

Company No.

277714

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GIBRALTAR BSN LIFE BERHAD
(Incorporated in Malaysia)

FINANCIAL STATEMENTS

**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2021**

Company No.

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GIBRALTAR BSN LIFE BERHAD
(Incorporated in Malaysia)

**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2021**

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GIBRALTAR BSN LIFE BERHAD
(Incorporated in Malaysia)

UNAUDITED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2021

	<u>Note</u>	<u>30.06.2021</u> RM'000	<u>31.12.2020</u> RM'000
ASSETS			
Properties and equipment		9,949	11,397
Investment property		5,200	5,200
Intangible assets		7,770	3,658
Prepaid lease property		220	221
Right-of-use assets		18,720	20,308
Investments	7	1,935,333	1,976,804
Held-to-maturity financial assets ("HTM")	7 (a)	187,799	198,091
Loans and receivables ("LAR")	7 (b)	60,106	60,197
Available-for-sale financial assets ("AFS")	7 (c)	1,061,025	1,107,105
Fair value through profit and loss financial assets ("FVTPL")	7(d)	626,403	611,411
Reinsurance assets	8	12,270	12,567
Insurance receivables	9	5,008	7,048
Other receivables	10	30,367	28,036
Cash and cash equivalents		215,197	167,387
TOTAL ASSETS		2,240,034	2,232,626

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 2021 (CONTINUED)

	<u>Note</u>	<u>30.06.2021</u> RM'000	<u>31.12.2020</u> RM'000
EQUITY AND LIABILITIES			
Share capital	11	185,000	125,000
Retained earnings	12 (a)	82,199	67,327
Available-for-sale fair value reserves	12 (b)	19,105	35,004
Asset revaluation reserves	12 (b)	46	46
TOTAL EQUITY		<u>286,350</u>	<u>227,377</u>
Insurance contract liabilities	13	1,857,279	1,889,632
Deferred tax liabilities		20,526	24,104
Insurance payables	14	34,004	45,224
Tax payable		4,505	3,007
Other payables	15	17,101	21,657
Lease liabilities		20,269	21,625
TOTAL LIABILITIES		<u>1,953,684</u>	<u>2,005,249</u>
TOTAL EQUITY AND LIABILITIES		<u>2,240,034</u>	<u>2,232,626</u>

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

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GIBRALTAR BSN LIFE BERHAD
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**UNAUDITED CONDENSED INTERIM STATEMENT OF INCOME
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2021**

	6 months ended <u>30.06.2021</u> RM'000	6 months ended <u>30.06.2020</u> RM'000
Operating revenue	<u>139,371</u>	<u>148,548</u>
Gross premiums	99,557	107,483
Premiums ceded to reinsurers	<u>(5,188)</u>	<u>(5,491)</u>
Net premiums	<u>94,369</u>	<u>101,992</u>
Investment income	39,814	41,066
Realised gains	22,946	7,356
Fair value losses	(8,253)	(22,393)
Other operating income	<u>1,961</u>	<u>1,422</u>
Other income	<u>56,468</u>	<u>27,451</u>
Gross benefits and claims	(94,694)	(154,080)
Claims ceded to reinsurers	2,033	4,164
Gross change in contract liabilities	14,596	44,496
Change in contract liabilities ceded to reinsurers	<u>309</u>	<u>712</u>
Net insurance benefits and claims	<u>(77,756)</u>	<u>(104,708)</u>
Fee and commission expenses	(5,597)	(7,024)
Management expenses	<u>(44,474)</u>	<u>(45,633)</u>
Other expenses	<u>(50,071)</u>	<u>(52,657)</u>
Profit/(loss) before taxation	23,010	(27,922)
Tax (expense)/benefit	<u>(8,137)</u>	<u>3,710</u>
Profit/(loss) for the financial period	<u>14,873</u>	<u>(24,212)</u>
Basic diluted earning/(loss) per share (sen)	<u>8.04</u>	<u>(19.37)</u>

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

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GIBRALTAR BSN LIFE BERHAD
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**UNAUDITED CONDENSED INTERIM STATEMENT OF OTHER
COMPREHENSIVE INCOME
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2021**

	6 months ended <u>30.06.2021</u> RM'000	6 months ended <u>30.06.2020</u> RM'000
Profit/(loss) for the financial period	<u>14,873</u>	<u>(24,212)</u>
Other comprehensive (loss)/income:		
<u>Item that may be subsequently reclassified to statement of income:</u>		
Available-for-sale fair value reserves		
- Gross fair value changes	(46,109)	24,457
- Taxation	7,415	(3,865)
Change in insurance contract liabilities arising from		
- Fair value changes in available-for-sale assets	24,777	(13,672)
- Taxation	(1,982)	1,118
	<u>(15,899)</u>	<u>8,038</u>
Total comprehensive loss for the financial period	<u>(1,026)</u>	<u>(16,174)</u>

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

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GIBRALTAR BSN LIFE BERHAD

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**UNAUDITED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2021**

	Non-distributable				Distributable	Total
	Share capital	Assets revaluation reserves	Available for-sale 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 2021	125,000	46	35,004	(4,007)	71,334	227,377
Issuance of shares during the financial period	60,000	-	-	-	-	60,000
Other comprehensive loss for the financial period	-	-	(15,899)	-	-	(15,899)
Profit/(loss) for the financial period	-	-	-	19,370	(4,498)	14,872
At 30 June 2021	<u>185,000</u>	<u>46</u>	<u>19,105</u>	<u>15,363</u>	<u>66,836</u>	<u>286,350</u>
As at 1 January 2020	125,000	46	25,409	82,874	77,130	310,459
Other comprehensive income for the financial year	-	-	9,595	-	-	9,595
Loss for the financial year	-	-	-	(86,881)	(5,796)	(92,677)
At 31 December 2020	<u>125,000</u>	<u>46</u>	<u>35,004</u>	<u>(4,007)</u>	<u>71,334</u>	<u>227,377</u>

* The Life non-participating surplus amount is net of deferred tax. This amount is restricted for distribution until the actual recommended transfer from the life fund into the shareholders' fund by the Appointed Actuary in accordance with the Financial Services Act, 2013.

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

GIBRALTAR BSN LIFE BERHAD
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**UNAUDITED CONDENSED INTERIM STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2021**

		6 months ended <u>30.06.2021</u> RM'000	6 months ended <u>30.06.2020</u> RM'000
OPERATING ACTIVITIES			
Cash used in operating activities	16	(42,253)	(63,410)
Dividend income received		7,472	6,140
Interest/profit income received		32,562	34,885
Interest paid on lease liabilities		(559)	-
Rental income on investment property received		158	128
Income tax paid		<u>(2,800)</u>	<u>(2,520)</u>
Net cash flow used in operating activities		<u>(5,420)</u>	<u>(24,777)</u>
INVESTING ACTIVITIES			
Proceeds from disposal of properties and equipment		221	-
Purchase of properties and equipment		(158)	(55)
Purchase of intangible assets		<u>(5,401)</u>	<u>(586)</u>
Net cash flow used in investing activities		<u>(5,338)</u>	<u>(641)</u>
FINANCING ACTIVITIES			
Issuance of shares during the financial period		60,000	-
Repayment of lease liabilities		<u>(1,432)</u>	<u>(1,348)</u>
Net cash flow generated from/(used in) financing activities		<u>58,568</u>	<u>(1,348)</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		47,810	(26,766)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		167,387	161,990
CASH AND CASH EQUIVALENTS AT END OF YEAR		<u><u>215,197</u></u>	<u><u>135,224</u></u>
Cash and cash equivalents comprise:			
Cash and bank balances		7,678	7,174
Deposits with maturity of less than 3 months		<u>207,519</u>	<u>128,050</u>
- Licensed financial institutions		<u>215,197</u>	<u>135,224</u>

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

GIBRALTAR BSN LIFE BERHAD

(Incorporated in Malaysia)

STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (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 2020	23,492
Cash changes:	
Repayment	(2,778)
Interest paid	(1,182)
Non-cash changes:	
Additions	911
Accrued interest	1,182
At 31 December 2020	<u>21,625</u>
Cash changes:	
Repayment	(1,432)
Interest paid	(559)
Non-cash changes:	
Additions	124
Lease modification	(48)
Accrued interest	559
At 30 June 2021	<u>20,269</u>

GIBRALTAR BSN LIFE BERHAD
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**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2021**

1 PRINCIPAL ACTIVITIES AND CORPORATE INFORMATION

The condensed interim financial statements for the six months ended 30 June 2021 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 2020, which have been prepared in accordance with MFRSs, International Financial Reporting Standard and comply with the requirements of the Companies Act 2016 in Malaysia.

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 2020.

a) 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 2020, except for the adoption of the following:

<u>MFRSs/Interpretations</u>	<u>Effective Date</u>
• Interest Rate Benchmark Reform – Phase 2 (Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16)	1 January 2021
• Covid-19 Related Rent Concessions beyond 30 June 2021 (Amendment to MFRS 16 Leases)	1 April 2021

- * The Company’s business activities are predominantly insurance and hence qualify for the temporary exemption from applying MFRS 9 under the Amendments to MFRS 4, Insurance Contracts. Hence, the Company will defer and adopt MFRS 9 together with MFRS 17, Insurance Contracts on 1 January 2023. The Company is currently assessing the financial impact that may arise from the adoption of MFRS 9 and intends to adopt MFRS 9 together with MFRS 17 on 1 January 2023.

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**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
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a) **SIGNIFICANT ACCOUNTING POLICIES**

- Amendments to MFRS 4 - Applying MFRS 9 - Financial Instruments with MFRS 4 - Insurance Contracts.

The amendments allow entities to avoid temporary volatility in profit or loss that might result from adopting MFRS 9 'Financial Instruments' before the forthcoming new insurance contracts standard. This is because certain financial assets have to be measured at fair value through profit or loss under MFRS 9; whereas, under MFRS 4 'Insurance Contracts', the related liabilities from insurance contracts are often measured on amortised cost basis.

The amendments provide 2 different approaches for the Company:

- (i) temporary exemption from MFRS 9 for entities that meet specific requirements; and
- (ii) the overlay approach. Both approaches are optional

The temporary exemption enables eligible entities to defer the implementation date of MFRS 9 to annual periods beginning before 1 January 2023 at the latest. An entity may apply the temporary exemption from MFRS 9 if its activities are predominantly connected with insurance whilst the overlay approach allows an entity to adjust profit or loss for eligible financial assets by removing any accounting volatility to other comprehensive income that may arise from applying MFRS 9.

An entity can apply the temporary exemption from MFRS 9 from annual periods beginning on or after 1 January 2020 and may start applying the overlay approach when it applies MFRS 9 for the first time.

The Company's business activity is predominantly insurance as the liabilities connected with the Company's insurance businesses made up of more than 90% of the Company's total liabilities.

Hence, the Company qualifies for the temporary exemption from applying MFRS 9 and will defer and adopt MFRS 9 together with MFRS 17, Insurance Contracts for the financial year beginning on or after 1 January 2023.

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**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2021 (CONTINUED)**

a) **SIGNIFICANT ACCOUNTING POLICIES**

- Amendments to MFRS 4 - Applying MFRS 9 - Financial Instruments with MFRS 4 - Insurance Contracts. (continued)

The following additional disclosures, required by Amendments to MFRS 4 for entity qualified and elected the temporary exemption from applying MFRS 9, present the Company's financial assets by their contractual cash flows characteristics, which indicate if they are solely payments of principal and interest on the principal outstanding ("SPPI"):

Financial assets	Fair value as at 30.06.2021 RM'000	Change in fair value RM'000	Cash flows characteristic
Malaysia government securities	10,719	(605)	SPPI
Malaysian government guaranteed bonds	668,458	(33,759)	SPPI
Unquoted debt securities	579,146	(17,140)	SPPI
Quoted equity securities	392,406	(18,511)	NON SPPI
Quoted unit trust and property trust funds	204,212	36,620	NON SPPI
Unquoted equity securities	3,282	-	NON SPPI
Fixed deposits	1,127	-	SPPI
Loan and receivable ("LAR")	58,979	-	SPPI
Cash and cash equivalent	215,197	-	SPPI
	<u>2,133,526</u>	<u>(33,395)</u>	

Insurance receivables and reinsurance assets have been excluded from the above assessment as they are under the scope of MFRS 17 Insurance Contracts.

Other than the financial assets included in the table above and assets that are within the scope of MFRS 17 Insurance Contracts, all other assets in the statement of financial position are non-financial asset.

The adoption of these amendments did not have any impact on the current period or any prior period and is not likely to affect future periods.

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**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2021 (CONTINUED)**

2 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.

3 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.

4 MATERIAL CHANGES IN ESTIMATES

There was no material changes in the basis used for the accounting estimates in the interim financial period.

5 DIVIDENDS

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

6 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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7 INVESTMENTS

	<u>30.06.2021</u>	<u>31.12.2020</u>
	RM'000	RM'000
Malaysian Government Securities	10,719	11,312
Malaysian government guaranteed bonds	667,933	681,464
Debt securities	596,677	640,120
Equity securities	395,687	389,582
Unit trust and property trust funds	204,211	194,129
Loans	58,979	59,070
Fixed and call deposits	1,127	1,127
	<u>1,935,333</u>	<u>1,976,804</u>
Held-to-maturity financial assets ("HTM")	187,799	198,091
Loans and receivables ("LAR")	60,106	60,197
Available-for-sale financial assets ("AFS")	1,061,025	1,107,105
Fair value through profit and loss financial assets ("FVTPL")	626,403	611,411
	<u>1,935,333</u>	<u>1,976,804</u>
The following investments mature after 12 months:		
HTM	187,799	188,005
LAR	58,979	59,070
AFS	1,047,459	1,078,342
	<u>1,294,237</u>	<u>1,325,417</u>

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**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2021 (CONTINUED)**

7 INVESTMENTS (CONTINUED)

(a) HTM

	<u>30.06.2021</u> RM'000	<u>31.12.2020</u> RM'000
<u>Amortised cost</u>		
Unquoted in Malaysia		
Malaysian government guaranteed bonds	10,011	10,012
Debt securities	174,615	184,779
Accrued interest	3,173	3,300
	<u>187,799</u>	<u>198,091</u>
<u>Fair value</u>		
Unquoted in Malaysia		
Malaysian government guaranteed bonds	10,537	10,864
Debt securities	186,871	202,104
Accrued interest	3,173	3,300
	<u>200,581</u>	<u>216,268</u>

(b) LAR

	<u>30.06.2021</u> RM'000	<u>31.12.2020</u> RM'000
<u>Amortised cost</u>		
Fixed and call deposits	1,127	1,127
Policy loans	43,842	43,959
Accrued interest	15,137	15,111
	<u>60,106</u>	<u>60,197</u>
<u>Fair value</u>		
Fixed and call deposits	1,127	1,127
Policy loans	43,842	43,959
Accrued interest	15,137	15,111
	<u>60,106</u>	<u>60,197</u>

Fixed and call deposits of the Company have an average maturity of 21 days (2020: 19 days). The interest rate per annum of fixed deposits, that was effective as at the end of the reporting year was 1.76% per annum (2020: 1.73% per annum).

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**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2021 (CONTINUED)**

7 INVESTMENTS (CONTINUED)

(c) AFS

	<u>30.06.2021</u>	<u>31.12.2020</u>
	RM'000	RM'000
<u>Fair value</u>		
Unquoted in Malaysia		
Equity securities	3,282	3,282
Debt securities	385,665	417,365
Malaysian Government Securities	10,719	11,312
Malaysian government guaranteed bonds	651,049	664,621
Accrued interest	10,310	10,525
	<u>1,061,025</u>	<u>1,107,105</u>

(d) FVTPL

	<u>30.06.2021</u>	<u>31.12.2020</u>
	RM'000	RM'000
<u>Fair value</u>		
Quoted in Malaysia		
Held-for-Trading		
Equity securities	220,568	217,999
Unit trust and property trust funds	133,289	125,499
By designation		
Equity securities	171,838	168,301
Unit trust and property trust funds	70,923	68,630
Unquoted in Malaysia		
By designation		
Debt securities	29,489	30,648
Accrued interest	296	334
	<u>626,403</u>	<u>611,411</u>

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**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2021 (CONTINUED)**

7 INVESTMENTS (CONTINUED)

(e) Carrying value of financial investments

	<u>HTM</u> RM'000	<u>AFS</u> RM'000	<u>FVTPL</u> RM'000	<u>Total</u> RM'000
At 1 January 2021	198,091	1,107,105	611,411	1,916,607
Purchases	-	30,000	188,700	218,700
Maturities/disposals/ Proceeds	(10,000)	(30,148)	(188,263)	(228,411)
Realised gains	-	144	22,847	22,991
Fair value gains recorded in:				
Statement of income	-	-	(8,253)	(8,253)
Other comprehensive income	-	(46,109)	-	(46,109)
(Amortisation of premium)/ accretion of discount	(165)	247	-	82
Movement of investment income accrued	(127)	(214)	(39)	(380)
At 30 June 2021	<u>187,799</u>	<u>1,061,025</u>	<u>626,403</u>	<u>1,875,227</u>
At 1 January 2020	213,564	1,171,021	515,667	1,900,252
Purchases	-	70,823	401,851	472,674
Maturities/disposals/ Proceeds	(15,000)	(166,482)	(392,862)	(574,344)
Realised gains	-	2,006	31,951	33,957
Fair value gains recorded in:				
Statement of income	-	-	54,816	54,816
Other comprehensive income	-	30,158	-	30,158
(Amortisation of premium)/ accretion of discount	(323)	168	-	(155)
Movement of investment income accrued	(150)	(589)	(12)	(751)
At 31 December 2020	<u>198,091</u>	<u>1,107,105</u>	<u>611,411</u>	<u>1,916,607</u>

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**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2021 (CONTINUED)**

7 INVESTMENTS (CONTINUED)

(f) 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 2021</u>				
Financial assets at FVTPL				
Quoted in Malaysia				
Equity securities	392,406	-	-	392,406
Unit trust and property trust funds	204,212	-	-	204,212
Unquoted in Malaysia				
Debt securities	-	29,785	-	29,785
AFS				
Unquoted in Malaysia				
Equity securities	-	-	3,282	3,282
Debt securities	-	374,565	11,100	385,665
Malaysia Government Securities	-	10,719	-	10,719
Malaysia government guaranteed bonds	-	651,049	-	651,049
Accrued interest	-	10,310	-	10,310
Total assets	<u>596,618</u>	<u>1,076,428</u>	<u>14,382</u>	<u>1,687,428</u>
<u>31 December 2020</u>				
Financial assets at FVTPL				
Quoted in Malaysia				
Equity securities	386,300	-	-	386,300
Unit trust and property trust funds	194,129	-	-	194,129
Unquoted in Malaysia				
Debt securities	-	30,982	-	30,982
AFS				
Unquoted in Malaysia				
Equity securities	-	-	3,282	3,282
Debt securities	-	406,780	10,585	417,365
Malaysia Government Securities	-	11,312	-	11,312
Malaysia government guaranteed bonds	-	664,621	-	664,621
Accrued interest	-	10,525	-	10,525
Total assets	<u>580,429</u>	<u>1,124,220</u>	<u>13,867</u>	<u>1,718,516</u>

GIBRALTAR BSN LIFE BERHAD
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**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2021 (CONTINUED)**

7 INVESTMENTS (CONTINUED)

(f) Estimation of fair value (continued)

Fair value hierarchy disclosure (continued)

	<u>30.06.2021</u>	<u>31.12.2020</u>
	RM'000	RM'000
<u>Level 3</u>		
At 1 January	13,867	13,353
Total gains for the year recognised in statement of income, presented in insurance contract liabilities	515	514
At 31 December	<u>14,382</u>	<u>13,867</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.

8 REINSURANCE ASSETS

	<u>30.06.2021</u>	<u>31.12.2020</u>
	RM'000	RM'000
Reinsurance of insurance contracts (Note 13)		
Claims liabilities	5,643	6,249
Insurance contract liabilities	6,627	6,318
	<u>12,270</u>	<u>12,567</u>

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9 **INSURANCE RECEIVABLES**

	<u>30.06.2021</u>	<u>31.12.2020</u>
	RM'000	RM'000
Outstanding premiums including agents, brokers and co-insurers balances	3,114	4,036
Amounts due from reinsurers	1,894	3,012
	<u>5,008</u>	<u>7,048</u>
<u>Impairment movement</u>		
At 1 January 2021	-	(6)
Charge for the financial year	-	6
At 30 June 2021/31 December 2020	<u>-</u>	<u>-</u>

The Company does not off-set its insurance receivables against insurance 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 2021 (31.12.2020: RM nil).

10 **OTHER RECEIVABLES**

	<u>30.06.2021</u>	<u>31.12.2020</u>
	RM'000	RM'000
Income due and accrued	1,000	1,106
Receivable from fund managers and brokers	26,850	22,513
Other receivables, deposits and prepayments	2,517	4,417
	<u>30,367</u>	<u>28,036</u>
Receivables after 12 months:	<u>268</u>	<u>268</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 2021 (31.12.2020: RM nil).

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11 SHARE CAPITAL

	30.06.2021		31.12.2020	
	Number of shares 000	Amount RM'000	Number of shares 000	Amount RM'000
Issued and paid up:				
Ordinary shares at the beginning of financial period/year	125,000	125,000	125,000	125,000
Issued during the financial period/year	60,000	60,000	-	-
Ordinary shares at the end of financial period/year	<u>185,000</u>	<u>185,000</u>	<u>125,000</u>	<u>125,000</u>

During the financial period, the Company has allotted additional RM 60,000 ordinary shares in the capital of the Company which increased its share capital to RM 185,000 (2020: RM 125,000).

12 RESERVES

(a) Retained earnings

The non-distributable retained earnings represent the unallocated surplus from the Non-Par 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 position to below its internal target.

(b) Other reserves

Other reserves consist of AFS reserves and asset revaluation reserve.

The AFS reserves of the Company represent the fair value gains or losses of the AFS financial assets, net of deferred tax, of the Life Non-Participating and Shareholders' funds.

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

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13 **INSURANCE CONTRACT LIABILITIES**

	30.06.2021			31.12.2020		
	Gross RM'000	Reinsurance RM'000	Net RM'000	Gross RM'000	Reinsurance RM'000	Net RM'000
Benefits and claims liabilities	193,808	(5,643)	188,165	188,770	(6,249)	182,521
Actuarial liabilities	1,335,170	(6,627)	1,328,543	1,373,465	(6,318)	1,367,147
Unallocated surplus	17,632	-	17,632	2,465	-	2,465
Available-for-sale fair value reserves	32,860	-	32,860	55,655	-	55,655
Asset revaluation reserves	215	-	215	215	-	215
Net asset value attributable to unit holders	<u>277,594</u>	<u>-</u>	<u>277,594</u>	<u>269,062</u>	<u>-</u>	<u>269,062</u>
	<u>1,857,279</u>	<u>(12,270)</u>	<u>1,845,009</u>	<u>1,889,632</u>	<u>(12,567)</u>	<u>1,877,065</u>

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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
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13 **INSURANCE CONTRACT LIABILITIES (CONTINUED)**

	Gross			Reinsurance			Net RM'000
	With DPF RM'000	Without DPF RM'000	Total RM'000	With DPF RM'000	Without DPF RM'000	Total RM'000	
As at 1 January 2021	937,385	952,247	1,889,632	(216)	(12,351)	(12,567)	1,877,065
Change in life insurance fund contract liabilities							
Due to assumptions change							
Interest and bonus rate	(10)	(17,945)	(17,955)	-	-	-	(17,955)
Others	-	(2)	(2)	-	-	-	(2)
Projected cash flow for inforce policies							
Premium	28,309	34,812	63,121	-	-	-	63,121
Investment return	17,319	4,438	21,757	-	-	-	21,757
Benefits	(48,237)	(37,049)	(85,286)	-	-	-	(85,286)
Expenses/commission	(4,134)	(9,535)	(13,669)	-	-	-	(13,669)
Variance on inforce policies	6,673	12,016	18,689	-	-	-	18,689
New business reserves	99	(3,833)	(3,734)	-	-	-	(3,734)
Others	(15,533)	(5,683)	(21,216)	(10)	(299)	(309)	(21,525)
Benefits and claims experience variation	1,235	3,803	5,038	21	585	606	5,644
Net asset value attributable to unit holders	-	8,532	8,532	-	-	-	8,532
Available-for-sale fair value reserves	(24,777)	-	(24,777)	-	-	-	(24,777)
Assets revaluation reserves	-	-	-	-	-	-	-
Unallocated surplus	15,167	-	15,167	-	-	-	15,167
Deferred tax effects:							
Available-for-sale fair value reserves	1,982	-	1,982	-	-	-	1,982
At 30 June 2021	<u>915,478</u>	<u>941,801</u>	<u>1,857,279</u>	<u>(205)</u>	<u>(12,065)</u>	<u>(12,270)</u>	<u>1,845,009</u>

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13 **INSURANCE CONTRACT LIABILITIES (CONTINUED)**

	Gross			Reinsurance			Net
	With DPF	Without DPF	Total	With DPF	Without DPF	Total	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
As at 1 January 2020	950,664	797,376	1,748,040	(164)	(11,383)	(11,547)	1,736,493
Change in life insurance fund contract liabilities							
Due to assumptions change							
Mortality/morbidity	(1,577)	1,814	237	-	-	-	237
Lapse/withdrawal	-	301	301	-	-	-	301
Interest and bonus rate	(1,409)	27,396	25,987	-	-	-	25,987
Others	(1,048)	11,878	10,830	-	-	-	10,830
Projected cash flow for inforce policies							
Premium	60,079	69,721	129,800	-	-	-	129,800
Investment return	36,103	8,996	45,099	-	-	-	45,099
Benefits	(163,583)	(72,196)	(235,779)	-	-	-	(235,779)
Expenses/commission	(8,585)	(18,205)	(26,790)	-	-	-	(26,790)
Variance on inforce policies	26,007	16,132	42,139	-	-	-	42,139
New business reserves	240	1,691	1,931	-	-	-	1,931
Others	18,240	52,706	70,946	(2)	1,098	1,096	72,042
Benefits and claims experience variation	2,008	1,326	3,334	(50)	(2,066)	(2,116)	1,218
Net asset value attributable to unit holders	-	53,311	53,311	-	-	-	53,311
Available-for-sale fair value reserves	17,283	-	17,283	-	-	-	17,283
Assets revaluation reserves	75	-	75	-	-	-	75
Unallocated surplus	4,295	-	4,295	-	-	-	4,295
Deferred tax effects:							
Available-for-sale fair value reserves	(1,407)	-	(1,407)	-	-	-	(1,407)
At 31 December 2020	<u>937,385</u>	<u>952,247</u>	<u>1,889,632</u>	<u>(216)</u>	<u>(12,351)</u>	<u>(12,567)</u>	<u>1,877,065</u>

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14 INSURANCE PAYABLES

	<u>30.06.2021</u>	<u>31.12.2020</u>
	RM'000	RM'000
Amount due to insureds	22,243	35,069
Amount owing to client and intermediaries	3,588	4,569
Amount owing to reinsurers and cedants	8,173	5,586
	<u>34,004</u>	<u>45,224</u>

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

The Company does not off-set its insurance payables against insurance 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 2021 (31.12.2020: RM nil).

15 OTHER PAYABLES

	<u>30.06.2021</u>	<u>31.12.2020</u>
	RM'000	RM'000
Accrued expenses	7,916	6,107
Provision for bonus	4,487	8,459
Unclaimed monies	593	710
Payable to investment brokers	837	838
Agency related expenses accrued	1,137	560
Marketing related expenses accrued	-	66
Other payables and accruals	1,838	4,891
Director related expenses accrued	293	26
	<u>17,101</u>	<u>21,657</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 2021 (31.12.2020: RM nil).

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16 CASH FLOWS

	Financial period from 01.01.2021 to 30.06. 2021 RM'000	Financial period from 01.01.2020 to 30.06. 2020 RM'000
Profit/(loss) for the financial period	14,873	(24,212)
Tax benefit attributable to participating fund and unit holders	2,456	356
Tax income/(expense) attributable to shareholders	5,681	(4,065)
Investment income	(39,814)	(41,065)
Realised gains recorded in statement of income	(22,946)	(7,357)
Fair value losses recorded in statement of income	8,253	22,393
Purchases of FVTPL financial assets	(188,700)	(156,016)
Maturity/proceeds from sale of FVTPL financial assets	188,263	172,825
Purchases of AFS financial assets	(30,000)	(50,100)
Maturity/proceeds from sale of AFS financial assets	30,148	104,595
Maturity of HTM financial assets	10,000	5,000
Decrease/(increase) in LAR	117	(283)
Non-cash items:		
Depreciation of properties and equipment	1,340	1,531
Depreciation of right-of-use assets	1,664	1,646
Amortisation of intangible assets	1,289	1,682
Amortisation of prepaid lease property	2	2
Interest on lease liabilities	559	-
Changes in working capital:		
Decrease/(increase) in reinsurance assets	297	(727)
Decrease/(increase) in insurance receivables	2,040	(233)
(Increase)/decrease in other receivables	(26,353)	3,397
Increase/(decrease) in insurance contract liabilities	9,754	(33,286)
Decrease in insurance payables	(11,220)	(21,302)
Increase/(decrease) in other payables	44	(38,191)
Cash generated used in operating activities	<u>(42,253)</u>	<u>(63,410)</u>

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17 CAPITAL COMMITMENTS

As of 30 June 2021, capital expenditure approved by Directors but not provided for in the financial statements are as follows:

	<u>30.06.2021</u> RM'000	<u>31.12.2020</u> RM'000
Authorised and contracted but not provided for:		
Computer hardware and software	2,038	2,796
Properties and equipment	-	2
	<u>2,038</u>	<u>2,798</u>
Approved and not contracted for:		
Properties and equipment	-	23
	<u>-</u>	<u>23</u>

18 REGULATORY CAPITAL REQUIREMENTS

The capital structure of the Company as at 30 June 2021, as prescribed under the RBC Framework is provided below:

	<u>30.06.2021</u> RM'000	<u>31.12.2020</u> RM'000
<u>Eligible Tier 1 Capital</u>		
Share capital (paid up)	185,000	125,000
Valuation surplus, retained earnings and other capital available	181,591	143,974
	<u>366,591</u>	<u>268,974</u>
<u>Tier 2 Capital</u>		
Eligible Tier 2 Capital	56,664	99,054
Amount deducted from Capital	(11,237)	(8,106)
	<u>45,427</u>	<u>90,948</u>
 Total Capital Available	 <u>412,018</u>	 <u>359,922</u>

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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
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19 INSURANCE FUNDS

The Company's activities are organised by funds and segregated into the life and shareholders' fund in accordance with Financial Services Act, 2013.

Statement of Financial Position by Funds
For the financial year ended

	Shareholders' Fund		Life Fund		Investment-linked Funds		Elimination		Total	
	30.06.2021 RM'000	31.12.2020 RM'000	30.06.2021 RM'000	31.12.2020 RM'000	30.06.2021 RM'000	31.12.2020 RM'000	30.06.2021 RM'000	31.12.2020 RM'000	30.06.2021 RM'000	31.12.2020 RM'000
Assets										
Properties and equipment	-	-	9,949	11,397	-	-	-	-	9,949	11,397
Investment property	-	-	5,200	5,200	-	-	-	-	5,200	5,200
Intangible assets	-	-	7,770	3,658	-	-	-	-	7,770	3,658
Prepaid lease property	-	-	220	221	-	-	-	-	220	221
Right of use asset	-	-	18,720	20,308	-	-	-	-	18,720	20,308
Investments	167,222	163,139	1,502,094	1,552,398	272,548	267,912	(6,531)	(6,645)	1,935,333	1,976,804
Reinsurance assets	-	-	12,270	12,567	-	-	-	-	12,270	12,567
Insurance receivables	-	-	5,008	7,048	-	-	-	-	5,008	7,048
Other receivables	42,308	37,850	13,093	13,989	16,757	13,700	(41,791)	(37,503)	30,367	28,036
Cash and cash equivalents	85,979	35,465	126,644	130,089	2,574	1,833	-	-	215,197	167,387
Total Assets	295,509	236,454	1,700,968	1,756,875	291,879	283,445	(48,322)	(44,148)	2,240,034	2,232,626
Share capital	185,000	125,000	-	-	-	-	-	-	185,000	125,000
Retained earnings	82,199	67,327	-	-	-	-	-	-	82,199	67,327
AFS fair value reserves	19,105	35,004	-	-	-	-	-	-	19,105	35,004
Asset revaluation reserves	46	46	-	-	-	-	-	-	46	46
Total Equity	286,350	227,377	-	-	-	-	-	-	286,350	227,377
Insurance contract liabilities	-	-	1,579,685	1,620,571	284,125	275,706	(6,531)	(6,645)	1,857,279	1,889,632
Deferred tax liabilities	7,980	7,264	5,678	9,978	6,868	6,862	-	-	20,526	24,104
Insurance payables	-	59	34,004	45,165	-	-	-	-	34,004	45,224
Tax payables	128	73	4,377	2,934	-	-	-	-	4,505	3,007
Other payables	1,051	1,681	56,955	56,602	886	877	(41,791)	(37,503)	17,101	21,657
Lease liability	-	-	20,269	21,625	-	-	-	-	20,269	21,625
Total Liabilities	9,159	9,077	1,700,968	1,756,875	291,879	283,445	(48,322)	(44,148)	1,953,684	2,005,249
Total Policyholders' Fund and Liabilities	295,509	236,454	1,700,968	1,756,875	291,879	283,445	(48,322)	(44,148)	2,240,034	2,232,626

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19 INSURANCE FUNDS (CONTINUED)

Statement of Income by Funds
For the financial year ended

	Shareholders' Fund		Life Fund		Investment-Linked Fund		Elimination		Total	
	Financial period from 01.01.2021 to 30.06.2021 RM'000	Financial period from 01.01.2020 to 30.06.2020 RM'000	Financial period from 01.01.2021 to 30.06.2021 RM'000	Financial period from 01.01.2020 to 30.06.2020 RM'000	Financial period from 01.01.2021 to 30.06.2021 RM'000	Financial period from 01.01.2020 to 30.06.2020 RM'000	Financial period from 01.01.2021 to 30.06.2021 RM'000	Financial period from 01.01.2020 to 30.06.2020 RM'000	Financial period from 01.01.2021 to 30.06.2021 RM'000	Financial period from 01.01.2020 to 30.06.2020 RM'000
Operating revenue	2,102	3,177	117,308	128,868	19,961	16,503	-	-	139,371	148,548
Gross premium	-	-	82,063	92,997	17,494	14,486	-	-	99,557	107,483
Premium ceded to reinsurers	-	-	(5,188)	(5,491)	-	-	-	-	(5,188)	(5,491)
Net premiums	-	-	76,875	87,506	17,494	14,486	-	-	94,369	101,992
Investment income	2,102	3,177	35,245	35,872	2,467	2,017	-	-	39,814	41,066
Realised gain/(loss)	4	(1)	11,131	6,198	11,811	1,159	-	-	22,946	7,356
Fair value (losses)/gains	(708)	160	(7,742)	(20,554)	83	(1,836)	114	(163)	(8,253)	(22,393)
Other operating (expenses)/income	(3,543)	(3,131)	5,504	4,553	-	-	-	-	1,961	1,422
Other (expenses)/income	(2,145)	205	44,138	26,069	14,361	1,340	114	(163)	56,468	27,451
Gross benefits and claims	-	-	(74,209)	(136,625)	(20,485)	(17,455)	-	-	(94,694)	(154,080)
Claims ceded to reinsurers	-	-	2,033	4,164	-	-	-	-	2,033	4,164
Gross change in contract liabilities	-	-	23,128	41,275	(8,418)	3,058	(114)	163	14,596	44,496
Change in contract liabilities to reinsurers	-	-	309	712	-	-	-	-	309	712
Net insurance benefits and claims	-	-	(48,739)	(90,474)	(28,903)	(14,397)	(114)	163	(77,756)	(104,708)

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**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
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19 **INSURANCE FUNDS (CONTINUED)**

**Statement of Income by Funds
For the financial year ended (continued)**

	Shareholders' Fund		Life Fund		Investment-Linked Fund		Elimination		Total	
	Financial period from 01.01.2021 to 30.06.2021	Financial period from 01.01.2020 to 30.06.2020	Financial period from 01.01.2021 to 30.06.2021	Financial period from 01.01.2020 to 30.06.2020	Financial period from 01.01.2021 to 30.06.2021	Financial period from 01.01.2020 to 30.06.2020	Financial period from 01.01.2021 to 30.06.2021	Financial period from 01.01.2020 to 30.06.2020	Financial period from 01.01.2021 to 30.06.2021	Financial period from 01.01.2020 to 30.06.2020
	RM'000									
Fee and commission Expenses	(1,153)	(509)	(4,444)	(6,515)	-	-	-	-	(5,597)	(7,024)
Management expenses	(1,179)	(1,168)	(41,320)	(43,057)	(1,975)	(1,408)	-	-	(44,474)	(45,633)
Other expenses	(2,332)	(1,677)	(45,764)	(49,572)	(1,975)	(1,408)	-	-	(50,071)	(52,657)
(Loss)/profit before taxation	(4,477)	(1,472)	26,510	(26,471)	977	21	-	-	23,010	(27,922)
Income tax expense attributable to policyholders and unit holders	-	-	(1,480)	(335)	(977)	(21)	-	-	(2,457)	(356)
Loss before tax attributable to shareholders	(4,477)	(1,472)	25,030	(26,806)	-	-	-	-	20,553	(28,278)
Transfer from revenue accounts	23,914	(27,802)	(23,914)	27,802	-	-	-	-	-	-
Profit/(loss) before taxation	19,437	(29,274)	1,116	996	-	-	-	-	20,553	(28,278)
Tax (expense)/benefit	(4,564)	5,062	(2,596)	(1,331)	(977)	(21)	-	-	(8,137)	3,710
Income tax benefit attributable to policyholders and unit holders	-	-	1,480	335	977	21	-	-	2,457	356
Tax (expense)/benefit attributable to shareholders	(4,564)	5,062	(1,116)	(996)	-	-	-	-	(5,680)	4,066
Profit/(loss) for the financial period	14,873	(24,212)	-	-	-	-	-	-	14,873	(24,212)

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**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2021 (CONTINUED)**

20 **SIGNIFICANT EVENT**

The rising Covid-19 cases led to a nationwide total lockdown on all social and economic sectors in Malaysia on 28 May 2021.

Although the Company operates as an essential service provider, the operating environment is challenging given economic concerns which affects consumer sentiments.

The pandemic had resulted in uncertainty over the global and local economic outlook, contributes to higher volatility and the low interest rate environment.

While the Company's financial results for the period are still healthy, actions are taken in managing the business and operations to remain resilient.

The Company will continue to monitor the impact of the pandemic and take appropriate mitigating actions such as focus on driving business growth, cautiously managing operating expenses, and remain available to serve our customers.