

PROGRESSIVE IMPACT CORPORATION BERHAD  
(Company No. 203352-V)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE FIRST QUARTER ENDED 31 MARCH 2014  
(The figures have not been audited)

	Individual Quarter		Cumulative Quarter	
	Current Quarter 31.03.2014 RM'000	Corresponding Quarter 31.03.2013 RM'000	Current Year To Date 31.03.2014 RM'000	Corresponding Period 31.03.2013 RM'000
Revenue	19,811	23,099	19,811	23,099
Cost of sales	(5,522)	(7,017)	(5,522)	(7,017)
Gross profit	14,289	16,082	14,289	16,082
Profit income	60	46	60	46
Other income	31	3,619	31	3,619
Staff costs	(5,069)	(5,103)	(5,069)	(5,103)
Depreciation and amortisation	(1,706)	(1,430)	(1,706)	(1,430)
Other operating expenses	(3,731)	(3,761)	(3,731)	(3,761)
Profit from operation	3,874	9,453	3,874	9,453
Finance costs	(82)	(315)	(82)	(315)
Profit before tax	3,792	9,138	3,792	9,138
Income tax expense	(1,545)	(1,556)	(1,545)	(1,556)
<b>Profit net of tax</b>	<b>2,247</b>	<b>7,582</b>	<b>2,247</b>	<b>7,582</b>
<b>Other comprehensive income :</b>				
Foreign currency translation	225	355	225	355
<b>Other comprehensive income, net of tax</b>	<b>225</b>	<b>355</b>	<b>225</b>	<b>355</b>
<b>Total comprehensive income for the period</b>	<b>2,472</b>	<b>7,937</b>	<b>2,472</b>	<b>7,937</b>
<b>Profit attributable to :</b>				
Owners of the parent	1,378	4,880	1,378	4,880
Minority interest	869	2,702	869	2,702
	<b>2,247</b>	<b>7,582</b>	<b>2,247</b>	<b>7,582</b>
<b>Total comprehensive income attributable to :</b>				
Owners of the parent	1,511	5,338	1,511	5,338
Minority interest	961	2,599	961	2,599
	<b>2,472</b>	<b>7,937</b>	<b>2,472</b>	<b>7,937</b>
<b>Earnings per share attributable to equity holders of the parent</b>				
<b>Basic earnings per share (sen) *</b>	<b>0.21</b>	<b>0.74</b>	<b>0.21</b>	<b>0.74</b>

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2013 and the accompanying explanatory notes attached to the financial statements.

**PROGRESSIVE IMPACT CORPORATION BERHAD**  
**(Company No. 203352-V)**

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 MARCH 2014**  
**(The figures have not been audited)**

	<b>Unaudited</b> <b>31.03.2014</b> <b>RM'000</b>	<b>Audited</b> <b>31.12.2013</b> <b>RM'000</b>
<b>ASSETS</b>		
<b>Non - Current assets</b>		
Property, plant and equipment	59,833	58,789
Investment properties	25,753	25,889
Prepaid lease payment	300	300
Intangible assets	13,584	13,584
Deferred tax assets	2,447	2,094
	101,917	100,656
<b>Current assets</b>		
Inventories	938	768
Trade & other receivables	46,722	41,397
Investment in unit trusts	28	28
Cash and cash equivalents	16,186	16,904
	63,874	59,097
<b>TOTAL ASSETS</b>	165,791	159,753
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to the equity holders of the parent</b>		
Share capital	65,800	65,800
Share Premium	170	170
Other reserves	(885)	(1,110)
Retained earnings	46,772	45,394
	111,857	110,254
<b>Minority interest</b>	22,913	21,344
<b>Total equity</b>	134,770	131,598
<b>Non Current Liabilities</b>		
Retirement benefits obligation	764	739
Deferred taxation	2,424	2,426
	3,188	3,165
<b>Current liabilities</b>		
Trade and other payables	23,276	21,259
Short term borrowings	3,607	3,027
Taxation	950	704
	27,833	24,990
<b>Total Liabilities</b>	31,021	28,155
<b>TOTAL EQUITY AND LIABILITIES</b>	165,791	159,753
<b>Net assets per share attributable to equity holders of the parent (RM)</b>	0.17	0.17

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2013 and the accompanying explanatory notes attached to the financial statements.

PROGRESSIVE IMPACT CORPORATION BERHAD  
(Company No. 203352-V)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE FIRST QUARTER ENDED 31 MARCH 2014  
(The figures have not been audited)

	← Attributable to owners of the company →				Non-controlling Interest		Total Equity RM'000
	Share Capital RM'000	Non Distributable Share Premium RM'000	Other Reserves RM'000	Distributable Retained Profits RM'000	Total RM'000	Minority Interest RM'000	
<b>At 1 January 2013</b>	65,800	170	652	36,554	103,176	17,738	120,914
Total comprehensive income for the period	-	-	355	4,880	5,235	2,599	7,834
<b>At 31 March 2013</b>	<b>65,800</b>	<b>170</b>	<b>1,007</b>	<b>41,434</b>	<b>108,411</b>	<b>20,337</b>	<b>128,748</b>
<b>At 1 January 2014</b>	65,800	170	(1,110)	45,394	110,254	21,344	131,598
Total comprehensive income for the period	-	-	225	1,378	1,603	1,569	3,172
<b>At 31 March 2014</b>	<b>65,800</b>	<b>170</b>	<b>(885)</b>	<b>46,772</b>	<b>111,857</b>	<b>22,913</b>	<b>134,770</b>

The Condensed Consolidated Statement of Changes In Equity should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2013.

**PROGRESSIVE IMPACT CORPORATION BERHAD**  
(Company No. 203352-V)

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW**  
**FOR THE FIRST QUARTER ENDED 31 MARCH 2014**  
(Unaudited)

	<b>Cumulative Current Year Quarter 31.03.2014 RM'000</b>	<b>Cumulative Preceding Year Period 31.03.2013 RM'000</b>
<b>Cash flows from operating activities</b>		
Profit before taxation	3,792	9,138
<b>Adjustments for :</b>		
Depreciation	1,706	1,430
Amortisation of prepaid lease rental	-	2
Provision for retirement benefits obligation	25	1
Gain on disposal of property, plant & equipment; net	-	(3,598)
Finance cost	82	315
Profit income from deposits	(60)	(47)
<b>Operating profit before working capital changes</b>	<u>5,545</u>	<u>7,241</u>
Working capital changes :		
Increase in receivables	(5,063)	(5,771)
Increase in inventories and work-in-progress	(170)	(151)
Increase/(decrease) in payables	<u>2,017</u>	<u>5,074</u>
<b>Cash generated from operations</b>	<u>2,329</u>	<u>6,393</u>
Finance cost paid	(82)	(315)
Taxation paid	<u>(1,299)</u>	<u>(1,391)</u>
<b>Net cash generated from/(used in) operating activities</b>	<u>948</u>	<u>4,687</u>
<b>Cash flows from investing activities</b>		
Addition to intangible assets	-	(79)
Purchase of property, plant & equipment	(2,886)	-
Profit received from deposits	<u>60</u>	<u>47</u>
<b>Net cash used in investing activities</b>	<u>(2,826)</u>	<u>(32)</u>
<b>Cash flows from financing activities</b>		
Drawdown/(repayment) of borrowings	<u>580</u>	<u>(404)</u>
<b>Net cash used in financing activities</b>	<u>580</u>	<u>(404)</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<u>(1,298)</u>	<u>4,251</u>
<b>Cash and cash equivalents at 1 January 2014/2013</b>	<u>13,877</u>	<u>7,290</u>
<b>Cash and cash equivalents at 31 March 2014/2013</b>	<u><u>12,579</u></u>	<u><u>11,541</u></u>
<b>Cash and cash equivalents :</b>		
Cash and bank balances	16,186	20,391
Overdraft	<u>(3,607)</u>	<u>(8,850)</u>
	<u><u>12,579</u></u>	<u><u>11,541</u></u>

The Condensed Consolidated Statement of Cash Flow should be read in conjunction with the Audited Financial Statement for the financial year ended 31 December 2013 and the accompanying explanatory notes attached to the financial statements.

## **SELECTED EXPLANATORY NOTES**

### **1. Corporate information**

Progressive Impact Corporation Berhad ("the Company") is a public limited liability company incorporated and domiciled in Malaysia, and is listed on Bursa Malaysia Securities Berhad.

The condensed consolidated interim financial statements were approved by the Board of Directors on 30 May 2014.

### **2. Basis of preparation**

The consolidated condensed interim financial information for the 3 months ended 31 March 2014 has been prepared in accordance with Malaysia Financial Reporting Standards ("MFRS") 134 "Interim financial reporting" and Appendix 9B (Part A) of the Bursa Malaysia Securities Berhad Main Market Listing Requirements ("Bursa Securities Listing Requirements"). The consolidated condensed interim financial information should be read in conjunction with the annual financial statements for the financial year ended 31 December 2013, which have been prepared in accordance with MFRSs, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

The significant accounting policies and methods adopted for the consolidated condensed interim financial information are consistent with those adopted for the annual financial statements for the financial year ended 31 December 2013 except for the adoption of the new and revised MFRSs, amendments and IC Interpretation that are applicable to the Group for the financial period beginning on or after 1 January 2014 as set out below :

Amendments to MFRS 10	Consolidated Financial Statements
Amendments to MFRS 12	Disclosure of Interest in Other Entities
Amendments to MFRS 127	Consolidated and Separate Financial Statements on Investment Entities
Amendments to MFRS 132	Offsetting Financial Assets and Financial Liabilities
Amendments to MFRS 136	Recoverable Amount Disclosures for Non-Financial Assets
Amendments to MFRS 139	Novation of Derivatives and Continuation of Hedge Accounting
IC Interpretation 21	Levies

The adoption of the above amendments and IC Interpretation did not have any significant impact on the financial statements of the Group and of the Company during the current quarter and financial period.

### **3. MFRSs, Amendments to MFRSs and IC Interpretation issued but not yet effective**

At the date of authorisation of these interim financial statements, the following MFRSs, Amendments to MFRSs and IC Interpretation were issued but not yet effective and have not been applied by the Group :

	<b>Effective for annual period beginning on or after</b>
a) Amendments to MFRS 119 : Defined Benefit Plans - Employee Contributions	1 July 2014
b) Annual Improvements to MFRSs 2010 - 2012 Cycle	1 July 2014
c) Annual Improvements to MFRSs 2011 - 2013 Cycle	1 July 2014
d) MFRS 9 Financial Instruments [IFRS 9 issued by IASB in November 2009]	To be announced
e) MFRS 9 Financial Instruments [IFRS 9 issued by IASB in October 2010]	To be announced
b) MFRS 9 Financial Instruments : Hedge Accounting and amendments to MFRS 9, MFRS 7 and MFRS 139	To be announced

### **4. Changes in estimates**

There were no changes in estimates of amounts reported in prior financial quarter or financial year that have a material effect in the financial quarter under review.

### **5. Changes in composition of the Group**

There was no changes in the composition of the Group for the current quarter ended 31 March 2014.

SELECTED EXPLANATORY NOTES

6. Segment information

31 March 2014 :

	Environmental Consulting & Engineering Services	Laboratory Testing Services	Waste Management Engineering	Others*	Elimination	Cumulative Quarter ended 31.3.2014
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Segment Revenue</b>						
External revenue	9,845	8,288	753	925	-	19,811
Inter- segment revenue	69	1,068	-	242	(1,379)	-
Total revenue	9,914	9,356	753	1,167	(1,379)	19,811
<b>Segment Results</b>						
Segment results/ Profit from operations	1,105	4,229	(996)	(452)	(12)	3,874
Financing cost	-	-	-	(94)	12	(82)
Taxation						(1,545)
Profit After Taxation						2,247
Minority Interest						(869)
Net profit for the period						1,378

31 March 2013 :

	Environmental Consulting & Engineering Services	Laboratory Testing Services	Waste Management Engineering	Others*	Elimination	Cumulative Quarter ended 31.3.2013
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Segment Revenue</b>						
External revenue	11,983	7,868	2,406	842	-	23,099
Inter- segment revenue	-	730	-	199	(929)	-
Total revenue	11,983	8,598	2,406	1,041	(929)	23,099
<b>Segment Results</b>						
Segment results/ Profit from operations	2,545	7,230	497	(796)	(22)	9,454
Financing cost	-	-	-	(316)	-	(316)
Taxation						(1,556)
Profit After Taxation						7,582
Minority Interest						(2,702)
Net profit for the period						4,880

\* The segment denotes as "others" includes the results of Progressive Impact Corporation Berhad ("the Company") and an investment holding subsidiary.

The Group is organised into three operating segments as follows based on products offered and services rendered :

- The environmental consulting & engineering segment - providing environmental related services
- The laboratory testing segment - chemical testing, consultancy service and other services of similar nature
- The waste management engineering segment - provision of sewerage and solid waste management systems

There has been no material change in total assets and no differences in the basis of segmentation or in the basis of measurement of segment profit or loss as compared to the last annual financial statements.

**SELECTED EXPLANATORY NOTES**

**6. Segment information (cont'd)**

**Environmental consulting & engineering**

For the first quarter ended 31 March 2014, Environmental consulting & engineering segment contributed 50% from the total Group's revenue. Revenue decreased by 17% or RM2.0 million during the current quarter as compared to the preceding year corresponding quarter ended 31 March 2013. The decrease were mainly due to the decrease in the foreign operation's revenue as compared to the preceding year corresponding quarter ended 31 March 2013.

**Laboratory testing**

Laboratory testing segment contributed 42% of the total Group's revenue. The segment shows increase by 5% as compared to the previous year corresponding period 31 March 2013 contributed by the increase of sales for the lab operation in Malaysia.

**Waste management engineering**

Waste management engineering segment recorded a revenue of RM0.75 million during the current quarter as compared to RM 2.40 mil in the preceding year corresponding quarter ended 31 March 2013. The decrease is due to lesser projects in hand for the segment in the current quarter.

**Consolidated profit before tax**

For the first quarter ended 31 March 2014, the Group's profit before tax (PBT) was RM3.79 million which is 58% lower as compared to the preceding year corresponding period ended 31 March 2013 of RM9.13 million. Decrease in PBT were mainly due to the one-off transaction in 2013 during same period that was the gain on disposal of property by a subsidiary amounting to RM 3.6 Mil. The reduction was also due to losses incurred by the waste management segment and the foreign operation.

**7. Seasonality or cyclical**

The Group's performance is not affected by any seasonal or cyclical factors.

**8. Profit before taxation**

	Individual quarter 3 months ended		Cumulative quarter 3 months ended	
	31.3.2014 RM'000	31.3.2013 RM'000	31.3.2014 RM'000	31.3.2013 RM'000
Profit before taxation is arrived at after charging/(crediting) :				
- Gain on disposal of PPE	-	(3,598)	-	(3,598)
- Foreign exchange (gain)/loss	(225)	(355)	(225)	(355)

**9. Income tax expense**

	Individual quarter 3 months ended		Cumulative quarter 3 months ended	
	31.3.2014 RM'000	31.3.2013 RM'000	31.3.2014 RM'000	31.3.2013 RM'000
Taxation comprise the following :				
Current tax :				
- Malaysia Income Tax	1,199	1,247	1,199	1,247
- Foreign Tax	345	309	345	309
Tax expense	1,544	1,556	1,544	1,556

The effective tax rate for the current quarter under review is higher compared to the current statutory income tax rate of 25% due to deferred tax asset not recognisable.

**SELECTED EXPLANATORY NOTES**

**10. Earnings per share**

The basic earnings per share for the quarter and cumulative year to date are computed as follow:

	Individual quarter 3 months ended		Cumulative quarter 3 months ended	
	31.3.2014	31.3.2013	31.3.2014	31.3.2013
Profit for the period (RM'000)	1,378	4,880	1,378	4,880
Number of ordinary shares of RM0.10 each in issue ('000)	658,000	658,000	658,000	658,000
Basic Earnings Per Share (sen)	0.21	0.74	0.21	0.74

There is no diluted earnings per share as there were no potential dilutive ordinary shares outstanding as at the end of the reporting period.

**11. Valuation of property, plant and equipment**

The Group measured its land and building at the date of transition at its revalued amounts and uses that amounts as its deemed cost at that date.

**12. Borrowings**

	31.3.2014 RM'000	31.12.2013 RM'000
<b>Short term borrowings</b>		
Overdraft	3,346	2,765
Term loan	261	262
	<u>3,607</u>	<u>3,027</u>

**13. Dividends**

A final single-tier dividend in respect of the financial year ended 31 December 2013 of 0.65 sen per share on 658,000,000 ordinary shares amounting to a dividend payable of RM4,277,000 has been approved to be paid on 16 June 2014 to all shareholders on the Register of Members at the close of business on 30 May 2014. The current quarter report does not reflect this proposed dividend. The dividend will be accounted for in equity as an appropriation of retained profits in the second quarter of the financial year ended 31 December 2014.

**14. Commitments**

	31.3.2014 RM'000	31.12.2013 RM'000
<b>Capital expenditure</b>		
Approved and contracted for :		
Property, plant & equipment	230	-
Approved but not contracted for :		
Property, plant & equipment	1,098	1,372
	<u>1,328</u>	<u>1,372</u>

**15. Contingent liabilities and contingent assets**

There were no material changes in contingent liabilities and contingent assets since the last audited financial statements for the financial year ended 31 December 2013.



**SELECTED EXPLANATORY NOTES**

**16. Related party transactions**

The transactions between related parties have been entered into in the normal course of business and have been established on terms and conditions that are not materially different from that obtainable in transactions with unrelated parties.

**17. Events after the reporting period**

There were no material events subsequent to the end of the reporting quarter.

**18. Unusual Items due to their Nature, Size or Incidence**

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the financial period ended 31 March 2014.

**19. Issuance, Cancellations, Repurchases, Resale and Repayments of Debt and Equity Securities**

There was no issuance, cancellations, repurchases, resale and repayment of debt and equity securities in the current period to date under review.

SELECTED EXPLANATORY NOTES

EXPLANATORY NOTES PURSUANT TO BURSA MALAYSIA LISTING REQUIREMENTS : CHAPTER 9, APPENDIX 9B, PART A

**20. Performance review**

Explanatory comment on the performance of each of the Group's business activities is provided in Note 6.

**21. Comment on material change in profit before taxation**

Description	1Q 2014	4Q 2013	Increase / (Decrease)	
	RM '000	RM '000	RM '000	%
Profit Before Tax ("PBT")	3,792	9,671	(5,879)	-61%

For the current quarter, the Group's PBT reduced by 61% compared to immediate preceding quarter mainly due to project's losses incurred by its waste management segment and also losses incurred by its foreign operation.

**22. Commentary on prospects**

Barring any unforeseen circumstances, the Group is expected to perform better for the year ending 31 December 2014 with the approval expected from the authorities for its waste water treatment technology.

**23. Profit forecast or profit guarantee**

There were no profit forecast or profit guarantee issued by the Group.

**24. Corporate proposals**

There are no corporate proposals announced but not completed as at the date of issue of these financial statements.

**25. Disclosure of gains/losses arising from fair value changes of financial liabilities**

The Group did not have any financial liabilities measured at fair value through profit or loss as at 31 March 2014 and 31 December 2013.

**26. Off Balance Sheet Financial Instruments**

The Group does not have any financial instruments with off balance sheet risk as at the date of this report.

**27. Changes in Material Litigation**

There are no changes to any material litigation since the last audited financial statement for the financial year ended 31 December 2013.

**SELECTED EXPLANATORY NOTES**

**28. Breakdown of realised and unrealised profits or losses**

The breakdown of the retained profits of the Group as at 31 March 2014 and 31 December 2013 into realised and unrealised profits is presented in accordance with the directives issued by Bursa Malaysia Securities Berhad dated 25 March 2010 and 20 December 2010, prepared in accordance with *Guidance on Special Matter No. 1 : Determination of Realised and Unrealised Profits or Losses* in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

	<b>31.3.2014</b>	<b>31.12.2013</b>
	<b>RM'000</b>	<b>RM'000</b>
Total retained profits of the Group :		
Realised	72,188	70,810
Unrealised	2,424	(151)
	<u>74,612</u>	<u>70,659</u>
Add/(less) : Consolidation adjustments	(27,840)	(25,265)
Total Group's retained profits as per consolidated accounts	<u>46,772</u>	<u>45,394</u>

**29. Auditors' report on preceding annual financial statements**

The auditors' report on the financial statements for the financial year ended 31 December 2013 was not qualified.

By order of the Board  
**PROGRESSIVE IMPACT CORPORATION BERHAD**  
Hajjah Zaidah Binti Haji Mohd Salleh  
Company Secretary (MIA 3313)

Shah Alam