MANATEE RE III PTE. LTD.
(Registration Number: 201912999K)

DIRECTORS' STATEMENT AND FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

FORVIS MAZARS LLP
Public Accountants and
Chartered Accountants
Singapore

MANATEE RE III PTE. LTD.

DIRECTORS' STATEMENT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

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The directors of Manatee Re III Pte. Ltd. (the "Company") present their statement to the member together with the audited financial statements of the Company for the financial year ended 31 December 2024.

1. Opinion of the directors

In the opinion of the directors,

(a) the financial statements of the Company are drawn up so as to give a true and fair view of the financial position of the Company as at 31 December 2024, and of the financial performance, changes in equity and cash flows of the Company for the financial year ended 31 December 2024 in accordance with the provisions of the Singapore Companies Act 1967 (the "Act") and Singapore Financial Reporting Standards; and

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

2. Directors

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

Choi Kin Lun
Chng Lee Khoon (Zhuang Lijun)
Nisala Weerasooriya

3. Arrangements to enable directors to acquire shares or debentures

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

4. Directors' interests in shares or debentures

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

5. Share options

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

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

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

6. Auditors

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

On behalf of the directors

DocuSigned by:
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Chng Lee Khoon (Zhuang Lijun)
Director

Signed by:
Nisala Weerasooriya
021ED60361544D3...

Nisala Weerasooriya
Director

Singapore
29 April 2025

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

Report on the Audit of Financial Statements

Opinion

We have audited the financial statements of Manatee Re III Pte. Ltd. (the "Company"), which comprise the statement of financial position of the Company as at 31 December 2024, the statement of profit or loss and other comprehensive income, changes in equity and cash flows of the Company for the financial year then ended 31 December 2024, and notes to the financial statements, including a summary of material accounting policy information.

In our opinion, the accompanying financial statements of the Company are properly drawn up in accordance with the provisions of the Companies Act 1967 (the "Act") and Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the financial position of the Company as at 31 December 2024 and of the financial performance, changes in equity and cash flows of the Company for the financial year ended on that date.

Basis for Opinion

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

Key Audit Matters

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

<table>
<tr><th colspan="2">Valuation of insurance contract liabilities – liability for incurred claims
(Refer to Note 2.4 and Note 3 to the Financial Statements)</th></tr>
<tr><th>Key Audit Matter</th><th>Our audit responses</th></tr>
<tr><td>As at 31 December 2024, the Company has US$4,874,906 (2023: US$6,317,711) balance for insurance contract liabilities – liability for remaining coverage and liability for incurred claims.

Due to the level of judgement involved in the valuation as well as the significance of insurance contract liabilities to the Company's financial position, this is considered to be a key audit matter.</td><td>Our audit procedures included, and were not limited to, the following:
• assessed the adherence of the accounting policies adopted by management with the requirements in Financial Reporting Standard 117;
• understood the actuarial valuation process for insurance contract liabilities – liability for incurred claims.
• obtained the loss report from the cedant on whether any claim event has occurred during the financial year;
• involved experts in assessing the appropriateness of management's valuation of insurance contract liabilities; and
• assessed the appropriateness and sufficiency of the disclosures in the financial statements.

Based on the work performed and the evidence obtained, we found the methodologies, assumptions and judgments used by management's valuation to be appropriate.</td></tr>
</table>

Report on the Audit of Financial Statements (Continued)

Other Information

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

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

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

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

Responsibilities of Management and Directors for the Financial Statements

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Report on the Audit of Financial Statements (Continued)

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

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

Forvis Mazars LLP

FORVIS MAZARS LLP
Public Accountants and
Chartered Accountants

Singapore
29 April 2025

MANATEE RE III PTE. LTD.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

	Note	2024 US$	2023 US$
Insurance revenue		196,399	185,558
Insurance expense		1,325,451	(340,943)
Insurance service result	5	1,521,850	(155,385)
Investment income from Money Market Funds	6	318,916	488,640
Investment return to Noteholders	6	(325,315)	(498,698)
Changes in fair value on variable notes issued	13	(1,325,451)	340,943
Administrative expenses		(149,989)	(160,995)
Profit before income tax	7	40,011	14,505
Income tax expense	8	-	-
Profit for the financial year, representing total comprehensive income for the financial year		40,011	14,505

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

MANATEE RE III PTE. LTD.

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2024

	Note	2024 US$	2023 US$
ASSETS			
Financial assets at fair value through profit or loss	9	5,429,619	7,392,976
Prepayments and other receivables	10	812,109	819,845
Cash and cash equivalents	12	159,322	157,289
Total current assets		6,401,050	8,370,110
LIABILITIES AND EQUITY			
LIABILITIES			
Insurance contract liabilities	11	3,373,346	6,317,711
Losses payable	14	267,113	611,394
Variable notes payable	13	1,788,809	463,358
Accrued expenses and other payables	14	825,979	871,855
Total current liabilities		6,255,247	8,264,318
EQUITY			
Share capital	15	14,671	14,671
Retained earnings		131,132	91,121
Total equity		145,803	105,792
Total liabilities and equity		6,401,050	8,370,110

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

STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

	Share capital US$	Retained earnings US$	Total US$
At 1 January 2023	14,671	76,616	91,287
Profit for the year, representing total comprehensive income for the financial year	-	14,505	14,505
Balance at 31 December 2023	14,671	91,121	105,792
Profit for the year, representing total comprehensive income for the financial year	-	40,011	40,011
Balance at 31 December 2024	14,671	131,132	145,803

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

STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

	Note	2024 US$	2023 US$
Operating activities			
Profit before income tax		40,011	14,505
Adjustments for:			
Investment income from Money Market Funds	6	(318,916)	(488,640)
Investment return to Noteholders	6	325,315	498,698
Changes in fair value on variable notes issued		1,325,451	(340,943)
Operating cash flows before changes in working capital		1,371,861	(316,380)
Changes in working capital:			
Prepayments and other receivables		(4,991)	1,906
Insurance contract liabilities		(2,944,365)	(4,504,542)
Provision for claim payable		(344,281)	(1,348,077)
Accrued expenses and other payables		(32,983)	19,455
Net cash used in operating activities		(1,954,759)	(6,147,638)
Cash flow from investing activities			
Interest received		331,643	486,147
Redemption of investment in Money Market Funds		1,963,357	6,193,993
Net cash generated from investing activities		2,295,000	6,680,140
Cash flow from financing activity			
Investment return paid to Noteholders		(338,208)	(496,636)
Net cash flow used in financing activity		(338,208)	(496,636)
Net increase in cash and cash equivalents		2,033	35,866
Cash and cash equivalents at beginning of financial year		157,289	121,423
Cash and cash equivalents at end of financial year	12	159,322	157,289

Reconciliation of liabilities arising from financing activities not disclosed in notes:

	1 January US$	Financing cash outflow: Investment return paid to Noteholders US$	Non-cash movement: Investment return to Noteholders US$	31 December US$
Investment return to Noteholders				
2024	33,817	(338,208)	325,315	20,924
2023	31,755	(496,636)	498,698	33,817

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

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

1. Domicile and activities

Manatee Re III Pte. Ltd. (the "Company") is incorporated and domiciled in Singapore with its principal place of business and registered office at 8 Marina View, #09-05, Asia Square Tower 1, Singapore 018960.

The principal activity of the Company is that of a Special Purpose Reinsurance Vehicle ("SPRV") to carry on general reinsurance business. The principal activities of the Company are those of a general reinsurance business in Singapore licensed under Section 11 of the Insurance Act 1966 (the "Insurance Act") as a SPRV.

The immediate and ultimate holding company of the Company is Manatee Shares Trust registered in Singapore, managed by Intertrust (Singapore) Ltd. as shares trustee.

The financial statements of the Company for the financial year ended 31 December 2024 were authorised for issue by the Board of Directors on the date of the directors' statement.

2. Summary of material accounting policies

2.1 Basis of preparation

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

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

In the current financial year, the Company has adopted all the new and revised FRSs and INT FRS that are relevant to its operations and effective for the current financial year.

FRSs issued and effective for the financial year

In the current year, the Company adopted all the new and revised FRSs and INT FRS that are relevant to its operation and effective for annual periods beginning on or after 1 January 2024. The adoption of these new or revised FRSs and INT FRS did not result in changes to the Company's accounting policies and has no material effect on the current or prior year's financial statement and is not expected to have a material effect on future periods.

2. Summary of material accounting policies (Continued)

2.1 Basis of preparation (Continued)

FRSs and INT FRSs issued but not yet effective

At the date of authorisation of these statements, the following FRSs and INT FRS that are relevant to the Company were issued but not yet effective:

FRS	**Title**	**Effective date (annual periods beginning on or after)**
FRS 21, FRS 101	Amendments to FRS 21: *Lack of Exchangeability*	1 January 2025
FRS 109, FRS 107	Amendments to FRS 109 and FRS 107: *Amendments to the Classification and Measurement of Financial Instruments*	1 January 2026
Various	Annual Improvements to FRSs-Volume 11	1 January 2026
FRS 118	Presentation and Disclosure in Financial Statements	1 January 2027

Consequential amendments were also made to various standards as a result of these new/revised standards.

The Company does not intend to early adopt any of the above new/revised standards, interpretations and amendments to the existing standards. Management anticipates that the adoption of the aforementioned revised/new standards will not have a material impact on the financial statements of the Company in the period of their initial adoption.

2.2 Income tax

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

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

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

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

2. Summary of material accounting policies (Continued)

2.2 Income tax (Continued)

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

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

2.3 Foreign currencies transactions and translation

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

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

2.4 Insurance contracts accounting treatment

2.4.1 Classification of Insurance Contracts

Contracts under which the Company accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder or other beneficiary if a specified uncertain future event (the insured event) adversely affects the policyholder or other beneficiary are classified as insurance contracts.

Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its lifetime, even if the insurance risk reduces significantly during the period.

Insurance revenue

As the Company provides insurance contract services under the insurance contracts, it reduces the asset/liability for remaining coverage ("ARC/LRC") and recognises insurance revenue. The amount of insurance revenue recognised in the reporting period depicts the transfer of promised services at an amount that reflects the portion of consideration that the Company expects to be entitled to in exchange for those services.

In applying the Premium Allocation Approach ("PAA") model, the Company recognises insurance revenue based on the seasonality over the coverage of a group of contracts.

2. Summary of material accounting policies (Continued)

2.4 Insurance contracts accounting treatment (Continued)

2.4.1 Classification of Insurance Contracts (Continued)

Insurance service expenses

Insurance service expenses include the following:

- incurred claims and benefits, excluding investment components reduced by loss component allocations;
- other incurred directly attributable expenses;
- insurance acquisition cash flows amortisation;
- adjustments to the liabilities for incurred claims that do not arise from the effects of the time value of money, financial risk and changes therein;
- losses on onerous contracts and reversals of such losses; and
- insurance acquisition cash flows assets impairment.

The amortisation of insurance acquisition cash flows is reflected in insurance service expenses based on the passage of time.

Other expenses not meeting the above categories are included in administrative expenses in the statement of profit or loss.

2.4.2 Identifying contracts in the scope of FRS 117

FRS 117 establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts issued, reinsurance contracts held and investment contracts with discretionary participation features that an entity issue. FRS 117 focuses on types of contracts rather than types of entities and hence, generally applies to all entities that write insurance contracts. It is expected to ease the process of measuring liabilities consistently and to improve the level of disclosure for insurers.

The definition of an insurance contract in FRS 117 is ‘a contract under which one party (the insurer) accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder’.

The definition of an insurance contract refers to ‘insurance risk’ which is defined as ‘risk, other than financial risk, transferred from the holder of a contract to the issuer’.

The Company issues insurance contracts in the normal course of business, under which it accepts significant insurance risk from its policyholders. There is only one contract written, and as such, the contract would be held at the individual contract level.

2. Summary of material accounting policies (Continued)

2.4 Insurance contracts accounting treatment (Continued)

2.4.2 Identifying contracts in the scope of FRS 117 (Continued)

Insurance contracts

Insurance contracts are aggregated into groups for measurement purposes. Groups of insurance contracts are determined by identifying portfolios of insurance contracts, each comprising contracts subject to similar risks and managed together, and dividing each portfolio into a minimum of:

(i) contracts that are onerous at initial recognition;
(ii) contracts that at initial recognition have no significant possibility of becoming onerous subsequently; or
(iii) remaining group of contracts

The Company accounts for its portfolio of contracts by applying the PAA as the Company determined that contracts are not onerous on initial recognition nor have a significant possibility of becoming onerous subsequently. Based on the contracts written, identified and analysed, it is determined that none of the contracts were priced from the outset on a loss-making basis hence it is assumed that there is no onerous contracts. In addition, the Company is structured to be fully funded.

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 (in the absence of a contractual due date, this is deemed to be when the first payment is received); and
- the date when a group of contracts becomes onerous.

Measurement

Given that the Company has the practical ability to reassess the risks of the insurance contract that contains the contract and, as a result, can set a price or level of benefits that fully reflects the risk of that portfolio on an annual basis, the contract is eligible to apply the PAA model.

On initial recognition, the Company measures “ARC/LRC” at the amount of premiums received.

Premiums due to the Company for insurance contract services already provided in the period but not yet received at the end of the reporting period are included in the ARC/LRC. The carrying amount of the ARC/LRC at the end of each subsequent reporting period represents the carrying amount at the start of the reporting period adjusted for the premiums received in the period and the amount recognised as insurance revenue for insurance contract services provided in that period.

Insurance acquisition cash flows are expensed as incurred.

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

2. Summary of material accounting policies (Continued)

2.4 Insurance contracts accounting treatment (Continued)

2.4.2 Identifying contracts in the scope of FRS 117 (Continued)

Measurement (Continued)

The carrying amount of the LIC is measured applying the PAA model, except that:

- for claims that the Company expects to be paid within one year or less from the date of incurrence, the Company does not adjust future cash flows for the time value of money and the effects of financial risks; and

- for claims expected to take more than one year to settle are discounted applying the discount rate at the time the incurred claim is initially recognised.

In measuring the LIC, judgement is applied in determining the risk adjustment for non-financial risk.

The risk adjustment for non-financial risk is applied to the present value of the estimated future cash flows and reflects the compensation the Company requires for bearing the uncertainty about the amount and timing of the cash flows from non-financial risk as the Company fulfils insurance contracts.

For risk adjustment, the Company selects confidence level so that there is a certain probability of the reserves being sufficient. The Confidence level is commensurate to the Company's risk appetite. The Company determined risk adjustment confidence level at the 75th percentile.

As the Company's insurance policy is eligible for the PAA model, the risk adjustment valuation may therefore only be required for LIC.

Presentation and disclosure

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.

2.5 Financial instruments

The Company recognises a financial asset or a financial liability in its statement of financial position when, and only when, the Company becomes party to the contractual provisions of the instrument.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and allocating the interest income or expense over the relevant year. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial instrument, or where appropriate, a shorter period, to the net carrying amount of the financial instrument. Income and expense are recognised on an effective interest basis for debt instruments other than those financial instruments at fair value through profit or loss.

Recognition and initial measurement

All financial assets 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.

2. Summary of material accounting policies (Continued)

2.5 Financial instruments (Continued)

Recognition and initial measurement (Continued)

The classification of the financial assets at initial recognition as subsequently measured at amortised cost, fair value through other comprehensive income ("FVTOCI") and fair value through profit or loss ("FVTPL"). The classification at initial recognition depends on the Company's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

The Company's business model refers to how the Company manages its financial assets in order to generate cash flows which determines whether cash flows will result from collecting contractual cash flows, selling financial assets or both.

The Company determines whether the asset's contractual cash flows are solely payments of principal and interest ("SPPI") on the principal amount outstanding to determine the classification of the financial assets.

Financial assets at amortised cost

A financial asset is subsequently measured at amortised cost if the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Classification and subsequent measurement

Financial assets at FVTPL

A financial asset is subsequently measured at FVTPL if the financial asset is a financial asset held for trading, is not measured at amortised cost or at fair value through other comprehensive income, or is irrevocably elected at initial recognition to be designated FVTPL if, by designating the financial asset as FVTPL, eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

Gains or losses are recognised in profit or loss.

Derecognition

Financial assets

The Company derecognises a financial asset only when the contractual rights to the cash flows from the financial asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and recognises a collateralised borrowing for the proceeds receivables.

2. Summary of material accounting policies (Continued)

2.5 Financial instruments (Continued)

Derecognition (Continued)

Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

2.6 Impairment

Non-derivative financial assets

The Company recognises loss allowances for expected credit losses ("ECLs") on financial assets measured at amortised costs.

Loss allowances of the Company are measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from default events that are possible within the 12 months after the reporting date (or for a shorter period if the expected life of the instrument is less than 12 months); or
- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

General approach

The Company applies the general approach to provide for ECLs on all other financial instruments. Under the general approach, the loss allowance is measured at an amount equal to 12-month ECLs at initial recognition.

At each reporting date, the Company assesses whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECLs.

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

If credit risk has not increased significantly since initial recognition or if the credit quality of the financial instruments improves such that there is no longer a significant increase in credit risk since initial recognition, loss allowance is measured at an amount equal to 12-month ECLs.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

2. Summary of material accounting policies (Continued)

2.6 Impairment (Continued)

<u>Non-derivative financial assets (Continued)</u>

General approach (Continued)

The Company considers a financial asset to be in default when:

- the debtor is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

Measurement of ECLs

ECLs are probability-weighted estimates of credit losses. Credit losses are measured at the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

In determining whether financial assets are credit-impaired, the Company assesses whether one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit impaired includes the following observable data:

- significant financial difficulty of the debtor;
- breach of contract, such as a default or being more than 365 days past due;
- it is becoming probable that the debtor will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for the financial asset because of financial difficulties.

2.7 Cash and cash equivalents

Cash and cash equivalents comprise cash at banks that are readily convertible to known amounts of cash.

2.8 Related party

A related party is defined as follows:

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

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

2. Summary of material accounting policies (Continued)

2.8 Related party (Continued)

A related party is defined as follows (Continued):

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

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

Key management personnel

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

3. Critical accounting judgements and key sources of estimation uncertainty

The Company made judgements, estimates and assumptions about the carrying amounts of assets and liabilities that were not readily apparent from other sources in the application of the Company’s accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors that are considered to be reasonable under the circumstances. Actual results may differ from the estimates.

3.1 Critical judgements made in applying the Company’s accounting policies

Determination of function currency

In determining the functional currency of the Company, judgement is required to determine the currency that mainly influences sales prices of goods and services and of the country whose competitive forces and regulations mainly determines the sales prices of its services. The functional currency of the Company is determined based on the local management’s assessment of the economic environment in which the entity operates and its process of determining sales prices.

3.2 Key sources of estimation uncertainty

The estimates and assumptions that have a significant risk of causing a material adjustment to carrying amounts of assets and liabilities within the next financial year are discussed below.

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

3.2 Key sources of estimation uncertainty (Continued)

Valuation of insurance contract liabilities – liability for incurred claims

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

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

4. Claims development

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

While the information in the table provides a historical perspective on the adequacy of unpaid claims estimate established in previous years, users of these financial statements are cautioned against extrapolating redundancies or deficiencies of the past on current unpaid loss balances.

A claims development table has not been disclosed in the financial statements as other than loss relating to the Covered Event, Hurricane Ida reported in September 2021, there is no other data to disclose.

The directors of the Company believe that the estimates of total claims outstanding as at the reporting date are adequate. However, due to the inherent uncertainties in the reserving process, it cannot be assured that such balances will ultimately prove to be adequate.

As at 31 December 2024, the Ceding Insurer's, Safepoint Insurance Company, ultimate net loss for Class A Event is US$65,817,833 (2023:US$65,817,833) (paid loss and loss reserves including adjustment factor, net of stated reinsurance recoveries) and thus triggered the Company's attachment level of US$3,000,000 at insurance percentage of 28.57%, it brings the estimated loss payment to US$17,947,952 (2023:US$17,947,952) and of which US$14,837,495 (2023:US$13,218,418) has been settled to the Ceding Insurer. Thus, US$3,110,457 remain as claim reserve as at 31 December 2024 (2023: US$4,729,534).

5. Insurance service result

	2024 US$	2023 US$
Insurance revenue		
Contracts measured under PAA	196,399	185,558
Insurance service expenses		
Changes to liabilities for incurred claim	1,325,451	(340,943)
Insurance service results	1,521,850	(155,385)

6. Net investment expense

	2024 US$	2023 US$
Investment income from Money Market Funds	318,916	488,640
Investment return to Noteholders	(325,315)	(498,698)

7. Profit before income tax

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

	2024 US$	2023 US$
Professional fees	15,183	25,428
Directors' & Officers' insurance premium	23,996	25,586
Audit fee	25,029	22,726
Directors' fees	15,637	15,738
Bank and Trustee fee	9,000	9,420
Shares trust management fee	9,697	9,375
Fee paid to a firm in which a director is a member	39,723	40,150

8. Income tax expense

	2024 US$	2023 US$
Profit before income tax	40,011	14,505
Income tax at statutory rate (17%)	6,802	2,466
Less: Effects of tax incentive scheme	(6,802)	(2,466)
Total income tax expense	-	-

The Company has been approved under the tax incentive scheme for special purpose vehicle engaged in asset securitisation transaction with effect from 6 May 2019.

9. Financial assets at fair value through profit or loss

Financial assets designated at fair value through profit or loss comprises:

	2024 US$	2023 US$
Current investments		
Money Market Funds	5,429,619	7,392,976

9. Financial assets at fair value through profit or loss (Continued)

The Company has used the proceeds from the sale of the Variable Rate Notes (Note 13) to purchase investments in Money Market Funds, which are deposited in the applicable Collateral Account. Following the purchase of the investment and until the agreed applicable redemption date, each Collateral Account is expected to contain only the applicable investment in Money Market Funds unless such investments are redeemed early.

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

The investment in the financial assets at fair value through profit or loss as follows:

	2024 US$	2023 US$
At 1 January	7,392,976	13,586,969
Redemption from investments	(1,963,357)	(6,193,993)
At 31 December	5,429,619	7,392,976

The investment in the Money Market Funds is a Level 1 financial instrument (Note 17).

10. Prepayments and other receivables

	2024 US$	2023 US$
Premium deposits (Note 14)	753,889	753,889
Investment income receivable	20,577	33,304
Prepayments	35,973	31,223
GST recoverable	1,670	1,429
	812,109	819,845

Premium deposits represent the deposit placed in the Reinsured Escrow Account established by Safepoint Insurance Company, into which the reinsurance premium payable to the Company by Safepoint Insurance Company will be placed. Otherwise, such premium deposits shall be returned and payable to Safepoint Insurance Company upon termination or expiration of the Reinsurance Agreement (Note 13).

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

	2024 US$	2023 US$
United States dollar	795,081	803,413
Singapore dollar	17,028	16,432
	812,109	819,845

11. Insurance contract assets/(liabilities)

	2024 US$	2023 US$
Insurance contract liabilities	(3,373,346)	(6,317,711)

Reconciliation of the assets/liabilities for remaining coverage

	LRC	LIC		
	Excluding loss component US$	Estimated of the present value of future cash flows US$	Risk adjustment US$	Total US$
2024				
Insurance contract assets/(liabilities) at 1 January	**514**	**(4,266,177)**	**(2,052,048)**	**(6,317,711)**
Insurance revenue	196,399	-	-	196,399
Insurance service expense	**-**	**(260,449)**	**1,585,900**	**1,325,451**
Incurred claims and other expenses	-	(260,449)	1,585,900	1,325,451
Total changes in statement of comprehensive income	**196,399**	**(260,449)**	**1,585,900**	**1,521,850**
Premiums received	(196,565)	-	-	(196,565)
Claims paid	-	1,351,967	-	1,351,967
Losses payable	-	267,113	-	267,113
Total cash flows	(196,565)	1,619,080	-	1,422,515
Insurance contract assets as at 31 December	**348**	**-**	**-**	**348**
Insurance contract liabilities as at 31 December	**-**	**(2,907,546)**	**(466,148)**	**(3,373,694)**
Net insurance contract liabilities as at 31 December 2024	**348**	**(2,907,546)**	**(466,148)**	**(3,373,346)**
2023				
Insurance contract assets/(liabilities) at 1 January	**944**	**(6,684,328)**	**(4,138,869)**	**(10,822,253)**
Insurance revenue	185,558	-	-	185,558
Insurance service expense	**-**	**(2,427,764)**	**2,086,821**	**(340,943)**
Incurred claims and other expenses	-	(2,427,764)	2,086,821	(340,943)
Total changes in statement of comprehensive income	**185,558**	**(2,427,764)**	**2,086,821**	**(155,385)**
Premiums received	(185,988)	-	-	(185,988)
Claims paid	-	4,234,521	-	4,234,521
Losses payable	-	611,394	-	611,394
Total cash flows	(185,988)	4,845,915	-	4,659,927
Insurance contract asset as at 31 December	**514**	**-**	**-**	**514**
Insurance contract liability as at 31 December	**-**	**(4,266,177)**	**(2,052,048)**	**(6,318,225)**
Net insurance contract liability as at 31 December 2023	**514**	**(4,266,177)**	**(2,052,048)**	**(6,317,711)**

12. Cash and cash equivalents

	2024 US$	2023 US$
Cash at bank	159,322	157,289

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

	2024 US$	2023 US$
United States dollar	136,289	137,510
Singapore dollar	23,033	19,779
	159,322	157,289

13. Variable notes payable

	2024 US$	2023 US$
Designated at FVTPL		
Variable Rate Notes	1,788,809	463,358

Analysis of variable notes payable

	2024 US$	2023 US$
At 1 January	463,358	804,301
Movements for the year	1,325,451	(340,943)
At 31 December	1,788,809	463,358

On 30 May 2019, the Company issued US$20,000,000 Class A and US$20,000,000 Class B Principal-at-Risk Variable Rate Notes due on 7 June 2022. The Notes issued by the Company are with limited recourse to certain assets of the Company. Noteholders will only have recourse to the Collateral Account and Collateral Payment Account relating to the Class A and B Notes. In addition to the covered perils associated with the Reinsurance Agreement, the Noteholders are exposed to the credit risk of Safepoint Insurance Company ("Safepoint") and The Bank of New York Mellon (as Indenture Trustee).

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

The fair value of Notes is calculated by adding the nominal value of the Variable Rate Notes and the unrealised fair value adjustment on financial assets, which is US$NIL (2023: US$Nil) as at 31 December 2024 (Note 9).

13. Variable notes payable (Continued)

Analysis of variable notes payable (Continued)

For the financial year ended 31 December 2023, the loss payment for Class A Principal-At-Risk Variable Rate Notes was estimated at US$17,947,952. As a result, the fair value for Class A Principal-At-Risk Variable Rate Notes was US$463,358 (net of risk adjustment and discounting).

As at 31 December 2024, the estimated loss payment for Class A Principal-At-Risk Variable Rate Notes remained at US$17,947,952. As a result, the fair value of the Class A Principal-At-risk Variable Rate Notes is US$1,788,809 (net of risk adjustment and discounting). The estimated loss payment will be subjected to review by the Loss Reserve Specialist and Claim Reviewer upon the receipt of Proof of Loss Claim from Safepoint. The Company has been served an extension notice by Safepoint to 8 June 2026.

14. Losses payable and accrued expenses and other payables

	2024 US$	2023 US$
Losses payable	267,113	611,394
Premium escrow (Note 10)	753,889	753,889
Investment return to Noteholders	20,924	33,817
Accrued expenses	51,166	84,149
	825,979	871,855

Losses payable is denominated in United States dollar.

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

	2024 US$	2023 US$
United States dollar	774,813	788,526
Singapore dollar	51,166	83,329
	825,979	871,855

15. Share capital

	2024 No. of ordinary shares	2023 No. of ordinary shares	2024 US$	2023 US$
Issued and fully paid, with no par value				
At beginning and end of the financial year	20,000	20,000	14,671	14,671

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

15. Share capital (Continued)

Capital risk management

The Company's objectives when managing capital are:

- to comply with the insurance capital requirements required by the Singapore insurance regulator;

- to safeguard the Company's ability to continue as a going concern so that it can continue to provide returns for charity shares trust; and

- to provide an adequate return to Noteholders by pricing insurance contracts commensurately with the level of risk.

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

16. Financial instruments and financial risks

Strategy in using financial instruments

The principal activity of the Company is limited to place named storm risks with the capital markets. The risks are assumed by the Company under a reinsurance agreement with Safepoint Insurance Company. The Company has issued Variable Rate Notes in order to obtain funds to support the obligations under the reinsurance agreement to make certain payments to Safepoint Insurance Company.

The financial liabilities provided the funding to purchase the Company's investment in financial assets at FVPTL. Financial assets and liabilities represent the majority of the assets and liabilities of the Company. The Company has purchased Money Market Funds as a means of investing the proceeds of the Variable Rates Notes issued.

The strategies used by the Company in achieving its objectives regarding the use of the financial assets and liabilities were established when the Company entered into the transactions. The Company has attempted to match the properties of its financial liabilities to its assets to avoid the risk generated by mismatches of investment performance against its obligations.

The Company's activities expose it to event risk, credit risk, market risks (including foreign currency risk and interest rate risk) and liquidity risk. The Company's overall risk management strategy seeks to minimise adverse effects from the volatility of financial markets on the Company's financial performance.

Event risk

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

16. Financial instruments and financial risks (Continued)

Credit risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in a loss to the Company. Key areas where the Company is exposed to credit risk are:

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

The above represents the Company's maximum exposure to credit risk. No other financial assets carry a significant exposure to credit risk.

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

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

At end of the reporting year, there are no past due or impaired receivables.

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

Market risk

<u>Foreign currency risk</u>

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

<u>Interest rate risk</u>

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

At the reporting date, the Company's net exposure to interest rate risk is not significant.

Liquidity risk

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

16. Financial instruments and financial risks (Continued)

Liquidity risk (Continued)

The Company's main liabilities are the outstanding claims (if any), repayment of interest and principal on its Variable Rate Notes.

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

The amounts are gross and undiscounted and include contractual interest payments and exclude the impact of netting arrangements (if any).

17. Fair value of financial assets and financial liabilities

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

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

a) the fair values of financial assets and financial liabilities with standard terms and conditions and which trade in active liquid markets are determined with reference to quoted market prices (Level 1 of fair value hierarchy).
b) in the absence of quoted market prices, the fair values of the other financial assets and financial liabilities (excluding derivative instruments) are determined using the other observable inputs such as quoted prices for similar assets/liabilities in active markets, quoted prices for identical or similar assets/liabilities in non-active markets or inputs other than quoted prices that are observable for the asset or liability (Level 2 of fair value hierarchy).
c) in the absence of observable inputs, the fair values of the remaining financial assets and financial liabilities (excluding derivatives instruments) are determined in accordance with generally accepted pricing models (Level 3 of fair value hierarchy).
d) the fair value of derivative instruments is calculated using quoted prices (Level 1 of fair value hierarchy). Where such prices are unavailable, discounted cash flow analysis is used, based on the applicable yield curve of the duration of the instruments for non-optional derivatives, and option pricing models for optional derivatives (Level 3 of fair hierarchy).

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

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

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

Financial instruments by category

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

	Note	Mandatorily at FVTPL US$	At amortised cost US$	Other financial liabilities US$	Total carrying amount US$
2024					
Financial assets					
Financial assets at FVTPL	9	5,429,619	-	-	5,429,619
Other receivables (excluding prepayments and GST recoverable)	10	-	774,466	-	774,466
Cash and cash equivalents	12	-	159,322	-	159,322
		5,429,619	933,788	-	6,363,407
Financial liabilities					
Variable notes payable	13	1,788,809	-	-	1,788,809
Losses payable	14	-	267,113	-	267,113
Accrued expenses and other payables	14	-	825,979	-	825,979
		1,788,809	1,093,092	-	2,881,901
Financial assets					
Financial assets at FVTPL	9	7,392,976	-	-	7,392,976
Other receivables (excluding prepayments and GST recoverable)	10	-	787,193	-	787,193
Cash and cash equivalents	12	-	157,289	-	157,289
		7,392,976	944,482	-	8,337,458
Financial liabilities					
Variable notes payable	13	463,358	-	-	463,358
Losses payable	14	-	611,394	-	611,394
Accrued expenses and other payables	14	-	871,855	-	871,855
		463,358	1,483,249	-	1,946,607

18. Related parties

Transactions with key management personnel

The key management personnel of the Company comprised directors and their fees are as disclosed under Note 7.

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

Other related party transactions

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