

Company No. LL11956

Mandarin Re Ltd

(Incorporated in Federal Territory of Labuan, Malaysia)

Company No: LL11956

(Licensed Labuan General Insurer – License No. IS2015157)

Financial Statements

For Year Ended December 31, 2023

(In United States Dollar)

Company No. LL11956

MANDARIN RE LTD

(Incorporated in Federal Territory of Labuan, Malaysia)

Company No: LL11956

(Licensed Labuan General Insurer – License No. IS2015157)

TABLE OF CONTENTS

	Page(s)
INDEPENDENT AUDITORS' REPORT	1 - 3
FINANCIAL STATEMENTS	
Statement of Financial Position	4
Statement of Profit or Loss and Other Comprehensive Income	5
Statement of Changes in Equity	6
Statement of Cash Flows	7 - 8
Notes to the Financial Statements	9 - 65
STATEMENT BY THE DIRECTOR PRIMARILY RESPONSIBLE FOR THE FINANCIAL MANAGEMENT OF THE COMPANY	66



Deloitte PLT (LLP0010145-LCA)
Chartered Accountants (AAL0009)
Suite 9, 4th Floor, Business Centre
Wisma Wong Wo Lo
Jalan Tun Mustapha
87000 Labuan F.T.
Malaysia

Tel: +6087 439 686
Fax: +6087 439 685
mykk@deloitte.com
www.deloitte.com/my

INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF MANDARIN RE LTD

Company No: LL11956

(Incorporated in the Federal Territory of Labuan, Malaysia under the Labuan Companies Act, 1990)
(Licensed Labuan General Insurer – License No. IS2015157)

Opinion

We have audited the financial statements of Mandarin Re Ltd, (“the Company”), which comprise the statement of financial position as of December 31, 2023, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information, as set out on pages 4 to 65.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as of December 31, 2023, and of its financial performance and its cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards.

Basis of Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants (“By-Laws”) and the International Ethics Standards Board for Accountants’ *International Code of Ethics for Professional Accountants (including International Independence Standards)* (“IESBA Code”), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Responsibilities of the Directors for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Company that are free from material misstatement, whether due to fraud or error.

(Forward)

Company No. LL11956

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Company 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 approved standards on auditing in Malaysia and International Standards on Auditing 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 approved standards on auditing in Malaysia and International Standards on Auditing, 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 of the Company, 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 control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If 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 of the Company 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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Company, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

(Forward)

Company No. LL11956

Other Matters

1. These financial statements were prepared from the accounting books and records maintained by the Company and our examination of these financial statements was limited to transactions recorded in such accounting books and records.
2. This report is made solely to the member of the Company, as a body, in accordance with Section 117(1) of the Labuan Companies Act, 1990 and Section 174(3) of the Labuan Financial Services and Securities Act, 2010 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.
3. The financial statements of the Company for the financial year ended December 31, 2022 were audited by another firm of auditors whose report dated June 23, 2023 expressed an unqualified opinion.



DELOITTE PLT (LLP0010145-LCA)
Chartered Accountants (AAL0009)



KOK PEI LOO
Partner – 03524/08/2026 J
Chartered Accountant

March 28, 2025

MANDARIN RE LTD

(Incorporated in Federal Territory of Labuan, Malaysia)

Company No: LL11956

(Licensed Labuan General Insurer – License No. IS2015157)

**STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2023**

	Note	December 31, 2023 USD	Restated December 31, 2022 USD	Restated January 1, 2022 USD
ASSETS				
Investment in financial assets	7	18,908,486	25,337,685	21,461,114
Investment in subsidiary	8	750,000	-	-
Cash and bank balances	9(a)	7,543,567	2,744,270	542,878
Deposits with financial institutions	9(b)	40,411	40,950	42,585
Other receivables, deposits and prepayments	10	1,034,258	696,508	292,143
Reinsurance contract assets	11	29,665	18,570	7,831
Retrocession contract assets	12	-	21,813	-
Amount due from holding company	27	12,225,217	709,171	5,289,944
Amount due from related companies	27	11,506	3,343	2,550
Amount due from subsidiary	27	461,488	-	-
Investment properties	15	244,348	252,861	-
Intangible asset	14	26,723	26,723	-
Right-of-use assets	16	213,445	390,792	13,506
Property and equipment	17	82,956	103,300	58,246
Total Assets		41,572,070	30,345,986	27,710,797
LIABILITIES AND EQUITY				
LIABILITIES				
Other payables and accrued expenses	18	1,581,995	1,687,448	235,424
Reinsurance contract liabilities	11	22,401,403	12,567,549	9,455,674
Retrocession contract liabilities	12	164,592	-	-
Lease liabilities	19	215,903	392,519	13,771
Amount due to directors	27	660,956	858,171	902,100
Tax liabilities		51,208	-	102,781
Total Liabilities		25,076,057	15,505,687	10,709,750
EQUITY				
Share capital		10,000,000	10,000,000	10,000,000
Retained earnings		6,496,013	4,840,299	7,001,047
Total Equity		16,496,013	14,840,299	17,001,047
Total Liabilities and Equity		41,572,070	30,345,986	27,710,797

The accompanying Notes form an integral part of the Financial Statements.

MANDARIN RE LTD

(Incorporated in Federal Territory of Labuan, Malaysia)

Company No: LL11956

(Licensed Labuan General Insurer – License No. IS2015157)

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2023**

	Note	2023 USD	Restated 2022 USD
Reinsurance revenue	20	29,158,535	17,251,536
Reinsurance service expenses	21	(23,834,224)	(12,040,420)
Net expenses from retrocession contracts held	22	<u>(1,204,358)</u>	<u>(570,140)</u>
REINSURANCE SERVICE RESULTS		<u>4,119,953</u>	<u>4,640,976</u>
Net investment income/(expense)	23	1,773,118	(3,372,329)
Net finance expenses from reinsurance contracts issued	24(a)	(390,642)	(226,706)
Net finance income from retrocession contracts held	24(b)	<u>10,598</u>	<u>5,693</u>
NET INVESTMENT INCOME/(EXPENSE) AND REINSURANCE FINANCE RESULTS		<u>1,393,074</u>	<u>(3,593,342)</u>
Other operating income		-	247,676
Other operating expenses	25	(4,252,307)	(2,857,123)
Foreign exchange gain/(loss)		<u>446,202</u>	<u>(598,935)</u>
PROFIT/(LOSS) BEFORE TAX		1,706,922	(2,160,748)
Income tax expense	26	<u>(51,208)</u>	<u>-</u>
PROFIT/(LOSS) FOR THE YEAR, REPRESENTING TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR		<u>1,655,714</u>	<u>(2,160,748)</u>

The accompanying Notes form an integral part of the Financial Statements.

Company No. LL11956

MANDARIN RE LTD

(Incorporated in Federal Territory of Labuan, Malaysia)

Company No: LL11956

(Licensed Labuan General Insurer – License No. IS2015157)

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2023**

	Note	Share Capital USD	Retained Earnings USD	Total USD
Balance as of January 1, 2022 (as previously reported)		10,000,000	1,327,083	11,327,083
Impact of initial adoption of MFRS 17	28	-	5,891,987	5,891,987
Prior-year adjustments	28	-	(218,023)	(218,023)
Balance as of January 1, 2022 (as restated)		10,000,000	7,001,047	17,001,047
Total comprehensive loss for the year (as restated)	28	-	(2,160,748)	(2,160,748)
Balance as of December 31, 2022 (as restated)		10,000,000	4,840,299	14,840,299
Balance as of January 1, 2023 (as restated)		10,000,000	4,840,299	14,840,299
Total comprehensive income for the year		-	1,655,714	1,655,714
Balance as of December 31, 2023		10,000,000	6,496,013	16,496,013

The accompanying Notes form an integral part of the Financial Statements.

MANDARIN RE LTD**(Incorporated in Federal Territory of Labuan, Malaysia)****Company No: LL11956****(Licensed Labuan General Insurer – License No. IS2015157)****STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2023**

	2023	Restated
	USD	2022
		USD
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES		
Profit/(Loss) before tax	1,706,922	(2,160,748)
Adjustments for:		
Interest income	(805)	(340)
Depreciation of property and equipment	30,260	21,216
Depreciation of right-of-use assets	362,548	44,417
Depreciation of investment property	8,513	2,519
Unrealised foreign exchange loss on cash and cash equivalents	171,684	194,381
Interest expense on lease liabilities	15,061	4,334
Net (gain)/loss from investment in financial assets	<u>(1,819,615)</u>	<u>250,882</u>
Operating Profit/(Loss) Before Working Capital Changes	474,568	(1,643,339)
Movements in working capital:		
(Increase)/ Decrease in:		
Amount due from holding company	(3,267,232)	4,580,773
Amount due from related companies	(8,163)	(793)
Amount due from subsidiary	(461,488)	-
Other receivables, deposits and prepayments	(337,750)	(356,029)
Reinsurance contract assets	(11,095)	(10,739)
Retrocession contract assets	21,813	(21,813)
(Decrease)/Increase in:		
Other payables and accrued expenses	(105,453)	1,121,585
Amount due to directors	(197,215)	(43,929)
Reinsurance contract liabilities	9,833,854	3,111,875
Retrocession contract liabilities	<u>164,592</u>	<u>-</u>
Cash Generated From Operations	6,106,431	6,737,591
Income tax paid	-	(102,781)
Net Cash From Operating Activities	<u>6,106,431</u>	<u>6,634,810</u>

(Forward)

	2023	Restated
	USD	2022
		USD
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES		
Net purchase of investment in financial assets	-	(4,127,453)
Net withdrawal of deposits with financial institutions	1,344	1,975
Purchase of property and equipment	(9,916)	(66,270)
Incorporation of a subsidiary	(750,000)	-
Net Cash Used In Investing Activities	<u>(758,572)</u>	<u>(4,191,748)</u>
CASH FLOWS USED IN FINANCING ACTIVITY		
Repayment of lease liabilities	(376,878)	(47,289)
Net Cash Used In Financing Activity	<u>(376,878)</u>	<u>(47,289)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	4,799,297	2,201,392
CASH AND CASH EQUIVALENTS, beginning of year	2,744,270	542,878
Effect of exchange rate changes	(171,684)	(194,381)
CASH AND CASH EQUIVALENTS, end of year (representing cash and bank balances)	<u><u>7,543,567</u></u>	<u><u>2,744,270</u></u>

The accompanying Notes form an integral part of the Financial Statements.

MANDARIN RE LTD

(Incorporated in Federal Territory of Labuan, Malaysia)

Company No: LL11956

(Licensed Labuan General Insurer – License No. IS2015157)

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023**

1. GENERAL INFORMATION

The Company is a private limited liability company incorporated under the Labuan Companies Act 1990 in Malaysia. The Company is domiciled in the Federal Territory of Labuan, Malaysia. The registered office and principal place of business are as follows:

Registered office: Unit Level 13(A), Main Office Tower, Financial Pa Labuan, Jalan Merdeka, 87000 Federal Territory of Labuan, Malaysia

Principal place of Business: Unit Level 5(J), Main Office Tower, Financial Park Labuan, Jalan Merdeka, Federal Territory of Labuan, Malaysia

The Company is principally engaged in the business as a licensed Labuan general reinsurer. There have been no significant changes in the nature of the principal activity of the Company during the financial year under review.

The Company has incorporated a wholly-owned subsidiary in United States America, namely Manit LLC during current financial year, as disclosed in Note 8.

The holding company is Transsibre Holdings Labuan Ltd, a company incorporated in Malaysia.

Information on other related party relationships of the Company is disclosed in Note 27.

The financial statements for the year ended December 31, 2023 were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated March 28, 2025.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The financial statements of the Company have been prepared in accordance with Malaysian Financial Reporting Standards (“MFRSs”), International Financial Reporting Standards (“IFRS”) and the requirements of the Labuan Companies Act, 1990 in Malaysia.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (continued)

Adoption of New Standards and Amendments to MFRSs

In the current financial year, the Company adopted the following New Standards and Amendments to MFRSs issued by the Malaysian Accounting Standards Board (“MASB”) that are effective for an annual financial period beginning on or after January 1, 2023:

MFRS 17	Insurance Contracts
Amendments to MFRS 17	Insurance Contracts
Amendments to MFRS 17	Initial Application of MFRS 9 and MFRS 17 - Comparative Information
Amendments to MFRS 101	Disclosure of Accounting Policies
Amendments to MFRS 108	Definition of Accounting Estimates
Amendments to MFRS 112	International Tax Reform – Pillar Two Model Rules
Amendments to MFRS 112	Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The adoption of the new MFRSs and Amendments to MFRSs did not result in significant changes in the accounting policies of the Company and has no significant effect on the financial performance or position of the Company except as disclosed below:

MFRS 17 Insurance Contracts (including those relevant Amendments to MFRS 17)

The Company has adopted MFRS 17 for the first time, including any consequential Amendments to this Standard effective from January 1, 2023.

MFRS 17 has brought significant changes to the accounting for reinsurance and retrocession contracts. As a result, the Company has restated certain comparative amounts in the statement of profit or loss and other comprehensive income and the statement of financial position, and presented a third statement in the statement of financial position as of January 1, 2022.

Refer to Note 3 for impact arising from the transition to MFRS 17.

Amendments to MFRS 101 Disclosure of Accounting Policies

The Company has adopted Amendments to MFRS 101 effective from January 1, 2023. The Amendments require the disclosure of ‘material’, rather than ‘significant’, accounting policies. The Amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand other information in the financial statements.

Although the Amendments did not result in any changes to the accounting policies of the Company, it impacted the accounting policy information disclosed in the financial statements. The material accounting policy information is disclosed in Note 4.

Amendments to MFRS 112 International Tax Reform – Pillar Two Model Rules

The Company has adopted the Amendments to MFRS 112 for the first time in the current financial year. The scope of MFRS 112 was amended to clarify that the Standard applies to income taxes arising from tax law enacted or substantively enacted to implement the Pillar Two model rules published by the Organisation for Economic Co-operation and Development (“OECD”), including tax laws that implements qualified domestic minimum top-up taxes described in those rules.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (continued)

New Standards and Amendments to MFRSs in Issue But Not Yet Effective

At the date of authorisation for issue of these financial statements, the new MFRS and Amendments to MFRSs which were in issue by MASB but not yet effective and not early adopted by the Company are as listed below:

MFRS 18	Presentation and Disclosure in Financial Statements ⁴
MFRS 19	Subsidiaries without Public Accountability: Disclosures ⁴
Amendments to MFRS 9 and MFRS 7	Classification and Measurement of Financial Instruments ³
Amendments to MFRS 9 and MFRS 7	Contracts Referencing Nature-dependent Electricity ³
Amendments to MFRS 10 and MFRS 128	Sales or Contribution of Assets between Investor and its Associate or Joint Venture ⁵
Amendments to MFRS 16	Lease Liability in a Sale and Leaseback ¹
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current ¹
Amendments to MFRS 101	Non-current Liabilities with Covenants ¹
Amendments to MFRS 107 and MFRS 7	Supplier Finance Arrangements ¹
Amendments to MFRS 121	The Effects of Changes in Foreign Exchange Rates - Lack of Exchangeability ²
Annual Improvements to MFRS Accounting Standards – Volume 11 ³	

¹ Effective for annual periods beginning on or after January 1, 2024.

² Effective for annual periods beginning on or after January 1, 2025.

³ Effective for annual periods beginning on or after January 1, 2026.

⁴ Effective for annual periods beginning on or after January 1, 2027.

⁵ Effective date deferred to a date to be determined and announced by MASB.

The Company's management anticipates that the abovementioned MFRSs and Amendments to MFRSs will be adopted in the annual financial statements of the Company when they become effective. The adoption of these MFRSs and Amendments to MFRSs may have an impact on the financial statements of the Company in the period of initial application. However, it is not practicable to provide a reasonable estimate of the effect of the adoption of these MFRSs and Amendments until the Company undertakes a detailed review.

3. ADOPTION OF MFRS 17 *INSURANCE CONTRACTS*

3.1 Recognition, measurement and presentation of insurance contracts

MFRS 17 establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts and reinsurance contracts. It introduces a model that measures groups of contracts based on the Company's estimates of the present value of future cash flows that are expected to arise as the Company fulfils the contracts, an explicit risk adjustment for non-financial risk and a contractual service margin ("CSM") that represents the unearned profit the Company will recognise as it provides the services in the future.

Under MFRS 17, reinsurance revenue in each reporting period represents the changes in the liabilities for remaining coverage that relate to services for which the Company expects to receive consideration and an allocation of premiums that relate to recovering insurance acquisition cash flows. In addition, investment components are no longer included in reinsurance revenue and reinsurance service expenses.

Reinsurance finance income and expenses are presented separately from reinsurance revenue and reinsurance service expenses.

The Company applies the General Measurement Model ("GMM") to both reinsurance contracts issued and retrocession contracts held.

Income and expenses from retrocession contracts other than retrocession finance income and expenses are now presented as a single net amount in profit or loss. Previously, amounts recovered from retrocessionaires and retrocession expenses were presented separately.

3.2 Presentation and disclosure

For presentation in the statement of financial position, the line items for reinsurance contracts issued and retrocession contracts held have been changed significantly compared with previous financial years. Previously, statement of financial position items related to reinsurance and retrocession contracts were split into the following line items:

- Assets
 - Insurance receivables

- Liabilities
 - Insurance payables
 - Unearned premium reserves
 - Provision for outstanding claims

Under MFRS 17, the Company aggregates reinsurance contracts issued, and retrocession contracts held, respectively and presents separately on the statement of financial position:

- Portfolios of reinsurance contracts issued that are assets;
- Portfolios of reinsurance contracts issued that are liabilities;
- Portfolios of retrocession contracts held that are assets; and
- Portfolios of retrocession contracts held that are liabilities.

The portfolios referred to above are those established at initial recognition in accordance with the MFRS 17 requirements.

3. ADOPTION OF MFRS 17 *INSURANCE CONTRACTS* (continued)

3.2 Presentation and disclosure (continued)

The line-item descriptions in the previous financial year financial statements - General Insurance Revenue Account have changed significantly. Previously, the Company reported the following line items:

- Gross premium
- Changes in unearned premium reserves
- Gross earned premium
- Reinsurance outwards
- Net earned premiums
- Claims incurred
- Commission expenses

Instead, MFRS 17 requires separate presentation of:

- Reinsurance revenue
- Reinsurance service expenses
- Net expenses from retrocession contracts held
- Finance income/(expenses) from reinsurance contracts issued
- Finance income/(expenses) from retrocession contracts held

3.3 Transition

On the transition date of January 1, 2022, the Company has:

- identified, recognised and measured each group of reinsurance and retrocession contracts as if MFRS 17 had always applied (unless impracticable), using the full retrospective approach;
- derecognised any existing balances that would not exist had MFRS 17 always applied
- Recognised any resulting net difference thereon in equity.

The impacts of adopting MFRS 17 on January 1, 2023, with a transition date of January 1, 2022 are disclosed in Note 28.

4. MATERIAL ACCOUNTING POLICY INFORMATION

4.1 Basis of accounting

The financial statements of the Company have been prepared under the historical cost convention otherwise indicated in the material accounting policy information below. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purpose in these financial statements is determined on such as basis.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- (a) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- (b) Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- (c) Level 3 inputs are unobservable inputs for the asset or liability.

4.2 Foreign currency

Functional and presentation currency

The financial statements of the Company are presented in the currency of the primary economic environment in which the entity operates, which is the functional currency. The financial statements of the Company are presented in United States Dollar ("USD"), which is the functional and presentation currency.

Foreign currency transactions

In preparing the financial statements of the Company, transactions in currencies other than the Company's functional currency (i.e. foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in profit or loss for the year.

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

4.3 Reinsurance contracts issued and retrocession contracts held

Classifications

The Company issues contracts that transfer insurance risk.

Reinsurance contracts are those contracts that transfer significant insurance risk. A reinsurance contract is a contract under which the Company (the reinsurer) has accepted significant insurance risk from another party (the ceding company or cedant) by agreeing to compensate the cedant if a specified uncertain future event (the insured event) adversely affect the cedant. Insurance risk is significant if, and only if, and insured event could cause the Company to pay significant additional benefits.

Once a contract issued has been classified as a reinsurance contract, it remains a reinsurance contract for the remainder of its life time, even if the insurance risk reduces significantly during this period, unless all rights and obligations are extinguished or expired.

The Company uses retrocession agreements to reduce its exposure to risks assumed. Retrocession contracts held are accounted for applying MFRS 17 when they meet the definition of an insurance contract. This includes the condition that the contract must transfer significant insurance risk.

The Company determines whether a contract contains significant insurance risk by assessing if an insured event could cause the Company to pay to the cedant additional amounts that are significant in any single scenario with commercial substance even if the insured event is extremely unlikely or the expected present value of the contingent cash flows is a small proportion of the expected present value of the remaining cash flows from the insurance contract. All contracts entered with the cedants have been classified as reinsurance contracts issued.

Separating components from reinsurance and retrocession contracts

The Company assesses its reinsurance contracts issued and retrocession contracts held to determine whether they contain distinct components which must be accounted for under another MFRS rather than MFRS 17. after separating any distinct components, an entity must apply MFRS 17 to all remaining components of the (host) reinsurance contracts. Currently, the Company's products do not include distinct components that require separation.

Level of Aggregation

The Company identifies portfolios by aggregating insurance contracts that are subject to similar risks and managed together. Each portfolio is subdivided into groups of contracts to which the recognition and measurement requirements of MFRS 17 are applied.

On initial recognition, the Company segregates contracts into annual cohorts based on the contract effective date. Each annual cohort is then further disaggregated into three groups of contracts:

- Group of contracts that are onerous on initial recognition.
- Group of contracts that, on initial recognition, have no significant possibility of becoming onerous subsequently.
- Group of remaining contracts.

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

4.3 Reinsurance contracts issued and retrocession contracts held (continued)

Level of Aggregation (continued)

A contract is classified as onerous at initial recognition if the risk-adjusted present value of all the expected cash flows for contract fulfilment results in a net cash outflow. The determination of whether a contract is onerous is based on the expectations as at the date of initial recognition. The composition of groups established at initial recognition is not subsequently reassessed.

Recognition

The Company recognises a group of reinsurance contracts issued from the earliest of:

- the beginning of the coverage period of the group of contracts;
- the date when the first payment from a cedent becomes due; or
- when facts and circumstances indicate that the group of contracts becomes onerous.

Retrocession contracts held are recognised as follows:

- A group of retrocession contracts held that provide proportionate coverage is recognised at the later of the beginning of the coverage period of the group and the initial recognition of any underlying reinsurance contract; and
- All other groups of retrocession contracts held are recognised from the beginning of the coverage period of the group of retrocession contracts held; unless the Company entered into the retrocession contract held at or before the date when an onerous group of underlying contracts is recognised prior to the beginning of the coverage period of the group of retrocession contracts held, in which case the retrocession contract held is recognised at the same time as the group of underlying reinsurance contracts is recognised.

Only contracts that individually meet the recognition criteria by the end of the reporting period are included in the groups. When contracts meet the recognition criteria in the groups after the reporting date, they are added to the groups in the reporting period in which they meet the recognition criteria, subject to the cohort restriction. Composition of the groups is not reassessed in subsequent periods.

Insurance acquisition cash flows

The Company includes insurance acquisition cash flows in the measurement of a group of reinsurance contracts issued if they are directly attributable to acquiring new business.

The Company recognises an asset in respect of costs to secure a portfolio of reinsurance contracts when these costs are incurred before the recognition of reinsurance contracts to which these costs relate. The Company recognises such an asset for each existing or future group of insurance contracts to which insurance acquisition cash flows are allocated using a systematic and rational method. The asset is derecognised, fully or partially, when the insurance acquisition cash flows are included in the measurement of the group of contracts.

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

4.3 Reinsurance contracts issued and retrocession contracts held (continued)

Insurance acquisition cash flows (continued)

At end of each reporting period, the Company 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 Company 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.

The Company currently does not have any assets for reinsurance acquisition cash flows.

Contract boundaries

The measurement of a group of reinsurance contracts issued includes all future cash flows expected to arise within the boundary of each contract in the Company. The Company 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 Company can compel the cedent to pay the premiums or the Company has a substantive obligation to provide the cedant with insurance contract services.

A substantive obligation to provide insurance contract services ends when the Company has the practical ability to reassess the risks of a particular cedant and, as a result, to change the price charged or the level of benefits provided for the price to fully reflect the new level of risk.

The Company assesses the contract boundary at initial recognition and at each subsequent reporting period.

Measurement - reinsurance contracts issued

All reinsurance contracts issued and retrocession contracts held by the Company are measured by applying the General Measurement Model ("GMM").

Measurement on initial recognition

On initial recognition, the Company measures a group of reinsurance contracts issued as the total of:

- a) the fulfilment cash flows, which comprise estimates of future cash flows, an adjustment to reflect time value of money and associated financial risks, and a risk adjustment for non-financial risk; and
- b) the contractual service margin ("CSM").

The risk adjustment for non-financial risk for a group of reinsurance contracts issued, determined separately from the other estimates, is the compensation required for bearing uncertainty about the amount and timing of the cash flows that arises from non-financial risk.

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

4.3 Reinsurance contracts issued and retrocession contracts held (continued)

Measurement - reinsurance contracts issued (continued)

The CSM of a group of reinsurance contracts issued represents the unearned profit that the Company will recognise as it provides services under those contracts. On initial recognition of a group of reinsurance contracts issued, if the total of the fulfilment cash flows, any cash flows arising at that date and any amount arising from the derecognition of any assets or liabilities previously recognised for cash flows related to the group (including assets for reinsurance acquisition cash flows) is a net inflow, then the group is not onerous. In this case, the CSM is measured as the equal and opposite amount of the net inflow, which results in no income or expenses arising on initial recognition.

If the total is a net outflow, then the group is onerous. In this case, the net outflow is recognised as a loss in profit or loss. A loss component is created to depict the amount of the net cash outflows, which determines the amounts that are subsequently presented in profit or loss as reversals of losses on onerous groups and are excluded from insurance revenue.

Subsequent measurement

The carrying amount of a group of reinsurance contracts issued at end of each reporting period is the sum of the liability for remaining coverage (“LRC”) and the liability for incurred claims (“LIC”). The LRC comprises (a) the fulfilment cash flows that relate to services that will be provided under the contracts in future periods and (b) any remaining CSM at that date. The LIC includes the fulfilment cash flows for incurred claims and expenses that have not yet been paid, including claims that have been incurred but not yet reported.

The fulfilment cash flows of groups of reinsurance contracts issued are measured at end of the reporting period using current estimates of future cash flows, current discount rates and current estimates of the risk adjustment for non-financial risk. Changes in fulfilment cash flows are recognised as follows.

- Changes relating to future services are adjusted against the CSM (or recognised in the insurance service result in profit or loss if the group is onerous);
- Changes relating to current or past services are recognised in the insurance service result in profit or loss; and
- Effects of the time value of money, financial risk and changes therein on estimated future cash flows are recognised as insurance finance income or expenses.

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

4.3 Reinsurance contracts issued and retrocession contracts held (continued)

Measurement - reinsurance contracts issued (continued)

Subsequent measurement (continued)

The CSM of each group of reinsurance contracts issued is calculated at end of each reporting period as follows:

The carrying amount of the CSM at end of each reporting period is the carrying amount at the start of the reporting period, adjusted mainly for:

- the CSM of any new contracts that are added to the group in the period;
- interest accreted on the carrying amount of the CSM during the period, measured at the discount rates on nominal cash flows;
- changes in fulfilment cash flows that relate to future services, except to the extent that:
 - any increases in the fulfilment cash flows exceed the carrying amount of the CSM, in which case the excess is recognised in insurance service expenses and recognised as a loss component in LRC; or
 - any decreases in the fulfilment cash flows adjust the loss component in the LRC and the corresponding amount is recognised in insurance service expenses. If the loss component is reduced to zero, the excess reinstates the CSM;
- the effect of any currency exchange differences on the CSM; and
- the amount recognised as insurance revenue for service provided in the period.

Changes in fulfilment cash flows that relate to future services mainly comprise:

- experience adjustments arising from premiums received in the period that relate to future services and related cash flows, measured at the discount rates determined on initial recognition;
- changes in estimates of the present value of future cash flows in the LRC, measured at the discount rates determined on initial recognition, except for those that relate to the effects of the time value of money, financial risk and changes therein;
- differences between (a) any investment component expected to become payable in the period, determined as the payment expected at the start of the period plus any insurance finance income or expenses related to that expected payment before it becomes payable; and (b) the actual amount that becomes payable in the period; and
- changes in the risk adjustment for non-financial risk that relate to future services.

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

4.3 Reinsurance contracts issued and retrocession contracts held (continued)

Measurement - retrocession contracts held

For groups of retrocession contracts held, the Company applies the same accounting policies as that applied to reinsurance contracts issued, with the following modifications.

The carrying amount of a group of retrocession contracts held at end of each reporting period is the sum of the asset for remaining coverage and the asset for incurred claims. The asset for remaining coverage comprises (a) the fulfilment cash flows that relate to services that will be received under the contracts in future periods and (b) any remaining CSM at that date.

The Company measures the estimates of the present value of future cash flows using assumptions that are consistent with those used to measure the estimates of the present value of future cash flows for the underlying reinsurance contracts, with an adjustment for any risk of non-performance by the retrocessionaire. The effect of the non-performance risk of the reinsurer is assessed at end of each reporting period and the effect of changes in the non-performance risk is recognised in profit or loss. The risk adjustment for non-financial risk is the amount of risk being transferred by the Company to the retrocessionaire.

On initial recognition, the CSM of a group of retrocession contracts held represents a net cost or net gain on purchasing retrocession. It is measured as the equal and opposite amount of the total of (a) the fulfilment cash flows, (b) the amount arising from assets or liabilities previously recognised for cash flows related to the group, before the group is recognised, (c) cash flows arising from the contracts in the group at that date and (d) any income recognised in profit or loss because of onerous underlying contracts recognised at that date. However, if any net cost on purchasing retrocession coverage relates to insured events that occurred before the purchase of the reinsurance, then the Company recognises the cost immediately in profit or loss as an expense.

The carrying amount of the CSM at end of each reporting period is the carrying amount at the start of the reporting period, adjusted for:

- the CSM of any new contracts that are added to the group in the period;
- interest accreted on the carrying amount of the CSM during the period, measured at the discount rates determined on initial recognition that are applied to nominal cash flows;
- income recognised in profit or loss in respect of a loss recognised for onerous underlying contracts to that group. A loss-recovery component is established or adjusted in the remaining coverage of reinsurance contracts held for the amount of income recognised;
- reversals of a loss-recovery to the extent that they are not changes in the fulfilment cash flows of the group;
- changes in fulfilment cash flows that relate to future services, measured at the discount rates determined on initial recognition, unless the changes result from changes in fulfilment cash flows of onerous underlying contracts, in which case they are recognised in profit or loss and create or adjust a loss-recovery component; and
- the amount recognised in profit or loss for the services received in the period.

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

4.3 Reinsurance contracts issued and retrocession contracts held (continued)

Measurement - retrocession contracts held (continued)

The Company adjusts the CSM of the group to which a retrocession contract held belongs and as a result recognises income when it recognises a loss on initial recognition of onerous underlying contracts, if the retrocession contract held is entered into before or at the same time as the onerous underlying contracts are recognised. The adjustment to the CSM is determined by multiplying:

- the amount of the loss that relates to the underlying contracts; and
- the percentage of claims on the underlying contracts that the Company expects to recover from the retrocession contracts held.

If the retrocession contracts held covers only some of the reinsurance contracts included in an onerous group of contracts, then the Company uses a systematic and rational method to determine a portion of losses on the onerous group of contracts containing the reinsurance contracts covered by the retrocession contracts held.

A loss-recovery component is established or adjusted in the remaining coverage of retrocession contracts held, which determines the amounts that are subsequently presented in profit or loss as reversals of recoveries of losses from the retrocession contracts held and are excluded from the allocation of retrocession premiums paid.

Insurance receivables and payables

The reinsurance (retrocession) contracts liabilities and assets include insurance receivables and payables.

i. Insurance receivables

Insurance receivables are recognised when due and measured on initial recognition at the fair value of the consideration to be received. The carrying value of premiums due and uncollected is reviewed for impairment whenever events or circumstances indicate the carrying amount may not be recoverable, with the impairment loss recorded in profit or loss.

Insurance receivables are derecognised following the derecognition criteria for financial instruments.

The impairment on insurance receivables are measured at initial recognition and throughout its life at an amount equal to lifetime ECL. The ECL is calculated using a provision matrix based on historical data where the insurance receivables are grouped based on aging buckets from current to 12 months and above. Forward-looking information has been included in the calculation of ECL.

ii. Insurance payables

Insurance payables are recognised when due and measured on initial recognition at fair value of the consideration payable less directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective yield method.

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

4.4 Modification and derecognition

The Company derecognises the original contract and recognises the modified contract as a new contract, if the terms of insurance contracts are modified.

If the modified terms were included at contract inception and the Company would have concluded that the modified contract:

- is not in scope of MFRS 17;
- results in different separable components from the host contract;
- results in a substantially different contract boundary; or
- belongs to a different group of contracts.

If the contract modification meets any of the conditions, the Company 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 Company treats the effect of the modification as changes in the estimates of fulfilment cash flows.

The Company derecognises a reinsurance contract issued when, and only when the contract is:

- extinguished (when the obligation specified in the reinsurance contract expires or is discharged or cancelled); or
- modified and the derecognition criteria are met.

4.5 Presentation

Portfolios of reinsurance contracts issued that are assets and those that are liabilities, and portfolios of retrocession contracts held that are assets and those that are liabilities, are presented separately in the statement of financial position. Any assets or liabilities recognised for cash flows arising before the recognition of the related group of contracts (including any assets for insurance acquisition cash flows are included in the carrying amount of the related portfolios of contracts.

The Company disaggregates the amounts recognised in the statement of profit or loss and other comprehensive income into:

- (a) reinsurance service results that comprise reinsurance revenue, reinsurance service expenses; and net income/expenses from retrocession contracts held, and
- (b) the net reinsurance finance income or expenses.

Income and expenses from retrocession contracts held are presented separately from income and expenses from reinsurance contracts issued. Income and expenses from retrocession contracts held, other than insurance finance income or expenses, are presented on a net basis as 'net expenses from retrocession contracts held' in the reinsurance service results.

The Company does not disaggregate the change in risk adjustment for non-financial risk between a financial and non-financial portion between reinsurance service results and reinsurance finance income or expenses. All changes in risk adjustment are recognised within the reinsurance service results.

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

4.5 Presentation (continued)

Reinsurance revenue

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

Reinsurance revenue consists of the sum of the changes in the LRC due to:

- the reinsurance service expenses incurred in the year measured at the amounts expected at the beginning of the year, excluding amounts allocated to the loss component and insurance acquisition expenses.
- the change in the risk adjustment for non-financial risk, excluding changes that relate to future service that adjust the CSM and amounts allocated to the loss component.
- the amount of CSM for the services provided in the year.
- Other amounts, such as experience adjustments for premium receipts that relate to current or past service, if any.

Reinsurance revenue also includes the portion of premiums that relate to recovering those insurance acquisition cash flows included in the reinsurance service expenses in each reporting period.

Reinsurance service expenses

Reinsurance service expenses arising from a group of reinsurance contracts issued comprises:

- Incurred claims.
- Other directly attributable insurance service expenses incurred.
- Amortisation of insurance acquisition cash flows.
- Changes that relate to past service (i.e. changes in the fulfilment cash flow relating to the LIC).
- 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.

Other expenses not meeting the above categories are included in other operating expenses in the statement of profit or loss and other comprehensive income.

Net income or expenses from retrocession contracts held

The Company presents income or expenses from a group of retrocession contracts held and retrocession finance income or expenses in profit or loss for the year separately under reinsurance service results. Income or expenses from retrocession contracts held are presented as a net amount in profit or loss, as allowed by the Standard.

The Company presents cash flows that are contingent on claims as part of the amount recovered from retrocessionaires. 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 retrocession which is then allocated to profit or loss.

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

4.5 Presentation (continued)

Net income or expenses from retrocession contracts held (continued)

The Company establishes a loss recovery component of the asset for the remaining coverage for a group of retrocession contracts held. This depicts the recovery of losses recognised on the initial recognition of an onerous group of underlying reinsurance contracts or on addition of onerous underlying reinsurance contracts to a group. The loss recovery component adjusts the CSM of the Company of retrocession contracts held.

Reinsurance and retrocession finance income and expenses

Reinsurance and retrocession 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 reinsurance contracts issued and a group of retrocession contracts held. The Company presents all reinsurance and retrocession finance income or expenses in profit or loss.

4.6 Financial instruments

Financial instruments are recognised in the statement of financial position when, and only when, the Company becomes a party to the contractual provisions of the financial instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of the financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets and financial liabilities, as appropriate, on initial recognition. Transaction costs that are directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

MFRS 9 includes three principal classification categories for financial assets: measured at amortised cost (“AC”), fair value through other comprehensive income (“FVOCI”) and fair value through profit or loss (“FVTPL”). The classification of financial assets is based on the Company’s business model of managing the financial assets in order to generate cashflows (“business model test”) and the contractual cashflow characteristics of the financial instruments (i.e., are the asset’s contractual cash flows solely principal and interest (“SPPI”). The business model test determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. The SPPI test determines whether the contractual cash flows are solely for payments of principal and interest.

The Company categorises and measures financial instruments at either AC or FVTPL.

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

4.6 Financial instruments (continued)

Amortised cost (“AC”)

A financial asset is measured at amortised cost if its business model is to hold the asset to collect contractual cash flows, and the contractual terms of the financial assets give rise on specified dates to cash flows that are SPPI on the principal amount outstanding. Financial assets at amortised cost are subsequently measured using effective interest rates, less allowance for impairment. The Company’s financial assets measured at AC include cash and bank balances, deposits with financial institutions, other receivables and deposits, amounts due from holding company, related companies and subsidiary.

Fair value through profit or loss (“FVTPL”)

Financial assets and liabilities at fair value through profit or loss comprise two categories:

- (a) financial assets or liabilities mandatorily classified as at fair value through profit or loss; and
- (b) financial assets or liabilities designated at fair value through profit or loss upon initial recognition.

The investment in financial assets of the Company is initially recorded at fair value. Subsequent to initial recognition, these investments are remeasured at fair value with the gain or loss recognised in profit or loss. The Company’s financial assets at FVTPL includes equity securities, debt securities and unit trust funds.

All financial assets, except for those measured at fair value through profit or loss, are subject to review for impairment.

Financial liabilities

Financial liabilities are recognised when, and only when the Company becomes a party to the contractual provisions of the instruments, and initially measured at fair value.

The Company’s financial liabilities include other payables and accrued expenses, lease liabilities and amount due to directors.

Financial liabilities are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or a shorter period, to the net carrying amount on initial recognition.

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

4.6 Financial instruments (continued)

Derecognition

A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or control of the financial asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged, or cancelled or expired. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Impairment of financial assets

The Company measures Expected Credit Losses (“ECL”) on all financial instruments that are measured at amortised cost. ECL is a probability-weighted estimate of credit losses. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort when assessing the ECL. This includes both quantitative and qualitative information and analysis, based on the Company’s historical experience and forward-looking information, where available.

4.7 Investment in subsidiary

The Company has control over an investee if all three of the following are met: (1) it has power over an investee; (2) it is exposed to, or has rights to, variable returns from its involvement with the investee; and (3) it has ability to use its power over the investee to affect its own returns.

In view of the criteria set out in paragraph 4 and 4.1 of MFRS 10 *Consolidated Financial Statements*, the Company is exempted from presenting the consolidated financial statements as the immediate holding company, Transsibre Holdings Labuan Ltd., a company incorporated in Labuan, Malaysia, prepares the consolidated financial statements in accordance with MFRS in Malaysia.

Investment in subsidiary is accounted for at cost less impairment losses, if any. On the disposal of such investment, the difference between net disposal proceeds and their carrying amount is included in profit or loss.

The Company applies MFRS 136 to determine whether investment in subsidiary is impaired and accounts for any identified impairment loss. No impairment loss made by the Company on investment in subsidiary as of the end of the reporting period.

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

4.8 Investment properties

Investment properties are properties which are owned 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 goods or services or for administrative purposes.

Investment properties are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Depreciation for residential properties held by the Company is recognised in profit or loss on a straight-line basis over their estimated useful lives of 30 years.

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

The Company applies MFRS 136 to determine whether investment properties is impaired and accounts for any identified impairment loss. No impairment loss made by the Company on investment properties as of the end of the reporting period.

4.9 Intangible asset

Intangible asset acquired separately is measured on initial recognition at cost. Following initial recognition, intangible asset is carried at cost less any accumulated amortisation and any accumulated impairment losses. Intangible assets with finite lives are amortised on a straight-line basis over the estimated economic useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. The amortisation expense on intangible assets with finite lives is recognised in profit or loss.

Gains or losses arising from derecognition of an intangible asset is measured as the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in profit or loss and presented within net realised gains/(losses) when the asset is derecognised.

The Company's intangible asset comprises software-in-development, which is not subject to amortisation until the development is completed and the asset is available for use. During the period in which the asset is not yet in use, it is tested for impairment annually.

The Company applies MFRS 136 to determine whether intangible asset is impaired and accounts for any identified impairment loss. No impairment loss made by the Company on intangible asset as of the end of the reporting period.

4.10 Property and equipment

All property and equipment are initially measured at cost. For a purchased asset, cost comprises purchase price plus all directly attributable costs incurred in bringing the asset to its present location and condition for management's intended use.

All property and equipment are subsequently measured at cost less accumulated depreciation and accumulated impairment losses, if any.

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

4.10 Property and equipment (continued)

Gain or loss arising from the disposal of an asset is determined as the difference between the estimated net disposal proceeds and the carrying amount of the asset, and is recognised in profit or loss.

Depreciation of property and equipment is computed on the straight-line method at the following annual rates based on the estimated useful lives of the various property and equipment:

Furniture & fittings	20%
Computers & accessories	40%
Office equipment	20%

At the end of each reporting period, the residual values, useful lives and depreciation methods for the property and equipment are reviewed for reasonableness. Any change in estimate of an item is adjusted prospectively over its remaining useful life, commencing in the current year.

The Company applies MFRS 136 to determine whether property and equipment is impaired and accounts for any identified impairment loss. No impairment loss made by the Company on property and equipment as of the end of the reporting period.

4.11 Leases – As a lessee

The Company assesses whether a contract is or contains a lease, at inception of the contract. The Company recognises a right of use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets.

The Company has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

The lease liabilities are initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise of fixed lease payments (including in substance fixed payments).

The lease liabilities are presented as a separate line in the statement of financial position.

The lease liabilities are subsequently measured by increasing the carrying amount to reflect interest on the lease liabilities (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

4.11 Leases – As a lessee (continued)

Right-of-use assets

The Company recognises a right of use asset at the lease commencement date. The right of use asset comprises the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses, if any.

Whenever the Company incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under MFRS 137. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Company expects to exercise a purchase option, the related right-of-use assets are depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the statement of financial position.

The Company applies MFRS 136 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss. No impairment loss made by the Company on right-of-use assets as of the end of the reporting period.

4.12 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

4.13 Investment income

Interest on deposits with financial institutions is recognised based on the effective interest method and recorded in investment income, net of related expenses in profit or loss.

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

4.14 Employee benefits

Short-term employee benefits

Salaries, bonuses and social security contributions are recognised as an expense in the period in which the associated services are rendered by employees of the Company. Short-term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees of the Company that increase their entitlement to future compensated absences. Short-term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

Defined contribution plan

The Company is required by law to make monthly contributions to the Employee Provident Fund ("EPF"), a statutory defined contribution plan for all its eligible employees based on certain prescribed rates of the employees' salaries. The Company's contributions to EPF are included in staff costs. Once the contributions have been paid, the Company has no further payment obligations.

4.15 Income tax

Income tax expense in profit or loss represents the expected tax payable for the financial year, using the basis enacted or substantively enacted at the end of the reporting period.

The tax treatment of a Labuan entity is dependent on whether it carries on Labuan trading activity or Labuan non-trading activity as defined under the Labuan Business Activity Act, 1990. Effective 1 January 2019, where a Labuan entity carries on Labuan business activity and meet the relevant substance requirements set by the Labuan Business Activity Tax (Requirements for Labuan Business Activity) Regulations 2018, the tax charge for a year assessment is at the rate of 3% on its audited net profit.

The Labuan Business Activity Tax (Amendment) Act 2020 which was gazetted on 10 February 2020, that any Labuan entity carrying on a Labuan business activity but fails to comply with the relevant substance requirements for a basis period for a year of assessment is subject to tax under the Labuan Business Activity Act at the rate of 24% of its audited net profit.

The Company's management has assessed and concluded that the Company meets the relevant substance requirements in the current financial year and the Company is subject to a tax rate of 3% of audited net profit.

4.16 Statement of cash flows

Cash and cash equivalents are short-term, highly liquid investments that are readily convertible to cash with insignificant risks of changes in value.

The Company adopts the indirect method in the preparation of the statement of cash flows.

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

In the application of the Company's accounting policies, the Company's management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors considered to be relevant. Actual results may differ from these estimates.

The 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 if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have a significant effect on the amounts recognised in the financial statements other than those disclosed in the following notes:

Estimates of future cash flows

In estimating the future cash flows, the Company incorporates, in an unbiased way, all reasonable and supportable information that is available without undue cost or effort at the end of reporting period. This information includes both internal and external historical data about claims and other experiences, updated to reflect current expectations of future events.

The estimates of future cash flows reflect the Company's view of current conditions at the end of the reporting period and current expectations of future events that might affect those cash flows.

Cash flows within the boundary of a contract are those that relate directly to the fulfilment of the contract, including those for which the Company has discretion over the amount or timing. These include payments to (or on behalf of) insurers, insurance acquisition cash flows and other costs that are incurred in fulfilling contracts.

Cash flows are attributed to acquisition activities and other fulfilment activities either directly or estimated based on the type of activities performed by the respective business function. Cash flows attributable to acquisition and other fulfilment activities are allocated to groups of contracts using methods that are systematic and rational and will be consistently applied to all costs that have similar characteristics.

Method of estimating discount rates

The discount rate is determined on a bottom-up approach, starting with a liquid risk-free yield curve and adding an illiquidity premium to reflect the characteristics of the insurance contracts. Risk-free rates are based on government bond yields for major currencies.

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

Method of estimating discount rates (continued)

The following tables set out the range of yield curves used to discount future cash flows for major currencies:

	2023			
	1 year %	5 years %	10 years %	20 years %
Emirati Dirhams (AED)	5.40	5.40	5.40	5.40
Chinese Yuan (CNY)	2.14	2.39	2.59	2.91
Euro (EUR)	3.05	1.88	2.08	2.39
Great British Pound (GBP)	4.74	3.46	3.54	4.09
Philippine Peso (PHP)	5.80	5.96	6.09	6.06
United States Dollar (USD)	4.78	3.84	3.87	4.18

	2022			
	1 year %	5 years %	10 years %	20 years %
Emirati Dirhams (AED)	4.40	4.40	4.40	4.40
Chinese Yuan (CNY)	2.10	2.62	2.88	3.29
Euro (EUR)	2.43	2.42	2.53	2.53
Great British Pound (GBP)	3.23	3.65	3.70	4.07
Philippine Peso (PHP)	5.27	6.54	6.98	7.35
United States Dollar (USD)	4.72	4.00	3.88	4.15

Risk adjustment for non-financial risk

The risk adjustment for non-financial risk is the compensation the Company requires for bearing the uncertainty about the amount and timing of the cash flows arising from insurance risk and other non-financial risks such as lapse risk and expense risk. It measures the degree of variability of expected future cash flows and the Company-specific price for bearing that risk and reflects the degree of the Company's risk aversion.

The Company uses the confidence level approach in estimating the risk adjustment. Under a confidence level technique, the Company estimates the probability distribution of the expected value of the future cash flows at end of each reporting period and calculate the risk adjustment for non-financial risk as the excess of the value at risk at the target confidence level over the expected present value of the future cash flows allowing for the associated risks over all future years. The target confidence level is 75th percentile, in line with the regulatory requirement of Labuan Financial Services Authority.

Contractual service margin ("CSM")

The CSM of a group of contracts is recognised in profit or loss to reflect services provided in each year based on the number of coverage units provided in the year, which is determined by considering for each contract the quantity of the benefits provided and its expected coverage period. The coverage units are reviewed and updated at end of each reporting period.

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

Expected Credit Losses (“ECL”)

Assessment of whether credit risk on the financial asset has increased significantly since initial recognition and incorporation of forward-looking information in the measurement of ECL requires the use of complex models and significant assumptions about future economic conditions and credit behavior.

A number of factors are also considered in applying the accounting requirements for measuring ECL, such as:

- determining the criteria for significant increase in credit risk;
- determining the criteria and definition of default;
- choosing appropriate models and assumptions for the measurement of ECL; and
- establishing the methodology for incorporating forward-looking information into the measurement of ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company’s historical experience and informed credit assessment and including forward-looking information.

6. INSURANCE RISK, FINANCIAL RISK AND CAPITAL RISK MANAGEMENT

6.1 Reinsurance risk

Reinsurance risk is the risk of loss of adverse change arising from the underwritten reinsurance businesses. The Company has established appropriate policies and monitoring metrics combined with authority limits as part of risk mitigation activities embedded in the business operations.

The Company considers reinsurance risk to be a combination of the following component risks:

Underwriting risk

Underwriting risk reflects the risk of loss or adverse impact arising from adverse changes in the actual outcome from the initial underwriting assessment/evaluation, selection, and terms set against underlying assumption/expectation derived in pricing and reserving process.

Lapse risk

Lapse risk refers to the possibility of actual lapse experience that diverges from the anticipated experience assumed when products were priced. It includes the potential financial loss incurred due to early termination of policies or contracts in circumstances where the acquisition costs incurred are no longer recoverable from future revenue.

Expense risk

Expense risk pertains to the potential for unexpected increases in the administrative costs associated with servicing contracts, rather than costs arising from insured events.

6. INSURANCE RISK, FINANCIAL RISK AND CAPITAL RISK MANAGEMENT (continued)

6.2 Sensitivity analysis

The table below analyses how the profit or loss and equity of the Company would have increased/decreased if changes in claims ratio, expense ratio and interest rate that were reasonably possible at the reporting date had occurred. This analysis presents the sensitivities both before and after risk mitigation by retrocession and assumes that all other variables remain constant.

	Profit or loss		Equity	
	Gross of retrocession USD	Net of retrocession USD	Gross of retrocession USD	Net of retrocession USD
2023				
Claims ratio (+10%)	(1,942,966)	(1,923,611)	(1,942,966)	(1,923,611)
Expense ratio (+10%)	(57,561)	(57,091)	(57,561)	(57,091)
Interest rate (+1%)	168,275	169,840	168,275	169,840
Interest rate (-1%)	(216,114)	(217,700)	(216,114)	(217,700)
2022				
Claims ratio (+10%)	(1,351,678)	(1,334,568)	(1,351,678)	(1,334,568)
Expense ratio (+10%)	(70,893)	(70,242)	(70,893)	(70,242)
Interest rate (+1%)	104,762	104,941	104,762	104,941
Interest rate (-1%)	(101,194)	(101,375)	(101,194)	(101,375)

6. INSURANCE RISK, FINANCIAL RISK AND CAPITAL RISK MANAGEMENT (continued)

6.3 Claims development table

The following tables show the estimates of cumulative incurred claims, including both claims notified and Incurred But Not Reported (“IBNR”) for each successive accident year at end of each reporting period, together with cumulative payments to date.

Claims Liabilities as of December 31, 2023

	Accident year										Total
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	
Accident year	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD
At the end of accident year	-	252,251	698,837	822,354	1,154,437	646,250	5,091,588	3,499,509	6,951,747	19,438,241	
One year later	35,308	139,401	1,737,409	380,156	1,102,820	379,450	3,766,949	3,077,737	7,899,351	-	
Two years later	29,610	186,681	1,931,446	364,519	1,073,840	367,009	3,613,116	2,979,642	-	-	
Three years later	30,744	193,657	1,956,079	339,978	1,064,202	351,563	3,742,806	-	-	-	
Four years later	44,475	218,719	1,950,586	317,403	1,056,019	338,670	-	-	-	-	
Five years later	173,736	200,626	1,941,877	268,103	1,041,099	-	-	-	-	-	
Six years later	172,063	192,813	1,930,160	247,149	-	-	-	-	-	-	
Seven years later	172,781	192,835	1,930,097	-	-	-	-	-	-	-	
Eight years later	172,780	192,828	-	-	-	-	-	-	-	-	
Nine years later	172,780	-	-	-	-	-	-	-	-	-	
Current estimate of cumulative claims incurred	172,780	192,828	1,930,097	247,149	1,041,099	338,670	3,742,806	2,979,642	7,899,351	19,438,241	
Cumulative claims paid	(115,573)	(128,983)	(1,291,034)	(165,128)	(687,916)	(189,304)	(2,334,513)	(1,633,245)	(3,907,730)	(5,789,168)	
Claims liabilities	57,207	63,845	639,063	82,021	353,133	149,366	1,408,293	1,346,397	3,991,621	13,649,073	21,740,069
Claims handling expenses	-	-	-	-	-	-	-	-	-	-	36,133
Effect of discounting	-	-	-	-	-	-	-	-	-	-	(637,690)
Effect of risk adjustment	-	-	-	-	-	-	-	-	-	-	1,662,712
Others	-	-	-	-	-	-	-	-	-	-	1,863,193
LIC included in the statement of financial position											<u>24,664,417</u>

6. INSURANCE RISK, FINANCIAL RISK AND CAPITAL RISK MANAGEMENT (continued)

6.3 Claims development table (continued)

Claims Liabilities as of December 31, 2022

Accident year	Accident year									Total USD
	2014 USD	2015 USD	2016 USD	2017 USD	2018 USD	2019 USD	2020 USD	2021 USD	2022 USD	
At the end of accident year	-	252,251	698,837	822,354	1,154,437	646,250	5,091,588	3,499,509	6,951,747	
One year later	35,308	139,401	1,737,409	380,156	1,102,820	379,450	3,766,949	3,077,737	-	
Two years later	29,610	186,681	1,931,446	364,519	1,073,840	367,009	3,613,116	-	-	
Three years later	30,744	193,657	1,956,079	339,978	1,064,202	351,563	-	-	-	
Four years later	44,475	218,719	1,950,586	317,403	1,056,019	-	-	-	-	
Five years later	173,736	200,626	1,941,877	268,103	-	-	-	-	-	
Six years later	172,063	192,813	1,930,160	-	-	-	-	-	-	
Seven years later	172,781	192,835	-	-	-	-	-	-	-	
Eight years later	172,780	-	-	-	-	-	-	-	-	
Nine years later	-	-	-	-	-	-	-	-	-	
Current estimate of cumulative claims incurred	172,780	192,835	1,930,160	268,103	1,056,019	351,563	3,613,116	3,077,737	6,951,747	
Cumulative claims paid	(106,714)	(119,094)	(1,192,016)	(144,444)	(628,833)	(167,010)	(2,010,185)	(1,298,212)	(23,821)	
Claims liabilities	66,066	73,741	738,144	123,659	427,186	184,553	1,602,931	1,779,525	6,927,926	11,923,731
Claims handling expenses										30,760
Effect of discounting										(535,618)
Effect of risk adjustment										907,190
Others										1,556,977
L/C included in the statement of financial position										<u>13,883,040</u>

6. INSURANCE RISK, FINANCIAL RISK AND CAPITAL RISK MANAGEMENT (continued)

6.4 Financial instruments, financial risk and capital risk management

Categories of financial instruments

	December 31, 2023 USD	Restated December 31, 2022 USD	Restated January 1, 2022 USD
Financial assets			
Financial assets at FVTPL:			
Investment in financial assets	18,908,486	25,337,685	21,461,114
Financial assets at amortised costs:			
Cash and bank balances	7,543,567	2,744,270	542,878
Deposits with financial institutions	40,411	40,950	42,585
Other receivables and deposits	527,370	294,540	14,390
Amount due from holding company	12,225,217	709,171	5,289,944
Amount due from related companies	11,506	3,343	2,550
Amount due from subsidiary	461,488	-	-
	<u>39,718,045</u>	<u>29,129,959</u>	<u>27,353,461</u>
Financial liabilities at amortised cost:			
Other payables and accrued expenses	1,581,995	1,687,448	235,424
Amount due to directors	660,956	858,171	902,100
	<u>2,242,951</u>	<u>2,545,619</u>	<u>1,137,524</u>

6. INSURANCE RISK, FINANCIAL RISK AND CAPITAL RISK MANAGEMENT (continued)

6.4 Financial instruments, financial risk and capital risk management (continued)

Financial risk management

The Company is exposed to a variety of financial risks that includes interest rate risk, foreign currency risk, credit risk and liquidity risk.

(i) *Interest rate risk management*

Interest rate risk is the risk that the fair value or future cash flows of the Company's financial instruments will fluctuate because of changes in market interest rates.

As of the end of the reporting period, the Company does not have significant interest rate exposure relating to investment in debt securities and deposits with licensed banks.

(ii) *Foreign currency risk management*

The Company is exposed to foreign exchange risks because of its foreign currency denominated revenue (premiums) and expenses (claims, benefits and expenses).

At the end of the reporting period, the carrying amounts of monetary assets and liabilities are mainly denominated in the Company's functional currency and presentation currency ("USD"), Euro ("EUR"), Malaysian Ringgit ("MYR") and Great British Pound ("GBP").

No sensitivity analysis has been disclosed as the Company's management believes that a reasonable possible change in foreign exchange rate on foreign currencies other than EUR, MYR and GBP will not have a material impact on the Company's results.

(iii) *Credit risk management*

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a loss to the Company. The Company is exposed to credit risk arising from cash and bank balances, deposits with financial institutions, reinsurance and retrocession contract assets, amounts due from holding company, related companies and subsidiary, and other receivables and deposits. The Company manages its exposure to credit risk by the application of credit control policies and monitoring procedures on an on-going basis.

The Company does not have any major concentration of credit risk related to any individual cedant or counterparty.

At the end of the reporting period, the maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statement of financial position of the Company after deducting any expected credit losses (where applicable).

6. INSURANCE RISK, FINANCIAL RISK AND CAPITAL RISK MANAGEMENT (continued)

6.4 Financial instruments, financial risk and capital risk management (continued)

Financial risk management (continued)

(iv) Liquidity risk management

An important aspect of the Company's management of assets and liabilities is to ensure that cash reserve is available to settle liabilities as they fall due. The Company maintains sufficient level of cash to meet these demands on a daily basis. In normal circumstances, the majority of the claims are settled with the bank balances available.

Prudent liquidity risk management implies maintaining sufficient cash. Due to the nature of the business and type of assets owned, the Company's liquidity risk is minimised.

Maturity analysis

The following table sets out the maturity profile of the liabilities at the end of the reporting period based on contractual undiscounted cash flows.

For reinsurance contracts liabilities and retrocession contract liabilities, the maturity profiles are determined based on estimates of future cash flows on a discounted basis.

2023	Carrying Amount USD	Within 1 Year USD	1 to 5 years USD
Reinsurance contract liabilities - Estimates			
of present value of future cash flows	17,544,906	13,769,317	3,775,589
Amount due to directors	660,956	660,956	-
Other payables and accrued expenses	1,581,995	1,581,995	-
Lease liabilities	215,903	172,957	42,946
	20,003,760	16,185,225	3,818,535
2022	Carrying Amount USD	Within 1 Year USD	1 to 5 years USD
Reinsurance contract liabilities - Estimates			
of present value of future cash flows	9,369,166	7,617,119	1,752,047
Amount due to directors	858,171	858,171	-
Other payables and accrued expenses	1,687,448	1,687,448	-
Lease liabilities	392,519	346,205	46,314
	12,307,304	10,508,943	1,798,361

6. INSURANCE RISK, FINANCIAL RISK AND CAPITAL RISK MANAGEMENT (continued)

6.5 Capital risk management policies and objectives

The Company manages its equity to ensure that it will be able to continue as a going concern while maximising the return to equity. The Company has complied with the Directive on Minimum Capital Requirement by Labuan Licensed Entities issued by the Labuan Financial Services Authority, during the year by maintaining capital levels in excess of the minimum prescribed Capital Adequacy Requirement.

As of December 31, 2023, the Company has maintained total surplus of assets over liabilities equivalent to at least RM10,000,000 unimpaired by losses; and RM10,000,000 or 20% of net premium income of the preceding year, whichever is greater in compliance with the working funds and margin of solvency requirement imposed under Section 109 of Labuan Financial Services and Securities Act, 2010.

7. INVESTMENT IN FINANCIAL ASSETS

	December 31, 2023 USD	December 31, 2022 USD	January 1, 2022 USD
<u>At FVTPL:</u>			
Equity securities:			
Quoted outside Malaysia	303,116	184,582	19,955,751
Debt securities:			
Unquoted outside Malaysia	18,605,370	25,153,103	1,380,469
Unit trust funds	-	-	124,894
	<u>18,908,486</u>	<u>25,337,685</u>	<u>21,461,114</u>

Fair value measurements

The following table shows investment in financial assets measured at fair value analysed by the different hierarchy of fair value:

	December 31, 2023 USD	December 31, 2022 USD	January 1, 2022 USD
<u>Level 1</u>			
Using quoted market prices	303,116	184,582	20,080,645
<u>Level 2</u>			
Using observable inputs	18,605,370	25,153,103	1,380,469
	<u>18,908,486</u>	<u>25,337,685</u>	<u>21,461,114</u>

The investment in financial assets, which are under Level 2 of the fair value hierarchy, are measured using a valuation technique based on assumptions that are supported by prices from observable current market transactions and for which pricing is obtained via pricing agencies and other service providers.

8. INVESTMENT IN SUBSIDIARY

	2023
	USD
<u>At cost</u>	
As of January, 1	-
Addition	<u>750,000</u>
As of December, 31	<u><u>750,000</u></u>

The details of the subsidiary are as follows:

Name of company	Country of incorporation	Principal activities	2023 Holding %
Manit LLC	United States America	Software development	100

9. (a) CASH AND BANK BALANCES

	December 31, 2023 USD	December 31, 2022 USD	January 1, 2022 USD
Cash in hand	402	-	-
Cash in banks	<u>7,543,165</u>	<u>2,744,270</u>	<u>542,878</u>
	<u><u>7,543,567</u></u>	<u><u>2,744,270</u></u>	<u><u>542,878</u></u>

The currency profile of cash and bank balances is as follows:

	December 31, 2023 USD	December 31, 2022 USD	January 1, 2022 USD
Malaysian Ringgit	50,177	27,412	12,376
United States Dollar	3,049,308	1,090,367	39,891
Euro	130,777	61,647	37,691
Great British Pound	4,303,711	1,555,370	442,638
Chinese Yuan	9,192	9,474	10,282
	<u><u>7,543,567</u></u>	<u><u>2,744,270</u></u>	<u><u>542,878</u></u>

9. (b) DEPOSITS WITH FINANCIAL INSTITUTIONS

Deposits with financial institutions denominated in Malaysian Ringgit earn an effective interest rate at 2.70% (2022: 2.75%) per annum. The deposits have maturity periods of 12 (2022: 12) months.

10. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	December 31, 2023 USD	Restated December 31, 2022 USD	Restated January 1, 2022 USD
Other receivables	411,046	255,979	2,732
Deposits	116,324	38,561	11,658
Prepayments	<u>506,888</u>	<u>401,968</u>	<u>277,753</u>
	<u>1,034,258</u>	<u>696,508</u>	<u>292,143</u>

In 2021, amounts totaling USD 296,684 were written off from other receivables as these balances were deemed irrecoverable. The amounts written off relate to non-trade receivables from a counterparty who was no longer solvent.

The table below shows the other receivables, deposits and prepayments by currency.

	December 31, 2023 USD	Restated December 31, 2022 USD	Restated January 1, 2022 USD
United States Dollar	451,624	314,056	256,367
Euro	561,158	355,605	22,683
Malaysian Ringgit	<u>21,476</u>	<u>26,847</u>	<u>13,093</u>
	<u>1,034,258</u>	<u>696,508</u>	<u>292,143</u>

11. REINSURANCE CONTRACTS ASSETS AND LIABILITIES

The following table shows the reconciliation from the opening to the closing balances of the net liability for the remaining coverage (“LRC”) and the liability for incurred claims (“LIC”) for reinsurance contracts issued.

	December 31, 2023					December 31, 2022				
	Liabilities (assets) for remaining coverage		Liabilities (assets) for incurred claims			Liabilities (assets) for remaining coverage		Liabilities (assets) for incurred claims		
	Excluding loss component USD	Loss component USD	Estimates of present value of FCF USD	Risk adjustment for non-financial risk USD	Total USD	Excluding loss component USD	Loss component USD	Estimates of present value of FCF USD	Risk adjustment for non-financial risk USD	Total USD
Reinsurance contracts										
Reinsurance contract liabilities	(2,129,741)	837,013	12,957,183	903,094	12,567,549	(1,696,711)	162,618	10,476,248	513,519	9,455,674
Reinsurance contract assets	(41,333)	-	18,667	4,096	(18,570)	-	-	(6,153)	(1,678)	(7,831)
Net opening balance	(2,171,074)	837,013	12,975,850	907,190	12,548,979	(1,696,711)	162,618	10,470,095	511,841	9,447,843
Reinsurance revenue	(27,712,549)	(1,445,986)	-	-	(29,158,535)	(16,263,409)	(988,127)	-	-	(17,251,536)
Reinsurance service expenses										
Incurred claims and other directly attributable expenses	-	-	24,632,715	1,315,069	25,947,784	-	-	10,232,888	741,716	10,974,604
Amortisation of insurance acquisition cash flows	4,578,470	-	-	-	4,578,470	2,574,748	-	-	-	2,574,748
Losses and reversals of losses on onerous contracts	(1,445,986)	1,213,461	-	-	(232,525)	(988,127)	1,655,697	-	-	667,570
Adjustments to liabilities for incurred claims	-	-	(5,863,256)	(596,249)	(6,459,505)	-	-	(1,834,258)	(342,244)	(2,176,502)
Investment components	3,132,484	1,213,461	18,769,459	718,820	23,834,224	1,586,621	1,655,697	8,398,630	399,472	12,040,420
	(5,135)	-	5,135	-	-	(4,755)	-	4,755	-	-
Reinsurance service result – Gross	(24,585,200)	(232,525)	18,774,594	718,820	(5,324,311)	(14,681,543)	667,570	8,403,385	399,472	(5,211,116)
Net finance expenses from reinsurance contracts	507,425	47,830	315,125	36,702	907,082	173,247	15,537	(63,915)	(4,123)	120,746
Effect of movement in exchange rates	(515,291)	(192)	(4,555)	-	(520,038)	(11,857)	(8,712)	118,134	-	97,565
Total changes in the statement of profit or loss	(24,593,066)	(184,887)	19,085,164	755,522	(4,937,267)	(14,520,153)	674,395	8,457,604	395,349	(4,992,805)
Cash flows										
Premiums received	27,791,797	-	-	-	27,791,797	17,011,574	-	-	-	17,011,574
Claims and other insurance service expenses paid	-	-	(9,059,309)	-	(9,059,309)	-	-	(5,951,849)	-	(5,951,849)
Insurance acquisition cash flows	(3,972,462)	-	-	-	(3,972,462)	(2,965,784)	-	-	-	(2,965,784)
	23,819,335	-	(9,059,309)	-	14,760,026	14,045,790	-	(5,951,849)	-	8,093,941
Net closing balance	(2,944,805)	652,126	23,001,705	1,662,712	22,371,738	(2,171,074)	837,013	12,975,850	907,190	12,548,979
Reinsurance contract liabilities	(2,906,478)	652,126	22,994,375	1,661,380	22,401,403	(2,129,741)	837,013	12,957,183	903,094	12,567,549
Reinsurance contract assets	(38,327)	-	7,330	1,332	(29,665)	(41,333)	-	18,667	4,096	(18,570)
Net closing balance	(2,944,805)	652,126	23,001,705	1,662,712	22,371,738	(2,171,074)	837,013	12,975,850	907,190	12,548,979

1.1. REINSURANCE CONTRACTS ASSETS AND LIABILITIES (continued)

The following table shows the reconciliation from the opening to the closing balances of the net reinsurance contract liabilities analysed by components.

	December 31, 2023			December 31, 2022			
	Present value of future cash flows USD	Risk adjustment for non-financial risk USD	Contractual service margin USD	Present value of future cash flows USD	Risk adjustment for non-financial risk USD	Contractual service margin USD	Total USD
Reinsurance contracts							
Reinsurance contract liabilities	9,402,435	2,935,714	229,400	7,340,330	1,803,407	311,937	9,455,674
Reinsurance contract assets	(33,269)	11,395	3,304	(6,153)	(1,678)	-	(7,831)
Net opening balance	9,369,166	2,947,109	232,704	7,334,177	1,801,729	311,937	9,447,843
Changes that relate to current services							
CSM recognised for the services provided	-	-	(667,624)	-	-	(480,168)	(480,168)
Change in the risk adjustment for non-financial risk for the risk expired	-	(4,016,779)	-	-	(2,816,481)	-	(2,816,481)
Experience adjustments	4,606,135	-	-	(1,393,662)	-	-	(1,393,662)
Changes that relate to future services							
Contracts initially recognised in the period	(5,727,713)	5,446,997	1,118,156	(2,926,834)	4,647,955	277,993	1,999,114
Changes in estimates that adjust the CSM	168,542	281,528	(450,070)	(40,219)	(83,673)	123,892	-
Changes in estimates that result in losses and reversals of losses on onerous contracts	103,804	272,218	-	(98,662)	(244,755)	-	(343,417)
Changes that relate to past services							
Adjustments to liabilities for incurred claims	(5,863,255)	(596,250)	-	(1,834,258)	(342,244)	-	(2,176,502)
Reinsurance service result – Gross	(6,712,487)	1,387,714	462	(6,293,635)	1,160,802	(78,283)	(5,211,116)
Net finance expenses from reinsurance contracts	647,705	223,529	35,848	125,346	(6,230)	1,630	120,746
Effect of movement in exchange rates	(519,504)	(383)	(151)	109,337	(9,192)	(2,580)	97,565
Total changes in the statement of profit or loss	(6,584,286)	1,610,860	36,159	(6,058,952)	1,145,380	(79,233)	(4,992,805)
Cash flows							
Premiums received	27,791,797	-	-	17,011,574	-	-	17,011,574
Claims and other insurance service expenses paid	(9,059,309)	-	-	(5,951,849)	-	-	(5,951,849)
Insurance acquisition cash flows	(3,972,462)	-	-	(2,965,784)	-	-	(2,965,784)
	14,760,026	-	-	8,093,941	-	-	8,093,941
Net closing balance	17,544,906	4,557,969	268,863	9,369,166	2,947,109	232,704	12,548,979
Reinsurance contract liabilities	17,575,902	4,556,638	268,863	9,402,435	2,935,714	229,400	12,567,549
Reinsurance contract assets	(30,996)	1,331	-	(33,269)	11,395	3,304	(18,570)
Net closing balance	17,544,906	4,557,969	268,863	9,369,166	2,947,109	232,704	12,548,979

11. REINSURANCE CONTRACTS ASSETS AND LIABILITIES (continued)

Effect of reinsurance contracts issued initially recognised in the year

The following table summarises the effect on the measurement components arising from the initial recognition of reinsurance contracts issued in the year:

	2023		2022		Total USD	Total USD
	Profitable contracts issued USD	Onerous contracts issued USD	Profitable contracts issued USD	Onerous contracts issued USD		
<i>Estimates of present value of future cash outflows:</i>						
Insurance acquisition cash flows	1,654,372	3,020,455	326,858	3,789,872	4,674,827	4,116,730
Claims and other insurance service expenses	12,099,463	9,078,898	3,557,573	12,506,626	21,178,361	16,064,199
Other outflows	8,060	19,350	3,406	32,448	27,410	35,854
Estimates of present value of future cash inflows	(17,992,197)	(13,616,114)	(5,193,480)	(17,950,137)	(31,608,311)	(23,143,617)
Risk adjustment for non-financial risk	3,112,146	2,334,851	1,027,650	3,620,305	5,446,997	4,647,955
CSM	1,118,156	-	277,993	-	1,118,156	277,993
	-	837,440	-	1,999,114	837,440	1,999,114

12. RETROCESSION CONTRACTS ASSETS AND LIABILITIES

The following table shows the reconciliation from the opening to the closing balances of the net assets/(liabilities) for the remaining coverage and the net assets for incurred claims recoverable from retrocession contracts held.

	December 31, 2023					December 31, 2022				
	Liabilities (assets) for remaining coverage		Liabilities (assets) for incurred claims			Liabilities (assets) for remaining coverage		Liabilities (assets) for incurred claims		
	Excluding loss recovery component USD	Loss recovery Component USD	Estimates of present value of FCF USD	Risk adjustment for non-financial risk USD	Total USD	Excluding loss recovery component USD	Loss recovery Component USD	Estimates of present value of FCF USD	Risk adjustment for non-financial risk USD	Total USD
Retrocession contracts										
Retrocession contract assets	(4,051)	(17,762)	-	-	(21,813)	-	-	-	-	-
Retrocession contract liabilities	-	-	-	-	-	-	-	-	-	-
Net opening balance	(4,051)	(17,762)	-	-	(21,813)	-	-	-	-	-
Allocation of reinsurance premiums paid	1,165,648	-	-	-	1,165,648	566,736	-	-	-	566,736
Income on initial recognition of onerous underlying reinsurance contracts	-	35,941	-	-	35,941	-	20,852	-	-	20,852
Amounts recoverable from retrocessionaires										
Recoveries and reversals of recoveries of losses on onerous underlying contracts	35,941	(33,172)	-	-	2,769	20,852	(38,300)	-	-	(17,448)
Net expenses from retrocession contracts	1,201,589	2,769	-	-	1,204,358	587,588	(17,448)	-	-	570,140
Net finance income from retrocession contracts	(9,405)	(1,193)	-	-	(10,598)	(5,379)	(314)	-	-	(5,693)
Total changes in the statement of profit or loss	1,192,184	1,576	-	-	1,193,760	582,209	(17,762)	-	-	564,447
Cash flows										
Premiums paid	(1,007,355)	-	-	-	(1,007,355)	(586,260)	-	-	-	(586,260)
	(1,007,355)	-	-	-	(1,007,355)	(586,260)	-	-	-	(586,260)
Net closing balance	180,778	(16,186)	-	-	164,592	(4,051)	(17,762)	-	-	(21,813)
Retrocession contract assets	-	-	-	-	-	(4,051)	(17,762)	-	-	(21,813)
Retrocession contract liabilities	180,778	(16,186)	-	-	164,592	-	-	-	-	-
Net closing balance	180,778	(16,186)	-	-	164,592	(4,051)	(17,762)	-	-	(21,813)

12. RETROCESSION CONTRACTS ASSETS AND LIABILITIES (continued)

The following table shows the reconciliation from the opening to the closing balances of the net retrocession contract assets for retrocession contracts held analysed by components.

	December 31, 2023			December 31, 2022			
	Present value of future cash flows USD	Risk adjustment for non-financial risk USD	Contractual service Margin USD	Present value of future cash flows USD	Risk adjustment for non-financial risk USD	Contractual service margin USD	Total USD
Retrocession contracts							
Retrocession contract assets	432,214	(43,270)	(410,757)	-	-	-	(21,813)
Retrocession contract liabilities	-	-	-	-	-	-	-
Net opening balance	432,214	(43,270)	(410,757)	-	-	-	(21,813)
Changes that relate to current services							
CSM recognised for the services provided	-	-	822,616	-	-	411,782	411,782
Change in the risk adjustment for non-financial risk for the risk expired	-	85,468	-	-	49,050	-	49,050
Experience adjustments	329,446	-	-	147,608	-	-	147,608
Changes that relate to future services							
Contracts initially recognised in the period	1,010,298	(98,289)	(944,861)	873,489	(98,484)	(817,482)	(42,477)
Changes in estimates that adjust the CSM	43,259	(13,973)	(29,286)	-	6,814	(6,814)	-
Changes in estimates that relate to losses and reversals of losses on onerous underlying contracts	-	-	(320)	-	-	4,177	4,177
Changes that relate to past services							
Adjustments to liabilities for incurred claims	-	-	-	-	-	-	-
Effect of changes in the risk of reinsurers non-performance	-	-	-	-	-	-	-
Net expenses / (income) from retrocession contracts	1,383,003	(26,794)	(151,851)	1,021,097	(42,620)	(408,337)	570,140
Net finance income from retrocession contracts	15,197	(2,167)	(23,628)	(2,623)	(650)	(2,420)	(5,693)
Total changes in the statement of profit or loss	1,398,200	(28,961)	(175,479)	1,018,474	(43,270)	(410,757)	564,447
Cash flows							
Premiums paid	(1,007,355)	-	-	(586,260)	-	-	(586,260)
	(1,007,355)	-	-	(586,260)	-	-	(586,260)
Net closing balance	823,059	(72,231)	(586,236)	432,214	(43,270)	(410,757)	(21,813)
Retrocession contract assets	-	-	-	432,214	(43,270)	(410,757)	(21,813)
Retrocession contract liabilities	823,059	(72,231)	(586,236)	-	-	-	-
Net closing balance	823,059	(72,231)	(586,236)	432,214	(43,270)	(410,757)	(21,813)

12. RETROCESSION CONTRACTS ASSETS AND LIABILITIES (continued)

Effect of retrocession contracts initially recognised in the year

The following table summarises the effect on the measurement components arising from the initial recognition of retrocession contracts held in the year:

	2023		2022	
	Contracts without loss recovery component USD	Contracts with loss recovery component USD	Contracts without loss recovery component USD	Contracts with loss recovery component USD
Estimates of present value of future cash outflows	-	(342,828)	-	(296,370)
Estimates of present value of future cash inflows	-	1,353,126	-	1,169,859
Risk adjustment for non-financial risk	-	(98,289)	-	(98,484)
CSM	-	(944,861)	-	(817,482)
	-	(32,852)	-	(42,477)
		Total USD		Total USD
		(342,828)		(296,370)
		1,353,126		1,169,859
		(98,289)		(98,484)
		(944,861)		(817,482)
		(32,852)		(42,477)

13. CONTRACTUAL SERVICE MARGIN

The following table shows an analysis of the expected recognition of the CSM remaining at the end of reporting period in profit or loss.

	2023				2022			
	Less than 1 year USD	In 1 to 3 years USD	In 4 to 5 years USD	>5 years USD	Less than 1 year USD	In 1 to 3 years USD	In 4 to 5 years USD	>5 years USD
CSM for reinsurance contracts issued	266,159	2,626	78	-	228,630	4,074	-	-
CSM for retrocession contracts held	(586,073)	(158)	(5)	-	(410,446)	(311)	-	-
				Total USD				Total USD
				268,863				232,704
				(586,236)				(410,757)

14. INTANGIBLE ASSET

The intangible asset is solely consist of software-in-development which is not subject to amortisation until the development is completed and the asset is available for use.

	2023	Restated
	USD	2022
		USD
As of January 1	26,723	-
Addition	-	26,723
As of December 31	<u>26,723</u>	<u>26,723</u>

15. INVESTMENT PROPERTIES

	2023	Restated
	USD	2022
		USD
Cost		
As of January 1	255,380	-
Addition for the year	-	255,380
As of December 31	<u>255,380</u>	<u>255,380</u>
Accumulated depreciation		
As of January 1	2,519	-
Charge for the year	8,513	2,519
As of December 31	<u>11,032</u>	<u>2,519</u>
Net carrying amount	<u>244,348</u>	<u>252,861</u>

Investment properties consist of 2 units of residential properties, all of which are located in Phuket, Thailand. All investment properties were subsequently disposed of on 1 July 2024, as disclosed in Note 29. As of December 31, 2023, the investment properties did not meet the requirements of MFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* to be classified as non-current assets held for sale.

The Company measures its investment properties using the cost model. The fair value of the investment properties as of December 31, 2023 has been determined to be USD299,565 (2022: USD256,618) based on management's assessment using market data.

16. RIGHT-OF-USE ASSETS

The lease term for the Company's office and residential premises ranges from 1 to 3 years, with renewal options ranging from 1 to 2 years. During the current financial year, the Company has entered into a new lease of residential premise with a lease term of 2 years and a renewal option of 1 year, and has extended the lease period for one of its office premises and residential premises by an additional year. Management exercises judgement in determining whether these extension options are reasonably certain to be exercised.

	Office premises USD	Residential premises USD	Total USD
Cost (restated)			
As of January 1, 2022	34,232	-	34,232
Additions	85,132	336,571	421,703
As of December 31, 2022/January 1, 2023	<u>119,364</u>	<u>336,571</u>	<u>455,935</u>
Additions	8,212	176,989	185,201
As of December 31, 2023	<u>127,576</u>	<u>513,560</u>	<u>641,136</u>
Accumulated depreciation (restated)			
As of January 1, 2022	20,726	-	20,726
Charge for the year	16,369	28,048	44,417
As of December 31, 2022/January 1, 2023	<u>37,095</u>	<u>28,048</u>	<u>65,143</u>
Charge for the year	24,024	338,524	362,548
As of December 31, 2023	<u>61,119</u>	<u>366,572</u>	<u>427,691</u>
Net carrying amount (restated)			
As of December 31, 2023	<u>66,457</u>	<u>146,988</u>	<u>213,445</u>
As of December 31, 2022	<u>82,269</u>	<u>308,523</u>	<u>390,792</u>
As of January 1, 2022	<u>13,506</u>	<u>-</u>	<u>13,506</u>

17. PROPERTY AND EQUIPMENT

	Furniture & fittings USD	Computers & accessories USD	Office equipment USD	Total USD
Cost (restated)				
As of January 1, 2022	1,694	5,928	59,131	66,753
Additions	15,307	15,518	35,445	66,270
As of December 31, 2022/January 1, 2023	17,001	21,446	95,576	133,023
Additions	2,784	3,632	3,500	9,916
As of December 31, 2023	19,785	25,078	98,076	142,939
Accumulated depreciation (restated)				
As of January 1, 2022	230	4,711	3,566	8,507
Charge for the year	1,531	2,831	16,854	21,216
As of December 31, 2022/January 1, 2023	1,761	7,542	20,420	29,723
Charge for the year	3,833	7,236	19,191	30,260
As of December 31, 2023	5,594	14,778	39,611	59,983
Net carrying amount (restated)				
As of December 31, 2023	14,191	10,300	58,465	82,956
As of December 31, 2022	15,240	13,904	74,156	103,300
As of January 1, 2022	1,464	1,217	55,565	58,246

18. OTHER PAYABLES AND ACCRUED EXPENSES

	December 31, 2023 USD	Restated December 31, 2022 USD	Restated January 1, 2022 USD
Other payables	1,366,916	1,670,396	220,116
Accrued expenses	215,079	17,052	15,308
	<u>1,581,995</u>	<u>1,687,448</u>	<u>235,424</u>

The table below shows the other payables and accrued expenses by currency.

	December 31, 2023 USD	Restated December 31, 2022 USD	Restated January 1, 2022 USD
Euro	1,287,850	1,604,929	56,709
Malaysian Ringgit	119,061	72,468	170,419
United States Dollar	175,084	10,051	8,296
	<u>1,581,995</u>	<u>1,687,448</u>	<u>235,424</u>

19. LEASE LIABILITIES

	December 31, 2023	Restated December 31, 2022	Restated January 1, 2022
Maturity analysis:			
Not later than 1 year	172,957	346,205	9,010
More than 1 year	52,267	66,536	5,161
	<u>225,224</u>	<u>412,741</u>	<u>14,171</u>
Less: Unearned interest	(9,321)	(20,222)	(400)
Present value of lease liabilities	<u>215,903</u>	<u>392,519</u>	<u>13,771</u>

The Company applied the incremental borrowing rate to the lease liabilities recognised at 6% (2022: 6%).

The Company does not face a significant liquidity risk with regard to its lease liabilities.

The table below shows the lease liabilities by currency.

	December 31, 2023 USD	Restated December 31, 2022 USD	Restated January 1, 2022 USD
Malaysian Ringgit	78,095	83,206	13,771
United States Dollar	137,808	309,313	-
	<u>215,903</u>	<u>392,519</u>	<u>13,771</u>

19. LEASE LIABILITIES (continued)Reconciliation of liabilities arising from financing activities

The table below details the changes in the Company's liabilities arising from financing activities. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Company's statement of cash flows as cash flows from financing activities.

	2023	Restated
	USD	2022
		USD
As of January 1	392,519	13,771
Addition	185,201	421,703
Interest expense on lease liabilities (Note 25)	15,061	4,334
Payment of lease liabilities	<u>(376,878)</u>	<u>(47,289)</u>
As of December 31	<u>215,903</u>	<u>392,519</u>

20. REINSURANCE REVENUE

The following table presents an analysis of the reinsurance revenue recognised during the financial year.

	2023	2022
	USD	USD
<i>Amounts relating to changes in liabilities for remaining coverage</i>		
Expected incurred claims and other insurance service expenses	19,567,417	11,546,125
Change in risk adjustment for non-financial risks	5,035,771	3,336,415
Experience adjustments	(690,747)	(685,920)
Release of contractual service margin for services provided	667,624	480,168
Recovery of insurance acquisition cash flows	<u>4,578,470</u>	<u>2,574,748</u>
Total reinsurance revenue	<u>29,158,535</u>	<u>17,251,536</u>

21. REINSURANCE SERVICE EXPENSES

The following table presents an analysis of the reinsurance service expenses recognised during the financial year.

	2023	2022
	USD	USD
Incurred claims and other directly attributable expenses	25,947,784	10,974,604
Changes that relate to past service – adjustment to the LIC	(6,459,505)	(2,176,502)
Amortisation of insurance acquisition cash flows	4,578,470	2,574,748
(Reversal) and/or losses on onerous contracts	<u>(232,525)</u>	<u>667,570</u>
Total reinsurance service expenses	<u>23,834,224</u>	<u>12,040,420</u>

22. NET EXPENSES FROM RETROCESSION CONTRACTS HELD

An analysis of net expenses from retrocession contracts held during the financial year, are presented in the table below:

	2023 USD	2022 USD
Allocation of reinsurance premiums paid	1,165,648	566,736
Income on initial recognition of onerous underlying reinsurance contracts	35,941	20,852
Amounts recovered from reinsurers	<u>2,769</u>	<u>(17,448)</u>
Net expenses from retrocession contracts held	<u><u>1,204,358</u></u>	<u><u>570,140</u></u>

23. NET INVESTMENT INCOME/(EXPENSE)

Investment income is reported net of related expenses. Categories of investment income, net of related expenses consist of the following:

	2023 USD	2022 USD
Interest income from financial assets measured at AC	805	340
Net gain/(loss) from financial assets measured at FVTPL		
Realised	-	(3,277,585)
Unrealised	1,819,615	(250,882)
Other investment (expense)/income	<u>(47,302)</u>	<u>155,798</u>
Net investment income/(expense)	<u><u>1,773,118</u></u>	<u><u>(3,372,329)</u></u>

24. FINANCE (EXPENSE)/INCOME FROM REINSURANCE CONTRACTS ISSUED AND RETROCESSION CONTRACTS HELD

	2023 USD	2022 USD
(a) Finance (expenses) from reinsurance contracts issued		
Interest accreted	(739,714)	(11,197)
Effect of changes in interest rates and other financial assumptions	(166,931)	(5,994)
Effect of measuring changes in estimates at current rates and adjusting the CSM at locked-in rates	(437)	(554)
Foreign exchange differences	<u>516,440</u>	<u>(105,961)</u>
	<u><u>(390,642)</u></u>	<u><u>(226,706)</u></u>
(b) Finance income from retrocession contracts held		
Interest accreted	8,084	1,240
Effect of changes in interest rates and other financial assumptions	<u>2,514</u>	<u>4,453</u>
	<u><u>10,598</u></u>	<u><u>5,693</u></u>

25. OTHER OPERATING EXPENSES

An analysis of the expenses incurred by the Company during the financial year is included in the table below:

	2023	2022
	USD	USD
Staff costs	660,325	418,961
Directors' remuneration	3,100,746	1,931,203
Audit fee	110,000	8,522
Depreciation of:		
Investment properties (Note 15)	8,513	2,519
Property and equipment (Note 17)	30,260	21,216
Right-of-use assets (Note 16)	362,548	44,417
Promotional and marketing costs	259,748	408,891
Travelling expenses	436,147	595,360
Professional fees	368,925	529,357
Office expenses	734,567	163,363
Interest expense on lease liabilities (Note 19)	15,061	4,334
Others	216,625	189,548
	<u>6,303,465</u>	<u>4,317,691</u>

There is no non-audit fee paid or payable to auditors of the Company and Deloitte network firms for the year ended December 31, 2023 and December 31, 2022.

	2023	2022
	USD	USD
Amounts attributed to insurance acquisition cash flows		
incurred during the year	488,710	318,755
Other directly attributable expenses	1,562,448	1,141,813
Other operating expenses	4,252,307	2,857,123
Total	<u>6,303,465</u>	<u>4,317,691</u>

Expenses attributable to insurance acquisition cash flows and other directly attributable expenses comprise expenses incurred by the Company in the reporting period that relate directly to the fulfilment of reinsurance contracts issued and retrocession contracts held within MFRS 17's scope. These expenses are recognised in profit or loss based on MFRS 17 measurement requirements.

26. INCOME TAX EXPENSE

	2023	2022
	USD	USD
Current estimated tax expense at 3%	<u>51,208</u>	<u>-</u>

27. RELATED PARTY TRANSACTIONS

Parties are considered to be related to the Company if the Company has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Company and the party are subject to common control.

In addition to the information detailed elsewhere in the financial statements, the Company has related party relationships with its holding company, subsidiary, related companies and key management personnel, including the directors.

Amount due from holding company arose mainly from transfer of investments, is non-trade in nature, unsecured, interest-free and repayable on demand.

Amount due from subsidiary arose mainly from advances, is non-trade in nature, unsecured, interest-free and repayable on demand.

Amount due from related companies arose mainly from payments on behalf, is non-trade in nature, unsecured, interest-free and repayable on demand.

Amount due to directors arose mainly from directors' remuneration, is non-trade in nature, unsecured, interest-free and repayable on demand.

Other than those disclosed elsewhere in the financial statements, the Company did not enter into any significant transactions with the related parties during financial years ended December 31, 2023 and 2022.

Compensation of key management personnel

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Company either directly or indirectly. The key management personnel of the Company include directors of the Company.

The key management personnel compensation during the financial year are as follows:

	2023	2022
	USD	USD
Directors' remuneration (Note 25)	<u>3,100,746</u>	<u>1,931,203</u>

28. RESTATEMENT OF COMPARATIVE FIGURES AND PRIOR-YEAR ADJUSTMENTS

Below are the changes made to comparative figures in the financial statements of the Company as a result of restatement due to adoption of MFRS 17 *Insurance Contracts* and prior-year adjustments.

Restatement due to MFRS 17

The comparative figures have been restated to conform with current year's presentation in accordance with MFRS 17 *Insurance Contracts*.

Prior-year adjustments

January 1, 2022

(a) Adjustments to property and equipment

- (i) Office equipment as of January 1, 2022 has been overstated by USD986,000 as a result of asset purchased on behalf of its holding company was wrongly recorded in the book of the Company. This has resulted in a corresponding understatement of amount due from holding company of USD986,000 as of January 1, 2022.
- (ii) Furniture and fittings as of January 1, 2022 has been overstated by USD88,862 as a result of items purchased which were not meet the capitalisation criteria in accordance with MFRS 116 *Property, plant and equipment* was wrongly capitalised in the book of the Company. This has resulted in a corresponding overstatement of retained earnings of USD88,862 as of January 1, 2022.
- (iii) As a result of the above errors identified in items (a)(i) and (a)(ii), the accumulated depreciation of the property and equipment as of January 1, 2022 was overstated by USD222,982 and has resulted in corresponding understatement of retained earnings of USD222,982 as of January 1, 2022.

(b) Adjustment to other receivables, deposits and prepayments

- (i) Other receivables and deposits as of January 1, 2022 has been overstated by USD357,886 as a result of unrecoverable amounts were not written off in the book of the Company. This has resulted in a corresponding overstatement of retained earnings of USD357,886 as of January 1, 2022.
- (ii) Prepayments as of January 1, 2022 has been understated by USD255,380 arising from recognition of investment properties by the Company in the incorrect period. This has resulted in a corresponding overstatement of investment properties of USD255,380 as of January 1, 2022.

(c) Adjustment to deposits with financial institutions

Deposits with financial institutions as of January 1, 2022 has been understated by USD6,640 as a result of accrued interest income was not recognised in the book of the Company. This has resulted in a corresponding understatement of retained earnings of USD6,640 as of January 1, 2022.

**28. RESTATEMENT OF COMPARATIVE FIGURES AND PRIOR-YEAR ADJUSTMENTS
(continued)**

Prior-year adjustments (continued)

January 1, 2022 (continued)

(d) Adjustments to right-of-use assets and lease liabilities

Right-of-use assets, net of accumulated depreciation and lease liabilities as of January 1, 2022 has been understated by USD13,506 and USD13,771 as a result of the lease of office premises were not recognised in the book of the Company in accordance with MFRS 16 *Leases*. This has resulted in a corresponding overstatement of retained earnings of USD265 as of January 1, 2022, taken into consideration of understatement of depreciation of right-of-use assets and lease interest expense.

(e) Adjustment to other payables and accrued expenses

Accrued expenses as of January 1, 2022 has been understated by USD8,297 as a result of under-accrual of other operating expenses incurred by the Company. This has resulted in a corresponding overstatement of retained earnings of USD8,297 as of January 1, 2022.

(f) Adjustment to investment properties

Investment properties as of January 1, 2022 has been overstated by USD255,380 as a result of the adjustment arising from b(ii) above. This has resulted in a corresponding understatement of retained earnings of USD7,665 as of January 1, 2022, relating to the overstatement of depreciation of investment properties.

December 31, 2022

(g) Adjustments to property and equipment

- (i) Opening balance of property and equipment have been overstated by USD851,880 as a result of the adjustment arising from (a) above.
- (ii) As of December 31, 2022, property and equipment have been understated by USD793,769 arising from the disposal of the previously capitalised property and equipment in error. This has a corresponding overstatement of USD259,800 on gains from disposal of property and equipment in the statement of profit or loss.
- (iii) Property and equipment have been overstated by USD330,439 due to improper classification of software-in-development, which has also resulted in a corresponding understatement of intangible asset of USD 26,723 and understatement of prepayment of USD303,716.
- (iv) Adjustments from (g)(i), (g)(ii) and (g)(iii) resulted in an overstatement of property and equipment of USD388,550.

**28. RESTATEMENT OF COMPARATIVE FIGURES AND PRIOR-YEAR ADJUSTMENTS
(continued)**

Prior-year adjustments (continued)

December 31, 2022 (continued)

(h) Adjustment to other receivables, deposits and prepayments

- (i) Opening balance of other receivables, deposits and prepayments have been overstated by USD357,886 as a result of the adjustment arising from (b)(i) above.
- (ii) Understatement of USD4,794 due to rental deposits omitted.
- (iii) Understatement of USD151,068 due to interest income from financial institutions omitted.
- (iv) Understatement of USD29,000 due to error in recognition of right of use asset as rental expenses during the period, with corresponding overstatement in operating expenses.
- (v) Understatement of USD303,716 due to (g)(iii) above.
- (vi) Errors identified above in (h)(ii) to (h)(iv) have resulted in the understatement of USD184,862, with corresponding understatement to investment income of USD151,068 and overstatement of operating expenses of USD33,794, and an overstatement of retained earnings USD173,024 as of December 31, 2022.

(i) Adjustment to deposits with financial institutions

Deposit with financial institution has been understated by USD6,640 as a result of accrued interest income adjustment from opening balance in (c) above, as well as an additional understatement of USD339 for the current year. This has resulted in a corresponding understatement of retained earnings of USD6,979 as of December 31, 2022.

(j) Adjustments to right-of-use assets and lease liabilities

Right-of-use assets, net of accumulated depreciation and lease liabilities as of December 31, 2022 have been understated by USD390,792 and USD392,519 respectively as a result of adjustment (d) above. This has resulted in a corresponding overstatement of retained earnings of USD1,727 as of December 31, 2022, taking into consideration of understatement of depreciation of right-of-use assets and lease interest expense.

**28. RESTATEMENT OF COMPARATIVE FIGURES AND PRIOR-YEAR ADJUSTMENTS
(continued)**

Prior-year adjustments (continued)

December 31, 2022 (continued)

(k) Adjustment to other payables and accrued expenses

- (i) Other payables and accrued expenses as of December 31, 2022 have been understated by USD8,297 as a result of adjustment from (e) above.
- (ii) Understatement of USD4,997 arising from understatement of bonus provision and actuarial fees omitted, with overstatement of accrued salary expenses.
- (iii) Overstatement of USD247,676 arising from the reversal of amount owing to a broker, which had been liquidated as of December 31, 2022.
- (iv) Errors from (k)(i) to (k)(iii) have resulted in the corresponding overstatement in retained earnings of USD234,382 as of December 31, 2022.

(l) Adjustment to investment in financial assets

Investment in financial assets as of December 31, 2022 have been overstated by USD511,563 as a result of the fair value of investments in debt securities not being remeasured at the end of reporting period. This has resulted in a corresponding overstatement of retained earnings of USD511,563 as of December 31, 2022.

(m) Adjustment to investment properties

Investment properties have been overstated by USD255,800 as a result of adjustment from opening balance in (f) above. It was subsequently reversed as of December 31, 2022 upon fulfilling the recognition criteria as per MFRS 140 *Investment Property*. As of December 31, 2022, investment properties had been understated by USD13,659 and resulted in a corresponding understatement of retained earnings by the same amount, arising from depreciation expenses.

(n) Adjustment to gains on disposal of property and equipment

Gains on disposal of property and equipment have been overstated by USD259,800, as per (g) above.

(o) Adjustment to investment income

Investment income has been overstated by USD360,155 as per (h), (i) and (l) above.

(p) Adjustments to other operating income

Other operating income has been understated by USD247,676 due to (k)(iii) above.

**28. RESTATEMENT OF COMPARATIVE FIGURES AND PRIOR-YEAR ADJUSTMENTS
(continued)**

Prior-year adjustments (continued)

December 31, 2022 (continued)

(q) Adjustments to other operating expenses

- (i) Understatement of other operating expenses of USD180,109 arising from reversal of December 31, 2022 accumulated depreciation of property and equipment from (a) and (g) above.
- (ii) Overstatement of other operating expenses of USD242,679 as a result of the over accrual of management expenses, as per (k)(ii) and (k)(iii) above.
- (iii) Overstatement of other operating expenses of USD33,794, as per (h)(ii) and (h)(iv) above.
- (iv) Other operating expenses were understated by USD1,461 arising from current year right of use asset, lease liabilities and its depreciation of right of use assets previously not recognised, as per (i) above.
- (v) Other operating expenses were overstated by USD5,994 due to as a result of overstatement of depreciation expenses, as per (f) and (m) above.
- (vi) As a result of the errors identified from (p)(i) to (p)(v) above, there is an overall overstatement of USD100,897 to other operating expenses.

28. RESTATEMENT OF COMPARATIVE FIGURES AND PRIOR-YEAR ADJUSTMENTS (continued)

The initial adoption of MFRS 17, prior year adjustments and reclassifications resulted in the following effects to the statement of financial position of the Company as of January 1, 2022 and December 31, 2022 and on the statement of profit or loss and other comprehensive income and statement of cash flows for the year ended December 31, 2022:

(a) Statement of financial position as of January 1, 2022

	As previously stated as of January 1, 2022 USD	Effects of adoption of MFRS 17 USD	Prior year adjustments USD	Reclassifications USD	As restated as of January 1, 2022 USD
<u>Assets:</u>					
Property and equipment	910,126	-	(851,880)	-	58,246
Insurance receivables	5,857,316	(5,857,316)	-	-	-
Other receivables, deposits and prepayments	333,434	-	(102,506)	61,215	292,143
Deposits with financial institutions	35,945	-	6,640	-	42,585
Amount due from holding company	4,303,944	-	986,000	-	5,289,944
Right-of-use assets	-	-	13,506	-	13,506
Investment properties	247,715	-	(247,715)	-	-
Reinsurance contract assets	-	7,831	-	-	7,831
	1,327,083	5,891,987	(218,023)	-	7,001,047
<u>Equities:</u>					
Retained earnings					
	18,058,222	(8,602,549)	-	-	9,455,674
Reinsurance contract liabilities	3,138,923	(3,138,923)	-	-	-
Insurance payables	165,912	-	8,297	61,215	235,424
Other payables and accrued expenses	-	-	13,771	-	13,771
Lease liabilities	-	-	-	-	-

28. RESTATEMENT OF COMPARATIVE FIGURES AND PRIOR-YEAR ADJUSTMENTS (continued)

(c) Statement of profit or loss and other comprehensive income

	As previously stated for year 2022 USD	Effects of adoption of MFRS 17 USD	Prior year adjustments USD	Reclassification USD	As restated for year 2022 USD
Gross premium written	24,111,579	(24,111,579)	-	-	-
Changes in unearned premium reserves	(2,052,182)	2,052,182	-	-	-
Reinsurance outwards	(1,172,520)	1,172,520	-	-	-
Claims incurred	(7,593,845)	7,593,845	-	-	-
Commission expenses	(7,744,079)	7,744,079	-	-	-
Rental income	671	-	-	(671)	-
Fair value loss on investment	(3,028,018)	-	-	3,028,018	-
Gain on disposal of investments	11,114	-	-	(11,114)	-
Gain on disposal of plant and equipment	259,800	-	(259,800)	-	-
Reinsurance revenue	-	17,251,536	-	-	17,251,536
Reinsurance service expense	-	(12,040,420)	-	-	(12,040,420)
Net expenses from retrocession contracts	-	(570,140)	-	-	(570,140)
Net investment income/(expense)	4,059	-	(360,155)	(3,016,233)	(3,372,329)
Net finance expenses from reinsurance contracts issued	-	(226,706)	-	-	(226,706)
Net finance income from retrocession contracts held	-	5,693	-	-	5,693
Other operating income	-	-	247,676	-	247,676
Other operating expenses	(4,418,588)	1,460,568	100,897	-	(2,857,123)
Foreign exchange loss	(598,935)	-	-	-	(598,935)
(Loss)/Profit for the year/Total comprehensive (loss)/income for the year	(2,220,944)	331,578	(271,382)	-	(2,160,748)

**28. RESTATEMENT OF COMPARATIVE FIGURES AND PRIOR-YEAR ADJUSTMENTS
(continued)**

(d) Statement of cash flows

<u>2022</u>	As previously stated USD	Effects of adoption of MFRS 17 USD	Prior year adjustments USD	As restated USD
Net Cash From Operating Activities	5,705,967	3,079,323	(2,150,480)	6,634,810
Net Cash Used In Investing Activities	(3,266,265)	-	(925,483)	(4,191,748)
Net Cash Used In Financing Activities	<u>(43,929)</u>	<u>-</u>	<u>(3,360)</u>	<u>(47,289)</u>

29. SUBSEQUENT EVENT

On July 1, 2024, the Company entered into a sale and purchase agreement with a third-party buyer to dispose of all the investment properties held, for an amount of USD320,550. The disposal was completed on August 21, 2024.

Company No. LL11956

MANDARIN RE LTD

(Incorporated in Federal Territory of Labuan, Malaysia)

Company No: LL11956

(Licensed Labuan General Insurer – License No. IS2015157)

**STATEMENT BY THE DIRECTOR PRIMARILY RESPONSIBLE FOR THE FINANCIAL
MANAGEMENT OF THE COMPANY**

I, Redzal Mohamad, the Director primarily responsible for the financial management of **MANDARIN RE LTD**, state that, in my opinion, the accompanying financial statements comprised statement of financial position and related statement of profit or loss and other comprehensive income, the statement of changes in equity and statement of cash flows are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Labuan Companies Act, 1990 in Malaysia so as to give a true and fair view of the financial position of the Company as of December 31, 2023 and of its financial performance and cash flows for the year ended on that date as carried in the accounts maintained at the Company.



Director



March 28, 2025