

Company No. 200701004295 (762294 - T)

ASIA CAPITAL UNITY SDN. BHD.
(formerly known as ASIA CAPITAL
REINSURANCE MALAYSIA SDN. BHD.)
Company No. 200701004295 (762294 - T)
(Incorporated in Malaysia)

REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025
(In Ringgit Malaysia)

Company No. 200701004295 (762294 - T)

ASIA CAPITAL UNITY SDN. BHD.
(formerly known as ASIA CAPITAL REINSURANCE MALAYSIA SDN. BHD.)
(Incorporated in Malaysia)

FINANCIAL STATEMENTS

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Company No. 200701004295 (762294 - T)

ASIA CAPITAL UNITY SDN. BHD.
(formerly known as ASIA CAPITAL REINSURANCE MALAYSIA SDN. BHD.)
(Incorporated in Malaysia)

REPORT OF THE DIRECTORS

The Directors hereby submit their report and the audited financial statements of the Company for the financial year ended 31 December 2025.

PRINCIPAL ACTIVITIES

The Company is principally engaged in the underwriting of general reinsurance business.

Effective from 5 December 2019, the Company has ceased the underwriting of new general reinsurance business and has run-off all its existing in-force policies.

SIGNIFICANT EVENTS DURING THE YEAR AND EVENTS AFTER REPORTING PERIOD

The Company and Swiss Re Asia Pte. Ltd., Malaysia Branch (“SR Malaysia”) have obtained Bank Negara Malaysia’s (“BNM”) approval on 26 May 2025 to enter into the proposed portfolio transfer of the Company’s reinsurance business and to implement the Scheme of Transfer. On 8 October 2025, the Company and SR Malaysia obtained approval from High Court of Malaya, confirming the Scheme of Transfer with an effective date on 31 October 2025.

Following the completion of the Scheme of Transfer, the Company submitted the notice of surrender of its general reinsurance license to BNM on 9 December 2025. BNM had taken note of the notice submitted and approved the Company’s application of surrender of its license, with effect on 31 December 2025.

Subsequently, the Company has changed its name from “Asia Capital Reinsurance Malaysia Sdn. Bhd.” to “Asia Capital Unity Sdn. Bhd.”, effective from 8 January 2026.

On 22 January 2026, the Company proposed to undertake a capital reduction exercise by cancelling RM100,000,000 of its issued share capital, thereby reducing it from RM125,000,000 to RM25,000,000. On 30 January 2026, application for share capital reduction was submitted to Registrar of Companies (“CCM”) and Director General of the Inland Revenue Board Malaysia. An e-advertisement regarding the proposed capital reduction was published at CCM website dated 1 February 2026.

On 13 March 2026, the Company has lodged the relevant documents with the CCM pursuant to Section 119(1) of the Companies Act, 2016 to effect the said capital reduction exercise.

RESULTS OF OPERATIONS

The results of operations of the Company for the financial year are as follows:

	RM'000
Net loss for the year	<u>223</u>

In the opinion of the Directors, the results of operations of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature, except for the portfolio transfer of the Company's reinsurance business to Swiss Re Asia Pte. Ltd., Malaysia Branch as disclosed on "Significant Events During the Year and Events After Reporting Period" above.

DIVIDEND

No dividend has been paid or declared by the Company since the end of the previous financial year. The directors also do not recommend any dividend payment in respect of the current financial year.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves and provisions during the financial year other than those as disclosed in the financial statements.

ISSUE OF SHARES AND DEBENTURES

The Company has not issued any new shares or debentures during the financial year.

SHARE OPTIONS

No options have been granted by the Company to any parties during the financial year to take up unissued shares of the Company.

No shares have been issued during the financial year by virtue of the exercise of any option to take up unissued shares of the Company. As of the end of the financial year, there were no unissued shares of the Company under options.

INDEMNITY AND INSURANCE FOR DIRECTORS, OFFICERS AND AUDITORS

During the financial year, the sum insured of the insurance for indemnity covered for the Directors and Officers under Catalina Holdings (Bermuda) Ltd. Master D&O Insurance program is USD65 million (approximately RM263.6 million) including branches, subsidiaries and all related companies. The Company does not extend the cover to its auditors.

OTHER STATUTORY INFORMATION

Before the statement of profit or loss and other comprehensive income and statement of financial position of the Company were made out, the directors took reasonable steps:

- (a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts, and have satisfied themselves that there are no known bad debts to be written off and that no allowance for doubtful debts is required; and
- (b) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including the value of current assets as shown in the accounting records of the Company had been written down to an amount which the current assets might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances:

- (a) which would require the writing off of bad debts or the setting up of an allowance for doubtful debts in the financial statements of the Company; or
- (b) which would render the values attributed to current assets in the financial statements of the Company misleading; or
- (c) which have arisen and render adherence to the existing method of valuation of assets or liabilities of the Company misleading or inappropriate; or
- (d) not otherwise dealt with in this report or financial statements which would render any amount stated in the financial statements of the Company misleading.

At the date of this report, there does not exist:

- (a) any charge on the assets of the Company which has arisen since the end of the financial year which secures the liability of any other person; or
- (b) any contingent liability of the Company which has arisen since the end of the financial year.

No contingent or other liability of the Company has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Company to meet its obligations as and when they fall due.

In the opinion of the Directors, no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of operations of the Company for the financial year in which this report is made.

DIRECTORS

The Directors of the Company in office during the financial year and during the period from the end of the financial year to the date of this report are:

Datuk Dr. Syed Muhamad Bin Syed Abdul Kadir
Datuk Mohd Najib Bin Hj. Abdullah
Tan Tek Jun

DIRECTORS' INTERESTS IN SHARES

None of the Directors holding office as at 31 December 2025 had any interest in the ordinary shares or debentures of the Company and of its related corporations during or at the beginning and end of the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by Directors amounting to RM271,000) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

There were no arrangements during and at the end of the financial year which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

BOARD OF DIRECTORS

The following are the details and the meeting attendance of each Director at board and board committee meetings during the financial year:

1. Board of Directors Meeting

Name	Attendance
<u>Non-Independent Executive Director</u>	
Tan Tek Jun	4/4
<u>Independent Non-Executive Directors</u>	
Datuk Dr. Syed Muhamad Bin Syed Abdul Kadir (Chairman)	4/4
Datuk Mohd Najib Bin Hj. Abdullah	4/4

2. **Audit Committee Meeting**

Name	Attendance
Datuk Mohd Najib Bin Hj. Abdullah (Chairman)	4/4
Datuk Dr. Syed Muhamad Bin Syed Abdul Kadir	4/4

The maximum tenure of an Independent Non-Executive Director (“INED”) shall be upon him having served 9 years from the date of his first appointment as Director or upon the expiry of his prevailing term of appointment as Director as approved by Bank Negara Malaysia (“BNM”), whichever is the later date.

Upon reaching such maximum tenure, the INED shall, subject to approval of BNM for his re-appointment as Director, remains as a Director but shall be re-designated as Non-Independent Non-Executive Director.

All Board members have complied with the requirement of serving on the Board of not more than fifteen companies.

PROFILE OF DIRECTORS

The following are the profiles of the Directors of the Company:

Datuk Dr. Syed Muhamad Bin Syed Abdul Kadir Independent Non-Executive Director/The Chairman of Board of Directors

Datuk Dr. Syed Muhamad bin Syed Abdul Kadir (“Datuk Dr. Syed Muhamad”), graduated with a Bachelor of Arts (Hons.) from University Malaya in 1971. He obtained a Masters of Business Administration from the University of Massachusetts, USA in 1977 and proceeded to obtain a PhD (Business Management) from Virginia Polytechnic Institute and State University, USA in 1986. In 2005, he obtained a Bachelor of Jurisprudence (Hons.) from University Malaya. He obtained the Certificate in Legal Practise in 2008 from the Malaysian Professional Legal Board. He was admitted as an Advocate and Solicitor of the High Court of Malaya in July 2009, and obtained the Master of Law (Corporate Law) from Universiti Teknologi Mara (UiTM) in December 2009. In June 2011, he became a member of The Chartered Institute of Arbitrators, United Kingdom and in May 2012, he became the fellow of the said Institute.

He started his career in 1973 as Senior Project Officer, School of Financial Management at the National Institute of Public Administration (INTAN) and held various positions before his final appointment as Deputy Director (Academic). In November 1988, he joined the Ministry of Education as Secretary of Higher Education and thereafter assumed the post of Deputy Secretary (Foreign and Domestic Borrowing, Debt Management), Finance Division of the Federal Treasury. From June 1993 to June 1997, he joined the Board of Directors, Asian Development Bank, Manila, Philippines, first as Alternate Director and later as Executive Director.

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Datuk Dr. Syed Muhamad then joined the Ministry of Finance as Secretary (Tax Division) and subsequently became the Deputy Secretary General (Operations) of Ministry of Finance. Prior to his retirement, Datuk Dr. Syed was Secretary General, Ministry of Human Resource from August 2000 to February 2003.

Datuk Dr. Syed Muhamad is also a Director of Solution Group Berhad, Alam Flora Sdn Bhd and Northport (Malaysia) Bhd.

During his career, he wrote and presented many papers relating to human resource development. His special achievement was that his dissertation “A Study on Board of Directors and Organizational Effectiveness” was published by Garland Publisher, Inc. of New York in 1991.

Datuk Mohd Najib Bin Hj. Abdullah
Independent Non-Executive Director

Datuk Mohd Najib Bin Hj. Abdullah (“Datuk Mohd Najib”) is currently the Chairman of Etiqa Life Insurance Berhad, Etiqa Family Takaful Berhad and Etiqa General Insurance (Cambodia) Plc. He is also a board member of Maybank Ageas Holdings Berhad as well as a trustee of Tabung Amanah Sultan Kedah.

Datuk Mohd Najib was formerly Group Managing Director of the Malaysian Industrial Development Finance Berhad, Chief Executive Officer of MIDF Amanah Investment Bank Berhad and the Chief Executive Officer/Executive Director of Malaysia National Insurance Berhad. He started his career as a Management Accountant with Hewlett Packard, and later served in Citigroup/Citibank whereby he had held several senior management roles.

His Majesty Seri Paduka Baginda Yang di-Pertuan Agong conferred the “Panglima Jasa Negara” to Datuk Mohd Najib in June 2010 and His Majesty Tuanku Raja Perlis conferred the “Dato’ Paduka Mahkota Perlis” in May 2013.

Tan Tek Jun
Non-Independent Executive Director

Mr Tan Tek Jun (“Mr Tan”) is the Chief Executive Officer and Executive Director of Asia Capital Reinsurance Group Pte Ltd, Singapore. (“ACRG”).

Mr Tan has 18 years of experience in banking and insurance. He joined ACRG in 2015 as Vice President, Capital Management and Corporate Finance and has held various roles including Head of Corporate & Business Development and Chief Financial Officer. Prior to that, he was Regional Head of Capital Management for Asia Pacific ex-Japan at American Insurance Group. Prior to joining American Insurance Group, he was an investment banker with BNP Paribas in Singapore.

Mr Tan holds a Bachelor of Commerce from the University of Melbourne and is a CFA Charter holder.

Trainings attended

The following are the trainings attended by the Directors:

- Sales Tax and Service Tax Webinar Expansion of Scope Revealed - Key highlights (Run 2)
- Mandatory Accreditation Programme Part II: Leading for Impact (LIP)
- Khazanah Megatrends Forum 2025 Debugging Uncertainty: Lessons from the Grasshopper and the Ant on Living with Risk
- Fide Core Programme - Module A
- Fide Core Programme - Module B
- What to Expect from Global Financial Services Regulation in 2025
- Responsibilities & Liabilities of Directors and Officers and Corporate Governance
- Ethical Finance ASEAN 2025: Driving Inclusivity & Sustainability
- FY2025 Annual MAHB Board Risk Landscape Workshop
- Why It's Time to Take Another Look at Your Governance and Risk Management Frameworks
- Ageas Partnership Days
- Maybank Board Risk Workshop 2025
- The Insurance Horizon: Trends Shaping SEA's Future
- MAHB Offsite Strategy Meeting 2025
- Khazanah Megatrends Day 1
- Khazanah Megatrends Day 2
- Takaful Governance for Boards Shariah & Strategy
- The Nexus of Regulation & Board Governance - Achieving Cyber Resilience
- The Future-Ready Enterprise Ecosystem
- Post-COP30 Briefing

Statement on corporate governance and internal controls

(i) Board responsibilities

In discharging its duties, the Board of Directors ("the Board") is responsible for ensuring compliance with the Financial Services Act 2013, BNM's Guidelines and other directives. The Board also has taken concerted steps to ensure compliance with BNM's guideline on Corporate Governance (BNM/RH/PD 029-9) issued on 3 August 2016.

The duties and responsibilities of the Board are as follows:

- (i) Approve the risk appetite, business plans and other initiatives which would, singularly or cumulatively, have a material impact on the Company's risk profile;
- (ii) Oversee the selection, performance, remuneration and succession plans of the Chief Executive Officer ("CEO"), control function heads and other members of senior management, such that the Board is satisfied with the collective competence of senior management to effectively lead the operations of the Company;

- (iii) Oversee the implementation of the Company's governance framework and internal control framework, and periodically review whether these remain appropriate in light of material changes to the size, nature and complexity of the Company's operations;
- (iv) Promote, together with senior management, a sound corporate culture within the Company which reinforces ethical, prudent and professional behaviour;
- (v) Promote sustainability through appropriate environmental, social and governance considerations in the Company's business strategies;
- (vi) Oversee and approve the recovery and resolution as well as business continuity plans for the Company to restore its financial strength, and maintain or preserve critical operations and critical services when it comes under stress; and
- (vii) Promote timely and effective communication between the Company and the BNM on matters affecting or that may affect the safety and soundness of the Company.

The following is the Committee established to assist the Board in discharging its responsibilities:

Audit Committee

The Audit Committee ("AC"), comprising non-executive and independent members of the Board, meets regularly and a total of four (4) meetings were held during the financial year ended 31 December 2025. AC reviews the annual audited financial statements of the Company which is then tabled to the Board for approval. The activities of the AC are governed by its Terms of Reference that are approved by the Board.

The duties and responsibilities of the AC are as follows:

- (i) To review and report the adequacy of the scope, functions and resources of the internal audit function and that it has the necessary authority to carry out its works;
- (ii) To review the results of the Company's internal audit procedures and the adequacy of actions taken by the management based on the reports;
- (iii) To ensure that the external auditors fulfil the minimum qualification criteria set by BNM and make recommendations to the Board in relation to the appointment, re-appointment and removal of the external auditors (including their remuneration, terms of engagement and scope of the external audit);
- (iv) To review the external and internal audit plans; and assess the effectiveness of the audit process, discuss with the external and internal auditors the findings of their work and any major issue that arose during the course of the audit or any other matters which the auditors may wish to discuss;

- (v) To review and approve non-audit services rendered by the external auditors;
- (vi) To review the annual audited financial statements of the Company and thereafter submit them to the Board for approval;
- (vii) To review the adequacy and effectiveness of risk management and internal control systems instituted within the Company;
- (viii) To review any related party transactions and conflicts of interest situations that may arise within the Company;
- (ix) To perform any other functions as may be agreed by the AC and the Board of Directors.

(ii) ***Management accountability***

Whilst the Board is responsible for creating the framework and policies within which the Company should operate, the management is accountable for the execution of the enabling policies and attainment of the Company's corporate objectives.

(iii) ***Corporate independence***

All material related party transactions have been disclosed in Note 19 to the financial statements.

(iv) ***Risk management framework***

The Company maintains a risk management framework that is designed to be consistent with the basic principles of sound management practices.

The framework is made of a Policy Statement that is implemented and monitored by using a "five-line-of-defence" model. The model comprises five (5) elements of risk governance, which are as follows:

- Business units and operation team: the first line of defence - Primarily responsible for risk identification and management;
- Independent risk management and compliance functions: the second line of defence - Support for and challenge on the completeness and accuracy of risk assessment, risk reporting and adequacy of mitigation plans are performed;
- Internal audit function: the third line of defence - Independent and objective assurance on the robustness of the risk management framework and the appropriateness and effectiveness of internal control is provided;
- Management and CEO: the fourth line of defence - Establish clear guidance on business and risk strategy and ensure effective risk controls; and

- Board Risk assessment: the fifth line of defence - Provide effective oversight to ensure consistency with risk strategy and policies and leading the tone-at-the-top to ensure sound control environment.

(v) ***Financial reporting***

The Directors are responsible for ensuring that accounting records are properly kept and that the Company's financial statements are prepared in accordance with applicable approved Malaysian Financial Reporting Standards ("MFRSs") issued by the Malaysian Accounting Standards Board ("MASB"), accounting principles generally accepted in Malaysia, the Companies Act 2016, and the Financial Services Act, 2013.

(vi) ***Public accountability***

As a custodian of public funds, the Company's dealings with the public are always conducted fairly, honestly and professionally.

Remuneration policy

In line with best practice to ensure appropriate levels of remuneration to directors and employees,

- (a) the management has conducted a limited survey on the fees for Non-Executive Directors paid by other insurance and reinsurance companies of Malaysia. The information obtained is used as a guide for the Board to determine the fees payable to the Company's Non-Executive Directors.
- (b) the management had used the annual salary benchmarking information provided by Asia Capital Reinsurance Group Pte Ltd, the immediate holding company's Human Resource department ("HR") to guide the annual salary levels and increments appropriate for the Company's employees.

Remuneration Structure

Salary

All employees in the Company receive a fixed salary, consisting of a base salary paid monthly according to the position and function. The salary level is evaluated on an annual basis with no secure or contractual increase.

Employees Benefits

Employee benefits are optional, non-wage compensation provided to employees in addition to their normal wages or salaries. These types of benefits may include group insurance, maternity, education assistance, leave, mobile, parking and etc.. The entitlement may vary by the level positions in the Company. These benefits may be amended, removed or increased at the discretion of the Company.

Performance Bonus

The Company uses variable cash remuneration in the form of performance bonuses to incentivise and reward high and sustainable performances. The Company does not award guaranteed bonuses. The bonuses granted for the year reflect performances relative to the financial and non-financial key performance indicators (“KPIs”) and target set in the business plan.

The Company does not have any clawback arrangements with the employees. To mitigate risks, the Company subscribes to prudent remuneration practices.

Performance measures and the link to strategy

Performance metrics adopted include financial KPIs linked to the achievement of the Company’s strategy and goals.

Non-financial KPIs are part of the individual KPIs for staff, including KPIs for Governance Building the Company, Leadership and Teamwork, identifying agreed projects or initiatives which serve to increase the Company’s sustainability and capability in the future.

Once the Corporate KPIs are agreed, the CEO will cascade the key performance indicators down to the rest of the Management team, and set supplementary key performance indicators for each of his reporting business/functional units.

Then, manager and employee jointly set KPIs aligned with the Corporate targets and agree on KPIs weightage.

Each employee performance assessment will be measured on the KPIs and company core values.

Material Risk Takers

Material risk takers as defined by BNM in its policy document on Corporate Governance are employees who may or may not be a member of the senior management and:

- can materially commit or control significant amounts of the Company’s resources or whose actions are likely to have significant impact on its risk profile; or
- is among the most highly remunerated officers in the Company.

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As defined above, the Company's material risk takers comprise of employees undertaking the following roles:

1. CEO
2. Head of Finance
3. Head of Enterprise Risk Management ("ERM") and Compliance
4. Head of Claims

Table A		
Total value of remuneration awards for the financial year	Unrestricted	Deferred
	RM	RM
Fixed remuneration		
• Cash-based	1,099,620	Nil
• Shares and share-linked instruments	Nil	Nil
• Other	Nil	Nil
Variable remuneration		
• Cash-based	205,675	Nil
• Shares and share-linked instruments	Nil	Nil
• Other	Nil	Nil

IMMEDIATE HOLDING AND ULTIMATE HOLDING COMPANIES

The Company is a wholly owned subsidiary of Asia Capital Reinsurance Group Pte. Ltd, a company incorporated in Singapore, which is regarded by the Directors as the immediate holding company. The Directors regard Catalina Holdings (Bermuda) Ltd., a company incorporated in Bermuda, as the ultimate holding company.

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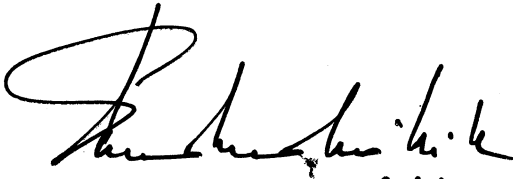
AUDITORS

The auditors, Deloitte Malaysia PLT (formerly known as Deloitte PLT), have indicated their willingness to continue in office.

AUDITORS' REMUNERATION

The amount paid or payable as remuneration of the auditors for the financial year ended 31 December 2025 is RM250,000.

Signed on behalf of the Board
in accordance with a resolution of the Directors,



**DATUK DR. SYED MUHAMAD
BIN SYED ABDUL KADIR**



**DATUK MOHD NAJIB
BIN HJ. ABDULLAH**

Kuala Lumpur,

27 MAR 2026



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**INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF
ASIA CAPITAL UNITY SDN. BHD.
(formerly known as ASIA CAPITAL REINSURANCE MALAYSIA SDN. BHD.)
(Incorporated in Malaysia)**

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **ASIA CAPITAL UNITY SDN. BHD. (formerly known as ASIA CAPITAL REINSURANCE MALAYSIA SDN. BHD.)**, which comprise the statement of financial position of the Company as at 31 December 2025, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information, as set out on pages 18 to 94.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2025, and of its financial performance and its cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

Basis for Opinion

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

(Forward)

Independence and Other Ethical Responsibilities

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

Emphasis of Matter

We draw attention to Note 2 to the financial statements which indicates that the financial statements of the Company have been prepared on a basis other than that of a going concern as the Company has ceased the underwriting of new business, is in a run-off status and the Company has surrendered its reinsurance license to Bank Negara Malaysia effective 31 December 2025. Our opinion is not modified in respect of this matter.

Information Other than the Financial Statements and Auditors’ Report Thereon

The directors of the Company are responsible for the other information. The other information comprises the information included in the Report of the Directors, but does not include the financial statements of the Company and our auditors’ report thereon.

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

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

If, based on the work performed, we conclude that there is a material misstatement of this Report of the Directors, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Company that are free from material misstatement, whether due to fraud or error.

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Company, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors 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.

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Other Matter

This report is made solely to the member of the Company, as a body, in accordance with Section 266 of the Companies Act, 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the contents of this report.

Deloitte Malaysia PLO
DELOITTE MALAYSIA PLO (LLP0010145-LCA)
Chartered Accountants (AF 0080)



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

27 March 2026

ASIA CAPITAL UNITY SDN. BHD.
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STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2025

	Note	2025 RM'000	2024 RM'000
Assets			
Property and equipment	5	23	51
Right-of-use assets	6(a)	37	169
Investments	7	100,232	80,868
Insurance contract assets	12	-	5,955
Reinsurance contract assets	12	-	30,457
Other receivables and prepayments	8	95	402
Tax recoverable		6,530	6,843
Cash and cash equivalents	9	8,885	28,900
		<u>115,802</u>	<u>153,645</u>
Total assets			
Equity and Liabilities			
Equity			
Share capital	10	125,000	125,000
Accumulated losses		(14,198)	(13,975)
		<u>110,802</u>	<u>111,025</u>
Total equity			
Liabilities			
Insurance contract liabilities	12	-	32,675
Reinsurance contract liabilities	12	-	2,965
Lease liabilities	6(b)	38	172
Other payables and accruals	11	4,962	6,808
		<u>5,000</u>	<u>42,620</u>
Total liabilities			
		<u>115,802</u>	<u>153,645</u>
Total equity and liabilities			

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

ASIA CAPITAL UNITY SDN. BHD.
(formerly known as ASIA CAPITAL REINSURANCE MALAYSIA SDN. BHD.)
(Incorporated in Malaysia)

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE
INCOME FOR THE YEAR ENDED 31 DECEMBER 2025**

	Note	2025 RM'000	2024 RM'000
Insurance revenue	13	(257)	463
Insurance service income	13	<u>31,144</u>	<u>3,547</u>
Insurance service result from insurance contracts issued	13	<u>30,887</u>	<u>4,010</u>
Insurance income/(expenses) for reinsurance contracts held	13	314	(36,553)
Insurance service (expenses)/income for reinsurance contracts held	13	<u>(30,157)</u>	<u>13,434</u>
Net expenses from reinsurance contracts held	13	<u>(29,843)</u>	<u>(23,119)</u>
Insurance service result	13	1,044	(19,109)
Net investment income	14	3,856	4,526
Finance income/(expenses) from insurance contracts issued	12(a)(iii)	150	(950)
Finance income from reinsurance contracts held	12(b)(iii)	<u>511</u>	<u>419</u>
Net insurance finance expenses		<u>661</u>	<u>(531)</u>
Net insurance and investment result		5,561	(15,114)
Other operating income	15	1,506	1,164
Management expenses	16	<u>(7,290)</u>	<u>(11,650)</u>
Loss before tax		(223)	(25,600)
Tax credit	18	<u>-</u>	<u>2,512</u>
Loss for the year, representing total comprehensive loss for the year		<u>(223)</u>	<u>(23,088)</u>

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

Company No. 200701004295 (762294 - T)

ASIA CAPITAL UNITY SDN. BHD.
(formerly known as ASIA CAPITAL REINSURANCE MALAYSIA SDN. BHD.)
(Incorporated in Malaysia)

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2025

	Share capital RM'000	<i>Non- Distributable</i> Property revaluation reserve RM'000	(Accumulated loss)/ Distributable reserve - Retained earnings RM'000	Total equity RM'000
As at 1 January 2024	125,000	2,552	6,561	134,113
Loss for the year, representing total comprehensive loss for the year	-	-	(23,088)	(23,088)
Transfer of property revaluation reserve to retained earnings upon disposal of property, plant and equipment	-	(2,552)	2,552	-
As at 31 December 2024/ 1 January 2025	125,000	-	(13,975)	111,025
Loss for the year, representing total comprehensive loss for the year	-	-	(223)	(223)
As at 31 December 2025	125,000	-	(14,198)	110,802
	Note 10			

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

ASIA CAPITAL UNITY SDN. BHD.
(formerly known as ASIA CAPITAL REINSURANCE MALAYSIA SDN. BHD.)
(Incorporated in Malaysia)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2025

	2025	2024
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before tax	(223)	(25,600)
Adjustments for:		
Depreciation of right-of-use-assets	132	97
Depreciation of property and equipment	28	33
Investment income	(880)	(3,444)
Net realised loss/(gain) on investments	(92)	(41)
Fair value changes in investments	(2,903)	(812)
Interest on lease liabilities	3	5
Bad debts written off	-	45
Net measurement of loss allowance	(1,506)	4,213
Gain on disposal of non-current assets held for sale	-	(446)
	<hr/>	<hr/>
Operating Loss Before Changes in Working Capital	(5,441)	(25,950)
Purchase of securities/investments	(38,836)	(57,615)
Proceeds from disposal of securities/investments	22,467	22,572
Decrease in insurance contract assets	7,461	5,106
Decrease/(Increase) in reinsurance contract assets	30,457	(7,453)
Decrease in insurance contract liabilities	(32,675)	(16,063)
Increase/(Decrease) in reinsurance contract liabilities	(2,965)	2,615
Decrease in other receivables and prepayments	307	54
Decrease in other payables and accruals	(1,846)	(4,834)
	<hr/>	<hr/>
Cash Used In Operations	(21,071)	(81,568)
Tax refunded/(paid)	313	(2,258)
Interest received	880	3,584
	<hr/>	<hr/>
Net Cash Used In Operating Activities	(19,878)	(80,242)

(Forward)

Company No. 200701004295 (762294 - T)

	Note	2025 RM'000	2024 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property and equipment		-	(11)
Proceeds from disposal of non-current assets held for sale		-	32,580
		<u>-</u>	<u>32,580</u>
Net Cash From Investing Activities		<u>-</u>	<u>32,569</u>
CASH FLOW FROM FINANCING ACTIVITIES			
Payment of lease liabilities - principal		(134)	(95)
Payment of lease liabilities - interest		(3)	(5)
		<u>(137)</u>	<u>(100)</u>
Net Cash Used In Financing Activities		<u>(137)</u>	<u>(100)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS		(20,015)	(47,773)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		<u>28,900</u>	<u>76,673</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	9	<u>8,885</u>	<u>28,900</u>

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

ASIA CAPITAL UNITY SDN. BHD.
(formerly known as ASIA CAPITAL REINSURANCE MALAYSIA SDN. BHD.)
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

1. GENERAL INFORMATION

Asia Capital Unity Sdn. Bhd. (formerly known as Asia Capital Reinsurance Malaysia Sdn. Bhd.) is a limited liability company, incorporated and domiciled in Malaysia.

The Company is principally engaged in underwriting general reinsurance business. Effective from 5 December 2019, the Company has ceased the underwriting of new general reinsurance business and has run-off all its existing in-force policies. The details of significant events during the current financial year and events after the reporting period are disclosed in Note 24.

On 17 December 2025, the Company has surrendered its Reinsurance license to Bank Negara Malaysia and the surrender became effective on 31 December 2025.

The immediate and ultimate holding companies during the financial year are Asia Capital Reinsurance Group Pte. Ltd. and Catalina Holdings (Bermuda) Ltd., incorporated in Singapore and Bermuda respectively.

The principal place of business and registered office of the Company are both located at Unit A-12A-10, Level 12A, Menara UOA Bangsar, 5 Jalan Bangsar Utama 1, 59000 Kuala Lumpur.

The financial statements have been authorised by the Board of Directors and approved for issuance on 27 March 2026.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements of the Company have been prepared in accordance with Malaysian Financial Reporting Standards (“MFRSs”), International Financial Reporting Standards, the requirements of the Companies Act, 2016 and the Financial Services Act, 2013 in Malaysia.

As mentioned to Note 1, in view of the Company has ceased underwriting of new business and is in a run-off status and the Company has subsequently surrendered its reinsurance license to Bank Negara Malaysia, the financial statements of the Company have been prepared on a basis other than that of a going concern basis. The financial statements do not include any provision for the future costs of winding up the business of the Company except to the extent that such costs were committed at the end of reporting period.

Adoption of Amendments to MFRSs

In the current financial year, the Company has adopted all the Amendments to MFRSs issued by the Malaysian Accounting Standards Board (“MASB”) and effective for annual financial period beginning on or after 1 January 2025 as follows:

Amendments to MFRS 121	The Effects of Changes in Foreign Exchange Rates- Lack of Exchangeability
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The adoption of the above Amendments to MFRSs did not result in significant changes in the accounting policies of the Company and has no significant effect on the financial performance or position of the Company.

New Standards and Amendments to MFRSs in issue but not yet effective

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

MFRS 18	Presentation and Disclosure in Financial Statements ²
MFRS 19	Subsidiaries without Public Accountability: Disclosures ²
Amendments to MFRS 19	Subsidiaries without Public Accountability: Disclosures ²
Amendments to MFRS 121	Translation to a Hyperinflationary Presentation Currency ²
Amendments to MFRS 9 and MFRS 7	Classification and Measurement of Financial Instruments ¹
Amendments to MFRS 9 and MFRS 7	Contracts Referencing Nature-dependent Electricity ¹
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
Annual improvements to MFRS	Accounting Standards - Volume 11 ¹

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

² Effective for annual periods beginning on or after 1 January 2027.

³ Effective date deferred to a date to be determined and announced by MASB.

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

3. MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policies set out below have been applied consistently to the periods presented in these financial statements, unless otherwise stated.

(a) **Basis of accounting**

The financial statements of the Company have been prepared on historical cost convention, unless otherwise indicated in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

(b) **Foreign currency**

(i) **Functional and presentation currency**

The financial statements are presented in Ringgit Malaysia (“RM”), which is the Company’s functional currency. All financial information is presented in RM and has been rounded to the nearest thousand, unless otherwise stated.

(ii) **Foreign currency transactions**

Transactions in foreign currencies are translated to the functional currency of the Company at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are retranslated to the functional currency at the exchange rate at that date.

(c) **Fair value measurements**

Fair value of an asset or a liability, except for lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For non-financial asset, the fair value measurement takes into account a market participant’s ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. Fair value is categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

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

The Company transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

(d) **Financial instruments**

(i) **Initial recognition and measurement**

Financial assets and financial liabilities are recognised when, and only when the Company becomes a party to the contractual provisions of the instruments.

Where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, such financial assets are recognised and derecognised on trade date.

Financial instruments are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

(ii) **Financial instrument categories and subsequent measurement**

The Company categorises financial instruments as follows:

Financial assets

(a) **Non-derivative financial assets**

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

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

(b) Financial assets at fair value through profit or loss

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

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

(c) Financial assets at amortised cost

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

- the asset is held within a business model that is held to collect, in which the collection of contractual cash flows from the financial asset is the primary objective and sales are expected to be insignificant or infrequent; and
- the contractual terms of the asset give rise to cash flows that are solely payment of principal and interest (“SPPI”) on the principal amount outstanding.

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

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

(d) **Derecognition of financial assets**

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

Financial Liabilities

(a) **Non-derivative financial liabilities**

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

(b) **Derecognition of financial liabilities**

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

(iii) **Impairment of financial assets**

Financial assets are assessed for indicators of impairment at the end of each reporting date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been impacted. For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

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

(e) Insurance and Reinsurance Contracts

(i) Key types of insurance contracts issued and reinsurance contracts held

The Company issues the following types of contracts that are accounted for in accordance with MFRS 17.

General business

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

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

(ii) Definition and classification

A contract is to be classified as a reinsurance contract issued or a reinsurance contract held pursuant to MFRS 17 if a significant insurance risk is thereby assumed or transferred. These contract types are treated according to the same rules, irrespective of whether the contracts were issued, acquired in connection with a merger or acquired as part of a transfer of contracts that do not constitute business combination. Contracts that may take the legal form of an insurance contract but do not transfer any significant insurance risk are classified as investment contracts. The recognition and measurement of such contracts follows the rules for the recognition of financial instruments according to MFRS 9.

(iii) Level of aggregation

The Company identifies portfolios by aggregating insurance contracts that are subject to similar risks and managed together. When aggregating insurance contracts into portfolios, the Company considers the similarity of risks rather than the specific labelling of product lines. The Company has determined that all contracts within each product line, as defined for management purposes, have similar risks. Therefore, when contracts are managed together, they represent a portfolio of contracts.

Each portfolio is subdivided into Company of contracts to which the recognition and measurement requirements of MFRS 17 are applied.

(iv) Separating components from insurance and reinsurance contracts

The Company assesses its products to determine whether some of these components are distinct and need to be separated and accounted for applying other MFRS. When these non-insurance components are non-distinct, they are accounted for together with the insurance component applying MFRS 17. The Company has not identified any distinct components that require separation.

The Company had assessed that the insurance contract issued include an investment component under which the Company is required to repay to a policyholder in all circumstances, regardless of an insured event occurring. The Company applies MFRS 17 to account for non-distinct investment components as part of its insurance contracts.

(v) Recognition

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

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

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

(vi) **Contract boundaries**

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

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

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

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

(vii) **Measurement of insurance contracts issued**

General Measurement Model - initial measurement

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

Fulfilment cash flows within contract boundary

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

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

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

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

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

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

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

Discount rates

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

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

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

In determining discount rates for cash flows that do not vary based on the returns of underlying items, The Company uses a bottom-up approach to estimate discount rates under MFRS 17. The estimated discount rates are the risk-free yield curves adjusted for illiquidity premiums. The risk-free yield curves are determined based on market information on government bonds at the valuation days. The illiquidity premium reflects the differences in liquidity characteristics of the invested financial instruments backing the insurance portfolio versus the government bond.

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

Risk adjustment for non-financial risk

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

Contractual service margin (CSM)

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

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

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

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

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

The Company allocates contracts acquired with claims in the settlement phase into annual groups based on the expected profitability of the contracts at the date of acquisition. The Company uses the consideration received or paid as an approximation of premiums to calculate the CSM on initial recognition. When, on initial recognition, contracts acquired in a portfolio transfer are determined to be onerous, the excess of the fulfilment cash flows over the consideration received is recognised in profit or loss.

Subsequent measurement under the General Measurement Model

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

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

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

Change in fulfilment cash flows

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

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

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

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

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

Adjustments to the CSM

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

- Experience adjustments relating to the premiums received in the period that relate to future service, and any related cash flows such as insurance acquisition cash flows and premium-based taxes measured at the 'locked in' discount rates applicable when the contracts in the group were initially recognised
- The change in the estimate of the present value of expected future cash flows in the liability for remaining coverage, related to non-financial variables, measured at the 'locked in' discount rates applicable when the contracts in the group were initially recognised. All financial variables are locked in at initial recognition
- Changes in the risk adjustment for non-financial risk relating to future service. The Company has elected not to disaggregate the change in the risk adjustment for non-financial risk between (i) a change related to non-financial risk and (ii) the effect of the time value of money and changes in the time value of money
- Differences between the amount of investment components that were expected to be payable in the period and the amount of investment components that actually became payable. The amount of investment components expected to be payable in the period is measured at the discount rates applicable before it became payable

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

- Changes in fulfilment cash flows for the effect of the time value of money and the effect of financial risk and changes thereof
- Changes in the fulfilment cash flows relating to the LIC
- Experience adjustments relating to insurance service expenses

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

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

- The effect of any new contracts added to the group

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

Recognition of the CSM in profit or loss

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

Onerous contracts

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

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

On initial recognition, the CSM of the group of onerous contracts is nil and the group's measurement consists entirely of fulfilment cash flows.

A net outflow expected from a group of contracts determined to be onerous is considered to be the group's 'loss component'. It is initially calculated when the group is first considered to be onerous and is recognised at that date in profit or loss. The amount of the group's loss component is tracked for the purposes of presentation and subsequent measurement.

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

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

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

- The change in the risk adjustment for non-financial risk due to expected release from risk in the period (excluding the amount systematically allocated to the loss component)
- The estimates of the present value of future cash flows related to claims expected to incur in the period (excluding the systematic allocation to the loss component)
- The allocation, based on the coverage units, of the portion of premiums that relates to the recovery of the insurance acquisition cash flows

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

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

- Changes in fulfilment cash flows arising from changes in estimates related to future service that establish or further increase the loss component
- Subsequent decreases in fulfilment cash flows that relate to future service and reduce the loss component until it is exhausted
- Systematic allocation to the loss component arising both from changes in the risk adjustment for non-financial risk and from incurred insurance services expenses

Reinsurance contracts held

The Company uses proportional and non-proportional treaty reinsurance to mitigate some of its risk exposures. Reinsurance contracts held are accounted for applying MFRS 17 when they meet the definition of an insurance contract. This includes the condition that the contract must transfer significant insurance risk.

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

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

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

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

- At the start of the coverage period of that group of reinsurance contracts held, or

- At the initial recognition of any of the underlying insurance contracts, whichever is later.

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

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

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

Reinsurance contracts held measured under the General Measurement Model

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

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

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

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

- Changes in fulfilment cash flows of underlying insurance contracts related to future service and do not adjust the CSM of their respective groups
- Loss recovery component reversals to the extent those reversals are not changes in the fulfilment cash flows of the group of reinsurance contracts held

These adjustments are calculated and presented in profit or loss.

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

(viii) Modification and derecognition

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

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

- Is outside of the scope of MFRS 17
- Results in a different insurance contract due to separating components from the host contract
- Results in a substantially different contract boundary
- Would be included in a different group of contracts

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

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

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

(ix) Presentation

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

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

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

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

(x) **Insurance revenue**

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

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

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

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

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

(xi) **Insurance service expenses**

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

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

Income or expenses from reinsurance contracts held

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

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

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

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

The loss recovery component is then adjusted to reflect:

- Changes in the fulfilment cash flows of the underlying insurance contracts that relate to future service and do not adjust the CSM of the respective groups to which the underlying insurance contracts belong to
- Reversals of loss recovery component to the extent those reversals are not changes in the fulfilment cash flows of the group of reinsurance contracts held
- Allocations of the loss recovery component against the amounts recovered from reinsurers reported in line with the associated reinsured incurred claims or expenses

Insurance finance income and expenses

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

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

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

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

(f) **Other income recognition**

(i) **Interest income**

Interest income is recognised on an accrual basis using the effective yield method in profit or loss. Fees and commissions that are an integral part of the effective yield of the financial asset or liability are recognised as an adjustment to the effective yield of the instrument.

(ii) **Realised gains and losses on investments**

Realised gains and losses recorded in profit or loss on investments include gains and losses on investment in available-for-sale financial assets and investment properties. Gains and losses on the sale of investments are calculated as the difference between net sales proceeds and the original or amortised cost and are recorded on occurrence of the sale transaction.

(g) **Employee benefits**

(i) **Short-term employee benefits**

Short-term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(ii) **State plans**

The Company's contributions to statutory pension funds are charged to profit or loss in the financial year to which they relate. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

(h) **Cash and cash equivalents**

Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in fair value with original maturities of three months or less, and are used by the Company in the management of their short-term commitments.

(i) **Provisions**

A provision is recognised if, as a result of a past event, the Company has a present, legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

(j) **Income tax**

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

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary difference can be utilised. Deferred tax assets are reviewed at end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

4. **CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

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

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

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

(a) **Selecting a method of allocation of coverage units**

MFRS 17 establishes a principle for determining coverage units, not a set of detailed requirements or methods. The selection of the appropriate method for determining the amount of coverage units is not an accounting policy choice. It involves the exercise of significant judgement and development of estimates considering individual facts and circumstances. The Company selects the appropriate method on a portfolio-by-portfolio basis. In determining the appropriate method, the Company considers the likelihood of insured events occurring to the extent that they affect expected period of coverage in the group, different levels of service across the period and the quantity of benefits expected to be received by the policyholder. The weights are recalculated in each subsequent period, reflecting historical experience and changes in assumptions for future periods that are determined at the end of the reporting period.

(b) **Insurance contract assets and liabilities and reinsurance contract assets and liabilities**

By applying MFRS 17 to measurement of insurance contracts issued and reinsurance contracts held, the Company has made estimations in the following key areas. They form part of the overall balances of insurance contract assets and liabilities and reinsurance contract assets and liabilities:

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

(i) **Technique for estimation of future cash flows**

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

Cash flow estimates include both market variables directly observed in the market or derived directly from markets and non-market variables such as inflation projections, market claims ratio and others. The Company maximises the use of observable inputs for market variables and utilises internally generated group-specific data.

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

(ii) **Method of estimating discount rates**

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

The following risk free yield curves are applied in the discounting process:

2025	Currency	1 year	5 years	10 years	20 years	30 years
General	USD	<u>3.66%</u>	<u>3.66%</u>	<u>4.12%</u>	<u>4.77%</u>	<u>4.74%</u>
business	MYR	<u>3.02%</u>	<u>3.31%</u>	<u>3.55%</u>	<u>4.04%</u>	<u>4.11%</u>

2024	Currency	1 year	5 years	10 years	20 years	30 years
General	USD	<u>4.13%</u>	<u>4.33%</u>	<u>4.52%</u>	<u>4.88%</u>	<u>4.72%</u>
business	MYR	<u>3.38%</u>	<u>3.61%</u>	<u>3.80%</u>	<u>4.09%</u>	<u>4.27%</u>

When applying the above risk free yield curve, a 0.5% illiquidity premium load is added to discount the cash flow.

(iii) Risk adjustment for non-financial risk

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

5. PROPERTY AND EQUIPMENT

	Computer equipment RM'000	Office Equipment RM'000	Furniture and fittings RM'000	Renovation RM'000	Total RM'000
Cost					
As at 1 January 2024	1,311	218	259	429	2,217
Addition	-	-	-	11	11
As at 31 December 2024/ 1 January 2025/31 December 2025	1,311	218	259	440	2,228
Accumulated depreciation					
As at 1 January 2024	1,299	216	259	370	2,144
Charge for the year	9	1	-	23	33
As at 31 December 2024/ 1 January 2025	1,308	217	259	393	2,177
Charge for the year	3	1	-	24	28
As at 31 December 2025	1,311	218	259	417	2,205
Net book value					
As at 31 December 2024	3	1	-	47	51
As at 31 December 2025	-	-	-	23	23

As at 31 December 2025, included in the property, plant and equipment are fully depreciated assets which are still in use with costs of RM2,156,000 (2024: RM2,135,000).

6. RIGHT OF USE ASSETS AND LEASE LIABILITIES

(a) Right of use assets

The Company leases photocopy machine and office premise from which it operates its business.

	Office premise RM'000	Photocopy machine RM'000	Total RM'000
Cost			
As at 1 January 2024	-	114	114
Addition	254	-	254
As at 31 December 2024/ 1 January 2025	254	114	368
Derecognition arising from expiry of leases	-	(114)	(114)
As at 31 December 2025	254	-	254
Accumulated depreciation			
As at 1 January 2024	-	102	102
Charge for the year	90	7	97
As at 31 December 2024/ 1 January 2025	90	109	199
Charge for the year	127	5	132
Derecognition arising from expiry of leases	-	(114)	(114)
As at 31 December 2025	217	-	217
Net carrying amount			
As at 31 December 2024	164	5	169
As at 31 December 2025	37	-	37

(b) Lease liabilities

	2025 RM'000	2024 RM'000
Present value of lease liabilities analysed as:		
Current	38	139
Non-current	-	33
	<u>38</u>	<u>172</u>

The minimum lease payments for the lease liabilities are payable as follows:

	Future minimum lease payments RM'000	Unearned interest RM'000	Present value of minimum lease payments RM'000
2025			
Year 1	38	-	38
2024			
Year 1	137	(3)	134
Year 2	38	-	38
	<u>175</u>	<u>(3)</u>	<u>172</u>
		2025 RM'000	2024 RM'000
As at 1 January		172	13
Addition		-	254
Interest expense on lease liabilities		3	5
Repayment of lease liabilities		<u>(137)</u>	<u>(100)</u>
As at 31 December		<u>38</u>	<u>172</u>

The Company applied the incremental borrowing rate of 3.29% to the lease liabilities recognised as at the end of the reporting period.

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

7. INVESTMENTS

All the Company's investments are classified as financial assets measured at fair value through profit or loss ("FVTPL").

The carrying values of the financial assets are measured at fair value and comprised the following:

	2025	2024
	RM'000	RM'000
Investments in unit trust	100,232	58,493
Unquoted in Malaysia - Corporate debt securities	-	22,375
	<u>100,232</u>	<u>80,868</u>

(a) Estimation of fair values

The fair values for investments in unit trust are measured at fair value in the statement of financial position as at end of reporting period using Level 2 inputs for the purpose of fair value hierarchy in accordance to the generally accepted pricing model, based on the net asset value of the financial instrument.

The fair values for local corporate debt securities as at 31 December 2024 were their indicative mid market prices quoted by Bond Pricing Agency Malaysia.

(b) Carrying values of investments

	2025	2024
	RM'000	RM'000
As at 1 January	80,868	44,972
Additions	38,836	57,615
Disposals/Maturities/Repayments	(22,375)	(22,531)
Net fair value gain recognised in profit and loss (Note 14)	<u>2,903</u>	<u>812</u>
As at 31 December	<u>100,232</u>	<u>80,868</u>

8. OTHER RECEIVABLES AND PREPAYMENTS

	2025	2024
	RM'000	RM'000
Accrued interest income	23	325
Other receivables	27	27
Amount due from immediate holding company	20	-
Prepayments	25	50
	<u>95</u>	<u>402</u>

Amount due from immediate holding company is unsecured, repayable on demand and expected to be settled in cash.

9. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the statement of cash flows comprise the following amounts:

	2025	2024
	RM'000	RM'000
Cash and bank balances	1,637	4,326
Fixed deposits with licensed banks in Malaysia:		
Maturities of less than 3 months	7,248	24,574
	<u>8,885</u>	<u>28,900</u>

10. SHARE CAPITAL

	Amount	Number	Amount	Number
	2025	of shares	2024	of shares
	RM'000	2025	RM'000	2024
		'000		'000
Issued and fully paid shares with no par value classified as equity instruments:				
Ordinary shares				
As at 1 January/31 December	<u>125,000</u>	<u>150,000</u>	<u>125,000</u>	<u>150,000</u>

Ordinary shares

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company.

11. **OTHER PAYABLES AND ACCRUALS**

	2025	2024
	RM'000	RM'000
Other payables	1	9
Amount due to immediate holding company	-	1,714
Accrued liabilities	1,356	1,457
Accrued restructuring expenses	3,605	3,628
	<u>4,962</u>	<u>6,808</u>

Amount due to immediate holding company as at 31 December 2024 arose from non-trade expenses payable, was unsecured, interest free and repayable on demand.

Accrued restructuring expenses represent retention compensation for staff termination payments as part of the planned closure of the Company's run-off business.

12. **INSURANCE CONTRACTS ISSUED AND REINSURANCE CONTRACTS HELD**

	2025	2024
	RM'000	RM'000
(a) Insurance contracts issued:		
Insurance contract assets	-	5,955
Insurance contract liabilities	-	(32,675)
Net	<u>-</u>	<u>(26,720)</u>
(b) Reinsurance contracts held:		
Reinsurance contract assets	-	30,457
Reinsurance contract liabilities	-	(2,965)
Net	<u>-</u>	<u>27,492</u>

(a) **Insurance contracts issued**

(i) **Reconciliation of the liability for remaining coverage and the liability for incurred claims**

2025 Insurance contracts issued	LFRC		LIC		Total RM'000
	Excluding loss component RM'000	Loss component RM'000	BEL RM'000	RA RM'000	
Insurance contract assets as at 1 January 2025	(5,955)	-	-	-	(5,955)
Insurance contract liabilities as at 1 January 2025	-	-	24,783	7,892	32,675
Net insurance contract liabilities/(assets) as at 1 January 2025	(5,955)	-	24,783	7,892	26,720
Insurance revenue					
Contracts measured under the fair value approach	336	-	-	-	336
New contracts and contracts measured under the full retrospective approach	(79)	-	-	-	(79)
Total insurance revenue (Note 13)	257	-	-	-	257
Insurance service expenses/(income)					
Incurred claims and other directly attributable expenses	-	(521)	514	-	(7)
Changes that relate to past service - changes in the FCF relating to LIC	-	-	(23,851)	(7,892)	(31,743)
Losses on onerous contracts and reversal of those losses	-	521	-	-	521
Insurance acquisition cash flows amortisation	85	-	-	-	85

(Forward)

2025	LFRC		LIC		
Insurance contracts issued	Excluding loss component RM'000	Loss component RM'000	BEL RM'000	RA RM'000	Total RM'000
Total insurance service expenses/(income) (Note 13)	85	-	(23,337)	(7,892)	(31,144)
Insurance service result	342	-	(23,337)	(7,892)	(30,887)
Finance expenses from insurance contracts issued	-	-	(150)	-	(150)
Total amounts recognised in profit or loss	342	-	(23,487)	(7,892)	(31,037)
Investment components	(520)	-	520	-	-
Cash flows					
Premium received	6,218	-	-	-	6,218
Claims and other directly attributable expenses paid	-	-	(1,816)	-	(1,816)
Insurance acquisition cash flows paid	(85)	-	-	-	(85)
Total cash flows	6,133	-	(1,816)	-	4,317
Insurance contract assets as at 31 December 2025	-	-	-	-	-
Insurance contract liabilities as at 31 December 2025	-	-	-	-	-
Net insurance contract liabilities/(assets) as at 31 December 2025	-	-	-	-	-

2024	LFRC		LIC		
Insurance contracts issued	Excluding loss component RM'000	Loss component RM'000	BEL RM'000	RA RM'000	Total RM'000
Insurance contract assets as at 1 January 2024	(15,319)	-	-	-	(15,319)
Insurance contract liabilities as at 1 January 2024	130	593	39,381	8,634	48,738
Net insurance contract liabilities/(assets) as at 1 January 2024	(15,189)	593	39,381	8,634	33,419
Insurance revenue					
Contracts measured under the fair value approach	(400)	-	-	-	(400)
New contracts and contracts measured under the full retrospective approach	(63)	-	-	-	(63)
Total insurance revenue (Note 13)	(463)	-	-	-	(463)
Insurance service expenses/(income)					
Incurred claims and other directly attributable expenses	-	(593)	-	-	(593)
Changes that relate to past service - changes in the FCF relating to LIC	-	-	(2,268)	(742)	(3,010)
Insurance acquisition cash flows amortisation	56	-	-	-	56

(Forward)

2024	LFRC		LIC		
Insurance contracts issued	Excluding loss component RM'000	Loss component RM'000	BEL RM'000	RA RM'000	Total RM'000
Total insurance service expenses/(income) (Note 13)	56	(593)	(2,268)	(742)	(3,547)
Insurance service result	(407)	(593)	(2,268)	(742)	(4,010)
Finance expenses from insurance contracts issued	-	-	950	-	950
Total amounts recognised in profit or loss	(407)	(593)	(1,318)	(742)	(3,060)
Investment components	565	-	(565)	-	-
Cash flows					
Premium received	9,865	-	-	-	9,865
Claims and other directly attributable expenses paid	-	-	(12,715)	-	(12,715)
Insurance acquisition cash flows paid	(789)	-	-	-	(789)
Total cash flows	9,076	-	(12,715)	-	(3,639)
Insurance contract assets as at 31 December 2024	(5,955)	-	-	-	(5,955)
Insurance contract liabilities as at 31 December 2024	-	-	24,783	7,892	32,675
Net insurance contract liabilities/(assets) as at 31 December 2024	(5,955)	-	24,783	7,892	26,720

(ii) **Reconciliation of the measurement components of insurance contract balances**

2025

Insurance contracts issued	Contractual Service Margin				
	Present value of future cash flows RM'000	Risk adjustment for non-financial risk RM'000	Contracts measured under the fair value approach at transition RM'000	New contracts and contracts measured under the full retrospective approach at transition RM'000	Total RM'000
Insurance contract assets as at 1 January 2025	(5,955)	-	-	-	(5,955)
Insurance contract liabilities as at 1 January 2025	24,783	7,892	-	-	32,675
Net insurance contract liabilities/(assets) as at 1 January 2025	18,828	7,892	-	-	26,720
Changes that relate to current service	337	-	-	(2)	335
CSM recognised for services provided	-	-	-	(2)	(2)
Experience adjustments - arising from premiums received in the period that relate to current service	(177)	-	-	-	(177)
Experience adjustments - relating to insurance service expenses	514	-	-	-	514
Changes that relate to future service	519	-	-	2	521
Changes in estimates that adjust the CSM	(2)	-	-	2	-
Changes that relate to past service - changes in the FCFs relating to the LIC	521	-	-	-	521

(Forward)

2025

Insurance contracts issued	Contractual Service Margin				
	Present value of future cash flows RM'000	Risk adjustment for non-financial risk RM'000	Contracts measured under the fair value approach at transition RM'000	New contracts and contracts measured under the full retrospective approach at transition RM'000	Total RM'000
Changes that relate to past service	(23,851)	(7,892)	-	-	(31,743)
Changes in the FCFs relating to the LIC	(23,851)	(7,892)	-	-	(31,743)
Insurance service result	(22,995)	(7,892)	-	-	(30,887)
Finance expenses from insurance contracts issued	(150)	-	-	-	(150)
Total amounts recognised in profit or loss	(23,145)	(7,892)	-	-	(31,037)
Cash flows					
Premiums received	6,218	-	-	-	6,218
Claims and other directly attributable expenses paid	(1,816)	-	-	-	(1,816)
Insurance acquisition cash flows paid	(85)	-	-	-	(85)
Total cash flows	4,317	-	-	-	4,317
Insurance contract assets as at 31 December 2025	-	-	-	-	-
Insurance contract liabilities as at 31 December 2025	-	-	-	-	-
Net insurance contract liabilities/(assets) as at 31 December 2025	-	-	-	-	-

2024

Insurance contracts issued	Contractual Service Margin				
	Present value of future cash flows RM'000	Risk adjustment for non-financial risk RM'000	Contracts measured under the fair value approach at transition RM'000	New contracts and contracts measured under the full retrospective approach at transition RM'000	Total RM'000
Insurance contract assets as at 1 January 2024	(15,319)	-	-	-	(15,319)
Insurance contract liabilities as at 1 January 2024	40,011	8,635	22	70	48,738
Net insurance contract liabilities/(assets) as at 1 January 2024	24,692	8,635	22	70	33,419
Changes that relate to current service	1,570	(1)	(932)	(1,637)	(1,000)
CSM recognised for services provided	-	-	(932)	(1,637)	(2,569)
Change in the risk adjustment for non-financial risk for the risk expired	-	545	-	-	545
Experience adjustments - arising from premiums received in the period that relate to current service	1,575	-	-	-	1,575
Experience adjustments - relating to insurance service expenses	(5)	(546)	-	-	(551)
Changes that relate to future service	(2,477)	-	910	1,567	-
Changes in estimates that adjust the CSM	(2,477)	-	910	1,567	-

(Forward)

2024

Insurance contracts issued	Contractual Service Margin				
	Present value of future cash flows RM'000	Risk adjustment for non-financial risk RM'000	Contracts measured under the fair value approach at transition RM'000	New contracts and contracts measured under the full retrospective approach at transition RM'000	Total RM'000
Changes that relate to past service	(2,268)	(742)	-	-	(3,010)
Changes in the FCFs relating to the LIC	(2,268)	(742)	-	-	(3,010)
Insurance service result	(3,175)	(743)	(22)	(70)	(4,010)
Finance expenses from insurance contracts issued	950	-	-	-	950
Total amounts recognised in profit or loss	(2,225)	(743)	(22)	(70)	(3,060)
Cash flows					
Premiums received	9,865	-	-	-	9,865
Claims and other directly attributable expenses paid	(12,715)	-	-	-	(12,715)
Insurance acquisition cash flows paid	(789)	-	-	-	(789)
Total cash flows	(3,639)	-	-	-	(3,639)
Insurance contract assets as at 31 December 2024	(5,955)	-	-	-	(5,955)
Insurance contract liabilities as at 31 December 2024	24,783	7,892	-	-	32,675
Net insurance contract liabilities/(assets) as at 31 December 2024	18,828	7,892	-	-	26,720

(iii) **Analysis of finance income and expenses**

Finance income/(expenses) from insurance contracts issued	2025 RM'000	2024 RM'000
Interest accretion	(752)	(1,344)
Effect of changes in interest rates and other financial assumptions	357	(14)
Foreign exchange differences	545	408
	<u>150</u>	<u>(950)</u>

(b) Reinsurance contracts held

(i) Reconciliation of the remaining coverage and incurred claims

2025	Remaining Coverage Component		Incurred claims		Total RM'000
	Excluding loss recovery component RM'000	Loss recovery component RM'000	Present value of future cash flows RM'000	Risk adjustment for non-financial risk RM'000	
Reinsurance contracts held					
Reinsurance contract assets as at 1 January 2025	-	-	(23,097)	(7,360)	(30,457)
Reinsurance contract liabilities as at 1 January 2025	2,965	-	-	-	2,965
Net reinsurance contract liabilities/(assets) as at 1 January 2025	2,965	-	(23,097)	(7,360)	(27,492)
Reinsurance expenses	(314)	-	-	-	(314)
Changes that relate to past service - changes in the FCF relating to incurred claims recovery	-	-	22,797	7,360	30,157
Net expenses from reinsurance contracts held	(314)	-	22,797	7,360	29,843
Finance income from reinsurance contracts held	-	-	(511)	-	(511)
Total amounts recognised in profit or loss	(314)	-	22,286	7,360	29,332
Cash flows					
Premiums paid net of ceding commissions and other directly attributable expenses paid	(2,651)	-	-	-	(2,651)
Recoveries from reinsurance	-	-	811	-	811
Total cash flows	(2,651)	-	811	-	(1,840)
Reinsurance contract assets as at 31 December 2025	-	-	-	-	-
Reinsurance contract liabilities as at 31 December 2025	-	-	-	-	-
Net reinsurance contract liabilities/(assets) as at 31 December 2025	-	-	-	-	-

2024	Remaining Coverage Component		Incurred claims		Total RM'000
	Excluding loss recovery component RM'000	Loss recovery component RM'000	Present value of future cash flows RM'000	Risk adjustment for non-financial risk RM'000	
Reinsurance contracts held					
Reinsurance contract assets as at 1 January 2024	88	-	(18,499)	(4,593)	(23,004)
Reinsurance contract liabilities as at 1 January 2024	330	-	16	4	350
Net reinsurance contract liabilities/(assets) as at 1 January 2024	418	-	(18,483)	(4,589)	(22,654)
Reinsurance expenses	36,553	-	-	-	36,553
Incurred claims recovery	-	-	(12,487)	(2,726)	(15,213)
Changes that relate to past service - changes in the FCF relating to incurred claims recovery	-	-	1,824	(45)	1,779
Net expenses from reinsurance contracts held	36,553	-	(10,663)	(2,771)	23,119
Finance income from reinsurance contracts held	-	-	(419)	-	(419)
Total amounts recognised in profit or loss	36,553	-	(11,082)	(2,771)	22,700
Cash flows					
Premiums paid net of ceding commissions and other directly attributable expenses paid	(34,006)	-	-	-	(34,006)
Recoveries from reinsurance	-	-	6,468	-	6,468
Total cash flows	(34,006)	-	6,468	-	(27,538)
Reinsurance contract assets as at 31 December 2024	-	-	(23,097)	(7,360)	(30,457)
Reinsurance contract liabilities as at 31 December 2024	2,965	-	-	-	2,965
Net reinsurance contract liabilities/(assets) as at 31 December 2024	2,965	-	(23,097)	(7,360)	(27,492)

(ii) Reconciliation of the measurement components of reinsurance contract balances

2025

Reinsurance contracts held	Contractual Service Margin				
	Present value of future cash flows RM'000	Risk adjustment for non-financial risk RM'000	Contracts measured under the fair value approach at transition RM'000	New contracts and contracts measured under the full retrospective approach at transition RM'000	Total RM'000
Reinsurance contract assets as at 1 January 2025	(23,097)	(7,360)	-	-	(30,457)
Reinsurance contract liabilities as at 1 January 2025	2,965	-	-	-	2,965
Net reinsurance contract liabilities/(assets) as at 1 January 2025	(20,132)	(7,360)	-	-	(27,492)
Changes that relate to current service	(314)	-	-	-	(314)
Reinsurance premium (and other related cash flows) experience adjustments relating to current service	(314)	-	-	-	(314)
Changes that relate to past service					
Changes in the FCFs relating to the incurred claims recovery	22,797	7,360	-	-	30,157
Net expenses from reinsurance contracts held	22,483	7,360	-	-	29,843
Finance income from reinsurance contracts held	(511)	-	-	-	(511)
Total amounts recognised in profit or loss	21,972	7,360	-	-	29,332
Cash flows					
Premiums paid net of ceding commissions and other directly attributable expenses paid	(2,651)	-	-	-	(2,651)
Recoveries from reinsurance	811	-	-	-	811
Total cash flows	(1,840)	-	-	-	(1,840)
Reinsurance contract assets as at 31 December 2025	-	-	-	-	-
Reinsurance contract liabilities as at 31 December 2025	-	-	-	-	-
Net reinsurance contract liabilities/(assets) as at 31 December 2025	-	-	-	-	-

2024

Reinsurance contracts held	Contractual Service Margin				
	Present value of future cash flows RM'000	Risk adjustment for non-financial risk RM'000	Contracts measured under the fair value approach at transition RM'000	New contracts and contracts measured under the full retrospective approach at transition RM'000	Total RM'000
Reinsurance contract assets as at 1 January 2024	(18,412)	(4,592)	-	-	(23,004)
Reinsurance contract liabilities as at 1 January 2024	347	3	-	-	350
Net reinsurance contract liabilities/(assets) as at 1 January 2024	(18,065)	(4,589)	-	-	(22,654)
Changes that relate to current service	(12,487)	(2,726)	-	36,553	21,340
CSM recognised for services received	-	-	-	36,553	36,553
Experience adjustments-relating to incurred claims and other directly attributable expenses recovery	(12,487)	(2,726)	-	-	(15,213)
Changes that relate to future service					
Contracts initially recognised in the period	36,553	-	-	(36,553)	-

(Forward)

2024

Reinsurance contracts held	Contractual Service Margin				
	Present value of future cash flows RM'000	Risk adjustment for non-financial risk RM'000	Contracts measured under the fair value approach at transition RM'000	New contracts and contracts measured under the full retrospective approach at transition RM'000	Total RM'000
Changes that relate to past service					
Changes in the FCFs relating to the incurred claims recovery	1,824	(45)	-	-	1,779
Net expenses from reinsurance contracts held	25,890	(2,771)	-	-	23,119
Finance income from reinsurance contracts held	(419)	-	-	-	(419)
Total amounts recognised in profit or loss	25,471	(2,771)	-	-	22,700
Cash flows					
Premiums paid net of ceding commissions and other directly attributable expenses paid	(34,006)	-	-	-	(34,006)
Recoveries from reinsurance	6,468	-	-	-	6,468
Total cash flows	(27,538)	-	-	-	(27,538)
Reinsurance contract assets as at 31 December 2024	(23,097)	(7,360)	-	-	(30,457)
Reinsurance contract liabilities as at 31 December 2024	2,965	-	-	-	2,965
Net reinsurance contract liabilities/(assets) as at 31 December 2024	(20,132)	(7,360)	-	-	(27,492)

(iii) **Analysis of finance income and expenses**

	2025	2024
	RM'000	RM'000
Finance income from reinsurance contracts held		
Interest accretion	847	589
Effect of changes in interest rates and other financial assumptions	14	12
Foreign exchange differences	(350)	(182)
	<u>511</u>	<u>419</u>

13. **INSURANCE REVENUE AND INSURANCE SERVICE RESULT**

	2025	2024
	RM'000	RM'000
Insurance revenue		
Amounts relating to changes in LRC:		
Expected incurred claims and other directly attributed expenses	(521)	(42)
Change in the risk adjustment for non-financial risk for the risk expired	-	(545)
CSM recognised for the services provided	2	2,569
Experience adjustments - arising from premiums received in the period other than those that relate to future service	177	(1,575)
Insurance acquisition cash flow recovery	85	56
	<u>(257)</u>	<u>463</u>
Insurance service income		
Incurred claims and other directly attributable expenses	7	593
Changes that relate to past service - changes in the FCF relating to the LIC	31,743	3,010
Losses on onerous contracts and reversal of those losses	(521)	-
Insurance acquisition cash flows amortisation	(85)	(56)
	<u>31,144</u>	<u>3,547</u>
Insurance service result from insurance contracts issued	<u>30,887</u>	<u>4,010</u>

(Forward)

	2025 RM'000	2024 RM'000
Income/(expenses) from reinsurance contracts held		
Amounts relating to the changes in the remaining coverage		
CSM recognised for the services received	-	(36,553)
Experience adjustments - arising from ceded premiums paid in the period other than those that relate to future service	314	-
	<u>314</u>	<u>(36,553)</u>
Experience adjustments - relating to incurred claims and other directly attributable expenses recovery	-	15,213
Changes that relate to past service - changes in the FCF relating to incurred claims recovery	(30,157)	(1,779)
	<u>(29,843)</u>	<u>(23,119)</u>
Net expenses from reinsurance contracts held		
	<u>1,044</u>	<u>(19,109)</u>
Total insurance service result		

14. **NET INVESTMENT INCOME**

	2025 RM'000	2024 RM'000
Lease income	-	388
Direct operating expenses on investment properties	-	(50)
Net realised gain on investments	92	41
Fair value changes in investments (Note 7)	2,903	812
Investment expenses	(19)	(109)
Debt securities - interest income	256	1,607
Cash and cash equivalents - interest income	624	1,837
	<u>3,856</u>	<u>4,526</u>

15. **OTHER OPERATING INCOME**

	2025	2024
	RM'000	RM'000
Net measurement of loss allowance	1,506	-
Realised gain on foreign exchange	-	414
Gain on disposal of non-current assets held for sale	-	446
Miscellaneous income	-	304
	<u>1,506</u>	<u>1,164</u>

16. **MANAGEMENT EXPENSES**

	Note	2025	2024
		RM'000	RM'000
Staff salaries and related expenses	17(a)	2,479	2,647
Key management personnel remuneration	17(b)		
- Directors' fees		255	255
- Other remuneration		548	529
Auditors' remuneration		250	250
Depreciation of property and equipment	5	28	33
Depreciation of right-of-use assets	6	132	97
Unrealised loss on foreign exchange		38	804
Realised loss on foreign exchange		1,749	-
Management fees to immediate holding company	19	879	1,644
Net measurement of loss allowance		-	4,213
Bad debts written off		-	45
Other expenses		<u>1,445</u>	<u>1,676</u>
		<u>7,803</u>	<u>12,193</u>
Represented by:			
- Insurance service expenses		513	543
- Management expenses		<u>7,290</u>	<u>11,650</u>
		<u>7,803</u>	<u>12,193</u>

17. **EMPLOYEE BENEFITS EXPENSES**

(a) **Staff salaries and related expenses**

	2025 RM'000	2024 RM'000
Wages and salaries	1,847	1,741
Contribution to Employees' Provident Fund	216	207
Staff retention cost	-	275
Social security contributions	33	32
Other benefits	383	392
	<u>2,479</u>	<u>2,647</u>

(b) **Key management personnel remuneration**

The total remuneration of the Chief Executive Officer and Directors are as follows:

	Fees RM'000	← Other emoluments →			Total RM'000
		Salary RM'000	EPF RM'000	Other RM'000	
2025					
Chief Executive Officer					
- Tan Shih Ching	-	475	57	-	532
Directors					
- Datuk Dr. Syed Muhamad Bin Syed Abdul Kadir	132	-	-	8	140
- Datuk Mohd Najib Bin Hj. Abdullah	123	-	-	8	131
Total Chief Executive Officer and Directors' Remuneration (including benefits-in-kind)	255	475	57	16	803
2024					
Chief Executive Officer					
- Tan Shih Ching	-	454	55	-	509
Directors					
- Datuk Dr. Syed Muhamad Bin Syed Abdul Kadir	132	-	-	10	142
- Datuk Mohd Najib Bin Hj. Abdullah	123	-	-	10	133
Total Chief Executive Officer and Directors' Remuneration (including benefits-in-kind)	255	454	55	20	784

18. TAX CREDIT

	2025 RM'000	2024 RM'000
Estimated tax payable:		
- Overprovision in prior years	-	905
Deferred tax:		
- Current year	-	1,607
	<u>-</u>	<u>1,607</u>
	<u>-</u>	<u>2,512</u>

A reconciliation of income tax credit applicable to loss before tax at the statutory income tax rate to the effective income tax rate of the Company is as follows:

	2025 RM'000	2024 RM'000
Loss before tax	<u>223</u>	<u>25,600</u>
Tax credit at statutory tax rate of 24% (2024: 24%)	54	6,144
Tax effects in respect of:		
Non-deductible expenses	(1,602)	(689)
Non-taxable income	1,604	2,245
Deferred tax assets not recognised	(56)	(6,093)
Overprovision of income tax in prior years	-	905
Tax credit for the year	<u>-</u>	<u>2,512</u>

Tax effects of deductible temporary differences which would give rise to net deferred tax assets are recognised to the extent that that it is probable that future taxable profits will be available against which the deductible temporary differences and unused tax losses can be utilised. No deferred tax asset has been recognised as the Company, in a run-off, does not consider that it will generate sufficient future taxable profits for its utilisation.

As at 31 December 2025, the estimated amount of deductible temporary differences which are not recognised in the financial statements is as follows:

	2025	2024
	RM'000	RM'000
Deductible temporary differences arising from:		
Insurance contract assets (net)*	-	6,317
Accrued expenses	4,004	4,022
Others	12	411
Unused tax losses	26,734	19,765
	<u>30,750</u>	<u>30,515</u>

* Included within insurance contract assets is the loss allowance made on insurance receivables and the differences in application of RBC guidelines and MFRS 17 balances.

19. HOLDING COMPANIES AND RELATED PARTY TRANSACTIONS

For the purposes of these financial statements, parties are considered to be related to the Company if the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

The related parties of the Company are:

(i) **Ultimate holding company**

The ultimate holding company is Catalina Holdings (Bermuda) Ltd., a corporation incorporated in Bermuda.

(ii) **Immediate holding company**

The immediate holding company is Asia Capital Reinsurance Group Pte. Ltd., a corporation incorporated in Singapore.

(iii) **Key management personnel**

Key management personnel include the Company's Executive and Non-Executive Directors and are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Company either directly or indirectly. The Executive and Non-Executive Directors compensation is disclosed in Note 17(b).

Related party transactions have been entered into in the normal course of business under normal trade terms. Significant related party transactions, other than key management personnel compensation, are as follows:

Transactions for the year ended 31 December	2025	2024
	RM'000	RM'000
Immediate holding company		
- Gross premium retroceded	(107)	(372)
- Commission income	135	158
- Claims (paid)/recovery	(724)	2,794
- Management fee expense (Note 16)	<u>(879)</u>	<u>(1,644)</u>

There are no impairment loss recognised and bad debts written off in respect of amounts due from immediate holding company.

20. RISK MANAGEMENT FRAMEWORK

The Company is exposed to a variety of reinsurance and financial risks in the normal course of its business activities. The board of directors (“Board”) have overall responsibility for the establishment and oversight of the Company’s risk management framework. The Board is the approving authority for changes and exceptions to all risk management strategy, policies and procedures which are established to identify, analyse and monitor the risks faced by the Company. The Board also approves the Company’s risk tolerance and risk limits.

The Board is supported by the Audit Committee (“AC”). The AC will deal with internal controls and compliance procedures.

The Company’s management is responsible for implementing the risk management framework. This is executed through Enterprise Risk Management & Compliance Department and the Management with representatives from key business units who are responsible for driving the implementation of the Enterprise Risk Management framework across the Company. The Enterprise Risk Management & Compliance Department identifies, assesses and where necessary reports to the Board any risk that may affect our risk appetite, business strategy and capital management.

21. INSURANCE RISK MANAGEMENT

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

The Company underwrites treaty and facultative reinsurance business both on a proportional and non-proportional basis. Main classes of reinsurance business underwritten include aviation, marine, energy, property, engineering, casualty and motor. Effective from 5 December 2019, the Company has ceased the underwriting of new general reinsurance business and has run-off all its existing in-force policies.

During the financial year 2025, the Company completed the portfolio transfer of all its insurance contracts to Swiss Re Asia Pte. Ltd., Malaysia Branch, with effect from 31 October 2025. As a result of the portfolio transfer, the Company no longer retains any insurance risk as at 31 December 2025, including underwriting risk and claims development risk.

(i) Concentration/accumulation of insurance risks

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

The Company has effected a reinsurance protection for natural catastrophes and also carries out regular analysis to monitor potential concentration of the same risk reinsured from different clients.

The following tables set out the Company's concentration of insurance risks in respect of insurance revenue by lines of business.

Line of business	2025 RM'000	2024 RM'000
Aviation	-	(2,107)
Casualty	(77)	-
Energy	(5)	-
Engineering	(14)	2,570
Marine	(102)	-
Property	(59)	-
	<u>(257)</u>	<u>463</u>

(iii) **Sensitivity analysis**

The following table shows the impact of the changes in key assumptions on the Company's profit or loss, equity and CSM. This analysis is based on a change in one risk variable with all other variables held constant. The correlation of assumptions will have a significant effect in determining the ultimate impacts, but to demonstrate the impact due to changes in each assumption, assumptions had to be changed on an individual basis. It should be noted that movements in these assumptions are non-linear. There were changes made as compared to previous period in the methods and assumptions used in preparing the sensitivity analysis upon the adoption of MFRS 17.

No sensitivity analysis is presented for the year ended 31 December 2025 as the Company has no insurance and reinsurance contract liabilities at the end of the reporting period.

		<u>CSM</u>		<u>Profit/(Loss)</u>		<u>Equity</u>	
		Gross	Net	Gross	Net	Gross	Net
		impact	impact	impact	impact	impact	impact
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
	Change in assumptions						
2024							
Loss ratio	+10%	-	-	3,268	222	3,268	222
Risk adjustment	+10%	-	-	789	53	789	53
Discount rate	-1%	-	-	279	(318)	279	(318)

(iv) **Claims development**

The following tables shows the estimates of cumulative incurred claims, including both claims notified and liability for incurred claims each successive underwriting year at the end of each reporting period, together with cumulative payments to date. Underwriting year is defined from 1 January to 31 December of the year.

The Company transferred all its claims liabilities during the financial year 2025 to Swiss Re Asia Pte. Ltd., Malaysia Branch, in accordance with the Business Transfer Agreement signed by both parties. The portfolio transfer was duly completed on 31 October 2025. As a result, claims development table analyses for insurance and reinsurance are not required as at 31 December 2025.

(a) Analysis of claims development - gross of reinsurance

2024

Gross incurred claims

	2017 and prior (RM'000)	2018 (RM'000)	2019 (RM'000)	2021 (RM'000)	2022 (RM'000)	2023 (RM'000)	2024 (RM'000)	Total (RM'000)
At the end of first year	1,899,609	58,952	37,501	21	-	-	-	-
1 year later	1,884,779	132,848	63,202	30	-	-	-	-
2 years later	1,835,436	147,090	61,117	15	-	-	-	-
3 years later	1,777,920	157,368	54,660	12	-	-	-	-
4 years later	1,760,487	151,999	52,030	11	-	-	-	11
5 years later	1,707,931	146,374	52,390	-	-	-	-	52,390
6 years later	1,694,412	146,824	-	-	-	-	-	146,824
7 years later	1,817,356	-	-	-	-	-	-	1,817,356
Current estimates of loss reserves	1,817,356	146,824	52,390	11	-	-	-	2,016,581
Less: Cumulative payments	(1,800,068)	(145,298)	(45,835)	-	-	-	-	(1,991,201)
Best estimate of loss reserves	17,288	1,526	6,555	11	-	-	-	25,380
Claims handling expenses								508
								25,888
Effects of the risk adjustment margin for non-financial risk								7,892
Effects of discounting								(1,400)
Investment component								295
Total Liability for Incurred Claims (LIC)								32,675

(b) Analysis of claims development - net of reinsurance

2024

Net incurred claims

	2017 and prior (RM'000)	2018 (RM'000)	2019 (RM'000)	2021 (RM'000)	2022 (RM'000)	2023 (RM'000)	2024 (RM'000)	Total (RM'000)
At the end of first year	743,023	15,315	19,967	149	-	-	-	-
1 year later	741,491	18,412	27,226	-	-	-	-	-
2 years later	751,774	21,484	28,112	-	-	-	-	-
3 years later	749,157	20,604	24,463	12	-	-	-	-
4 years later	751,525	19,192	23,101	-	-	-	-	-
5 years later	746,997	18,237	20,146	-	-	-	-	20,146
6 years later	747,846	16,634	-	-	-	-	-	16,634
7 years later	775,850	-	-	-	-	-	-	775,850
Current estimates of loss reserves	775,850	16,634	20,146	-	-	-	-	812,630
Less: Cumulative payments	(775,850)	(16,634)	(20,146)	-	-	-	-	(812,630)
Best estimate of loss reserves	-	-	-	-	-	-	-	-
Claims handling expenses	-	-	-	-	-	-	-	508
								508
Effects of the risk adjustment margin for non-financial risk								532
Effects of discounting								883
Investment component								295
Total Liability for Incurred Claims (LIC)								2,218

22. **FINANCIAL INSTRUMENTS, FINANCIAL RISK AND CAPITAL RISK MANAGEMENT**

(a) **Categories of financial instruments**

	2025	2024
	RM'000	RM'000
Financial assets		
At FVTPL:		
Investments	100,232	80,868
At amortised cost:		
Other receivables (excluding prepayments)	70	352
Cash and cash equivalents	<u>8,885</u>	<u>28,900</u>
	<u>109,187</u>	<u>110,120</u>
Financial liabilities		
At amortised cost:		
Lease liabilities	38	172
Other payables and accruals	<u>4,962</u>	<u>6,808</u>
	<u>5,000</u>	<u>6,980</u>

(b) **Financial risk management policies and objectives**

The Company manages its exposure to financial risks using a variety of techniques and instruments. The risks include credit risk, market risk, liquidity risk and cash flow risk. Management manages and monitors these exposures to ensure appropriate measures are implemented in a timely and effective manner.

The Company's policy prohibits it to enter into speculative transactions.

The main financial risks that the Company are exposed to and how it manages these risks are set out below:

(i) **Credit risk management**

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

Investments

Risk management objectives, policies and processes for managing the risk

The Company's investment portfolio is managed following standards of diversification and an investment philosophy. It focuses on investing in high quality investment grade fixed income securities.

Exposure to credit risk, credit quality and collateral

The Company does not have investments in collateralised debt obligations, collateralised loan obligations, non-rated securities (except guaranteed by Government) and other complex structured notes which may expose the Company to significant credit risk.

The Company reviews its issuer concentration and credit quality and compliance with established credit limits on a regular basis. The Company is not exposed to any significant credit concentration risk on its investments.

Credit exposure

The table below shows the maximum exposure of credit risk for the components recognised in the statement of financial position.

	2025	2024
	RM'000	RM'000
Investments	100,232	80,868
Other receivables (excluding prepayments)	70	352
Cash and cash equivalents	<u>8,885</u>	<u>28,900</u>
	<u>109,187</u>	<u>110,120</u>

Credit exposure by credit quality

Investments, other receivables (excluding prepayments), cash and cash equivalents are neither past due nor impaired.

The table below provides information regarding the credit risk exposure of the Company by classifying assets according to the credit rating issued by Rating Agency Malaysia (“RAM”) or Malaysian Rating Corporation (“MARC”) on the counterparties, unless indicated as rated by AM Best and Standard & Poor’s (“S&P”).

	AAA RM'000	AA RM'000	Non- rated RM'000	Total RM'000
2025				
Investments - Unit trust	-	-	100,232	100,232
Other receivables (excluding prepayments)	-	-	70	70
Cash and cash equivalents	8,885	-	-	8,885
	<u>8,885</u>	<u>-</u>	<u>100,302</u>	<u>109,187</u>
2024				
Investments - Corporate debt securities	4,477	17,898	-	22,375
Investments - Unit trust	-	-	58,493	58,493
Other receivables (excluding prepayments)	-	-	352	352
Cash and cash equivalents	28,900	-	-	28,900
	<u>33,377</u>	<u>17,898</u>	<u>58,845</u>	<u>110,120</u>

(ii) **Liquidity risk management**

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with its financial and insurance liabilities that are settled by delivery of cash or another financial asset. The Company has to meet its liabilities as and when they fall due. Hence, there is a risk that the cash and cash equivalents held will not be sufficient to meet its liabilities when they become due.

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

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

- Cash flow position is being reviewed, on an ongoing basis, by monitoring its overall liquidity position and funding requirements over the short, medium and long term;
- Assets purchased by the Company are required to satisfy specified marketability requirements; and
- The Company maintains cash and liquid assets to meet daily calls on its business needs.

Given the high level of credit quality and short duration investment portfolio, the Company is able to quickly liquidate its investments in financial assets at an amount close to their fair value to meet its liquidity requirements or to respond to specific events such as deterioration in the creditworthiness of any particular issuer. In addition, the Company invests in short-term deposit placements which can provide liquidity for working capital requirements and payment of liabilities when the need arises. As such, no maturity profiles are provided for financial assets.

Maturity analysis

All financial liabilities as at end of the reporting period has a maturity of 1 year or less.

(iii) **Market risk management**

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

- Currency risk
- Interest rate risk

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

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

Currency risk

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

Risk management objectives, policies and processes for managing the risk

The Company does not engage in derivative transactions for speculative purposes. Where deemed necessary in line with the Company's risk management policy, the Company shall enter into derivative transactions solely for hedging purposes.

The Company's currency risk is largely mitigated by its asset and liability management framework. Under this framework, the Company established an internally managed investment portfolio with the objective of investing into USD currency denominated fixed income securities to match its liabilities denominated in USD currencies. With the assets liabilities management process in place, the impact arising from sensitivity in foreign exchange rate is deemed minimal as the Company does not have a significant mismatch exposure. Notwithstanding this, the asset liability management framework is subject to time lag, estimates and judgments, which may affect the desired outcome.

The following table sets out the Company's main exposure at the reporting date to currency risk arising from recognised assets or liabilities denominated in USD currency, other than the functional currency of the Company.

	2025	2024
	RM'000	RM'000
Assets		
Reinsurance contract assets	-	6,532
Insurance contract assets	-	68
Cash and cash equivalents	1,277	18,686
	<u>1,277</u>	<u>25,286</u>
Liabilities		
Insurance contract liabilities	-	(10,774)
Net exposure	<u>1,277</u>	<u>14,512</u>

Currency risk sensitivity analysis

A 10% (2024: 10%) weakening of RM against the following currency at the end of the reporting date would increase the profit before tax by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

	Impact on profit before tax	
	2025	2024
	RM'000	RM'000
United States Dollar	<u>128</u>	<u>1,451</u>

A 10% (2024: 10%) strengthening of RM against the above currency at the end of the reporting period would have had the equal but opposite effect on the above currency to the amounts shown above, on the basis that all other variables remain constant.

Interest rate risk

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

The earnings of the Company are affected by changes in market interest rates due to the impact such changes have on interest income from cash and cash equivalents, including short-term deposit placements.

Risk management objectives, policies and processes for managing the risk

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

The Company's investment portfolio has an average duration of around two years, significantly reducing any long term interest rate volatility within the portfolio.

Exposure to interest rate risk

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

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

	Within 1 year RM'000	1 to 5 years RM'000	More than 5 years RM'000	Total RM'000
2025				
Fixed rate instruments				
Cash and cash equivalents	8,885	-	-	8,885
2024				
Fixed rate instruments				
Corporate debt securities	3,502	9,687	9,186	22,375
Cash and cash equivalents	28,900	-	-	28,900
	<u>32,402</u>	<u>9,687</u>	<u>9,186</u>	<u>51,275</u>

(iv) **Cash flow risk management**

The Company reviews its cash flow position regularly to manage its exposure to fluctuations in future cash flows associated with its monetary financial instruments.

(c) Fair value information

The carrying amounts of cash and cash equivalents, short-term receivables and payables reasonably approximate their fair values due to the relatively short-term nature of these financial instruments. The table below analyses financial instruments carried at fair value together with their fair values and carrying amounts shown in the statement of financial position. There were no financial instruments not carried at fair value for which fair value is disclosed.

	Fair value of financial instruments carried at fair value				Carrying amount RM'000
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	
2025					
Financial assets					
Unit trust	-	100,232	-	100,232	100,232
2024					
Financial assets					
Corporate debt securities	-	22,375	-	22,375	22,375
Unit trust	-	58,493	-	58,493	58,493
	-	80,868	-	80,868	80,868

Valuation techniques and inputs

The valuation techniques and inputs used in determining the fair value of the financial assets above is disclosed in Note 7.

Transfers between Level 1 and Level 2 fair values

There has been no transfer between Level 1 and 2 fair values during the financial year (2024: no transfer in either directions).

23. CAPITAL MANAGEMENT

The Company's capital management policy is to optimise the utilisation of its capital while at the same time providing an adequate level of security as determined by rating agencies and BNM.

The Company's objectives when managing capital are:

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

Primary capital

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

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

Regulatory capital

The local insurance regulator, BNM, specifies the minimum required capital that must be maintained at all times throughout the year. This minimum required capital is determined by the Capital Adequacy Ratio (“CAR”) under the Risk-Based Capital (“RBC”) Framework at 130%. RBC is a method of measuring the minimum amount of capital appropriate for an insurance company to support its overall business operations in consideration of its size and risk profile. The calculation is based on factors deemed higher for those items with greater underlying risk. As at the end of the reporting period, the Company has a capital adequacy ratio in excess of the minimum requirement.

The capital structure of the Company as at 31 December as prescribed under the RBC Framework is provided below:

	2025 RM’000	2024 RM’000
Eligible Tier 1 Capital		
Share capital (paid-up)	125,000	125,000
Accumulated losses	<u>(14,198)</u>	<u>(12,418)</u>
	110,802	112,582
Tier 2 Capital		
Eligible reserves	<u>-</u>	<u>-</u>
Total capital available	<u><u>110,802</u></u>	<u><u>112,582</u></u>

There were no changes in the Company’s approach to capital management during the financial year.

24. SIGNIFICANT EVENTS DURING THE YEAR AND EVENTS AFTER REPORTING PERIOD

The Company and Swiss Re Asia Pte. Ltd., Malaysia Branch (“SR Malaysia”) have obtained Bank Negara Malaysia’s (“BNM”) approval on 26 May 2025 to enter into the proposed portfolio transfer of the Company’s reinsurance business and to implement the Scheme of Transfer. On 8 October 2025, the Company and SR Malaysia obtained approval from High Court of Malaya, confirming the Scheme of Transfer with an effective date on 31 October 2025.

Following the completion of the Scheme of Transfer, the Company submitted the notice of surrender of its general reinsurance license to BNM on 9 December 2025. BNM had taken note of the notice submitted and approved the Company’s application of surrender of its license, with effect on 31 December 2025.

Company No. 200701004295 (762294 - T)

Subsequently, the Company has changed its name from “Asia Capital Reinsurance Malaysia Sdn. Bhd.” to “Asia Capital Unity Sdn. Bhd.”, effective from 8 January 2026.

On 22 January 2026, the Company proposed to undertake a capital reduction exercise by cancelling RM100,000,000 of its issued share capital, thereby reducing it from RM125,000,000 to RM25,000,000. On 30 January 2026, application for share capital reduction was submitted to Registrar of Companies (“CCM”) and Director General of the Inland Revenue Board Malaysia. An e-advertisement regarding the proposed capital reduction was published at CCM website dated 1 February 2026.

On 13 March 2026, the Company has lodged the relevant documents with the CCM pursuant to Section 119(1) of the Companies Act, 2016 to effect the said capital reduction exercise.

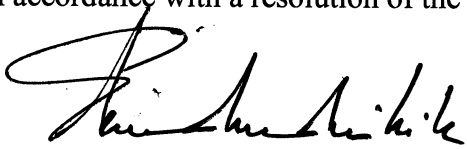
Company No. 200701004295 (762294 - T)

ASIA CAPITAL UNITY SDN. BHD.
(formerly known as ASIA CAPITAL REINSURANCE MALAYSIA SDN. BHD.)
(Incorporated in Malaysia)

STATEMENT BY DIRECTORS

The directors of **ASIA CAPITAL UNITY SDN. BHD. (formerly known as ASIA CAPITAL REINSURANCE MALAYSIA SDN. BHD.)** state that, in their opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 December 2025 and of its financial performance and its cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

Signed on behalf of the Board of directors
in accordance with a resolution of the Directors,



**DATUK DR. SYED MUHAMAD
BIN SYED ABDUL KADIR**

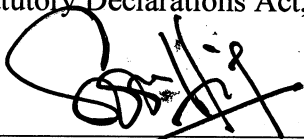


**DATUK MOHD NAJIB BIN
HJ. ABDULLAH**

Kuala Lumpur,
27 MAR 2026

**DECLARATION BY THE OFFICER PRIMARILY RESPONSIBLE FOR THE
FINANCIAL MANAGEMENT OF THE COMPANY**

I, **CHONG SOON HING** the officer primarily responsible for the financial management of **ASIA CAPITAL UNITY SDN. BHD. (formerly known as ASIA CAPITAL REINSURANCE MALAYSIA SDN. BHD.)**, do solemnly and sincerely declare that the accompanying financial statements are, in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

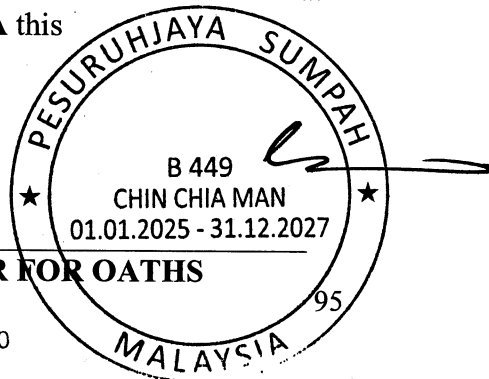


CHONG SOON HING
(MIA Membership No. 27875)

Subscribed and solemnly declared by the
abovenamed **CHONG SOON HING** at
PETALING JAYA this
SELANGOR

Before me,

COMMISSIONER FOR OATHS



No. 61B, Jalan SS21/60
Damansara Utama
47400 Petaling Jaya
Selangor Darul Ehsan.