

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

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SECOND QUARTER ENDED 30 JUNE 2017
(The figures have not been audited)

	Individual Quarter		Cumulative Quarter	
	Current Quarter 30.06.2017 RM'000	Current Quarter 30.6.2016 RM'000	Current Year To Date 30.06.2017 RM'000	Current Year To Date 30.6.2016 RM'000
Revenue	18,532	21,703	42,328	41,754
Cost of sales	(5,457)	(4,558)	(9,672)	(9,562)
Gross profit	13,075	17,145	32,656	32,192
Profit income	83	92	246	213
Other income	1,086	287	1,472	437
Staff costs	(6,929)	(6,315)	(13,648)	(12,729)
Depreciation and amortisation	(1,936)	(1,604)	(3,851)	(3,292)
Other operating expenses	(4,257)	(4,573)	(8,889)	(11,531)
Profit from operations	1,123	5,032	7,985	5,290
Finance costs	(133)	(260)	(467)	(469)
Profit before tax	990	4,772	7,518	4,821
Income tax expense	(773)	(2,413)	(2,986)	(3,934)
Profit net of tax	217	2,359	4,532	887
Other comprehensive income:				
Foreign currency translation	(14)	337	367	780
Other comprehensive income attributable to:	(14)	337	367	780
Total comprehensive income for the period	203	2,696	4,899	1,666
Profit/(Loss) attributable to:				
Owners of the parent	(1,032)	620	743	(2,177)
Minority interest	1,249	1,739	3,789	3,064
	217	2,359	4,532	887
Total comprehensive (loss)/income attributable to :				
Owners of the parent	(2,178)	481	(22)	(1,497)
Minority interest	2,380	2,214	4,921	3,163
	203	2,695	4,899	1,666
Deficit per share attributable to equity holders of the parent				
Basic deficit per share (sen) *	(0.16)	0.09	0.11	(0.33)

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2016 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 30 JUNE 2017
(The figures have not been audited)

	Unaudited 30.06.2017 RM'000	Audited 31.12.2016 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	40,980	45,071
Investment properties	38,254	38,599
Prepaid lease payment	1,008	1,054
Intangible assets	861	861
	<u>81,103</u>	<u>85,585</u>
Current assets		
Inventories	502	631
Trade and other receivables	34,764	34,087
Investment in unit trusts	12,031	14,999
Cash and cash equivalents	25,729	30,446
	<u>73,026</u>	<u>80,163</u>
TOTAL ASSETS	<u>154,129</u>	<u>165,748</u>
EQUITY AND LIABILITIES		
Equity attributable to the equity holders of the parent		
Share capital	65,800	65,800
Share Premium	170	170
Treasury Shares	(195)	(190)
Other reserves	(447)	318
Retained earnings	18,879	22,142
	<u>84,207</u>	<u>88,240</u>
Non Controlling Interest	31,191	26,270
Total equity	<u>115,398</u>	<u>114,510</u>
Non-current liabilities		
Retirement benefits obligation	1,653	1,616
Deferred tax liabilities	2,954	2,703
	<u>4,607</u>	<u>4,319</u>
Current liabilities		
Trade and other payables	14,545	24,715
Short term borrowings	19,564	21,218
Tax payable	15	986
	<u>34,124</u>	<u>46,919</u>
Total Liabilities	<u>38,731</u>	<u>51,238</u>
TOTAL EQUITY AND LIABILITIES	<u>154,129</u>	<u>165,748</u>
Net assets per share attributable to equity holders of the parent (RM)	<u>0.13</u>	<u>0.13</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 2016 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 2017
(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 RM'000		
	Share Capital RM'000	Share Premium RM'000	Treasury Shares RM'000	Other Reserves RM'000	Retained Profits RM'000				
At 1 January 2016	65,800	170	(27)	(963)	31,061	96,041	27,448	123,489	
Total comprehensive (loss)/income for the period	-	-	(89)	769	(2,177)	(1,497)	3,163	1,666	
Dividend paid	-	-	-	-	(1,101)	(1,101)	-	(1,101)	
At 30 June 2016	65,800	170	(116)	(194)	27,783	93,443	30,611	124,054	
At 1 January 2017	65,800	170	(190)	318	22,142	88,240	26,270	114,510	
Total comprehensive (loss)/income for the period	-	-	-	(765)	743	(22)	4,921	4,900	
Dividend paid	-	-	-	-	(4,006)	(4,006)	-	(4,006)	
Purchase of treasury shares	-	-	(5)	-	-	(5)	-	(5)	
At 30 June 2017	65,800	170	(195)	(447)	18,879	84,207	31,191	115,397	

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 2016.

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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE SECOND QUARTER ENDED 30 JUNE 2017
(The figures have not been audited)

	Cumulative Current Year Quarter 30.06.2017 RM'000	Cumulative Preceding Year Period 30.6.2016 RM'000
Cash flows from operating activities		
Profit before taxation	7,518	4,821
Adjustments for :		
Depreciation	3,839	3,334
Gain on disposal of property, plant and equipment	(1,147)	-
Amortisation of prepaid lease rental	12	12
Provision for retirement benefits obligation	67	121
Provision for doubtful debts	37	1,417
Reversal of impairment of receivable	(88)	-
Net unrealised foreign exchanges gain	257	1,933
Finance cost	467	469
Profit income from deposits	(55)	(113)
Dividend from unit trust	(191)	(221)
Operating profit before working capital changes	<u>10,716</u>	<u>11,773</u>
Working capital changes :		
Decrease in receivable	1,153	7,656
Decrease in inventories and work-in-progress	129	133
Increase in payables	(1,975)	(15,375)
Cash generated from operations	<u>10,023</u>	<u>4,186</u>
Finance cost paid	(467)	(469)
Tax paid	(3,435)	(2,489)
Net cash generated from operating activities	<u>6,121</u>	<u>1,228</u>
Cash flows from investing activities		
Withdrawal/(placement) of unit trust	2,968	(4,074)
Purchase of property, plant & equipment	(4,346)	(6,012)
Profit received from deposits	55	113
Dividend in unit trust	191	221
Movement in restricted deposits	-	2,026
Net cash used in investing activities	<u>(1,132)</u>	<u>(7,726)</u>
Cash flows from financing activities		
Drawdown of borrowings	(5)	-
Purchase of treasury shares	-	(89)
Dividend paid	(4,006)	(1,101)
Dividend to non-controlling interest	(3,998)	-
Net cash used in financing activities	<u>(8,009)</u>	<u>(1,190)</u>
Net decrease in cash and cash equivalents	(3,020)	(7,688)
Cash and cash equivalents at 1 January 2017/2016	3,991	14,219
Cash and cash equivalents at 30 June 2017/2016	<u>971</u>	<u>6,531</u>
Cash and cash equivalents :		
Cash and bank balances	25,729	32,450
Overdraft	(17,846)	(20,632)
	<u>7,883</u>	<u>11,819</u>
Less: Restricted deposits	(6,912)	(5,288)
	<u>971</u>	<u>6,531</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 2016 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 2017
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 August 2017

2. Basis of preparation

The consolidated condensed interim financial information for the 6 months ended 30 June 2017 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 2016, 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 2017

The Group has adopted the following MFRS and Amendments to MFRSs and Annual Improvement to Standards effective as of 1 January 2017.

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

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
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
	1 January 2018
Amendments to MFRS 2: Share-based Payment: Classification and Measurement	
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 2016.

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 2017

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

FOR THE SECOND QUARTER ENDED 30 JUNE 2017
SELECTED EXPLANATORY NOTES

6. Segment information

<u>30 June 2017</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 30.06.2017</u>
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Segment Revenue						
External revenue	12,727	24,060	3,967	1,575	-	42,328
Inter- segment revenue	110	1,431	71	2,106	(3,718)	-
Total revenue	<u>12,836</u>	<u>25,491</u>	<u>4,038</u>	<u>3,681</u>	<u>(3,718)</u>	<u>42,328</u>
Segment Results						
Segment profit/(loss) from operations	189	10,960	187	3,521	(6,872)	7,985
Finance cost						(467)
Income tax expense						(2,986)
Profit net of tax						<u>4,532</u>
Non-controlling interest						(3,789)
Net profit for the period						<u>743</u>
<u>30 June 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 30.06.2016</u>
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Segment Revenue						
External revenue	15,738	21,953	2,323	1,739	-	41,754
Inter- segment revenue	-	2,167	-	260	(2,427)	-
Total revenue	<u>15,738</u>	<u>24,120</u>	<u>2,323</u>	<u>1,999</u>	<u>(2,427)</u>	<u>41,754</u>
Segment Results						
Segment profit/(loss) from operations	459	8,334	176	(2,687)	(992)	5290
Financing cost						(469)
Income tax expense						(3,934)
Profit net of tax						<u>887</u>
Non-controlling interest						(3,064)
Net loss for the period						<u>(2,177)</u>

* 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 :

- (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.

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FOR THE SECOND QUARTER ENDED 30 JUNE 2017
SELECTED EXPLANATORY NOTES

6. Segment information (cont'd)

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 30% from the total Group's revenue. The revenue and profit from operation has dropped during the period ended as compared to the preceding period ended 30 June 2016 due to expiry of the interim agreement on 13th April 2017 for the provision of environmental monitoring and data management services to the Department of Environment.

Laboratory testing

Laboratory testing segment contributed 57% of the total Group's revenue. The segment revenue and profit from operation shows an increased by 10% and 32% respectively as compared to the preceding period ended 30 June 2016 mainly due to higher sales from lab operations in Indonesia.

Waste management engineering

Waste management engineering segment has shown improvement in revenue during the period ended as compared to the preceding period ended 30 June 2017 due to higher project revenue conversion.

Consolidated profit for the year

For the period ended 30 June 2017, the Group's PATAMI was RM0.74 million as compared to loss of RM2.2 million in preceding period ended 30 June 2016. The profit were attributed from high performance of ALS Indonesia and operational improvements for Saudi Arabia operations.

7. Seasonality or cyclicity

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

8. Profit before taxation

	Individual quarter 3 months ended		Cumulative quarter 6 months ended	
	30.06.2017	30.06.2016	30.06.2017	30.06.2016
	RM'000	RM'000	RM'000	RM'000
Profit/(loss) before taxation is arrived at after charging/(crediting):				
Foreign exchange currency (gained)/losses	132	5,309	619	(1,933)
Gain on disposal of property	(1,147)	-	(1,147)	-

9. Income tax expense

	Individual quarter 3 months ended		Cumulative quarter 6 months ended	
	30.06.2017	30.06.2016	30.06.2017	30.06.2016
	RM'000	RM'000	RM'000	RM'000
Current tax :				
- Malaysia Income Tax	313	2,400	1,969	3,073
- Foreign Tax	208	13	766	169
- Deferred Tax	251	-	251	692
Tax expense	773	2,413	2,986	3,934

The effective tax rate for the current quarter under review is higher compared to the current statutory income tax rate of 24% due to expenses not deductible for tax purposes.

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

FOR THE SECOND QUARTER ENDED 30 JUNE 2017
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		Cumulative quarter	
	3 months ended	3 months ended	6 months ended	6 months ended
	30.06.2017	30.06.2016	30.06.2017	30.06.2016
Profit/(loss) for the period (RM'000)	(1,032)	620	743	(2,177)
Number of ordinary shares of RM0.10 each in issue ('000)	656,780	657,973	656,780	657,973
Basic Earnings/(deficit) Per Share (sen)	(0.16)	0.09	0.11	(0.33)

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

	30.06.2017	31.12.2016
	RM'000	RM'000
Short term borrowings		
Overdraft	17,846	19,544
Term loan	1,718	1,674
	<u>19,564</u>	<u>21,218</u>

13. Dividends

On 30 June 2017, the company has paid final dividend of RM0.23 sen per share tax exempt under single-tier system on 657,457,826 ordinary shares which was approved by the shareholders on 22 May 2017 amounting to RM 4,006,187.

14. Commitments

	30.06.2017	31.12.2016
	RM'000	RM'000
Capital expenditure		
Approved and contracted for :		
Property, plant & equipment	235	650
Approved but not contracted for :		
Property, plant & equipment	969	-
	<u>1,204</u>	<u>650</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 2016.

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.

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

FOR THE SECOND QUARTER ENDED 30 JUNE 2017
SELECTED EXPLANATORY NOTES

17. 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 2017

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

Share buybacks/ Treasury shares of the Company

	30.06.2017	31.12.2016
	RM'000	RM'000
As at 1 January	190	27
Share buyback	5	163
As at 30 June/31 December	<u>195</u>	<u>190</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.

21. Comment on material change in profit before taxation

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

22. Commentary on prospects

The group continuously reviews its resources to ensure its efficiency and effective utilization and will continue exploring the new market and opportunities using the competitive advantage of its main product and services.

The regulations remain as the main driver of the business opportunities as well as the value proposition offered by our products and services.

Barring any unforeseen circumstances, the Board is of the opinion that the prospect for the financial year ending 31 December 2017 is challenging in securing strategic projects locally and in international market.

23. Profit forecast or profit guarantee

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

24. Corporate proposals

Pursuant to the update on disposal of property by Saudi ASMA Environmental Solutions LLC (SAES), a wholly-owned subsidiary of PICORP, for a disposal consideration of Saudi Riyal ("SAR") 4,300,000 on 10 April 2017, the Company has fully utilised the proceeds received as at 30 June 2017.

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FOR THE SECOND QUARTER ENDED 30 JUNE 2017
SELECTED EXPLANATORY NOTES

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 2017

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 2016

28. Breakdown of realised and unrealised profits or losses

The breakdown of the retained profits of the Group as at 30 June 2017 and 31 December 2016 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.

	30.06.2017	31.12.2016
	RM'000	RM'000
Total retained profits of the Group :		
Realised	28,829	26,688
Unrealised	2,954	661
	<u>31,784</u>	<u>27,349</u>
Add/(less) : Consolidation adjustments	<u>(12,905)</u>	<u>(5,207)</u>
Total Group's retained profits as per consolidated accounts	<u>18,879</u>	<u>22,142</u>

29. Auditors' report on preceding annual financial statements

The auditors' report on the financial statements for the financial year ended 31 December 2016 was not qualified.

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

Shah Alam