

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

	Individual Quarter		Cumulative Quarter	
	Current Quarter 30.9.2016 RM'000	Corresponding Quarter 30.9.2015 RM'000	Current Year To Date 30.9.2016 RM'000	Corresponding Period 30.9.2015 RM'000
Revenue	22,795	18,341	64,549	58,981
Cost of sales	(6,099)	(3,707)	(15,662)	(10,727)
Gross profit	16,695	14,634	48,887	48,254
Profit income	102	14	315	197
Other income	20	4,425	457	4,896
Staff costs	(5,880)	(7,559)	(18,609)	(20,126)
Depreciation and amortisation	(1,699)	(1,791)	(4,991)	(5,038)
Other operating expenses	(3,556)	(5,466)	(15,087)	(11,377)
Profit from operations	5,682	4,257	10,972	16,806
Finance costs	(222)	(17)	(692)	(123)
Profit before tax	5,460	4,240	10,281	16,683
Income tax expense	(1,884)	(3,226)	(5,818)	(7,370)
Profit net of tax	3,576	1,013	4,463	9,313
Other comprehensive income:				
Foreign currency translation	294	545	1,074	(1,693)
	294	545	1,074	(1,693)
Other comprehensive income/(loss) attributable to:				
Total comprehensive income for the period	3,870	1,558	5,536	7,620
Profit/(loss) attributable to:				
Owners of the parent	2,459	(476)	282	5,886
Minority interest	1,117	1,490	4,181	3,427
	3,576	1,013	4,463	9,313
Total comprehensive income/ (loss) attributable to :				
Owners of the parent	2,628	(755)	1,131	5,162
Minority interest	1,242	2,313	4,406	2,458
	3,870	1,558	5,536	7,620
Earnings/(deficit) per share attributable to equity holders of the parent				
Basic earnings/(deficit) per share (sen) *	0.37	(0.07)	0.04	0.89

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 THIRD QUARTER ENDED 30 SEPTEMBER 2016
(The figures have not been audited)

	Unaudited 30.9.2016 RM'000	Audited 31.12.2015 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	45,014	42,480
Investment properties	38,771	39,274
Prepaid lease payment	1,101	1,120
Intangible assets	11,759	11,759
Deferred tax assets	245	1,130
	96,890	95,763
Current assets		
Inventories	631	1,003
Trade and other receivables	34,705	40,800
Investment in unit trusts	9,774	7,294
Cash and cash equivalents	25,934	33,652
	71,044	82,749
TOTAL ASSETS	167,934	178,512
EQUITY AND LIABILITIES		
Equity attributable to the equity holders of the parent		
Share capital	65,800	65,800
Share Premium	170	170
Treasury Shares	(126)	(27)
Other reserves	(114)	(963)
Retained earnings	28,729	31,061
	94,459	96,041
Minority interest	31,853	27,448
Total equity	126,312	123,489
Non-current liabilities		
Retirement benefits obligation	1,543	1,428
Deferred tax liabilities	3,450	4,350
	4,993	5,778
Current liabilities		
Trade and other payables	18,236	31,294
Short term borrowings	17,692	17,079
Tax payable	701	873
	36,629	49,245
Total Liabilities	41,622	55,023
TOTAL EQUITY AND LIABILITIES	167,934	178,512
Net assets per share attributable to equity holders of the parent (RM)	0.14	0.15

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 THIRD QUARTER ENDED 30 SEPTEMBER 2016
(The figures have not been audited)

	← Attributable to owners of the company →							
	← Non Distributable				Distributable		Non controlling Interest RM'000	Total Equity RM'000
	Share Capital RM'000	Share Premium RM'000	Treasury Shares RM'000	Other Reserves RM'000	Retained Profits RM'000	Total RM'000		
At 1 January 2015	65,800	170	-	(451)	45,547	111,066	24,084	135,150
Total comprehensive income for the period	-	-	-	(724)	5,886	5,162	2,458	7,620
Dividend					(2,499)	(2,499)		(2,499)
At 30 September 2015	65,800	170	-	(1,175)	48,934	113,729	26,542	140,271
At 1 January 2016	65,800	170	(27)	(963)	31,061	96,041	27,448	123,489
Total comprehensive income for the period	-	-		849	282	1,131	4,406	5,536
Transactions with owner								
Purchase of Treasury Shares			(100)			(100)		(100)
Dividend	-	-			(2,614)	(2,614)		(2,614)
At 30 September 2016	65,800	170	(126)	(114)	28,729	94,458	31,853	126,312

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 THIRD QUARTER ENDED 30 SEPTEMBER 2016

(Unaudited)

	Cumulative Current Year Quarter 30.9.2016 RM'000	Cumulative Preceding Year Period 30.9.2015 RM'000
Cash flows from operating activities		
Profit before taxation	10,281	16,683
Adjustments for :		
Depreciation	4,973	5,019
Amortisation of prepaid lease rental	19	19
Provision for retirement benefits obligation	115	136
Provision for doubtful debts	1,417	-
Net unrealised foreign exchanges gain	1,634	(4,696)
Finance cost	692	123
Profit income from deposits	(39)	(41)
Dividend from unit trust	(276)	(156)
Operating profit before working capital changes	<u>18,814</u>	<u>17,087</u>
Working capital changes :		
(Increase)/Decrease in receivable	(9,238)	3,020
Decrease/(increase) in inventories and work-in-progress	372	(351)
Decrease in payables	<u>(14,384)</u>	<u>(2,890)</u>
Cash generated from operations	<u>(4,435)</u>	<u>16,866</u>
Finance cost paid	(692)	(123)
Tax paid	<u>(6,004)</u>	<u>(4,866)</u>
Net cash generated from operating activities	<u>(11,131)</u>	<u>11,877</u>
Cash flows from investing activities		
Proceeds from disposal of property, plant & equipment	5	5
Placement of unit trust	(2,480)	(3,865)
Purchase of property, plant & equipment	(4,610)	(3,622)
Profit received from deposits	39	41
Dividend in unit trust	276	156
Movement in restricted deposits	<u>12,282</u>	<u>(1,607)</u>
Net cash used in investing activities	<u>5,512</u>	<u>(8,892)</u>
Cash flows from financing activities		
Drawdown/(repayment) of borrowings	(2,381)	-
Drawdown of borrowings	-	670
Purchase of treasury shares	(100)	-
Dividend paid	<u>(2,614)</u>	<u>(6,120)</u>
Net cash used in financing activities	<u>(5,094)</u>	<u>(5,450)</u>
Net decrease in cash and cash equivalents	(10,713)	(2,465)
Cash and cash equivalents at 1 January 2016/2015	12,806	18,919
Cash and cash equivalents at 30 September 2016/2015	<u>2,093</u>	<u>16,454</u>
Cash and cash equivalents :		
Cash and bank balances	25,934	29,086
Overdraft	<u>(17,140)</u>	<u>(9,530)</u>
	8,794	19,556
Less: Restricted deposits	<u>(6,701)</u>	<u>(3,102)</u>
	<u>2,093</u>	<u>16,454</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 THIRD QUARTER ENDED 30 SEPTEMBER 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 21 November 2016.

2. Basis of preparation

The consolidated condensed interim financial information for the 9 months ended 30 September 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

Effective for Annual periods commencing on or after 1 January 2016

The Group has adopted the following MFRS and Amendments to MFRSs and Annual Improvement to Standards effective as of 1 January 2016.

Amendments to MFRS 5, MFRS7, MFRS 119, MFRS 134	Annual Improvements to MFRSS 2012-2014 Cycle
Amendments to MFRS 101	Presentation of Financial Statements: Disclosure Initiative

Adoption of the above MFRS and Amendments to MFRSs and Annual Improvement to Standards will have no material impact on the financial statements of the Group

MFRSs and Amendments to MFRS 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

MFRSs and amendments to MFRSs	Effective for annual period beginning on or after
Amendments to MFRS 107: Statement of Cash Flows: Disclosure Initiative	1 January 2017
Amendments to MFRS 112: Recognition of Deferred Tax Assets for Unrealised loss	1 January 2017
MFRS 9: Financial Instruments	1 January 2018
MFRS 15: Revenue from Contracts with Customers	1 January 2018
Amendments to MFRS 9 and MFRS 7: Mandatory Effective Date of MFRS 9 and Transition Disclosure	1 January 2018
Amendments to MFRS 2: Share-based Payment: Classification and Measurement	1 January 2018
Amendments to MFRS 10, MFRS128 : Sales or contribution of Assets between Investor and its Associate and Joint Venture	Deferred

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

FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2016
SELECTED EXPLANATORY NOTES

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 September 2016.

6. Segment information

<u>30 September 2016</u>	<u>Environmental Consulting & Engineering Services</u>	<u>Laboratory Testing Services</u>	<u>Waste Management Engineering</u>	<u>Others*</u>	<u>Elimination</u>	<u>Cumulative Quarter ended 30.09.2016</u>
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Segment Revenue						
External revenue	30,058	29,103	2,804	2,584	-	64,549
Inter- segment revenue		2,818		4,138	(6,955)	-
Total revenue	30,058	31,920	2,804	6,721	(6,955)	64,549

Segment Results

Segment profit/(loss)						
from operations	2,826	12,783	(372)	1,132	(5,396)	10,972
Finance cost						(692)
Income tax expense						(5,818)
Profit net of tax						4,463
Non-controlling interest						(4,181)
Net profit for the period						282

30 September 2015

<u>30 September 2015</u>	<u>Environmental Consulting & Engineering Services</u>	<u>Laboratory Testing Services</u>	<u>Waste Management Engineering</u>	<u>Others*</u>	<u>Elimination</u>	<u>Cumulative Quarter ended 30.09.2015</u>
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Segment Revenue						
External revenue	26,749	28,015	1,629	2,588		58,981
Inter- segment revenue		3,800		4,141	(7,941)	-
Total revenue	26,749	31,815	1,629	6,729	(7,941)	58,981

Segment Results

Segment profit/(loss)						
from operations	1,113	16,974	(609)	3,613	(4,285)	16,806
Financing cost						(123)
Income tax expense						(7,370)
Profit net of tax						9,313
Non-controlling interest						(3,427)
Net profit for the period						5,886

* 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.

FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2016
SELECTED EXPLANATORY NOTES

6. Segment information (cont'd)

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

- (a) The environmental consulting & engineering segment - providing environmental related services
- (b) The laboratory testing segment - chemical testing, consultancy service and other services of similar nature
- (c) 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.

Environmental consulting & engineering

Environmental consulting revenue and engineering segment contributed 47% from the total Group's revenue. Revenue and profit has increased during the period ended as compared to the preceding year corresponding period ended 30 September 2015 attributable to the increased of revenues from environmental monitoring services served across the industries as well as to the operational improvements for Saudi Arabia operations which the group has gain full control.

Laboratory testing

Laboratory testing segment contributed 45% of the total Group's revenue. The segment revenue shows an increased by 0.3% as compared to the preceding year corresponding period ended 30 Septmeber 2015 mainly due to higher sales from lab operations in Malaysia. However, the segment shows a decreased in profit by 8% due to preliminary expenses incurred for new laboratory facilities in Sumatera.

Waste management engineering

Waste management engineering segment has shown improvement in revenue a during the period ended as compared to the preceding year corresponding period ended 30 September 2015 due to project revenue conversion. However, the segment still making a marginal loss

Consolidated profit before tax

For the period ended 30 September 2016, the Group's profit was RM0.3 million as compared to profit of RM 5.9 million in preceding year corresponding period ended 30 September 2015. The losses were attributed to Saudi operations.

7. Seasonality or cyclicity

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

8. Profit before taxation

	Individual quarter		Cumulative quarter	
	3 months ended		9 months ended	
	30.09.2016	30.09.2015	30.09.2016	30.09.2015
	RM'000	RM'000	RM'000	RM'000
Profit/(loss) before taxation is arrived at after charging/(crediting):				
Foreign exchange currency (gained)/losses	9	(3,646)	1,942	(4,696)

FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2016
SELECTED EXPLANATORY NOTES

9. Income tax expense

	Individual quarter 3 months ended		Cumulative quarter 9 months ended	
	30.09.2016 RM'000	30.09.2015 RM'000	30.09.2016 RM'000	30.09.2015 RM'000
Current tax :				
- Malaysia Income Tax	975	2,249	6,397	5,971
- Foreign Tax	1,192	-	1,205	189
- Deferred Tax	(283)	977	(1,785)	1,210
Tax expense	1,884	3,226	5,818	7,370

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 3 months ended		Cumulative quarter 9 months ended	
	30.09.2016	30.09.2015	30.09.2016	30.09.2015
Profit/(loss) for the period (RM'000)	2,459	(476)	282	5,886
Number of ordinary shares of RM0.10 each in issue ('000)	657,673	658,000	657,673	658,000
Basic Earnings/(deficit) Per Share (sen)	0.37	(0.07)	0.04	0.89

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

	30.09.2016 RM'000	31.12.2015 RM'000
Short term borrowings		
Overdraft	17,140	14,146
Term loan	552	2,933
	17,692	17,079

13. Dividends

No dividend declared or paid in current quarter ended 30 September 2016

FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2016
SELECTED EXPLANATORY NOTES

14. Commitments

	30.09.2016 RM'000	31.12.2015 RM'000
Capital expenditure		
Approved and contracted for :		
Property, plant & equipment	306	743
Approved but not contracted for :		
Property, plant & equipment	344	1,391
	<u>650</u>	<u>2,134</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 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 September 2016

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

Share buybacks/ Treasury shares of the Company

	30.09.2016 RM'000	31.12.2015 RM'000
As at 1 January	27	-
Share buyback	100	27
As at 30 September/31 December	<u>126</u>	<u>27</u>

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.

FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2016
SELECTED EXPLANATORY NOTES

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.

22. Commentary on prospects

In the current challenging economic condition, the Group continue to strive harder in marketing its environmental related services and technologies to the industries. The continued global demand for environmental sustainability is expected to have a positive impact on the Group's performance for the year 2016.

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 September 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 September 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.

	30.09.2016	31.12.2015
	RM'000	RM'000
Total retained profits of the Group :		
Realised	46,421	50,968
Unrealised	3,205	5,106
	<u>49,626</u>	<u>56,074</u>
 Add/(less) : Consolidation adjustments	 (20,897)	 (25,013)
Total Group's retained profits as per consolidated accounts	<u>28,729</u>	<u>31,061</u>

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

FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 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