reversal of those losses	(4,759)	(2,540)
Insurance acquisition cash flows amortisation	(9,126)	(1,871)
Total insurance service expenses	**21,615**	**39,402**
Net income/ (expenses) from reinsurance contracts held		
Amounts relating to the changes in the remaining coverage		
CSM recognised for the services received	(1,782)	(1,379)
Experience adjustments – arising from ceded premiums paid in the period other than those that relate to future service	1,067	(3,271)
Total expenses from reinsurance contracts held	**(715)**	**(4,650)**
Changes that relate to future service - changes in the FCF that do not adjust the CSM for the Group of underlying insurance contracts	(204)	–
Changes that relate to past service – changes in the FCF relating to incurred claims recovery	(10,887)	(20,013)
Total income from reinsurance contracts held	**(11,091)**	**(20,013)**
Total insurance service result	**16,415**	**50,233**

11 Insurance contracts

The following tables show the reconciliation from the opening to the closing balances of the net liability for the remaining coverage and the liability for incurred claims for insurance contracts:

Group	Note	For the year ended 31 December 2023			
		Liability for remaining coverage			
		Excluding loss component US$'000	Loss component US$'000	Liability for incurred claims US$'000	Total US$'000
Insurance contract assets as at 1 January 2023		**(55,306)**	**–**	**–**	**(55,306)**
Insurance contract liabilities as at 1 January 2023		**3,591**	**1,412**	**393,550**	**398,553**
Net insurance contract (assets)/liabilities as at 1 January 2023		**(51,715)**	**1,412**	**393,550**	**343,247**
Changes in the statement of profit or loss and other comprehensive income					
Contracts measured under the fair value approach at transition		(3,446)	–	–	(3,446)
Contracts measured under the full retrospective approach at transition		(3,160)	–	–	(3,160)
Total insurance revenue	**10**	**(6,606)**	**–**	**–**	**(6,606)**
Insurance service expense					
Incurred claims and other directly attributable expenses		–	(5,493)	1,578	(3,915)
Changes that relate to past service – changes in the FCF relating to the LIC		–	–	(31,585)	(31,585)
Losses on onerous contracts and reversals of those losses		–	4,759	–	4,759
Insurance acquisition cash flows amortisation		9,126	–	–	9,126
Total insurance service expenses	**10**	**9,126**	**(734)**	**(30,007)**	**(21,615)**
Insurance service result		**2,520**	**(734)**	**(30,007)**	**(28,221)**
Finance expenses from insurance contracts issued	**21**	420	17	15,639	16,076
Effect of movements in exchange rates		3	(7)	(853)	(857)
Total changes in the statement of profit or loss and other comprehensive income		**2,943**	**(724)**	**(15,221)**	**(13,002)**

Group		**For the year ended 31 December 2023**			
		Liability for remaining coverage			
	Note	**Excluding loss component US$'000**	**Loss component US$'000**	**Liability for incurred claims US$'000**	**Total US$'000**
Investment components		(4,555)	–	4,555	–
Cash flows					
Premiums received		38,817	–	–	38,817
Claims and other directly attributable expenses paid		–	–	(72,435)	(72,435)
Insurance acquisition cash flows		(11,884)	–	–	(11,884)
Total cash flows		**26,933**	**–**	**(72,435)**	**(45,502)**
Insurance contract assets as at 31 December 2023		**(27,469)**	**–**	**–**	**(27,469)**
Insurance contract liabilities as at 31 December 2023		**1,075**	**688**	**310,449**	**312,212**
Net insurance contract (assets)/liabilities as at 31 December 2023		**(26,394)**	**688**	**310,449**	**284,743**

Group	Note	For the year ended 31 December 2022			
		Liability for remaining coverage			
		Excluding loss component US$'000	Loss component US$'000	Liability for incurred claims US$'000	Total US$'000
Insurance contract assets as at 1 January 2022		**(117,706)**	**–**	**–**	**(117,706)**
Insurance contract liabilities as at 1 January 2022		**5,714**	**2,417**	**629,910**	**638,041**
Net insurance contract (assets)/liabilities as at 1 January 2022		**(111,992)**	**2,417**	**629,910**	**520,335**
Changes in the statement of profit or loss and other comprehensive income					
Contracts measured under the fair value approach at transition		(11,284)	–	–	(11,284)
Contracts measured under the full retrospective approach at transition		(24,210)	–	–	(24,210)
Total insurance revenue	**10**	**(35,494)**	**–**	**–**	**(35,494)**
Insurance service expense					
Incurred claims and other directly attributable expenses		–	(3,594)	2,587	(1,007)
Changes that relate to past service – changes in the FCF relating to the LIC		–	–	(42,806)	(42,806)
Losses on onerous contracts and reversals of those losses		–	2,540	–	2,540
Insurance acquisition cash flows amortisation		1,871	–	–	1,871
Total insurance service expenses	**10**	**1,871**	**(1,054)**	**(40,219)**	**(39,402)**
Insurance service result		**(33,623)**	**(1,054)**	**(40,219)**	**(74,896)**
Finance expenses/(income) from insurance contracts issued	**21**	803	51	(13,271)	(12,417)
Effect of movements in exchange rates		7	(2)	(2,191)	(2,186)
Total changes in the statement of profit or loss and other comprehensive income		**(32,813)**	**(1,005)**	**(55,681)**	**(89,499)**
Investment components		**1,074**	**–**	**(1,074)**	**–**

Group		**For the year ended 31 December 2022**			
		Liability for remaining coverage			
	Note	**Excluding loss component US$'000**	**Loss component US$'000**	**Liability for incurred claims US$'000**	**Total US$'000**
Cash flows					
Premiums received		90,144	–	–	90,144
Claims and other directly attributable expenses paid		–	–	(179,605)	(179,605)
Insurance acquisition cash flows		1,872	–	–	1,872
Total cash flows		**92,016**	**–**	**(179,605)**	**(87,589)**
Insurance contract assets as at 31 December 2022		**(55,306)**	**–**	**–**	**(55,306)**
Insurance contract liabilities as at 31 December 2022		**3,591**	**1,412**	**393,550**	**398,553**
Net insurance contract (assets)/liabilities as at 31 December 2022		**(51,715)**	**1,412**	**393,550**	**343,247**

Company

	Note	For the year ended 31 December 2023			
		Liability for remaining coverage			
		Excluding loss component US$'000	Loss component US$'000	Liability for incurred claims US$'000	Total US$'000
Insurance contract assets as at 1 January 2023		**(46,486)**	**–**	**–**	**(46,486)**
Insurance contract liabilities as at 1 January 2023		**3,658**	**1,251**	**372,948**	**377,857**
Net insurance contract (assets)/liabilities as at 1 January 2023		**(42,828)**	**1,251**	**372,948**	**331,371**
Changes in the statement of profit or loss and other comprehensive income					
Contracts measured under the fair value approach at transition		(3,365)	–	–	(3,365)
Contracts measured under the full retrospective approach at transition		(3,040)	–	–	(3,040)
Total insurance revenue		**(6,405)**	**–**	**–**	**(6,405)**
Insurance service expense					
Incurred claims and other directly attributable expenses		–	(5,398)	1,578	(3,820)
Changes that relate to past service – changes in the FCF relating to the LIC		–	–	(28,217)	(28,217)
Losses on onerous contracts and reversals of those losses		–	4,692	–	4,692
Insurance acquisition cash flows amortisation		8,870	–	–	8,870
Total insurance service expenses		**8,870**	**(706)**	**(26,639)**	**(18,475)**
Insurance service result		**2,465**	**(706)**	**(26,639)**	**(24,880)**
Finance expenses from insurance contracts issued		412	14	13,761	14,187
Total changes in the statement of profit or loss and other comprehensive income		**2,877**	**(692)**	**(12,878)**	**(10,693)**

Company		**For the year ended 31 December 2023**			
		Liability for remaining coverage			
	Note	**Excluding loss component US$'000**	**Loss component US$'000**	**Liability for incurred claims US$'000**	**Total US$'000**
Investment components		(4,480)	–	4,480	–
Cash flows					
Premiums received		33,012	–	–	33,012
Claims and other directly attributable expenses paid		–	–	(64,561)	(64,561)
Insurance acquisition cash flows		(11,574)	–	–	(11,574)
Total cash flows		**21,438**	**–**	**(64,561)**	**(43,123)**
Insurance contract assets as at 31 December 2023		**(24,039)**	**–**	**–**	**(24,039)**
Insurance contract liabilities as at 31 December 2023		**1,046**	**559**	**299,989**	**301,594**
Net insurance contract (assets)/liabilities as at 31 December 2023		**(22,993)**	**559**	**299,989**	**277,555**

Company

	Note	For the year ended 31 December 2022			
		Liability for remaining coverage			
		Excluding loss component US$'000	Loss component US$'000	Liability for incurred claims US$'000	Total US$'000
Insurance contract assets as at 1 January 2022		**(116,431)**	**–**	**–**	**(116,431)**
Insurance contract liabilities as at 1 January 2022		**5,845**	**2,383**	**589,051**	**597,279**
Net insurance contract (assets)/liabilities as at 1 January 2022		**(110,586)**	**2,383**	**589,051**	**480,848**
Changes in the statement of profit or loss and other comprehensive income					
Contracts measured under the fair value approach at transition		(11,177)	–	–	(11,177)
Contracts measured under the full retrospective approach at transition		(24,257)	–	–	(24,257)
Total insurance revenue		**(35,434)**	**–**	**–**	**(35,434)**
Insurance service expense					
Incurred claims and other directly attributable expenses		–	(3,472)	2,417	(1,055)
Changes that relate to past service – changes in the FCF relating to the LIC		–	–	(32,756)	(32,756)
Losses on onerous contracts and reversals of those losses		–	2,293	–	2,293
Insurance acquisition cash flows amortisation		1,651	–	–	1,651
Total insurance service expenses		**1,651**	**(1,179)**	**(30,339)**	**(29,867)**
Insurance service result		**(33,783)**	**(1,179)**	**(30,339)**	**(65,301)**
Finance expenses/(income) from insurance contracts issued		792	47	(12,908)	(12,069)
Total changes in the statement of profit or loss and other comprehensive income		**(32,991)**	**(1,132)**	**(43,247)**	**(77,370)**
Investment components		**1,140**	**–**	**(1,140)**	**–**

Company		**For the year ended 31 December 2022**			
		Liability for remaining coverage			
	Note	**Excluding loss component US$'000**	**Loss component US$'000**	**Liability for incurred claims US$'000**	**Total US$'000**
Cash flows					
Premiums received		97,402	–	–	97,402
Claims and other directly attributable expenses paid		–	–	(171,716)	(171,716)
Insurance acquisition cash flows		2,207	–	–	2,207
Total cash flows		**99,609**	**–**	**(171,716)**	**(72,107)**
Insurance contract assets as at 31 December 2022		**(46,486)**	**–**	**–**	**(46,486)**
Insurance contract liabilities as at 31 December 2022		**3,658**	**1,251**	**372,948**	**377,857**
Net insurance contract (assets)/liabilities as at 31 December 2022		**(42,828)**	**1,251**	**372,948**	**331,371**

The following tables show the reconciliation from the opening to the closing balance of the net insurance contract liabilities analysed by components:

Group		**For the year ended 31 December 2023**				
				Contractual Service Margin		
	Note	**Estimates of the present value of future cash flows US$'000**	**Risk adjustment for non-financial risk US$'000**	**Contracts under the fair value approach US$'000**	**Contracts under the full retrospective approach US$'000**	**Total US$'000**
Insurance contract assets as at 1 January 2023		**(55,306)**	**–**	**–**	**–**	**(55,306)**
Insurance contract liabilities as at 1 January 2023		**345,167**	**50,471**	**56**	**2,859**	**398,553**
Net insurance contract liabilities as at 1 January 2023		**289,861**	**50,471**	**56**	**2,859**	**343,247**
Changes in the statement of profit or loss and other comprehensive income						
CSM recognised for the services provided		–	–	(791)	(2,917)	(3,708)
Change in the risk adjustment for non-financial risk for the risk expired		–	4,268	–	–	4,268
Experience adjustments – arising from premiums received in the period that relate to current service		2,547	–	–	–	2,547
Experience adjustments – relating to insurance service expenses		54	(4,556)	–	–	(4,502)
Changes that relate to current service		**2,601**	**(288)**	**(791)**	**(2,917)**	**(1,395)**
Changes in estimates that adjust the CSM		3,124	(4,232)	755	353	–
Changes in estimates that result in onerous contract losses or reversals of those losses		525	4,234	–	–	4,759
Changes that relate to future services		**3,649**	**2**	**755**	**353**	**4,759**

Group		**For the year ended 31 December 2023**				
				Contractual Service Margin		
	Note	**Estimates of the present value of future cash flows US$'000**	**Risk adjustment for non-financial risk US$'000**	**Contracts under the fair value approach US$'000**	**Contracts under the full retrospective approach US$'000**	**Total US$'000**
Changes that relate to past service -changes in the FCFs relating to the LIC		(24,160)	(7,425)	–	–	(31,585)
Changes that relate to past services		**(24,160)**	**(7,425)**	**–**	**–**	**(31,585)**
Insurance service result		**(17,910)**	**(7,711)**	**(36)**	**(2,564)**	**(28,221)**
Finance expenses from insurance contracts issued	**21**	16,017	–	–	59	16,076
Effect of movements in exchange rates		(721)	(135)	–	(1)	(857)
Total changes in the statement of profit or loss and other comprehensive income		**(2,614)**	**(7,846)**	**(36)**	**(2,506)**	**(13,002)**
Cash flows						
Premiums received		38,817	–	–	–	38,817
Claims and other directly attributable expenses paid		(72,435)	–	–	–	(72,435)
Insurance acquisition cash flows		(11,884)	–	–	–	(11,884)
Total cash flows		**(45,502)**	**–**	**–**	**–**	**(45,502)**
Insurance contract assets as at 31 December 2023		**(27,469)**	**–**	**–**	**–**	**(27,469)**
Insurance contract liabilities as at 31 December 2023		**269,214**	**42,625**	**20**	**353**	**312,212**
Net insurance contract liabilities as at 31 December 2023		**241,745**	**42,625**	**20**	**353**	**284,743**

Group		For the year ended 31 December 2022				
				Contractual Service Margin		
	Note	Estimates of the present value of future cash flows US$'000	Risk adjustment for non-financial risk US$'000	Contracts under the fair value approach US$'000	Contracts under the full retrospective approach US$'000	Total US$'000
Insurance contract assets as at 1 January 2022		**(117,706)**	**–**	**–**	**–**	**(117,706)**
Insurance contract liabilities as at 1 January 2022		**567,256**	**65,804**	**36**	**4,945**	**638,041**
Net insurance contract liabilities as at 1 January 2022		**449,550**	**65,804**	**36**	**4,945**	**520,335**
Changes in the statement of profit or loss and other comprehensive income						
CSM recognised for the services provided		–	–	(2,625)	(11,025)	(13,650)
Change in the risk adjustment for non-financial risk for the risk expired		–	2,555	–	–	2,555
Experience adjustments – arising from premiums received in the period that relate to current service		(15,597)	–	–	–	(15,597)
Experience adjustments – relating to insurance service expenses		(4,830)	(3,108)	–	–	(7,938)
Changes that relate to current service		**(20,427)**	**(553)**	**(2,625)**	**(11,025)**	**(34,630)**
Changes in estimates that adjust the CSM		(8,329)	(3,075)	2,642	8,762	–
Changes in estimates that result in onerous contract losses or reversals of those losses		(645)	3,185	–	–	2,540
Changes that relate to future services		**(8,974)**	**110**	**2,642**	**8,762**	**2,540**
Changes that relate to past service -changes in the FCFs relating to the LIC		(28,265)	(14,541)	–	–	(42,806)
Changes that relate to past services		**(28,265)**	**(14,541)**	**–**	**–**	**(42,806)**
Insurance service result		**(57,666)**	**(14,984)**	**17**	**(2,263)**	**(74,896)**
Finance (income)/expenses from insurance contracts issued	**21**	(12,599)	–	3	179	(12,417)
Effect of movements in exchange rates		(1,835)	(349)	–	(2)	(2,186)
Total changes in the statement of profit or loss and other comprehensive income		**(72,100)**	**(15,333)**	**20**	**(2,086)**	**(89,499)**

Group		**For the year ended 31 December 2022**				
				Contractual Service Margin		
	Note	**Estimates of the present value of future cash flows US$'000**	**Risk adjustment for non-financial risk US$'000**	**Contracts under the fair value approach US$'000**	**Contracts under the full retrospective approach US$'000**	**Total US$'000**
Cash flows						
Premiums received		90,144	–	–	–	90,144
Claims and other directly attributable expenses paid		(179,605)	–	–	–	(179,605)
Insurance acquisition cash flows		1,872	–	–	–	1,872
Total cash flows		**(87,589)**	**–**	**–**	**–**	**(87,589)**
Insurance contract assets as at 31 December 2022		**(55,306)**	**–**	**–**	**–**	**(55,306)**
Insurance contract liabilities as at 31 December 2022		**345,167**	**50,471**	**56**	**2,859**	**398,553**
Net insurance contract liabilities as at 31 December 2022		**289,861**	**50,471**	**56**	**2,859**	**343,247**

Company		**For the year ended 31 December 2023**				
				Contractual Service Margin		
	Note	**Estimates of the present value of future cash flows US$'000**	**Risk adjustment for non-financial risk US$'000**	**Contracts under the fair value approach US$'000**	**Contracts under the full retrospective approach US$'000**	**Total US$'000**
Insurance contract assets as at 1 January 2023		**(46,486)**	**–**	**–**	**–**	**(46,486)**
Insurance contract liabilities as at 1 January 2023		**327,760**	**47,217**	**44**	**2,836**	**377,857**
Net insurance contract liabilities as at 1 January 2023		**281,274**	**47,217**	**44**	**2,836**	**331,371**
Changes in the statement of profit or loss and other comprehensive income						
CSM recognised for the services provided		–	–	(716)	(2,802)	(3,518)
Change in the risk adjustment for non-financial risk for the risk expired		–	4,212	–	–	4,212
Experience adjustments – arising from premiums received in the period that relate to current service		2,355	–	–	–	2,355
Experience adjustments – relating to insurance service expenses		89	(4,493)	–	–	(4,404)
Changes that relate to current service		**2,444**	**(281)**	**(716)**	**(2,802)**	**(1,355)**
Changes in estimates that adjust the CSM		3,248	(4,183)	687	248	–
Changes in estimates that result in onerous contract losses or reversals of those losses		511	4,181	–	–	4,692
Changes that relate to future services		**3,759**	**(2)**	**687**	**248**	**4,693**

Company		For the year ended 31 December 2023				
				Contractual Service Margin		
	Note	Estimates of the present value of future cash flows US$'000	Risk adjustment for non-financial risk US$'000	Contracts under the fair value approach US$'000	Contracts under the full retrospective approach US$'000	Total US$'000
Changes that relate to past service -changes in the FCFs relating to the LIC		(22,026)	(6,191)	–	–	(28,217)
Changes that relate to past services		**(22,026)**	**(6,191)**	**–**	**–**	**(28,217)**
Insurance service result		**(15,823)**	**(6,474)**	**(29)**	**(2,554)**	**(24,879)**
Finance expenses from insurance contracts issued		14,130	–	–	57	14,187
Total changes in the statement of profit or loss and other comprehensive income		**(1,693)**	**(6,474)**	**(29)**	**(2,497)**	**(10,692)**
Cash flows						
Premiums received		33,012	–	–	–	33,012
Claims and other directly attributable expenses paid		(64,561)	–	–	–	(64,561)
Insurance acquisition cash flows		(11,574)	–	–	–	(11,574)
Total cash flows		**(43,123)**	**–**	**–**	**–**	**(43,123)**
Insurance contract assets as at 31 December 2023		**(24,039)**	**–**	**–**	**–**	**(24,039)**
Insurance contract liabilities as at 31 December 2023		**260,497**	**40,743**	**15**	**339**	**301,594**
Net insurance contract liabilities as at 31 December 2023		**236,458**	**40,743**	**15**	**339**	**277,555**

Company

	Note	For the year ended 31 December 2022		Contractual Service Margin		
		Estimates of the present value of future cash flows US$'000	Risk adjustment for non-financial risk US$'000	Contracts under the fair value approach US$'000	Contracts under the full retrospective approach US$'000	Total US$'000
Insurance contract assets as at 1 January 2022		**(116,431)**	**–**	**–**	**–**	**(116,431)**
Insurance contract liabilities as at 1 January 2022		**533,029**	**59,298**	**36**	**4,916**	**597,279**
Net insurance contract liabilities as at 1 January 2022		**416,598**	**59,298**	**36**	**4,916**	**480,848**
Changes in the statement of profit or loss and other comprehensive income						
CSM recognised for the services provided		–	–	(2,492)	(10,550)	(13,042)
Change in the risk adjustment for non-financial risk for the risk expired		–	2,486	–	–	2,486
Experience adjustments – arising from premiums received in the period that relate to current service		(16,334)	–	–	–	(16,334)
Experience adjustments – relating to insurance service expenses		(4,928)	(3,020)	–	–	(7,948)
Changes that relate to current service		**(21,262)**	**(534)**	**(2,492)**	**(10,550)**	**(34,838)**
Changes in estimates that adjust the CSM		(7,928)	(2,870)	2,500	8,298	–
Changes in estimates that result in onerous contract losses or reversals of those losses		(677)	2,970	–	–	2,293
Changes that relate to future services		**(8,605)**	**100**	**2,500**	**8,298**	**2,293**
Changes that relate to past service -changes in the FCFs relating to the LIC		(21,109)	(11,647)	–	–	(32,756)
Changes that relate to past services		**(21,109)**	**(11,647)**	**–**	**–**	**(32,756)**
Insurance service result		**(50,976)**	**(12,081)**	**8**	**(2,252)**	**(65,301)**
Finance (income)/expenses from insurance contracts issued		(12,241)	–	-	172	(12,069)
Total changes in the statement of profit or loss and other comprehensive income		**(63,217)**	**(12,081)**	**8**	**(2,080)**	**(77,370)**

Company

		For the year ended 31 December 2022				
				Contractual Service Margin		
	Note	Estimates of the present value of future cash flows US$'000	Risk adjustment for non-financial risk US$'000	Contracts under the fair value approach US$'000	Contracts under the full retrospective approach US$'000	Total US$'000
Cash flows						
Premiums received		97,402	–	–	–	97,402
Claims and other directly attributable expenses paid		(171,716)	–	–	–	(171,716)
Insurance acquisition cash flows		2,207	–	–	–	2,207
Total cash flows		**(72,107)**	**–**	**–**	**–**	**(72,107)**
Insurance contract assets as at 31 December 2022		**(46,486)**	**–**	**–**	**–**	**(46,486)**
Insurance contract liabilities as at 31 December 2022		**327,760**	**47,217**	**44**	**2,836**	**377,857**
Net insurance contract liabilities as at 31 December 2022		**281,274**	**47,217**	**44**	**2,836**	**331,371**

12 Reinsurance contracts

The following tables show the reconciliation from the opening to the closing balance of the net asset for the remaining coverage and the assets for incurred claims recoverable from reinsurance:

Group		**For the year ended 31 December 2023**			
		Remaining coverage component			
	Note	**Excluding loss recovery component US$'000**	**Loss recovery component US$'000**	**Incurred claims component US$'000**	**Total US$'000**
Reinsurance contract assets as at 1 January 2023		1,835	(214)	(90,150)	(88,529)
Reinsurance contract liabilities as at 1 January 2023		22,773	–	9	22,782
Net reinsurance contract liabilities/(assets) as at 1 January 2023		**24,608**	**(214)**	**(90,141)**	**(65,747)**
Net expenses from reinsurance contracts held					
Reinsurance expenses		715	–	–	715
Changes that relate to past service - changes in the FCF relating to incurred claims recovery		–	–	10,887	10,887
Changes that relate to future service - changes in the FCF that do not adjust the CSM for the Group of underlying insurance contracts		–	204	–	204
Net expenses from reinsurance contracts held		**715**	**204**	**10,887**	**11,806**
Finance expenses/(income) from reinsurance contracts held	**21**	101	–	(1,847)	(1,746)
Effect of movements in exchange rates		(2)	–	470	468
Total changes in the statement of profit or loss and other comprehensive income		**814**	**204**	**9,510**	**10,528**
Cash flows					
Premiums paid net of ceding commissions and other directly attributable expenses paid		(11,274)	–	–	(11,274)
Recoveries from reinsurance		–	–	12,363	12,363
Total cash flows		**(11,274)**	**–**	**12,363**	**1,089**
Reinsurance contract assets as at 31 December 2023		1,479	(214)	(68,272)	(67,007)
Reinsurance contract liabilities as at 31 December 2023		12,669	204	4	12,877
Net reinsurance contract liabilities/(assets) as at 31 December 2023		**14,148**	**(10)**	**(68,268)**	**(54,130)**

Group		**For the year ended 31 December 2022**			
		Remaining coverage component			
	Note	**Excluding loss recovery component US$'000**	**Loss recovery component US$'000**	**Incurred claims component US$'000**	**Total US$'000**
Reinsurance contract assets as at 1 January 2022		6,340	(214)	(138,272)	(132,146)
Reinsurance contract liabilities as at 1 January 2022		21,832	–	127	21,959
Net reinsurance contract liabilities/(assets) as at 1 January 2022		**28,172**	**(214)**	**(138,145)**	**(110,187)**
Net expenses from reinsurance contracts held					
Reinsurance expenses		4,650	–	–	4,650
Changes that relate to past service - changes in the FCF relating to incurred claims recovery		–	–	20,013	20,013
Net expenses from reinsurance contracts held		**4,650**	**–**	**20,013**	**24,663**
Finance (income)/expenses from reinsurance contracts held	**21**	(1,188)	–	5,771	4,583
Effect of movements in exchange rates		(13)	–	1,297	1,284
Total changes in the statement of profit or loss and other comprehensive income		**3,449**	**–**	**27,081**	**30,530**
Cash flows					
Premiums paid net of ceding commissions and other directly attributable expenses paid		(7,013)	–	–	(7,013)
Recoveries from reinsurance		–	–	20,923	20,923
Total cash flows		**(7,013)**	**–**	**20,923**	**13,910**
Reinsurance contract assets as at 31 December 2022		1,835	(214)	(90,150)	(88,529)
Reinsurance contract liabilities as at 31 December 2022		22,773	–	9	22,782
Net reinsurance contract liabilities/(assets) as at 31 December 2022		**24,608**	**(214)**	**(90,141)**	**(65,747)**

Company		**For the year ended 31 December 2023**			
		Remaining coverage component			
	Note	**Excluding loss recovery component US$'000**	**Loss recovery component US$'000**	**Incurred claims component US$'000**	**Total US$'000**
Reinsurance contract assets as at 1 January 2023		1,775	(214)	(78,789)	(77,228)
Reinsurance contract liabilities as at 1 January 2023		21,499	–	–	21,499
Net reinsurance contract liabilities/(assets) as at 1 January 2023		**23,274**	**(214)**	**(78,789)**	**(55,729)**
Net expenses from reinsurance contracts held					
Reinsurance expenses		567	–	–	567
Changes that relate to past service - changes in the FCF relating to incurred claims recovery		–	–	9,063	9,063
Changes that relate to future service - changes in the FCF that do not adjust the CSM for the Group of underlying insurance contracts		–	204	–	204
Net expenses from reinsurance contracts held		**567**	**204**	**9,063**	**9,834**
Finance expenses/(income) from reinsurance contracts held		98	–	(1,727)	(1,629)
Total changes in the statement of profit or loss and other comprehensive income		**665**	**204**	**7,336**	**8,205**
Cash flows					
Premiums paid net of ceding commissions and other directly attributable expenses paid		(9,884)	–	–	(9,884)
Recoveries from reinsurance		–	–	8,212	8,212
Total cash flows		**(9,884)**	**–**	**8,212**	**(1,672)**
Reinsurance contract assets as at 31 December 2023		1,460	(214)	(63,241)	(61,995)
Reinsurance contract liabilities as at 31 December 2023		12,595	204	–	12,799
Net reinsurance contract liabilities/(assets) as at 31 December 2023		**14,055**	**(10)**	**(63,241)**	**(49,196)**

Company		**For the year ended 31 December 2022**			
		Remaining coverage component			
	Note	**Excluding loss recovery component US$'000**	**Loss recovery component US$'000**	**Incurred claims component US$'000**	**Total US$'000**
Reinsurance contract assets as at 1 January 2022		6,143	(214)	(114,124)	(108,195)
Reinsurance contract liabilities as at 1 January 2022		30,097	–	153	30,250
Net reinsurance contract liabilities/(assets) as at 1 January 2022		**36,240**	**(214)**	**(113,971)**	**(77,945)**
Net expenses from reinsurance contracts held					
Reinsurance expenses		4,759	–	–	4,759
Changes that relate to past service - changes in the FCF relating to incurred claims recovery		–	–	13,521	13,521
Net expenses from reinsurance contracts held		**4,759**	**–**	**13,521**	**18,280**
Finance (income)/expenses from reinsurance contracts held		(1,189)	–	5,719	4,530
Total changes in the statement of profit or loss and other comprehensive income		**3,570**	**–**	**19,240**	**22,810**
Cash flows					
Premiums paid net of ceding commissions and other directly attributable expenses paid		(16,536)	–	–	(16,536)
Recoveries from reinsurance		–	–	15,942	15,942
Total cash flows		**(16,536)**	**–**	**15,942**	**(594)**
Reinsurance contract assets as at 31 December 2022		1,775	(214)	(78,789)	(77,228)
Reinsurance contract liabilities as at 31 December 2022		21,499	–	–	21,499
Net reinsurance contract liabilities/(assets) as at 31 December 2022		**23,274**	**(214)**	**(78,789)**	**(55,729)**

The following tables show the reconciliation from the opening to the closing balance of the net reinsurance contract assets analysed by components:

Group		For the year ended 31 December 2023				
				Contractual Service Margin		
	Note	Estimates of the present value of future cash flows US$'000	Risk adjustment for non-financial risk US$'000	Contracts under the fair value approach US$'000	Contracts under the full retrospective approach US$'000	Total US$'000
Reinsurance contract assets as at 1 January 2023		(76,206)	(10,844)	–	(1,479)	(88,529)
Reinsurance contract liabilities as at 1 January 2023		22,781	1	–	–	22,782
Net reinsurance contract assets as at 1 January 2023		**(53,425)**	**(10,843)**	**–**	**(1,479)**	**(65,747)**
Changes in the statement of profit or loss and other comprehensive income						
CSM recognised in profit or loss for services provided		–	–	–	1,782	1,782
Reinsurance premium (and other related cash flows) experience adjustments relating to current service		(1,038)	(29)	–	–	(1,067)
Changes that relate to current service	**10**	**(1,038)**	**(29)**	**–**	**1,782**	**715**
Changes in estimates that adjust the CSM		(1,155)	–	–	1,155	–
Contracts initially recognised in the period		1,416	–	–	(1,416)	–
Changes in the FCF that do not adjust the CSM for the Group of underlying insurance contracts		175	29	–	–	204
Changes that relate to future services	**10**	**436**	**29**	**–**	**(261)**	**204**
Changes that relate to past service - changes in the FCFs relating to the incurred claims recovery		9,181	1,706	–	–	10,887
Changes that relate to past services		**9,181**	**1,706**	**–**	**–**	**10,887**
Net expenses from reinsurance contract held		**8,579**	**1,706**	**–**	**1,521**	**11,806**

Group		**For the year ended 31 December 2023**				
				Contractual Service Margin		
	Note	**Estimates of the present value of future cash flows US$'000**	**Risk adjustment for non-financial risk US$'000**	**Contracts under the fair value approach US$'000**	**Contracts under the full retrospective approach US$'000**	**Total US$'000**
Finance income from reinsurance contracts issued	**21**	(1,704)	–	–	(42)	(1,746)
Effect of movements in exchange rates		385	83	–	–	468
Total changes in the statement of profit or loss and other comprehensive income		**7,260**	**1,789**	**–**	**1,479**	**10,528**
Cash flows						
Premiums paid net of ceding commissions and other directly attributable expenses paid		(11,274)	–	–	–	(11,274)
Recoveries from reinsurance		12,363	–	–	–	12,363
Total cash flows		**1,089**	**–**	**–**	**–**	**1,089**
Reinsurance contract assets as at 31 December 2023		(57,952)	(9,055)	–	–	(67,007)
Reinsurance contract liabilities as at 31 December 2023		12,876	1	–	–	12,877
Net reinsurance contract assets as at 31 December 2023		**(45,076)**	**(9,054)**	**–**	**–**	**(54,130)**

Group

		For the year ended 31 December 2022				
				Contractual Service Margin		
	Note	Estimates of the present value of future cash flows US$'000	Risk adjustment for non-financial risk US$'000	Contracts under the fair value approach US$'000	Contracts under the full retrospective approach US$'000	Total US$'000
Reinsurance contract assets as at 1 January 2022		(116,026)	(14,604)	–	(1,516)	(132,146)
Reinsurance contract liabilities as at 1 January 2022		21,954	9	–	(4)	21,959
Net reinsurance contract assets as at 1 January 2022		**(94,072)**	**(14,595)**	**–**	**(1,520)**	**(110,187)**
Changes in the statement of profit or loss and other comprehensive income						
CSM recognised in profit or loss for services provided		–	–	–	1,379	1,379
Reinsurance premium (and other related cash flows) experience adjustments relating to current service		3,271	–	–	–	3,271
Changes that relate to current service	**10**	**3,271**	**–**	**–**	**1,379**	**4,650**
Changes in estimates that adjust the CSM		(149)	–	–	149	**–**
Contracts initially recognised in the period		1,474	–	–	(1,474)	**–**
Changes that relate to future services	**10**	**1,325**	**–**	**–**	**(1,325)**	**–**
Changes that relate to past service -changes in the FCFs relating to the incurred claims recovery		16,481	3,532	–	–	20,013
Changes that relate to past services		**16,481**	**3,532**	**–**	**–**	**20,013**
Net expense from reinsurance contract held		**21,077**	**3,532**	**–**	**54**	**24,663**
Finance expenses/(income) from reinsurance contracts issued	**21**	4,600	–	–	(17)	4,583
Effect of movements in exchange rates		1,060	220	–	4	1,284
Total changes in the statement of profit or loss and other comprehensive income		**26,737**	**3,752**	**–**	**41**	**30,530**

Group		**For the year ended 31 December 2022**				
				Contractual Service Margin		
	Note	**Estimates of the present value of future cash flows**	**Risk adjustment for non-financial risk**	**Contracts under the fair value approach**	**Contracts under the full retrospective approach**	**Total**
		US$'000	**US$'000**	**US$'000**	**US$'000**	**US$'000**
Cash flows						
Premiums paid net of ceding commissions and other directly attributable expenses paid		(7,013)	–	–	–	(7,013)
Recoveries from reinsurance		20,923	–	–	–	20,923
Total cash flows		**13,910**	**–**	**–**	**–**	**13,910**
Reinsurance contract assets as at 31 December 2022		(76,206)	(10,844)	–	(1,479)	(88,529)
Reinsurance contract liabilities as at 31 December 2022		22,781	1	–	–	22,782
Net reinsurance contract assets as at 31 December 2022		**(53,425)**	**(10,843)**	**–**	**(1,479)**	**(65,747)**

Company

	Note	Estimates of the present value of future cash flows US$'000	Risk adjustment for non-financial risk US$'000	Contractual Service Margin: Contracts under the fair value approach US$'000	Contractual Service Margin: Contracts under the full retrospective approach US$'000	Total US$'000
		For the year ended 31 December 2023				
Reinsurance contract assets as at 1 January 2023		(66,904)	(8,846)	–	(1,478)	(77,228)
Reinsurance contract liabilities as at 1 January 2023		21,499	–	–	–	21,499
Net reinsurance contract assets as at 1 January 2023		**(45,405)**	**(8,846)**	**–**	**(1,478)**	**(55,729)**
Changes in the statement of profit or loss and other comprehensive income						
CSM recognised in profit or loss for services provided		–	–	–	1,780	1,780
Reinsurance premium (and other related cash flows) experience adjustments relating to current service		(1,184)	(29)	–	–	(1,213)
Changes that relate to current service		**(1,184)**	**(29)**	**–**	**1,780**	**567**
Changes in estimates that adjust the CSM		(1,157)	–	–	1,157	–
Contracts initially recognised in the period		1,416	–	–	(1,416)	–
Changes in the FCF that do not adjust the CSM for the Group of underlying insurance contracts		175	29	–	–	204
Changes that relate to future services		**434**	**29**	**–**	**(259)**	**204**
Changes that relate to past service - changes in the FCFs relating to the incurred claims recovery		8,271	792	–	–	9,063
Changes that relate to past services		**8,271**	**792**	**–**	**–**	**9,063**
Net expenses from reinsurance contract held		**7,521**	**792**	**–**	**1,521**	**9,834**

Company

		For the year ended 31 December 2023				
				Contractual Service Margin		
	Note	Estimates of the present value of future cash flows US$'000	Risk adjustment for non-financial risk US$'000	Contracts under the fair value approach US$'000	Contracts under the full retrospective approach US$'000	Total US$'000
Finance income from reinsurance contracts issued		(1,586)	–	–	(43)	(1,629)
Total changes in the statement of profit or loss and other comprehensive income		**5,935**	**792**	**–**	**1,478**	**8,205**
Cash flows						
Premiums paid net of ceding commissions and other directly attributable expenses paid		(9,884)	–	–	–	(9,884)
Recoveries from reinsurance		8,212	–	–	–	8,212
Total cash flows		**(1,672)**	**–**	**–**	**–**	**(1,672)**
Reinsurance contract assets as at 31 December 2023		(53,941)	(8,054)	–	–	(61,995)
Reinsurance contract liabilities as at 31 December 2023		12,799	–	–	–	12,799
Net reinsurance contract assets as at 31 December 2023		**(41,142)**	**(8,054)**	**–**	**–**	**(49,196)**

Company

	Note	Estimates of the present value of future cash flows US$'000	Risk adjustment for non-financial risk US$'000	Contractual Service Margin: Contracts under the fair value approach US$'000	Contractual Service Margin: Contracts under the full retrospective approach US$'000	Total US$'000
		For the year ended 31 December 2022				
Reinsurance contract assets as at 1 January 2022		(96,245)	(10,507)	–	(1,443)	(108,195)
Reinsurance contract liabilities as at 1 January 2022		30,237	13	–	–	30,250
Net reinsurance contract assets as at 1 January 2022		**(66,008)**	**(10,494)**	**–**	**(1,443)**	**(77,945)**
Changes in the statement of profit or loss and other comprehensive income						
CSM recognised in profit or loss for services provided		–	–	–	1,296	1,296
Reinsurance premium (and other related cash flows) experience adjustments relating to current service		3,463	–	–	–	3,463
Changes that relate to current service		**3,463**	**–**	**–**	**1,296**	**4,759**
Changes in estimates that adjust the CSM		(157)	–	–	157	–
Contracts initially recognised in the period		1,474	–	–	(1,474)	–
Changes that relate to future services		**1,317**	**–**	**–**	**(1,317)**	**–**
Changes that relate to past service -changes in the FCFs relating to the incurred claims recovery		11,873	1,648	–	–	13,521
Changes that relate to past services		**11,873**	**1,648**	**–**	**–**	**13,521**
Net expense from reinsurance contract held		**16,653**	**1,648**	**–**	**(21)**	**18,280**
Finance expenses/(income) from reinsurance contracts issued		4,544	–	–	(14)	4,530
Total changes in the statement of profit or loss and other comprehensive income		**21,197**	**1,648**	**–**	**(35)**	**22,810**

Company

	Note	For the year ended 31 December 2022				
				Contractual Service Margin		
	Note	Estimates of the present value of future cash flows US$'000	Risk adjustment for non-financial risk US$'000	Contracts under the fair value approach US$'000	Contracts under the full retrospective approach US$'000	Total US$'000
Cash flows						
Premiums paid net of ceding commissions and other directly attributable expenses paid		(16,536)	–	–	–	(16,536)
Recoveries from reinsurance		15,942	–	–	–	15,942
Total cash flows		**(594)**	**–**	**–**	**–**	**(594)**
Reinsurance contract assets as at 31 December 2022		(66,904)	(8,846)	–	(1,478)	(77,228)
Reinsurance contract liabilities as at 31 December 2022		21,499	–	–	–	21,499
Net reinsurance contract assets as at 31 December 2022		**(45,405)**	**(8,846)**	**–**	**(1,478)**	**(55,729)**

Effects of reinsurance contracts initially recognised in the year

The following tables provide an analysis of the reinsurance contract held initially recognised in the period:

Group and Company	**For the year ended 31 December 2023**		
Reinsurance contracts held	**Contracts originated not in a net gain US$'000**	**Contracts originated in net gain US$'000**	**Total US$'000**
Estimates of present value of cash outflows	1,416	–	1,416
CSM	(1,416)	–	(1,416)
Increase in reinsurance contract liabilities from contracts recognised in the period	–	–	–

Group and Company	**For the year ended 31 December 2022**		
Reinsurance contracts held	**Contracts originated not in a net gain US$'000**	**Contracts originated in net gain US$'000**	**Total US$'000**
Estimates of present value of cash outflows	1,474	–	1,474
CSM	(1,474)	–	(1,474)
Increase in reinsurance contract liabilities from contracts recognised in the period	–	–	–

13 Amounts due/(to) from related company and holding company

	Group		**Company**	
	2023 US$'000	**2022 US$'000**	**2023 US$'000**	**2022 US$'000**
Amounts due from/(to) related company (non-trade)	(496)	459	352	459
	(496)	459	352	459

The amounts due from related company and holding company are current, unsecured, interest-free and are repayable on demand. There was no allowance for impairment loss arising from the outstanding non-trade balance.

14 Amounts due from subsidiaries

	Company	
	2023	**2022**
	US$'000	**US$'000**
Amounts due from subsidiaries (non-trade)	848	500

The amounts due from subsidiaries are current.

The amounts due from subsidiaries are unsecured, interest-free and are repayable on demand. There was no allowance for impairment loss arising from the outstanding balance.

15 Other receivables

	Group		Company	
	2023	**2022**	**2023**	**2022**
	US$'000	**US$'000**	**US$'000**	**US$'000**
				Restated
Accrued interest from investment	1,893	1,974	1,792	1,793
Investment receivables	99	644	99	644
Others	1,617	2,272	2,093	2,017
	3,609	4,890	3,984	4,454
Prepayments	16	58	–	38
	3,625	4,948	3,984	4,492

Other receivables are current.

16 Cash and cash equivalents

	Group		Company	
	2023	**2022**	**2023**	**2022**
	US$'000	**US$'000**	**US$'000**	**US$'000**
Cash at bank and in hand	82,262	46,593	79,363	39,187
Deposits with financial institutions	19,501	25,711	4,440	15,512
Cash and cash equivalents in the statement of financial position	101,763	72,304	83,803	54,699
Restricted bank balances	(3,516)	(3,514)	(3,516)	(3,514)
Cash and cash equivalents in the statement of cash flows	98,247	68,790	80,287	51,185

Included in the Group and Company's cash at bank and in hand is US$3.5 million (2022: US$3.5 million) of restricted cash pledged as security for trade letter of credit facility.

The weighted average effective interest rate per annum relating to deposits with financial institutions at the reporting date is 4.0% (2022: 1.6%).

Deposits with financial institutions are generally placed on short-term maturities of less than 12 months in duration.

17 Capital and reserves

Share capital

	2023 Number of shares '000	2022 Number of shares '000	2023 US$'000	2022 US$'000
Fully paid ordinary shares, with no par value:				
Balance at 1 January	508,198	558,198	508,198	558,198
Capital reduction	(145,000)	(50,000)	(145,000)	(50,000)
Balance at 31 December	363,198	508,198	363,198	508,198

The holder of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

There was a capital reduction approved by Monetary Authority of Singapore totalling 145,000,000 shares at U$1 each during the year (2022: 50,000,000 shares at U$1 each).

Foreign currency translation reserve

The foreign currency translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations, as well as the effective portion of any foreign currency differences arising from hedges of a net investment in a foreign operation.

Fair value reserve

The fair value reserve comprises the cumulative net change in the fair value of available-for-sale financial assets until the investments are derecognised or impaired, which has become nil upon the adoption of FRS 109.

Revaluation reserve

The revaluation reserve relates to the revaluation of properties.

Dividends

There was no dividend declared for financial year end 31 December 2023 (2022: US$50,000,000).

18 Other payables and accruals

	Group		Company	
	2023 US$'000	2022 US$'000	2023 US$'000	2022 US$'000
Accrued expenses	4,234	4,431	3,891	3,977
Accrued restructuring expenses	2,518	1,311	1,781	606
Other payables	1,033	1,609	1,031	1,163
	7,785	7,351	6,703	5,746

Other payables and accruals are current.

19 Loan payables

	Group		Company	
	2023	**2022**	**2023**	**2022**
	US$'000	**US$'000**	**US$'000**	**US$'000**
Loan payables	–	6,586	–	–

The Group has 1 principal bank loan which was entered into by one of the subsidiaries of the Company (Propco (Telford) Limited) with Lloyd bank. A loan of GBP 5.6 million was drawn on 20 January 2022 based on the signed facility agreement dated on the same day. The loan is secured by a charge over the investment property held by the subsidiary in 2022 of $14.9 million. The loan carries interest rate at 3%. The loan was repaid on 31 December 2023.

20 Deferred tax (assets) and liabilities

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same tax authority.

Deferred tax (assets) and liabilities are attributable to the following:

	--------- Assets ---------		--------- Liabilities ---------	
	2023	**2022**	**2023**	**2022**
	US$'000	**US$'000**	**US$'000**	**US$'000**
Group				
Debt securities measured at FVTPL	–	–	–	137
Tax loss carry-forwards	–	(2)	–	–
Others	–	–	277	241
Deferred tax (assets)/liabilities	–	(2)	277	378
Set off of tax	–	–	–	–
Net deferred tax (assets)/liabilities	–	(2)	277	378
Company				
Tax loss carry-forwards	–	(2)	–	–
Others	–	–	–	–
Net deferred tax (assets)/liabilities	–	(2)	–	–

Movements in deferred tax (assets) and liabilities (prior to offsetting of balances) during the year are as follows:

Group

	Balance as at 1 January 2022 US$'000	Recognised in profit or loss US$'000	Recognised in other compre-hensive income US$'000	Currency translation US$'000	Balance as at 31 December 2022 US$'000	Recognised in profit or loss US$'000	Recognised in other compre-hensive income US$'000	Currency translation US$'000	Balance as at 31 December 2023 US$'000
Tax loss carry-forwards	(364)	362	–	–	(2)	2	–	–	–
Others	631	(66)	8	(195)	378	(1)	–	(100)	277
	267	296	8	(195)	376	1	–	(100)	277

Company

	Balance as at 1 January 2022 US$'000	Recognised in profit or loss US$'000	Recognised in other comprehensive income US$'000	Balance as at 31 December 2022 US$'000	Recognised in profit or loss US$'000	Recognised in other comprehensive income US$'000	Balance as at 31 December 2023 US$'000
Tax loss carry-forwards	(364)	362	–	(2)	2	–	–
Others	139	(139)	–	–	–	–	–
	(225)	223	–	(2)	2	–	–

Deferred tax assets and liabilities are non-current.

21 Net financial result

	Group 2023 US$'000	Group 2022 US$'000 Restated
Net investment income:		
Interest income measured at FVTPL	11,878	11,304
Net gain on sale of investments	16,328	2,427
Net fair value losses	(30,893)	(23,148)
Investment expenses	(1,267)	(1,627)
Dividend income measured at FVTPL	8,249	12,233
Rental of properties received from third parties, net of expenses	982	835
	5,277	2,024
Finance (expenses)/income from insurance contracts issued:		
Interest accreted	(14,500)	(9,747)
Effect of changes in interest rates and other financial assumptions	(956)	11,642
Effect of changes in FCF at current rates when CSM is unlocked at locked-in-rates	(227)	(140)
Foreign exchanges differences	(393)	10,662
	(16,076)	12,417
Finance income/(expenses) from reinsurance contracts issued:		
Interest accreted	3,369	2,367
Effect of changes in interest rates and other financial assumptions	205	(1,607)
Effect of changes in FCF at current rates when CSM is unlocked at locked-in-rates	(29)	1,131
Foreign exchanges differences	(1,799)	(6,474)
	1,746	(4,583)
Net insurance finance (expenses)/income	(14,330)	7,834
Summary of the amounts recognised in profit or loss:		
Net investment income	5,277	2,024
Net insurance finance (expenses)/income	(14,330)	7,834
	(9,053)	9,858

22 Other operating income/(expenses)

	Group 2023 US$'000	Group 2022 US$'000 Restated
Net foreign exchange gain/(loss)	11,154	(12,553)
Other operating (expense)/income	(42)	81
Loss on disposal of investment in subsidiary	(1,262)	–
	9,850	(12,472)

23 Income tax credit

	Group 2023 US$'000	Group 2022 US$'000
Recognised in profit or loss		
Current tax expense		
Current year	973	5,232
Under provision in prior year	439	1,176
	1,412	6,408
Deferred tax		
Movements in temporary differences	(2)	328
Under/(Over) provision in prior year	3	(32)
	1	296
Total tax credit	1,413	6,704

Recognised in other comprehensive income

For the year ended 31 December

	2023 Before tax US$'000	2023 Tax expense US$'000	2023 Net of tax US$'000	2022 Before tax US$'000	2022 Tax credit US$'000	2022 Net of tax US$'000
Others	1,058	–	1,058	(1,032)	(8)	(1,040)
	1,058	–	1,058	(1,032)	(8)	(1,040)

	Group	
	2023	**2022**
Reconciliation of effective tax rate	**US$'000**	**US$'000**
Profit before tax	1,516	33,295
Tax calculated using Singapore tax rate of 17% (2022: 17%)	258	5,660
Effects of:		
- Non-deductible expenses	468	100
- Under provision in prior year	442	1,144
- (Utilisation)/Tax effect of unrecognised tax losses	245	(200)
	1,413	6,704

24 Profit for the year

The following items in net operating expenses have been included in arriving at profit for the year:

Group			**2023**		
	Note	**Expenses attributed to insurance acquisition cash flows US$'000**	**Other directly attributable expenses US$'000**	**Other operating expenses US$'000**	**Total US$'000**
Staff costs		–	1,578	7,117	8,695
Depreciation of property and equipment	6	–	–	1,842	1,842
Audit fees to external auditors		–	–	478	478
Allowance for impairment of assets		–	–	350	350
Lease expenses		–	–	25	25

Group			**2022**		
	Note	**Expenses attributed to insurance acquisition cash flows US$'000**	**Other directly attributable expenses US$'000**	**Other operating expenses US$'000**	**Total US$'000**
Staff costs		–	2,587	6,940	9,527
Depreciation of property and equipment	6	–	–	1,980	1,980
Audit fees to external auditors		–	–	490	490
Allowance for impairment of assets		–	–	198	198
Lease expenses		–	–	287	287

25 Leases

Leases as lessee (FRS 116)

The Group's leases which typically run for a period of one to four years, with an option to renew the lease after the date.

The Group leases various assets with contract terms of one to four years. There are leases that are short-term and/or leases of low-value items. The Group has elected not to recognise right-of-use assets and lease liabilities for these short-term leases.

Information about leases for which the Group is a lessee is presented below.

Right-of-use assets

Right-of-use assets related to leased properties that do not meet the definition of investment property are presented as property and equipment (see Note 6).

	Land and buildings US$'000	Office equipment US$'000	Total US$'000
Group			
Balance at 1 January 2022	3,873	28	3,901
Additions to right-of-use assets	89	–	89
Depreciation charge for the year	(1,344)	(7)	(1,351)
Foreign exchange translation	(9)	–	(9)
Balance at 31 December 2022	2,609	21	2,630
Balance at 1 January 2023	2,609	21	2,630
Depreciation charge for the year	(1,332)	(4)	(1,336)
Reclassification	15	(15)	–
Balance at 31 December 2023	1,292	2	1,294
Company			
Balance at 1 January 2022	3,873	19	3,892
Additions to right-of-use assets	89	–	89
Depreciation charge for the year	(1,344)	(2)	(1,346)
Foreign exchange translation	(9)	–	(9)
Balance at 31 December 2022	2,609	17	2,626
Balance at 1 January 2023	2,609	17	2,626
Depreciation charge for the year	(1,332)	–	(1,332)
Reclassification	15	(17)	(2)
Balance at 31 December 2023	1,292	–	1,292

Amounts recognised in profit or loss

	Group	
	2023	**2022**
	US$'000	**US$'000**
Lease under FRS 116		
Expenses relating to short-term leases	25	287

Extension options

Some property leases contain extension options exercisable by the Group up to two years before the end of the non-cancellable contract period. Where practicable, the Group seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Group and not by the lessors. The Group assesses at lease commencement date whether it is reasonably certain to exercise the extension options. The Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances within its control.

Leases as lessor

The Group leases out its investment properties consisting of its owned commercial properties as well as leased property (see Note 9). All leases are classified as operating leases.

Operating lease

The Group leases out its investment properties. The Group has classified these leases as operating leases, because they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets. Note 9 sets out information about the operating leases of investment properties.

Rental income, net of expenses from investment property recognised by the Group during 2023 was US$1.0 million (2022: US$0.8 million).

The following table sets out a maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date.

	Group	
	2023	**2022**
	US$'000	**US$'000**
Operating leases under FRS 116		
Less than one year	1,294	1,297
One to three years	–	1,205
Total	1,294	2,502

Reconciliation of movements of liabilities to cash flows arising from financing activities

	Lease liabilities US$'000
Group	
Balance at 1 January 2022	3,901
Changes from financing cash flows	
Addition	89
Payment of lease liabilities	(1,360)
Balance at 31 December 2022	2,630
Changes from financing cash flows	
Payment of lease liabilities	(1,336)
Balance at 31 December 2023	1,294

26 Significant related party transactions

During the year, apart from the balances and transactions disclosed elsewhere in these financial statements, the transactions with the Group's related parties are as follows:

	2023 US$'000	2022 US$'000
Group		
Ultimate holding company (Catalina Holdings (Bermuda) Ltd.)		
- Management fees charged by the holding company	1,826	1,025
- Expenses recharged to the holding company	(1,261)	(917)
Company		
Ultimate holding company (Catalina Holdings (Bermuda) Ltd.)		
- Management fees charged by the holding company	1,826	1,025
- Expenses recharged to the holding company	(1,261)	(917)
Subsidiary company		
- Premiums received/receivable	242	125
- Commission paid/payable	(54)	(59)
- Claims paid/payable	(2,168)	(2,573)
- Management fee charged to subsidiary company	401	482

27 Key management personnel compensation

In addition to their salaries, the Company also provides non-cash benefits to directors and executive officers.

Key management personnel compensation comprised:

	Group	
	2023	**2022**
	US$'000	**US$'000**
Short term employment benefits	2,217	3,859
Post-employment benefits	66	140
Termination benefits	–	344
	2,283	4,343

28 New standards and interpretations not adopted

The Group has not adopted the following standards applicable that have been issued but not yet effective:

Effective for annual periods <u>beginning on or after</u>

(i)	Amendments to FRS 1 *Presentation of Financial Statements: Classification of Liabilities as Current or Non-current*	1 January 2024
(ii)	Amendments to FRS 116 *Leases: Lease Liability in a Sale and Leaseback*	1 January 2024
(iii)	Amendments to FRS 1 *Presentation of Financial Statements: Non-current Liabilities with Covenants*	1 January 2024
(iv)	Amendments to FRS 7 *Statement of Cash Flows* and FRS 7 *Financial Instruments: Disclosures: Supplier Finance Arrangements*	1 January 2024
(v)	Amendments to FRS 21 *The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability*	1 January 2025
(vi)	Amendments to FRS 110 *Consolidated Financial Statements* and FRS 28 *Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	Date to be determined

The directors expect that the adoption of the above standards will have no material impact on the financial statements in the period of initial application.

29 Subsequent events after year end

On 20th June 2024, the Company and its subsidiary, Asia Capital Reinsurance Malaysia Sdn. Bhd. ("ACRM"), signed a Quota Share Agreement ("QSRA") with Swiss Re Asia Pte Ltd Malaysia Branch ("SR Malaysia") whereby SR Malaysia will reinsure 100% of ACRM's existing in-force policies. The effective date of the QSRA is 1 July 2024. The QSRA is part of a wider transaction whereby SR Malaysia proposes to eventually acquire all of the in-force reinsurance business of ACRM by way of a portfolio transfer pursuant to Section 100(1) of the Financial Services Act 2013 and/or Section 112(1) of the Islamic Financial Services Act 2013. The portfolio transfer is subject to the approval of Bank Negara Malaysia which is required before the parties can enter into an agreement or arrangement for the transfer of such reinsurance business.