TOMONI RE PTE. LTD.
(Registration Number: 202206915M)

**DIRECTORS' STATEMENT
AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023**

MAZARS LLP
Public Accountants and
Chartered Accountants
Singapore

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The directors of Tomoni Re Pte. Ltd. (the "Company") present their statement to the member together with the audited financial statements of the Company for the financial year ended 31 December 2023.

1. Opinion of the directors

In the opinion of the directors,

(a) the financial statements of the Company are drawn up so as to give a true and fair view of the financial position of the Company as at 31 December 2023, and of the financial performance, changes in equity and cash flows of the Company for the financial year ended 31 December 2023 in accordance with the provisions of the Singapore Companies Act 1967 (the "Act") and Singapore Financial Reporting Standards; and

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

2. Directors

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

Lee Guan Leong
Kenneth Chew Eh Pin
Ong Chee Soon

3. Arrangements to enable directors to acquire shares or debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects were, or one of the object was, to enable the directors of the Company to acquire benefits by means of an acquisition of shares in, or debentures of, the Company or any other body corporate.

4. Directors' interests in shares or debentures

The directors of the Company holding office at the end of the financial year had no interest in the share capital and debentures of the Company and related corporations as recorded in the Register of Directors' Shareholdings kept by the Company under Section 164 of the Act.

5. Share options

There were no options granted by the Company during the financial year.

There were no shares issued by virtue of the exercise of options to take up unissued shares of the Company during the financial year.

There were no unissued shares under option in the Company as at the end of the financial year.

6. Auditors

The auditors, Mazars LLP, have expressed their willingness to accept re-appointment.

On behalf of the directors

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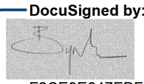
Ong Chee Soon
Director

DocuSigned by:

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Lee Guan Leong
Director

Singapore
29 May 2024

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Singapore 069536

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INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF TOMONI RE PTE. LTD.

Report on the Audit of Financial Statements

Opinion

We have audited the financial statements of Tomoni Re Pte. Ltd. (the "Company"), which comprise the statement of financial position of the Company as at 31 December 2023, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows of the Company for the financial year then ended, and notes to the financial statements, including a summary of material accounting policies.

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

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current financial year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	**How our audit addressed the Key Audit Matter**
Valuation of insurance contract liabilities – liability for incurred claims Refer to the following notes in the financial statements: Note 2.4 *Insurance and reinsurance contracts accounting treatment*, Note 3 *Critical accounting judgements and key sources of estimation uncertainty* and Note 4.4 *Concentration of insurance risk*. As at 31 December 2023, the Company has Nil (2022: Nil) balance for insurance contract liabilities – liability for incurred claims.	Our audit procedures included, and were not limited to, the following: • understood the valuation process for insurance contract liabilities – liability for incurred claims; • obtained the confirmation from the independent qualified claims reviewer and the cedant on whether any claim event has occurred during the financial year; and • assessed the appropriateness of the disclosures in the financial statements.

Report on the Audit of Financial Statements (Continued)

Other Information

Management is responsible for the other information. The other information comprises the Directors' Statement.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Directors for the Financial Statements

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

Report on the Audit of Financial Statements (Continued)

Auditors' Responsibilities for the Audit of the Financial Statements (Continued)

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current financial year and are therefore the key audit matter. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

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

Mazars LLP

MAZARS LLP
Public Accountants and
Chartered Accountants

Singapore
29 May 2024

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

	Note	01/01/2023 to 31/12/2023 US$	28/02/2022 to 31/12/2022 US$ (Restated)
Insurance revenue		5,632,319	4,448,134
Net expenses from reinsurance contracts held		(5,373,611)	(4,098,889)
Insurance service result	6	258,708	349,245
Finance expenses from reinsurance contract held		(10,743,191)	(3,093,243)
Net insurance finance expenses		(10,743,191)	(3,093,243)
Investment income	7	10,743,191	3,093,243
Total investment income		10,743,191	3,093,243
Net insurance and investment result		258,708	349,245
Administrative expenses		(258,891)	(1,744,603)
Foreign exchange gain - net		183	745
Grant income	8	-	1,394,613
Profit before income tax	9	-	-
Income tax expense	10	-	-
Profit for the financial year/period, representing total comprehensive income for the financial year/period		-	-

The accompanying notes form an integral part of and should be read in conjunction with these financial statements.

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023

	Note	2023 US$	2022 US$ (Restated)
ASSETS			
Financial assets at fair value through profit or loss	11	220,000,000	220,000,000
Other receivables	12	3,883,632	2,236,575
Cash and cash equivalents	13	1,472,528	1,451,914
Total current assets		225,356,160	223,688,489
LIABILITIES AND EQUITY			
LIABILITIES			
Insurance contract liabilities	14	-	-
Reinsurance contract liabilities	15	225,267,238	223,605,252
Other payables	16	74,175	68,490
Total current liabilities		225,341,413	223,673,742
EQUITY			
Share capital	17	14,747	14,747
Retained earnings		-	-
Total equity		14,747	14,747
Total liabilities and equity		225,356,160	223,688,489

The accompanying notes form an integral part of and should be read in conjunction with these financial statements.

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

	Share capital US$	Retained earnings US$	Total US$
At 1 January 2023 (Restated)	14,747	-	14,747
Profit for the year, representing total comprehensive income for the financial year	-	-	-
Balance at 31 December 2023	14,747	-	14,747

	Share capital US$	Retained earnings US$	Total US$
At the date of incorporation (Note 2)	14,747	-	14,747
Profit for the period, representing total comprehensive income for the financial period (Restated)	-	-	-
Balance at 31 December 2022 (Restated)	14,747	-	14,747

The accompanying notes form an integral part of and should be read in conjunction with these financial statements.

TOMONI RE PTE. LTD.

STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Note	01/01/2023 to 31/12/2023 US$	28/02/2022 to 31/12/2022 US$ (Restated)
Operating activities			
Profit before income tax		-	-
Adjustments for:			
Investment income	7	(10,743,191)	(3,093,243)
Changes in insurance contact liabilities and reinsurance contract liabilities		1,661,985	3,605,252
Operating cash flows before changes in working capital		(9,081,206)	512,009
Changes in working capital:			
Other receivables		206	(489)
Other payables		5,686	68,490
Net cash (used in)/generated from operating activities		(9,075,314)	580,010
Cash flow from investing activities			
Interest received		9,095,928	857,157
Purchase of investments		-	(220,000,000)
Net cash generated from/(used in) investing activities		9,095,928	(219,142,843)
Cash flow from financing activities			
Proceeds from issuance of share capital		-	14,747
Proceeds from issuance of catastrophe bond liabilities		-	220,000,000
Net cash flow generated from financing activities		-	220,014,747
Net increase in cash and cash equivalents		20,614	1,451,914
Cash and cash equivalents at beginning of financial year/date of incorporation		1,451,914	-
Cash and cash equivalents at end of financial year/period	13	1,472,528	1,451,914

The accompanying notes form an integral part of and should be read in conjunction with these financial statements.

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1. Domicile and activities

Tomoni Re Pte. Ltd. (the "Company") is incorporated and domiciled in Singapore with its principal place of business and registered office at 2 Shenton Way, #26-01 SGX Centre 1, Singapore 068804.

The principal activities of the Company are those of a general reinsurance business licensed under Section 11 of the Insurance Act 1966 (the "Insurance Act") as a Special Purpose Reinsurance Vehicle ("SPRV").

The immediate and ultimate holding company of the Company during the financial year is Tomoni Re Shares Trust registered in the Republic of Singapore, managed by Intertrust (Singapore) Ltd. as shares trustee.

The financial statements of the Company for the financial year ended 31 December 2023 were authorised for issue by the Board of Directors on the date of the directors' statement.

2. Summary of material accounting policies

2.1 Basis of preparation

The financial statements have been drawn up in accordance with the provisions of the Singapore Companies Act 1967 and Singapore Financial Reporting Standards ("SFRS") including related Interpretations of FRS ("INT FRS") and are prepared on the historical cost basis, except as disclosed in the accounting policies below.

The preparation of these financial statements in conformity with FRSs requires management to exercise its judgement in the process of applying the Company's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. The areas involving a higher degree of judgement or complexity, or areas where estimates and assumptions are significant to the financial statements are disclosed in Note 3.

The financial statements of the Company are measured and presented in the currency of the primary economic environment in which the Company operates (its functional currency). The financial statements of the Company are presented in United States dollar ("USD" or "US$") which is also the functional currency of the Company.

The Company adopted the amendments to FRS 1 and FRS Practice Statement 2: Disclosure of Accounting Policies in the current financial year. The amendments require the disclosure of "material" instead of "significant" accounting policy information and provides guidance to assist the entity in providing useful, entity-specific accounting policy information for the users' understanding of the financial statements. Accordingly, management had reviewed the accounting policies and updated the information disclosed in Note 2 Summary of material accounting policies in line with the amendments.

2. Summary of material accounting policies (Continued)

2.2 Income tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the financial year. Taxable profit differs from profit as reported profit or loss because it excludes items of income or expense that are taxable or deductible in other financial years and it further excludes items that are not taxable or tax deductible. The Company's liability for current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted by the end of the financial year.

Deferred tax is recognised on the differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and are accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each financial year and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the year when the liability is settled or the asset realized based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the financial year and based on the tax consequence that will follow from the manner in which the Company expects, at the end of the financial year, to recover or settle the carrying amounts of its assets and liabilities. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items credited or debited directly to equity, in which case the tax is also recognised directly in equity.

2.3 Foreign currencies transactions and translation

Foreign currency transactions are translated into the Company's functional currency at the exchange rates prevailing on the date of the transaction. At the end of each financial period, monetary items denominated in foreign currencies are retranslated at the rates prevailing as of the end of the financial period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in profit or loss for the financial period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the financial period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity. For such non-monetary items, any exchange component of that gain or loss is also recognised in other comprehensive income.

2. Summary of material accounting policies (Continued)

2.4 Insurance and reinsurance contracts accounting treatment

FRS 117 replaces FRS 104 for annual periods beginning on or after 1 January 2023. FRS 117 introduces an accounting model that measures groups of insurance contracts based on fulfilment cash flows. It changes the recognition and measurement of insurance contracts and the corresponding presentation and disclosures of the Company's financial statements.

The Company has restated 2022 comparative information using transitional provisions.

i. Definition and 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 and reinsurance contracts also expose the Company to financial risk.

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.

Contracts that have a legal form of insurance but do not transfer significant insurance risk and expose the Company to financial risk are classified as investment contracts, and they follow financial instruments accounting under FRS 109 *Financial Instruments* (“FRS 109”). The Company does not have any contracts that fall under this category.

The Company’s insurance contract issued and reinsurance contract held are all measured under the PAA model. The PAA is an optional simplified measurement model in FRS 117 that is available for insurance and reinsurance contracts that meet the eligibility criteria. This approach is used for the Company’s insurance contract, because the contract has a coverage period of one year or less, or the PAA provides a measurement which is not materially different from that under the general measurement models.

ii. Premium Allocation Approach (“PAA”) Model

The Company expects that the insurance contract issued and held are eligible for application of the PAA model as the insurance contract has characteristics such as annual reset clause that the Calculation Agent will use applicable Industry Exposure Database, payout factors and Escrow Models to reset the Attachment and Exhaustion Levels, as well as the option to allow for computation of the updated modelled annual expected loss and Risk Interest Spread calculation which determines the premiums.

The measurement principles of the PAA differ from the “earned premium approach” used by the Company under FRS 104 in the following key areas:

- The liability for remaining coverage reflects premiums received less assets for insurance acquisition cash flows and less amounts recognised in revenue for insurance services provided.

- Measurement of the liability for remaining coverage includes an adjustment for the time value of money and the effect of financial risk where the premium due date and the related period of service are more than 12 months apart.

2. Summary of material accounting policies (Continued)

2.4 Insurance and reinsurance contracts accounting treatment (Continued)

ii. Premium Allocation Approach ("PAA") Model (Continued)

- Measurement of the liability for remaining coverage involves an explicit evaluation of risk adjustment for non-financial risk when a group of contracts is onerous in order to calculate a loss component (previously these may have formed part of the unexpired risk reserve provision).

- Measurement of the liability for incurred claims (previously claims outstanding and incurred but not reported (IBNR) claims) is determined on a discounted probability-weighted expected value basis, and includes an explicit risk adjustment for non-financial risk. The liability includes the Company's obligation to pay other incurred insurance expenses.

- Measurement of the asset for remaining coverage (reflecting reinsurance premiums paid for reinsurance held) is adjusted to include a loss-recovery component to reflect the expected recovery of onerous contract losses where such contracts reinsure onerous direct contracts.

iii. Level of Aggregation

FRS 117 requires an entity to determine the level of aggregation for applying its requirements. The level of aggregation for the Company is determined firstly by dividing the business written into portfolios. Portfolios comprise groups of contracts with similar risks which are managed together.

The Company represents that each insurance contract represents a different group of insurable risk. There is only one contract written, as such group of contracts would be held at the individual contract level.

<u>Insurance contracts</u>

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 (by year of issuance) and into three groups based on the expected profitability of the contracts:
(i) contracts that are onerous at initial recognition;
(ii) contracts that at initial recognition have no significant possibility of becoming onerous subsequently; or
(iii) remaining group of contracts.

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

Level of aggregation is also affected by law or regulation which specifically constrains the Company's practical ability to set a different price or level of benefits for policyholders with different characteristics.

2. Summary of material accounting policies (Continued)

2.4 Insurance and reinsurance contracts accounting treatment (Continued)

iii. Level of Aggregation (Continued)

The Company broadly groups its insurance contracts by the risk class or product type.

An assessment is performed to distinguish onerous contracts from non-onerous ones. For non-onerous contacts, the Company assesses the likelihood of changes in the applicable facts and circumstances at initial recognition only. This assessment is performed at the product type level.

Reinsurance contracts

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

(i) contracts for which there is a net gain at initial recognition, if any;
(ii) contracts for which, at initial recognition, there is no significant possibility of a net gain arising subsequently; and
(iii) remaining contracts in the portfolio, if any.

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

iv. Onerous Group of Contracts

The Company has assessed the historical performance of each contract in order to conclude whether it should be classified as loss making. In addition, the expected combined operating ratio for each policy will be used to inform the group of contracts as onerous. Specific analysis and justification will be made at each reporting period.

v. Recognition

A group of insurance contracts issued by the Company is recognised from the earliest of:

- the beginning of its coverage period (i.e. the period during which the Company provides services in respect of any premiums within the contract boundary;
- 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
- when facts and circumstances indicate that the group of contracts is onerous.

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

- the beginning of the coverage period of the group of reinsurance contracts held. However, the Company delays the recognition of a group of reinsurance contracts held that provide proportionate coverage until the date when any underlying insurance contract is initially recognised, if that date is later than the beginning of the coverage period of the group of reinsurance contracts held; and

- the date the Company recognises an onerous group of underlying insurance contracts if the Company entered into the related reinsurance contract in the group of reinsurance contracts held at or before that date.

2. Summary of material accounting policies (Continued)

2.4 Insurance and reinsurance contracts accounting treatment (Continued)

v. Recognition (Continued)

Only contracts that individually meet the recognition criteria by the end of the reporting period are included in the groups. When contracts meet the recognition criteria in the groups after the reporting date, they are added to the groups in the reporting period in which they meet the recognition criteria, or, if the contract does not qualify for inclusion in an existing group, it forms a new group to which future contracts are added. Composition of the groups is not reassessed in subsequent periods.

vi. Contract Boundary

The Company includes in the measurement of a group of insurance contracts all the future cash flows within the boundary of each contract in the group. Cash flows are within the boundary of an insurance contract if they arise from substantive rights and obligations that exist during the reporting period in which the Company can compel the policyholder to pay the premiums, or in which the Company has a substantive obligation to provide the policyholder with insurance contract services.

The analysis on the contract boundary would be based on the following criteria:

- The Company has the practical ability to reassess the risks of the insurance contract that contains the contract and, as a result, can set a price or level of benefits that fully reflects the risk of that portfolio; and

- The pricing of the premiums up to the date when the risks are reassessed does not take into account the risks that relate to periods after the reassessment.

vii. Risk Adjustment

Risk adjustments for non-financial risk is the compensation that the Company requires for bearing uncertainty about the amount and timing of the cash flows of groups of insurance contracts. The risk adjustment reflects an amount that the Company would rationally pay to remove the uncertainty that future cash flows will exceed the expected value amount.

For those that are eligible for the PAA model, the risk adjustment valuation may therefore only be required for Liability for Incurred Claims as the Company would expect the time between providing each part of the services and the related premium due date will be no more than a year. Accordingly, for the risk adjustment calculation permitted under FRS 117, a percentage loading will be applied to the best estimate claims position.

viii. Measurement

For insurance contract issued, on initial recognition, the Company measures the liability for remaining coverage (“LfRC”) at the amount of premiums received, less any acquisition cash flows paid and any amounts arising from the derecognition of the insurance acquisition cash flows asset and the derecognition of any other relevant pre-recognition cash flows. The LfRC has been adjusted to reflect the time value of money and the effect of financial risk.

The Company estimates the liability for incurred claims (“LIC”) as the fulfilment cash flows (“FCF”) related to incurred claims. The fulfilment cash flows incorporate, in an unbiased way, all reasonable and supportable information available without undue cost or effort about the amount, timing and uncertainty of those future cash flows, they reflect current estimates from the perspective of the Company, and include an explicit adjustment for non-financial risk (the riskadjustment). The Company adjusts the future cash flows for the time value of money and the effect of financial risk for the measurement of liability for incurred claims.

2. Summary of material accounting policies (Continued)

2.4 Insurance and reinsurance contracts accounting treatment (Continued)

viii. Measurement (Continued)

Where, during the coverage period, facts and circumstances indicate that a group of insurance contracts is onerous, the Company recognises a loss in profit or loss for the net outflow, resulting in the carrying amount of the liability for the group being equal to the fulfilment cash flows. A loss component is established by the Company for the liability for remaining coverage for such onerous group depicting the losses recognised.

For reinsurance contracts held, on initial recognition, the Company measures the remaining coverage at the amount of ceding premiums paid net of commission.

The subsequent remeasurement of reinsurance contracts held follows the same principles as those for insurance contracts issued and has been adapted to reflect the specific features of reinsurance contracts held. A loss recovery component is established in correspondence to the underlying group of contracts that are onerous (if any).

The carrying amount of a group of insurance contracts issued at the end of each reporting period is the sum of the LfRC and the LIC. The LfRC comprises the fulfilment cash flows that relate to services that will be provided under the contracts in future periods. 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 carrying amount of a group of reinsurance contracts held at the end of each reporting period is the sum of the asset for remaining coverage (“AfRC”) and the asset for incurred claims, comprising the FCF related to past service allocated to the group at the reporting date.

For insurance contracts issued, at each of the subsequent reporting dates, the LfRC is:

(a) increased for premiums received in the period, excluding amounts that relate to premium receivables included in the LIC;
(b) decreased for insurance acquisition cash flows paid in the period;
(c) decreased for the amounts of expected premium receipts recognised as insurance revenue for the services provided in the period;
(d) increased for the amortisation of insurance acquisition cash flows in the period recognised as insurance service expenses; and
(e) increased for net insurance finance expenses recognised during the period.

For reinsurance contracts held, at each of the subsequent reporting dates, the remaining coverage is:

(a) increased for ceding premiums, net of commission, paid in the period;
(b) decreased for the expected amounts of ceding premiums recognised as reinsurance expenses for the services received in the period; and
(c) increased for net reinsurance finance income recognised during the period.

ix. Derecognition and Contract Modification

An insurance contract is derecognised when it is:

- extinguished (that is, when the obligation specified in the insurance contract expires or is discharged or cancelled); or

- the contract is modified and certain additional criteria discussed below are met.

2. Summary of material accounting policies (Continued)

2.4 Insurance and reinsurance contracts accounting treatment (Continued)

ix. Derecognition and Contract Modification (Continued)

When an insurance contract is modified by the Company as a result of an agreement with the counterparties or due to a change in regulations, the Company treats changes in cash flows caused by the modification as changes in estimates of the FCF, unless the conditions for the derecognition of the original contract are met. The Company 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 FRS 117;
(ii) results in different separable components;
(iii) results in a different contract boundary; or
(iv) belongs to a different group of contracts;

(b) the original contract represents an insurance contract with direct participation features, but the modified contract no longer meets that definition, or vice versa; or

(c) the original contract was accounted for under the PAA, but the modification means that the contract no longer meets the eligibility criteria for that approach.

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 and contract aggregation requirements.

When an insurance contract accounted for under the PAA is derecognised, adjustments to remove related rights and obligations to account for the effect of the derecognition result in the following amounts being charged immediately to profit or loss:

(a) if the contract is extinguished, any net difference between the derecognised part of the LfRC of the original contract and any other cash flows arising from extinguishment;

(b) if the contract is transferred to a third party, any net difference between the derecognised part of the LfRC of the original contract and the premium charged by the third party; or

(c) if the original contract is modified resulting in its derecognition, any net difference between the derecognised part of the LfRC and the hypothetical premium that the entity would have charged if it had entered into a contract with equivalent terms as the new contract at the date of the contract modification, less any additional premium charged for the modification.

x. Changes to Presentation and Disclosure

For presentation in the statement of financial position, the Company aggregates insurance contract issued and presents separately:

- Portfolios of insurance issued that are assets
- Portfolios of insurance issued that are liabilities

The portfolios referred to above are those established at initial recognition in accordance with the FRS 117 requirements.

2. Summary of material accounting policies (Continued)

2.4 Insurance and reinsurance contracts accounting treatment (Continued)

x. Changes to Presentation and Disclosure (Continued)

Portfolios of insurance contracts issued include any assets for insurance acquisition cash flows.

The line item descriptions in the statement of profit or loss and other comprehensive income have been changed significantly compared to those disclosed under FRS 104. Under FRS 104 the Company reported the following line items in their financial statements:

- Gross premiums written
- Net written premiums
- Movement in the net provision for unearned premiums
- Movement in the net provision for outstanding claims
- Net earned premiums
- Net claims incurred

Upon the adoption of FRS 117, the standard requires separate presentation of:

- Insurance revenue
- Insurance service expenses
- Insurance finance income or expenses

xi. Catastrophe Bond

Catastrophe bonds are bonds in which the principal, interest payments or both are reduced significantly if a special triggering event occurs and the triggering event includes a condition that the issuer of the bond suffered a loss. The bonds issued are redeemable at the lower of the principal amount or the sum of the proceeds of the liquidation of the investments held in the Collateral Account plus early redemption premium payable upon the occurrence of certain event of default that failed to be cured by the ceding insurer, if applicable. The contractual interest is calculated as an amount equal to the sum of the investments yield from investments held in the Collateral Account and the annual risk premium.

The catastrophe bond is an insurance contract, with the Company (the issuer) as the policyholder and the noteholder as the insurer, and is accounted for as follows:

- Bond component comprising the principal amount collateralised by the investment held in the Collateral Account and the contractual interests on the principal amount calculated based on the investments yield are measured at fair value through profit or loss and net gains and losses are recognised in profit or loss; and

- Premiums and claims are accounted for as reinsurance contract. Noteholders' share of the premiums (risk interest spread), outstanding claims provision or settled claims are estimated in a manner consistent with that associated with the Reinsurance Agreement with the ceding insurer and in accordance with the catastrophe bond contract.

The fair value of the bond component is determined based on the fair value of the investments held in the Collateral Account.

2. Summary of material accounting policies (Continued)

2.4 Insurance and reinsurance contracts accounting treatment (Continued)

xii. Insurance revenue

As the Company provides insurance contract services under the insurance contracts, it reduces the LfRC and recognises insurance revenue. The amount of insurance revenue recognised in the reporting period depicts the transfer of promised services at an amount that reflects the portion of consideration that the Company expects to be entitled to in exchange for those services.

For groups of insurance contracts measured under the PAA, the Company recognises insurance revenue based on the passage of time over the coverage of a group of contracts.

xiii. Insurance service expenses

Insurance service expenses include the following:

- Incurred claims and benefits, excluding investment components reduced by loss component allocations;
- Other incurred directly attributable expenses;
- Insurance acquisition cash flows amortisation;
- 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;
- Losses on onerous contracts and reversals of such losses; and
- Insurance acquisition cash flows assets impairment.

For contracts measured under the PAA, amortisation of insurance acquisition cash flows is reflected in insurance service expenses based on the passage of time.

xiv. Net expenses from reinsurance contract held

The Company presents financial performance of its reinsurance contract held on a net basis in net expenses from reinsurance contracts held, comprising the following amounts:

a. reinsurance expenses;
b. for a reinsurance contract measured under the PAA, broker fees are included within reinsurance expenses;
c. incurred claims recovery, excluding investment components reduced by loss recovery component allocations;
d. other incurred directly attributable expenses; and
e. amounts relating to accounting for onerous underlying insurance contracts issued.

2.5 Financial assets

The Company classifies its financial assets into the following measurement categories:

- Amortised cost;
- Fair value through other comprehensive income (“FVOCI”); and
- Fair value through profit or loss (“FVTPL”).

The classification of debt instruments depends on the Company’s business model for managing the financial assets as well as the contractual terms of the cash flows of the financial assets.

2. Summary of material accounting policies (Continued)

2.5 Financial assets (Continued)

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

The Company reclassifies debt instruments when and only when its business model for managing those assets changes.

(i) *At initial recognition*

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial assets. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

(ii) *At subsequent measurement*

1. Debt instruments

Debt instruments of the Company mainly comprise of cash and bank deposits, and other receivables.

There are three prescribed subsequent measurement categories, depending on the Company's business model in managing the assets and the cash flow characteristic of the assets. The Company managed these groups of financial assets by collecting the contractual cash flow and these cash flows represents solely payment of principal and interest. Accordingly, these group of financial assets are measured at amortised cost subsequent to initial recognition.

For trade receivables, the Company applied the simplified approach permitted by the FRS 109, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

For other receivables and cash and bank deposits, the general 3 stage approach is applied. Credit loss allowance is based on 12-month expected credit loss if there is no significant increase in credit risk since initial recognition of the assets. If there is a significant increase in credit risk since initial recognition, lifetime expected credit loss will be calculated and recognised.

2. Investments in the Money Market Fund

The Company subsequently measures all its investments in Money Market Fund at their fair values. Those equity instruments are classified as FVTPL with movements in their fair values recognised in profit or loss in the period in which the changes arise and presented in "other income and expenses", except for those equity securities which are not held for trading.

The fair value of financial instruments that are actively traded in organised financial markets is determined by reference to quoted or published bid prices on the balance sheet date. If quoted prices are not available over the counter, broker or dealer price quotations are used.

2. Summary of material accounting policies (Continued)

2.5 Financial assets (Continued)

(ii) *At subsequent measurement (Continued)*

2. Investments in the Money Market Fund (Continued)

Regular way purchases and sales of these financial assets are recognised on trade date – the date on which the Company commits to purchase or sell the asset.

On disposal, the differences between the carrying amount and sales proceed is recognised in profit or loss if there was no election made to recognise fair value changes in other comprehensive income. If there was an election made, any difference between the carrying amount and the sale proceed amount would be recognised in other comprehensive income and transferred to retained earnings along with the amount previously recognised in other comprehensive income relating to that asset.

2.6 Other payables

Other payables represent liabilities for goods and services provided to the Company prior to the end of financial period which are unpaid. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business, if longer). Otherwise, they are presented as non-current liabilities. Other payables are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method.

2.7 Cash and cash equivalents

Cash and cash equivalents include cash on hand and deposits with financial institutions, which are subject to an insignificant risk of change in value.

2.8 Investment income

Interest income

Interest income is earned on the investments held in the Collateral Account and is recognised in profit or loss on the date on which the Company's right to receive payment is established. Interest income is recognised using the effective interest rate method.

2.9 Government grants

Government grants are recognised where there is a reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where the grant relates to an expense, the grant is recognised as income in profit or loss on a systematic basis over the periods in which the related costs, for which the grants are intended to compensate, is expensed.

The Company's government grant relates to the Monetary Authority of Singapore ("MAS") Insurance-linked Securities ("ILS") Grant Scheme.

2. Summary of material accounting policies (Continued)

2.10 Related party

A related party is defined as follows:

a) a person or a close member of that person's family is related to the Company if that person:

(i) has control or joint control of the Company;
(ii) has significant influence over the Company; or
(iii) is a member of the key management personnel of the Group or Company or of a parent of the Company.

b) an entity is related to the Company if any of the following conditions applies:

(i) the entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
(ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
(iii) both entities are joint ventures of the same third party.
(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity.
(v) the entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company.
(vi) the entity is controlled or jointly controlled by a person identified in (a).
(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

Key management personnel

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any director (whether executive or otherwise) of that Company.

2.11 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account.

3. Critical accounting judgements and key sources of estimation uncertainty

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances.

3. Critical accounting judgements and key sources of estimation uncertainty (Continued)

Critical accounting estimates and assumptions

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Certain critical accounting judgments in applying the Company's accounting policies are related to the policyholder claims.

The Company's estimates for reported and unreported losses and the resulting provisions are continually reviewed and updated, and adjustments resulting from this review are reflected in the profit or loss. The process relies upon the use of external advisors (loss reserve specialist and loss adjustors) and the assumption that past experience is an appropriate basis for predicting future events.

4. Insurance risk management

4.1 Risk management objectives and policies for mitigating insurance risk

The primary activity carried out by the Company assumes the risk of loss from persons or organisations that are directly subject to the risk. Such risk may relate to property, liability or other perils that may arise from an insurable event. As such the Company is exposed to the uncertainty surrounding the timing and severity of claims under the contract.

The Company manages its insurance risk though underwriting, pricing comparisons, centralised management of reinsurance and monitoring of emerging issues.

4.2 Underwriting strategy

The Company, due to its licensing arrangements and conditions, is unable to insure a diversified portfolio of similar risks.

4.3 Terms and conditions of insurance contracts

The terms and conditions of insurance contracts that have a material effect on the amount, timing and uncertainty of future cash flows arising contracts are set out below.

The following gives an assessment of the Company's main product and the ways in which it manages the associated risks.

Product features

The Company underwrites Catastrophe Aggregate Excess of Loss, indemnifying the reinsured for the part of its Ultimate Net Loss which exceed the applicable attachment on account of each and every Covered Event. This insurance covers original losses and expenses in Japan arising from a typhoon or flood event.

4. Insurance risk management (Continued)

4.3 Terms and conditions of insurance contracts (Continued)

Management of risks

The key risks associated with this product are underwriting risk and insurance risk.

Underwriting risk is the risk that the Company does not charge premiums appropriately for the coverage it insures. The risk on any policy will vary according to many factors such as location, safety measures in place, nature of the business insured and age of property. Therefore, determining a premium commensurate with the risk for these policies will be subjective, and hence risky.

Insurance risk is managed primarily through sensible pricing and appropriate investment strategy. The Company therefore monitors and reacts to changes in the general economic and commercial environment in which it operates.

4.4 Concentration of insurance risk

Within the insurance process, concentration of risk may arise where a particular event or series of events could impact heavily upon the Company's liabilities. Such concentrations may arise from a single insurance contract or through a small number of related contracts and related to circumstances where significant liabilities could arise.

The Company manages the risk by capping its exposure with an aggregate limit.

4.5 Event risk

The Company has issued Variable Rate Notes in order to obtain fund to support its obligations under the reinsurance agreements to make certain payments to MSI and ADI. As a result of the reinsurance agreements in place, the Company and holders of the Notes issued by the Company are at risk in the event that the typhoon or flood risks occurs during the risk period, which exceeds the event attachment points or the even reset attachment points. The Company will be required to make payments to MSI and ADI in the event of a typhoon or flood loss as set forth in a Net of Loss Payment exceeding the Event Attachment Level or the Event Rest Attachment Level.

4.6 Reinsurance strategy

In considering the purchase of reinsurance protection, the Company's philosophy is threefold: to reduce risk, to stabilise solvency and expansion of underwriting capacity.

To achieve such objectives, the Company has issued Series 2022-1 Class A-1 & Series 2022-1 Class B-1 Principal-at-Risk Variable Rate Notes. Details of these notes can be found in note 15.

5. Claims development

A claims development table discloses unpaid claims estimates into a context, allowing comparison of the development of claims for provisions with those seen in previous years. The table will provide a review of current estimates of cumulative claims and demonstrates how the estimated claims have changed at subsequent accident year-ends.

A claims development table is not disclosed in the financial statements as the Company does not have any claims hence, there are no liabilities for unpaid claims (including those for incurred but not reported) at the balance sheet date.

6. Insurance service result

	01/01/2023 to 31/12/2023 US$	28/02/2022 to 31/12/2022 US$ (Restated)
Insurance revenue		
Insurance revenue from contracts measured under PAA	5,632,319	4,448,134
Expenses from reinsurance contracts held		
Reinsurance expenses from contracts measured under PAA	(5,373,611)	(4,098,889)
Net insurance service result	258,708	349,245

7. Investment income

	01/01/2023 to 31/12/2023 US$	28/02/2022 to 31/12/2022 US$
Investment income	10,743,191	3,093,243

8. Grant income

	01/01/2023 to 31/12/2023 US$	28/02/2022 to 31/12/2022 US$
Insurance-Linked Securities Grant Scheme	-	1,394,613

Insurance-Linked Securities ("ILS") Grant Scheme is a government grant received from Monetary Authority of Singapore ("MAS") to fund upfront ILS bond issuance cost covering all forms of risks such as longevity, mortality, and operational risks, beyond just natural catastrophes. There is no grant income for the financial year ended 31 December 2023.

9. Profit before income tax

In addition to the charges disclosed elsewhere in the notes to the financial statements, the following charges were included in the determination of profit before income tax:

	01/01/2023 to 31/12/2023 US$	28/02/2022 to 31/12/2022 US$
Professional fees	171,340	1,613,120
Incorporation expenses	-	10,577
Audit fee	22,619	21,086
Directors' fees	18,799	18,067
Fees paid to a firm in which a director is a member (Note 20)	40,000	70,000

10. Income tax expense

	01/01/2023 to 31/12/2023 US$	28/02/2022 to 31/12/2022 US$
Profit before income tax	-	-
Income tax at statutory rate (17%)	-	-
Total income tax expense	-	-

The Company was approved by the Monetary Authority of Singapore ("MAS") and enjoys insurance income tax exemption under the Tax Incentive Scheme for Special Purpose Vehicle engaged in Asset Securitisation Transaction with effect from 10 March 2022. The tax exemption status will be for the life of the Company, provided that the Company continues to meet all terms and conditions set out in the MAS Letter dated 18 March 2022, and the relevant Income Tax legislations.

11. Financial assets at fair value through profit or loss

	2023 US$	2022 US$
Current investments		
Money Market Fund	220,000,000	220,000,000

The Company has used the proceeds from the sale of the Variable Rate Notes (Note 15) to purchase its investments in Money Market Fund, which are deposited in the applicable Collateral Account and held as collateral for claims payments as part of the terms of the Reinsurance Agreements. Following the purchase of the investments and until the agreed applicable redemption date, each Collateral Account is expected to contain only the applicable investments in Money Market Fund unless such investments are redeemed early.

When the investment in Money Market Fund is redeemed, the cash proceeds of such redemption will be deposited in the applicable Collateral Account. The financial assets are collateral for the Variable Rate Notes of the Company in issue and any funds made available through their disposal will be used to repay the principal and accrued interest of the Variable Rate Notes.

The investment in the Money Market Fund is a Level 1 financial instrument (Note 19). The investment is denominated in United States dollar.

12. Other receivables

	2023 US$	2022 US$
Investment income receivable	3,883,349	2,236,086
GST recoverable	283	489
	3,883,632	2,236,575

The currency profile of other receivables as at 31 December are as follows:

	2023 US$	2022 US$
United States dollar	3,883,349	2,236,086
Singapore dollar	283	489
	3,883,632	2,236,575

13. Cash and cash equivalents

	2023 US$	2022 US$
Cash at banks	1,472,528	1,451,914

The currency profile of the Company’s cash and cash equivalents as at 31 December are as follows:

	2023 US$	2022 US$
United States dollar	1,427,524	1,377,764
Singapore dollar	45,004	74,150
	1,472,528	1,451,914

14. Insurance contract liabilities

	2023 US$	2022 US$
Insurance contract liabilities - LfRC PAA	-	-

14. Insurance contract liabilities (Continued)

Reconciliation of the liability for remaining coverage ("LfRC")

	LfRC 2023 US$	LfRC 2022 US$ (Restated)
Balance at 1 January 2023 / 28 February 2022 (Restated)	-	-
Insurance revenue	5,632,319	4,448,134
Total changes in statement of comprehensive income	5,632,319	4,448,134
Premiums received	(5,632,319)	(4,448,134)
Total cash flows	(5,632,319)	(4,448,134)
Balance at 31 December (Restated)	-	-

15. Reinsurance contract liabilities

	2023 US$	2022 US$ (Restated)
Reinsurance contract liabilities - LfRC PAA	225,267,238	223,605,252

Reconciliation of the liability for remaining coverage

	LfRC 2023 US$	LfRC 2022 US$ *(Restated)*
Reinsurance contract liabilities	3,605,252	-
Catastrophe bond liabilities	220,000,000	-
Balance at 1 January 2023 / 28 February 2022 (Restated)	223,605,252	-
Issuance of catastrophe bond	-	220,000,000
Reinsurance premium	5,373,611	4,098,889
Reinsurance finance expenses through profit and loss	10,743,191	3,093,243
Total changes in statement of profit or loss and other comprehensive income	16,116,802	7,192,132
Reinsurance premiums paid to reinsurer	(5,358,888)	(2,729,723)
Reinsurance finance expenses paid to reinsurer	(9,095,928)	(857,157)
Total cash flows	(14,454,816)	(3,586,880)
Reinsurance contract liabilities	5,267,238	3,605,252
Catastrophe bond liabilities	220,000,000	220,000,000
Balance at 31 December	225,267,238	223,605,252

15. Reinsurance contract liabilities (Continued)

Aside from the initial issuance on 30 March 2022, there have been no movements in the current year, no changes in unrealised fair value nor additions or redemptions.

On 30 March 2022, the Company issued US$100,000,000 Series 2022-1 Class A-1 Principal-at-Risk Variable Rate Notes and US$120,000,000 Series 2022-1 Class B-1 Principal-at-Risk Variable Rate Notes that are both due on 7 April 2026. The Notes issued by the Company are with limited recourse to certain assets of the Company. Noteholders will only have recourse to the Collateral Account and Collateral Payment Account relating to the Notes. In addition to the covered perils associated with the Reinsurance Agreements, the Noteholders are exposed to the credit risk of Mitsui Sumitomo Insurance Co., Ltd. (“MSI”) and Aioi Nissay Dowa Insurance Co., Ltd (“ADI”) (collectively, the “Ceding Insurers”) and The Bank of New York Mellon (as Indenture Trustee).

Due to the limited recourse of the Variable Rate Notes, the repayment of the principal and accrued interest of the Notes is dependent upon funds being available to meet such liabilities as they fall due. If the Company has insufficient funds available for the purpose of redeeming the principal outstanding on any class of notes in full or interest thereon, such amounts shall not be payable to the Noteholders.

The fair value of Notes is calculated by adding the nominal value of the Variable Rate Notes and the unrealised fair value adjustment on financial assets, which is US$Nil as at 31 December 2023 (2022: US$Nil) (Note 11).

16. Other payables

	2023 US$	2022 US$
Payments received in advance	74,175	68,490

The currency profile of other payables as at 31 December are as follows:

	2023 US$	2022 US$
United States dollar	67,491	27,639
Singapore dollar	6,684	40,851
	74,175	68,490

17. Share capital

	2023	2022	2023	2022
	No of ordinary shares		US$	US$
Issued and paid up, with no par value				
At 28 February 2022 (date of incorporation)/beginning and end of the financial year/period	20,000	20,000	14,747	14,747

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

17. Share capital (Continued)

Capital risk management

The Company's objectives when managing capital are:

- to comply with the insurance capital requirements required by the Singapore insurance regulator;
- to safeguard the Company's ability to continue as a going concern so that it can continue to provide returns for shareholders; and
- to provide an adequate return to shareholders by pricing insurance contracts commensurately with the level of risk.

The Company is required, at all times it carries on insurance businesses, to meet and maintain the relevant fund solvency and capital adequacy requirements as prescribed under the Act and relevant regulations. There is no change in the Company's approach to capital management during the year.

18. Financial instruments and financial risks

Strategy in using financial instruments

The principal activity of the Company is limited to placing typhoon or flood risks with the capital markets. The risks are assumed by the Company under a reinsurance agreements with MSI and ADI. The Company has issued Variable Rate Notes in order to obtain funds to support the obligations under the reinsurance agreements to make certain payments to MSI and ADI.

Transactions in financial instruments may result in the Company assuming financial risks. These include event risk, credit risk, liquidity risk, interest rate risk and foreign exchange risk. Each of these risks is described below, together with a summary of the ways in which the Company manages these risks.

Credit risk

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations.

The Company has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Key areas where the Company is exposed to credit risk are:

- financial assets at fair value through profit and loss;
- other receivables; and
- cash and cash equivalents.

There are policies in place to identify whether the debtors have adequate financial standing and have appropriate credit history.

The financial assets at FVTPL are investments placed in a money market fund and has a high credit rating of "AAAm" by Standard & Poor's.

At end of the reporting period, no expected credit losses are recognised as the risk of default is not significant.

Cash and cash equivalents were held with two financial institutions, thereby exposing the Company to significant concentrations of credit risk. However, management consider that the high credit rating of "A-1" by Standard & Poor's of the financial institutions has reduced the risk to an acceptable level.

18. Financial instruments and financial risks (Continued)

Foreign currency risk

Foreign currency risk arises from transactions denominated in currencies other than the functional currency of the Company. The Company has no significant foreign currency exchange rate risk as its financial assets and liabilities are substantially denominated in United States dollar. Hence, no disclosure on sensitivity analysis for changes in foreign exchange rate as the effect is not significant.

Interest rate risk

The Company's exposure to market risk for changes in interest rates relates primarily to its investment in the Money Market Fund. The Company has cash balances and investments placed in Money Market Fund, which has a credit rating of "AAAm" by Standard & Poor's.

At the reporting date, the Company's net exposure to interest rate risk is US$Nil (2022: US$Nil).

Liquidity risk

The Company is exposed to calls on its available cash resources mainly from claims arising from insurance contracts. Liquidity risk is the risk that cash may not be available to pay obligations when due at a reasonable cost. The Company's ability to meet its funding requirements is managed by maintaining sufficient cash and bank deposits, as well as investments.

The directors do not foresee any issues in meeting the Company's claim obligations (if any) as its maximum exposure is limited to the liquidation proceeds of the permitted investments held in the collateral trust account. The risk is managed by maintaining the investment.

19. Financial assets at fair value through profit and loss

The carrying amounts of cash and cash equivalents and financial assets approximate their respective fair values due to the relative short term maturity of these financial instruments. The fair values of other classes of financial assets and liabilities are disclosed in the respective notes to the financial statements.

The fair values of applicable financial assets and financial liabilities are determined as follows:

a) The fair values of financial assets and financial liabilities with standard terms and conditions and which trade in active liquid markets are determined with reference to quoted market prices (Level 1 of fair value hierarchy).

b) In the absence of quoted market prices, the fair values of the other financial assets and financial liabilities (excluding derivative instruments) are determined using the other observable inputs such as quoted prices for similar assets/liabilities in active markets, quoted prices for identical or similar assets/liabilities in non-active markets or inputs other than quoted prices that are observable for the asset or liability (Level 2 of fair value hierarchy).

c) In the absence of observable inputs, the fair values of the remaining financial assets and financial liabilities (excluding derivatives instruments) are determined in accordance with generally accepted pricing models (Level 3 of fair value hierarchy).

d) The fair value of derivative instruments are calculated using quoted prices (Level 1 of fair value hierarchy). Where such prices are unavailable, discounted cash flow analysis is used, based on the applicable yield curve of the duration of the instruments for non-optional derivatives, and option pricing models for optional derivatives (Level 3 of fair hierarchy).

19. Fair value of financial assets and financial liabilities (Continued)

	Note	2023 US$	2022 US$
Current investments			
Money Market Fund	10	220,000,000	220,000,000

The fair value of the investment in Money Market Fund is derived with reference to quoted market prices as at year end.

The fair value of the Variable Rate Notes for the purpose of these accounts has been assessed as equal to the nominal value of the Notes and the unrealisable fair value adjustment on financial asset. As noted, redemption, and therefore redeemable value of the Notes, is linked to the funds available upon redemption of the Variable Rate Notes, which are valued at par. If other independent prices were available for the financial instruments or different assumptions were used, the valuations may be different from those presented and these differences could be material. Therefore, the realisable value of the financial instruments may differ significantly from the fair value recorded. The outcome of these uncertainties cannot at present be determined.

The investment in money market fund is a Level 1 financial instrument. The investment is denominated in United States dollars.

Financial instruments by category

The carrying amount of the different categories of financial instruments is as disclosed on the face of the statement of financial position are as follows:

	Note	At FVTPL US$	At amortised cost US$	Total carrying amount US$
2023				
Financial assets				
Financial assets at fair value through profit and loss	10	220,000,000	-	220,000,000
Other receivables (excluding GST recoverable)	11	-	3,883,349	3,883,349
Cash and cash equivalents	12	-	1,472,528	1,472,528
		220,000,000	5,355,877	225,355,877
Financial liabilities				
Other payables	15	-	74,175	74,175
2022				
Financial assets				
Financial assets at FVTPL	10	220,000,000	-	220,000,000
Other receivables (excluding GST recoverable)	11	-	2,236,086	2,236,086
Cash and cash equivalents	12	-	1,451,914	1,451,914
		220,000,000	3,688,000	223,688,000
Financial liabilities				
Other payables	15	-	68,490	68,490

20. Related parties

Transactions with key management personnel

The key management personnel of the Company comprised directors and their fees are as disclosed under Note 9.

In the reporting year/period, the Company had no employees as the operational management, accounting and administrative functions are provided by an insurance manager.

Other related party transactions

Other than as disclosed elsewhere in the financial statements, there were no significant transactions between the Company and its related corporations or related parties.

21. New or revised accounting standards and interpretation

The Company has applied the following FRSs, amendments to and interpretations of FRS for the first time for annual financial periods beginning on or after 1 January 2023.

FRS	Title	Effective date (Annual periods beginning on or after)
FRS 117	Insurance Contracts	1 January 2023
Various	Amendments to FRS 1 and FRS Practice Statement 2: Disclosure of Accounting Policies	1 January 2023
FRS 8	Amendments to FRS 8: Definition of Accounting Estimates	1 January 2023
FRS 12, FRS 101	Amendments to FRS 12: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023

The adoption of these new standards did not have a material impact on the financial performance or position of the Company except for FRS 117. FRS 117 replaces FRS 104 Insurance Contracts for annual periods beginning on or after 1 January 2023.

The Company has restated comparative information for the financial year ended 31 December 2022 applying the transitional provisions in Appendix C to FRS 117. The nature and effects of the material changes in the Company’s accounting policies are summarised below:

The Company has applied the full retrospective approach to the insurance and reinsurance contracts in-force at the transition date.

The following table set out the impact of initial application of FRS 117 on the Company financial statements at 28 February 2022.

	As at 28 February 2022 (As previously reported) USD	Impact upon initial application FRS 117 USD	As at 28 February 2022 (Restated) USD
Total equity	14,747	-	14,747

22. FRS not yet effective

The Company has not applied the following FRS that have been issued but which are not yet effective:

FRS	**Title**	**Effective date (Annual periods beginning on or after)**
FRS 1	Amendments to FRS 1: Classification of Liabilities as Current or Non-current	1 January 2024

The Directors expect that the adoption of the new standards above will not have any material impact on the financial statements in the year of initial application.

23. Comparative figures

The previous financial period comprises 10 months from 28 February 2022 to 31 December 2022 as compared to current financial year which comprises 12 months from 1 January 2023 to 31 December 2023.

24. Subsequent event

On 28 March 2024, the Company issued US$100,000,000 Series 2024-1 Class A-1 Principal-at-Risk Variable Rate Notes and US$100,000,000 Series 2024-1 Class B-1 Principal-at-Risk Variable Rate Notes that are both due on 5 April 2028.