

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

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE SECOND QUARTER ENDED 30 JUNE 2016  
(The figures have not been audited)

	Individual Quarter		Cumulative Quarter	
	Current Quarter 30.6.2016 RM'000	Corresponding Quarter 30.6.2015 RM'000	Current Year To Date 30.6.2016 RM'000	Corresponding Period 30.6.2015 RM'000
Revenue	21,703	20,718	41,754	40,640
Cost of sales	(4,558)	(4,218)	(9,562)	(7,020)
<b>Gross profit</b>	<b>17,145</b>	<b>16,500</b>	<b>32,192</b>	<b>33,620</b>
Profit income	92	89	213	183
Other income	287	257	437	471
Staff costs	(6,315)	(6,590)	(12,729)	(12,567)
Depreciation and amortisation	(1,604)	(1,435)	(3,292)	(3,247)
Other operating expenses	(4,573)	(2,110)	(11,531)	(5,911)
<b>Profit from operations</b>	<b>5,032</b>	<b>6,711</b>	<b>5,290</b>	<b>12,549</b>
Finance costs	(260)	(31)	(469)	(106)
<b>Profit before tax</b>	<b>4,772</b>	<b>6,681</b>	<b>4,821</b>	<b>12,444</b>
Income tax expense	(2,413)	(2,293)	(3,934)	(4,144)
<b>Profit net of tax</b>	<b>2,359</b>	<b>4,388</b>	<b>887</b>	<b>8,300</b>
<b>Other comprehensive income:</b>				
Foreign currency translation	337	(2,237)	780	(1,906)
<b>Other comprehensive income/(loss), net of tax</b>	<b>337</b>	<b>(2,237)</b>	<b>780</b>	<b>(1,906)</b>
<b>Total comprehensive income for the period</b>	<b>2,696</b>	<b>2,151</b>	<b>1,666</b>	<b>6,394</b>
<b>Profit/(loss) attributable to:</b>				
Owners of the parent	619	2,451	(2,177)	4,946
Non-controlling interest	1,739	1,937	3,064	3,354
	<b>2,359</b>	<b>4,388</b>	<b>887</b>	<b>8,300</b>
<b>Total comprehensive income attributable to :</b>				
Owners of the parent	481	2,006	(1,497)	4,651
Non-controlling interest	2,215	145	3,163	1,743
	<b>2,696</b>	<b>2,151</b>	<b>1,666</b>	<b>6,394</b>
<b>Earnings/(deficit) per share attributable to equity holders of the parent</b>				
<b>Basic earnings/(deficit) per share (sen) *</b>	<b>0.09</b>	<b>0.37</b>	<b>(0.33)</b>	<b>0.75</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 2015 and the accompanying explanatory notes attached to the financial statements.

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

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**FOR THE SECOND QUARTER ENDED 30 JUNE 2016**  
(The figures have not been audited)

	<b>Unaudited</b> <b>30.6.2016</b> <b>RM'000</b>	<b>Audited</b> <b>31.12.2015</b> <b>RM'000</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	44,968	42,480
Investment properties	38,943	39,274
Prepaid lease payment	1,108	1,120
Intangible assets	11,759	11,759
Deferred tax assets	1,206	1,130
	<u>97,985</u>	<u>95,763</u>
<b>Current assets</b>		
Inventories	870	1,003
Trade and other receivables	28,290	40,800
Investment in unit trusts	11,368	7,294
Cash and cash equivalents	32,450	33,652
	<u>72,977</u>	<u>82,749</u>
<b>TOTAL ASSETS</b>	<u>170,962</u>	<u>178,512</u>
<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
Treasury Shares	(116)	(27)
Other reserves	(194)	(963)
Retained earnings	27,783	31,061
	<u>93,443</u>	<u>96,041</u>
<b>Non-controlling interest</b>	30,611	27,448
<b>Total equity</b>	<u>124,054</u>	<u>123,489</u>
<b>Non-current liabilities</b>		
Retirement benefits obligation	1,307	1,428
Deferred tax liabilities	4,519	4,350
	<u>5,826</u>	<u>5,778</u>
<b>Current liabilities</b>		
Trade and other payables	17,539	31,294
Short term borrowings	21,275	17,079
Tax payable	2,268	873
	<u>41,082</u>	<u>49,245</u>
<b>Total Liabilities</b>	<u>46,908</u>	<u>55,023</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>170,962</u>	<u>178,512</u>
<b>Net assets per share attributable to equity holders of the parent (RM)</b>	<u>0.14</u>	<u>0.15</u>

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2015 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 SECOND QUARTER ENDED 30 JUNE 2016**  
**(The figures have not been audited)**

	← Attributable to owners of the company →							Non controlling Interest RM'000	Total Equity RM'000
	← Non Distributable →				Distributable		Total		
	Share Capital RM'000	Share Premium RM'000	Treasury Shares RM'000	Other Reserves RM'000	Retained Profits RM'000				
<b>At 1 January 2015</b>	65,800	170	-	(451)	45,547	111,066	24,084	135,150	
Total comprehensive income/(loss) for the period	-	-	-	(295)	4,946	4,651	1,743	6,394	
<b>At 30 June 2015</b>	<b>65,800</b>	<b>170</b>	<b>-</b>	<b>(746)</b>	<b>50,493</b>	<b>115,717</b>	<b>25,827</b>	<b>141,544</b>	
<b>At 1 January 2016</b>	65,800	170	(27)	(963)	31,061	96,041	27,448	123,489	
Total comprehensive income/(loss) for the period	-	-	(89)	769	(2,177)	(1,497)	3,163	1,666	
Dividend paid	-	-			(1,101)	(1,101)		(1,101)	
<b>At 30 June 2016</b>	<b>65,800</b>	<b>170</b>	<b>(116)</b>	<b>(194)</b>	<b>27,783</b>	<b>93,443</b>	<b>30,611</b>	<b>124,054</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 2015.

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

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW**  
**FOR THE SECOND QUARTER ENDED 30 JUNE 2016**  
**(Unaudited)**

	<b>Cumulative Current Year Quarter 30.06.2016 RM'000</b>	<b>Cumulative Preceding Year Period 30.06.2015 RM'000</b>
<b>Cash flows from operating activities</b>		
Profit before taxation	4,821	12,444
<b>Adjustments for :</b>		
Depreciation	3,334	3,296
Amortisation of prepaid lease rental	12	12
Provision for retirement benefits obligation	121	71
Provision for doubtful debts	1,417	-
Net unrealised foreign exchanges (gain)/loss	1,933	(349)
Finance cost	469	106
Profit income from deposits	(113)	(195)
Dividend from unit trust	(221)	(183)
<b>Operating profit before working capital changes</b>	<u>11,773</u>	<u>15,202</u>
Working capital changes :		
Decrease/(increase) in receivable	7,656	(9,539)
Decrease/(increase) in inventories and work-in-progress	133	(564)
(Decrease)/increase in payables	<u>(15,375)</u>	<u>8,446</u>
<b>Cash generated from operations</b>	4,186	13,545
Finance cost paid	(469)	(106)
Tax paid	<u>(2,489)</u>	<u>(3,334)</u>
<b>Net cash generated from operating activities</b>	<u>1,228</u>	<u>10,105</u>
<b>Cash flows from investing activities</b>		
Proceeds from disposal of property, plant & equipment	-	3
Placement of unit trust	(4,074)	(7,607)
Purchase of property, plant & equipment	(6,012)	(2,311)
Profit received from deposits	113	195
Dividend in unit trust	221	183
Movement in restricted deposits	2,026	(604)
<b>Net cash used in investing activities</b>	<u>(7,726)</u>	<u>(10,141)</u>
<b>Cash flows from financing activities</b>		
Purchase of treasury shares	(89)	-
Dividend paid	<u>(1,101)</u>	<u>-</u>
<b>Net cash used in financing activities</b>	<u>(1,190)</u>	<u>-</u>
<b>Net decrease in cash and cash equivalents</b>	(7,688)	(36)
<b>Cash and cash equivalents at 1 January 2016/2015</b>	14,219	22,806
<b>Cash and cash equivalents at 30 June 2016/2015</b>	<u>6,531</u>	<u>22,770</u>
<b>Cash and cash equivalents :</b>		
Cash and bank balances	32,450	26,984
Overdraft	<u>(20,632)</u>	<u>(2,215)</u>
	11,819	24,769
Less: Restricted deposits	<u>(5,288)</u>	<u>(2,000)</u>
	<u>6,531</u>	<u>22,770</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 2015 and the accompanying explanatory notes attached to the financial statements.

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

**FOR THE SECOND QUARTER ENDED 30 JUNE 2016**  
**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 22 August 2016.

**2. Basis of preparation**

The consolidated condensed interim financial information for the 6 months ended 30 June 2016 is unaudited and has been prepared in accordance with Malaysia Financial Reporting Standards ("MFRS") 134 "Interim financial reporting" issued by the Malaysian Accounting Standards Board (MASB) 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 2015, which have been prepared in accordance with MFRS, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

**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 and Amendments to MFRSs were issued but not yet effective and have not been applied by the Group

<b>MFRSs and amendments to MFRSs</b>	<b>Effective for annual period beginning on or after</b>
MFRS 9: Financial Instruments	1 January 2018
MFRS 15: Revenue from Contracts with Customers	1 January 2018
Amendments to MFRS 9 and MRFS 7: Mandatory Effective Date of MRFS 9 and Transition Disclosure	1 January 2018

The interim report should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2015.

**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 30 June 2016.

FOR THE SECOND QUARTER ENDED 30 JUNE 2016  
SELECTED EXPLANATORY NOTES

6. Segment information

<u>30 June 2016</u>	<u>Environmental Consulting &amp; Engineering Services</u>	<u>Laboratory Testing Services</u>	<u>Waste Management Engineering</u>	<u>Others*</u>	<u>Elimination</u>	<u>Cumulative Quarter ended 30.06.2016</u>
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Segment Revenue</b>						
External revenue	17,905	19,787	2,323	1,739	-	41,754
Inter- segment revenue	-	2,166	-	259	(2,426)	-
<b>Total revenue</b>	<b>17,905</b>	<b>21,953</b>	<b>2,323</b>	<b>1,999</b>	<b>(2,426)</b>	<b>41,754</b>
<b>Segment Results</b>						
Segment profit/(loss)						
from operations	459	8,334	176	(2,687)	(992)	5,290
Finance cost						(469)
Income tax expense						(3,934)
<b>Profit net of tax</b>						<b>887</b>
Non-controlling interest						(3,064)
<b>Net loss for the period</b>						<b>(2,177)</b>
<u>30 June 2015</u>	<u>Environmental Consulting &amp; Engineering Services</u>	<u>Laboratory Testing Services</u>	<u>Waste Management Engineering</u>	<u>Others*</u>	<u>Elimination</u>	<u>Cumulative Quarter ended 30.06.2015</u>
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Segment Revenue</b>						
External revenue	18,180	19,197	1,317	1,946		40,640
Inter- segment revenue	265	2,912			(3,177)	-
<b>Total revenue</b>	<b>18,445</b>	<b>22,109</b>	<b>1,317</b>	<b>1,946</b>	<b>(3,177)</b>	<b>40,640</b>
<b>Segment Results</b>						
Segment profit/(loss)						
from operations	2,885	11,730	(179)	(1,738)	(149)	12,549
Financing cost	-	(26)	-	(229)	149	(106)
Income tax expense						(4,144)
<b>Profit net of tax</b>						<b>8,300</b>
Non-controlling interest						(3,354)
<b>Net loss for the period</b>						<b>4,946</b>

\* The segment denotes as "others" includes the results of Progressive Impact Corporation Berhad ("the Company") and subsidiaries involves in investment holding and investment property division.

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 waste water treatment solution system.

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.

**FOR THE SECOND QUARTER ENDED 30 JUNE 2016**  
**SELECTED EXPLANATORY NOTES**

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

**Environmental consulting & engineering**

Revenue from Environmental consulting and engineering segment contributed 43% from the total Group's revenue which is consistent with the preceding year. Profit before tax has decreased by 84% during the period ended as compared to the preceding year corresponding period ended 30 June 2015 mainly due to the loss incurred by the Saudi operations. The performance of Saudi operations is expected to improve in second half of the year.

**Laboratory testing**

Laboratory testing segment contributed 47% of the total Group's revenue. The segment revenue shows marginal increased by 3% as compared to the preceding year corresponding period ended 30 June 2015 due to higher sample received by Malaysian operations. However, the segment shows a decreased in profit by 29% mainly due to one-off increase of sub-contracting costs for Indonesia operations.

**Waste management engineering**

Waste management engineering segment has performed better during the period ended as compared to the preceding year corresponding period ended 30 June 2015 due to project revenue conversion.

**Consolidated profit before tax**

For the period ended 30 June 2016, the Group's losses was RM2.2 million as compared to profit of RM 4.9 million in preceding year corresponding period ended 30 June 2015. The losses were mainly attributed by Saudi operations.

**7. Seasonality or cyclical**

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

**8. Profit before taxation**

	Individual quarter		Cumulative quarter	
	6 months ended		6 months ended	
	30.06.2016	30.06.2015	30.06.2016	30.06.2015
	RM'000	RM'000	RM'000	RM'000
Profit/(loss) before taxation is arrived at after charging/(crediting):				
Foreign exchange currency (gained)/losses	5,309	399	(1,933)	349

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

**FOR THE SECOND QUARTER ENDED 30 JUNE 2016**  
**SELECTED EXPLANATORY NOTES**

**9. Income tax expense**

	Individual quarter		Cumulative quarter	
	6 months ended		6 months ended	
	30.06.2016	30.06.2015	30.06.2016	30.06.2015
	RM'000	RM'000	RM'000	RM'000
Current tax :				
- Malaysia Income Tax	2,400	2,260	3,073	3,722
- Foreign Tax	13	33	169	189
- Deferred Tax	692	-	692	233
Tax expense	<u>2,413</u>	<u>2,293</u>	<u>3,934</u>	<u>4,144</u>

The effective tax rate for the current quarter under review is higher compared to the current statutory income tax rate of 24% due to deferred tax assets attributed to foreign losses that cannot be recognised.

**10. Earnings per share**

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

	Individual quarter		Cumulative quarter	
	6 months ended		6 months ended	
	30.06.2016	30.06.2015	30.06.2016	30.06.2015
Profit/(loss) for the period (RM'000)	<u>619</u>	<u>2,451</u>	<u>(2,177)</u>	<u>4,946</u>
Number of ordinary shares of RM0.10 each in issue ('000)	<u>657,673</u>	<u>658,000</u>	<u>657,673</u>	<u>658,000</u>
Basic Earnings/(deficit) Per Share (sen)	<u>0.09</u>	<u>0.37</u>	<u>(0.33)</u>	<u>0.75</u>

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**

	30.06.2016	31.12.2015
	RM'000	RM'000
<b>Short term borrowings</b>		
Overdraft	20,632	14,146
Term loan	644	2,933
	<u>21,275</u>	<u>17,079</u>

**13. Dividends**

No dividend declared or paid in current quarter ended 30 June 2016.



FOR THE SECOND QUARTER ENDED 30 JUNE 2016  
SELECTED EXPLANATORY NOTES

**14. Commitments**

	<b>30.06.2016</b>	<b>31.12.2015</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Capital expenditure</b>		
Approved and contracted for :		
Property, plant & equipment	123	743
Approved but not contracted for :		
Property, plant & equipment	527	1,391
	<hr/>	<hr/>
	650	2,134

**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 2015.

**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 30 June 2016

**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.

**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**

There is no material change in the profit before taxation for the quarter reported as compared with the immediate preceding quarter.

FOR THE SECOND QUARTER ENDED 30 JUNE 2016  
SELECTED EXPLANATORY NOTES

**22. Commentary on prospects**

The Group continues looking at opportunities in expanding the market of its products and services through mainly the market penetration and market development strategies.

The projects pursued are mix of short term and long term contracts which is expected to create a sustainable growth for the group.

With the current economic condition, the outlook for the 2016 is expected to be challenging.

**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 30 June 2016.

**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 2015

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

The breakdown of the retained profits of the Group as at 30 June 2016 and 31 December 2015 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>30.06.2016</b>	<b>31.12.2015</b>
	<b>RM'000</b>	<b>RM'000</b>
Total retained profits of the Group :		
Realised	44,375	50,968
Unrealised	3,313	5,106
	<u>47,688</u>	<u>56,074</u>
Add/(less) : Consolidation adjustments	<u>(19,905)</u>	<u>(25,013)</u>
Total Group's retained profits as per consolidated accounts	<u>27,783</u>	<u>31,061</u>

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

**FOR THE SECOND QUARTER ENDED 30 JUNE 2016**  
**SELECTED EXPLANATORY NOTES**

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

The auditors' report on the financial statements for the financial year ended 31 December 2015 was not qualified.

By order of the Board

**PROGRESSIVE IMPACT CORPORATION BERHAD**

Hajjah Zaidah Binti Haji Mohd Salleh

Company Secretary (MIA 3313)

Shah Alam