

**PROGRESSIVE INSURANCE BHD**

(Company number 19002 - P)

(Incorporated in Malaysia)

**Unaudited Condensed Interim Financial Statements**

**For The Financial Period From**

**1 January 2019 to 30 June 2019**

**PROGRESSIVE INSURANCE BHD (19002-P)**  
**(Incorporated in Malaysia)**

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**PROGRESSIVE INSURANCE BHD (19002-P)**  
**(Incorporated in Malaysia)**

**UNAUDITED CONDENSED STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2019**

	Note	Group		Company	
		30.06.2019	31.12.2018	30.06.2019	31.12.2018
		RM	RM	RM	RM
<b>ASSETS</b>					
Property and equipment		13,981,939	14,420,270	13,981,939	14,420,270
Investments:		269,690,212	264,539,003	271,551,370	269,656,959
- Available-for-sale ("AFS") financial assets	9 (a)	76,023,444	72,626,719	199,513,458	195,986,407
- Financial assets at fair value through profit or loss ("FVTPL")	9 (b)	193,666,768	191,912,284	72,037,912	73,670,552
Reinsurance assets	10	75,603,833	72,620,688	75,603,833	72,620,688
Loans and other receivables	11	139,528,722	124,169,861	133,578,423	120,399,389
Tax recoverable		2,739,858	1,880,359	2,739,858	1,880,359
Deferred tax assets		1,458,369	1,703,949	1,458,369	1,703,949
Insurance receivables	12	15,250,687	15,833,075	15,250,687	15,833,075
Cash and bank balances		3,427,965	16,166,682	3,350,126	10,834,229
<b>TOTAL ASSETS</b>		<b>521,681,585</b>	<b>511,333,887</b>	<b>517,514,605</b>	<b>507,348,918</b>
<b>EQUITY AND LIABILITIES</b>					
Share capital		100,000,000	100,000,000	100,000,000	100,000,000
Reserves		150,309,691	147,312,137	150,263,846	147,325,327
		250,309,691	247,312,137	250,263,846	247,325,327
Non-controlling interest		4,041,371	3,906,312	-	-
<b>TOTAL EQUITY</b>		<b>254,351,062</b>	<b>251,218,449</b>	<b>250,263,846</b>	<b>247,325,327</b>
Insurance contract liabilities	13	209,813,860	201,856,732	209,813,860	201,856,732
Other financial liabilities	14	29,907,054	28,141,382	29,907,054	28,141,382
Insurance payables	15	17,157,056	19,991,308	17,157,056	19,991,308
Other payables		10,452,553	10,126,016	10,372,789	10,034,169
<b>TOTAL LIABILITIES</b>		<b>267,330,523</b>	<b>260,115,438</b>	<b>267,250,759</b>	<b>260,023,591</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>521,681,585</b>	<b>511,333,887</b>	<b>517,514,605</b>	<b>507,348,918</b>

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

**PROGRESSIVE INSURANCE BHD (19002-P)**  
**(Incorporated in Malaysia)**

**UNAUDITED CONDENSED INCOME STATEMENT**  
**FOR THE PERIOD ENDED 30 JUNE 2019**

	Note	Group		Company	
		30.06.2019 RM	30.06.2018 RM	30.06.2019 RM	30.06.2018 RM
Gross written premiums	13 (ii)	67,716,815	84,185,293	67,716,815	84,185,293
Change in unearned premiums reserves		(335,847)	(15,070,015)	(335,847)	(15,070,015)
Gross earned premiums	13 (ii)	<u>67,380,968</u>	<u>69,115,278</u>	<u>67,380,968</u>	<u>69,115,278</u>
Gross written premiums ceded to reinsurers	13 (ii)	(36,170,614)	(49,302,186)	(36,170,614)	(49,302,186)
Change in unearned premiums reserves		(1,930,232)	10,798,579	(1,930,232)	10,798,579
Premiums ceded to reinsurers	13 (ii)	<u>(38,100,846)</u>	<u>(38,503,607)</u>	<u>(38,100,846)</u>	<u>(38,503,607)</u>
<b>Net earned premiums</b>		<u>29,280,122</u>	<u>30,611,671</u>	<u>29,280,122</u>	<u>30,611,671</u>
Investment income, net		6,278,073	7,273,585	5,900,274	6,510,300
Realised gains		5,558,650	3,679,721	5,489,405	3,569,780
Fair value gains and losses		7,642,404	(11,533,667)	5,155,958	(10,851,326)
Commission income		7,195,651	10,926,012	7,195,651	10,926,012
Other operating income		1,669,410	1,325,622	1,669,410	1,325,622
<b>Other income</b>		<u>28,344,188</u>	<u>11,671,273</u>	<u>25,410,698</u>	<u>11,480,388</u>
Gross claims paid		(24,249,944)	(40,775,829)	(24,249,944)	(40,775,829)
Claims ceded to reinsurers		4,815,808	16,190,471	4,815,808	16,190,471
Gross change in contract liabilities		(7,621,281)	6,094,307	(7,621,281)	6,094,307
Change in contract liabilities ceded to reinsurers		4,913,377	(1,842,203)	4,913,377	(1,842,203)
<b>Net claims incurred</b>		<u>(22,142,040)</u>	<u>(20,333,254)</u>	<u>(22,142,040)</u>	<u>(20,333,254)</u>
Commission expenses		(8,371,723)	(10,619,323)	(8,371,723)	(10,619,323)
Management expenses					
- General fund		(20,853,909)	(17,658,851)	(20,651,427)	(17,433,664)
- Shareholders' fund		(284,861)	(465)	(284,861)	(465)
<b>Other expenses</b>		<u>(29,510,493)</u>	<u>(28,278,639)</u>	<u>(29,308,011)</u>	<u>(28,053,452)</u>

**PROGRESSIVE INSURANCE BHD (19002-P)**  
**(Incorporated in Malaysia)**

**UNAUDITED CONDENSED INCOME STATEMENT**  
**FOR THE PERIOD ENDED 30 JUNE 2019**

	Note	Group		Company	
		30.06.2019	30.06.2018	30.06.2019	30.06.2018
		RM	RM	RM	RM
<b>Profit before taxation</b>		5,971,777	(6,328,949)	3,240,769	(6,294,647)
Taxation		(778,000)	-	(778,000)	-
<b>Net profit for the period</b>		<u>5,193,777</u>	<u>(6,328,949)</u>	<u>2,462,769</u>	<u>(6,294,647)</u>
<b>Earnings per ordinary share</b>		<u>5.2</u>	<u>(6.3)</u>		
<b>(sen) - basic and diluted</b>					
<b>Net profit for the period</b>					
<b>attributable to:</b>					
Equity holder of the					
Company		5,037,341	(6,392,793)		
Non-controlling interests		156,436	63,844		
		<u>5,193,777</u>	<u>(6,328,949)</u>		

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

**PROGRESSIVE INSURANCE BHD (19002-P)**  
**(Incorporated in Malaysia)**

**UNAUDITED CONDENSED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE PERIOD ENDED 30 JUNE 2019**

	<b>Group</b>		<b>Company</b>	
	<b>30.06.2019</b>	<b>30.06.2018</b>	<b>30.06.2019</b>	<b>30.06.2018</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
<b>Net profit for the period</b>	5,193,777	(6,328,949)	2,462,769	(6,294,647)
<b>Other comprehensive income/(loss)</b>				
<u>Items that may be reclassified to income statements in subsequent periods:</u>				
Fair value change on AFS financial assets:				
Gain/(loss) on fair value changes	1,725,792	22,673	4,354,522	(872,145)
Transferred to profit or loss upon disposal	-	-	(113,193)	-
Deferred tax	(245,579)	(3,216)	(245,579)	(3,216)
<b>Other comprehensive income/(loss) for the year, net of tax</b>	<u>1,480,213</u>	<u>19,457</u>	<u>3,995,750</u>	<u>(875,361)</u>
<b>Total comprehensive income for the period</b>	<u>6,673,990</u>	<u>(6,309,492)</u>	<u>6,458,519</u>	<u>(7,170,008)</u>
<b>Total comprehensive income for the year attributable to:</b>				
Equity holder of the Company	6,517,554	(6,373,336)	6,458,519	(7,170,008)
Non-controlling interests	156,436	63,844	-	-
	<u>6,673,990</u>	<u>(6,309,492)</u>	<u>6,458,519</u>	<u>(7,170,008)</u>

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

**PROGRESSIVE INSURANCE BHD (19002-P)**  
**(Incorporated in Malaysia)**

**UNAUDITED CONDENSED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE PERIOD ENDED 30 JUNE 2019**

Group	←————— Attributable to owners of the Company —————→						
	←————— Non-distributable —————→			Distributable			
	Share capital RM	Property revaluation reserve RM	Available for sale ("AFS") reserve RM	Retained earnings RM	Total RM	Non-controlling interests RM	Total equity RM
<b>At 1 January 2018</b>	100,000,000	6,159,332	142,843	146,463,262	252,765,437	3,722,151	256,487,588
Total comprehensive income for the year	-	-	19,457	(6,392,793)	(6,373,336)	63,844	(6,309,492)
Dividend paid during the year	-	-	-	(13,000,000)	(13,000,000)	-	(13,000,000)
Net creation of units in wholesale unit trust funds	-	-	-	-	-	(805,311)	(805,311)
<b>At 30 June 2018</b>	<b>100,000,000</b>	<b>6,159,332</b>	<b>162,300</b>	<b>127,070,469</b>	<b>233,392,101</b>	<b>2,980,684</b>	<b>236,372,785</b>
<b>At 1 January 2019</b>	100,000,000	6,159,332	752,413	140,400,392	247,312,137	3,906,312	251,218,449
Total comprehensive income for the year	-	-	1,480,213	5,037,341	6,517,554	156,436	6,673,990
Dividend paid during the year (Note 6)	-	-	-	(3,520,000)	(3,520,000)	-	(3,520,000)
Net creation of units in wholesale unit trust funds	-	-	-	-	-	(21,377)	(21,377)
<b>At 30 June 2019</b>	<b>100,000,000</b>	<b>6,159,332</b>	<b>2,232,626</b>	<b>141,917,733</b>	<b>250,309,691</b>	<b>4,041,371</b>	<b>254,351,062</b>

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**PROGRESSIVE INSURANCE BHD (19002-P)**  
**(Incorporated in Malaysia)**

**UNAUDITED CONDENSED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE PERIOD ENDED 30 JUNE 2019**

Company	←————— Attributable to owners of the Company —————→				
	←————— Non-distributable —————→		————— Distributable		
	Share capital RM	Property revaluation reserve RM	Available for sale ("AFS") reserve RM	Retained earnings RM	Total equity RM
<b>At 1 January 2018</b>	100,000,000	6,159,332	1,581,114	145,084,924	252,825,370
Total comprehensive income for the year	-	-	(875,361)	(6,294,647)	(7,170,008)
Dividend paid during the year	-	-	-	(13,000,000)	(13,000,000)
<b>At 30 June 2018</b>	<u>100,000,000</u>	<u>6,159,332</u>	<u>705,753</u>	<u>125,790,277</u>	<u>232,655,362</u>
<b>At 1 January 2019</b>	100,000,000	6,159,332	2,334,738	138,831,257	247,325,327
Total comprehensive income for the year	-	-	3,995,750	2,462,769	6,458,519
Dividend paid during the year (Note 6)	-	-	-	(3,520,000)	(3,520,000)
<b>At 30 June 2019</b>	<u>100,000,000</u>	<u>6,159,332</u>	<u>6,330,488</u>	<u>137,774,026</u>	<u>250,263,846</u>

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



**PROGRESSIVE INSURANCE BHD (19002-P)**  
**(Incorporated in Malaysia)**

**UNAUDITED CONDENSED STATEMENT OF CASH FLOW**  
**FOR THE PERIOD ENDED 30 JUNE 2019**

<b>GROUP</b>	<b>30.06.2019</b>	<b>30.06.2018</b>
	<b>RM</b>	<b>RM</b>
<b>Cash flow from operating activities</b>		
Profit/(loss) before taxation	5,971,777	(6,328,949)
Investment (income)/loss and cash flows:		
Interest income	(3,910,617)	(6,005,622)
Distribution income	(1,670,933)	-
Dividend income	(1,127,172)	(1,778,174)
Realised gains recorded in income statement	(5,558,650)	(3,679,721)
Fair value (gains)/loss recorded in income statement	(7,642,404)	11,533,667
Purchase of AFS financial assets	(1,670,933)	-
Purchase of FVTPL financial assets	(66,803,199)	(60,698,195)
Proceeds from disposal of FVTPL financial assets	78,147,387	103,621,258
Interest received	4,150,466	11,457,336
Dividend received	1,127,172	1,234,020
Reinvestment of distributions	1,670,933	-
Non-cash items:		
Depreciation of property and equipment	554,814	647,429
Net amortisation of premium	125,109	86,873
Net allowance for impairment on insurance receivables	2,182,662	845,000
Property and equipment written off	96,518	-
Changes in working capital:		
Increase in loans and receivables	(1,256,617)	(5,666,022)
Increase in insurance contract liabilities	7,957,128	8,975,708
Increase/(decrease) in other financial liabilities	1,765,672	(3,057,963)
Increase in insurance receivables	(1,600,274)	(10,915,096)
(Increase)/decrease in fixed and call deposits	(14,364,822)	504,510
Increase in reinsurance assets	(2,983,145)	(8,956,376)
(Decrease)/increase in insurance payables	(2,834,252)	8,396,481
Increase/(decrease) in other payables	326,537	(5,984,026)
Cash (used in)/generated from operating activities	<u>(7,346,843)</u>	<u>34,232,138</u>
Income tax paid, net	<u>(1,637,498)</u>	<u>(2,614,583)</u>
Net cash (used in)/generated from operating activities	<u>(8,984,341)</u>	<u>31,617,555</u>
<b>Investing Activities</b>		
Proceeds from disposal of property and equipment	-	10,740
Purchase of property and equipment	<u>(212,999)</u>	<u>(250,901)</u>
Net cash used in investing activities	<u>(212,999)</u>	<u>(240,161)</u>

**PROGRESSIVE INSURANCE BHD (19002-P)**  
**(Incorporated in Malaysia)**

**UNAUDITED CONDENSED STATEMENT OF CASH FLOW**  
**FOR THE PERIOD ENDED 30 JUNE 2019**

<b>GROUP</b>	<b>30.06.2019</b>	<b>30.06.2018</b>
	<b>RM</b>	<b>RM</b>
<b>Financing Activity</b>		
Dividends paid to shareholders	(3,520,000)	(13,000,000)
Proceeds from creation of units to non-controlling interests	<u>(21,377)</u>	<u>(13,995,245)</u>
Net cash used in financing activities	<u>(3,541,377)</u>	<u>(26,995,245)</u>
<b>Net (decrease)/increase in cash and cash equivalents</b>	(12,738,717)	4,382,149
<b>Cash and cash equivalents at beginning of year</b>	<u>16,166,682</u>	<u>6,849,738</u>
<b>Cash and cash equivalents at end of period</b>	<u>3,427,965</u>	<u>11,231,887</u>

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

**PROGRESSIVE INSURANCE BHD (19002-P)**  
**(Incorporated in Malaysia)**

**UNAUDITED CONDENSED STATEMENT OF CASH FLOW**  
**FOR THE PERIOD ENDED 30 JUNE 2019**

<b>COMPANY</b>	<b>30.06.2019</b>	<b>30.06.2018</b>
	<b>RM</b>	<b>RM</b>
<b>Cash flow from operating activities</b>		
Profit/(loss) before taxation	3,240,769	(6,294,647)
Investment (income)/loss and cash flows:		
Interest income	(906,112)	(1,222,598)
Dividend income	(1,127,172)	(1,778,174)
Distribution income	(4,172,529)	(3,932,866)
Realised gains recorded in income statement	(5,489,405)	(3,569,780)
Fair value (gains)/loss recorded in income statement	(5,155,958)	10,851,326
Purchase of AFS financial assets	(4,172,529)	-
Proceeds from disposal of AFS financial assets	5,000,000	-
Purchase of FVTPL financial assets	(41,153,099)	(49,789,702)
Proceeds from disposal of FVTPL financial assets	53,317,907	73,551,778
Interest received	1,168,691	8,017,848
Dividend received	1,127,172	1,234,020
Reinvestment of distributions	4,172,529	-
Non-cash items:		
Depreciation of property and equipment	554,814	647,429
Net allowance for impairment on insurance receivables	2,182,662	845,000
Property and equipment written off	96,518	-
Changes in working capital:		
(Increase)/decrease in loans and receivables	(1,256,618)	(5,666,022)
Increase in insurance receivables	(1,600,274)	(10,915,096)
Increase in insurance contract liabilities	7,957,128	8,975,708
(Increase)/decrease in fixed and call deposits	(12,184,995)	8,846,257
Increase in reinsurance assets	(2,983,145)	(8,956,376)
(Decrease)/increase in insurance payables	(2,834,252)	8,396,481
Increase/(decrease) in other financial liabilities	1,765,672	(3,057,963)
Increase/(decrease) in other payables	338,620	(5,964,507)
Cash (used in)/generated from operating activities	<u>(2,113,606)</u>	<u>20,218,116</u>
Income tax paid, net	<u>(1,637,498)</u>	<u>(2,614,583)</u>
Net cash (used in)/generated from operating activities	<u>(3,751,104)</u>	<u>17,603,533</u>

**PROGRESSIVE INSURANCE BHD (19002-P)**  
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**UNAUDITED CONDENSED STATEMENT OF CASH FLOW**  
**FOR THE PERIOD ENDED 30 JUNE 2019**

<b>COMPANY</b>	<b>30.06.2019</b>	<b>30.06.2018</b>
	<b>RM</b>	<b>RM</b>
<b>Investing Activities</b>		
Proceeds from disposal of property and equipment	-	10,740
Purchase of property and equipment	<u>(212,999)</u>	<u>(250,901)</u>
Net cash used in investing activities	<u>(212,999)</u>	<u>(240,161)</u>
<b>Financing Activity</b>		
Dividends paid to shareholders, representing net cash used in financing activity	<u>(3,520,000)</u>	<u>(13,000,000)</u>
<b>Net (decrease)/increase in cash and cash equivalents</b>	(7,484,103)	4,363,372
<b>Cash and cash equivalents at beginning of year</b>	<u>10,834,229</u>	<u>6,575,966</u>
<b>Cash and cash equivalents at end of period</b>	<u>3,350,126</u>	<u>10,939,338</u>

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

**PROGRESSIVE INSURANCE BHD (19002-P)**  
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**NOTES TO THE INTERIM FINANCIAL STATEMENTS**

**1. Basis of Preparation**

**Statement of Compliance**

The condensed interim financial statements the Group and of the Company are unaudited and have been prepared in accordance with Malaysian Financial Reporting Standard (MFRS) 134 and International Accounting Standard 34, International Financial Reporting Standards and the requirements of the Companies Act, 2016, and the Financial Services Act, 2013 in Malaysia. They do not include full information as required for annual financial statements hence, it should be read in conjunction with the Company's audited financial statements.

The accounting policies and presentation adopted by the Group and the Company for the condensed interim financial statements are consistent with those adopted by the Company's audited annual financial statements for the year ended 31 December, 2018, except for the adoption of the following:

<b>Description</b>	<b>Effective date</b>
MFRS 16 <i>Leases</i>	1 January 2019

MFRS 16 will replace MFRS 117 *Leases*, IC Interpretation 4 *Determining whether an Arrangement contains a Lease*, IC Interpretation 115 *Operating Lease-Incentives* and IC Interpretation 127 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. MFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under MFRS 117.

The standard includes two recognition exemptions for lessees – leases of ‘low value’ assets and short-term leases. At the commencement date of a lease, a lessee will recognise a liability to make lease payments and an asset representing the right to use the underlying asset during the lease term. Lessees will be required to recognise interest expense on the lease liability and depreciation expense on the right-of-use asset.

Lessor accounting under MFRS 16 is substantially the same as the accounting under MFRS 117. Lessors will continue to classify all leases using the same classification principle as in MFRS 117 and distinguish between two types of leases: operating and finance leases.

MFRS 16 is effective for annual periods beginning on or after 1 January 2019 and the Group and the Company will apply the standard from its mandatory adoption date. The Group and the Company intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption. Right-of-use assets for property leases will be measured on transition as if the new rules had always been applied. All other right-of-use assets will be measured at the amount of the lease liability on adoption (adjusted for any prepaid or accrued lease expense).

**PROGRESSIVE INSURANCE BHD (19002-P)**  
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**NOTES TO THE INTERIM FINANCIAL STATEMENTS**

**2. Seasonality or Cyclicity**

The business operations of the Company were not significantly affected by the seasonality or cyclicity factors for the interim period ended 30 June 2019.

**3. Unusual items**

The assets, liabilities, equity, net income and cash flows of the Group and the Company in the second financial quarter ended 30 June 2019 were not substantially affected by any item of a material and unusual nature.

**4. Changes in estimates**

There were no material changes in the basis used for accounting estimates for the current interim period ended 30 June 2019.

**5. Debt and equity securities**

There were no issuance, cancellations, repurchases, resale and repayment of debt and equity securities by the Company during the current financial period.

**6. Dividend paid**

During the interim period ended 30 June 2019, the Company paid a final single-tier dividend in respect of the financial year ended 31 December 2018 of 3.52% on 100,000,000 ordinary shares amounting to a total dividend of *RM3,520,000* (3.52 sen per ordinary share) on *24 June, 2019*.

**7. Events after the interim period**

There were no material events after the interim period that have not been reflected in the condensed interim financial statements for the interim period.

**8. Changes in the composition of the Company**

There were no changes in the composition of the Company during the interim period ended 30 June 2019.

**9. INVESTMENTS**

**(a) AFS Financial Assets**

	<b>Group</b>		<b>Company</b>	
	<b>30.06.2019</b>	<b>31.12.2018</b>	<b>30.06.2019</b>	<b>31.12.2018</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Corporate debt securities	5,011,151	5,004,701	5,011,151	5,004,701
Wholesale unit trust funds	71,012,293	67,622,018	194,502,307	190,981,706
<b>Total</b>	<b>76,023,444</b>	<b>72,626,719</b>	<b>199,513,458</b>	<b>195,986,407</b>

**PROGRESSIVE INSURANCE BHD (19002-P)**  
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**NOTES TO THE INTERIM FINANCIAL STATEMENTS**

**9. INVESTMENTS (CONT'D.)**

**(b) Financial Assets at FVTPL**

	<b>Group</b>		<b>Company</b>	
	<b>30.06.2019</b>	<b>31.12.2018</b>	<b>30.06.2019</b>	<b>31.12.2018</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Held for trading:				
Malaysian Government Securities	3,716,283	8,524,461	-	-
Corporate debt securities	117,912,573	109,717,271	-	-
Unit trusts funds	2,821,179	1,874,111	2,821,179	1,874,111
Equity securities	69,216,733	71,796,441	69,216,733	71,796,441
<b>Total</b>	<b>193,666,768</b>	<b>191,912,284</b>	<b>72,037,912</b>	<b>73,670,552</b>
<b>Total investments</b>	<b>269,690,212</b>	<b>264,539,003</b>	<b>271,551,370</b>	<b>269,656,959</b>

**10. REINSURANCE ASSETS**

	<b>Note</b>	<b>Group/Company</b>	
		<b>30.06.2019</b>	<b>31.12.2018</b>
		<b>RM</b>	<b>RM</b>
Reinsurance of insurance contracts			
Claim liabilities	13 (i)	48,422,736	43,509,359
Premium liabilities	13 (ii)	27,181,097	29,111,329
		<b>75,603,833</b>	<b>72,620,688</b>

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**11. LOANS AND OTHER RECEIVABLES**

	<b>Group</b>		<b>Company</b>	
	<b>30.06.2019</b>	<b>31.12.2018</b>	<b>30.06.2019</b>	<b>31.12.2018</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Other receivables:				
Other receivables and deposits	2,663,632	2,658,750	2,663,632	2,658,750
Prepayments	290,837	82,981	290,837	82,981
Income due and accrued	518,479	781,057	518,479	781,057
Share of net assets held by Malaysian Motor Insurance Pool (MMIP)	53,517,518	52,762,863	53,517,518	52,762,863
Amounts receivable from sale of shares/matured bonds	1,094,960	618,435	1,094,960	618,435
Right-of-use assets	4,059,936	4,247,237	4,059,936	4,247,237
	<u>62,145,362</u>	<u>61,151,323</u>	<u>62,145,362</u>	<u>61,151,323</u>
Fixed and call deposits with:				
Licensed banks in Malaysia	43,383,360	29,018,538	37,433,061	25,248,066
Other financial institutions	34,000,000	34,000,000	34,000,000	34,000,000
	<u>77,383,360</u>	<u>63,018,538</u>	<u>71,433,061</u>	<u>59,248,066</u>
Total loans and other receivables	<u>139,528,722</u>	<u>124,169,861</u>	<u>133,578,423</u>	<u>120,399,389</u>

Included in the fixed and call deposits are cash collaterals received from policyholders of *RM28,770,192* (2018: *RM27,039,770*) for guarantee issued on behalf of policyholders (Note 14).

**12. INSURANCE RECEIVABLES**

	<b>Group/Company</b>	
	<b>30.06.2019</b>	<b>31.12.2018</b>
	<b>RM</b>	<b>RM</b>
Due premiums including agents/brokers and co-insurers balances	21,079,855	17,264,621
Due from reinsurers and cedants	1,908,174	4,123,135
	<u>22,988,029</u>	<u>21,387,756</u>
Less: Allowance for impairment	(7,737,342)	(5,554,681)
	<u>15,250,687</u>	<u>15,833,075</u>



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**13. INSURANCE CONTRACT LIABILITIES**

**Group/Company**

	← 30.06.2019 →			← 31.12.2018 →		
	<b>Gross RM</b>	<b>Reinsurance RM</b>	<b>Net RM</b>	<b>Gross RM</b>	<b>Reinsurance RM</b>	<b>Net RM</b>
Provision for claims reported by policyholders	89,977,986	(33,340,976)	56,637,010	92,900,299	(34,294,450)	58,605,849
Provision for incurred but not reported claims ("IBNR")	41,791,302	(10,435,161)	31,356,141	32,460,478	(5,115,399)	27,345,079
Claims handling expenses	2,111,488	-	2,111,488	1,879,265	-	1,879,265
Provision of risk margin for adverse deviations ("PRAD")	9,949,266	(4,737,700)	5,211,566	8,968,719	(4,190,611)	4,778,108
Less: Impairment on reinsurance assets	-	91,101	91,101	-	91,101	91,101
Claim liabilities (i)	143,830,042	(48,422,736)	95,407,306	136,208,761	(43,509,359)	92,699,402
Premiums liabilities (ii)	65,983,818	(27,181,097)	38,802,721	65,647,971	(29,111,329)	36,536,642
	<b>209,813,860</b>	<b>(75,603,833)</b>	<b>134,210,027</b>	<b>201,856,732</b>	<b>(72,620,688)</b>	<b>129,236,044</b>

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**NOTES TO THE INTERIM FINANCIAL STATEMENTS**

**13. INSURANCE CONTRACT LIABILITIES (CONT'D.)**

**Group/Company**

	← 30.06.2019 →			← 31.12.2018 →		
	Gross RM	Reinsurance RM	Net RM	Gross RM	Reinsurance RM	Net RM
<b>(i) Claims Liabilities</b>						
<b>At 1 January</b>	136,208,761	(43,509,359)	92,699,402	171,794,338	(58,804,000)	112,990,338
Claims incurred in the current accident year	75,202,765	(15,762,706)	59,440,059	99,446,706	(15,736,163)	83,710,543
Movements in claims incurred in prior accident years	(43,331,540)	6,033,521	(37,298,019)	(60,378,398)	1,181,792	(59,196,606)
Claims paid during the year	(24,249,944)	4,815,808	(19,434,136)	(74,653,885)	29,849,012	(44,804,873)
<b>At 30.06.2019</b>	<b>143,830,042</b>	<b>(48,422,736)</b>	<b>95,407,306</b>	<b>136,208,761</b>	<b>(43,509,359)</b>	<b>92,699,402</b>
<b>(ii) Premium Liabilities</b>						
<b>At 1 January</b>	65,647,971	(29,111,329)	36,536,642	59,413,059	(21,011,607)	38,401,452
Premiums written in the year	67,716,815	(36,170,614)	31,546,201	141,149,081	(81,185,439)	59,963,642
Premiums earned during the year	(67,380,968)	38,100,846	(29,280,122)	(134,914,169)	73,085,717	(61,828,452)
<b>At 30.06.2019</b>	<b>65,983,818</b>	<b>(27,181,097)</b>	<b>38,802,721</b>	<b>65,647,971</b>	<b>(29,111,329)</b>	<b>36,536,642</b>

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**NOTES TO THE INTERIM FINANCIAL STATEMENTS**

**14. OTHER FINANCIAL LIABILITIES**

	<b>Group/Company</b>	
	<b>30.06.2019</b>	<b>31.12.2018</b>
	<b>RM</b>	<b>RM</b>
Cash collateral deposits received from policyholders (Note 11)	28,770,192	27,039,770
Interest on cash collateral deposits received from policyholders	1,136,862	1,101,612
	<b>29,907,054</b>	<b>28,141,382</b>

**15. INSURANCE PAYABLES**

	<b>Group/Company</b>	
	<b>30.06.2019</b>	<b>31.12.2018</b>
	<b>RM</b>	<b>RM</b>
Due to reinsurers and cedants	15,923,330	18,992,759
Due to agents/brokers and co-insurers balances	1,233,726	998,549
	<b>17,157,056</b>	<b>19,991,308</b>

**16. RELATED PARTY DISCLOSURES**

For the purpose of these financial statements, parties are considered to be related to the Group and the Company if the Group and the Company have the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

<u>Name</u>	<u>Relationship</u>
State Government of Sabah	Shareholder
Sabah Development Bank Berhad	Other related company

The transactions between the Group and the Company and its related parties were based on normal commercial terms and conditions and made on terms equivalent to those that prevail in arm's length transactions.

- (a) The Group and the Company had the following significant transactions and balances with related parties during and at the end of the 30 June 2019:

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**NOTES TO THE INTERIM FINANCIAL STATEMENTS**

**16. RELATED PARTY DISCLOSURES (CONT'D.)**

	<b>Company</b>	
	<b>30.06.2019</b>	<b>31.12.2018</b>
	<b>RM</b>	<b>RM</b>
Wholesale unit trust funds:		
Distribution income	2,501,596	5,512,742
	<u>2,501,596</u>	<u>5,512,742</u>
	<b>Group/Company</b>	
	<b>30.06.2019</b>	<b>31.12.2018</b>
	<b>RM</b>	<b>RM</b>
Significant shareholders:		
Transactions:		
Interest income	-	226,048
	<u>-</u>	<u>226,048</u>
Related Companies:		
Balances:		
Corporate debt securities	5,000,000	-
Transactions:		
Gross premium	6,847,153	9,593,033
Gross claims paid	(748,418)	(5,974,957)
Comission expenses	(296,226)	(417,935)
Interest income	-	143,370
	<u>-</u>	<u>143,370</u>

- (b) Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group and the Company. The key management of the Group and the Company includes the Directors and Chief Executive Officer of the Company.

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**NOTES TO THE INTERIM FINANCIAL STATEMENTS**

**17. FAIR VALUE ESTIMATION**

As at 30 June 2019, the fair value of the Group's and the Company's financial assets at FVTPL and AFS Financial assets and property and equipment are as follows:

<b>Group</b>	<b>Carrying Value</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Property and equipment:</b>					
Freehold office lots	7,347,000	-	-	7,347,000	7,347,000
Long-term leasehold office lots	5,012,700	-	-	5,012,700	5,012,700
	<u>12,359,700</u>	<u>-</u>	<u>-</u>	<u>12,359,700</u>	<u>12,359,700</u>
<b>AFS financial assets:</b>					
Corporate debt securities	5,011,151	-	5,011,151	-	5,011,151
Wholesale unit trust funds	71,012,293	71,012,293	-	-	71,012,293
	<u>76,023,444</u>	<u>71,012,293</u>	<u>5,011,151</u>	<u>-</u>	<u>76,023,444</u>
<b>Financial assets at FVTPL:</b>					
Malaysian Government Securities	3,716,283	-	3,716,283	-	3,716,283
Corporate debt securities	117,912,573	-	117,912,573	-	117,912,573
Unit trust funds	2,821,179	2,821,179	-	-	2,821,179
Equity securities	69,216,733	69,216,733	-	-	69,216,733
	<u>193,666,768</u>	<u>72,037,912</u>	<u>121,628,856</u>	<u>-</u>	<u>193,666,768</u>

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**NOTES TO THE INTERIM FINANCIAL STATEMENTS**

**17. FAIR VALUE ESTIMATION (CONT'D.)**

As at 30 June 2019, the fair value of the Group's and the Company's financial assets at FVTPL and AFS Financial assets and property and equipment are as follows: (Cont'd.)

<b>Company</b>	<b>Carrying Value</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Property and equipment:</b>					
Freehold office lots	7,347,000	-	-	7,347,000	7,347,000
Long-term leasehold office lots	5,012,700	-	-	5,012,700	5,012,700
	<u>12,359,700</u>	<u>-</u>	<u>-</u>	<u>12,359,700</u>	<u>12,359,700</u>
<b>AFS financial assets:</b>					
Corporate debt securities	5,011,151	-	5,011,151	-	5,011,151
Wholesale unit trust funds	194,502,307	194,502,307	-	-	194,502,307
	<u>199,513,458</u>	<u>194,502,307</u>	<u>5,011,151</u>	<u>-</u>	<u>199,513,458</u>
<b>Financial assets at FVTPL:</b>					
Unit trust funds	2,821,179	2,821,179	-	-	2,821,179
Equity securities	69,216,733	69,216,733	-	-	69,216,733
	<u>72,037,912</u>	<u>72,037,912</u>	<u>-</u>	<u>-</u>	<u>72,037,912</u>

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**17. FAIR VALUE ESTIMATION (CONT'D.)**

As at 31 December 2018, the fair value of the Group's and the Company's financial assets at FVTPL and AFS Financial assets and property and equipment are as follows:

<b>Group</b>	<b>Carrying Value</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Property and equipment:</b>					
Freehold office lots	7,426,000	-	-	7,426,000	7,426,000
Long-term leasehold office lots	5,066,600	-	-	5,066,600	5,066,600
	<u>12,492,600</u>	<u>-</u>	<u>-</u>	<u>12,492,600</u>	<u>12,492,600</u>
<b>AFS financial assets:</b>					
Corporate debt securities	5,004,701	-	5,004,701	-	5,004,701
Wholesales unit trust funds	67,622,018	67,622,018	-	-	67,622,018
	<u>72,626,719</u>	<u>67,622,018</u>	<u>5,004,701</u>	<u>-</u>	<u>72,626,719</u>
<b>Financial assets at FVTPL:</b>					
Malaysian Government Securities	8,524,461	-	8,524,461	-	8,524,461
Corporate debt securities	109,717,271	-	109,717,271	-	109,717,271
Unit trust funds	1,874,111	1,874,111	-	-	1,874,111
Equity securities	71,796,441	71,796,441	-	-	71,796,441
	<u>191,912,284</u>	<u>73,670,552</u>	<u>118,241,732</u>	<u>-</u>	<u>191,912,284</u>

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**17. FAIR VALUE ESTIMATION (CONT'D.)**

As at 31 December 2018, the fair value of the Group's and the Company's financial assets at FVTPL and AFS Financial assets and property and equipment are as follows: (Cont'd.)

<b>Company</b>	<b>Carrying Value</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Property and equipment:</b>					
Freehold office lots	7,426,000	-	-	7,426,000	7,426,000
Long-term leasehold office lots	5,066,600	-	-	5,066,600	5,066,600
	<u>12,492,600</u>	<u>-</u>	<u>-</u>	<u>12,492,600</u>	<u>12,492,600</u>
<b>AFS financial assets:</b>					
Malaysian Government Securities	-	-	-	-	-
Corporate debt securities	5,004,701	-	5,004,701	-	5,004,701
Wholesale unit trust funds	190,981,706	190,981,706	-	-	190,981,706
	<u>195,986,407</u>	<u>190,981,706</u>	<u>5,004,701</u>	<u>-</u>	<u>195,986,407</u>
<b>Financial assets at FVTPL:</b>					
Unit trust funds	1,874,111	1,874,111	-	-	1,874,111
Equity securities	71,796,441	71,796,441	-	-	71,796,441
	<u>73,670,552</u>	<u>73,670,552</u>	<u>-</u>	<u>-</u>	<u>73,670,552</u>

For investments in unit trust funds consisting of Real Estate Investment Trust ("REIT"), fair value is determined by reference to published net asset values, while the fair values of equity securities are obtained from Bursa Malaysia. The fair value of wholesale unit trust funds, unit trust funds and equity securities are regarded as Level 1 as the fair values are derived from prices quoted in an active market.

The fair values of Malaysian Government Securities and corporate debt securities are obtained from Bond Pricing Agency Malaysia ("BPAM"). These financial instruments are regarded as Level 2 as the significant inputs are observable.

For property and equipment, the fair value is obtained from valuations performed by external valuers using the comparison method and are regarded as Level 3 as the significant inputs are not observable.



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**17. FAIR VALUE ESTIMATION (CONT'D.)**

There were no changes in classification of assets under Level 1 and Level 2 of the fair value hierarchy.

The following financial assets and liabilities are not carried at fair values, but their carrying values approximate fair values as they are short term in nature or the impact of discounting is not material:

- Loans and receivables  
     (that are classified as  
     financial instruments)
- Insurance receivables
- Cash and bank balances
- Other financial liabilities
- Insurance payables
- Other payables  
     (that are classified as financial instruments)

**18. REGULATORY CAPITAL REQUIREMENTS**

The Company is required to comply with the mandatory capital requirements prescribed in the RBC Framework issued by BNM. Under the RBC Framework, insurance companies are required to satisfy a minimum capital adequacy ratio of 130%. As at 30 June 2019 and 31 December 2018, the Company has a capital adequacy ratio in excess of the minimum requirement.

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

	<b>30.06.2019</b>	<b>31.12.2018</b>
	<b>RM</b>	<b>RM</b>
<b>Eligible Tier 1 Capital</b>		
Share capital (paid-up)	100,000,000	100,000,000
Retained earnings	137,774,026	139,136,829
	<u>237,774,026</u>	<u>239,136,829</u>
<b>Tier 2 Capital</b>		
Eligible reserves	12,489,820	8,494,070
	<u>12,489,820</u>	<u>8,494,070</u>
Amount deducted from capital	(1,458,369)	(1,879,791)
<b>Total capital available</b>	<u>248,805,477</u>	<u>245,751,108</u>