

Registration No.

199301022976 (277714-A)

FWD INSURANCE BERHAD

(Formerly known as Gibraltar BSN Life Berhad)

(Incorporated in Malaysia)

FINANCIAL STATEMENTS

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2023

Registration No.

199301022976 (277714-A)

FWD INSURANCE BERHAD
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**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD 30 JUNE 2023**

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UNAUDITED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2023

| | <u>Note</u> | <u>30.06.2023</u> RM'000 | <u>31.12.2022</u> RM'000 |
|--|-------------|-----------------------------|-----------------------------|
| ASSETS | | | |
| Properties and equipment | | 670 | 1,163 |
| Investment property | | 5,400 | 5,400 |
| Intangible assets | | 6,839 | 7,254 |
| Right-of-use ("ROU") assets | | 16,147 | 17,323 |
| Investments | 9 | 1,809,201 | 1,783,529 |
| Fair value through other comprehensive income ("FVOCI") financial assets | 9 (a) | 1,250,682 | 1,228,145 |
| Fair value through profit and loss ("FVTPL") financial assets | 9 (b) | 558,519 | 555,384 |
| Reinsurance contract assets | 10 | 11,786 | 12,927 |
| Other receivables | 11 | 40,328 | 36,470 |
| Tax recoverable | | 8 | - |
| Cash and cash equivalents | | 168,709 | 195,366 |
| TOTAL ASSETS | | <u>2,059,088</u> | <u>2,059,432</u> |

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

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UNAUDITED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2023 (CONTINUED)

| | <u>Note</u> | <u>30.06.2023</u> RM'000 | <u>31.12.2022</u> RM'000 |
|--|-------------|-----------------------------|-----------------------------|
| EQUITY AND LIABILITIES | | | |
| Share capital | 12 | 185,000 | 185,000 |
| Retained earnings | 13 (a) | 108,923 | 124,708 |
| Fair value reserve | 13 (b) | 46,746 | 22,798 |
| Asset revaluation | 13 (b) | 493 | 493 |
| Insurance/reinsurance finance reserves | 13 (b) | 55,079 | 63,254 |
| TOTAL EQUITY | | <u>396,241</u> | <u>396,253</u> |
| | | | |
| Insurance contract liabilities | 14 | 1,579,673 | 1,575,133 |
| Deferred tax liabilities | | 23,369 | 23,819 |
| Tax payable | | - | 750 |
| Other payables | 15 | 48,081 | 50,628 |
| Lease liabilities | | 11,724 | 12,849 |
| TOTAL LIABILITIES | | <u>1,662,847</u> | <u>1,663,179</u> |
| | | | |
| TOTAL EQUITY AND LIABILITIES | | <u>2,059,088</u> | <u>2,059,432</u> |

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**UNAUDITED CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2023**

| | 6 months ended <u>30.06.2023</u> RM'000 | 6 months ended <u>30.06.2022</u> RM'000 |
|--|--|--|
| Insurance revenue | 73,974 | 72,112 |
| Insurance service expenses | (68,607) | (58,835) |
| Net expenses from reinsurance contracts held | <u>(1,664)</u> | <u>(2,441)</u> |
| Insurance service result | <u>3,703</u> | <u>10,836</u> |
| Interest revenue from financial assets not measured at FVTPL | 31,400 | 30,801 |
| Net losses on FVTPL investments | (8,690) | (75,572) |
| Net losses on investment in debt securities measured at FVOCI reclassified to profit or loss on disposal | (111) | (415) |
| Impairment losses for financial assets | (115) | (89) |
| Other income | 9,649 | 9,263 |
| Investment expenses | <u>(3,012)</u> | <u>(3,410)</u> |
| Net investment income | <u>29,121</u> | <u>(39,422)</u> |
| Finance (expenses)/income from insurance contracts issued | (44,652) | 4,830 |
| Reinsurance finance (expenses)/income for reinsurance contracts held | <u>(9)</u> | <u>237</u> |
| Net insurance finance (expenses)/income | <u>(44,661)</u> | <u>5,067</u> |
| Net insurance and investment result | <u>(11,837)</u> | <u>(23,519)</u> |
| Other operating expenses | (4,670) | (4,105) |
| Loss before income tax | (16,507) | (27,624) |
| Income tax benefit | 722 | 10,100 |
| Loss for the financial period | <u>(15,785)</u> | <u>(17,524)</u> |
| Basic diluted loss per share (sen) | <u>(8.53)</u> | <u>(9.47)</u> |

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**UNAUDITED CONDENSED INTERIM STATEMENT OF OTHER
COMPREHENSIVE INCOME
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2023**

| | 6 months ended <u>30.06.2023</u> RM'000 | 6 months ended <u>30.06.2022</u> RM'000 |
|--|--|--|
| Loss for the financial period | <u>(15,785)</u> | <u>(17,524)</u> |
| Other comprehensive (loss)/income: | | |
| Finance (expense)/income from insurance contacts issued | (8,143) | 3,206 |
| Finance (expense)/income from reinsurance contracts held | <u>(33)</u> | <u>33,336</u> |
| Insurance Finance reserve | <u>(8,176)</u> | <u>36,542</u> |
| Other Comprehensive (loss)/income with effect of changes in discount rates | <u>(23,961)</u> | <u>19,018</u> |
| Net gains/(losses) on investments in debt securities measured at FVOCI | 21,631 | (49,187) |
| Net gains on investments in debt securities measured at FVOCI reclassified to profit or loss on disposal | 111 | 415 |
| Deferred tax relating to these items | <u>2,207</u> | <u>(4,166)</u> |
| Debt securities measured at FVOCI | <u>23,949</u> | <u>(52,938)</u> |
| Other comprehensive income/(loss) for the period, net of tax | <u>15,773</u> | <u>(16,396)</u> |
| Total comprehensive loss for the period | <u>(12)</u> | <u>(33,920)</u> |

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**UNAUDITED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2023**

| | Share capital | Non-distributable | | | Distributable | Total | |
|--|------------------|----------------------------------|-----------------------------------|-------------------------------|--|---------------|----------------------|
| | | Insurance finance reserves | Assets revaluation reserves | AFS fair value reserves | Life non- participating surplus* | | Retained earnings |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | |
| As at 1 January 2023 | 185,000 | 63,254 | 493 | 22,798 | 72,351 | 52,356 | 396,252 |
| Deficit transfer | - | - | - | - | 15,000 | (15,000) | - |
| Other comprehensive income/(loss) for the period | - | (8,176) | - | 23,949 | - | - | 15,773 |
| Loss for the period | - | - | - | - | (13,375) | (2,411) | (15,786) |
| As at 30 June 2023 | <u>185,000</u> | <u>55,078</u> | <u>493</u> | <u>46,747</u> | <u>73,976</u> | <u>34,945</u> | <u>396,239</u> |
| Balance as at 1 January 2021, as previously reported under MFRS 4 and MFRS 139 | 125,000 | - | 46 | 35,004 | (4,007) | 71,334 | 227,377 |
| Issuance of shares during the financial year | 60,000 | - | - | - | - | - | 60,000 |
| Impact to initial adoption of MFRS 17 and MFRS 9 | - | - | 228 | 19,650 | (6,768) | - | 13,110 |
| Movement for January to December 2021 | - | 39,248 | 127 | 366 | 105,036 | (11,854) | 132,923 |
| Restated balance as at 1 January 2022 | 185,000 | 39,248 | 401 | 55,020 | 94,261 | 59,480 | 433,410 |
| Other comprehensive income/(loss) for the year | - | 24,006 | 92 | (32,222) | - | - | (8,124) |
| Loss for the year | - | - | - | - | (21,910) | (7,124) | (29,034) |
| Restated balance as at 31 December 2022 | <u>185,000</u> | <u>63,254</u> | <u>493</u> | <u>22,798</u> | <u>72,351</u> | <u>52,356</u> | <u>396,252</u> |

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**UNAUDITED CONDENSED INTERIM STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2023**

| | | 6 months ended <u>30.06.2023</u> RM'000 | 6 months ended <u>30.06.2022</u> RM'000 |
|---|----|--|--|
| OPERATING ACTIVITIES | | | |
| Cash used in operating activities | 15 | (59,106) | (55,190) |
| Dividend income received | | 7,820 | 7,210 |
| Interest/profit income received | | 30,534 | 30,983 |
| Interest paid on lease liabilities | | (239) | (364) |
| Rental income on investment property received | | 116 | 126 |
| Income tax paid | | (3,303) | (3,036) |
| Net cash flows used in operating activities | | <u>(24,178)</u> | <u>(20,271)</u> |
| INVESTING ACTIVITIES | | | |
| Proceeds from disposal of properties and equipment | | - | 12 |
| Purchase of properties and equipment | | (266) | (310) |
| Purchase of intangible assets | | (938) | (922) |
| Net cash flows used in investing activities | | <u>(1,204)</u> | <u>(1,220)</u> |
| FINANCING ACTIVITIES | | | |
| Repayment of lease liabilities | | (1,275) | (2,292) |
| Net cash flows used in financing activities | | <u>(1,275)</u> | <u>(2,292)</u> |
| NET DECREASE IN CASH AND CASH EQUIVALENTS | | | |
| | | (26,657) | (23,783) |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR | | | |
| | | 195,366 | 199,014 |
| CASH AND CASH EQUIVALENTS AT END OF YEAR | | | |
| | | <u>168,709</u> | <u>175,231</u> |
| Cash and cash equivalents comprise: | | | |
| Cash and bank balances | | 33,049 | 5,509 |
| Deposits with maturity of less than 3 months - Licensed financial institutions | | 135,660 | 169,722 |
| | | <u>168,709</u> | <u>175,231</u> |

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**UNAUDITED CONDENSED INTERIM STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2023 (CONTINUED)**

The Company classifies the cash flows from the acquisition and disposal of financial assets as operating cash flows, as the purchases are mainly funded from the cash flows associated with the origination of insurance contracts, net the cash flows for payments of benefits and claims incurred for insurance contract, which are treated under operating activities.

(a) Analysis of changes in liabilities arising from financing activity is as follows:

| | RM'000 |
|--------------------------|----------------------|
| Leases | |
| At 1 January 2022 | 19,485 |
| Cash changes: | |
| Repayment | (2,619) |
| Interest paid | (621) |
| Non-cash changes: | |
| Additions | 477 |
| Accrued interest | 621 |
| Lease modification | 709 |
| Lease termination | (5,203) |
| At 31 December 2022 | <u>12,849</u> |
| Cash changes: | |
| Repayment | (1,275) |
| Interest paid | (239) |
| Non-cash changes: | |
| Additions | 20 |
| Accrued interest | 239 |
| Lease modification | 130 |
| At 30 June 2023 | <u><u>11,724</u></u> |

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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2023

1 BASIS OF PREPARATION

The condensed interim financial statements for the six months ended 30 June 2023 are unaudited and have been prepared in accordance with Malaysia Financial Reporting Standard (“MFRS”) 134 – Interim Financial Reporting. The condensed interim financial statements should be read in conjunction with the audited annual financial statements for the financial year ended 31 December 2022, which have been prepared in accordance with MFRSs, International Financial Reporting Standards (“IFRSs”) and comply with the requirements of the Companies Act 2016 in Malaysia, except as disclosed in note 2 to the interim financial statements.

The explanatory notes attached to the condensed interim financial statements provide an explanation of the events and transactions that are significant to an understanding of the changes in the financial position and performance of the Company since the financial year ended 31 December 2022.

2 SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of the unaudited condensed interim financial statements are consistent with those adopted in the Company’s audited financial statements for the financial year ended 31 December 2022, except for the adoption of the following MFRS and amendment to MFRS.

| MFRSs/Interpretations | Effective Date |
|--|----------------|
| • Amendments to MFRS 17 Insurance Contracts – MFRS 17 Insurance Contracts | 1 January 2023 |
| • Amendments to MFRS 17: Initial Application of MFRS 17 and MFRS 9 – Comparative Information. | 1 January 2023 |
| • Amendments to MFRS 112: Deferred Tax related to Assets and Liabilities arising from Single Transaction | 1 January 2023 |

The adoption of the above standard and amendments to standard issued by Malaysian Accounting Standards Board (“MASB”) in the current financial period do not have any material impact to the condensed interim financial statements of the Company, except as discussed below.

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**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2023 (CONTINUED)**

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

a) Changes in accounting and reporting policy

(i) MFRS 17 Insurance Contracts

MFRS 17 Insurance Contracts was issued in May 2017, replacing MFRS 4 Insurance Contracts. This standard resulted in significant changes to the accounting for insurance and reinsurance contracts. The Company adopted MFRS 17, including any consequential amendments to other standards and subsequent amendments to MFRS 17, beginning the first condensed interim financial statements of 2023, with corresponding comparative financial information provided for 2022.

MFRS 17 establishes principles of recognition, measurement, presentation and disclosures of insurance and reinsurance contracts. It introduces a model that measures groups of contracts based on the Company fulfilling the contracts, a risk adjustment or non-financial risk and a contractual service margin ("CSM").

Under MFRS 17, for insurance contracts measured under the building block approach ("BBA") or general measurement model ("GMM") and variable fee approach ("VFA"), new business gains are recorded on the Statement of Financial Position (as part of the CSM component of the insurance contract liability) and amortised into profit or loss as services are provided. New business losses are recorded into profit or loss immediately. For reinsurance contracts held, both reinsurance gain/losses at inception are amortised into profit or loss as services are provided. Also, investment components are no longer included in insurance revenue and insurance service expenses. Any financial changes and financial risk changes related to insurance and reinsurance contracts are recorded separately from insurance and reinsurance service result and are disaggregated between investment result in profit or loss and Other Comprehensive Income ("OCI"). Under the premium allocation approach ("PAA") measurement model, which is applied to contracts that are short term in nature (mostly one year or less), the measurement of insurance and reinsurance contracts are simplified and is similar to the Group's previous accounting treatment of insurance and reinsurance contracts.

During the implementation period of MFRS 17, the Company has determined the following:

- Its insurance contracts are substantially measured using the BBA/GMM.
- Policies which have contract boundaries (i.e. coverage periods of less than 1 year) are measured under PAA.
- For policies with direct participation features wherein payments on investment returns to policyholders are based on contractual terms which substantially vary with the underlying items are measured using VFA model.

The Company will be applying the BBA/GMM model for all reinsurance contracts held:

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**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2023 (CONTINUED)**

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

a) Changes in accounting and reporting policy (continued)

(ii) MFRS 9 Financial Instruments

MFRS 9 “Financial Instruments” replaces MFRS 139 “Financial Instruments: Recognition and Measurement” on the classification and measurement of financial assets and financial liabilities, effective for annual periods beginning on or after 1 January 2018. However, as the Company qualifies for the temporary exemption under the guidance on Amendments to MFRS 4 – Applying MFRS 9, Financial Instruments with MFRS 4, Insurance Contracts from applying MFRS 9 and has deferred and adopted MFRS 9 together with MFRS 17, Insurance Contracts for the financial year beginning on or after 1 January 2023.

The adoption of MFRS 9 as of 1 January 2022 resulted in differences in the assets classification when compared to their classification under MFRS 139. Classification changes included reclassifying debt securities from Available-or-sale (“AFS”) and Held-to-maturity (“HTM”) under MFRS 139 to Fair Value through Other Comprehensive Income (“FVOCI”) under MFRS 9. These classification changes led the Company to present certain investment results previously reported in profit or loss under MFRS 139 to Other Comprehensive Income (“OCI”) under MFRS 9.

The Company has applied MFRS 9 retrospectively and restated comparative information for 2022 for financial instruments in the scope of MFRS 9. Difference arising from the adoption of MFRS 9 have been recognised in retained earnings as of 1 January 2022.

Classification and measurement

The Company classify financial assets into two primary measurement categories: Fair Value through Profit or Loss (“FVTPL”) and Fair Value through Other Comprehensive Income (“FVOCI”).

The classification of financial assets depends on the Company’s business model of managing the financial assets in order to generate cashflows (“business model test”) and the contractual cashflow characteristics of the financial instruments (“SPPI test”). The business model test determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. The SPPI test determines whether the contractual cash flows are solely for payments of principal and interest.

A financial asset is measured at FVOCI if its business model is both to hold the asset to collect contractual cash flows and to sell the financial asset. In addition, the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the outstanding principal.

All other financial assets are classified and measured at FVTPL.

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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2023 (CONTINUED)

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

a) Changes in accounting and reporting policy (continued)

(ii) MFRS 9 Financial Instruments (continued)

Impairment

MFRS 9 impairment requirements are based on an ECL model that replaces the incurred loss model under the MFRS 139. The Company's policy on recognition and measurement of ECL with effect from Transition Date as of 1 January 2022.

Under MFRS 9, impairment will be measured on each reporting date according to a three-stage ECL impairment model.

- Stage 1 – from initial recognition of a financial assets to the date on which the credit risk of the asset has increased significantly relative to its initial recognition, a loss allowance is recognised equal to the credit losses expected to result from default occurring over the next 12 months (12 months ECL).
- Stage 2 – following a significant increase in credit risk relative to the initial recognition of the financial assets, a loss allowance is recognised equal to the credit losses expected over the remaining life of the financial asset (Lifetime ECL).
- Stage 3 – when a financial asset is considered to be credit-impaired, a loss allowance equal to full lifetime expected credit losses is to be recognised (Lifetime ECL).

The assessment of credit risk and the estimation of ECL are required to be unbiased, probability-weighted and should incorporate all available information, which is relevant to the assessment, including information about past events, current conditions and reasonable and supportable forecast of future events and economic conditions at the reporting date. In addition, the estimation on ECL should also take into account the time value of money.

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**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
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2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

b) Effects of adoption MFRS 17 and MFRS 9

Presentation and disclosures differences

There are significant changes to presentation and disclosure of the financial statements upon the adoption of MFRS 17. The following outlines some of the key presentation and disclosure changes:

- Statement of Financial Position:
 - (i) Under MFRS 17, the Company presents portfolios of insurance separately from portfolios of reinsurance contracts held, and portfolios of asset position are further presented separately from portfolio of liability position. Policy loans (which were previously reported within loans and receivables), insurance receivables and payables, provision for outstanding claims (which were reported as separate line items), will be assessed on net portfolio position and reported within Insurance Contract Liabilities or Assets as these are insurance contract related balances. Reinsurance receivables and payables, reinsurance assets and liabilities will be assessed on a net portfolio position and reported within Reinsurance Contract Liabilities or Assets as these are reinsurance contract related. Under MFRS 4, contracts were not split and presented by asset and liability position.
 - (ii) Under MFRS 17, Unallocated Surplus of Participating Funds, which represents the surplus, which have yet to be declared to Shareholders, will be recognised as part of Non-distributable Retained Earnings of the Company. Under MFRS 4, this Unallocated Surplus were recognised as part of the Insurance Contract Liabilities.
- Statements of Comprehensive Income:
 - (i) The presentation of the statements of comprehensive income will change significantly upon the adoption of MFRS 17, with clear delineation of underwriting and investment results. There will no longer be items such as gross, net of earned premiums or net claims incurred shown on the statement of profit or loss. Under MFRS 17, the Company separately presents insurance revenue, insurance service expense, insurance finance income or expenses, and income and expenses from reinsurance contracts held. Under MFRS 4, the Company reported premium income, gross claims and benefits, change in insurance contract liabilities, benefits and expenses ceded to reinsurers and changes in reinsurance assets.

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**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2023 (CONTINUED)**

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

b) Effects of adoption MFRS 17 and MFRS 9 (continued)

Classification differences

The classification of financial assets and the impact as of 1 January 2022 are set out as below:

- All debt securities, which include Malaysian Government Securities, Government Investment Issues, corporate debt securities and loans and receivable, which include fixed and call deposits and other receivable, will be measured at FVOCI.

Measurement differences

The Company also remeasured the HTM debt securities which were previously measured at Amortised Cost under MFRS 139 to fair value under MFRS 9.

ECL impact

As the Company adopted MFRS 9, the effects from the implementation of impairment requirements based on an ECL methodology of RM3.28 million (net of tax) was recognised on 1 January 2022.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

3 SEASONAL OR CYCLICAL FACTORS

The business and operations of the Company was not materially affected by seasonal or cyclical factors during the interim financial period.

4 UNUSUAL ITEMS

There were no unusual items affecting the assets, liabilities, equity, net income, or cash flows of the Company since the last audited annual financial statements.

5 MATERIAL CHANGES IN ESTIMATES

There were no material changes in the basis used for the accounting estimates in the interim financial period other than those mentioned in Note 2.

6 DIVIDENDS

No dividend has been paid or declared by the Company during the interim financial period.

7 SIGNIFICANT EVENT DURING THE FINANCIAL PERIOD

FWD Group completed the purchase agreement with the Prudential Insurance Company of America ("PICA") to acquire 70% shareholding in Gibraltar BSN Holdings Sdn. Bhd. ("GH") on 3 April 2023. GH owns Gibraltar BSN Life Berhad wholly. The Company changed its name from Gibraltar BSN Life Berhad to FWD Insurance Berhad effective from 14 April 2023 and Gibraltar BSN Holdings Sdn. Bhd. to FWD BSN Holdings Sdn. Bhd. effective from 17 April 2023 and registered the changes with Suruhanjaya Syarikat Malaysia ("SSM").

8 CHANGES IN THE COMPOSITION OF THE COMPANY

There were no changes in the composition of the Company during the interim financial period.

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**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
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9 INVESTMENTS

| | <u>30.06.2023</u> | <u>31.12.2022</u> |
|---|-------------------|-------------------|
| | RM'000 | RM'000 |
| Malaysian Government Securities | 10,242 | 10,320 |
| Malaysian Government Guaranteed Bonds | 701,275 | 681,527 |
| Debt securities | 564,618 | 562,178 |
| Equity securities | 347,140 | 348,080 |
| Unit trust and property trust funds | 185,126 | 180,624 |
| Fixed and call deposits | 800 | 800 |
| | <u>1,809,201</u> | <u>1,783,529</u> |
| Fair value through other comprehensive income ("FVOCI") financial assets | 1,250,682 | 1,228,145 |
| Fair value through profit and loss ("FVTPL") financial assets | <u>558,519</u> | <u>555,384</u> |
| | <u>1,809,201</u> | <u>1,783,529</u> |
| The following investments mature after 12 months: | | |
| FVOCI financial assets | 1,134,106 | 1,193,570 |
| | <u>1,134,106</u> | <u>1,193,570</u> |

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(Formerly known as Gibraltar BSN Life Berhad)
(Incorporated in Malaysia)

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2023 (CONTINUED)**

9 INVESTMENTS (CONTINUED)

(a) FVOCI financial assets

| | <u>30.06.2023</u> | <u>31.12.2022</u> |
|---------------------------------------|-------------------|-------------------|
| | RM'000 | RM'000 |
| <u>Fair value</u> | | |
| Unquoted in Malaysia | | |
| Equity securities | 3,345 | 3,345 |
| Debt securities | 528,434 | 526,862 |
| Malaysian Government Securities | 10,242 | 10,108 |
| Malaysian Government Guaranteed Bonds | 693,924 | 673,971 |
| Accrued interest | 13,937 | 13,059 |
| Fixed and call deposits | 800 | 800 |
| | <u>1,250,682</u> | <u>1,228,145</u> |

(b) FVTPL financial assets

| | <u>30.06.2023</u> | <u>31.12.2022</u> |
|-------------------------------------|-------------------|-------------------|
| | RM'000 | RM'000 |
| <u>Fair value</u> | | |
| Quoted in Malaysia | | |
| Held for trading | | |
| Equity securities | 195,957 | 186,688 |
| Unit trust and property trust funds | 135,649 | 134,981 |
| By designation | | |
| Equity securities | 147,839 | 158,047 |
| Unit trust and property trust funds | 49,477 | 45,642 |
| Unquoted in Malaysia | | |
| By designation | | |
| Debt securities | 29,299 | 29,715 |
| Accrued interest | 298 | 311 |
| | <u>558,519</u> | <u>555,384</u> |

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9 INVESTMENTS (CONTINUED)

(c) Carrying value of financial investments

| | <u>FVOCI</u> RM'000 | <u>FVTPL</u> RM'000 | <u>Total</u> RM'000 |
|--|------------------------|------------------------|------------------------|
| At 1 January 2023 | 1,228,415 | 555,384 | 1,783,529 |
| Purchases | 10,010 | 157,263 | 167,273 |
| Maturity/proceeds from sale | (15,000) | (145,101) | (160,101) |
| Realised losses | - | (485) | (485) |
| Fair value (losses)/gains recorded in: | | | |
| Statement of income | - | (8,531) | (8,531) |
| Other comprehensive loss | 26,647 | - | 26,647 |
| (Amortisation of premium)/ accretion of discount | 3 | - | 3 |
| Movement of investment income accrued | 877 | (11) | 866 |
| At 30 June 2023 | <u>1,250,682</u> | <u>558,519</u> | <u>1,809,201</u> |
| At 1 January 2022 | 1,251,822 | 648,273 | 1,900,095 |
| Purchases | 45,206 | 234,801 | 280,007 |
| Maturity/proceeds from sale | (36,347) | (265,260) | (301,607) |
| Realised (losses)/gains | (12) | 13,179 | 13,167 |
| Fair value (losses)/gains recorded in: | | | |
| Statement of income | (5,306) | (75,599) | (80,905) |
| Other comprehensive income | (26,115) | - | (26,115) |
| (Amortisation of premium)/ accretion of discount | (139) | - | (139) |
| Movement of investment income accrued | (964) | (10) | (974) |
| At 31 December 2022 | <u>1,228,145</u> | <u>555,384</u> | <u>1,783,529</u> |

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9 INVESTMENTS (CONTINUED)

(d) Changes in the fair value and the corresponding ECL

No loss allowance is recognised in the statements of financial position as the carrying amount is at fair value. However, the loss allowance is included as part of the revaluation amount in the fair value reserve.

Movements in allowances for impairment, which reflects the expected credit loss (“ECL”) model on impairment, recognised in other comprehensive income, are as follows:

| | <u>Stage 1</u> | <u>Stage 2</u> | <u>Stage 3</u> | <u>Total</u> |
|--|----------------|----------------|----------------|----------------|
| | RM'000 | RM'000 | RM'000 | RM'000 |
| At 1 January 2023 | (59) | (3,687) | - | (3,746) |
| (Allowance)/Writeback made due to changes in credit risk | <u>4</u> | <u>(122)</u> | <u>-</u> | <u>(118)</u> |
| At 31 June 2023 | <u>(55)</u> | <u>(3,809)</u> | <u>-</u> | <u>(3,864)</u> |
| At 1 January 2022 | (64) | (3,501) | - | (3,565) |
| (Allowance)/Writeback made due to changes in credit risk | <u>5</u> | <u>(186)</u> | <u>-</u> | <u>(181)</u> |
| At 31 December 2022 | <u>(59)</u> | <u>(3,687)</u> | <u>-</u> | <u>(3,746)</u> |

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**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
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9 INVESTMENTS (CONTINUED)

(e) Estimation of fair value

Fair value hierarchy disclosure

The following table presents the Company's assets that are measured at fair value.

| | <u>Level 1</u> RM'000 | <u>Level 2</u> RM'000 | <u>Level 3</u> RM'000 | <u>Total</u> RM'000 |
|---------------------------------------|--------------------------|--------------------------|--------------------------|------------------------|
| <u>30 June 2023</u> | | | | |
| FVOCI financial assets | | | | |
| Unquoted in Malaysia | | | | |
| Debt securities | - | 520,989 | 7,445 | 528,434 |
| Malaysian Government Securities | - | 10,242 | - | 10,242 |
| Malaysian government guaranteed bonds | - | 693,924 | - | 693,924 |
| Equity securities | - | - | 3,345 | 3,345 |
| Accrued interest | - | 13,936 | - | 13,936 |
| Fixed and Call deposits | - | 800 | - | 800 |
| FVTPL financial assets | | | | |
| Quoted in Malaysia | | | | |
| Equity securities | 343,796 | - | - | 343,796 |
| Unit trust and property trust funds | 185,126 | - | - | 185,126 |
| Unquoted in Malaysia | | | | |
| Debt securities | - | 29,598 | - | 29,598 |
| Total assets | 528,922 | 1,269,489 | 10,790 | 1,809,201 |
| <u>31 December 2022</u> | | | | |
| FVOCI financial assets | | | | |
| Unquoted in Malaysia | | | | |
| Debt securities | - | 519,745 | 7,117 | 526,862 |
| Malaysian Government Securities | - | 10,108 | - | 10,108 |
| Malaysian government guaranteed bonds | - | 673,971 | - | 673,971 |
| Equity securities | - | - | 3,345 | 3,345 |
| Accrued interest | - | 13,059 | - | 13,059 |
| Fixed and Call deposits | - | 800 | - | 800 |
| FVTPL financial assets | | | | |
| Quoted in Malaysia | | | | |
| Equity securities | 344,736 | - | - | 344,736 |
| Unit trust and property trust funds | 180,623 | - | - | 180,623 |
| Unquoted in Malaysia | | | | |
| Debt securities | - | 30,025 | - | 30,025 |
| Total assets | 525,359 | 1,247,708 | 10,462 | 1,783,529 |

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9 INVESTMENTS (CONTINUED)

(e) Estimation of fair value (continued)

Fair value hierarchy disclosure (continued)

| | <u>30.06.2023</u> | <u>31.12.2022</u> |
|--------------------------------|-------------------|-------------------|
| | RM'000 | RM'000 |
| <u>Level 3</u> | | |
| At 1 January | 10,462 | 9,883 |
| Fair value gains | 326 | 5,885 |
| Impairment of financial assets | | |
| FVOCI debt securities | <u>2</u> | <u>(5,306)</u> |
| At 30 June/31 December | <u>10,790</u> | <u>10,462</u> |

As observable prices are not available for these securities, the Directors have determined the fair values based on discounted cash flows and the binding bid price as quoted by the issuer. The valuations are not sensitive to a change in unobservable inputs.

Level 3 valuations are reviewed on an annual basis by the Company's management. The management considers the appropriateness of the valuation model inputs, as well as the valuation result using the valuation method and techniques generally recognised as standard within industry.

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**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
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10 REINSURANCE CONTRACTS

| | 31.06.2023 | | |
|--|------------------------------------|---------------------------------|---------|
| | Remaining coverage component | Incurred claims component | Total |
| | RM'000 | RM'000 | RM'000 |
| At 1 January 2023 | 1,791 | 11,136 | 12,928 |
| <u>Changes in the statement of profit or loss and OCI</u> | | | |
| Changes that relate to current services | | | |
| CSM recognised for services provided | (628) | - | (628) |
| Change in risk adjustment for non-financial risk for risk expired | (777) | - | (777) |
| Experience adjustments | (4,328) | 3,884 | (444) |
| Changes that relate to future services | | | |
| Changes in estimates that adjust the CSM | (234) | 234 | - |
| Changes in estimates that do not adjust the contractual service margin | 49 | - | 49 |
| Changes that relate to past services | | | |
| Adjustments to liabilities for remaining coverage | (99) | - | (99) |
| Insurance service result | (6,017) | 4,118 | (1,899) |
| Net finance income from reinsurance contracts | 193 | - | 193 |
| Total changes in the statement of profit or loss and OCI | (5,824) | 4,118 | (1,706) |
| <u>Cash flows</u> | | | |
| Premiums paid | 7,613 | - | 7,613 |
| Amounts received | - | (7,048) | (7,048) |
| Total cash flows | 7,613 | (7,048) | 565 |
| At 30 June 2023 | 3,580 | 8,206 | 11,786 |

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**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
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10 REINSURANCE CONTRACTS (CONTINUED)

| | 31.12.2022 | | |
|--|------------------------------------|---------------------------------|----------|
| | Remaining coverage component | Incurred claims component | Total |
| | RM'000 | RM'000 | RM'000 |
| At 1 January 2022 | (28,660) | 8,086 | (20,574) |
| <u>Changes in the statement of profit or loss and OCI</u> | | | |
| Changes that relate to current services | | | |
| CSM recognised for services provided | (2,282) | - | (2,282) |
| Change in risk adjustment for non-financial risk for risk expired | (1,559) | - | (1,559) |
| Experience adjustments | (8,599) | 7,996 | (603) |
| Changes that relate to future services | | | |
| Changes in estimates that do not adjust the contractual service margin | 12 | - | 12 |
| Insurance service result | (12,428) | 7,996 | (4,432) |
| Net finance income from reinsurance contracts | 33,874 | - | 33,874 |
| Total changes in the statement of profit or loss and OCI | 21,446 | 7,996 | 29,442 |
| <u>Cash flows</u> | | | |
| Premiums paid | 9,005 | - | 9,005 |
| Amounts received | - | (4,946) | (4,946) |
| Total cash flows | 9,005 | (4,946) | 4,059 |
| At 31 December 2022 | 1,791 | 11,136 | 12,927 |

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**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
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11 OTHER RECEIVABLES

| | <u>30.06.2023</u> | <u>31.12.2022</u> |
|---|-------------------|-------------------|
| | RM'000 | RM'000 |
| Income due and accrued | 632 | 702 |
| Receivable from fund managers and brokers | 36,643 | 33,790 |
| Other receivables, deposits and prepayments | <u>3,053</u> | <u>1,978</u> |
| | <u>40,328</u> | <u>36,470</u> |
| Receivables after 12 months | <u>227</u> | <u>239</u> |

The Company does not off-set its other receivables against other payables. The Company does not have any financial instruments subject to an enforceable master netting arrangement or financial collateral (pledged or received) as at 30 June 2023 (31.12.2022: RM nil).

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12 SHARE CAPITAL

| | 30.06.2023 | | 31.12.2022 | |
|---|---------------------|----------------|---------------------|----------------|
| | Number of shares | Amount | Number of shares | Amount |
| | '000 | RM'000 | '000 | RM'000 |
| Issued and fully paid ordinary shares: | | | | |
| At the beginning of the financial period/year | 185,000 | 185,000 | 185,000 | 185,000 |
| Issued during the financial period/year | - | - | - | - |
| At the end of financial period/year | <u>185,000</u> | <u>185,000</u> | <u>185,000</u> | <u>185,000</u> |

13 RESERVES

(a) Retained earnings

The non-distributable retained earnings represent the unallocated surplus from the Non-Participating Fund. In accordance with Section 83 of the FSA, the unallocated surplus is only available for distribution to the shareholders upon approval/recommendation by the Appointed Actuary.

Pursuant to the single tier system, any dividends distributed by the Company will be exempted from tax in the hand of shareholders. The Company shall not be entitled to deduct on dividend paid, credited or distributed to shareholders.

The Company may distribute single tier exempt dividend to its shareholders out of its retained earnings. Pursuant to Section 51(1) of the FSA, the Company is required to obtain BNM's written approval prior to declaring or paying any dividend with effect from the financial year beginning 1 December 2013. Pursuant to the RBC Framework for Insurers, the Company shall not pay dividends if its Capital Adequacy position is less than its internal target capital level or if the payment of dividend would impair its Capital Adequacy Ratio ("CAR") position to below its internal target.

(b) Other reserves

Other reserves consist of fair value reserves and asset revaluation reserve.

The fair value reserves of the Company represent the fair value gains or losses of the FVOCI financial assets, net of deferred tax.

The asset revaluation reserve represents the revaluation surplus of self-occupied properties.

The insurance finance reserves represents the impact of changes in market interest rate on the value of the Life insurance and related reinsurance assets and liabilities.

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14 INSURANCE CONTRACT LIABILITIES

| | 30.06.2023 | | | |
|--|--|------------------------------------|---------------------------------|--------------------|
| | <u>Liabilities for remaining coverage</u> | | Liabilities for incurred claims | Total |
| | <u>Excluding onerous contracts component</u> | <u>Onerous contracts component</u> | | |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| At 1 January 2023 | (1,353,355) | (77,145) | (144,633) | (1,575,133) |
| <u>Changes that relate to current service</u> | | | | |
| Contractual service margin recognised for service provided | 1,360 | - | - | 1,360 |
| Risk adjustment recognised for the risk expired | 5,723 | 771 | (1) | 6,493 |
| Experience adjustments | 61,532 | 4,476 | (60,372) | 5,636 |
| <u>Changes that relate to future service</u> | | | | |
| Contracts initially recognised in the period | - | (7,604) | - | (7,604) |
| Changes in estimates reflected in the contractual service margin | 15,689 | - | (15,689) | - |
| Changes in estimates that result in onerous contract losses | 40,474 | (10,578) | (40,474) | (10,578) |
| <u>Changes that relate to past service</u> | | | | |
| Adjustments to liabilities for incurred claims | - | - | 10,077 | 10,077 |
| Adjustments to liabilities for remaining coverage | (17) | - | - | (17) |
| Insurance service result | 124,761 | (12,935) | (106,459) | 5,367 |
| Insurance finance expenses | (52,579) | (92) | (125) | (52,796) |
| Total changes in the statement of comprehensive income | 72,182 | (13,027) | (106,584) | (47,429) |
| <u>Cash flows</u> | | | | |
| Premiums received | (85,306) | - | - | (85,306) |
| Claims and other expenses paid | - | - | 82,811 | 82,811 |
| Acquisition cash flows paid | 18,011 | - | - | 18,011 |
| Administration costs paid | - | - | 27,373 | 27,373 |
| Total cash flows | (67,295) | - | 110,184 | 42,889 |
| At 31 June 2023 | <u>(1,348,468)</u> | <u>(90,172)</u> | <u>(141,033)</u> | <u>(1,579,673)</u> |

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14 INSURANCE CONTRACT LIABILITIES

| | 31.12.2022 | | | |
|--|--|---|--|-------------|
| | Liabilities for remaining coverage | | Liabilities for incurred claims | Total |
| | Excluding onerous contracts component RM'000 | Onerous contracts component RM'000 | RM'000 | RM'000 |
| At 1 January 2022 | (1,420,540) | (26,390) | (145,124) | (1,592,054) |
| <u>Changes that relate to current service</u> | | | | |
| Contractual service margin recognised for service provided | 5,321 | - | - | 5,321 |
| Risk adjustment recognised for the risk expired | 11,119 | 974 | 4 | 12,097 |
| Experience adjustments | 115,953 | 5,515 | (108,066) | 13,402 |
| <u>Changes that relate to future service</u> | | | | |
| Contracts initially recognised in the period | - | (8,511) | - | (8,511) |
| Changes in estimates reflected in the contractual service margin | 46,592 | - | (46,592) | - |
| Changes in estimates that result in onerous contract losses | 103,623 | (48,721) | (103,623) | (48,721) |
| <u>Changes that relate to past service</u> | | | | |
| Adjustments to liabilities for incurred claims | - | - | 38,511 | 38,511 |
| Adjustments to liabilities for remaining coverage | (395) | - | - | (395) |
| Insurance service result | 282,213 | (50,743) | (219,766) | 11,704 |
| Insurance finance expenses | (65,837) | (12) | 7,863 | (57,986) |
| Total changes in the statement of comprehensive income | 216,376 | (50,755) | (211,903) | (46,282) |
| <u>Cash flows</u> | | | | |
| Premiums received | (184,174) | - | - | (184,174) |
| Claims and other expenses paid | - | - | 162,673 | 162,673 |
| Acquisition cash flows paid | 34,983 | - | - | 34,983 |
| Administration costs paid | - | - | 49,721 | 49,721 |
| Total cash flows | (149,191) | - | 212,394 | 63,203 |
| 31 December 2022 | (1,353,355) | (77,145) | (144,633) | (1,575,133) |

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15 OTHER PAYABLES

| | <u>30.06.2023</u> | <u>31.12.2022</u> |
|---|-------------------|-------------------|
| | RM'000 | RM'000 |
| Accrued expenses | 7,036 | 7,583 |
| Provision for bonus | 5,585 | 7,511 |
| Payable to investment brokers | - | 3,649 |
| Other payables and accruals | 3,931 | 3,071 |
| Amount due to insureds | 27,369 | 24,928 |
| Amount owing to agents, brokers and co-insurers | 4,160 | 3,886 |
| | <u>48,081</u> | <u>50,628</u> |

The carrying amounts disclosed above approximate fair value at the statement of financial position date.

The Company does not off-set its other payables against other receivables. The Company does not have any financial instruments subject to an enforceable master netting arrangement or financial collateral (pledged or received) as at 30 June 2023 (31.12.2022: RM nil).

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16 CASH FLOWS

| | <u>Financial</u> <u>period from</u> <u>01.01.2023</u> <u>to</u> <u>30.06.2023</u> RM'000 | <u>Financial</u> <u>period from</u> <u>01.01.2022</u> <u>to</u> <u>30.06.2022</u> RM'000 |
|--|---|---|
| Loss for the financial period | (15,785) | (17,524) |
| Tax benefit attributable to participating fund and unit holders | (1,251) | (10,151) |
| Tax expense attributable to shareholder | 529 | 52 |
| Interest revenue from financial asset not measured at FVTPL | (31,400) | (30,800) |
| Net gains on FVTPL investments | 8,690 | 75,571 |
| Net losses on investment in debt securities measured at FVOCI reclassified to profit or loss on disposal | 111 | 414 |
| Impairment loss on debt instruments at FVTPL | (2) | - |
| Other income | (9,649) | (9,262) |
| Investment expenses | 3,012 | 3,410 |
| Net credit impairment losses | 118 | 89 |
| Purchases of FVTPL financial assets | (157,263) | (159,094) |
| Maturity / Proceeds from sale of FVTPL financial assets | 145,101 | 208,240 |
| Purchases of FVOCI financial assets | (10,010) | (20,114) |
| Maturity / Proceeds from sale of FVOCI financial assets | 15,000 | 10,000 |
| Non-cash items: | | |
| Depreciation of properties and equipment | 669 | 1,176 |
| Depreciation of right-of-use assets | 1,052 | 1,495 |
| Amortisation of intangible assets | 1,353 | 1,385 |
| Amortisation of prepaid lease property | 2 | - |
| Interest on lease liabilities | 239 | 364 |
| Gain on right-of-use assets | - | 480 |
| Property and equipment written-off | - | 368 |
| Changes in working capital: | | |
| Decrease/(Increase) in reinsurance assets | 1,142 | (32,400) |
| Increase in other receivables | (1,797) | (31,075) |
| Decrease in insurance contract liabilities | (3,420) | (45,008) |
| (Decrease)/Increase in other payables | (5,547) | (2,806) |
| Cash used in operating activities | <u>(59,106)</u> | <u>(55,190)</u> |

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17 **CAPITAL COMMITMENTS**

As of 30 June 2023, capital expenditure approved by Directors but not provided for in the financial statements are as follows:

| | <u>30.06.2023</u> RM'000 | <u>31.12.2022</u> RM'000 |
|---|-----------------------------|-----------------------------|
| Authorised and contracted but not provided for: | | |
| Computer hardware and software | 387 | 1,373 |
| Properties and equipment | 109 | 26 |
| | <u>496</u> | <u>1,399</u> |