
NEWS RELEASE

To: All Shareholders

The Board of Directors of United Overseas Insurance Limited wishes to make the following announcement:

Unaudited financial results for the first half year ended 30 June 2024

Details of the financial results are in the accompanying Condensed Interim Financial Statements.

Dividend

The Directors are pleased to declare an interim one-tier tax-exempt dividend of 8.5 cents (2023: 8.5 cents) per ordinary share in respect of the financial year ending 31 December 2024. The total interim dividend would amount to \$5.2 million. The dividend will be paid in cash on 15 August 2024.

Borrowings, contingent liabilities and loan capital

The Company has maintained strong liquidity for its business operations and has no borrowings, contingent liabilities and loan capital as at 30 June 2024 (30 June 2023: nil).

Interested person transactions

The Company has not obtained a general mandate from shareholders for interested person transactions.

Confirmation by directors

The Board of Directors of the Company hereby confirms that, to the best of its knowledge, nothing has come to its attention which may render the unaudited financial results for first half year ended 30 June 2024 to be false or misleading in any material aspect.

Undertakings from all its directors and executive officers

The Company confirms that it has procured undertakings from all its directors and executive officers in the format set out in Appendix 7.7 under Rule 720(1) of the SGX-ST Listing Manual.

Closure of books

Notice is hereby given that the Transfer Books and Register of Members of the Company will be closed from 5.00 p.m. on 2 August 2024 up to (and including) 5 August 2024, for the purpose of determining shareholders' entitlements to the interim dividend. Duly completed registrable transfers of shares received by the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte Ltd at 1 Harbourfront Avenue, #14-07 Keppel Bay Tower, Singapore 098632, up to 5.00 p.m. on 2 August 2024 will be registered for the interim dividend. In respect of ordinary shares in securities accounts with The Central Depository (Pte) Limited ("CDP"), entitlements to the interim dividend will be computed based on the shareholdings position after settlement of all trades on 2 August 2024. The interim dividend will be paid by the Company to CDP which will, in turn, distribute the dividend to holders of the securities accounts.

BY ORDER OF THE BOARD

MS SHERYLENE WANG
SECRETARY

Dated this 24 July 2024



UNITED OVERSEAS INSURANCE LIMITED

Condensed Interim Financial Statements

For the first half year ended 30 June 2024

CONTENT PAGE

	Page
Review of performance	1 - 2
Prospects for the next reporting period and the next 12 months	2
Unaudited condensed interim income statement	3
Unaudited condensed interim statement of comprehensive income	4
Unaudited condensed interim statement of financial position	5
Unaudited condensed interim statements of changes in equity	6 - 7
Unaudited condensed interim statement of cash flows	8 - 9
Notes to the condensed interim financial statements	
Review	10
Corporate information	10
Basis of preparation	10 - 30
Segment information	31 - 33
Insurance contracts (Analysis by remaining coverage and incurred claims)	34 - 35
Insurance contracts (Analysis by measurement component)	36 - 37
Reinsurance contracts (Analysis by remaining coverage and incurred claims)	38 - 39
Reinsurance contracts (Analysis by measurement component)	40 - 41
Taxation	42
Investments	42 - 44
Property, plant and equipment	45
Investment property	45
Subsequent events	45

NEWS RELEASE

1. Review of performance

Highlights and performance indicators

Selected Financial Items	1st Half 2024 \$'000	1st Half 2023 Restated \$'000	Incr(+)/ Decr(-) \$'000	Incr(+)/ Decr(-) %
Insurance revenue	50,972	46,422	+4,550	+9.8
Insurance service expense	(31,029)	(28,469)	+2,560	+9.0
Net expenses from reinsurance contracts	(11,333)	(9,871)	+1,462	+14.8
Insurance service result	8,610	8,082	+528	+6.5
Net insurance financial result	8,398	7,868	+530	+6.7
Non-underwriting income	7,844	6,268	+1,576	+25.1
Profit before tax	16,242	14,136	+2,106	+14.9
Profit after tax	14,191	11,947	+2,244	+18.8
Other comprehensive (loss)/income, net of tax	(2,062)	1,062	-3,124	NM
Total comprehensive income	12,129	13,009	-880	-6.8
Net asset value per share (\$)	7.31	7.24	0.07	+1.0

Note: NM – Not Meaningful

Certain reclassifications and adjustments have been made to prior period's financial information to provide more relevant information for the users of the financial statements. Management is of the view that the adjustments and reclassifications made are not material to the financial information.

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1. Review of performance (cont'd)

Highlights and performance indicators (cont'd)

1st Half 2024 ("1H2024") versus 1st Half 2023 ("1H2023")

Insurance service revenue increased by S\$4.6 million or 9.8% mainly due to collaborative sales effort with parent bank and intermediaries. Insurance service expenses had risen to S\$31.0 million from S\$28.5 million largely attributed to higher amortisation of acquisition cost and management expenses. Net expenses from reinsurance contracts had risen by S\$1.5 million. Consequently, the insurance service result increased by 6.5% to S\$8.6 million.

Non-underwriting income recorded an increase of S\$1.6 million due to higher dividend and interest income and net fair value gains from investments.

Other comprehensive income, net of tax recorded an unrealised loss of S\$2.1 million as compared against an unrealised gain of S\$1.1 million in the corresponding period last year. This was largely attributed to mark-to-market losses on the bond portfolio.

Overall, total comprehensive income was a profit of S\$12.1 million, a decrease of S\$0.9 million from the corresponding period last year mainly due to the reasons mentioned earlier.

2. Prospects for the next reporting period and the next 12 months

While the local insurance markets continue to remain highly saturated and competitive, opportunities abound as businesses recognise the need for comprehensive insurance coverage and insurers innovate and offer bespoke risk management solutions. The Company continues its trajectory for technology integration, customer centricity and business synergies with the parent bank for further growth.

Market volatility and geo-political tensions may result in fluctuations in the mark-to-market valuation of our investment assets. In the execution of its investment strategies, the Company continues to take a prudent stance to optimise profits and diversify risk.

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3. Unaudited condensed interim income statement for first half year ended 30 June 2024

		1st Half 2024	1st Half 2023 Restated	Incr/ (Decr)
	Note	\$'000	\$'000	%
(a) Insurance revenue		50,972	46,422	9.8
Insurance service expense		<u>(31,029)</u>	<u>(28,469)</u>	9.0
Insurance service result before reinsurance contracts held		19,943	17,953	11.1
Net expenses from reinsurance contracts		<u>(11,333)</u>	<u>(9,871)</u>	14.8
Insurance service result		8,610	8,082	6.5
Dividend income from investments		3,265	2,144	52.3
Interest income from investments		3,839	4,358	(11.9)
Interest on fixed deposits and bank balances		1,258	798	57.6
Rental income from investment property		354	286	23.8
Miscellaneous income		8	49	(83.7)
Net fair value gains on mandatorily measured at fair value through profit or loss ("FVTPL") investments - realised		1,158	-	NM
Net fair value gains on mandatorily measured at fair value through profit or loss ("FVTPL") investments – unrealised		684	723	(5.4)
Net losses on disposal of fair value through other comprehensive income ("FVOCI") investments		(250)	(92)	171.7
Write-back of expected credit loss on debt securities at FVOCI		19	19	-
Amortisation of premium on investments		(61)	(19)	221.1
Net fair value (losses)/gains on financial derivatives – realised		(1,086)	8,148	NM
Net fair value losses on financial derivatives - unrealised		(5,259)	(10,727)	(51.0)
Exchange gains		5,321	2,051	159.4
		(1,024)	(528)	93.9
Other management expenses				
Depreciation on property		(139)	(139)	-
Management fees		(652)	(659)	(1.1)
Other operating expenses		(615)	(672)	(8.5)
Total non-underwriting income		7,844	6,268	25.1
Insurance finance expenses for insurance contracts issued		(448)	(442)	1.4
Reinsurance finance income for reinsurance contracts held		236	228	3.5
Net insurance financial result		8,398	7,868	6.7
Profit before tax		16,242	14,136	14.9
Tax expense	8(i)	(2,051)	(2,189)	(6.3)
Profit after tax		14,191	11,947	18.8
Profit attributable to equity holders of the Company		14,191	11,947	18.8
(b) Earnings per share:				
Basic and diluted (cents)		46.41	39.07	18.8

Note: NM = Not Meaningful

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**4. Unaudited condensed interim statement of comprehensive Income
for first half year ended 30 June 2024**

	1st Half 2024	1st Half 2023 Restated	Incr/(Decr)
	\$'000	\$'000	%
Net profit after tax	14,191	11,947	18.8
Other comprehensive income :			
Items that will not be reclassified to profit or loss :			
Net fair value losses on equity securities at FVOCI	(2,909)	(2,913)	(0.1)
Tax related to the above	(2,348)	497	NM
	(5,257)	(2,416)	117.6
Items that may be reclassified subsequently to profit or loss :			
Debt securities at FVOCI			
Changes in fair value	1,471	4,121	(64.3)
Transfer to profit or loss on disposal	(250)	92	NM
Changes in allowance for expected credit losses	(19)	(19)	-
Tax related to the above	1,988	(717)	NM
	3,190	3,477	(8.3)
Insurance finance expenses for insurance contract issued	6	2	200.0
Reinsurance finance income for reinsurance contracts held	(1)	(1)	-
Net insurance finance result	5	1	400.0
Other comprehensive (loss)/income for period the period, net of tax	(2,062)	1,062	NM
Total comprehensive income for the period, net of tax	12,129	13,009	(6.8)
Total comprehensive income attributable to equity holders of the Company	12,129	13,009	(6.8)

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5. Unaudited condensed interim statement of financial position

		30 June 2024	31 December 2023
	Note	\$'000	\$'000
(a) Share capital - Issued and fully paid		91,733	91,733
Reserves		355,213	350,728
Total equities		446,946	442,461
Liabilities			
Non-trade creditors and accrued liabilities		8,816	8,173
Lease liabilities		24	25
Amount owing to related companies		1,538	879
Derivative financial liabilities		51	-
Tax payable		11,009	11,413
Deferred tax liabilities		663	1,023
Insurance contract liabilities	8(e), (f)	126,977	121,566
Reinsurance contract liabilities	8(g), (h)	1,219	1,681
Total liabilities		150,297	144,760
Total liabilities and equities		597,243	587,221
Assets			
Bank balances and fixed deposits		92,620	67,612
Non-trade debtors and accrued interest receivables		4,525	4,630
Associated company		1	1
Derivative financial assets		9	5,217
Investments	8(j)	379,763	391,280
Investment property	8(j), (l)	28,530	28,530
Fixed assets		39,142	39,825
Right-of-use assets		19	19
Reinsurance contract assets	8(g), (h)	52,634	50,107
Total assets		597,243	587,221
Net asset value per share (S\$)		7.31	7.24
(b) Number of shares issued ('000)		61,155	61,155

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6. Unaudited condensed interim statements of changes in equity

	Share capital	General reserve	Revaluation on investment reserve	Revaluation surplus	Insurance / reinsurance finance reserve	Retained profits	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 January 2024	91,733	22,880	16,916	3,801	8	307,123	442,461
Profit net of tax	-	-	-	-	-	14,191	14,191
Other comprehensive income for first half year ended 30 June, net of tax	-	-	(2,067)	-	5	-	(2,062)
Total comprehensive income for first half year ended 30 June	-	-	(2,067)	-	5	14,191	12,129
Transfer of fair value reserves of equity securities at FVOCI upon disposal, net of tax	-	-	1,267	-	-	(1,267)	-
Dividend for Year 2023	-	-	-	-	-	(7,644)	(7,644)
Balance at 30 June 2024	91,733	22,880	16,116	3,801	13	312,403	446,946

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6. Unaudited condensed interim statements of changes in equity (cont'd)

	Share capital	General reserve	Revaluation on investment reserve	Revaluation surplus	Insurance / reinsurance finance reserve	Retained profits	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Restated balance at 1 January 2023	91,733	22,880	9,994	3,801	6	289,389	417,803
Profit net of tax	-	-	-	-	-	11,947	11,947
Other comprehensive income for first half year ended 30 June, net of tax	-	-	1,061	-	1	-	1,062
Total comprehensive income for first half year ended 30 June	-	-	1,061	-	1	11,947	13,009
Transfer of fair value reserves of equity securities at FVOCI upon disposal, net of tax	-	-	8	-	-	(8)	-
Dividend for Year 2022	-	-	-	-	-	(7,644)	(7,644)
Restated balance at 30 June 2023	91,733	22,880	11,063	3,801	7	293,684	423,168

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7. Unaudited condensed interim statement of cash flows

	1st Half 2024	1st Half 2023 Restated
Note	\$'000	\$'000
Cash flows from operating activities		
Profit before tax	16,242	14,136
Adjustments for:		
Depreciation	784	707
Movement in reinsurance contract assets	(2,527)	(1,067)
Movement in reinsurance contract liabilities	(462)	1,275
Movement in insurance contract liabilities	5,411	5,952
Net fair value losses on financial derivatives- unrealised	5,259	10,727
Net fair value gains on mandatorily measured at FVTPL investments - realised	(1,158)	-
Net fair value gains on mandatorily measured at FVTPL investments - unrealised	(684)	(723)
Net losses on disposal of FVOCI investments	250	92
Amortisation of premium on investments	61	19
Write-back of expected credit loss on debt securities at FVOCI	(19)	(19)
Dividend income from investments	(3,265)	(2,144)
Interest income from investments	(3,839)	(4,358)
Interest on fixed deposits and bank balances	(1,258)	(798)
Exchange gains	(4,772)	(2,004)
Operating profit before working capital changes	10,023	21,795
Changes in working capital:		
Other receivables	178	303
Other payables	643	(913)
Amount owing to related companies	659	173
Cash generated from operations	11,503	21,358
Tax paid	(3,175)	(1,145)
Net cash flows from operating activities	8,328	20,213
Cash flows from investing activities		
Proceeds from disposal of investments	71,900	52,586
Proceeds from fixed assets	-	1
Purchase of investments	(55,764)	(67,854)
Purchase of fixed assets	(100)	(170)
Proceed from long-term fixed deposits	1,032	1,357
Dividend received from investments	3,265	2,100
Interest received from investments	3,785	4,330
Interest received from fixed deposits and bank balances	1,239	800
Net cash flows from/(used in) investing activities	25,357	(6,850)

NEWS RELEASE

7. Unaudited condensed interim statement of cash flows (cont'd)

	1st Half 2024	1st Half 2023 Restated
	\$'000	\$'000
Cash flows from financing activity		
Leases paid	(1)	(2)
Dividend paid	(7,644)	(7,644)
Cash flows used in financing activity	(7,645)	(7,646)
Net increase in cash and cash equivalents	26,040	5,717
Cash and cash equivalents at beginning of period	64,950	44,336
Cash and cash equivalents at end of period	90,990	50,053

For the purpose of statement of cash flows, cash and cash equivalents comprise the following:

	1st Half 2024	1st Half 2023
	\$'000	\$'000
Cash and bank balances	9,721	12,331
Fixed deposits placement with maturity less than 3 months	81,269	37,722
Cash and cash equivalents	90,990	50,053
Fixed deposits placement with maturity more than 3 months	1,630	1,610
	92,620	51,663

8. Notes to the condensed interim financial statements

(a) Review

The unaudited statement of financial position of United Overseas Insurance Limited as at 30 June 2024 and the related unaudited income statement, unaudited statement of comprehensive income, unaudited statement of changes in equity and unaudited statement of cash flows for the six-month period then ended and certain explanatory notes have not been audited or reviewed.

(b) Corporate information

United Overseas Insurance Limited (the Company) is a limited liability company domiciled and incorporated in Singapore and is listed on the Singapore Exchange Securities Trading Limited (SGX-ST). These condensed interim financial statements for the first half year ended 30 June 2024 are for the Company. The principal activities of the Company are the underwriting of general insurance business.

(c) Basis of preparation

The condensed interim financial statements for the first half year ended 30 June 2024 have been prepared in accordance with Singapore Financial Reporting Standards (International) ("SFRS(I)"). The condensed financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Company's financial position and performance of the Company since the last annual financial statements for the year ended 31 December 2023.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards as set out in Note 8(c)(i).

The condensed financial statements are presented in Singapore dollar which is the Company's functional currency.

(i) **New and amended standards adopted by the Company**

A number of amendments to standards have become applicable for the current reporting period. The Company did not have to change its accounting policies or make retrospective adjustments as a result of adopting those standards.

8. Notes to the condensed interim financial statements (cont'd)

(c) Basis of preparation (cont'd)

(ii) SFRS(I) 17 Insurance Contracts

SFRS(I) 17 replaces SFRS(I) 4 Insurance Contracts for annual periods beginning on or after 1 January 2023. The nature of the changes in accounting policies can be summarised, as follows:

a.1 Changes to classification, measurement

The adoption of SFRS(I) 17 did not change the classification of the Company's insurance contracts. SFRS(I) 17 establishes specific principles for the recognition and measurement of insurance contracts issued and reinsurance contracts held by the Company.

The key principles of SFRS(I) 17 are that the Company:

- Identifies insurance contracts as those under which the Company accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder;
- Separates specified embedded derivatives, distinct investment components and distinct non-insurance goods or services from insurance contracts and accounts for them in accordance with other standards;
- Divides the insurance and reinsurance contracts into groups it will recognise and measure;
- Recognises and measures groups of insurance contracts at:
 - A risk-adjusted present value of the future cash flows (the fulfilment cash flows (FCF)) that incorporates all available information about the FCF in a way that is consistent with observable market information; plus
 - An amount representing the unearned profit in the group of contracts (known as the contractual service margin (CSM)); and
- Recognises profit from a group of insurance contracts over the period the Company provides insurance coverage, as the Company is released from risk. If a group of contracts is expected to be onerous or loss-making over the remaining coverage period, the Company recognises the loss immediately.

8. Notes to the condensed interim financial statements (cont'd)

(c) Basis of preparation (cont'd)

(ii) SFRS(I) 17 Insurance Contracts (cont'd)

b.1 Changes to presentation and disclosure

For presentation in the statement of financial position, the Company aggregates groups of insurance and reinsurance contracts issued and reinsurance contracts held and presents separately:

- Groups of insurance and reinsurance contracts issued that are assets
- Groups of reinsurance contracts held that are assets
- Groups of insurance contracts and reinsurance contracts issued that are liabilities
- Groups of reinsurance contracts held that are liabilities

The groups referred to above are those established at initial recognition in accordance with the SFRS(I) 17 requirements.

The line item descriptions in the statement of profit or loss and other comprehensive income have been changed significantly compared with prior years. Previously, the Company reported the following line items: premium income, policyholder claims and benefits, and change in insurance contract liabilities. SFRS(I) 17 requires separate presentation of:

- Insurance revenue;
- Insurance service expense;
- Net expenses from reinsurance contracts;
- Insurance finance income or expense; and
- Reinsurance finance income or expense.

The Company provides disaggregated qualitative and quantitative information in the notes to the financial statements about:

- The amounts recognised in its financial statements from insurance contracts; and
- Significant judgements, and changes in those judgements, made when applying the standard.

c.1 Insurance and reinsurance contracts classification

Contracts under which the Company accepts significant insurance risk are classified as insurance contracts. Contracts held by the Company under which it transfers significant insurance risk related to underlying insurance contracts are classified as reinsurance contracts.

Insurance contracts may be issued and reinsurance contracts may be initiated by the Company, or they may be acquired in a business combination or in a transfer of contracts that do not form a business. All references in these accounting policies to 'insurance contracts' and 'reinsurance contracts' include contracts issued, initiated or acquired by the Company, unless otherwise stated.

8. Notes to the condensed interim financial statements (cont'd)

(c) Basis of preparation (cont'd)

(ii) SFRS(I) 17 Insurance Contracts (cont'd)

d.1 Separating components from insurance and reinsurance contracts

At inception, the Company separates the following components from an insurance or reinsurance contract and accounts for them as if they were stand-alone financial instruments:

- (a) Derivatives embedded in the contract whose economic characteristics and risks are not closely related to those of the host contract, and whose terms would not meet the definition of an insurance or reinsurance contract as a stand-alone instrument; and
- (b) Distinct investment components which are investment components that are not highly inter-related with the insurance components and for which contracts with equivalent terms are sold, or could be sold, separately in the same market or the same jurisdiction.

After separating any financial instrument components, the Company separates any promises to transfer to policyholders distinct goods or services other than insurance coverage and investment services and accounts for them as separate contracts with customers (that is not as insurance contracts). A good or service is distinct if the policyholder can benefit from it either on its own or with other resources that are readily available to the policyholder. A good or service is not distinct and is accounted for together with the insurance component if the cash flows and risks associated with the good or service are highly inter-related with the cash flows and risks associated with the insurance component, and the Company provides a significant service of integrating the good or service with the insurance component.

Some reinsurance contracts issued contain profit commission, overriding commission or overriding profit commission arrangements. Under these arrangements, there is no minimum guaranteed amount that the policyholder will always receive as these are calculated considering the results of prior underwriting cohorts. Hence, the Company has assessed that there are no investment components.

e.1 Aggregation and recognition of insurance and reinsurance contracts

Insurance contracts

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

- (a) Any contracts that are onerous on initial recognition;
- (b) Any contracts that, on initial recognition, have no significant possibility of becoming onerous subsequently; and
- (c) Any remaining contracts in the annual cohort.

8. Notes to the condensed interim financial statements (cont'd)

(c) Basis of preparation (cont'd)

(ii) SFRS(I) 17 Insurance Contracts (cont'd)

e.1 Aggregation and recognition of insurance and reinsurance contracts (cont'd)

Insurance contracts (cont'd)

The Company manages insurance contracts issued by business lines, where each business line includes contracts that are subject to similar risks. Each business line also groups insurance contracts for the purposes of profitability and management reporting. All insurance contracts within a line of business represent a portfolio of contracts.

For each portfolio of contracts, the Company determines the appropriate level at which reasonable and supportable information is available, to assess whether these contracts are onerous at initial recognition and whether non-onerous contracts have a significant possibility of becoming onerous. This level of granularity determines sets of contracts. The Company uses significant judgement to determine at what level of granularity the Company has reasonable and supportable information that is sufficient to conclude that all contracts within a set are sufficiently homogeneous and will be allocated to the same group without performing an individual contract assessment.

Contracts within a portfolio that would fall into different groups only because law or regulation specifically constrains the Company's practical ability to set a different price or level of benefits for policyholders with different characteristics are included in the same group.

The expected profitability of these portfolios at inception is determined based on the existing actuarial valuation models which take into consideration existing and new business.

An insurance contract issued by the Company is recognised from the earliest of:

- (a) The beginning of its coverage period (that is the period during which the Company provides services in respect of any premiums within the boundary of the contract);
- (b) When the first payment from the policyholder becomes due or, if there is no contractual due date, when it is received from the policyholder; and
- (c) When facts and circumstances indicate that the contract is onerous.

An insurance contract acquired in a transfer of contracts or a business combination is recognised on the date of acquisition.

When the contract is recognised, it is added to an existing group of contracts or, if the contract does not qualify for inclusion in an existing group, it forms a new group to which future contracts are added. Groups of contracts are established on initial recognition and their composition is not revised once all contracts have been added to the group.

8. Notes to the condensed interim financial statements (cont'd)

(c) Basis of preparation (cont'd)

(ii) **SFRS(I) 17 Insurance Contracts (cont'd)**

e.1 Aggregation and recognition of insurance and reinsurance contracts (cont'd)

Reinsurance Contracts

Groups of reinsurance contracts are established such that each group comprises a single contract.

Some reinsurance contracts provide cover for underlying contracts that are included in different groups. However, the Company concludes that the reinsurance contract's legal form of a single contract reflects the substance of the Company's contractual rights and obligations, considering that the different covers lapse together and are not sold separately. As a result, the reinsurance contract is not separated into multiple insurance components that relate to different underlying groups.

Reinsurance treaties providing proportionate and non-proportionate coverage are managed individually at a treaty contract level. Each treaty forms a reinsurance contract portfolio.

Facultative reinsurance contracts with proportionate coverage that cover the same underlying risk class will be grouped together, while the facultative contracts with non-proportionate coverage that cover the same underlying risk class will be grouped together in a similar manner. The Company manages the facultative reinsurance contracts held in accordance to the underlying insurance contract. Facultative reinsurance contracts portfolios are defined at the line of business level.

A group of reinsurance contracts is recognised on the following date.

- (a) Reinsurance contracts initiated by the Company that provide proportionate coverage: The date on which any underlying insurance contract is initially recognised. This applies to the Company's quota share reinsurance contracts.
- (b) Other reinsurance contracts initiated by the Company: The beginning of the coverage period of the group of reinsurance contracts. However, if the Company recognises an onerous group of underlying insurance contracts on an earlier date and the related reinsurance contract was entered into before that earlier date, then the group of reinsurance contracts is recognised on that earlier date. This applies to the Company's excess of loss and stop loss reinsurance contracts.
- (c) Reinsurance contracts acquired: The date of acquisition.

f.1 Onerous groups of contracts

The Company issues some contracts before the coverage period starts and the first premium becomes due. Therefore, the Company has determined whether any contracts issued form a group of onerous contracts before the earlier of the beginning of the coverage period and the date when the first payment from a policyholder in the group is due. The Company looks at facts and circumstances to identify if a group of contracts are onerous based on:

- (a) Pricing information; and
- (b) Results of similar contracts it has recognised.

8. Notes to the condensed interim financial statements (cont'd)

(c) Basis of preparation (cont'd)

(ii) SFRS(I) 17 Insurance Contracts (cont'd)

g.1 Contract boundaries

The measurement of a group of contracts includes all the future cash flows within the boundary of each contract in the group, determined as follows.

Insurance Contracts

The Company uses the concept of contract boundary to determine what cash flows should be considered in the measurement of groups of insurance contracts.

Cash flows are within the contract boundary if they arise from substantive rights and obligations that exist during the reporting period in which the Company can compel the policyholder to pay premiums or has a substantive obligation to provide services (including insurance coverage and any investment services).

A substantive obligation to provide services ends when:

- (a) The Company has the practical ability to reassess the risks of the particular policyholder and can set a price or level of benefits that fully reflects those reassessed risks; or
- (b) The Company has the practical ability to reassess the risks of the portfolio that contains the contract and can set a price or level of benefits that fully reflects the risks of that portfolio, and the pricing of the premiums up to the reassessment date does not take into account risks that relate to periods after the reassessment date.

The reassessment of risks considers only risks transferred from policyholders to the Company, which may include both insurance and financial risks, but exclude lapse and expense risks.

A liability or asset relating to expected premiums or claims outside the boundary of the insurance contract are not recognised. Such amounts relate to future insurance contracts.

Reinsurance Contracts

Cash flows are within the contract boundary if they arise from substantive rights and obligations that exist during the reporting period in which the Company is compelled to pay amounts to the reinsurer or has a substantive right to receive services from the reinsurer. A substantive right to receive services from the reinsurer ends when the reinsurer:

- (a) Has the practical ability to reassess the risks transferred to it and can set a price or level of benefits that fully reflects those reassessed risks; or
- (b) Has a substantive right to terminate the coverage.

The contract boundary is reassessed at each reporting date to include the effect of changes in circumstances on the Company's substantive rights and obligations and, therefore, may change over time.

8. Notes to the condensed interim financial statements (cont'd)

(c) Basis of preparation (cont'd)

(ii) SFRS(I) 17 Insurance Contracts (cont'd)

h.1 Insurance acquisition cash flows

The Company defines acquisition cash flows as cash flows that arise from costs of selling, underwriting and starting a group of insurance contracts (issued or expected to be issued) and that are directly attributable to the portfolio of insurance contracts to which the group belongs.

Insurance acquisition cash flows are allocated to groups of insurance contracts using a systematic and rational method and considering, in an unbiased way, all reasonable and supportable information that is available without undue cost or effort.

Insurance acquisition cash flows that are directly attributable to a group of insurance contracts are allocated:

- (a) To that group; and
- (b) To groups that will include insurance contracts that are expected to arise from renewals of the insurance contracts in that group.

The Company expects to recover part of the related insurance acquisition cash flows through renewals of these contracts. The allocation to renewals is based on the manner in which the Company expects to recover those cash flows.

Insurance acquisition cash flows not directly attributable to a group of contracts but directly attributable to a portfolio of contracts are allocated to groups of contracts in the portfolio or expected to be in the portfolio.

Insurance acquisition cash flows arising before the recognition of the related group of contracts are recognised as an asset. Insurance acquisition cash flows arise when they are paid or when a liability is required to be recognised under a standard other than SFRS(I) 17. Such an asset is recognised for each group of contracts to which the insurance acquisition cash flows are allocated. The asset is derecognised, fully or partially, when the insurance acquisition cash flows are included in the measurement of the group of contracts.

When the Company acquires insurance contracts in a transfer of contracts or a business combination, at the date of acquisition it recognises an asset for insurance acquisition cash flows at fair value for the rights to obtain:

- (a) Renewals of contracts recognised at the date of acquisition; and
- (b) Other future contracts after the date of acquisition without paying again insurance acquisition cash flows that the acquiree has already paid.

8. Notes to the condensed interim financial statements (cont'd)

(c) Basis of preparation (cont'd)

(ii) SFRS(I) 17 Insurance Contracts (cont'd)

h.1 Insurance acquisition cash flows (cont'd)

At each reporting date, the Company revises the amounts allocated to groups to reflect any changes in assumptions that determine the inputs to the allocation method used. Amounts allocated to a group are not revised once all contracts have been added to the group.

At each reporting date, if facts and circumstances indicate that an asset for insurance acquisition cash flows may be impaired, then the Company:

- (a) Recognises an impairment loss in profit or loss so that the carrying amount of the asset does not exceed the expected net cash inflow for the related group; and
- (b) If the asset relates to future renewals, recognises an impairment loss in profit or loss to the extent that it expects those insurance acquisition cash flows to exceed the net cash inflow for the expected renewals and this excess has not already been recognised as an impairment loss under (a).

Impairment losses reduce the carrying amount of these assets and are recognised in insurance service expenses. The Company reverses any impairment losses in profit or loss and increases the carrying amount of the asset to the extent that the impairment conditions have improved.

i.1 Other pre-recognition cash flows within the contract boundary

Before a group of insurance contracts is recognised, the Company could recognise assets or liabilities for cash flows related to a group of insurance contracts other than insurance acquisition cash flows, either because of the occurrence of the cash flows or because of the requirements of another SFRS(I) standard. Cash flows are related to the group of insurance contracts if they would have been included in the FCF at initial recognition of the group if they had been paid or received after that date. Such assets or liabilities (referred to as 'other pre-recognition cash flows') are included in the carrying amount of the related portfolios of insurance contracts issued or in the carrying amount of the portfolios of reinsurance contracts held.

j.1 Measurement

Insurance contracts – Initial measurement

On initial recognition, the Company measures a group of insurance contracts as the total of

- (a) The FCF, which comprise estimates of future cash flows, adjusted to reflect the time value of money and the associated financial risks, and a risk adjustment for non-financial risk; and
- (b) The CSM.

The FCF of a group of insurance contracts do not reflect the Company's non-performance risk.

8. Notes to the condensed interim financial statements (cont'd)

(c) Basis of preparation (cont'd)

(ii) SFRS(I) 17 Insurance Contracts (cont'd)

j.1 Measurement (cont'd)

Insurance contracts – Initial measurement (cont'd)

The risk adjustment for non-financial risk for a group of insurance contracts, 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.

The CSM is a component of the carrying amount of the asset or liability for a group of insurance contracts issued representing the unearned profit that the Company will recognise as it provides insurance contract services in the future.

At initial recognition, the CSM is an amount that results in no income or expenses (unless a group of contracts is onerous or insurance revenue and insurance service expenses are recognised as in (d) below) arising from:

- (a) The initial recognition of the FCF;
- (b) Cash flows arising from the contracts in the group at that date;
- (c) The derecognition of any insurance acquisition cash flows asset; and
- (d) The derecognition of any other pre-recognition cash flows. Insurance revenue and insurance service expenses are recognised immediately for any such assets derecognised.

For groups of contracts acquired in a transfer of contracts or a business combination, the consideration received for the contracts is included in the FCF as a proxy for the premiums received at the date of acquisition. In a business combination, the consideration received is the fair value of the contracts at that date.

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, or as an adjustment to goodwill or a gain on a bargain purchase if the contracts are acquired in a business combination. A loss component is created to depict the amount of the net cash outflow, which determines the amounts that are subsequently presented in profit or loss as reversals of losses on onerous contracts and are excluded from insurance revenue.

Insurance contracts – Subsequent measurement

The carrying amount of a group of insurance contracts at each reporting date is the sum of the liability for remaining coverage (LRC) and the liability for incurred claims (LIC). The LRC comprises:

- (a) The FCF that relate to services that will be provided under the contracts in future periods; and
- (b) Any remaining CSM at that date.

8. Notes to the condensed interim financial statements (cont'd)

(c) Basis of preparation (cont'd)

(ii) SFRS(I) 17 Insurance Contracts (cont'd)

j.1 Measurement (cont'd)

Insurance contracts – Subsequent measurement (cont'd)

The LIC includes the FCF for incurred claims and expenses that have not yet been paid, including claims that have been incurred but not yet reported.

The FCF of groups of insurance contracts are measured at the reporting date using current estimates of future cash flows, current discount rates and current estimates of the risk adjustment for non-financial risk. Changes in FCF are recognised as follows.

Changes relating services to future	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	Recognised in the insurance service result in profit or loss
Effects of the time value of money, financial risk and changes therein on estimated future cash flows	Recognised as insurance finance income or expenses

The CSM of each group of contracts is calculated at each reporting date as follows.

The carrying amount of the CSM at each reporting date is the carrying amount at the start of the year, adjusted for:

- (a) The CSM of any new contracts that are added to the group in the year;
- (b) Interest accreted on the carrying amount of the CSM during the year, measured at the discount rates on nominal cash flows that do not vary based on the returns on any underlying items determined on initial recognition;
- (c) Changes in FCF that relate to future services, except to the extent that:
 - (i) Any increases in the FCF exceed the carrying amount of the CSM, in which case the excess is recognised as a loss in profit or loss and creates a loss component; or
 - (ii) Any decreases in the FCF are allocated to the loss component, reversing losses previously recognised in profit or loss;
- (d) The effect of any currency exchange differences on the CSM; and
- (e) The amount recognised as insurance revenue because of the services provided in the year.

8. Notes to the condensed interim financial statements (cont'd)

(c) Basis of preparation (cont'd)

(ii) **SFRS(I) 17 Insurance Contracts (cont'd)**

j.1 Measurement (cont'd)

Insurance contracts – Subsequent measurement (cont'd)

Changes in FCF that relate to future services comprise:

- (a) Experience adjustments arising from premiums received in the year that relate to future services and related cash flows, measured at the discount rates determined on initial recognition;
- (b) 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 arise from the effects of the time value of money, financial risk and changes therein;
- (c) Differences between (a) any investment component expected to become payable in the year, determined as the payment expected at the start of the year 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 year; and
- (d) Changes in the risk adjustment for non-financial risk that relate to future services.

The following adjustments do not adjust the CSM:

- (a) Changes in the FCF for the effect of the time value of money and the effect of financial risk and changes thereof;
- (b) Changes in the FCF relating to the LIC;
- (c) Experience adjustments – arising from premiums received in the period that do not relate to future service and related cash flows, such as insurance acquisition cash flows and premium-based taxes; and
- (d) Experience adjustments relating to insurance service expenses (excluding insurance acquisition cash flows).

When adjustments to the CSM exceed the amount of the CSM, the group of contracts becomes onerous and the Company recognises the excess in insurance service expenses, and it records the excess as a loss component of the LRC.

When a loss component exists, the Company allocates the following between the loss component and the remaining component of the LRC for the respective group of contracts, based on the ratio of the loss component to the FCF relating to the expected future cash outflows:

- (a) Expected incurred claims and other directly attributable expenses for the period;
- (b) Changes in the risk adjustment for non-financial risk for the risk expired; and
- (c) Finance income/(expenses) from insurance contracts issued.

The amounts of loss component allocation in (a) and (b) above reduce the respective components of insurance revenue and are reflected in insurance service expenses.

Decreases in the FCF in subsequent periods reduce the remaining loss component and reinstate the CSM after the loss component is reduced to zero. Increases in the FCF in subsequent periods increase the loss component.

8. Notes to the condensed interim financial statements (cont'd)

(c) Basis of preparation (cont'd)

(ii) SFRS(I) 17 Insurance Contracts (cont'd)

j.1 Measurement (cont'd)

Reinsurance contracts – Initial measurement

To measure a group of reinsurance contracts, the Company applies the same accounting policies as are applied to insurance contracts, with the following modifications.

The carrying amount of a group of reinsurance contracts at each reporting date is the sum of the asset for remaining coverage (ARC) and the asset for incurred claims (AIC). The ARC comprises:

- (a) The FCF 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 insurance contracts, with an adjustment for any risk of non-performance by the reinsurer. The effect of the non-performance risk of the reinsurer is assessed at each reporting date 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 reinsurer.

On initial recognition, the CSM of a group of reinsurance contracts represents a net cost or net gain on purchasing reinsurance. It is measured as the equal and opposite amount of the total of:

- (a) The FCF;
- (b) Any amount arising from the derecognition of any assets or liabilities previously recognised for cash flows related to the group;
- (c) Any cash flows arising at that date; and
- (d) Any income recognised in profit or loss because of onerous underlying contracts recognised at that date (see 'Reinsurance of onerous underlying insurance contracts' below). However, if any net cost on purchasing reinsurance coverage relates to insured events that occurred before the purchase of the group, then the Company recognises the cost immediately in profit or loss as an expense.

8. Notes to the condensed interim financial statements (cont'd)

(c) Basis of preparation (cont'd)

(ii) **SFRS(I) 17 Insurance Contracts (cont'd)**

j.1 Measurement (cont'd)

Reinsurance contracts held - subsequent measurement

The carrying amount of the CSM at each reporting date is the carrying amount at the start of the year, adjusted for:

- (a) The CSM of any new contracts that are added to the group in the year;
- (b) Interest accreted on the carrying amount of the CSM during the year, measure at the discount rates on nominal cash flows that do not vary based on the returns on any underlying items determined on initial recognition;
- (c) Income recognised in profit or loss in the year on initial recognition of onerous underlying contracts;
- (d) Reversals of a loss-recovery component to the extent that they are not changes in the FCF of the group of reinsurance contracts;
- (e) Changes in FCF that relate to future services, measured at the discount rates determined on initial recognition, unless they result from changes in FCF of onerous underlying contracts, in which case they are recognised in profit or loss and create or adjust a loss-recovery component; and
- (f) The effect of any currency exchange differences on the CSM; and the amount recognised in profit or loss because of the services received in the year.

Reinsurance of onerous underlying insurance contracts

The Company adjusts the CSM of the group to which a reinsurance contract belongs and as a result recognises income when it recognises a loss on initial recognition of onerous underlying contracts, if the reinsurance contract 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:

- (a) The amount of the loss that relates to the underlying contracts; and
- (b) The percentage of claims on the underlying contracts that the Company expects to recover from the reinsurance contracts.

For reinsurance contracts acquired in a transfer of contracts or a business combination covering onerous underlying contracts, the adjustment to the CSM is determined by multiplying:

- (a) The amount of the loss component that relates to the underlying contracts at the date of acquisition; and
- (b) The percentage of claims on the underlying contracts that the Company expects at the date of acquisition to recover from the reinsurance contracts.

For reinsurance contracts acquired in a business combination, the adjustment to the CSM reduces goodwill or increases a gain on a bargain purchase.

8. Notes to the condensed interim financial statements (cont'd)

(c) Basis of preparation (cont'd)

(ii) **SFRS(I) 17 Insurance Contracts (cont'd)**

j.1 Measurement (cont'd)

Reinsurance of onerous underlying insurance contracts (cont'd)

If the reinsurance contract covers only some of the insurance contracts included in an onerous group of contracts, then the Company uses a systematic and rational method to determine the portion of losses recognised on the onerous group of contracts that relates to underlying contracts covered by the reinsurance contract.

A loss-recovery component is created or adjusted for the group of reinsurance contracts to depict the adjustment to the CSM, which determines the amounts that are subsequently presented in profit or loss as reversals of recoveries of losses from the reinsurance contracts and are excluded from the allocation.

A loss-recovery component is established or adjusted within the remaining coverage for reinsurance contracts held for the amount of income recognised in (d) above. This amount is calculated by multiplying the loss recognised on underlying insurance contracts by the percentage of claims on underlying insurance contracts that the Company expects to recover from the reinsurance contracts held that are entered into before or at the same time as the loss is recognised on the underlying insurance contracts.

Subsequently, the loss-recovery component is adjusted to reflect changes in the loss component of an onerous group of underlying insurance contracts. The loss-recovery component is further adjusted, if required, to ensure that it does not exceed the portion of the carrying amount of the loss component of the onerous group of underlying insurance contracts that the Company expects to recover from the group of reinsurance contracts held.

The loss-recovery component determines the amounts that are presented as a reduction of incurred claims recovery from reinsurance contracts held and are consequently excluded from the reinsurance expenses determination.

k.1 Derecognition and contract modification

The Company derecognises a contract when it is extinguished – that is when the specified obligations in the contract expire or are discharged or cancelled.

If a contract modification does not result in derecognition, then the Company treats the changes in cash flows caused by the modification as changes in estimates of FCF.

The Company also derecognises a contract if its terms are modified in a way that would have changed the accounting for the contract significantly had the new terms always existed, in which case a new contract based on the modified terms is recognised. If a contract modification does not result in derecognition, then the Company treats the changes in cash flows caused by the modification as changes in estimates of FCF.

8. Notes to the condensed interim financial statements (cont'd)

(c) Basis of preparation (cont'd)

(ii) SFRS(I) 17 Insurance Contracts (cont'd)

k.1 Derecognition and contract modification (cont'd)

When a new contract is required to be recognised as a result of modification and it is within the scope of SFRS(I) 17, the new contract is recognised from the date of modification and is assessed for, amongst other things, contract classification, including the component separation requirements and contract aggregation requirements

On derecognition of a contract from within a group of contracts:

- (a) The FCF allocated to the group are adjusted to eliminate those that relate to the rights and obligations derecognised;
- (b) The CSM of the group is adjusted for the change in the FCF, except where such changes are allocated to a loss component; and
- (c) The number of coverage units for the expected remaining services is adjusted to reflect the coverage units derecognised from the group.

If a contract is derecognised because it is transferred to a third party, then the CSM is also adjusted for the premium charged by the third party, unless the group is onerous.

If a contract is derecognised because its terms are modified, then the CSM is also adjusted for the premium that would have been charged had the Company entered into a contract with the new contract's terms at the date of modification, less any additional premium charged for the modification. The new contract recognised is measured assuming that, at the date of modification, the Company received the premium that it would have charged less any additional premium charged for the modification

l.1 Presentation

Portfolios of insurance contracts that are assets and those that are liabilities, and portfolios of reinsurance contracts 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 under Note 2.6.5) are included in the carrying amount of the related portfolios of contracts. The Company disaggregates amounts recognised in the statement of profit or loss and Other Comprehensive Income (OCI) into

- (a) An insurance service result, comprising insurance revenue and insurance service expenses; and
- (b) Insurance finance income or expenses.

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

8. Notes to the condensed interim financial statements (cont'd)

(c) Basis of preparation (cont'd)

(ii) SFRS(I) 17 Insurance Contracts (cont'd)

I.1 Presentation (cont'd)

The Company does not disaggregate changes in the risk adjustment for non-financial risk between the insurance service result and insurance finance income or expenses. All changes in the risk adjustment for non-financial risk are included in the insurance service result.

Insurance revenue and insurance service expenses exclude any investment components and are recognised as follows.

Insurance revenue

The Company recognises insurance revenue as it satisfies its performance obligations – that is as it provides services under groups of insurance contracts. The insurance revenue relating to services provided for each year represents the total of the changes in the LRC that relate to services for which the Company expects to receive consideration, and comprises the following items:

- (a) Claims and other directly attributable expenses incurred in the period measured at the amounts expected at the beginning of the period, excluding:
 - (i) Amounts allocated to the loss component;
 - (ii) Repayments of investment components and policyholder rights to withdraw an amount;
 - (iii) Amounts of transaction-based taxes collected in a fiduciary capacity;
 - (iv) Insurance acquisition expenses; and
 - (v) Amounts related to the risk adjustment for non-financial risk (see (b));
- (b) Changes in the risk adjustment for non-financial risk, excluding:
 - (i) Changes included in insurance finance income/(expenses);
 - (ii) Changes that relate to future coverage (which adjust the CSM); and
 - (iii) Amounts allocated to the loss component;
- (c) Amounts of the CSM recognised for the services provided in the period; and
- (d) Experience adjustments – arising from premiums received in the period other than those that relate to future service.
- (e) Other amounts, including any other pre-recognition cash flows assets derecognised at the date of initial recognition.

In addition, the Company allocates a portion of premiums that relate to recovering insurance acquisition cash flows to each period in a systematic way based on the passage of time over the expected coverage period. The Company recognises the allocated amount, adjusted for interest accretion at the discount rates determined on initial recognition of the related group of contracts, as insurance revenue and an equal amount as insurance service expenses.

8. Notes to the condensed interim financial statements (cont'd)

(c) Basis of preparation (cont'd)

(ii) SFRS(I) 17 Insurance Contracts (cont'd)

I.1 Presentation (cont'd)

Release of CSM

The amount of the CSM of a group of insurance and reinsurance contracts that is recognised as insurance revenue and reinsurance expense in each reporting period is determined by identifying the coverage units in the group, allocating the CSM remaining at the end of the reporting period (before any allocation) equally to each coverage unit provided in the reporting period and expected to be provided in future years, and recognising in profit or loss the amount of the CSM allocated to coverage units provided in the reporting period. The number of coverage units is the quantity of services provided by the contracts in the group, determined by considering for each contract the quantity of benefits provided and its expected coverage period. The coverage units are reviewed and updated at each reporting date.

The expected coverage period reflects expectations of lapses and cancellations of contracts, as well as the likelihood of insured events occurring to the extent that they would affect the expected coverage period.

Loss Components

The Company has grouped contracts that are onerous at initial recognition separately from contracts in the same portfolio that are not onerous at initial recognition. Groups that were not onerous at initial recognition can also subsequently become onerous if assumptions and experience changes. The Company has established a loss component of the LRC for any onerous group depicting the future losses recognised.

A loss component represents a notional record of the losses attributable to each group of onerous insurance contracts (or contracts profitable at inception that have become onerous). The loss component is released based on a systematic allocation of the subsequent changes relating to future service in the FCF to: (i) the loss component; and (ii) the LRC excluding the loss component. The loss component is also updated for subsequent changes relating to future service in estimates of the FCF and the risk adjustment for non-financial risk. The systematic allocation of subsequent changes to the loss component results in the total amounts allocated to the loss component being equal to zero by the end of the coverage period of a group of contracts (since the loss component will have been materialised in the form of incurred claims). The Company uses the proportion on initial recognition to determine the systematic allocation of subsequent changes in future cash flows between the loss component and the LRC excluding the loss component.

Loss-recovery Component

When the Company recognises a loss on initial recognition of an onerous group of underlying insurance contracts or when further onerous underlying insurance contracts are added to a group, the Company establishes a loss-recovery component of the ARC for a group of reinsurance contracts held depicting the recovery of losses.

8. Notes to the condensed interim financial statements (cont'd)

(c) Basis of preparation (cont'd)

(ii) **SFRS(I) 17 Insurance Contracts (cont'd)**

I.1 Presentation (cont'd)

Loss-recovery Component (cont'd)

Where a loss component has been set up subsequent to initial recognition of a group of underlying insurance contracts, the portion of income that has been recognised from related reinsurance contracts held is disclosed as a loss-recovery component.

Where a loss-recovery component has been set up at initial recognition or subsequently, the Company adjusts the loss-recovery component to reflect changes in the loss component of an onerous group of underlying insurance contracts.

The carrying amount of the loss-recovery component must not exceed the portion of the carrying amount of the loss component of the onerous group of underlying insurance contracts that the Company expects to recover from the group of reinsurance contracts held. On this basis, the loss-recovery component recognised at initial recognition is reduced to zero in line with reductions in the onerous group of underlying insurance contracts and is nil when loss component of the onerous group of underlying insurance contracts is nil.

Insurance Service Expenses

Insurance service expenses arising from insurance contracts are recognised in profit or loss generally as they are incurred. They exclude repayments of investment components and comprise the following items:

- (a) Incurred claims and other insurance service expenses;
- (b) Amortisation of insurance acquisition cash flows: The Company amortises insurance acquisition cash flows on a straight-line basis over the coverage period of the group of contracts;
- (c) Losses on onerous contracts and reversals of such losses;
- (d) Adjustments to the LIC that do not arise from the effects of the time value of money, financial risk and changes therein; and
- (e) Impairment losses on assets for insurance acquisition cash flows and reversals of such impairment losses.

Net expenses from reinsurance contracts held

Net expenses from reinsurance contracts comprise an allocation of reinsurance premiums paid less amounts recovered from reinsurers.

The Company recognises an allocation of reinsurance premiums paid in profit or loss as it receives services under groups of reinsurance contracts. For contracts not measured under the Premium Allocation Approach (PAA), the allocation of reinsurance premiums paid relating to services received for each period represents the total of the changes in the ARC that relate to services for which the Company expects to pay consideration.

8. Notes to the condensed interim financial statements (cont'd)

(c) Basis of preparation (cont'd)

(ii) SFRS(I) 17 Insurance Contracts (cont'd)

I.1 Presentation (cont'd)

Net expenses from reinsurance contracts held (cont'd)

For a group of reinsurance contracts covering onerous underlying contracts, the Company establishes a loss-recovery component of the ARC to depict the recovery of losses recognised:

- (a) On recognition of onerous underlying contracts, if the reinsurance contract covering those contracts is entered into before or at the same time as those contracts are recognised; and
- (b) For changes in FCF of the group of reinsurance contracts relating to future services that result from changes in FCF of the onerous underlying contracts.

The loss-recovery component determines the amounts that are subsequently presented in profit or loss as reversals of recoveries of losses from the reinsurance contracts and are excluded from the allocation of reinsurance premiums paid. It is adjusted to reflect changes in the loss component of the onerous group of underlying contracts, but it cannot exceed the portion of the loss component of the onerous group underlying contracts that the Company expects to recover from the reinsurance contracts.

Insurance Finance Income and Expenses

Insurance finance income or expenses comprise the change in the carrying amount of the group of insurance contracts arising from:

- (a) The effect of the time value of money and changes in the time value of money; and
- (b) The effect of financial risk and changes in financial risk.

The main amounts within insurance finance income or expenses are:

- (a) Interest accreted on the FCF and the CSM;
- (b) The effect of changes in interest rates and other financial assumptions; and
- (c) Foreign exchange differences.

The Company disaggregates changes in the risk adjustment for non-financial risk between insurance service result and insurance finance income or expenses.

Amounts presented in OCI are accumulated in the insurance finance reserve. The Company presents insurance finance income or expenses in profit or loss.

8. Notes to the condensed interim financial statements (cont'd)

(c) Basis of preparation (cont'd)

(iii) Use of judgements and estimates

In preparing the condensed financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense.

In applying Company's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the condensed financial statements.

Insurance risk

The risk under any one insurance contract is the possibility that the insured event occurs and the uncertainty of the amount of the resulting claim. By the very nature of an insurance contract, this risk is random and therefore unpredictable.

As general insurance business encompasses a wide range of different insurance products, a prudent management of risks is fundamental to the Company's business. This safeguards not only the interest of its shareholders but also that of its customers. The Company has developed a robust underwriting framework to ensure that all risks accepted meet with its guidelines and standards.

Although the insurance contract liabilities are estimated based on management's best knowledge and judgement of current facts, the actual outcome may differ from the estimates. The areas involving a higher degree of judgement or complexity, or areas whereby judgement, assumptions and estimates have been involved including but not limited to:

- 1) assumptions in estimating future cash flow;
- 2) discount rate; and
- 3) risk adjustment for non-financial risk

Impairment losses on financial assets

The measurement of impairment losses under SFRS(I) 9 across relevant financial assets requires judgement, in particular for the estimation of the amount and timing of future cash flows when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by the outcome of modelled ECL scenarios and the relevant input used.

Revaluation of owner-occupied and investment property

The Company carries its investment property at fair value, with changes in fair value being recognised in profit or loss. In addition, it measures the owner-occupied property at fair value less accumulated depreciation and impairment allowance.

The Company engaged real estate valuation experts to assess fair value on 15 November 2023. The fair value of the owner-occupied and investment property are determined by independent real estate valuation experts using the market comparable.

8. Notes to the condensed interim financial statements (cont'd)

(d) Segment information

The Company is principally engaged in the business of underwriting general insurance. As the company has different operating segments, its businesses are segregated into separate fund accounts in accordance with the requirements of the Singapore Insurance Act 1966.

As required under the Singapore Insurance Act, the Company has established and maintained a Singapore Insurance Fund (SIF) for insurance business relating to Singapore policies and an Offshore Insurance Fund (OIF) for insurance business relating to offshore policies. Shareholders' Fund (SHF) relates to the Company's investment activities of its non-insurance funds.

The segment information has been prepared in accordance with the Company's accounting policy and Singapore Financial Reporting Standards (International) (SFRS(I)).

Geographical information

Geographical information of the Company's revenue derived from external customers based on location of insurance risks and non-current assets are as follows:

	<u>Revenue for</u>		<u>Non-current assets as at</u>	
	1st Half	1st Half Restated	1st Half	1st Half Restated
	2024	2023	2024	2023
	\$'000	\$'000	\$'000	\$'000
Singapore	41,867	35,781	39,161	40,072
Asean	5,865	7,422	-	-
Others	3,240	3,219	-	-
	50,972	46,422	39,161	40,072

The Company's non-current assets presented above consist of fixed assets (including property for its own occupancy) and right-of-use assets.

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8. Notes to the condensed interim financial statements (cont'd)

(d) Segment Information (cont'd)

	SIF	OIF	SHF	Total
	\$'000	\$'000	\$'000	\$'000
For first half year ended 30 June 2024				
Insurance revenue	36,990	13,982	-	50,972
Insurance service expense	(21,904)	(9,125)	-	(31,029)
Insurance service result before reinsurance contracts held	15,086	4,857	-	19,943
Net expenses from reinsurance contracts	(8,793)	(2,540)	-	(11,333)
Insurance service result	6,293	2,317	-	8,610
Dividend income from investments	1,299	266	1,700	3,265
Interest income from investments	2,133	371	1,335	3,839
Interest on fixed deposits and bank balances	760	285	213	1,258
Rental income from investment property	-	-	354	354
Miscellaneous income	2	-	6	8
Net fair value gains on mandatorily measured at fair value through profit or loss ("FVTPL") investments - realised	614	168	376	1,158
Net fair value gains on mandatorily measured at fair value through profit or loss ("FVTPL") investments - unrealised	437	67	180	684
Net losses on disposal of fair value through other comprehensive income ("FVOCI") investments	(137)	(58)	(55)	(250)
Write-back of expected credit loss on debt securities at FVOCI	9	3	7	19
Amortisation of (premium)/discount on investments	(20)	8	(49)	(61)
Net fair value losses on financial derivatives - realised	(584)	(111)	(391)	(1,086)
Net fair value losses on financial derivatives - unrealised	(2,876)	(559)	(1,824)	(5,259)
Exchange gains	2,891	607	1,823	5,321
	(569)	(63)	(392)	(1,024)
Other management expenses				
Depreciation on property	-	-	(139)	(139)
Management fees	(353)	(71)	(228)	(652)
Other operating expenses	67	(59)	(623)	(615)
Total non-underwriting income	4,242	917	2,685	7,844
Insurance finance expenses for insurance contracts issued	(398)	(50)	-	(448)
Reinsurance finance income for reinsurance contracts held	233	3	-	236
Net insurance financial result	6,128	2,270	-	8,398
Profit before tax	10,370	3,187	2,685	16,242
Tax expense	(1,484)	(110)	(457)	(2,051)
Profit after tax	8,886	3,077	2,228	14,191
Segment total assets as at 30 June 2024	304,988	52,935	239,320	597,243
Segment total liabilities as at 30 June 2024	125,120	18,061	7,116	150,297

NEWS RELEASE

8. **Notes to the condensed interim financial statements (cont'd)**

(d) Segment Information (cont'd)

	SIF	OIF	SHF	Total
	\$'000	\$'000	\$'000	\$'000
For first half year ended 30 June 2023				
Insurance revenue	32,635	13,787	-	46,422
Insurance service expense	(19,547)	(8,922)	-	(28,469)
Insurance service result before reinsurance contracts held	13,088	4,865	-	17,953
Net expenses from reinsurance contracts	(6,102)	(3,769)	-	(9,871)
Insurance service result	6,986	1,096	-	8,082
Dividend income from investments	809	171	1,164	2,144
Interest income from investments	2,364	447	1,547	4,358
Interest on fixed deposits and bank balances	512	226	60	798
Rental income from investment property	-	-	286	286
Miscellaneous income/(expenses)	43	-	6	49
Net fair value gains on mandatorily measured at fair value through profit or loss ("FVTPL") investments - unrealised	350	143	230	723
Net losses on disposal of fair value through other comprehensive income ("FVOCI") investments	(18)	(19)	(55)	(92)
Write-back of expected credit loss on debt securities at FVOCI	7	2	10	19
Amortisation of (premium)/discount on investments	(1)	17	(35)	(19)
Net fair value gains on financial derivatives - realised	4,407	867	2,874	8,148
Net fair value losses on financial derivatives - unrealised	(5,802)	(1,142)	(3,783)	(10,727)
Exchange gains	1,067	226	758	2,051
	(328)	(49)	(151)	(528)
Other management expenses				
Depreciation on property	-	-	(139)	(139)
Management fees	(354)	(75)	(230)	(659)
Other operating expenses	109	(62)	(719)	(672)
Total non-underwriting income	3,493	801	1,974	6,268
Insurance finance expenses for insurance contracts issued	(385)	(57)	-	(442)
Reinsurance finance income for reinsurance contracts held	220	8	-	228
Net insurance financial result	6,821	1,047	-	7,868
Profit before tax	10,314	1,848	1,974	14,136
Tax expense	(1,425)	(429)	(335)	(2,189)
Profit after tax	8,889	1,419	1,639	11,947
Segment total assets as at 30 June 2023	297,953	54,430	233,995	586,378
Segment total liabilities as at 30 June 2023	133,698	20,920	8,593	163,211

8. Notes to the condensed interim financial statements (cont'd)

(e) Insurance contracts (Analysis by remaining coverage and incurred claims)

	For the half year ended 30 June 2024			Total
	Liabilities for remaining coverage		Liabilities for	
	Excluding loss	Loss	incurred	
	component	component	claims	\$'000
	\$'000	\$'000	\$'000	\$'000
Insurance contract assets as at 1 January	-	-	-	-
Insurance contract liabilities as at 1 January	24,913	1,853	94,800	121,566
Net opening balance	24,913	1,853	94,800	121,566
Changes in the statement of profit or loss and other comprehensive income				
Insurance contract revenue	(50,972)	-	-	(50,972)
Insurance service expenses				
Incurred claims (excluding investment components) and other incurred insurance service expenses	-	(2,116)	8,166	6,050
Changes related to past services	-	-	10,946	10,946
Incurred claims and benefits	-	(2,116)	19,112	16,996
Amortisation of insurance acquisition cash flows	12,683	-	-	12,683
Changes related to future services (i.e. losses on onerous contracts)	-	1,350	-	1,350
Insurance service operating expenses	12,683	1,350	-	14,033
Total insurance service expenses	12,683	(766)	19,112	31,029
Investment components excluded from insurance revenue and insurance service expenses	-	-	-	-
Insurance service result	(38,289)	(766)	19,112	(19,943)
Net finance expenses from insurance contracts	174	8	260	442
Effect of movements in exchange rates	-	-	-	-
Total changes in the statement of profit or loss and other comprehensive income	(38,115)	(758)	19,372	(19,501)
Cash flows				
Premiums received	59,932	-	-	59,932
Claims and other insurance service expenses paid, including investment components	-	-	(21,129)	(21,129)
Insurance acquisition cash flows	(13,891)	-	-	(13,891)
Total cash flows	46,041	-	(21,129)	24,912
Insurance contract assets as at 30 June	-	-	-	-
Insurance contract liabilities as at 30 June	32,839	1,095	93,043	126,977
Net closing balance	32,839	1,095	93,043	126,977

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8. Notes to the condensed interim financial statements (cont'd)

(e) Insurance contracts (Analysis by remaining coverage and incurred claims) (cont'd)

	For the half year ended 30 June 2023			Total
	Liabilities for remaining coverage		Liabilities for	
	Excluding loss	Loss	incurred	
	component	component	claims	\$'000
	\$'000	\$'000	\$'000	\$'000
Insurance contract assets as at 1 January	-	-	-	-
Insurance contract liabilities as at 1 January	24,844	2,044	107,840	134,728
Net opening balance	24,844	2,044	107,840	134,728
Changes in the statement of profit or loss and other comprehensive income				
Insurance contract revenue	(46,422)	-	-	(46,422)
Insurance service expenses				
Incurred claims (excluding investment components) and other incurred insurance service expenses	-	(1,635)	5,462	3,827
Changes related to past services	-	-	12,035	12,035
Incurred claims and benefits	-	(1,635)	17,497	15,862
Amortisation of insurance acquisition cash flows	10,465	-	-	10,465
Changes related to future services (i.e. losses on onerous contracts)	-	2,142	-	2,142
Insurance service operating expenses	10,465	2,142	-	12,607
Total insurance service expenses	10,465	507	17,497	28,469
Investment components excluded from insurance revenue and insurance service expenses	-	-	-	-
Insurance service result	(35,957)	507	17,497	(17,953)
Net finance expenses from insurance contracts	172	11	257	440
Effect of movements in exchange rates	-	-	-	-
Total changes in the statement of profit or loss and other comprehensive income	(35,785)	518	17,754	(17,513)
Cash flows				
Premiums received	51,923	-	-	51,923
Claims and other insurance service expenses paid, including investment components	-	-	(17,229)	(17,229)
Insurance acquisition cash flows	(11,229)	-	-	(11,229)
Total cash flows	40,694	-	(17,229)	23,465
Insurance contract assets as at 30 June	-	-	-	-
Insurance contract liabilities as at 30 June	29,753	2,562	108,365	140,680
Net closing balance	29,753	2,562	108,365	140,680

8. Notes to the condensed interim financial statements (cont'd)

(f) Insurance contracts (Analysis by measurement component)

	For the half year ended 30 June 2024			
	Estimates of the present value of the future cash flows	Risk adjustment for non- financial risk	Contractual service margin	Total
	\$'000	\$'000	\$'000	\$'000
Insurance contract assets as at 1 January	-	-	-	-
Insurance contract liabilities as at 1 January	99,155	12,039	10,372	121,566
Net opening balance	99,155	12,039	10,372	121,566
Changes in the statement of profit or loss and other comprehensive income				
Changes in estimates that adjust the contractual service margin	(1,911)	(3)	1,914	-
Changes in estimates that do not adjust the contractual service margin, ie losses on groups of onerous contracts and reversals of such losses	(423)	(41)	-	(464)
Effects of contracts initially recognised in the period	(19,531)	2,635	18,710	1,814
Changes that relate to future services	(21,865)	2,591	20,624	1,350
CSM recognised in profit or loss for services provided	-	-	(12,894)	(12,894)
Release of the risk adjustment for non-financial risk	-	(1,900)	-	(1,900)
Experience adjustments	(17,534)	89	-	(17,445)
Revenue recognised for incurred policyholder tax expenses	-	-	-	-
Changes that relate to current services	(17,534)	(1,811)	(12,894)	(32,239)
Changes that relate to past service, ie changes in fulfilment cash flows relating to incurred claims	11,060	(114)	-	10,946
Changes that relate to past services	11,060	(114)	-	10,946
Insurance service result	(28,339)	666	7,730	(19,943)
Net finance expenses from insurance contracts	308	45	89	442
Effect of movements in exchange rates	-	-	-	-
Total changes in the statement of profit or loss and other comprehensive income	(28,031)	711	7,819	(19,501)
Cash flows				
Premiums received	59,932	-	-	59,932
Claims and other insurance service expenses paid, including investment components	(21,129)	-	-	(21,129)
Insurance acquisition cash flows	(13,891)	-	-	(13,891)
Total cash flows	24,912	-	-	24,912
Insurance contract assets as at 30 June	-	-	-	-
Insurance contract liabilities as at 30 June	96,036	12,750	18,191	126,977
Net closing balance	96,036	12,750	18,191	126,977

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8. **Notes to the condensed interim financial statements (cont'd)**

(f) **Insurance contracts (Analysis by measurement component) (cont'd)**

	For the half year ended 30 June 2023			
	Estimates of the present value of the future cash flows	Risk adjustment for non- financial risk	Contractual service margin	Total
	\$'000	\$'000	\$'000	\$'000
Insurance contract assets as at 1 January	-	-	-	-
Insurance contract liabilities as at 1 January	113,921	12,777	8,030	134,728
Net opening balance	113,921	12,777	8,030	134,728
Changes in the statement of profit or loss and other comprehensive income				
Changes in estimates that adjust the contractual service margin	(969)	(38)	1,007	-
Changes in estimates that do not adjust the contractual service margin, ie losses on groups of onerous contracts and reversals of such losses	333	51	-	384
Effects of contracts initially recognised in the period	(21,311)	2,424	20,645	1,758
Changes that relate to future services	(21,947)	2,437	21,652	2,142
CSM recognised in profit or loss for services provided	-	-	(11,379)	(11,379)
Release of the risk adjustment for non-financial risk	-	(1,713)	-	(1,713)
Experience adjustments	(19,073)	35	-	(19,038)
Revenue recognised for incurred policyholder tax expenses	-	-	-	-
Changes that relate to current services	(19,073)	(1,678)	(11,379)	(32,130)
Changes that relate to past service, ie changes in fulfilment cash flows relating to incurred claims	12,158	(123)	-	12,035
Changes that relate to past services	12,158	(123)	-	12,035
Insurance service result	(28,862)	636	10,273	(17,953)
Net finance expenses from insurance contracts	318	43	79	440
Effect of movements in exchange rates	-	-	-	-
Total changes in the statement of profit or loss and other comprehensive income	(28,544)	679	10,352	(17,513)
Cash flows				
Premiums received	51,923	-	-	51,923
Claims and other insurance service expenses paid, including investment components	(17,229)	-	-	(17,229)
Insurance acquisition cash flows	(11,229)	-	-	(11,229)
Total cash flows	23,465	-	-	23,465
Insurance contract assets as at 30 June	-	-	-	-
Insurance contract liabilities as at 30 June	108,842	13,456	18,382	140,680
Net closing balance	108,842	13,456	18,382	140,680

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8. Notes to the condensed interim financial statements (cont'd)

(g) Reinsurance contracts (Analysis by remaining coverage and incurred claims)

	For the half year ended 30 June 2024			
	Assets for remaining coverage			
	Excluding loss-recovery component	Loss-recovery component	Assets for incurred claims	Total
	\$'000	\$'000	\$'000	\$'000
Reinsurance contract assets as at 1 January	9,012	(557)	(58,562)	(50,107)
Reinsurance contract liabilities as at 1 January	2,939	-	(1,258)	1,681
Net opening balance	11,951	(557)	(59,820)	(48,426)
Changes in the statement of profit or loss and other comprehensive income				
Allocation of reinsurance premiums				
Insurance contract revenue ceded to reinsurers	17,154	-	-	17,154
Amounts recoverable from reinsurers				
Insurance claims and benefits recovered from reinsurers	-	-	(3,509)	(3,509)
Insurance operating expenses ceded to reinsurers	-	-	-	-
Changes in amounts recoverable arising from changes in liability for incurred claims	-	-	(1,248)	(1,248)
Changes in fulfilment cash flows which relates to onerous underlying contracts	-	(1,064)	-	(1,064)
Total amounts recoverable from reinsurers	-	(1,064)	(4,757)	(5,821)
Reinsurance investment components	-	-	-	-
Cost of retroactive cover on reinsurance contracts held	-	-	-	-
Additional line items for a better understanding of the change in the net carrying amount of the insurance contracts	-	-	-	-
Effect of changes in non-performance risk of reinsurers	-	-	-	-
Net expense/(income) from reinsurance contract held	17,154	(1,064)	(4,757)	11,333
Net finance income from reinsurance contracts	(74)	(2)	(159)	(235)
Effect of movements in exchange rates	-	-	-	-
Total changes in the statement of profit or loss and other comprehensive income	17,080	(1,066)	(4,916)	11,098
Cash flows				
Premiums paid	(23,664)	-	-	(23,664)
Reinsurance service expenses recovered for insurance contracts issued	-	-	9,577	9,577
Reinsurance acquisition cash flows	-	-	-	-
Total cash flows	(23,664)	-	9,577	(14,087)
Reinsurance contract assets as at 30 June	2,870	(1,623)	(53,881)	(52,634)
Reinsurance contract liabilities as at 30 June	2,497	-	(1,278)	1,219
Net closing balance	5,367	(1,623)	(55,159)	(51,415)

8. Notes to the condensed interim financial statements (cont'd)

(g) Reinsurance contracts (Analysis by remaining coverage and incurred claims) (cont'd)

	<u>For the half year ended 30 June 2023</u>			
	<u>Assets for remaining coverage</u>			
	<u>Excluding loss-recovery component</u>	<u>Loss-recovery component</u>	<u>Assets for incurred claims</u>	<u>Total</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Reinsurance contract assets as at 1 January	9,419	(453)	(70,150)	(61,184)
Reinsurance contract liabilities as at 1 January	2,402	-	(1,838)	564
Net opening balance	11,821	(453)	(71,988)	(60,620)
Changes in the statement of profit or loss and other comprehensive income				
Allocation of reinsurance premiums				
Insurance contract revenue ceded to reinsurers	17,380	-	-	17,380
Amounts recoverable from reinsurers				
Insurance claims and benefits recovered from reinsurers	-	-	(3,544)	(3,544)
Insurance operating expenses ceded to reinsurers	-	-	-	-
Changes in amounts recoverable arising from changes in liability for incurred claims	-	-	(3,784)	(3,784)
Changes in fulfilment cash flows which relates to onerous underlying contracts	-	(181)	-	(181)
Total amounts recoverable from reinsurers	-	(181)	(7,328)	(7,509)
Reinsurance investment components	-	-	-	-
Cost of retroactive cover on reinsurance contracts held	-	-	-	-
Additional line items for a better understanding of the change in the net carrying amount of the insurance contracts	-	-	-	-
Effect of changes in non-performance risk of reinsurers	-	-	-	-
Net expense/(income) from reinsurance contract held	17,380	(181)	(7,328)	9,871
Net finance income from reinsurance contracts	(53)	(2)	(172)	(227)
Effect of movements in exchange rates	-	-	-	-
Total changes in the statement of profit or loss and other comprehensive income	17,327	(183)	(7,500)	9,644
Cash flows				
Premiums paid	(17,913)	-	-	(17,913)
Reinsurance service expenses recovered for insurance contracts issued	-	-	8,477	8,477
Reinsurance acquisition cash flows	-	-	-	-
Total cash flows	(17,913)	-	8,477	(9,436)
Reinsurance contract assets as at 30 June	8,143	(636)	(69,758)	(62,251)
Reinsurance contract liabilities as at 30 June	3,092	-	(1,253)	1,839
Net closing balance	11,235	(636)	(71,011)	(60,412)

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8. Notes to the condensed interim financial statements (cont'd)

(h) Reinsurance contracts (Analysis by measurement component)

	<u>For the half year ended 30 June 2024</u>			
	Estimates of the present value of the future cash flows	Risk adjustment for non- financial risk	Contractual service margin	Total
	\$'000	\$'000	\$'000	\$'000
Reinsurance contract assets as at 1 January	(30,154)	(5,565)	(14,388)	(50,107)
Reinsurance contract liabilities as at 1 January	2,012	(331)	-	1,681
Net opening balance	(28,142)	(5,896)	(14,388)	(48,426)
Changes in the statement of profit or loss and other comprehensive income				
Changes in estimates that adjust the contractual service margin	277	(5)	(272)	-
Changes in estimates that relate to losses and reversals of losses on onerous underlying contracts	(590)	-	-	(590)
Changes in recoveries of losses on onerous underlying contracts that adjust the CSM	(475)	-	(946)	(1,421)
Effects of contracts initially recognised in the period	14,892	(805)	(14,087)	-
Changes that relate to future services	14,104	(810)	(15,305)	(2,011)
CSM recognised in profit or loss for services provided	-	-	10,322	10,322
Release of the risk adjustment for non-financial risk	-	(678)	-	(678)
Experience adjustments	3,903	1,045	-	4,948
Changes that relate to current services	3,903	367	10,322	14,592
Changes that relate to past service, ie changes in fulfilment cash flows relating to incurred claims	(2,021)	773	-	(1,248)
Changes that relate to past services	(2,021)	773	-	(1,248)
Effect of changes in non-performance risk of reinsurers	-	-	-	-
Net expense/(income) from reinsurance contract held	15,986	330	(4,983)	11,333
Net finance income from reinsurance contracts	(110)	(23)	(102)	(235)
Effect of movements in exchange rates	-	-	-	-
Total changes in the statement of profit or loss and other comprehensive income	15,876	307	(5,085)	11,098
Cash flows				
Premiums paid	(23,664)	-	-	(23,664)
Reinsurance service expenses recovered for insurance contracts issued	9,577	-	-	9,577
Reinsurance acquisition cash flows	-	-	-	-
Total cash flows	(14,087)	-	-	(14,087)
Reinsurance contract assets as at 30 June	(28,115)	(5,206)	(19,313)	(52,634)
Reinsurance contract liabilities as at 30 June	1,762	(383)	(160)	1,219
Net closing balance	(26,353)	(5,589)	(19,473)	(51,415)

8. Notes to the condensed interim financial statements (cont'd)

(h) Reinsurance contracts (Analysis by measurement component) (cont'd)

	For the half year ended 30 June 2023			
	Estimates of the present value of the future cash flows	Risk adjustment for non- financial risk	Contractual service margin	Total
	\$'000	\$'000	\$'000	\$'000
Reinsurance contract assets as at 1 January	(43,216)	(6,373)	(11,595)	(61,184)
Reinsurance contract liabilities as at 1 January	1,197	(633)	-	564
Net opening balance	(42,019)	(7,006)	(11,595)	(60,620)
Changes in the statement of profit or loss and other comprehensive income				
Changes in estimates that adjust the contractual service margin	40	(6)	(34)	-
Changes in estimates that relate to losses and reversals of losses on onerous underlying contracts	131	-	-	131
Changes in recoveries of losses on onerous underlying contracts that adjust the CSM	(311)	-	(430)	(741)
Effects of contracts initially recognised in the period	13,743	(530)	(13,214)	(1)
Changes that relate to future services	13,603	(536)	(13,678)	(611)
CSM recognised in profit or loss for services provided	-	-	10,502	10,502
Release of the risk adjustment for non-financial risk	-	(575)	-	(575)
Experience adjustments	3,504	835	-	4,339
Changes that relate to current services	3,504	260	10,502	14,266
Changes that relate to past service, ie changes in fulfilment cash flows relating to incurred claims	(4,295)	511	-	(3,784)
Changes that relate to past services	(4,295)	511	-	(3,784)
Effect of changes in non-performance risk of reinsurers	-	-	-	-
Net expense/(income) from reinsurance contract held	12,812	235	(3,176)	9,871
Net finance income from reinsurance contracts	(120)	(24)	(83)	(227)
Effect of movements in exchange rates	-	-	-	-
Total changes in the statement of profit or loss and other comprehensive income	12,692	211	(3,259)	9,644
Cash flows				
Premiums paid	(17,913)	-	-	(17,913)
Reinsurance service expenses recovered for insurance contracts issued	8,477	-	-	8,477
Reinsurance acquisition cash flows	-	-	-	-
Total cash flows	(9,436)	-	-	(9,436)
Reinsurance contract assets as at 30 June	(41,479)	(6,512)	(14,260)	(62,251)
Reinsurance contract liabilities as at 30 June	2,716	(283)	(594)	1,839
Net closing balance	(38,763)	(6,795)	(14,854)	(60,412)

8. Notes to the condensed interim financial statements (cont'd)

(i) Taxation

The Company calculates the period income tax expense using the tax rate that would be applicable to the period concerned. The major components of income tax expense in the condensed income statement are:

	1st Half 2024	1st Half 2023
	\$'000	\$'000
Current income tax expense	2,051	2,189
	2,051	2,189

(j) Investments

Financial instruments as at 30 June 2024:

	30 June 2024	31 December 2023
	\$'000	\$'000
Unit trusts	18,927	18,692
Debt securities	238,309	243,633
Equity securities	122,527	128,955
Investment property	28,530	28,530
	408,293	419,810

During the interim period, the Company disposed certain investments for cash and realised the capital appreciation due to the Company's investment strategy. These investments had a fair value \$71,900,000 (30 June 2023: \$52,586,000) at the date of disposal.

The net gain on disposal of the above investments was \$619,000 (30 June 2023: Net loss on disposal of \$102,000).

(i) Fair value measurement

The Company categorises fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

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

8. Notes to the condensed interim financial statements (cont'd)

(j) Investments (cont'd)

(i) Fair value measurement (cont'd)

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The following table presented the investments measured at fair value:

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
30 June 2024				
Mandatorily measured at FVTPL				
- Unit trusts	15,763	-	3,164	18,927
- Debt securities	-	4,883	-	4,883
At FVOCI				
- Debt securities	233,426	-	-	233,426
- Equity securities	122,527	-	-	122,527
Investment property	-	-	28,530	28,530
	371,716	4,883	31,694	408,293
31 December 2023				
Mandatorily measured at FVTPL				
- Unit trusts	16,943	-	1,749	18,692
- Debt securities	-	4,804	-	4,804
At FVOCI				
- Debt securities	238,829	-	-	238,829
- Equity securities	128,955	-	-	128,955
Investment property	-	-	28,530	28,530
	384,727	4,804	30,279	419,810

The fair value of investments traded in active markets is based on the quoted market bid prices at the balance sheet date. These investments are included in Level 1.

The fair value of investments that are not traded in an active market is determined by using valuation techniques. The Company uses a variety of methods and makes assumptions that are based on market conditions existing at the balance sheet date. Over-the-counter quotes, dealer quotes as well as other techniques, such as estimated discounted cash flows are used to estimate fair value of these instruments. These investments are included in Level 2.

8. Notes to the condensed interim financial statements (cont'd)

(j) Investments (cont'd)

(i) Fair value measurement (cont'd)

Movements in Level 3 fair value measurements

During the financial year, there were no transfers of financial assets between Level 1 and 2 fair value measurements, and no transfer into and out of Level 3 fair value measurements. The valuations of the Level 3 financial instruments are performed by the fund house.

The following table presents the reconciliation for the Level 3 investments measured at fair value:

	30 June 2024	31 December 2023
	\$'000	\$'000
Financial assets at fair value through profit or loss:		
Opening balance	1,749	923
Purchases during the period	1,312	791
Net changes in unrealised gain on financial assets at fair value through profit or loss	103	35
Ending balance	3,164	1,749

Information about significant unobservable inputs used in Level 3 fair value measurements:

The following table shows the information about fair value measurements using significant unobservable inputs (Level 3):

Description	Fair value as at 30 June 2024	Valuation techniques	Unobservable inputs	Range (weighted average)
Investment in collective investment schemes	\$3,164,000	Net asset value*	Not applicable	Not applicable

* This investment is valued using net asset value of the fund. Accordingly, this investment is classified as Level 3 investments within the fair value hierarchy.

8. Notes to the condensed interim financial statements (cont'd)

(k) Property, plant and equipment

During the first half year ended 30 June 2024, the Company acquired assets amounting to \$100,000 (31 December 2023: \$689,000) and disposed of assets amounting to \$NIL (31 December 2023: \$3,000).

(l) Investment property

	30 June 2024	31 December 2023
	\$'000	\$'000
Opening and ending balance	28,530	28,530

As at 30 June 2024, the investment property consists of leasehold office premises located at 146 Robinson Road, Singapore.

Investment property is stated at fair value, which has been determined based on valuations performed on 15 November 2023. The valuation was performed by an independent valuer with a recognised and relevant professional qualification. The valuer analysed and studied recent sales and rental evidence of similar properties in comparable localities that had been transacted in the open market.

Valuation

The Company classified the fair value of its investment property as Level 3 as the valuation is determined based on direct comparison method, with the key unobservable inputs being market value based on existing use and the age of the building.

(m) Subsequent events

There are no known subsequent events which have led to adjustments to this set of condensed interim financial statements.