



# Gallagher Re

## Legal Entity Fact Sheet – Gallagher Re Labuan Limited

### Company Information

Legal entity	Gallagher Re Labuan Limited
Registered Address	Brumby Centre, Lot 42, Jalan Muhibbah, Labuan F.T., 87000, Malaysia
Website	<a href="https://www.ajg.com/gallagherre/">https://www.ajg.com/gallagherre/</a>
Telephone	+603 2082 1600
General Email	<a href="mailto:enquires@gallagherre.com">enquires@gallagherre.com</a>
Company Type	Private Company Limited by Shares (LTD)
Company No.	LL05552
Incorporation Date	12/10/2006

### Regulator References

Regulator Reference	Labuan Financial Services Authority
Regulator's website	<a href="https://www.labuanfsa.gov.my/default.aspx">https://www.labuanfsa.gov.my/default.aspx</a>
Company Type	Life and General Insurance and Reinsurance Broker
Registration Number	BS200755

### Board Membership

Name	Role	Country of Residence
Khairul Bin Annuar	Secretary	Malaysia
Faris Salim Davidson	Director	Malaysia
Adrian Nicholas Jones	Director	U.K.
Jason Anthony Morais	Director	Malaysia

### Ownership/Shareholders

Name	Shares	Country
Arthur J. Gallagher & Co.	100%	U.S.A.

## Attachments

Also attached to this document are details of our:

- **Head Office Registration Certificate**
- **Insurance Brokers Permission Certificate**
- **Professional Liability Certificate**
- **Financial Statement for 2022**

**LOFSA**

LABUAN OFFSHORE FINANCIAL  
SERVICES AUTHORITY, MALAYSIA

**LABUAN OFFSHORE FINANCIAL SERVICES AUTHORITY**

**Form 7**

**Offshore Companies Act 1990  
(Section 15(5))**

Company No : **LL05552**

**CERTIFICATE OF INCORPORATION OF OFFSHORE COMPANY**

This is to certify that **Willis Re Labuan Limited** is incorporated under the Offshore Companies Act 1990 on and from the **12 October 2006** and that the company is a company limited by shares.

Given under my hand and seal this **12 October 2006**.



**(MD. YUNUS BIN ATIP)**

**for Labuan Offshore Financial Services Authority  
Federal Territory of Labuan  
Malaysia**

## LABUAN FINANCIAL SERVICES AUTHORITY

FORM 11

Labuan Companies Act 1990  
(Subsection 22(2)/section 130R)

Company No.:

LL05552

### CERTIFICATE OF INCORPORATION ON CHANGE OF NAME OF A LABUAN COMPANY

This is to certify that Willis Re Labuan Limited which was incorporated on the 12<sup>th</sup> day of October in the year of 2006 as a Labuan Company under the Labuan Companies Act 1990, did by special resolution resolve to change its name to Gallagher Re Labuan Limited and that the company is now known by its new name with effect from the 26<sup>th</sup> day of January in the year of 2022.

Given under my hand and seal this 26<sup>th</sup> day of January in the year of 2022.



(MOHAMAD IBRAHIM ABDUL HAMID)  
For the Labuan Financial Services Authority  
Federal Territory of Labuan  
Malaysia





## LABUAN OFFSHORE FINANCIAL SERVICES AUTHORITY

### LICENCE TO CARRY ON BUSINESS AS AN OFFSHORE INSURANCE BROKER

LICENCE NO. : **BS200755**


As approved by the Minister of Finance pursuant to section 9(1) of the Offshore Insurance Act 1990, the Labuan Offshore Financial Services Authority, Labuan, Malaysia, hereby grants a licence to

#### **WILLIS RE LABUAN LIMITED**

to carry on business as an offshore insurance broker in or from the Federal Territory of Labuan, Malaysia subject to the conditions specified overleaf.

Dated the **6<sup>th</sup>** day of **March 2007**



  
\_\_\_\_\_  
**DATO' AZIZAN ABDUL RAHMAN**  
Director-General  
Labuan Offshore Financial Services Authority  
Federal Territory of Labuan  
Malaysia

**CONDITIONS**

**This licence is NOT TRANSFERABLE and any change in ownership of the licensee shall be submitted to Labuan Offshore Financial Services Authority (LOFSA) for its approval.**





# CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)

10/31/2023

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

**IMPORTANT:** If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must have ADDITIONAL INSURED provisions or be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

<b>PRODUCER</b> Arthur J. Gallagher Risk Management Services, LLC 300 S Riverside Plaza Ste 1500 Chicago IL 60606	<b>CONTACT NAME:</b> PHONE (A/C, No, Ext): 312-704-0100      FAX (A/C, No): 312-803-7443 E-MAIL ADDRESS: certrequests@ajg.com	
	<b>INSURER(S) AFFORDING COVERAGE</b>	<b>NAIC #</b>
<b>INSURED</b> Arthur J Gallagher & Co. 2850 West Golf Road Rolling Meadows, IL 60008 ARTHJGA113	<b>INSURER A:</b> Lexington Insurance Company	19437
	<b>INSURER B:</b> XL Specialty Insurance Company	37885
	<b>INSURER C:</b> Underwriters at Lloyd's London	15792
	<b>INSURER D:</b>	
	<b>INSURER E:</b>	

**COVERAGES**

CERTIFICATE NUMBER: 434798480

REVISION NUMBER:


THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INBR LTR	TYPE OF INSURANCE	ADDL INSR INSD	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
	<b>COMMERCIAL GENERAL LIABILITY</b> <input type="checkbox"/> CLAIMS-MADE <input type="checkbox"/> OCCUR  GEN'L AGGREGATE LIMIT APPLIES PER: <input type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC OTHER:						EACH OCCURRENCE \$ DAMAGE TO RENTED PREMISES (Ea occurrence) \$ MED EXP (Any one person) \$ PERSONAL & ADV INJURY \$ GENERAL AGGREGATE \$ PRODUCTS - COM/OP AGG \$ \$
	<b>AUTOMOBILE LIABILITY</b> <input type="checkbox"/> ANY AUTO <input type="checkbox"/> OWNED AUTOS ONLY <input type="checkbox"/> SCHEDULED AUTOS <input type="checkbox"/> HIRED AUTOS ONLY <input type="checkbox"/> NON-OWNED AUTOS ONLY						COMBINED SINGLE LIMIT (Ea accident) \$ BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$ \$
	<input type="checkbox"/> UMBRELLA LIAB <input type="checkbox"/> OCCUR <input type="checkbox"/> EXCESS LIAB <input type="checkbox"/> CLAIMS-MADE <input type="checkbox"/> DED <input type="checkbox"/> RETENTION \$						EACH OCCURRENCE \$ AGGREGATE \$ \$
	<b>WORKERS COMPENSATION AND EMPLOYERS' LIABILITY</b> ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below		Y/N	N/A			PER STATUTE    OTH-ER E.L. EACH ACCIDENT \$ E.L. DISEASE - EA EMPLOYEE \$ E.L. DISEASE - POLICY LIMIT \$
A B C	Errors & Omissions Excess Errors & Omissions Excess Errors & Omissions			D14629885 ELU192671-23 FID121923	10/1/2023 10/1/2023 10/1/2023	10/1/2024 10/1/2024 10/1/2024	Per Claim/Aggregate \$12,000,000 Per Claim/Aggregate \$10,000,000 Per Claim/Aggregate \$13,000,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)

Coverage Extends to: Gallagher Re Labuan Limited - Brumby Centre, Lot 42, Jalan Muhibbah, Labuan F.T., 87000, Malaysia

**CERTIFICATE HOLDER****CANCELLATION**

Evidence of Insurance United States	SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.
	AUTHORIZED REPRESENTATIVE 

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Company No. LL 05552

**GALLAGHER RE LABUAN LIMITED**  
(Company No. LL 05552)  
(Incorporated in Labuan, Malaysia  
under the Labuan Companies Act, 1990)  
(Licensed Labuan Insurance Broker - Licence No. BS200755)

**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**  
(In Malaysian Ringgit)



Company No. LL 05552

**GALLAGHER RE LABUAN LIMITED**

(Incorporated in Labuan, Malaysia under the Labuan Companies Act, 1990)  
(Licensed Labuan Insurance Broker - Licence No. BS200755)

**FINANCIAL STATEMENTS**

<b>CONTENTS</b>	<b>PAGE(S)</b>
Independent auditors' report	1 - 4
Statement of profit or loss and other comprehensive income	5
Statement of financial position	6 - 7
Statement of changes in equity	8
Statement of cash flows	9 - 10
Notes to the financial statements	11 - 47
Statement by directors	48



Ernst & Young PLT  
202006000003 (LLP0022760-LCA) & AAL 0001  
SST ID: W10-2002-32000062  
Chartered Accountants  
Lot 1 1st Floor Wisma Siamtoh  
Jalan Kemajuan  
87007 Federal Territory of Labuan, Malaysia

Tel: +6087 413 524  
+6087 413 525  
Fax: +6087 414 526  
ey.com

Mail address: P.O. Box 80123  
87011 Federal Territory of Labuan, Malaysia

Company No. LL 05552

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF GALLAGHER RE LABUAN LIMITED**

(Incorporated in Labuan, Malaysia under the Labuan Companies Act, 1990)  
(Licensed Labuan Insurance Broker - Licence No. BS200755)

### **Report on the Audit of the Financial Statements**

#### **Opinion**

We have audited the financial statements of **GALLAGHER RE LABUAN LIMITED** which comprise the statement of financial position of the Company as of 31 December 2022, and the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 5 to 47.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as of 31 December 2022, and of its financial performance and its cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards.

#### **Basis for opinion**

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

#### **Independence and Other Ethical Responsibilities**

We are independent of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.



Company No. LL 05552

**INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF  
GALLAGHER RE LABUAN LIMITED (CONT'D)**

(Incorporated in Labuan, Malaysia under the Labuan Companies Act, 1990)  
(Licensed Labuan Insurance Broker - Licence No. BS200755)

**Responsibilities of the Directors for the Financial Statements**

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

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

The directors are responsible for overseeing the Company's financial reporting process.

**Auditors' Responsibilities for the Audit of the Financial Statements**

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

Company No. LL 05552

**INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF  
GALLAGHER RE LABUAN LIMITED (CONT'D)**

(Incorporated in Labuan, Malaysia under the Labuan Companies Act, 1990)  
(Licensed Labuan Insurance Broker - Licence No. BS200755)

**Auditors' Responsibilities for the Audit of the Financial Statements (cont'd)**

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

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

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



Company No. LL 05552

**INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF  
GALLAGHER RE LABUAN LIMITED (CONT'D)**  
(Incorporated in Labuan, Malaysia under the Labuan Companies Act, 1990)  
(Licensed Labuan Insurance Broker - Licence No. BS200755)

**Other matters**

This report is made solely to the member of the Company, as a body, in accordance with Section 117(1) of the Labuan Companies Act, 1990 in Malaysia and Section 174(3) of the Labuan Financial Services and Securities Act, 2010 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

The financial statements of the Company for the financial year ended 31 December 2021 were audited by another auditor who express an unmodified audit opinion on those financial statements on 8 April 2022.

*Ernst & Young PLT*

Ernst & Young PLT  
202006000003 (LLP0022760-LCA) & AAL 0001  
Chartered Accountants

*Brandon Bruce Sta Maria*

Brandon Bruce Sta Maria  
No. 02937/09/2023 J  
Chartered Accountant

Federal Territory of Labuan, Malaysia  
25 May 2023

**Company No. LL 05552**

**GALLAGHER RE LABUAN LIMITED**

(Incorporated in Labuan, Malaysia under the Labuan Companies Act, 1990)

(Licensed Labuan Insurance Broker - Licence No. BS200755)

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2022**

	<b>Note</b>	<b>2022 RM</b>	<b>2021 RM</b>
<b>Revenue</b>		33,153,900	25,834,812
Other operating income		278,627	257,149
Interest income		598,355	989,159
Employee benefits expense		(8,392,319)	(7,219,369)
Other operating expenses		(6,524,696)	(2,688,163)
Finance cost		<u>(15,003)</u>	<u>(14,803)</u>
<b>Profit before tax</b>	<b>6</b>	19,098,864	17,158,785
Income tax expense	<b>7</b>	<u>(574,882)</u>	<u>(497,989)</u>
<b>Profit after tax for the year, representing total comprehensive income for the year</b>		<u>18,523,982</u>	<u>16,660,796</u>

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

Company No. LL 05552

**GALLAGHER RE LABUAN LIMITED**

(Incorporated in Labuan, Malaysia under the Labuan Companies Act, 1990)

(Licensed Labuan Insurance Broker - Licence No. BS200755)

**STATEMENT OF FINANCIAL POSITION  
AS OF 31 DECEMBER 2022**

	Note	31.12.2022 RM	31.12.2021 RM
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property and equipment	8	3,562	13,701
Right-of-use asset	9	<u>271,505</u>	<u>475,133</u>
<b>Total Non-Current Assets</b>		<u>275,067</u>	<u>488,834</u>
<b>Current assets</b>			
Trade receivables	10	5,452,131	5,533,674
Contract assets	11	7,148,733	6,326,058
Other receivables	12	1,755,512	2,237,479
Amount owing by ultimate holding company	13	-	57,800,000
Amount owing by immediate holding company	13	300,000	300,000
Fiduciary bank balances	14	102,232,969	42,347,375
Cash at banks	15	<u>25,150,582</u>	<u>7,593,447</u>
<b>Total Current Assets</b>		<u>142,039,927</u>	<u>122,138,033</u>
<b>TOTAL ASSETS</b>		<u>142,314,994</u>	<u>122,626,867</u>

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

Company No. LL 05552

**GALLAGHER RE LABUAN LIMITED**

(Incorporated in Labuan, Malaysia under the Labuan Companies Act, 1990)

(Licensed Labuan Insurance Broker - Licence No. BS200755)

**STATEMENT OF FINANCIAL POSITION (CONT'D)  
AS OF 31 DECEMBER 2022**

	Note	31.12.2022 RM	31.12.2021 RM
<b>EQUITY AND LIABILITIES</b>			
Issued capital	16	300,000	300,000
Retained Earnings	17	<u>35,292,410</u>	<u>75,166,783</u>
Shareholder's Equity		<u>35,592,410</u>	<u>75,466,783</u>
<b>Non-Current Liability</b>			
Lease liability	18	71,407	280,218
<b>Current Liabilities</b>			
Trade payables	19	844,574	1,502,769
Fiduciary payables	20	102,232,969	42,347,375
Other payables	21	2,777,630	2,314,021
Lease liability	18	208,811	200,937
Tax liability		587,193	514,764
<b>Total Current Liabilities</b>		<u>106,651,177</u>	<u>46,879,866</u>
<b>Total Liabilities</b>		<u>106,722,584</u>	<u>47,160,084</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>142,314,994</u>	<u>122,626,867</u>

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



Company No. LL 05552

**GALLAGHER RE LABUAN LIMITED**

(Incorporated in Labuan, Malaysia under the Labuan Companies Act, 1990)

(Licensed Labuan Insurance Broker - Licence No. BS200755)

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Note	Issued capital RM	Distributable reserve- Retained earnings RM	Total RM
As of 1 January 2021		300,000	58,505,987	58,805,987
Total comprehensive income for the year		-	16,660,796	16,660,796
<b>Balance as of 31 December 2021</b>		<u>300,000</u>	<u>75,166,783</u>	<u>75,466,783</u>
As of 1 January 2022		300,000	75,166,783	75,466,783
Total comprehensive income for the year		-	18,523,982	18,523,982
Dividends paid	22	-	(58,398,355)	(58,398,355)
<b>Balance as of 31 December 2022</b>		<u>300,000</u>	<u>35,292,410</u>	<u>35,592,410</u>

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

**Company No. LL 05552**

**GALLAGHER RE LABUAN LIMITED**

(Incorporated in Labuan, Malaysia under the Labuan Companies Act, 1990)

(Licensed Labuan Insurance Broker - Licence No. BS200755)

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Note	2022 RM	2021 RM
<b>CASH FLOWS GENERATED FROM/ (USED IN) OPERATING ACTIVITIES</b>			
Profit before tax		19,098,864	17,158,785
Adjustments for:			
Depreciation of:			
Property and equipment		14,146	38,979
Right-of-use asset		203,628	202,138
Finance cost on lease liability		15,003	14,803
Bad trade receivables written off		-	5,173
Allowance for/(reversal of allowance for) for doubtful debts		468,866	(70,553)
Unrealised gain on foreign exchange		(278,627)	(257,149)
Interest income		(598,355)	(989,159)
Operating Profit Before Working Capital Changes		18,923,525	16,103,017
(Increase)/decrease in:			
Trade receivables		(357,128)	188,671
Contract assets		(688,734)	(791,566)
Other receivables and prepaid expenses		481,967	(515,820)
Amount owing by former other related companies		-	597,024
Fiduciary bank balances		(59,885,594)	15,937,788
(Decrease)/increase in:			
Trade payables		(640,481)	1,017,543
Fiduciary payables		59,885,594	(15,937,788)
Accrued expenses		466,498	417,912
Amount owing to former other related companies		-	(1,324,367)
Cash Generated From Operations		18,185,647	15,692,414
Income tax paid		(502,453)	(492,933)
<b>Net Cash From Operating Activities</b>		<b>17,683,194</b>	<b>15,199,481</b>

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

Company No. LL 05552

**GALLAGHER RE LABUAN LIMITED**

(Incorporated in Labuan, Malaysia under the Labuan Companies Act, 1990)

(Licensed Labuan Insurance Broker - Licence No. BS200755)

**STATEMENT OF CASH FLOWS (CONT'D)  
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Note	2022 RM	2021 RM
<b>CASH FLOWS GENERATED FROM/ (USED IN) INVESTING ACTIVITIES</b>			
Purchase of property and equipment		(4,007)	-
Decrease/(increase) in amount due from ultimate holding company		57,800,000	(57,800,000)
Repayment of loan from a former related company		-	41,035,703
Interest received		598,355	989,159
Net Cash Generated From/(Used In) Investing Activities		<u>58,394,348</u>	<u>(15,775,138)</u>
<b>CASH FLOWS USED IN FINANCING ACTIVITIES</b>			
Repayment of lease liability		(200,937)	(201,137)
Repayment of finance cost on lease liability		(15,003)	(14,803)
Dividend paid		(58,398,355)	-
Net Cash Used In Financing Activities		<u>(58,614,295)</u>	<u>(215,940)</u>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>			
		17,463,247	(791,597)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>			
		7,593,447	8,240,754
Effects of foreign exchange rate changes		93,888	144,290
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>			
	15	<u>25,150,582</u>	<u>7,593,447</u>

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

Company No. LL 05552

**GALLAGHER RE LABUAN LIMITED**

(Incorporated in Labuan, Malaysia under the Labuan Companies Act, 1990)

(Licensed Labuan Insurance Broker - Licence No. BS200755)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

**1. GENERAL INFORMATION**

The Company was incorporated on 12 October 2006 as a limited liability company and domiciled in Malaysia.

The Company is principally involved in the business of offshore reinsurance broking.

There has been no significant change in the nature of the principal activity of the Company during the financial year.

The registered office of the Company is located at Brumby Centre, Lot 42, Jalan Muhibbah, 87000 Federal Territory of Labuan, Malaysia.

The principal place of business of the Company is located at Level 11B, Block 4 Office Tower, Financial Park Labuan, Jalan Merdeka, 87000 Federal Territory of Labuan, Malaysia.

The financial statements of the Company were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 25 May 2023.

**2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS**

The financial statements have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs") and International Financial Reporting Standards ("IFRSs").

**Adoption of Amendments to MFRSs**

In the current financial year, the Company has adopted all the Amendments to MFRSs issued by the Malaysian Accounting Standards Board ("MASB") that are effective for annual financial periods beginning on or after 1 January 2022:

Amendments to MFRSs contained in the document entitled "Annual Improvements to MFRS Standards 2018-2020"

**Company No. LL 05552**

**GALLAGHER RE LABUAN LIMITED**

(Incorporated in Labuan, Malaysia under the Labuan Companies Act, 1990)

(Licensed Labuan Insurance Broker - Licence No. BS200755)

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2022 (CONT'D)**

**2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONT'D)**

**Adoption of Amendments to MFRSs (cont'd)**

Amendments to MFRS 3	Reference to the Conceptual Framework
Amendments to MFRS 16	COVID-19 Related Rent Concessions beyond 30 June 2021
Amendments to MFRS 116	Property, Plant and Equipment - Proceeds before Intended Use
Amendments to MFRS 137	Onerous Contracts - Cost of Fulfilling a Contract

The adoption of these Amendments to MFRSs did not result in significant changes in the accounting policies of the Company and had no significant effect on the financial performance or position of the Company.

**New Standards and Amendments to MFRSs in Issue but Not Yet Effective**

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

Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>3</sup>
Amendments to MFRS 16	Lease Liability in a Sale and Leaseback <sup>2</sup>
MFRS 17	Insurance Contracts <sup>1</sup>
Amendments to MFRS 17	Initial Application of MFRS 17 and MFRS 9 - Comparative Information
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current <sup>1</sup>
Amendments to MFRS 101	Disclosure of Accounting Policies <sup>1</sup>
Amendments to MFRS 101	Non-current Liabilities with Covenants <sup>2</sup>
Amendments to MFRS 108	Definition of Accounting Estimates <sup>1</sup>
Amendments to MFRS 112	Deferred Tax related to Assets and Liabilities arising from a Single Transaction <sup>1</sup>

<sup>1</sup> Effective for annual financial periods beginning on or after 1 January 2023.

<sup>2</sup> Effective for annual financial periods beginning on or after 1 January 2024.

<sup>3</sup> Effective date deferred to a date to be determined and announced by MASB

The directors anticipate that the abovementioned new MFRSs and Amendments to MFRSs will be adopted when they become effective and that the adoption of these new MFRSs and Amendments to MFRSs will have no material impact on the financial statements of the Company in the period of initial application.

**Company No. LL 05552**

**GALLAGHER RE LABUAN LIMITED**

(Incorporated in Labuan, Malaysia under the Labuan Companies Act, 1990)  
(Licensed Labuan Insurance Broker - Licence No. BS200755)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONT'D)**

**3. SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Accounting**

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

**Fair value measurement**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company take into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of MFRS 2 *Share-based Payment*, leasing transactions that are within the scope of MFRS 16 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in MFRS 102 *Inventories* or value-in-use in MFRS 136 *Impairment of Assets*.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

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

**Revenue recognition**

Revenue is recognised when or as a performance obligation in the contract with customer is satisfied, i.e. when the “control” of the services underlying the particular performance obligation is transferred to the customer.

**Company No. LL 05552**

**GALLAGHER RE LABUAN LIMITED**

(Incorporated in Labuan, Malaysia under the Labuan Companies Act, 1990)

(Licensed Labuan Insurance Broker - Licence No. BS200755)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONT'D)**

**3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**Revenue recognition (cont'd)**

A performance obligation is a promise to transfer a distinct service (or a series of distinct goods or services that are substantially the same and that have the same pattern of transfer) to the customer that is explicitly stated in the contract and implied in the Company's customary business practices.

Revenue is measured at the amount of consideration to which the Company expects to be entitled in exchange for transferring the promised services to the customers, excluding amounts collected on behalf of third parties such as sales taxes or goods and services taxes. If the amount of consideration varies due to discounts, rebates, refunds, credits, incentives, penalties or other similar items, the Company estimates the amount of consideration to which it will be entitled based on the expected value or the most likely outcome. If the contract with customer contains more than one performance obligation, the amount of consideration is allocated to each performance obligation based on the relative stand-alone selling prices of the goods or services promised in the contract.

The revenue is recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

The control over the goods or services is transferred over time and revenue is recognised over time if:

- the customer simultaneously receives and consumes the benefits provided by the Company's performance as the Company performs;
- the Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- the Company's performance does not create an asset with an alternative use and the Company has an enforceable right to payment for performance completed to date.

Revenue for performance obligation that is not satisfied over time is recognised at the point in time at which the customer obtains control of the promised goods or services.

Costs to fulfil a contract are capitalised if the costs relate directly to the contract, generate or enhance resources used in satisfying the contract and are expected to be recovered. Other contract costs are expensed as incurred. Capitalised contract costs are subsequently amortised on a systematic basis as the Company recognises the related revenue.

**Company No. LL 05552**

**GALLAGHER RE LABUAN LIMITED**

(Incorporated in Labuan, Malaysia under the Labuan Companies Act, 1990)

(Licensed Labuan Insurance Broker - Licence No. BS200755)

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2022 (CONT'D)**

**3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**Interest Income**

Interest income is recognised on a time proportion basis that takes into account the effective yield on the asset.

**Employee benefits**

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

Wages, salaries, paid annual leave and sick leave, bonuses and non-monetary benefits are accrued in the reporting period in which the associated services are rendered by employees of the Company.

**(b) Defined contribution plans**

Defined contribution plans are post-employment benefit plans under which the Company pays fixed contributions into separate entities or funds and will have no legal or constructive obligation to pay further contributions, if any, if the entities or funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding reporting period. Such contributions are recognised as an expense in profit or loss as incurred. As required by law, companies in Malaysia make such contributions to the Employees Provident Fund ("EPF").

**Leases - As Lessee**

The Company assesses whether a contract is or contains a lease, at inception of the contract. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate.



**Company No. LL 05552**

**GALLAGHER RE LABUAN LIMITED**

(Incorporated in Labuan, Malaysia under the Labuan Companies Act, 1990)

(Licensed Labuan Insurance Broker - Licence No. BS200755)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONT'D)**

**3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**Leases - As Lessee (cont'd)**

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used); or
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

**Company No. LL 05552**

**GALLAGHER RE LABUAN LIMITED**

(Incorporated in Labuan, Malaysia under the Labuan Companies Act, 1990)

(Licensed Labuan Insurance Broker - Licence No. BS200755)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONT'D)**

**3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**Foreign currencies**

The financial statements of the Company is presented in Ringgit Malaysia, the currency of the primary economic environment in which the Company operates (its “functional currency”).

In preparing the financial statements of the Company, transactions in currencies other than the functional currency (foreign currencies) are recorded at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the end of reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when fair value was determined. Non-monetary items that are measured in terms of historical cost in foreign currency are not retranslated.

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

**Income tax**

Income tax expense in profit or loss represents the expected tax payable for the period, using the basis enacted at the end of the reporting period.

The tax treatment of a Labuan entity is dependent on whether it carries on Labuan trading activities or Labuan non-trading activities as defined under the Labuan Business Activity Act, 1990. Effective 1 January 2019, where a Labuan entity carries on Labuan business activities and meets the relevant substance requirements set by the Labuan Business Activity Tax (Requirements for Labuan Business Activity) Regulations 2019, the tax charge for a year assessment is at the rate of 3% on its audited net profit.

The Labuan Business Activity Tax (Amendment) Act 2020, which was gazetted on 10 February 2020, states that any Labuan entity carrying on a Labuan business activity, but which fails to comply with the relevant substance requirements for a basis period for a year of assessment, is subject to tax under the Labuan Business Activity Act at the rate of 24% of its audited net profit.

The directors have assessed and concluded that the Company meets the relevant substance requirements for the current financial year and the Company is subject to a tax rate of 3% of audited net profit.

**Company No. LL 05552**

**GALLAGHER RE LABUAN LIMITED**

(Incorporated in Labuan, Malaysia under the Labuan Companies Act, 1990)  
(Licensed Labuan Insurance Broker - Licence No. BS200755)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONT'D)**

**3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**Property and equipment**

Property and equipment are initially recorded at cost. Subsequent costs are included in the asset's carrying amount or recognised as separate assets, as appropriate, 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. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Subsequent to recognition, property and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation of property and equipment is provided for on a straight-line basis to write off the cost of each asset to its residual value over the estimated useful life, as follows:

Office renovation	5 years
Office equipment	3 years
Furniture and fittings	3 years
Motor vehicles	5 years

The residual values, useful life and depreciation method are reviewed at the end of each reporting period to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property and equipment.

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal.

**Right-of-use asset**

The Company recognises a right-of-use asset at the lease commencement date. The right-of-use asset comprises the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Company No. LL 05552

**GALLAGHER RE LABUAN LIMITED**

(Incorporated in Labuan, Malaysia under the Labuan Companies Act, 1990)  
(Licensed Labuan Insurance Broker - Licence No. BS200755)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONT'D)**

**3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**Right-of-use asset (cont'd)**

Whenever the Company incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under MFRS 137 *Provisions, Contingent Liabilities and Contingent Assets*. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use asset is presented as a separate line in the statement of financial position.

The Company applies MFRS 136 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the "Impairment of non-financial assets" policy.

**Impairment of non-financial assets**

At the end of each reporting period, the Company reviews the carrying amounts of assets (other than financial assets which are dealt with in their respective policies) to determine if there is any indication that those assets may be impaired. If any such indication exists, the asset's recoverable amount, which is the higher of fair value less costs to sell and value in use, is estimated. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognised in profit or loss, unless the asset is carried at revalued amount, in which case, the impairment loss is treated as a revaluation decrease.

An impairment loss is only reversed in profit or loss to the extent the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. A reversal is recognised in profit or loss, unless it reverses an impairment loss on revalued assets, in which case, the reversal is treated as a revaluation increase.

**Company No. LL 05552**

**GALLAGHER RE LABUAN LIMITED**

(Incorporated in Labuan, Malaysia under the Labuan Companies Act, 1990)  
(Licensed Labuan Insurance Broker - Licence No. BS200755)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONT'D)**

**3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**Provisions**

Provisions are made when the Company has a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources will be required to settle the obligation, and when a reliable estimate of the amount can be made.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

**Financial instruments**

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

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of the financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss ("FVTPL")) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs that are directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

**Financial assets**

*Classification of financial assets*

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

**Company No. LL 05552**

**GALLAGHER RE LABUAN LIMITED**

(Incorporated in Labuan, Malaysia under the Labuan Companies Act, 1990)

(Licensed Labuan Insurance Broker - Licence No. BS200755)

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2022 (CONT'D)**

**3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**Financial assets (cont'd)**

Financial assets that meet the following conditions are measured subsequently at amortised cost:

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

Financial assets that meet the following conditions are measured subsequently at fair value through other comprehensive income ("FVTOCI"):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are measured subsequently at FVTPL.

**Impairment of financial assets**

The Company recognises a loss allowance for expected credit losses ("ECL") on trade and other receivables. The amount of ECL is updated at the end of each reporting period to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Company always recognises lifetime ECL for trade and other receivables. The ECL on these financial assets are estimated using a credit loss rate based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the end of the reporting period that is available without undue cost or effort, including time value of money where appropriate. Lifetime ECL represents the ECL that will result from all possible default events over the expected life of a financial instrument.

**Company No. LL 05552**

**GALLAGHER RE LABUAN LIMITED**

(Incorporated in Labuan, Malaysia under the Labuan Companies Act, 1990)

(Licensed Labuan Insurance Broker - Licence No. BS200755)

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2022 (CONT'D)**

**3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**Financial assets (cont'd)**

*Impairment of financial assets (cont'd)*

For all other financial instruments, the Company recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECL. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the end of the reporting period.

*(i) Significant increase in credit risk*

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument at the end of the reporting period with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Company's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Company's core operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk for a particular financial instrument, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor, or the length of time or the extent to which the fair value of a financial asset has been less than its amortised cost;

**Company No. LL 05552**

**GALLAGHER RE LABUAN LIMITED**

(Incorporated in Labuan, Malaysia under the Labuan Companies Act, 1990)

(Licensed Labuan Insurance Broker - Licence No. BS200755)

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2022 (CONT'D)**

**3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**Financial assets (cont'd)**

*(i) Significant increase in credit risk (cont'd)*

- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- significant increases in credit risk on other financial instruments of the same debtor; or
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Company presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Company has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Company assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the end of the reporting period. A financial instrument is determined to have low credit risk if:

- (i) The financial instrument has a low risk of default,
- (ii) The debtor has a strong capacity to meet its contractual cash flow obligations in the near term, and
- (iii) Adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.



**Company No. LL 05552**

**GALLAGHER RE LABUAN LIMITED**

(Incorporated in Labuan, Malaysia under the Labuan Companies Act, 1990)

(Licensed Labuan Insurance Broker - Licence No. BS200755)

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2022 (CONT'D)**

**3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**Financial assets (cont'd)**

*(ii) Credit-impaired financial assets*

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

*(iii) Measurement and recognition of expected credit losses*

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the end of the reporting period.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the original effective interest rate.

If the Company has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines in the current reporting period that the conditions for lifetime ECL are no longer met, the Company measures the loss allowance at an amount equal to 12-month ECL in the current reporting period, except for assets for which simplified approach was used. Further details on the simplified approach are disclosed in Note 10.

**Company No. LL 05552**

**GALLAGHER RE LABUAN LIMITED**

(Incorporated in Labuan, Malaysia under the Labuan Companies Act, 1990)

(Licensed Labuan Insurance Broker - Licence No. BS200755)

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2022 (CONT'D)**

**3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**Financial assets (cont'd)**

*(iii) Measurement and recognition of expected credit losses (cont'd)*

The Company recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

The Company makes an assessment with respect to the timing and amount of the write-off based on whether there is reasonable expectation of recovery. The Company expects no significant recovery from the amount written off.

*Derecognition of financial assets*

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

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of an investment in a financial asset classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investment revaluation reserve is reclassified to profit or loss. In contrast, on derecognition of an investment in equity instrument which the Company has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss but is transferred to retained earnings.

**Financial liabilities and equity**

*Classification as debt or equity*

Debt and equity instruments are classified as either financial liability or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

**Company No. LL 05552**

**GALLAGHER RE LABUAN LIMITED**

(Incorporated in Labuan, Malaysia under the Labuan Companies Act, 1990)  
(Licensed Labuan Insurance Broker - Licence No. BS200755)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONT'D)**

**3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**Financial liabilities and equity (cont'd)**

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities

All financial liabilities are measured subsequently at amortised cost using the effective interest method.

Financial liabilities measured subsequently at amortised cost

Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination, (ii) held-for-trading, or (iii) designated as at FVTPL, are measured subsequently at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

**Company No. LL 05552**

**GALLAGHER RE LABUAN LIMITED**

(Incorporated in Labuan, Malaysia under the Labuan Companies Act, 1990)

(Licensed Labuan Insurance Broker - Licence No. BS200755)

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2022 (CONT'D)**

**3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**Financial liabilities and equity (cont'd)**

*Derecognition of financial liabilities (cont'd)*

When the Company exchanges with the existing lender one debt instrument into another one with substantially different terms, such exchange is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, the Company accounts for substantial modification of terms of an existing liability or part of it as an extinguishment of the original financial liability and the recognition of a new liability.

It is assumed that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective rate is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability. If the modification is not substantial, the difference between: (i) the carrying amount of the liability before the modification; and (ii) the present value of the cash flows after modification should be recognised in profit or loss as a modification gain or loss within other gains and losses.

**Reinsurance broking assets and liabilities**

The Company acts as an agent in placing the reinsurable risks of its clients with reinsurers and, as such, generally is not a principal to the contracts under which the right to receive premiums from clients, or reimbursement of reinsured losses from reinsurers, arises. Consequently, the Company is generally neither contractually entitled to demand premiums from clients nor liable to reinsurers for any uncollected amounts arising from such transactions.

In recognition of this relationship, uncollected premiums and claims from reinsurance broking transactions are not included as assets or liabilities of the Company. Other than the receivable for revenue not yet received for fees and commissions earned on a transaction, no recognition of the reinsurance transactions occurs.

**Company No. LL 05552**

**GALLAGHER RE LABUAN LIMITED**

(Incorporated in Labuan, Malaysia under the Labuan Companies Act, 1990)

(Licensed Labuan Insurance Broker - Licence No. BS200755)

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2022 (CONT'D)**

**3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**Fiduciary bank balances and fiduciary payables**

Unremitted reinsurance premiums and claims are recorded within fiduciary funds and equivalent amounts have been recognised as fiduciary payables. Fiduciary funds are required to be kept in certain regulated bank accounts subject to the guidelines which emphasise capital preservation and liquidity. Such funds are not available to service the Company's debt or for other corporate purposes. Notwithstanding the legal relationships with clients and reinsurers, the Company is generally entitled to retain interest and investment income earned on fiduciary funds in accordance with agreements with reinsureds and reinsurers and in accordance with industry custom and practice where these agreements are not in place.

The fiduciary bank balances are available only to meet settlements with cedants and reinsurers and held for cedants and reinsurers.

The Company is required under the guidelines on the treatment of client monies for Labuan insurance and takaful brokers issued by the Labuan Financial Services Authority, pursuant to Section 4A of the Labuan Financial Services Authority Act 1996, to maintain separate insurance broking premium accounts and to pay into them and withdraw out of them all monies received by it, and make payments out of it for insurance broking transactions carried out with its cedants and reinsurers. The insurance broking premium account is held in a fiduciary capacity on behalf of the cedants and reinsurers.

**Statement of cash flows**

The Company adopts the indirect method in the preparation of the statement of cash flows.

Cash equivalents are short-term, highly liquid investments with maturities of three months or less from the date of acquisition and are readily convertible to cash without significant risk of changes in value.

**4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS**

**Critical judgements in applying the Company's accounting policies**

In the process of applying the Company's accounting policies, which are described in Note 3 above, management is of the opinion that there are no instances of application of judgement which are expected to have a significant effect on the amounts recognised in the financial statements.

**Company No. LL 05552**

**GALLAGHER RE LABUAN LIMITED**

(Incorporated in Labuan, Malaysia under the Labuan Companies Act, 1990)

(Licensed Labuan Insurance Broker - Licence No. BS200755)

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2022 (CONT'D)**

**4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)**

**Key sources of estimation uncertainty**

Management believes that there are no key assumptions made concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year except for the following:

Impairment of trade receivables

Significant estimation is required in determining the impairment allowance in respect of trade receivables. The Company uses the simplified approach in calculating loss allowances for trade receivables by estimating the probability of default and loss given default. The measurement of the ECL rate is based on the Company's historical outstanding receivables, default and past collection records, adjusted for forward-looking information, if any, which is available without undue cost or effort. At the end of each reporting period, the ECL rate is re-measured. The loss allowances are sensitive to changes in estimates. The information about the ECL and the trade receivables are disclosed in Note 9.

Adjustment on contract assets

Contract assets represent the expected future brokerage income based on the anticipated premium that will be transacted as part of the brokerage business. Accordingly, certain assumptions are made in determining the contract assets including the likelihood of cedants achieving the anticipated premium volumes and expected brokerage rates. On a periodic basis, management reassesses the carrying amount of the contract assets and makes adjustments based on expectations of achieving those brokerage income amounts based on actual premium transactions to date and judgements on pending business. The contract assets are disclosed in Note 11.

**5. REVENUE**

	<b>2022</b>	<b>2021</b>
	<b>RM</b>	<b>RM</b>
Brokerage income recognised over time;		
Within Malaysia	25,927,155	18,598,737
Outside Malaysia	7,226,745	7,236,075
	<u>33,153,900</u>	<u>25,834,812</u>

Company No. LL 05552

**GALLAGHER RE LABUAN LIMITED**

(Incorporated in Labuan, Malaysia under the Labuan Companies Act, 1990)

(Licensed Labuan Insurance Broker - Licence No. BS200755)

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2022 (CONT'D)**

**6. PROFIT BEFORE TAX**

Profit before tax is arrived at after charging/(crediting):

	2022	2021
	RM	RM
Staff costs:		
Salaries and bonus	5,739,055	4,339,152
Contributions to EPF	455,524	291,905
Other emoluments	179,226	222,019
	6,373,805	4,853,076
Director's remuneration:		
Salaries and bonus	1,794,797	2,096,832
Contributions to EPF	216,447	254,716
Other emoluments	7,270	14,745
	2,018,514	2,366,293
Management fees (Note 13)	517,181	535,601
Audit fee:		
Current year	185,262	153,669
Underprovision in prior year	15,870	2,731
Short-term lease of office	76,314	108,550
Depreciation of:		
Property and equipment	14,146	38,979
Right-of-use asset (Note 9)	203,628	202,138
Amortisation of contract assets (Note 11)	11,336,741	13,815,626
Finance cost on lease liability (Note 18)	15,003	14,803
Bad trade receivables written off	-	5,173
Interest income (Note 13)	(598,355)	(989,159)
(Gain)/loss on foreign		
Unrealised	(278,627)	(257,149)
Realised	368,944	93,871
Allowance/(reversal) for doubtful debts (Note 10)	468,866	(70,553)

Company No. LL 05552

**GALLAGHER RE LABUAN LIMITED**

(Incorporated in Labuan, Malaysia under the Labuan Companies Act, 1990)

(Licensed Labuan Insurance Broker - Licence No. BS200755)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONT'D)**

**7. INCOME TAX EXPENSE**

	2022 RM	2021 RM
Estimated income tax expense:		
Current year	572,966	514,764
Under/(over) provision in prior years	<u>1,916</u>	<u>(16,775)</u>
	<u>574,882</u>	<u>497,989</u>

**8. PROPERTY AND EQUIPMENT**

	Office renovation RM	Office equipment RM	Furniture and fittings RM	Motor vehicles RM	Total RM
<b>2022</b>					
<b>Cost</b>					
As of 1 January	32,175	150,714	65,001	5,550	253,440
Additions	<u>-</u>	<u>4,007</u>	<u>-</u>	<u>-</u>	<u>4,007</u>
As of 31 December	<u>32,175</u>	<u>154,721</u>	<u>65,001</u>	<u>5,550</u>	<u>257,447</u>
<b>Accumulated Depreciation</b>					
As of 1 January	(32,175)	(137,013)	(65,001)	(5,550)	(239,739)
Charge for the year	<u>-</u>	<u>(14,146)</u>	<u>-</u>	<u>-</u>	<u>(14,146)</u>
As of 31 December	<u>(32,175)</u>	<u>(151,159)</u>	<u>(65,001)</u>	<u>(5,550)</u>	<u>(253,885)</u>
<b>Net Carrying Amount</b>	<u>-</u>	<u>3,562</u>	<u>-</u>	<u>-</u>	<u>3,562</u>



Company No. LL 05552

**GALLAGHER RE LABUAN LIMITED**

(Incorporated in Labuan, Malaysia under the Labuan Companies Act, 1990)

(Licensed Labuan Insurance Broker - Licence No. BS200755)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONT'D)**

**8. PROPERTY AND EQUIPMENT (CONT'D)**

	<b>Office renovation RM</b>	<b>Office equipment RM</b>	<b>Furniture and fittings RM</b>	<b>Motor vehicles RM</b>	<b>Total RM</b>
<b>2021</b>					
<b>Cost</b>					
As of 1 January/ 31 December	<u>32,175</u>	<u>150,714</u>	<u>65,001</u>	<u>5,550</u>	<u>253,440</u>
<b>Accumulated Depreciation</b>					
As of 1 January	(23,237)	(114,194)	(57,779)	5,550	(189,660)
Charge for the year	<u>(8,938)</u>	<u>(22,819)</u>	<u>(7,222)</u>	<u>-</u>	<u>(38,979)</u>
As of 31 December	<u>(32,175)</u>	<u>(137,013)</u>	<u>(65,001)</u>	<u>(5,550)</u>	<u>(239,739)</u>
<b>Net Carrying Amount</b>	<u>-</u>	<u>13,701</u>	<u>-</u>	<u>-</u>	<u>13,701</u>

Included in the cost of property and equipment of the Company are fully depreciated assets which are still in use of RM226,732 (31.12.2021: RM201,199).

Company No. LL 05552

**GALLAGHER RE LABUAN LIMITED**

(Incorporated in Labuan, Malaysia under the Labuan Companies Act, 1990)

(Licensed Labuan Insurance Broker - Licence No. BS200755)

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2022 (CONT'D)**

**9. RIGHT-OF-USE ASSET**

	2022 RM	2021 RM
<b>Cost</b>		
As of 1 January	610,885	464,703
Additions	-	610,885
Derecognition	<u>-</u>	<u>(464,703)</u>
As of 31 December	<u>610,885</u>	<u>610,885</u>
<b>Accumulated Depreciation</b>		
As of 1 January	(135,752)	(398,317)
Charge for the year (Note 6)	(203,628)	(202,138)
Derecognition	<u>-</u>	<u>464,703</u>
As of 31 December	<u>(339,380)</u>	<u>(135,752)</u>
<b>Net Carrying Amount</b>		
As of 31 December	<u>271,505</u>	<u>475,133</u>

**10. TRADE RECEIVABLES**

	31.12.2022 RM	31.12.2021 RM
Trade receivables	6,086,061	5,698,738
Less: Allowance for doubtful debts	<u>(633,930)</u>	<u>(165,064)</u>
Net trade receivables	<u>5,452,131</u>	<u>5,533,674</u>

Trade receivables of the Company comprise brokerage receivable from insurance and reinsurance customers. The average credit period granted is 60 days (2021: 60 days). No interest is charged on overdue trade receivables.

**Company No. LL 05552**

**GALLAGHER RE LABUAN LIMITED**

(Incorporated in Labuan, Malaysia under the Labuan Companies Act, 1990)

(Licensed Labuan Insurance Broker - Licence No. BS200755)

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2022 (CONT'D)**

**10. TRADE RECEIVABLES (CONT'D)**

The Company applies a simplified approach in calculating loss allowances for trade receivables at an amount equal to lifetime ECL. The Company estimates the loss allowance on trade receivables by applying an ECL rate at the end of each reporting period. The ECL rate reflects the historical time value loss rate which is computed based on the actual and projected amounts and timing of repayment from the trade receivables on current year billings and the historical loss rate from past collection records, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the end of the reporting period. The Company reviews the ECL rate at the end of each reporting period to re-measure the loss allowance amount. Changes in the above variables could impact future ECL charges. In addition, trade receivables with objective evidence of impairment and credit impaired are assessed for ECL individually.

The table below is an analysis of trade receivables at the end of the reporting period:

	<b>31.12.2022</b>	<b>31.12.2021</b>
	<b>RM</b>	<b>RM</b>
Neither past due nor impaired	1,416,769	3,744,724
More than 61 days past due but not impaired	4,035,362	1,788,950
Past due and impaired	<u>633,930</u>	<u>165,064</u>
<b>Total</b>	<u><b>6,086,061</b></u>	<u><b>5,698,738</b></u>

No impairment is necessary in respect of trade receivables that are neither past due nor impaired and past due but not impaired because there has not been a significant change in credit quality and the amounts are still considered recoverable. The Company does not hold any collateral or other credit enhancements over these balances nor does it have a legal right of offset against any amounts owed by the Company to the counterparty.

Company No. LL 05552

**GALLAGHER RE LABUAN LIMITED**

(Incorporated in Labuan, Malaysia under the Labuan Companies Act, 1990)

(Licensed Labuan Insurance Broker - Licence No. BS200755)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONT'D)**

**10. TRADE RECEIVABLES (CONT'D)**

In determining the recoverability of a trade receivable, the Company considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the end of the reporting period.

The following table shows the movements in lifetime ECL that has been recognised for trade receivables in accordance with the simplified approach set out in MFRS 9 *Financial Instruments*.

	<b>2022</b>	<b>2021</b>
	<b>RM</b>	<b>RM</b>
At beginning of year	(165,064)	(235,617)
(Reversal of)/allowance for doubtful debts	<u>(468,866)</u>	<u>70,553</u>
At end of year	<u>(633,930)</u>	<u>(165,064)</u>
The currency profile of trade receivables is as follows:		
	<b>31.12.2022</b>	<b>31.12.2021</b>
	<b>RM</b>	<b>RM</b>
Ringgit Malaysia	2,393,924	3,289,770
United States Dollar	2,845,862	2,236,122
Singapore Dollar	212,345	7,337
Euro	<u>-</u>	<u>445</u>
	<u>5,452,131</u>	<u>5,533,674</u>

**11. CONTRACT ASSETS**

	<b>2022</b>	<b>2021</b>
	<b>RM</b>	<b>RM</b>
At beginning of year	6,326,058	5,449,603
Capitalisation during the year	12,159,416	14,692,081
Amortisation during the year	<u>(11,336,741)</u>	<u>(13,815,626)</u>
At end of year	<u>7,148,733</u>	<u>6,326,058</u>

Company No. LL 05552

**GALLAGHER RE LABUAN LIMITED**

(Incorporated in Labuan, Malaysia under the Labuan Companies Act, 1990)  
(Licensed Labuan Insurance Broker - Licence No. BS200755)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONT'D)**

**11. CONTRACT ASSETS (CONT'D)**

These contract assets are initially measured at cost and amortised on a systematic basis that is consistent with the pattern of revenue recognition to which the asset related. An impairment loss is recognised in the profit or loss when the carrying amount of the contract assets exceed the expected revenue less expected costs that will be incurred. Where the impairment condition no longer exists or has improved, the impairment loss is reversed to the extent that the carrying amount of the contract assets does not exceed the amount that would have been recognised had there been no impairment loss recognised previously.

The Company recognises a contract costs that relate directly to a contract or to an anticipated contract as an asset when the cost generate or enhance resources of the Company, will be used in satisfying performance obligations in the future and it is expected to be recovered.

**12. OTHER RECEIVABLES**

	<b>2022</b>	<b>2021</b>
	<b>RM</b>	<b>RM</b>
Other sundry receivables	1,558,374	1,440,358
Prepaid expenses	<u>197,138</u>	<u>797,121</u>
	<u>1,755,512</u>	<u>2,237,479</u>

The carrying amounts of other receivables (excluding prepayments) approximate fair values at the date of the statement of financial position due to their short-term maturity. These balances are unsecured, repayable on demand and interest-free.

**13. HOLDING COMPANIES AND RELATED PARTY TRANSACTIONS**

Arthur J. Gallagher & Co., and Gallagher International Holdings (US) Inc, both incorporated in Delaware, are the ultimate holding company and immediate holding company of the Company, respectively.

The amounts owing by/(to) ultimate holding company, immediate holding company and former related companies are unsecured, repayable on demand and interest-free, except for a loan receivable as disclosed below.

Company No. LL 05552

**GALLAGHER RE LABUAN LIMITED**

(Incorporated in Labuan, Malaysia under the Labuan Companies Act, 1990)

(Licensed Labuan Insurance Broker - Licence No. BS200755)

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2022 (CONT'D)**

**13. HOLDING COMPANIES AND RELATED PARTY TRANSACTIONS (CONT'D)**

Significant related party transactions, which are determined on a basis as negotiated between the said parties during the reporting period and significant related party balances as at the reporting periods are as follows:

	2022 RM	2021 RM
<b>Ultimate holding company</b>		
Loan receivable	-	57,800,000
Interest income (Note 6)	<u>598,355</u>	<u>989,159</u>
<b>Immediate holding company</b>		
Management fees (Note 6)	(517,181)	-
Receivables in relation to issued capital	<u>300,000</u>	<u>300,000</u>
<b>Former related companies</b>		
Brokerage fees	-	928,206
Management fees (Note 6)	<u>-</u>	<u>(535,601)</u>

Compensation of key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. Accordingly, the key management personnel of the Company have been defined as the executive directors of the Company.

The remuneration of key management personnel during the year was as follows:

	2022 RM	2021 RM
Executive directors' remunerations and bonus	1,794,797	2,096,832
Contribution to defined contribution plan (EPF)	216,447	254,716
Other emoluments	<u>7,270</u>	<u>14,745</u>
	<u>2,018,514</u>	<u>2,366,293</u>

Company No. LL 05552

**GALLAGHER RE LABUAN LIMITED**

(Incorporated in Labuan, Malaysia under the Labuan Companies Act, 1990)  
(Licensed Labuan Insurance Broker - Licence No. BS200755)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONT'D)**

**14. FIDUCIARY BANK BALANCES**

The currency profile of fiduciary bank balances is as follows:

	<b>2022</b>	<b>2021</b>
	<b>RM</b>	<b>RM</b>
Ringgit Malaysia	61,638,426	32,427,851
United States Dollar	40,374,206	9,698,140
Singapore Dollar	219,871	219,858
Euro	<u>466</u>	<u>1,526</u>
Total fiduciary bank balances (Note 20)	<u>102,232,969</u>	<u>42,347,375</u>

**15. CASH AT BANKS**

The currency profile of cash at banks is as follows:

	<b>2022</b>	<b>2021</b>
	<b>RM</b>	<b>RM</b>
Ringgit Malaysia	15,750,481	2,892,755
United States Dollar	9,104,148	4,315,057
Singapore Dollar	130,855	212,668
Philippines Pesos	<u>165,098</u>	<u>172,967</u>
	<u>25,150,582</u>	<u>7,593,447</u>

Cash and cash equivalents included in the statement of cash flows comprise cash at banks.

Company No. LL 05552

**GALLAGHER RE LABUAN LIMITED**

(Incorporated in Labuan, Malaysia under the Labuan Companies Act, 1990)  
(Licensed Labuan Insurance Broker - Licence No. BS200755)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONT'D)**

**16. ISSUED CAPITAL**

	2022 RM	2021 RM
Issued shares:		
85,000 ordinary shares	<u>300,000</u>	<u>300,000</u>

The Company has one class of ordinary shares which has no par value, carry one vote per share and carry a right to dividends as and when declared by the Company.

As at the reporting date, the entire amount of issued share capital of the Company is due from the immediate holding company as disclosed in Note 13.

**17. RETAINED EARNINGS**

The retained earnings of the Company as the end of the reporting period are fully distributable as dividends under single tier income tax system. Under this system, tax on a Company's profit is a final tax and dividends paid are exempted from tax in the hand of the shareholders.

**18. LEASE LIABILITY**

	2022 RM	2021 RM
Analysed as:		
Non-Current	71,407	280,218
Current	<u>208,811</u>	<u>200,937</u>
	<u>280,218</u>	<u>481,155</u>

The lease liability is denominated in Ringgit Malaysia and comprise a lease of an office premise.



Company No. LL 05552

**GALLAGHER RE LABUAN LIMITED**

(Incorporated in Labuan, Malaysia under the Labuan Companies Act, 1990)

(Licensed Labuan Insurance Broker - Licence No. BS200755)

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2022 (CONT'D)**

**18. LEASE LIABILITY (CONT'D)**

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

	<b>Future minimum lease payments</b>	<b>Finance Cost</b>	<b>Present Value of minimum lease payments</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>
<b>2022</b>			
Year 1	215,940	(7,129)	208,811
Year 2	<u>71,980</u>	<u>(573)</u>	<u>71,407</u>
	<u>287,920</u>	<u>(7,702)</u>	<u>280,218</u>
<b>2021</b>			
Year 1	215,940	(15,003)	200,937
Year 2	215,940	(7,129)	208,811
Year 3	<u>71,980</u>	<u>(573)</u>	<u>71,407</u>
	<u>503,860</u>	<u>(22,705)</u>	<u>481,155</u>

Movements in lease liability is as follows:

	<b>2022 RM</b>	<b>2021 RM</b>
As of 1 January	481,155	71,407
Additions	-	610,885
Finance cost (Note 5)	15,003	14,803
Repayment of lease liability	(200,937)	(201,137)
Repayment of finance cost	<u>(15,003)</u>	<u>(14,803)</u>
As of 31 December	<u>280,218</u>	<u>481,155</u>

Company No. LL 05552

**GALLAGHER RE LABUAN LIMITED**

(Incorporated in Labuan, Malaysia under the Labuan Companies Act, 1990)  
(Licensed Labuan Insurance Broker - Licence No. BS200755)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONT'D)**

**19. TRADE PAYABLES**

Trade payables comprise brokerage fees payable to third parties. The average credit period for trade payables is 60 days (2021: 60 days). No interest is charged by the trade payables for balances which are past due. The Company has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

The currency profile of trade payables is as follows:

	<b>2022</b>	<b>2021</b>
	<b>RM</b>	<b>RM</b>
Ringgit Malaysia	475,515	402,901
United States Dollar	261,549	1,011,699
Singapore Dollar	<u>107,510</u>	<u>88,169</u>
	<u>844,574</u>	<u>1,502,769</u>

**20. FIDUCIARY PAYABLES**

The fiduciary balances comprises of the gross fiduciary receivables and gross fiduciary payables that is offsetted and presented at net for the year then ended.

Fiduciary payables are recognised as the equivalent of unremitted reinsurance premiums and claims recorded within fiduciary funds. The gross fiduciary payables are as follows;

	<b>2022</b>	<b>2021</b>
	<b>RM</b>	<b>RM</b>
Gross fiduciary payables	<u>438,218,890</u>	<u>207,071,783</u>

Company No. LL 05552

**GALLAGHER RE LABUAN LIMITED**

(Incorporated in Labuan, Malaysia under the Labuan Companies Act, 1990)  
(Licensed Labuan Insurance Broker - Licence No. BS200755)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONT'D)**

**20. FIDUCIARY PAYABLES (CONT'D)**

Fiduciary receivables are recognised as the equivalent of received premiums and claims recorded within fiduciary funds. The gross fiduciary receivables are as follows:

	2022 RM	2021 RM
Gross fiduciary receivables	<u>335,985,921</u>	<u>164,724,408</u>

The currency profile of net fiduciary payables is as follows:

Ringgit Malaysia	61,638,426	32,427,851
United States Dollar	40,374,206	9,698,140
Singapore Dollar	219,871	219,858
Euro	<u>466</u>	<u>1,526</u>
Net fiduciary payables/fiduciary bank balances (Note 14)	<u>102,232,969</u>	<u>42,347,375</u>

**21. OTHER PAYABLES**

The currency profile of other payables are as follows:

	2022 RM	2021 RM
Ringgit Malaysia	1,947,790	2,144,174
United States Dollar	<u>829,840</u>	<u>169,847</u>
	<u>2,777,630</u>	<u>2,314,021</u>

**22. DIVIDEND PAID**

A single tier tax-exempt interim dividend of approximately RM687 per ordinary share amounting to USD13,914,309 (RM58,398,355) in respect of the financial year ended 31 December 2022 was declared and paid on 31 July 2022. The said dividend was offset in lieu of the settlement of the loan receivables from Arthur J. Gallagher & Co., an immediate holding company incorporated in Delaware, as disclosed in Note 13.

Company No. LL 05552

**GALLAGHER RE LABUAN LIMITED**

(Incorporated in Labuan, Malaysia under the Labuan Companies Act, 1990)

(Licensed Labuan Insurance Broker - Licence No. BS200755)

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2022 (CONT'D)**

**23. FINANCIAL INSTRUMENTS**

**Capital Risk Management**

The objective of the Company's capital management is to safeguard the Company's ability to continue as a going concern while maximising the return to shareholder through the optimisation of debt and equity balance. The overall strategy of the Company remains unchanged from prior year.

The Company is subject to a minimum capital requirement amounting to RM300,000.

**Significant Accounting Policies**

Details of the significant accounting policies and methods adopted (including the criteria for recognition, the bases of measurement, and the bases for recognition of income and expenses) for each class of financial asset, financial liability and equity instrument are disclosed in Note 3.

**Categories of Financial Instruments**

	<b>2022</b>	<b>2021</b>
	<b>RM</b>	<b>RM</b>
Financial assets at amortised cost:		
Trade receivables	5,452,131	5,533,674
Other receivables	1,558,374	1,440,358
Amount owing by ultimate holding company	-	57,800,000
Amount owing by immediate holding company	300,000	300,000
Cash at banks	<u>25,150,582</u>	<u>7,593,447</u>
Financial liabilities at amortised cost:		
Trade payables	<u>844,574</u>	<u>1,502,769</u>

**Company No. LL 05552**

**GALLAGHER RE LABUAN LIMITED**

(Incorporated in Labuan, Malaysia under the Labuan Companies Act, 1990)

(Licensed Labuan Insurance Broker - Licence No. BS200755)

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2022 (CONT'D)**

**23. FINANCIAL INSTRUMENTS (CONT'D)**

**Financial Risk Management Objectives and Policies**

The operations of the Company are subject to a variety of financial risks, including, foreign exchange risk, credit risk, liquidity risk and cash flow risk.

The Company has formulated a financial risk management framework whose principal objective is to minimise the Company's exposure to risks and/or costs associated with the financing, investing and operating activities of the Company.

Financial risk management is carried out through risk reviews, internal control systems and adherence to Company's financial risk management policies. The directors regularly review these risks and approves the treasury policies, which cover the management of these risks.

**Foreign currency risk management**

The Company undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise.

The carrying amounts of the Company's foreign currency denominated monetary assets and liabilities at the end of the reporting period are disclosed in the respective notes.

*Foreign currency sensitivity analysis:*

The Company is mainly exposed to the currency of United States Dollar and Singapore Dollar.

The following tables detail the Company's sensitivity to a 10% increase and decrease in foreign currencies against RM. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at year end for a 10% change in foreign currency rates. The sensitivity analysis includes external loans denominated in foreign currency.

Company No. LL 05552

**GALLAGHER RE LABUAN LIMITED**

(Incorporated in Labuan, Malaysia under the Labuan Companies Act, 1990)

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**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2022 (CONT'D)**

**23. FINANCIAL INSTRUMENTS (CONT'D)**

	Profit before tax		Impact on Equity	
	2022	2021	2022	2021
	RM	RM	RM	RM
<b>Change in foreign exchange rates</b>				
+10%	1,197,965	580,147	1,162,026	562,743
-10%	<u>(1,197,965)</u>	<u>(580,147)</u>	<u>(1,162,026)</u>	<u>(562,743)</u>

The changes to the Company's profit or loss is mainly attributable to the Company's exposure on trade receivables, fiduciary bank balances, cash at banks, intercompany indebtedness, trade payables and fiduciary payables denominated in relevant currencies at the end of the reporting period.

**Credit risk management**

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties by using its own trading records and the counterparties' financial information. The Company's exposure and the creditworthiness of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. The Company does not anticipate non-performance by counterparties. As such, the Company generally does not require collateral or other security to support financial instruments with credit risk.

Trade receivables consist of a large number of customers in the insurance/reinsurance industry spread across various geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable. At the end of the reporting period, there are 3 (2020: 3) customers which individually represent more than 10% of the total trade receivables balance.

The credit risk on liquid funds is limited because the counterparties are banks with high credit-rating assigned by international credit-rating agencies. The Company is also exposed to credit risk from amount owing by other related companies.

**GALLAGHER RE LABUAN LIMITED**

(Incorporated in Labuan, Malaysia under the Labuan Companies Act, 1990)

(Licensed Labuan Insurance Broker - Licence No. BS200755)

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2022 (CONT'D)**

**23. FINANCIAL INSTRUMENTS (CONT'D)**

**Credit risk management (cont'd)**

The carrying amount of financial assets recognised in the financial statements represents the Company's maximum exposure to credit risk without taking into account collateral or other credit enhancements held. The impairment of financial assets are assessed in accordance to MFRS 9 in Note 10.

**Liquidity risk management**

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the Company's short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves by continuously monitoring forecast and actual cash flows.

The following tables detail the liquidity analysis for its financial liabilities, based on the contractual maturity of these financial instruments. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest contractual date on which the Company can be required to pay.

Maturity profile of the financial liabilities is as follows:

	<b>Less than 1 month RM</b>	<b>More than 1 month and less than 3 months RM</b>	<b>More than 3 months RM</b>	<b>Total RM</b>
<b>2022</b>				
<b>Financial liabilities</b>				
<b>Non-interest bearing</b>				
Trade payables	<u>169,515</u>	<u>149,350</u>	<u>525,709</u>	<u>844,574</u>
<b>2021</b>				
<b>Financial liabilities</b>				
<b>Non-interest bearing</b>				
Trade payables	<u>145,827</u>	<u>213,815</u>	<u>1,143,127</u>	<u>1,502,769</u>

The undiscounted maturity profile of lease liabilities is disclosed in Note 18.

**Company No. LL 05552**

**GALLAGHER RE LABUAN LIMITED**

(Incorporated in Labuan, Malaysia under the Labuan Companies Act, 1990)

(Licensed Labuan Insurance Broker - Licence No. BS200755)

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2022 (CONT'D)**

**23. FINANCIAL INSTRUMENTS (CONT'D)**

**Liquidity risk management (cont'd)**

The insurance broking premium account is held in a fiduciary capacity on behalf of the cedants and reinsurers. It is not assessed for financial risks, including foreign exchange risk, credit risk, liquidity risk and cash flow risk.

**Cash flow risk management**

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

**Fair Values**

The carrying amounts of financial assets and financial liabilities approximate their fair values because of the short-term maturity term of these instruments.

**24. LEASE COMMITMENTS**

As of the end of the reporting period, the Company has the following non-cancellable short-term lease commitments pertaining to rental of office premises:

	<b>Future Minimum Lease Payment</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM</b>	<b>RM</b>
Less than 1 year	<u>29,887</u>	<u>82,767</u>



**Company No. LL 05552**

**GALLAGHER RE LABUAN LIMITED**

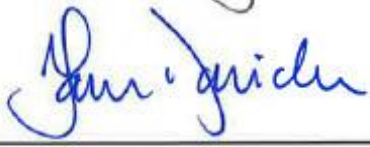
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**STATEMENT BY DIRECTORS**

The directors of **GALLAGHER RE LABUAN LIMITED** state that, in their opinion, the accompanying financial statements of the Company are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Labuan Companies Act, 1990 in Malaysia so as to give a true and fair view of the financial position of the Company as of 31 December 2022 and of the financial performance and cash flows of the Company for the year then ended.

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

  
ADRIAN NICHOLAS JONES

  
FARIS SALIM DAVIDSON  
DIRECTOR

Federal Territory of Labuan, Malaysia,  
25 May 2023