SWISS LIFE (SINGAPORE) PTE. LTD.
(Incorporated in Singapore. Registration Number: 200913694D)

ANNUAL REPORT
For the financial year ended 31 December 2019

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Contents

The directors present their statement to the members together with the audited financial statements for the financial year ended 31 December 2019.

In the opinion of the directors,

(a) the financial statements as set out on pages 6 to 49 are drawn up so as to give a true and fair view of the financial position of the Company as at 31 December 2019 and the financial performance, changes in equity and cash flows of the Company for the financial year covered by the financial statements; 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.

Directors

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

Nils Frowein
Stephen Hickman
Kelvin Chia

Arrangements to enable directors to acquire shares and debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was to enable the 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.

Directors' interests in shares or debentures

According to the register of directors' shareholdings, none of the directors holding office at the end of the financial year had any interest in the shares or debentures of the Company or its related corporations, except as follows:

	Holdings registered in name of director		Holdings in which a director is deemed to have an interest	
	At 31.12.2019	At 1.1.2019	**At 31.12.2019**	At 1.1.2019
Ultimate holding corporation – Swiss Life Holding AG				
(No. of ordinary shares)				
Nils Frowein	2,008	2,842	-	-
(No. of restricted stock units)				
Nils Frowein	4,000	4,533	-	-

Share options

No options were granted during the financial year to subscribe for unissued shares of the Company.

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

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

Independent auditor

The independent auditor, PricewaterhouseCoopers LLP, has expressed its willingness to accept reappointment.

On behalf of the directors

Nils Frowein Director	Stephen Hickman Director

17 April 2020

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF SWISS LIFE (SINGAPORE) PTE. LTD.

Report on the Audit of the Financial Statements

Our opinion

In our opinion, the accompanying financial statements of Swiss Life (Singapore) Pte. Ltd. ("the Company") are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 ("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 2019 and of the financial performance, changes in equity and cash flows of the Company for the year ended on that date.

What we have audited

The financial statements of the Company comprise:

- the statement of comprehensive income for the year ended 31 December 2019;
- the balance sheet as at 31 December 2019;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, including a summary of significant accounting policies.

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 *Auditor's 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.

Independence

We are independent of the Company in accordance with the Accounting and Corporate Regulatory Authority 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.

Other Information

Management is responsible for the other information. The other information comprises the Directors' Statement but does not include the financial statements and our auditor's report thereon.

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

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

Responsibilities of Management and Directors for the Financial Statements

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

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

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

Auditor's 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 auditor's 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.
- 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 auditor's 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 auditor's 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.

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.

PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants
Singapore, 17 April 2020

SWISS LIFE (SINGAPORE) PTE. LTD.

STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2019

	Notes	**2019** **$**	2018 $
Premium revenue		**155,932,475**	118,398,794
Premium ceded to reinsurers		**(1,817,583)**	(1,360,489)
Net premium income		**154,114,892**	117,038,305
Fee income	4	**25,615,393**	18,492,692
Gains/(losses) arising from financial assets at fair value through profit or loss		**124,099,197**	(30,880,922)
Interest income		**47,509**	55,806
Total income		**303,876,991**	104,705,881
Expenses			
Gross benefits and claims paid		**17,666,119**	5,756,967
Claims ceded to reinsurers		**-**	-
Net benefit and claims paid		**17,666,119**	5,756,967
Change in insurance contract liabilities		**157,330,391**	94,057,332
Change in investment contract liabilities		**105,082,147**	(12,411,951)
Net change in insurance and investment contract liabilities		**262,412,538**	81,645,381
Net benefits and claims under insurance and investment contracts		**280,078,657**	87,402,348
Management fees		**584,087**	776,376
Employee compensation	5	**5,322,696**	4,407,667
Commission		**21,392,685**	13,851,032
Depreciation	13	**868,136**	369,896
Losses / (gains) in exchange differences		**9,149**	(72,183)
Other operating expense	6	**2,395,757**	3,136,768
Interest expense on lease liability		**108,004**	-
Total expenses		**310,759,171**	109,871,904
Loss before income tax		**(6,882,180)**	(5,166,023)
Income tax benefit	7	**-**	1,428
Loss after tax and total comprehensive loss		**(6,882,180)**	(5,164,595)

The accompanying notes form an integral part of these financial statements.

SWISS LIFE (SINGAPORE) PTE. LTD.

BALANCE SHEET
As at 31 December 2019

	Notes	**2019**	2018
		$	$
ASSETS			
Current assets			
Precious metals		**7,664,285**	5,841,891
Financial assets at fair value through profit or loss	9	**3,995,654,069**	2,751,352,363
Trade receivables and other current assets	11	**3,594,529**	4,672,879
Cash and cash equivalents	8	**405,278,788**	789,252,305
		4,412,191,671	3,551,119,438
Non-current assets			
Property, plant and equipment	13	**2,940,946**	1,637,120
		2,940,946	1,637,120
Total assets		**4,415,132,617**	3,552,756,558
LIABILITIES			
Current liabilities			
Investment contract liabilities	12	**3,947,849,038**	3,244,774,711
Insurance contract liabilities	12	**443,232,554**	285,902,163
Financial liabilities at fair value through profit or loss	14	**1,446,704**	30,906
Current account balances with custodians		**274,857**	701,340
Unearned fees		**442,273**	1,625,697
Other creditors and accruals	16	**7,387,083**	4,946,369
Amounts due to ultimate holding company and related companies	15	**1,810,564**	1,996,495
Lease liabilities	18	**442,677**	-
Provision for taxation	7	**-**	-
		4,402,885,750	3,539,977,681
Non-current liabilities			
Lease liabilities	18	**1,350,170**	-
Total liabilities		**4,404,235,920**	3,539,977,681
NET ASSETS		**10,896,697**	12,778,877
EQUITY			
Share capital	17	**23,000,000**	18,000,000
Accumulated losses		**(12,103,303)**	(5,221,123)
Total equity		**10,896,697**	12,778,877

The accompanying notes form an integral part of these financial statements.

SWISS LIFE (SINGAPORE) PTE. LTD.

STATEMENT OF CHANGES IN EQUITY
For the financial year ended 31 December 2019

	Share capital $	Accumulated losses $	Total equity $
2019			
Balance at 1 January 2019	18,000,000	(5,221,123)	12,778,877
Total comprehensive loss	-	(6,882,180)	(6,882,180)
Capital injection	5,000,000	-	5,000,000
Balance at 31 December 2019	**23,000,000**	**(12,103,303)**	**10,896,697**
2018			
Balance at 1 January 2018	11,000,000	(56,528)	10,943,472
Total comprehensive loss	-	(5,164,595)	(5,164,595)
Capital injection	7,000,000	-	7,000,000
Balance at 31 December 2018	**18,000,000**	**(5,221,123)**	**12,778,877**

The accompanying notes form an integral part of these financial statements.

SWISS LIFE (SINGAPORE) PTE. LTD.

STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2019

	Notes	**2019**	2018
		$	$
Cash flows from operating activities			
Loss after tax		**(6,882,180)**	(5,164,595)
Adjustments for:			
Income tax benefit	7	**-**	(1,428)
Depreciation of property, plant and equipment	13	**868,136**	369,896
Interest income		**(47,509)**	(55,806)
Losses / (gains) in exchange differences		**9,149**	(72,183)
Interest expense on lease liability		**108,004**	-
Operating loss before working capital changes		**(5,944,400)**	(4,924,116)
Changes in working capital:			
Decrease / (increase) in trade receivables and other current assets		**1,078,350**	(636,825)
Increase in investment contract liabilities		**703,074,327**	679,108,348
Increase in insurance contract liabilities		**157,330,391**	94,057,332
Decrease in unearned fees		**(1,183,424)**	(2,697,907)
Net increase in financial assets at fair value through profit or loss		**(1,242,885,908)**	(241,037,913)
Increase in precious metals		**(1,822,394)**	10,060,686
Increase in trade and other creditors		**2,362,291**	372,060
Decrease in amounts due to ultimate holding company and related companies		**(185,931)**	(594,324)
Cash (used in) / provided by operations		**(388,176,698)**	533,707,341
Interest received		**47,509**	55,806
Income tax paid	7	**-**	1,428
Net cash (used in) / provided by operating activities		**(388,129,189)**	533,764,575
Cash flows from investing activities			
Proceeds from disposal of computer software	13	**584,364**	-
Purchase of property, plant and equipment	13	**(464,876)**	(348,187)
Net cash provided by / (used in) investing activities		**119,488**	(348,187)
Cash flows from financing activities			
Principal repayment of lease liabilities		**(420,180)**	-
Interest paid		**(108,004)**	-
Current account liability balances with custodians		**(426,483)**	701,340
Capital injection		**5,000,000**	7,000,000
Net cash provided by financing activities		**4,045,333**	7,701,340
Net (decrease) / increase in cash and cash equivalents		**(383,964,368)**	541,117,728
Cash and cash equivalents at beginning of the financial year		**789,252,305**	248,062,394
Effects of currency translation on cash and cash equivalents		**(9,149)**	72,183
Cash and cash equivalents at end of the financial year	8	**405,278,788**	789,252,305

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

1. General information

The Company is incorporated and domiciled in Singapore. The address of its registered address is 250 North Bridge Road, #37-04, Raffles City Tower, Singapore 179101.

The Company's immediate holding company is Swiss Life International Holding AG, incorporated in Zurich, Switzerland. The ultimate holding company is Swiss Life Holding AG, incorporated in Zurich, Switzerland. Related companies in these financial statements refer to members of the ultimate holding company's group of companies.

The principal activities of the Company are to carry on the business of a life insurer and related services. At present, the Company’s business offers investment-linked products.

The Company’s investment-linked business comprises of four types single premium products: Deferred Variable Annuity, Frozen Cash Value, Life Asset Portfolio and Variable Universal Life.

The Company’s objective is to achieve steady growth within High Net Worth (“HNW”) market, by providing open architecture single premium investment linked products through private banks and international brokers.

2. Significant accounting policies

2.1 Basis of preparation

These financial statements have been prepared in accordance with Singapore Financial Reporting Standards (“FRS”) under the historical cost convention, except as disclosed in the accounting policies below.

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

2. Significant accounting policies (continued)

2.1 Basis of preparation (continued)

Interpretations and amendments to published standards effective in 2019

On 1 January 2019, the Company adopted the new or amended FRS and Interpretations to FRS ("INT FRS") that are mandatory for application for the financial year. Changes to the Company's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

The adoption of these new or amended FRS and INT FRS did not result in substantial changes to the Company's accounting policies and had no material effect on the amounts reported for the current or prior financial years except for the adoption of FRS 116 *Leases*.

Adoption of FRS 116 Leases

Prior to the adoption of FRS 116, non-cancellable operating lease payments were not recognised as liabilities in the balance sheet. These payments were recognised as rental expenses over the lease term on a straight-line basis.

The Company's accounting policy on leases after the adoption of FRS 116 is as disclosed in Note 2.3.

On initial application of FRS 116, the Company has elected to apply the following practical expedients:

i) For all contracts entered into before 1 January 2019 and that were previously identified as leases under FRS 17 *Lease* and INT FRS 104 *Determining whether an Arrangement* contains a *Leases*, the Company has not reassessed if such contracts contain leases under FRS 116; and

ii) On a lease-by-lease basis, the Company has:
a) applied a single discount rate to a portfolio of leases with reasonably similar characteristics;
b) relied on previous assessments on whether leases are onerous as an alternative to performing an impairment review;
c) accounted for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases;
d) excluded initial direct costs in the measurement of the right-of-use ("ROU") asset at the date of initial application; and
e) used hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

There were no onerous contracts as at 1 January 2019.

2. Significant accounting policies (continued)

2.1 Basis of preparation (continued)

Interpretations and amendments to published standards effective in 2019 (continued)

Adoption of FRS 116 Leases (continued)

For leases previously classified as operating leases on 1 January 2019, the Company has applied the following transition provisions:

i) On a lease-by-lease basis, the Company chose to measure its ROU assets at amount equal to lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet immediately before the date of initial application (i.e. 1 January 2019).

ii) Recognised its lease liabilities by discounting the remaining lease payments as at 1 January 2019 using the incremental borrowing rate for each individual lease or, if applicable, the incremental borrowing rate for each portfolio of leases with reasonably similar characteristic.

The effects of adoption of FRS 116 on the Company's financial statements as at 1 January 2019 are as follows:

	Increase
	$
Property, plant and equipment	**2,291,450**
Lease Liabilities	**(2,213,027)**
Provision for restoration	**(78,423)**

An explanation of the differences between the operating lease commitments previously disclosed in the Company's financial statements as at 31 December 2018 and the lease liabilities recognised in the balance sheet as at 1 January 2019 are as follows:

	$
Operating lease commitments disclosed as at 31 December 2018	991,102
Less: Short-term leases	(60,000)
Less: Low-value leases	(917)
Less: Discounting effects using weighted average incremental borrowing rate of 5.25 %	(51,687)
Add: Discounted extension options which are reasonably certain to be exercised	1,334,529
Lease liabilities recognised as at 1 January 2019	2,213,027

2. Significant accounting policies (continued)

2.2 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable from rendering of services in the ordinary course of the Company's activities, net of goods and services tax, rebates and discounts. Revenue is recognised as follows:

(a) Fee income

Fees comprise mainly of set-up fees, recurring fees for existing business and other fee income. Fees may be based on a percentage of assets under management or a fixed fee that is contractually agreed with the policyholder. This fee income is recognised as revenue over the period in which the services are rendered. If the fees are for services to be provided in future periods, then they are deferred and recognised over those periods.

(b) Premium income

For the accounting policy on premium income, see note 2.13.

(c) Interest income

Interest income is recognised using the effective interest method.

2.3 Leases

When the Company is the lessee

The accounting policy for leases before 1 January 2019 are as follows:

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the period of the lease.

The accounting policy for leases after 1 January 2019 are as follows:

At the inception of the contract, the Company assesses if the contract contains a lease. A contract contains a lease if the contract convey the right to control the use of an identified asset for a period of time in exchange for consideration. Reassessment is only required when the terms and conditions of the contract are changed.

2. Significant accounting policies (continued)

2.3 Leases (continued)

- Right-of-use assets

  The Company recognised a right-of-use asset and lease liability at the date which the underlying asset is available for use. Right-of-use assets are measured at cost which comprises the initial measurement of lease liabilities adjusted for any lease payments made at or before the commencement date and lease incentive received. Any initial direct costs that would not have been incurred if the lease had not been obtained are added to the carrying amount of the right-of-use assets

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  The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

  Right-of-use assets (except for those which meets the definition of an investment property) are presented within "Property, plant and equipment".

- Lease liabilities

  Lease liability is measured at amortised cost using the effective interest method. Lease liability shall be remeasured when:

  - There is a change in future lease payments arising from changes in an index or rate;
  - There is a change in the Company's assessment of whether it will exercise an extension option; or
  - There are modification in the scope or the consideration of the lease that was not part of the original term.

  Lease liability is remeasured with a corresponding adjustment to the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

- Short-term and low-value leases

  The Company has elected to not recognised right-of-use assets and lease liabilities for short-term leases that have lease terms of 12 months or less and leases of low value leases. Lease payments relating to these leases are expensed to profit or loss on a straight-line basis over the lease term.

2. Significant accounting policies (continued)

2.3 Leases (continued)

- Variable lease payments

  Variable lease payments that are not based on an index or a rate are not included as part of the measurement and initial recognition of the lease liability. The Company shall recognise those lease payments in profit or loss in the periods that triggered those lease payments.

2.4 Property, plant and equipment

Property, plant and equipment are recognised at cost less accumulated depreciation and accumulated impairment losses.

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repair and maintenance expense are recognised in profit and loss when incurred.

Depreciation is calculated using the straight-line method to allocate depreciable amounts over their estimated useful lives. The estimated useful lives are as follows:

	Useful lives
Computer equipment and software	3 – 6 years
Other equipment	3 years
Furniture, fixtures and office renovation	3 years
Building	5 years

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at each balance sheet date. The effects of any revision are recognised in profit or loss when the changes arise.

2. Significant accounting policies (continued)

2.5 Impairment of non-financial assets

Property, plant and equipment and Right-of-use assets are reviewed for impairment whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing of assets, recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the cash-generating unit (CGU) to which the asset belongs.

If the recoverable amount of the asset or CGU is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss.

An impairment loss for an asset is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of accumulated depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset is recognised in profit or loss.

2. Significant accounting policies (continued)

2.6 Financial instruments

(a) Classification

The Company classifies its financial assets in the following categories: loans and receivables and financial assets at fair value through profit or loss. The classification depends on the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition.

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except for those expected to be realised later than 12 months after the balance sheet date which are presented as non-current assets. Loans and receivables consist of "cash and cash equivalents" and "trade receivables and other current assets".

(ii) Financial assets and liabilities at fair value through profit or loss

Financial assets and liabilities designated at fair value through profit or loss are those that are

- Held to match investment contract liabilities that are linked to the changes in fair value of those assets. Financial assets and liabilities designated as fair value through profit or loss at inception are those that are managed and their performances are evaluated on a fair value basis; and
- Managed and whose performance is evaluated on a fair value basis, in accordance with a documented investment strategy.

Realised and unrealised gain and losses are included in gains/losses arising from financial assets at fair value through profit or loss.

(b) Recognition and derecognition

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

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. On disposal of a financial asset, the difference between the sale proceeds and carrying amount is recognised in profit or loss. Any amount previously recognised in other comprehensive income relating to that assets is transferred to profit or loss.

2. Significant accounting policies (continued)

2.7 Financial assets

(a) Initial measurement

Financial assets are initially recognised at fair value plus transaction costs except for financial assets at fair value through profit or loss, which are recognised at fair value. Transaction costs for financial assets at fair value through profit or loss are recognised immediately as expenses.

(b) Subsequent measurement

Financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method. Changes in the fair values of financial assets at fair value through profit or loss including the effects of currency translation, interests and dividends, are recognised in profit or loss when the changes arise.

(c) Impairment

The Company assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired and recognises an allowance for impairment when such evidence exists.

(i) Loans and receivables

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default or significant delay in payments are objective evidence that these financial assets are impaired.

The carrying amount of these assets is reduced through the use of an impairment allowance account, which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When the asset becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised against the same line item in profit or loss.

The impairment allowance is reduced through profit or loss in a subsequent period when the amount of impairment loss decreases and the related decrease can be objectively measured. The carrying amount of the asset previously impaired is increased to the extent that the new carrying amount does not exceed the amortised cost had no impairment been recognised in prior periods.

2. Significant accounting policies (continued)

2.8 Precious metals

Precious metals are recognised at fair value less transaction costs, with changes in the fair value less transaction costs recognised in profit and loss when the changes arise.

2.9 Amounts due to creditors

Amounts due to creditors are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method.

2.10 Income taxes

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of an asset or liability that affects neither accounting nor taxable profit or loss at the time of the transaction.

Deferred income tax is measured at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Current and deferred income taxes are recognised as income or expenses in profit or loss, except to the extent that the tax arises from a transaction which is recognised directly in equity.

The Company accounts for investment tax credits (for example, productivity and innovative credit) similar to accounting for other tax credits where deferred tax asset is recognised for unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax credit can be utilised.

2.11 Commission expense

Commissions and other acquisition costs relate to securing new contracts and renewing existing contracts and are recognised as expenses when incurred.

2. Significant accounting policies (continued)

2.12 Classification of insurance and investment contracts

The Company issues contracts that transfer insurance risk or financial risk or both.

Financial risk is the risk of a possible change in one or more of the following: a specified interest rate, security price, foreign exchange rate, credit rating, provided in the case of non-financial variable, that the variable is not specific to a party to the contract.

Insurance contracts are those contracts that transfer significant insurance risk. An insurance contract 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. Such contracts may also transfer financial risks. As a general guideline, the Company defines significant insurance risk as the possibility of having to pay benefits on the occurrence of an insured event that are at least 10% more than the benefits payable if the insured event did not occur.

Investment contracts are those contracts that transfer financial risk without significant insurance risk.

2.13 Recognition and measurement of investment and insurance contracts

(a) Investment contracts

Amounts relating to investment contracts, which primarily involve the transfer of financial risk are accounted for using deposit accounting. The liability is initially measured at its fair value less transaction costs that are incremental and directly attributable to the acquisition or issuance of the contract. Subsequent measurement of investment contracts is at fair value. Claim and/or benefit settlement is adjusted directly against the value of investment contract liabilities.

(b) Investment type insurance contracts

The Company issues investment-linked contract as an insurance contract which insures human life events such as death or survival over a long duration, coupled with an embedded derivative linking death benefit payments on the contract to the value of a pool of investment within the investment-linked fund. As this embedded derivative meets the definition of an insurance contract it need not be separately accounted for from the host insurance contract.

2. Significant accounting policies (continued)

2.13 Recognition and measurement of investment and insurance contracts (continued)

(b) Investment type insurance contracts (continued)

Premium income net of premium charges is recognised as revenue when received from policyholders. Other fees and charges are being charged to policyholders by deducting units from their unit account balances to recover expenses and insured risk are also recognised as revenue when due. The net investment returns derived from a variety of investment funds as chosen by the policyholders accrue directly to them and are paid out as claim benefits upon death, surrender or maturity. These are recognised as and when they are incurred.

The liability valuation for such contracts is adjusted for changes in the fair value of the underlying assets at frequency in accordance with the terms and conditions of the insurance contracts.

The valuation of these insurance contract liabilities is determined according to the Singapore Insurance Act (Chapter 142) and Insurance (Valuation and Capital) Regulations 2004.

The liabilities in respect of an investment-linked policy is determined as the sum of:

a) the unit reserves, calculated as the value of the underlying assets backing the units relating to the policy; and
b) the non-unit reserves, calculated as the value of expected future payments arising from the policy less expected future receipts arising from the policy.

In determining the non-unit reserves, the value of expected future payments less expected future receipts are derived using a discounted prospective cash flow method, where the components of the cash flow used include a provision for adverse deviation (“PAD”).

2.14 Reinsurance contracts held

Reinsurance contracts are contracts entered into by the Company with reinsurers under which the Company is compensated for losses on one or more contracts issued by the Company, which meet the classification requirements for insurance contracts.

2. Significant accounting policies (continued)

2.14 Reinsurance contracts held (continued)

The benefits to which the Company is entitled under its reinsurance contracts held are recognised as reinsurance recoverable. These assets consist of short-term balances due from reinsurers, as well as longer term receivables that are dependent on the expected claims and benefits arising under the related reinsured insurance contracts. Amounts recoverable from or due to reinsurers are measured consistently with the amounts associated with the reinsured insurance contracts and in accordance with the terms of each reinsurance contract. Reinsurance liabilities are primarily premiums payable for reinsurance contracts and are recognised as an expense when due.

The Company assesses its reinsurance recoverable for impairment on a quarterly basis. If there is objective evidence that the reinsurance asset is impaired, the Company reduces the carrying amount of the reinsurance asset to its recoverable amount and recognises that impairment loss in the profit or loss. The Company gathers the objective evidence that a reinsurance asset is impaired using the same process adopted for the financial assets held at amortised cost. The impairment loss is calculated following the same method used for these financial assets.

2.15 Liability adequacy test

At the end of each reporting period, liability adequacy tests should be performed to ensure the adequacy of the contract liabilities. In performing these tests, current best estimates of future contractual cash flows and claims handling and administration expenses, as well as investment income from the assets backing such liabilities, are used. As current liability valuation is carried out on best estimate assumptions plus a provision for adverse deviation, the liabilities held are sufficient to meet these cash flows.

Any deficiencies is immediately charged to profit or loss by establishing a provision for losses arising from liability adequacy tests (the unexpired risk provision).

2.16 Provisions for other liabilities and charges

Provisions for other liabilities and charges are recognised when the Company has a legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made.

2. Significant accounting policies (continued)

2.17 Employee compensation

Employee benefits are recognised as an expense, unless the cost qualifies to be capitalised as an asset.

(a) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Company pays fixed contributions into separate entities such as The Central Provident Fund on a mandatory, contractual or voluntary basis. The Company has no further payment obligations once the contributions have been paid.

(b) Employee leave entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

2.18 Currency translation

The financial statements are presented in Singapore Dollar, which is the functional currency of the Company.

Transactions in a currency other than Singapore Dollar ("foreign currency") are translated into Singapore Dollar using the exchange rates at the dates of the transactions. Currency exchange differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the balance sheet date are recognised in profit or loss. Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

Foreign exchange gains and losses impacting profit or loss are presented within "losses/(gains) in exchange differences".

2.19 Cash and cash equivalents

For the purpose of presentation in the Statement of Cash Flows, cash and cash equivalents include cash on hand and deposits with financial institutions which are subject to an insignificant change in value.

2.20 Share capital

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

2. Significant accounting policies (continued)

2.21 Fair value estimation of financial assets and liabilities

The fair values of financial instruments traded in active markets such as exchange-traded and over-the-counter securities and derivatives are based on quoted market prices at the balance sheet date.

The fair values of financial instruments that are not traded in an active market are determined by using valuation techniques. The Company used a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date. Where appropriate, quoted market prices or dealer quotes for similar instruments are used. Valuation techniques, such as discounted cash flow analyses, are also used to determine the fair values of the financial instruments.

The fair value of liabilities arising from investment contracts for the account and risk of the Company's customers is calculated based on the valuation of the underlying assets.

The fair values of other financial assets and liabilities carried at amortised cost approximate their carrying amounts.

3. Critical accounting estimates, assumptions and judgements

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

The Company makes estimates, assumptions and judgements in determining the reported amount of policy liabilities. These estimates, assumptions and judgements are best estimates of future experience, based on historical experience, trends and other factors. They are regularly reviewed by the Appointed Actuary to ensure that they remain relevant and valid. As future experience is uncertain, it is appropriate to include margins to allow for possible adverse deviations in experience. Under the Risk Based Capital ("RBC") regulations, this is achieved through an explicit margin in the policy liability – PAD.

3. Critical accounting estimates, assumptions and judgements (continued)

3.1 Assumptions underlying valuation of insurance contract liabilities

Actuarial assumptions used for the valuation of liabilities take into account expected future market and economic conditions, as well as expected lapse, expense and claim experience of group of policies. The data used to formulate these assumptions come from a variety of sources including the review of market conditions, the Company's internal experience with regard to its policies and broader industry experience.

The Company regularly reviews its assumptions to reflect the current best estimate assumptions.

The tables below provide the key underlying assumptions used for the valuation of investment type life insurance contract liabilities.

Investment type life insurance contract

Interest Rate	(i) For Singapore Dollar-denominated liabilities, market yield of the Singapore Government Securities ("SGS") of the matching duration for cash flows up to 15 years, an interpolation of the 15-year SGS zero coupon spot yield, and the Long Term Risk Free Discount Rate ("LTRFDR") for cash flows between 15 to 20 years, and the LTFRDR for cash flows year 20 and after. (ii) For liabilities denominated in a foreign currency, the risk-free discount rate is described in terms of the bond yields of foreign government securities of the respective currency of similar duration at the valuation date. *Data source: SGS website, foreign government websites and Barrie and Hibbert*
Mortality, Persistency, Expenses, Lapse and Surrenders	Best estimate plus provision for adverse deviation ("PAD"). *Data source: internal experience studies and reinsurance rates*

3. Critical accounting estimates, assumptions and judgements (continued)

3.1 Assumptions underlying valuation of insurance contract liabilities (continued)

Effect of Updating Assumptions

For the valuation as at 31 December 2019, the Company has updated the following assumptions compared to those used as at 31 December 2018, to align the valuation assumptions with the observed experience:

- Risk free discount rate assumptions to reflect position as at 31 December 2019.

The overall impact of the assumption changes is an increase of policy liabilities of $3,631 as at 31 December 2019 (2018: $232,005).

3.2 Critical judgement over the lease terms

As at 31 December 2019, the Company's lease liabilities, which are measured with reference to an estimate of the lease term, amounted to $1,792,847, of which $1,405,983 arose from extension options. Extension options is included in the lease term if the lease is reasonably certain to be extended. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise the extension option.

For leases of the office space, the following factors are considered to be most relevant:

- If there are significant penalties to terminate (or not to extend), the Company is typically reasonable certain to extend (or not to terminate).
- If any leasehold improvements are expected to have a significant remaining value, the Company typically includes the extension option in lease liabilities.
- Otherwise, the Company considers other factors including its historical lease periods for similar assets, costs required to obtain replacement assets, and business disruptions.

The assessment of reasonable certainty to exercise extension options is only revised if a significant change in circumstances occurs which affects this assessment, and that is within the control of the lessee.

4. Fee income

	2019	2018
	$	$
Fee income from:		
- Upfront establishment fee	**9,324,333**	6,034,899
- Administrative fee	**16,291,060**	12,457,793
	25,615,393	18,492,692

5. Employee compensation

	2019	2018
	$	$
Wages and salaries	**4,762,497**	3,812,794
Employer's contribution to defined contribution plans including Central Provident Fund	**252,171**	258,156
Other staff costs	**308,028**	336,717
	5,322,696	4,407,667

Key management remuneration is disclosed in Note 21(b).

6. Other operating expenses

	2019	2018
	$	$
Information technology, telecommunications & postage	**439,817**	615,451
Rental, repair and maintenance expense	**92,756**	695,806
Advertising & marketing	**87,677**	101,537
Professional and audit fees	**1,012,821**	795,098
Others	**762,686**	928,876
	2,395,757	3,136,768

7. Income taxes

(a) Income tax benefit

	2019 **$**	2018 $
Tax expense attributable to profit is made up of:		
- Current income tax	**-**	-
- Over provision of current income tax in prior financial years	**-**	(1,428)
- Deferred income tax	**-**	-
	-	(1,428)

The tax expense on profit differs from the amount that would arise using the Singapore standard rate of income tax as explained below:

	2019 **$**	2018 $
Loss before income tax	**(6,882,180)**	(5,166,023)
Tax calculated at a tax rate of 17% (2018: 17%)	**(1,169,971)**	(878,224)
Effects of:		
- expenses not deductible for tax purposes	**107,746**	85,194
- tax incentives and tax exemptions	**(257)**	(14,925)
- over provision of current income tax in prior financial years	**-**	(1,428)
- tax losses not recognised	**1,062,482**	807,955
	-	(1,428)

The Company has unrecognised tax losses of $14,660,681 (2018: $8,454,308) and capital allowances of $769,397 (2017: $753,607) at balance sheet date which can be carried forward and used to offset against future taxable income subject to meeting certain statutory requirements. The tax losses and capital allowances have no expiry date.

(b) Movements in current income tax liabilities

	2019 **$**	2018 $
Beginning of financial year	**-**	-
Over provision of current income tax in prior financial years	**-**	(1,428)
Current income tax for current financial year	**-**	-
Income tax paid	**-**	1,428
End of financial year	**-**	-

8. Cash and cash equivalents

	2019	2018
	$	$
Short-term bank deposits	**708,105**	709,268
Cash at bank and on hand	**15,490,375**	14,724,788
	16,198,480	15,434,056
Cash and cash equivalent for the account and risk of the Company's customers	**389,080,308**	773,818,249
	405,278,788	789,252,305

Cash and cash equivalents, not belonging to the account and risk of Company's customers, are denominated in the following currencies.

	2019	2018
	$	$
Singapore Dollar ("SGD")	**9,474,562**	7,897,187
Switzerland Franc ("CHF")	**50,781**	74,904
Euro ("EUR")	**2,324,765**	1,515,589
United Kingdom Pound ("GBP")	**58,299**	62,922
United States Dollar ("USD")	**4,290,073**	5,883,454
	16,198,480	15,434,056

All short-term bank deposits mature within 1 months (2018: 1 months) from the end of the financial year with a weighted average effective interest rate of 1% per annum (2018: 1% per annum). The exposure of cash and cash equivalents to interest rate risk is disclosed in Note 20(b)(i).

9. Financial assets

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

	2019	2018
	$	$
Financial assets at fair value through profit or loss for the account and risk of the Company's customers		
Equity securities		
- Quoted equity securities	**1,032,564,846**	852,033,570
- Unquoted equity securities	**1,803,042,518**	1,293,926,248
	2,835,607,364	2,145,959,818
Debt securities	**1,148,459,239**	599,440,255
Other invested assets	**11,587,466**	5,952,290
Total financial assets at fair value through profit or loss	**3,995,654,069**	2,751,352,363

10. Fair value measurements

The Company has adopted the following fair value measurement hierarchy:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);

- inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (is as prices) or indirectly (i.e. derived from prices) (Level 2); and

- inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

10. Fair value measurements (continued)

The following table presents assets and liabilities measured at fair value and classified by level of fair value measurement hierarchy as follows:

	Level 1 $	Level 2 $	Level 3 $	Total $
As at 31 December 2019				
Precious metals for the account and risk of the Company's customers	**-**	**7,664,285**	**-**	**7,664,285**
Financial assets, at fair value through profit or loss for the account and risk of the Company's customers (Note 9(a))	**287,404,624**	**1,273,346,330**	**2,434,903,115**	**3,995,654,069**
Financial liabilities, at fair value through profit or loss (Note 14)	**-**	**(1,446,704)**	**-**	**(1,446,704)**
	287,404,624	**1,279,563,911**	**2,434,903,115**	**4,001,871,650**
As at 31 December 2018				
Precious metals for the account and risk of the Company's customers	-	5,841,891	-	5,841,891
Financial assets, at fair value through profit or loss for the account and risk of the Company's customers (Note 9(a))	197,680,704	959,708,685	1,593,962,974	2,751,352,363
Financial liabilities, at fair value through profit or loss (Note 14)	-	(30,906)	-	(30,906)
	197,680,704	965,519,670	1,593,962,974	2,757,163,348

Investments whose values are based on quoted market prices in active markets, and are therefore classified within Level 1, include active listed equities. The Company does not adjust the quoted price for these instruments.

Financial instruments that trade in the markets that are not considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within Level 2. These include investment-grade corporate bonds, investment funds and alternative investments.

Investments classified within Level 3 have significant unobservable inputs, as they trade infrequently. Level 3 instruments include private equity and promissory note. As observable prices are not available for these securities, the Company has used valuation techniques to derive the fair value. The Company has determined the fair value of these investments based on Adjusted Net Asset method of the investments or at cost. The Company is of the view that the adjusted net asset or cost is an appropriate basis to represent the fair value of these investments.

Except for cash and cash equivalents which are classified as Level 1, the Company's financial assets and financial liabilities not measured at fair value at 31 December 2019 and 2018 have been classified at Level 2, which includes trade receivables and other current assets, other creditors and accruals, and amounts due to related companies. These financial assets and financial liabilities are carried at amortised cost and their carrying amounts approximate their fair values at the balance sheet date.

10. Fair value measurements (continued)

During the financial year ended 31 December 2019, there is no transfer of investments between Level 1 and 2, and in and out of Level 3 of the fair value hierarchy.

The following table presents financial assets at fair value through profit or loss based on level 3:

	2019	2018
	$	$
Balance as at 1 January	**1,593,962,974**	781,230,496
Purchases	**1,150,618,780**	984,349,326
Sales	**(291,179,581)**	(186,086,717)
Total (losses)/gains recognised in profit or loss	**(18,499,058)**	14,469,869
Balance as at 31 December	**2,434,903,115**	1,593,962,974

11. Trade receivables and other current assets

	2019	2018
	$	$
Fee receivable	**2,724,912**	3,233,881
Other current assets		
- Deposits and prepaid operating expenses	**364,584**	493,358
- Other debtors	**120,228**	302,070
- Accrued commission income	**384,805**	643,570
	3,594,529	4,672,879

Trade receivables and other current assets are denominated in the following currencies:

	2019	2018
	$	$
Singapore Dollar (“SGD”)	**955,187**	1,573,086
United States Dollar (“USD”)	**2,216,297**	2,752,992
Euro (“EUR”)	**368,337**	290,394
Switzerland Franc (“CHF”)	**48,825**	36,090
United Kingdom Pound (“GBP”)	**3,015**	13,113
Australian Dollars (“AUD”)	**2,868**	7,204
	3,594,529	4,672,879

All amounts other than deposits and prepaid operating expenses are expected to be recovered within 12 months after end of the reporting period.

12. Insurance and investment contract liabilities

Movement of insurance and investment contract liabilities are as follows:

Insurance contract liabilities

	2019 **$**	2018 $
Gross benefits and claims under insurance contracts as at beginning of the year	**285,902,163**	191,844,831
Insurance contracts written during the period	**155,932,475**	118,398,794
Policies surrendered and settled	**(17,633,322)**	(5,734,607)
Decrease in expense overrun reserves	**-**	(10,950)
Increase in gross non-unit reserves	**1,363,030**	(125,763)
Fair value changes	**19,021,898**	(18,470,142)
Gross benefits and claims under insurance contracts as at end of the year	**444,586,244**	285,902,163
Reinsurers' share of benefits and claims reserves	**(1,353,690)**	-
Net benefits and claims under insurance contracts as at end of the year	**443,232,554**	285,902,163

Investment contract liabilities

	2019 **$**	2018 $
Investment contracts as at beginning of the year	**3,244,774,711**	2,565,666,363
Investment contracts written during the period	**940,235,381**	939,312,279
Policies surrendered and settled	**(342,243,201)**	(247,791,980)
Decrease in expense overrun reserves	**-**	(566)
Decrease in gross non-unit reserves	**(1,469)**	(605)
Fair value changes	**105,083,616**	(12,410,780)
Investment contracts as at end of the year	**3,947,849,038**	3,244,774,711

13. Property, plant and equipment

	Furniture, fixtures and office renovation $	Computer equipment and software $	Other equipment $	Building $	Total $
2019					
Cost					
At beginning of financial year	247,919	2,193,425	38,932	-	2,480,276
Additions	-	464,876	-	-	464,876
Disposal of assets	-	(584,364)	-	-	(584,364)
Adoption of FRS 116	-	-	-	2,291,450	2,291,450
End of financial year	247,919	2,073,937	38,932	2,291,450	4,652,238
Accumulated depreciation					
At beginning of financial year	247,919	556,305	38,932	-	843,156
Depreciation charge	-	385,726	-	482,410	868,136
End of financial year	247,919	942,031	38,932	482,410	1,711,292
Net book value					
End of financial year	**-**	**1,131,906**	**-**	**1,809,040**	**2,940,946**
2018					
Cost					
At beginning of financial year	247,919	1,845,238	38,932	-	2,132,089
Additions	-	348,187	-	-	348,187
Disposal of assets	-	-	-	-	-
End of financial year	247,919	2,193,425	38,932	-	2,480,276
Accumulated depreciation					
At beginning of financial year	247,919	186,409	38,932	-	473,260
Depreciation charge	-	369,896	-	-	369,896
Disposal of assets	-	-	-	-	-
End of financial year	247,919	556,305	38,932	-	843,156
Net book value					
End of financial year	**-**	**1,637,120**	**-**	**-**	**1,637,120**

Right-of-use assets acquired under leasing arrangements are presented together with the owned assets of the same class. Details of such leased assets are disclosed in Note 18.

14. Financial liabilities at fair value through profit or loss

	2019 **$**	2018 $
For the account and risk of the Company's customers		
Derivatives at fair value	**1,446,704**	30,906

These balances are held for the account and risk of Company's customers, hence the notional amounts and types of derivatives held are not disclosed. Fair value hierarchy for financial liabilities at fair value through profit or loss is disclosed in Note 10.

15. Amounts due to ultimate holding company and related companies

	2019	2018
	$	$
Amounts due to:		
- Ultimate holding company	**-**	-
- Related companies	**1,810,564**	1,996,495
	1,810,564	1,996,495

The carrying amounts of amounts due to ultimate holding company and related companies approximate their fair values and are denominated in the following currencies.

	2019	2018
Amount due to related companies:		
Switzerland Franc (“CHF”)	**100,185**	88,070
Euro (“EUR”)	**1,710,379**	1,908,425
	1,810,564	1,996,495

Amounts due to related companies are unsecured, interest free and have are repayable on demand.

16. Other creditors and accruals

	2019	2018
	$	$
Accrued commission expenses	**4,356,954**	3,439,723
Accrued operating expenses	**2,544,793**	1,506,646
Amount due to policyholders	**485,336**	-
	7,387,083	4,946,369

The carrying amounts of other creditors and accruals approximate their fair values and are denominated in the following currencies:

	2019	2018
	$	$
Singapore Dollar (“SGD”)	**2,535,294**	1,701,750
United States Dollar (“USD”)	**4,605,145**	3,144,048
Euro (“EUR”)	**189,680**	75,008
Switzerland Franc (“CHF”)	**52,947**	22,469
Other	**4,017**	3,094
	7,387,083	4,946,369

17. Share capital

The Company's share capital comprises fully paid-up 23,000,000 (2018: 18,000,000) ordinary shares with no par value, amounting to a total of $23,000,000 (2018: $18,000,000).

18. Leases - The Company as a lessee

Nature of the Company's leasing activities

The Company leases office space for the purpose of office operations.

(a) Carrying amounts

ROU assets classified within Property, plant and equipment

	31 December 2019 $	1 January 2019 $
Building	**1,809,040**	2,291,450
	1,809,040	2,291,450

(b) Depreciation charge during the year

	2019 $
Building	**482,410**
Total	**482,410**

(c) Interest expense

	2019 $
Interest expense on lease liabilities	**108,004**

(d) Lease expense not capitalised in lease liabilities

	2019 $
Short-term lease expense	**102,968**
Low-value lease expense	**29,094**
Total	**132,062**

(e) Total cash outflow for all leases in 2019 was $660,243.

18. Leases - The Company as a lessee (continued)

(f) There were no new additions of ROU assets during the financial year 2019.

(g) Lease liabilities

	2019	2018
	$	$
Current	442,677	-
Non-current	1,350,170	-
	1,792,847	-

Reconciliation of liabilities arising from financing activities

	1 January 2019	Principal and interest payments	Non-cash changes		31 December 2019
			Adoption of FRS 116	Interest expense	
	$	$	$	$	$
Lease liabilities	**-**	**(528,184)**	**2,213,027**	**108,004**	**1,792,847**

19. Operating lease commitments

The future minimum lease payments under non-cancellable operating leases contracted for at the balance sheet date but not recognised as liabilities, are payable as follows:

	2018
	$
Not later than one year	589,098
Later than one year but not later than five years	402,004
	991,102

As disclosed in Note 2.1, the Company has adopted FRS 116 on 1 January 2019. These lease payments have been recognised as ROU assets and lease liabilities on the balance sheet as at 31 December 2019, except for short-term and low value leases.

20. Insurance, financial and capital risk management

(a) Insurance risk factors

The principal activities of the Company are the provision of financial advisory services coupled with insurance protection against risks such as mortality.

A substantial portion of the Company's life insurance funds are investment-linked funds where the risk exposure for the Company is limited only to the underwriting aspect as all investment risks are borne by the policyholders.

The Company has implemented underwriting and claims management guidelines and procedures to manage its life insurance risks. It also considers its reinsurance coverage and risk appetite to manage its overall risk exposure.

Mortality risks are selected through underwriting and appropriate premiums are charges based on the level of risks that the applicants bring in. The level of mortality risks are determined by age, gender and underwriting experience.

Mortality risk is also managed through appropriate claim management systems that help to identify fraudulent claims. The results of yearly experience reviews of mortality, longevity and persistency are used to determine the bases for reserving and pricing of products.

The Company utilises reinsurance to manage the mortality and morbidity risks.

The Company reviews the actual experience of mortality, morbidity, lapse and surrenders, and expenses to ensure that the policies, guidelines and limits put in place to manage the risks remain adequate and appropriate.

The Company's underwriting strategy is designed to ensure that these risks are well diversified in terms of type of risks and level of insured benefits. This is largely achieved through diversification across industry sectors and geography, the use of medical screening to ensure that pricing takes into account of current health conditions and family medical history, regular review into actual claims experience and product pricing, as well as proper detailed claims handling procedures. Underwriting limits are also set in place to enforce appropriate risk selection criteria.

Stress test is performed at least once a year. The purpose of the stress test is to assess the solvency of the life funds based on the prescribed statutory valuation basis, simulating drastic changes in key parameters such as new business volume, investment environment, expense patterns, lapse rates, mortality and morbidity patterns.

20. Insurance, financial and capital risk management (continued)

(a) Insurance risk factors (continued)

The table below sets out the concentration of the life insurance risk as at balance sheet date, net of reinsurance:

	2019	2018
	$	$
(i) by fund		
Investment-Linked		
- Investment contract	**3,947,849,038**	3,244,774,711
- Investment type insurance contract	**443,232,554**	285,902,163
Total	**4,391,081,592**	3,530,676,874
(ii) by currency		
SGD	**101,356,283**	91,821,476
EUR	**522,983,011**	466,348,775
USD	**3,649,407,035**	2,868,924,767
Others	**117,335,263**	103,581,856
Total	**4,391,081,592**	3,530,676,874

20. Insurance, financial and capital risk management (continued)

(a) Insurance risk factors (continued)

(i) Sensitivity Analysis

<u>Investment and investment type insurance contracts</u>

The sensitivity analysis below shows the impact on the value of investment-linked policy liabilities arising from the changes in key parameters. Correspondingly, there is a downstream impact to the profit and loss statement and shareholder's equity.

		Change in assumptions
(a)	Scenario 1 – Mortality	+25% for all future years
(b)	Scenario 2 – Mortality	-25% for all future years
(c)	Scenario 3 – Lapse and Surrender rates	+25% for all future years
(d)	Scenario 4 – Lapse and Surrender rates	-25% for all future years
(e)	Scenario 5 – Expenses	+30% for all future years

Impact on liabilities:

	2019		2018	
	Increase/ (decrease) in liabilities $	**Increase/ (decrease) in liabilities %**	Increase/ (decrease) in liabilities $	Increase/ (decrease) in liabilities %
(a)Scenario 1	**256,061**	*	232,789	*
(b)Scenario 2	**(54,065)**	*	(44,729)	*
(c)Scenario 3	**(5,825)**	*	(5,058)	*
(d)Scenario 4	**8,380**	*	9,109	*
(e)Scenario 5	**33,836**	*	30,289	*

* Amount is less than 0.01%

The table above demonstrates the sensitivity of the Company's policy liabilities to a reasonable possible change in actuarial valuation assumptions on an individual basis with all other variables held constant.

The analysis was done with respect to the liabilities of the investment-linked fund. A decrease/increase in the value of liabilities would be recognised as a positive/negative surplus in the corresponding amount.

The effects of reinsurance ceded on the sensitivity analysis is not material.

20. Insurance, financial and capital risk management (continued)

(b) *Financial risk factors*

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

Risk management is carried out in accordance with the policies approved by the Board of Directors ("the Board"). The Board provides written principles for the overall risk management, as well as written policies covering specific areas such as foreign exchange risk, interest rate risk, credit risk, the use of financial instruments and investing excess liquidity.

The Company's investment decisions are made in accordance with the investment policy approved by the Board. The investment activities are monitored by the Investment Committee.

The Investment Committee is in charge of reviewing the Company's investment policy to ensure it remains appropriate, and is also responsible for implementing and maintaining adequate risk management system and controls.

The Company offers investment-linked products without guarantees, and the policyholders bear all investment risk. Unit assets and unit liabilities are perfectly matched in amount, currency and timing, therefore asset-liability management ("ALM") is not relevant to the Company.

The assets and liabilities relating to investment contracts and investment type insurance contracts are managed for the account and risk of the Company's customers. They are generally excluded from the Company's financial risk management considerations to the extent that the risks are borne by the customers. On that basis, these corresponding financial assets and liabilities have been excluded from the disclosures below.

20. Insurance, financial and capital risk management (continued)

(b) Financial risk factors (continued)

(i) Market risk

Currency risk

The Company's business is exposed to foreign exchange risk arising from exposures of financial assets and financial liabilities primarily with respect to United States Dollars ("USD"), Euro ("EUR") and Switzerland Franc ("CHF").

Financial year ended 31 December 2019	**SGD**	**USD**	**EUR**	**CHF**	**Others**	**Total**
Financial assets						
Cash and cash equivalents	9,474,562	4,290,073	2,324,765	50,781	58,299	16,198,480
Trade receivables and other current assets	955,187	2,216,297	368,337	48,825	5,883	3,594,529
Total financial assets	10,429,749	6,506,370	2,693,102	99,606	64,182	19,793,009
Financial liabilities						
Non-unit insurance liabilities- net	404,490	-	-	-	-	404,490
Amount due to related companies	-	-	1,710,379	100,185	-	1,810,564
Other creditors and accruals	2,535,294	4,605,145	189,680	52,947	4,017	7,387,083
Total financial liabilities	2,939,784	4,605,145	1,900,059	153,132	4,017	9,602,137
Net financial assets/(liabilities)	7,489,965	1,901,225	793,043	(53,526)	60,165	10,190,872

Financial year ended 31 December 2018	**SGD**	**USD**	**EUR**	**CHF**	**Others**	**Total**
Financial assets						
Cash and cash equivalents	7,897,187	5,883,454	1,515,589	74,904	62,922	15,434,056
Trade receivables and other current assets	1,573,086	2,752,992	290,394	36,090	20,317	4,672,879
Total financial assets	9,470,273	8,636,446	1,805,983	110,994	83,239	20,106,935
Financial liabilities						
Non-unit insurance liabilities	396,618	-	-	-	-	396,618
Amount due to related companies	-	-	1,908,425	88,070	-	1,996,495
Other creditors and accruals	1,701,750	3,144,048	75,008	22,469	3,094	4,946,369
Total financial liabilities	2,098,368	3,144,048	1,983,433	110,539	3,094	7,339,482
Net financial assets/(liabilities)	7,371,905	5,492,398	(177,450)	455	80,145	12,767,453

20. Insurance, financial and capital risk management (continued)

(b) Financial risk factors (continued)

(i) Market risk (continued)

Currency risk (continued)

If the USD, EUR and CHF change against the SGD with all other variable including tax rate being held constant, the effects arising from the net financial asset position will be as follows:

	Increase/(decrease)	
	2019	2018
	Profit after tax	Profit after tax
	$	$
USD against SGD		
- Strengthened 1% (2018: 1%)	**19,012**	54,924
- Weakened 1% (2018: 1%)	**(19,012)**	(54,924)
EUR against SGD		
- Strengthened 1% (2018: 1%)	**7,930**	1,775
- Weakened 1% (2018: 1%)	**(7,930)**	(1,775)
CHF against SGD		
- Strengthened 1% (2018: 1%)	**(535)**	5
- Weakened 1% (2018: 1%)	**535**	(5)

Interest rate risk

The Company is exposed to interest rate risk on its short-term bank deposits and investment in debt securities.

The table below summarises the interest rate risk of Company's financial assets:

	Variable rates	Fixed rates	Non interest bearing	Total
	$	$	$	$
At 31 December 2019				
Financial Assets				
Cash and cash equivalents	-	708,105	15,490,375	16,198,480
Total financial assets	-	708,105	15,490,375	16,198,480
At 31 December 2018				
Financial Assets				
Cash and cash equivalents	-	709,268	14,724,788	15,434,056
Total financial assets	-	709,268	14,724,788	15,434,056

20. Insurance, financial and capital risk management (continued)

(b) Financial risk factors (continued)

(ii) Credit risk

The Company only invests in debt securities with counterparties having an appropriate rating (minimum of investment grade) by Standard and Poor's ("S&P") rating or equivalent when not available from S&P. The Company's panel of custodian banks, financial institutions and counterparties have been screened by an internal process to ensure the banks have appropriate standards of reputation and rating history.

The carrying amount of financial assets included on the balance sheet represents the maximum credit exposure other than those backed by policyholder liabilities.

Financial assets that are neither past due nor impaired

The Company places bank balances with financial institutions with appropriate credit rating (minimum of investment grade) by S&P rating or equivalent when not available from S&P. Similarly, the Company's investments in debts securities (designated as at fair value through profit or loss) have appropriate credit rating by international credit rating agencies. Fee receivable represents amount due from custodians with appropriate credit rating by international credit rating agencies.

Financial assets that are past due but not impaired

The following table summarises the carrying value of the Company's trade receivables and ageing of those that are past due but not impaired :

	Not due	Past due but not impaired			
	Up to 3 months $	3 to 6 months $	6 to 12 months $	More than 12 months $	Total $
As at 31 December 2019					
Fee receivable	**2,466,072**	**233,305**	**25,511**	**24**	**2,724,912**
As at 31 December 2018					
Fee receivable	2,012,530	597,883	450,351	173,117	3,233,881

20. Insurance, financial and capital risk management (continued)

(b) Financial risk factors (continued)

(iii) Liquidity risk

Liquidity risk arises when the Company is unable to meet its obligations at a reasonable cost. The Company is exposed to liquidity risk which primarily arises from cash calls on its claim obligations and amounts payable at maturity and surrenders arising from insurance and investment contracts. The Company manages its liquidity risk by maintaining sufficient cash and bank balances. The Company also ensures that its assets are invested in varying maturities, which enables it to ensure appropriate matching with its insurance liabilities. For investment contract liabilities, the majority of the future outflow will be covered by precious metals, financial assets at fair value through profit or loss, and cash and cash equivalents.

Other financial liabilities comprising of other creditors and accruals, and amounts due to related companies will be settled within 12 months from the balance sheet date.

(c) Capital management

The Company's objectives when managing capital are:

- to comply with the Insurance Act and Regulations in Singapore;
- to safeguard the Company's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- to provide an adequate return to shareholders by pricing insurance and investment contracts commensurate with the level of risk.

The table below shows the capital adequacy ratio ("CAR") and financial resources held by the Company versus the minimum regulatory requirements.

	2019	2018
Capital adequacy ratio held	**1,263%**	1,128%
Minimum regulatory capital adequacy ratio (trigger point)	**120%**	120%
Financial resources held (SGD)	**10,698,099**	12,614,817
Minimum regulatory financial resources (SGD)	**5,000,000**	5,000,000

20. Insurance, financial and capital risk management (continued)

(d) Financial instruments by category

	2019 $	2018 $
Assets as per balance sheet		
Loans and receivables		
- Cash and cash equivalents	**16,198,480**	15,434,056
- Trade receivables and other current assets	**3,594,529**	4,672,879
Total	**19,793,009**	20,106,935
Liabilities as per balance sheet		
Financial liabilities at amortised cost		
- Other creditors and accruals	**6,901,747**	4,946,369
- Amount due to policyholders	**485,336**	-
- Amounts due to related companies	**1,810,564**	1,996,495
Total	**9,197,647**	6,942,864

21. Related party transactions

In addition to the information disclosed elsewhere in the financial statements, the following significant transactions took place between the Company and related parties during the financial period at terms agreed between the parties:

(a) Income and charges for services rendered

	2019 $	2018 $
Payment on behalf of a related company	**319,511**	285,784
Commission paid to related companies	**(90,378)**	(106,093)
Management fees paid to related companies	**(678,670)**	(849,977)
Management fees paid to ultimate holding company	**(80,254)**	(65,962)
Trademark fees to a related company	**(144,674)**	(146,390)
Capital injection from immediate holding company	**5,000,000**	7,000,000

(b) Key management personnel compensation

Key management personnel compensation is as follows:

	2019 $	2018 $
Wages and salaries	**783,487**	839,000
Director's fees	**20,000**	20,000
	803,487	859,000

22. Disclosure on temporary exemption from FRS 109

According to FRS 104 Amendments, the Company made the assessment based on the financial position of 31 December 2017, concluding that the carrying amount of the Company's liabilities arising from contracts within the scope of FRS 104 was significant compared to the total carrying amount of all its liabilities. And the percentage of the total carrying amount of its liabilities connected with insurance relative to the total carrying amount of all its liabilities is greater than 90 percent. There had been no significant change in the activities of the Company since then that requires reassessment. Therefore, the Company's activities are predominantly connected with insurance, meeting the criteria to apply temporary exemption from IFRS 9.

(a) The table below presents the fair value of the following groups of financial asset under FRS 109 and fair value changes for the financial year:

	Fair value as at 31 December 2019 $	Fair value changes for the year ended 31 December 2019 $
Financial assets with contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding ("SPPI")	18,923,392	(9,149)
Financial assets that are managed and whose performance are evaluated on a fair value basis for the account and risk of the Company's customers	4,384,734,377	124,099,197
Other financial assets	869,617	-
	4,404,527,386	124,090,048

22. Disclosure on temporary exemption from FRS 109 (continued)

	Fair value as at 31 December 2018 $	Fair value changes for the year ended 31 December 2018 $
Financial assets with contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding ("SPPI")	18,667,937	72,183
Financial assets that are managed and whose performance are evaluated on a fair value basis for the account and risk of the Company's customers	3,525,170,612	(30,880,922)
Other financial assets	1,438,998	-
	3,545,277,547	(30,808,739)

(b) The credit risk exposure for the aforementioned financial assets with contractual terms that give rise on SPPI are disclosed in note 20(b)(ii).

23. New or revised accounting standards and interpretations

The Accounting Standards Council Singapore (ASC) has issued a number of new FRS and amendments to FRS that are effective in the current accounting period of the Company. Of these, the "Deferral for FRS 117 Insurance Contracts" is relevant to the Company's financial statement.

FRS 117 Insurance Contracts will replace the current FRS 104 insurance contract standard. FRS 117 includes some fundamental differences to current accounting in both insurance contract measurement and profit recognition. The general model is based on a discounted cash flow model with a risk adjustment and deferral of unearned profits. A separate approach applies to insurance contracts that are linked to returns on underlying items and meet certain requirements. Additionally, FRS 117 requires more granular information and a new presentation format for the statement of comprehensive income as well as extensive disclosures. In November 2018, IASB proposed to defer IFRS 17 (equivalent of FRS 117) and the temporary IFRS 9 (equivalent of FRS 109) exemption available to insurers until the financial period beginning on or after 1 January 2021. Subsequently, IASB proposed in June 2019 to defer IFRS 17 and extend the temporary IFRS 9 exemption available to insurers until the financial period beginning on or after 1 January 2022. The proposed deferral was published in the Exposure Draft amendments to IFRS 17 for public consultation which ended on 25 September 2019. IASB subsequently decided on 17 March 2020 that the effective date of IFRS 17 will be deferred to annual reporting periods beginning on or after 1 January 2023. IASB also decided to extend the exemption currently in place for some insurers regarding the application of IFRS 9 to enable them to implement both IFRS 9 and IFRS 17 at the same time.

24. Authorisation of financial statements

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors of Swiss Life (Singapore) Pte. Ltd. on 17 April 2020.