United Overseas Insurance Limited
REGISTERED OFFICE
80 Raffles Place UOB Plaza
Singapore 048624
Tel (65) 6222 2121
Fax (65) 6536 7712
www.uoi.com.sg
Co. Reg. No. 197100152R

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 2023

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

Dividend

The Directors are pleased to declare an interim dividend of 8.5 cents (2022: 8.5 cents) per share (one-tier tax-exempt) in respect of the current financial year. The total interim dividend would amount to $5.2 million. The dividend will be paid on 16 August 2023.

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 2023 (30 June 2022: 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 2023 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.

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Closure of books

Notice is hereby given that the Share Transfer Books and the Register of Members of the Company will be closed on 4 August 2023, for determining shareholders' entitlements to the interim dividend. Registrable transfers received by the Company's Registrar, Boardroom Corporate & Advisory Services Pte Ltd at 1 Harbourfront Avenue, Keppel Bay Tower, #14-07, Singapore 098632, up to 5.00 pm on 3 August 2023 ("Record Date") 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 shareholding position after settlement of all trades on Record Date. 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

THERESA SIM
COMPANY SECRETARY

Dated this 25 July 2023

UNITED OVERSEAS INSURANCE LIMITED

Condensed Interim Financial Statements

For the first half year ended 30 June 2023

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NEWS RELEASE

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1. **Review of performance**

Highlights and performance indicators

Selected Financial Items	**1st Half 2023 $'000**	1st Half 2022 Restated $'000	Incr/ (Decr) %
Insurance revenue	**45,427**	38,658	+17.5
Insurance service expense	**(27,132)**	(22,709)	+19.5
Net expenses from reinsurance contracts	**(9,996)**	(4,455)	+124.4
Insurance service result	**8,299**	11,494	-27.8
Net insurance financial result	**8,071**	11,259	-28.3
Non-underwriting income/(loss)	**6,269**	(3,199)	+296.0
Profit before tax	**14,340**	8,060	+77.9
Profit after tax	**12,151**	7,140	+70.2
Other comprehensive income/(loss), net of tax	**1,062**	(23,384)	+104.5
Total comprehensive income/(loss)	**13,213**	(16,244)	+181.3
Net asset value per share ($)	**6.97**	6.88	+1.3

In these financial statements, the Company has applied SFRS(I) 17 for the first time and as a result, comparative for 1st Half 2022 has been restated to reflect the adoption of SFRS(I) 17.

1. **Review of performance (cont'd)**

Highlights and performance indicators (cont'd)

1st Half 2023 ("1H2023") versus 1st Half 2022 ("1H2022")

Insurance service revenue increased by S$6.8 million or 17.5%. Insurance service expenses had risen to S$27.1 million from S$22.7 million largely attributed to lower commission income and higher management expenses. Net expenses from reinsurance contracts have risen by S$5.5 million. Consequently, the insurance service result decreased by 27.8% to S$8.3 million.

Non-underwriting income recorded a profit of S$6.3 million as compared to a loss of S$3.2 million in the corresponding period last year due to increase in both dividend and interest income from investments and overall performance of the investment portfolio.

Other comprehensive income, net of tax recorded an unrealised profit of S$1.1 million as compared against an unrealised loss of S$23.4 million in the corresponding period last year. This was largely attributed to favourable investment markets.

Overall, total comprehensive income was a profit of S$13.2 million instead of a loss of S$16.2 million attained in the corresponding period last year due mainly to the reasons mentioned earlier.

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

Insurance markets continue to face stiff competition and potential claims arising from adverse business conditions. The company will maintain its prudent stance and press ahead with cross-selling initiatives with the parent bank, enhancing digital capabilities and developing its insurance intermediary business.

Global equity and fixed income markets remained volatile amidst the many uncertainties arising particularly from inflationary fears, potential recessionary risks and geo-political tensions. The Company will continue to position the investment portfolio for long term sustainable growth.

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Member of the UOB Group

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3. Unaudited condensed interim income statement
<u>for first half year ended 30 June 2023</u>

	Note	1st Half 2023 $'000	1st Half 2022 Restated $'000	Incr/ (Decr) %
(a) Insurance revenue		**45,427**	38,658	17.5
Insurance service expense		**(27,132)**	(22,709)	19.5
Insurance service result before reinsurance contracts held		**18,295**	15,949	14.7
Net expenses from reinsurance contracts		**(9,996)**	(4,455)	124.4
Insurance service result		**8,299**	11,494	(27.8)
Dividend income from investments		**2,144**	1,851	15.8
Interest income from investments		**4,358**	3,867	12.7
Interest on fixed deposits and bank balances		**798**	30	NM
Net write-back of expected credit loss on investments		**19**	46	(58.7)
Amortisation of premium on investments		**(19)**	(306)	(93.8)
Rental income from investment property		**286**	342	(16.4)
Miscellaneous income		**50**	10	400.0
Net fair value gains/(losses) on mandatorily measured at fair value through profit or loss ("FVTPL") investments - unrealised		**723**	(3,484)	(120.8)
Net losses on disposal of fair value through other comprehensive income ("FVOCI") investments	8(j)	**(92)**	(3,473)	(97.4)
Net fair value gains/(losses) on financial derivatives - realised		**8,148**	(1,046)	(879.0)
Net fair value losses on financial derivatives - unrealised		**(10,727)**	(4,736)	126.5
Exchange gains		**2,051**	5,244	(60.9)
		(528)	(538)	
Other management expenses				
Depreciation on property		**(139)**	(124)	12.1
Management fees		**(659)**	(701)	(6.0)
Other operating expenses		**(672)**	(719)	(6.5)
Total non-underwriting income/(loss)		**6,269**	(3,199)	
Insurance finance expenses for insurance contracts issued		**(574)**	(462)	24.2
Reinsurance finance income for reinsurance contracts held		**346**	227	52.4
Net insurance financial result		**8,071**	11,259	(28.3)
Profit before tax		**14,340**	8,060	77.9
Tax expense	8(i)	**(2,189)**	(920)	137.9
Profit after tax		**12,151**	7,140	70.2
Profit attributable to equity holders of the Company		**12,151**	7,140	70.2
(b) Earnings per share :				
Basic and diluted (cents)		39.74	23.35	70.2

Note : NM = Not Meaningful

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4. Unaudited condensed interim statement of comprehensive income for first half year ended 30 June 2023

	1st Half 2023	1st Half 2022 Restated	Incr/ (Decr)
	$'000	$'000	%
Net profit after tax	**12,151**	7,140	70.2
Other comprehensive income :			
Items that will not be reclassified to profit or loss :			
Net fair value losses on equity securities at FVOCI	**(2,913)**	(11,104)	73.8
Tax related to the above	**497**	1,853	(73.2)
	(2,416)	(9,251)	(73.9)
Items that may be reclassified subsequently to profit or loss :			
Debt securities at FVOCI			
Changes in fair value	**4,121**	(20,447)	120.2
Transfer to profit or loss on disposal	**92**	3,473	(97.4)
Changes in allowance for expected credit losses	**(19)**	(46)	58.7
Tax related to the above	**(717)**	2,885	(124.9)
	3,477	(14,135)	(124.6)
Insurance finance expenses for insurance contract issued	**2**	2	-
Reinsurance finance income for reinsurance contracts held	**(1)**	-	(100.0)
Related income tax	**-**	-	
Net insurance finance result	**1**	2	(50.0)
Other comprehensive income/(loss) for the period, net of tax	**1,062**	(23,384)	104.5
Total comprehensive income/(loss) for the period, net of tax	**13,213**	(16,244)	181.3
Total comprehensive income /(loss) attributable to equity holders of the Company	**13,213**	(16,244)	181.3

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5. Unaudited condensed interim statement of financial position

		Note	30 June 2023	31 December 2022 Restated	1 January 2022 Restated
			$'000	$'000	$'000
(a)	Share capital - Issued and fully paid		**91,733**	91,733	91,733
	Reserves		**334,789**	329,220	352,502
	Total equities		**426,522**	420,953	444,235
	Liabilities				
	Non-trade creditors and accrued liabilities		**6,767**	7,679	7,887
	Lease liabilities		**26**	28	28
	Amount owing to related companies		**1,942**	1,769	2,058
	Derivative financial liabilities		**2,849**	526	158
	Tax payable		**5,879**	4,837	8,686
	Deferred tax liabilities		**3,229**	3,007	8,569
	Insurance contract liabilities	8(e), (f)	**144,042**	133,154	137,172
	Total liabilities		**164,734**	151,000	164,558
	Total liabilities and equities		**591,256**	571,953	608,793
	Assets				
	Bank balances and fixed deposits		**51,663**	47,303	40,003
	Non-trade debtors and accrued interest receivables		**4,647**	4,948	5,131
	Associated company		**1**	1	1
	Derivative financial assets		**168**	8,572	747
	Investments	8(j)	**399,027**	379,772	435,593
	Investment property	8(j), (l)	**28,530**	28,530	27,858
	Fixed assets		**40,072**	40,608	33,515
	Right-of-use assets		**20**	22	23
	Reinsurance contract assets	8(g), (h)	**67,128**	62,197	65,922
	Total assets		**591,256**	571,953	608,793
	Net asset value per share (S$)		**6.97**	6.88	7.26
(b)	Number of shares issued ('000)		**61,155**	61,155	61,155

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6. Unaudited condensed interim statements of changes in equity

	Share capital $'000	General reserve $'000	Revaluation on investment reserve $'000	Revaluation surplus $'000	Insurance/ reinsurance finance reserve $'000	Retained profits $'000	Total $'000
Balance at 1 January 2023	91,733	22,880	9,994	3,801	7	292,538	420,953
Profit net of tax	-	-	-	-	-	12,151	12,151
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	12,151	13,213
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)
Balance at 30 June 2023	**91,733**	**22,880**	**11,063**	**3,801**	**8**	**297,037**	**426,522**
Balance at 1 January 2022 as previously reported	91,733	22,880	41,601	665	-	291,333	448,212
Impact of initial application of SFRS(I) 17	-	-	-	-	4	(3,981)	(3,977)
Restated balance as 1 January 2022	91,733	22,880	41,601	665	4	287,352	444,235
Profit net of tax	-	-	-	-		7,140	7,140
Other comprehensive income for first half year ended 30 June, net of tax	-	-	(23,386)	-	2	-	(23,384)
Total comprehensive income for first half year ended 30 June	-	-	(23,386)	-	2	7,140	(16,244)
Transfer of fair value reserves of equity securities at FVOCI upon disposal, net of tax	-	-	1,608	-	-	(1,608)	-
Dividend for Year 2021	-	-	-	-	-	(10,091)	(10,091)
Restated balance at 30 June 2022	**91,733**	**22,880**	**19,823**	**665**	**6**	**282,793**	**417,900**

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7. Unaudited condensed interim statement of cash flows

	Note	1st Half 2023 $'000	1st Half 2022 Restated $'000
Cash flows from operating activities			
Profit before tax		**14,340**	8,060
Adjustments for:			
Depreciation		**707**	574
Movement in reinsurance contract assets		**(4,931)**	(3,180)
Movement in insurance contract liabilities		**10,888**	1,881
Net fair value losses on forward contracts-unrealised		**10,727**	4,736
Net fair value (gains)/losses on mandatorily measured at FVTPL investments - unrealised		**(723)**	3,484
Net losses on disposal of FVOCI investments	8(j)	**92**	3,473
Amortisation of premium on investments		**19**	306
Net write-back of expected credit loss on debts securities at FVOCI		**(19)**	(46)
Gross dividend from investments		**(2,144)**	(1,851)
Interest income from investments		**(4,358)**	(3,867)
Interest on fixed deposits and bank balances		**(798)**	(30)
Exchange gains		**(2,004)**	(6,709)
Operating profit before working capital changes		**21,796**	6,831
Changes in working capital:			
Other receivables		**301**	(98)
Other payables		**(912)**	363
Amount owing to related companies		**173**	657
Cash generated from operations		**21,358**	7,753
Tax paid		(1,145)	(4,033)
Interest paid		**-**	-
Net cash flows from operating activities		**20,213**	3,720
Cash flows from investing activities			
Proceeds from disposal of investments	8(j)	**52,586**	282,357
Proceeds from fixed assets		**1**	-
Purchase of investments		**(67,854)**	(293,249)
Purchase of fixed assets	8(k)	**(170)**	(850)
Proceed/(placement in) from long-term fixed deposits		**1,357**	(51)
Gross dividend from investments		**2,100**	1,990
Interest income from investments		**4,330**	3,444
Interest on fixed deposits and bank balances		**800**	28
Net cash flows used in investing activities		**(6,850)**	(6,331)

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

	1st Half 2023	1st Half 2022 Restated
	$'000	$'000
Cash flows from financing activity		
Leases paid	**(2)**	3
Dividend paid	**(7,644)**	(10,091)
Cash flows used in financing activity	**(7,646)**	(10,088)
Net increase/(decrease) in cash and cash equivalents	**5,717**	(12,699)
Cash and cash equivalents at beginning of period	**44,336**	40,003
Cash and cash equivalents at end of period	**50,053**	27,304

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

	1st Half 2023	1st Half 2022 Restated
	$'000	$'000
Cash and bank balances	**12,331**	13,643
Fixed deposits placement with maturity less than 3 months	**37,722**	13,661
Cash and cash equivalents	**50,053**	27,304
Fixed deposits placement with maturity more than 3 months	**1,610**	1,578
	51,663	28,882

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 2023 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 2023 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 2023 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 2022.

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

In these financial statements, the Company has applied SFRS(I) 17 for the first time. The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

SFRS(I) 17 replaces SFRS(I) 4 Insurance Contracts for annual periods beginning on or after 1 January 2023. The Company has restated comparative information for 2022 applying the transitional provisions. 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.

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

(c) Basis of preparation (cont'd)

(i) New and amended standards adopted by the Company (cont'd)

a.1 Changes to classification, measurement (cont'd)

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 cashflow) that incorporates all available information about the fulfilment cash flows (FCF) in a way that is consistent with observable market information; plus
- An amount representing the unearned profit in the group of contracts (the contractual service margin or 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 (i.e., lossmaking) over the remaining coverage period, the Company recognises the loss immediately.

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.

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

(c) Basis of preparation (cont'd)

(i) New and amended standards adopted by the Company (cont'd)

b.1 Changes to presentation and disclosure (cont'd)

The line item descriptions in the statement of profit or loss and other comprehensive income have been changed significantly compared with last year. Previously the Company reported premium income, policyholder claims and benefits, and change in insurance contract liabilities. SFRS(I) 17 requires separate presentation of:
• Insurance revenue
• Insurance service expense
• Insurance 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
• Significant judgements, and changes in those judgements, made when applying the standard

c.1 Transition

The Company has adopted SFRS(I) 17 retrospectively, the full retrospective approach was applied to all the insurance contracts in force at the transition date.

The transition approach was determined at the level of a group of insurance contracts and affected the approach to calculating the CSM on initial adoption of SFRS(I) 17. Under the full retrospective approach, the CSM at initial recognition is based on initial assumptions when groups of contracts were recognised and rolled forward to the date of transition as if SFRS(I) 17 had always been applied.

d.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)

(i) New and amended standards adopted by the Company (cont'd)

e.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: i.e. 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 (i.e. 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.

f.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 (i.e. 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)**

(i) New and amended standards adopted by the Company (cont'd)

f.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 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 (i.e. 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)

(i) New and amended standards adopted by the Company (cont'd)

f.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.

g.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:

- pricing information; and
- results of similar contracts it has recognised.

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

(c) Basis of preparation (cont'd)

(i) New and amended standards adopted by the Company (cont'd)

h.1 Contract boundary

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

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.

i.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.

8. Notes to the condensed interim financial statements

(c) Basis of preparation (cont'd)

(i) New and amended standards adopted by the Company (cont'd)

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

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:
- renewals of contracts recognised at the date of acquisition; and
- other future contracts after the date of acquisition without paying again insurance acquisition cash flows that the acquiree has already paid.

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.

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

(c) Basis of preparation (cont'd)

(i) New and amended standards adopted by the Company (cont'd)

j.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. 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.

k.1 Measurement

Insurance contracts – Initial measurement

On initial recognition, the Company measures a group of insurance contracts as the total of (a) the fulfilment cash flows, which comprise unbiased and probability-weighted estimates of future cash flows, adjusted to reflect the time value of money and financial risks, and a risk adjustment for non-financial risk; and (b) the CSM. The fulfilment cash flows of a group of insurance contracts do not reflect the Company's non-performance risk.

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.

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

(c) Basis of preparation (cont'd)

(i) New and amended standards adopted by the Company (cont'd)

k.1 Measurement (cont'd)

Insurance contracts – Initial measurement (cont'd)

For groups of contracts acquired in a transfer of contracts or a business combination, the consideration received for the contracts is included in the fulfilment cash flows 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 fulfilment cash flows that relate to services that will be provided under the contracts in future periods and
(b) any remaining CSM at that date.

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

The fulfilment cash flows of groups of 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 fulfilment cash flows are recognised as follows.

Changes relating to future services	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

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

(c) Basis of preparation (cont'd)

(i) New and amended standards adopted by the Company (cont'd)

k.1 Measurement (cont'd)

Insurance contracts – Subsequent measurement (cont'd)

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 fulfilment cash flows that relate to future services, except to the extent that:
    (i) any increases in the fulfilment cash flows 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 fulfilment cash flows 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.

Changes in fulfilment cash flows 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 liability for remaining coverage, 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;
(d) changes in the risk adjustment for non-financial risk that relate to future services.

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

(c) Basis of preparation (cont'd)

(i) New and amended standards adopted by the Company (cont'd)

k.1 Measurement (cont'd)

Insurance contracts – Subsequent measurement (cont'd)

The following adjustments do not adjust the CSM:
(a) changes in the fulfilment cash flows for the effect of the time value of money and the effect of financial risk and changes thereof;
(b) changes in the fulfilment cash flows relating to the liability for incurred claims;
(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)

(i) New and amended standards adopted by the Company (cont'd)

k.1 Measurement (cont'd)

Reinsurance contracts held

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 and the asset for incurred claims. The asset for remaining coverage comprises (a) the fulfilment cash flows that relate to services that will be received under the contracts in future periods and (b) any remaining CSM at that date.

The Company measures the estimates of the present value of future cash flows using assumptions that are consistent with those used to measure the estimates of the present value of future cash flows for the underlying 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 fulfilment cash flows;
(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.

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

(c) Basis of preparation (cont'd)

(i) New and amended standards adopted by the Company (cont'd)

k.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 fulfilment cash flows of the group of reinsurance contracts;
(e) changes in fulfilment cash flows that relate to future services, measured at the discount rates determined on initial recognition, unless they result from changes in fulfilment cash flows of onerous underlying contracts, in which case they are recognised in profit or loss and create or adjust a loss-recovery component; and
(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 Group 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 Group 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.

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.

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

(c) Basis of preparation (cont'd)

(i) New and amended standards adopted by the Company (cont'd)

k.1 Measurement (cont'd)

Reinsurance of onerous underlying insurance contracts (cont'd)

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 Group 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 Group 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.

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

(c) **Basis of preparation (cont'd)**

(i) New and amended standards adopted by the Company (cont'd)

I.1 Derecognition and contract modification

The Company derecognises a contract when it is extinguished – i.e. 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 fulfilment cash flows.

The Company also derecognises the original contract and recognises the modified contract as a new contract if any of the following conditions are present:

(a) if the modified terms had been included at contract inception and the Company would have concluded that the modified contract:
   (i) is not within the scope of SFRS(I) 17;
   (ii) results in different separable components;
   (iii) results in a different contract boundary; or
   (iv) belongs to a different group of contracts.

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 fulfilment cash flows 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 fulfilment cash flows, 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.

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

(c) Basis of preparation (cont'd)

(i) New and amended standards adopted by the Company (cont'd)

m.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) 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 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.

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.

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

(c) Basis of preparation (cont'd)

(i) New and amended standards adopted by the Company (cont'd)

m.1 Presentation (cont'd)

Insurance revenue

The Company recognises insurance revenue as it satisfies its performance obligations – i.e. as it provides services under groups of insurance contracts, the liability for remaining coverage is reduced. The insurance revenue relating to services provided for each year relates to services for which the Company expects to receive consideration, and comprises the following items.

(A) Amounts related to the changes in the LRC
- (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.

(B) Other amounts, including any other pre-recognition cash flows assets as derecognised at the date of initial recognition.

(C) In addition, the Company allocates a portion of premiums that relate to recovering insurance acquisition cash flows to each reporting 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.

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 equally to each coverage unit provided in the reporting period and expected to be provided in future reporting periods, 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 insurance and reinsurance contract 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.

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

(c) Basis of preparation (cont'd)

(i) New and amended standards adopted by the Company (cont'd)

m.1 Presentation (cont'd)

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:
- Incurred claims and other insurance service expenses;
- 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;
- Losses on onerous contracts and reversals of such losses;
- Adjustments to the liabilities for incurred claims that do not arise from the effects of the time value of money, financial risk and changes therein; and
- Impairment losses on assets for insurance acquisition cash flows and reversals of such impairment losses.

Net expenses from reinsurance contracts

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. The allocation of reinsurance premiums paid relating to services received for each period represents the total of the changes in the asset for remaining coverage that relate to services for which the Company expects to pay consideration.

For a group of reinsurance contracts covering onerous underlying contracts, the Company establishes a loss-recovery component of the asset for remaining coverage to depict the recovery of losses recognised:
- 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
- for changes in fulfilment cash flows of the group of reinsurance contracts relating to future services that result from changes in fulfilment cash flows 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.

8. Notes to the condensed interim financial statements

(c) Basis of preparation (cont'd)

(i) New and amended standards adopted by the Company (cont'd)

m.1 Presentation (cont'd)

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. If the Company derecognises a contract without direct participation features as a result of a transfer to a third party or a contract modification, then any remaining amounts of accumulated OCI for the contract are reclassified to profit or loss as a reclassification adjustment.

For non-life contracts, the Company presents insurance finance income or expenses in profit or loss.

(ii) 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.

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

(c) Basis of preparation (cont'd)

(ii) Use of judgements and estimates (cont'd)

Insurance risk (cont'd)

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 14 November 2022. 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:

	Revenue for		Non-current assets as at	
	1st Half 2023	1st Half 2022 Restated	**1st Half 2023**	1st Half 2022 Restated
	$'000	$'000	**$'000**	$'000
Singapore	**35,014**	27,496	**36,637**	31,758
Asean	**7,263**	8,468	**-**	-
Others	**3,150**	2,694	**-**	-
	45,427	38,658	**36,637**	31,758

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

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	28,436	16,991	-	45,427
Insurance service expense	(16,730)	(10,402)	-	(27,132)
Net expenses from reinsurance contracts	(7,808)	(2,188)	-	(9,996)
Underwriting profit	3,898	4,401	-	8,299
Insurance finance income and expenses	(172)	(56)	-	(228)
Gross dividends 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 property	-	-	286	286
Net fair value losses on financial derivatives	(1,394)	(275)	(910)	(2,579)
Net fair value gains on mandatorily measured at FVTPL investments - unrealised	350	143	230	723
Net losses on disposal of FVOCI investments	(18)	(19)	(55)	(92)
Exchange gains	1,067	226	758	2,051
Miscellaneous expenses	49	19	(18)	50
Other management expenses	(354)	(75)	(1,041)	(1,470)
Profit before tax	7,111	5,208	2,021	14,340
Tax expense	(1,425)	(429)	(335)	(2,189)
Profit after tax	5,686	4,779	1,686	12,151
Segment total assets as at 30 June 2023	305,471	71,960	213,825	591,256
Segment total liabilities as at 30 June 2023	122,825	35,571	6,338	164,734
For first half year ended 30 June 2022				
Insurance revenue	24,199	14,459	-	38,658
Insurance service expense	(14,003)	(8,706)	-	(22,709)
Net expenses from reinsurance contracts	(3,480)	(975)	-	(4,455)
Underwriting profit	6,716	4,778	-	11,494
Insurance finance income and expenses	(177)	(58)	-	(235)
Gross dividends from investments	654	136	1,061	1,851
Interest income from investments	2,065	443	1,359	3,867
Interest on fixed deposits and bank balances	20	9	1	30
Rental income from property	-	-	342	342
Net fair value losses on financial derivatives	(3,091)	(680)	(2,011)	(5,782)
Net fair value losses on mandatorily measured at FVTPL investments - unrealised	(1,858)	(527)	(1,099)	(3,484)
Net losses on disposal of FVOCI investments	(1,790)	(366)	(1,317)	(3,473)
Exchange gains	2,799	609	1,836	5,244
Miscellaneous expenses	(111)	(23)	(116)	(250)
Other management expenses	(424)	(95)	(1,025)	(1,544)
Profit before tax	4,803	4,226	(969)	8,060
Tax expense	(1,003)	(70)	153	(920)
Profit after tax	3,800	4,156	(816)	7,140
Segment total assets as at 30 June 2022	282,555	63,658	236,021	582,234
Segment total liabilities as at 30 June 2022	130,916	23,508	9,910	164,334

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

(e) Insurance contract liabilities (Liability for remaining coverage)

	For the half year ended 30 June 2023			
	Liabilities for remaining coverage			
	Excluding loss component	Loss component	Liabilities for incurred claims	Total
	$'000	$'000	$'000	$'000
Assets	-	-	-	**-**
Liabilities	19,292	1,108	112,754	**133,154**
Net opening balance	**19,292**	**1,108**	**112,754**	**133,154**
Changes in the statement of profit or loss and other comprehensive income				
Insurance contract revenue	**(45,427)**	**-**	**-**	**(45,427)**
Insurance service expenses				
Incurred claims (excluding investment components) and other incurred insurance service expenses	-	(1,022)	12,169	**11,147**
Changes related to past services	-	-	5,761	**5,761**
Incurred claims and benefits	**-**	**(1,022)**	**17,930**	**16,908**
Amortisation of insurance acquisition cash flows	9,100	-	-	**9,100**
Changes related to future services (i.e. losses on onerous contracts)	-	1,124	-	**1,124**
Insurance service operating expenses	**9,100**	**1,124**	**-**	**10,224**
Total insurance service expenses	**9,100**	**102**	**17,930**	**27,132**
Investment components excluded from insurance revenue and insurance service expenses	-	-	-	**-**
Insurance service result	**(36,327)**	**102**	**17,930**	**(18,295)**
Net finance expenses from insurance contracts	170	10	392	**572**
Effect of movements in exchange rates	-	-	-	**-**
Total changes in the statement of profit or loss and other comprehensive income	**(36,157)**	**112**	**18,322**	**(17,723)**
Cash flows				
Premiums received	53,079	-	-	**53,079**
Claims and other insurance service expenses paid, including investment components	-	-	(13,753)	**(13,753)**
Insurance acquisition cash flows	(10,715)	-	-	**(10,715)**
Total cash flows	**42,364**	**-**	**(13,753)**	**28,611**
Assets	-	-	-	**-**
Liabilities	25,499	1,220	117,323	**144,042**
Net closing balance	**25,499**	**1,220**	**117,323**	**144,042**

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

(e) Insurance contract liabilities (Liability for remaining coverage) (cont'd)

For the full year ended 31 December 2022

	Liabilities for remaining coverage			
	Excluding loss component	Loss component	Liabilities for incurred claims	Total
	$'000	$'000	$'000	$'000
Assets	-	-	-	-
Liabilities	22,037	6,245	108,890	**137,172**
Net opening balance	**22,037**	**6,245**	**108,890**	**137,172**
Changes in the statement of profit or loss and other comprehensive income				
Insurance contract revenue	**(94,730)**	**-**	**-**	**(94,730)**
Insurance service expenses				
Incurred claims (excluding investment components) and other incurred insurance service expenses	-	(3,347)	26,560	**23,213**
Changes related to past services	-	-	5,085	**5,085**
Incurred claims and benefits	**-**	**(3,347)**	**31,645**	**28,298**
Amortisation of insurance acquisition cash flows	17,397	-	-	**17,397**
Changes related to future services (i.e. losses on onerous contracts)	-	(1,833)	-	**(1,833)**
Insurance service operating expenses	**17,397**	**(1,833)**	**-**	**15,564**
Total insurance service expenses	**17,397**	**(5,180)**	**31,645**	**43,862**
Investment components excluded from insurance revenue and insurance service expenses	-	-	-	-
Insurance service result	**(77,333)**	**(5,180)**	**31,645**	**(50,868)**
Net finance expenses from insurance contracts	434	43	524	**1,001**
Effect of movements in exchange rates	-	-	-	-
Total changes in the statement of profit or loss and other comprehensive income	**(76,899)**	**(5,137)**	**32,169**	**(49,867)**
Cash flows				
Premiums received	96,592	-	-	**96,592**
Claims and other insurance service expenses paid, including investment components	-	-	(28,305)	**(28,305)**
Insurance acquisition cash flows	(22,438)	-	-	**(22,438)**
Total cash flows	**74,154**	**-**	**(28,305)**	**45,849**
Assets	-	-	-	-
Liabilities	19,292	1,108	112,754	**133,154**
Net closing balance	**19,292**	**1,108**	**112,754**	**133,154**

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

(f) Insurance contract liabilities (Contractrual service margin)

	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**
Assets	-	-	-	**-**
Liabilities	111,032	14,134	7,988	133,154
Net opening balance	**111,032**	**14,134**	**7,988**	**133,154**
Changes in the statement of profit or loss and other comprehensive income				
Changes that relate to future services	**(39,458)**	**664**	**39,918**	**1,124**
Changes in estimates that adjust the contractual service margin	(2,932)	(98)	3,030	-
Changes in estimates that do not adjust the contractual service margin, ie losses on groups of onerous contracts and reversals of such losses	(1,067)	(100)	-	(1,167)
Effects of contracts initially recognised in the period	(35,459)	862	36,888	2,291
Changes that relate to current services	**(7,802)**	**(776)**	**(16,602)**	**(25,180)**
CSM recognised in profit or loss for services provided	-	-	(16,602)	**(16,602)**
Release of the risk adjustment for non-financial risk	-	(776)	-	**(776)**
Experience adjustments	(7,802)	-	-	**(7,802)**
Revenue recognised for incurred policyholder tax expenses	-	-	-	**-**
Changes that relate to past services	**6,171**	**(410)**	**-**	**5,761**
Changes that relate to past service, ie changes in fulfilment cash flows relating to incurred claims	6,171	(410)	-	**5,761**
Insurance service result	**(41,089)**	**(522)**	**23,316**	**(18,295)**
Net finance expenses from insurance contracts	405	52	115	**572**
Effect of movements in exchange rates	-	-	-	**-**
Total changes in the statement of profit or loss and other comprehensive income	**(40,684)**	**(470)**	**23,431**	**(17,723)**
Cash flows				
Premiums received	53,079	-	-	**53,079**
Claims and other insurance service expenses paid, including investment components	(13,753)	-	-	**(13,753)**
Insurance acquisition cash flows	(10,715)	-	-	**(10,715)**
Total cash flows	**28,611**	**-**	**-**	**28,611**
Assets	-	-	-	**-**
Liabilities	98,959	13,664	31,419	**144,042**
Net closing balance	**98,959**	**13,664**	**31,419**	**144,042**

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

(f) **Insurance contract liabilities (Contractrual service margin) (cont'd)**

	For the full year ended 31 December 2022			
	Estimates of the present value of the future cash flows	Risk adjustment for non-financial risk	Contractual service margin	Total
	$'000	$'000	$'000	$'000
Assets	-	-	-	-
Liabilities	114,830	12,708	9,634	137,172
Net opening balance	**114,830**	**12,708**	**9,634**	**137,172**
Changes in the statement of profit or loss and other comprehensive income				
Changes that relate to future services	**(42,224)**	**3,513**	**36,878**	**(1,833)**
Changes in estimates that adjust the contractual service margin	(6,154)	(202)	6,356	-
Changes in estimates that do not adjust the contractual service margin, ie losses on groups of onerous contracts and reversals of such losses	(5,350)	(175)	-	(5,525)
Effects of contracts initially recognised in the period	(30,720)	3,890	30,522	3,692
Changes that relate to current services	**(14,061)**	**(1,357)**	**(38,702)**	**(54,120)**
CSM recognised in profit or loss for services provided	-	-	(38,702)	**(38,702)**
Release of the risk adjustment for non-financial risk	-	(1,357)	-	**(1,357)**
Experience adjustments	(14,061)	-	-	**(14,061)**
Revenue recognised for incurred policyholder tax expenses	-	-	-	-
Changes that relate to past services	**5,904**	**(819)**	**-**	**5,085**
Changes that relate to past service, ie changes in fulfilment cash flows relating to incurred claims	5,904	(819)	-	**5,085**
Insurance service result	**(50,381)**	**1,337**	**(1,824)**	**(50,868)**
Net finance expenses from insurance contracts	734	89	178	**1,001**
Effect of movements in exchange rates	-	-	-	-
Total changes in the statement of profit or loss and other comprehensive income	**(49,647)**	**1,426**	**(1,646)**	**(49,867)**
Cash flows				
Premiums received	96,592	-	-	**96,592**
Claims and other insurance service expenses paid, including investment components	(28,305)	-	-	**(28,305)**
Insurance acquisition cash flows	(22,438)	-	-	**(22,438)**
Total cash flows	**45,849**	**-**	**-**	**45,849**
Assets	-	-	-	-
Liabilities	111,032	14,134	7,988	**133,154**
Net closing balance	**111,032**	**14,134**	**7,988**	**133,154**

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

(g) Reinsurance contract assets (Assets for remaining coverage)

	For the half year ended 30 June 2023			
	Assets for remaining coverage			
	Excluding loss-recovery component	Loss-recovery component	Assets for incurred claims	Total
	$'000	$'000	$'000	$'000
Assets	13,706	(590)	(75,313)	**(62,197)**
Liabilities	-	-	-	**-**
Net opening balance	**13,706**	**(590)**	**(75,313)**	**(62,197)**
Changes in the statement of profit or loss and other comprehensive income				
Allocation of reinsurance premiums				
Insurance contract revenue ceded to reinsurers	**16,885**	**-**	**-**	**16,885**
Amounts recoverable from reinsurers				
Insurance claims and benefits recovered from reinsurers	-	-	(6,487)	**(6,487)**
Insurance operating expenses ceded to reinsurers	-	-	-	**-**
Changes in amounts recoverable arising from changes in liability for incurred claims	-	-	(518)	**(518)**
Changes in fulfilment cash flows which relates to onerous underlying contracts	-	116	-	**116**
Total amounts recoverable from reinsurers	**-**	**116**	**(7,005)**	**(6,889)**
Reinsurance investment components	-	-	-	**-**
Cost of retroactive cover on reinsurance contracts held	-	-	-	**-**
Effect of changes in non-performance risk of reinsurers	-	-	-	**-**
Net Income/Expense from reinsurance contract held	**16,885**	**116**	**(7,005)**	**9,996**
Net finance income from reinsurance contracts	(58)	(1)	(286)	**(345)**
Effect of movements in exchange rates	-	-	-	**-**
Total changes in the statement of profit or loss and other comprehensive income	**16,827**	**115**	**(7,291)**	**9,651**
Cash flows				
Premiums paid	(19,842)	-	-	**(19,842)**
Reinsurance service expenses recovered for insurance contracts issued	-	-	5,260	**5,260**
Reinsurance acquisition cash flows	-	-	-	**-**
Total cash flows	**(19,842)**	**-**	**5,260**	**(14,582)**
Assets	10,691	(475)	(77,344)	**(67,128)**
Liabilities	-	-	-	**-**
Net closing balance	**10,691**	**(475)**	**(77,344)**	**(67,128)**

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

(g) **Reinsurance contract assets (Assets for remaining coverage) (cont'd)**

	For the full year ended 31 December 2022			
	Assets for remaining coverage			
	Excluding loss-recovery component	Loss-recovery component	Assets for incurred claims	Total
	$'000	$'000	$'000	$'000
Assets	8,558	(451)	(74,029)	**(65,922)**
Liabilities	-	-	-	**-**
Net opening balance	**8,558**	**(451)**	**(74,029)**	**(65,922)**
Changes in the statement of profit or loss and other comprehensive income				
Allocation of reinsurance premiums				
Insurance contract revenue ceded to reinsurers	**40,231**	**-**	**-**	**40,231**
Amounts recoverable from reinsurers				
Insurance claims and benefits recovered from reinsurers	-	-	(10,412)	**(10,412)**
Insurance operating expenses ceded to reinsurers	-	-	-	**-**
Changes in amounts recoverable arising from changes in liability for incurred claims	-	-	(6,000)	**(6,000)**
Changes in fulfilment cash flows which relates to onerous underlying contracts	-	(132)	-	**(132)**
Total amounts recoverable from reinsurers	**-**	**(132)**	**(16,412)**	**(16,544)**
Reinsurance investment components	-	-	-	**-**
Cost of retroactive cover on reinsurance contracts held	-	-	-	**-**
Effect of changes in non-performance risk of reinsurers	-	-	-	**-**
Net Income/Expense from reinsurance contract held	**40,231**	**(132)**	**(16,412)**	**23,687**
Net finance income from reinsurance contracts	(149)	(7)	(335)	**(491)**
Effect of movements in exchange rates	-	-	-	**-**
Total changes in the statement of profit or loss and other comprehensive income	**40,082**	**(139)**	**(16,747)**	**23,196**
Cash flows				
Premiums paid	(34,934)	-	-	**(34,934)**
Reinsurance service expenses recovered for insurance contracts issued	-	-	15,463	**15,463**
Reinsurance acquisition cash flows	-	-	-	**-**
Total cash flows	**(34,934)**	**-**	**15,463**	**(19,471)**
Assets	13,706	(590)	(75,313)	**(62,197)**
Liabilities	-	-	-	**-**
Net closing balance	**13,706**	**(590)**	**(75,313)**	**(62,197)**

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

(h) Reinsurance contract assets (Contractrual service margin)

	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**
Assets	(41,687)	(8,669)	(11,841)	(62,197)
Liabilities	-	-	-	-
Net opening balance	**(41,687)**	**(8,669)**	**(11,841)**	**(62,197)**
Changes in the statement of profit or loss and other comprehensive income				
Changes that relate to future services	**15,441**	**(519)**	**(14,881)**	**41**
Changes in estimates that adjust the contractual service margin	185	(7)	(178)	-
Changes in estimates that relate to losses and reversals of losses on onerous underlying contracts	8		-	8
Changes in recoveries of losses on onerous underlying contracts that adjust the CSM	108		(75)	33
Effects of contracts initially recognised in the period	15,140	(512)	(14,628)	-
Changes that relate to current services	**(74)**	**41**	**10,506**	**10,473**
CSM recognised in profit or loss for services provided			10,506	10,506
Release of the risk adjustment for non-financial risk		41	-	41
Experience adjustments	(74)		-	(74)
Changes that relate to past services	**(493)**	**(25)**	**-**	**(518)**
Changes that relate to past service, ie changes in fulfilment cash flows relating to incurred claims	(493)	(25)		(518)
Effect of changes in non-performance risk of reinsurers	-			-
Net Income/Expense from reinsurance contract held	**14,874**	**(503)**	**(4,375)**	**9,996**
Net finance income from reinsurance contracts	(225)	(35)	(85)	(345)
Effect of movements in exchange rates	-	-	-	-
Total changes in the statement of profit or loss and other comprehensive income	**14,649**	**(538)**	**(4,460)**	**9,651**
				-
Cash flows				-
Premiums paid	(19,842)			(19,842)
Reinsurance service expenses recovered for insurance contracts issued	5,260			5,260
Reinsurance acquisition cash flows	-			-
Total cash flows	**(14,582)**	**-**	**-**	**(14,582)**
				-
Assets	(41,620)	(9,207)	(16,301)	(67,128)
Liabilities	-	-	-	-
Net closing balance	**(41,620)**	**(9,207)**	**(16,301)**	**(67,128)**

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

(h) Reinsurance contract assets (Contractrual service margin) (cont'd)

	For the full year ended 31 December 2022			
	Estimates of the present value of the future cash flows	**Risk adjustment for non-financial risk**	**Contractual service margin**	**Total**
	$'000	**$'000**	**$'000**	**$'000**
Assets	(51,995)	(7,043)	(6,884)	**(65,922)**
Liabilities	-	-	-	**-**
Net opening balance	**(51,995)**	**(7,043)**	**(6,884)**	**(65,922)**
Changes in the statement of profit or loss and other comprehensive income				
Changes that relate to future services	**33,698**	**(1,097)**	**(33,044)**	**(443)**
Changes in estimates that adjust the contractual service margin	6,908	208	(7,116)	**-**
Changes in estimates that relate to losses and reversals of losses on onerous underlying contracts	159	-	-	**159**
Changes in recoveries of losses on onerous underlying contracts that adjust the CSM	(291)	-	(312)	**(603)**
Effects of contracts initially recognised in the period	26,922	(1,305)	(25,616)	**1**
Changes that relate to current services	**1,645**	**252**	**28,233**	**30,130**
CSM recognised in profit or loss for services provided	-	-	28,233	**28,233**
Release of the risk adjustment for non-financial risk	-	252	-	**252**
Experience adjustments	1,645	-	-	**1,645**
Changes that relate to past services	**(5,269)**	**(731)**	**-**	**(6,000)**
Changes that relate to past service, ie changes in fulfilment cash flows relating to incurred claims	(5,269)	(731)	-	**(6,000)**
Effect of changes in non-performance risk of reinsurers	**-**	-	-	**-**
Net Income/Expense from reinsurance contract held	**30,074**	**(1,576)**	**(4,811)**	**23,687**
Net finance income from reinsurance contracts	(295)	(50)	(146)	**(491)**
Effect of movements in exchange rates	-	-	-	**-**
Total changes in the statement of profit or loss and other comprehensive income	**29,779**	**(1,626)**	**(4,957)**	**23,196**
Cash flows				
Premiums paid	(34,934)	-	-	**(34,934)**
Reinsurance service expenses recovered for insurance contracts issued	15,463	-	-	**15,463**
Reinsurance acquisition cash flows	-	-	-	**-**
Total cash flows	**(19,471)**	**-**	**-**	**(19,471)**
Assets	(41,687)	(8,669)	(11,841)	**(62,197)**
Liabilities	-	-	-	**-**
Net closing balance	**(41,687)**	**(8,669)**	**(11,841)**	**(62,197)**

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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 2023	1st Half 2022
	$'000	$'000
Current income tax expense	**2,189**	920
	2,189	**920**

(j) Investments

Financial instruments as at 30 June 2023

	1st Half 2023	31 December 2022
	$'000	$'000
Unit trusts	**18,111**	16,549
Debt securities	**296,462**	275,942
Equity securities	**84,454**	87,281
Investment property	**28,530**	28,530
	427,557	408,302

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 $52,586,000 (30 June 2022: $282,357,000) at the date of disposal.

The net loss on disposal of the above investments was $102,000 (30 June 2022: loss on disposal of $5,410,000).

(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.

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.

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

(j) Investments (cont'd)

(i) Fair value measurement (cont'd)

The following table presented the investments measured at fair value:

	Level 1	Level 2	Level 3	Total
	$'000	$'000	$'000	$'000
30 June 2023				
Mandatorily measured at FVTPL				
- Unit trusts	16,403	-	1,708	18,111
At FVOCI				
- Debt securities	296,462	-	-	296,462
- Equity securities	84,454	-	-	84,454
Investment property	-	-	28,530	28,530
	397,319	**-**	**30,238**	**427,557**
31 December 2022				
Mandatorily measured at FVTPL				
- Unit trusts	15,626	-	923	16,549
At FVOCI				
- Debt securities	275,942	-	-	275,942
- Equity securities	87,281	-	-	87,281
Investment property	-	-	28,530	28,530
	378,849	-	29,453	408,302

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:

	Jun 2023 $'000	Dec 2022 $'000
Financial assets at fair value through profit or loss:		
Opening balance	**923**	**-**
Purchases during the period	**613**	**1,010**
Net changes in unrealised gain/(loss) on financial assets at fair value through profit or loss	**172**	**(87)**
Balance as at 31 December	**1,708**	**923**

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 2023	Valuation techniques	Unobservable inputs	Range (weighted average)
Investment in collective investment schemes	1,708,000	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.

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

(k) Property, plant and equipment

During the first half year ended 30 June 2023, the Company acquired assets amounting to $170,000 (31 December 2022: $4,535,000) and disposed of assets amounting to $3,000 (31 December 2022: $70,000).

(l) Investment property

	1st Half 2023 $'000	31 December 2022 $'000
Balance as at 1 January	28,530	27,858
Transfer to owner-occupied property	-	(2,549)
Net fair value gain recognised in profit or loss	-	3,221
	28,530	**28,530**

As at 30 June 2023, 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 14 November 2022. The valuation was performed by an independent valuer with a recognised and relevant professional qualification. The valuer analysed and studied recent sales 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.